CORRUPTION IN THE PUBLIC PROCUREMENT PROCESS IN KENYA:
CASE STUDY OF THE MINISTRY OF DEVOLUTION AND PLANNING

MANYARA DOUGLAS NYAMBARIGA

ADM NO: D61/70525/2008

Research Project submitted to the School of Business in Partial fulfilment of the requirements for Award of Masters of Business Administration Degree of the University of Nairobi.

NOVEMBER, 2016

DECLARATION

I hereby declare that this is my work. It has not been presented anywhere for academic award. Secondary sources used in the study have been acknowledged for the ideas borrowed from other scholars and authors in its compilation.

Signature…………………………………………

Date …………………………………………..

Manyara Douglas Nyambariga.

D61/70525/2008

This research paper is submitted for my approval as supervisor.

Signature…………………………………………

Date …………………………………………...

Mrs. Zipporah Kiruthu

School of Business

University of Nairobi

ACKNOWLEDGEMENTS

DEDICATION

I devote the work to all who continuously gave support towards achieving this goal.

TABLE OF CONTENTS

LIST OF TABLES

ABREVIATION AND ACRONYMS

ANOVA   Analysis of Variance

KACC   Kenya Anti-Corruption Commission

MBA   Masters of Business Administration

OECD   Organization for Economic Co-Operation and Development

PPDA   Public Procurement and Disposal Act

PPOA   Public Procurement Oversight Authority

SDGs   Sustainable Development Goals

TI   Transparency international

USA   United States of America

ABSTRACT

Public procurement process in Kenya plays significant role in ensuring effective control and supply of inputs, which are important for all levels of any establishment. It plays a key role in promoting good management that prevents the potential of corruption in the use of public resources. However the problem of poor governance and corruption remains one of the main obstacles to economic development in the country.

There has been a series of reforms aimed at streamlining public procurement process in the country, however the bulk of corrupt practices still occur in procurement whose explanation could be found in the changing aspects of social, Economic and political state of affairs.

This study sought to answer the questions; to what extent collusion, pressure from senior officers, pressure from society, social status and poor remuneration contribute to corruption in the public procurement process in Kenya.

In answering these questions, the study adopted descriptive research targeting sample size of 41 respondents out of a total population of 400 officers. With a response rate of 92 percent, 96.4 percent of variations in corruption perception are explained by the six variables. The results further shows that majority of the staff either agreed or strongly agreed that collusion, poor remuneration, pressure from top management, pressure from society, social status and protection of corrupt officials drive corruption perception in the Ministry.

CHAPTER ONE: INTRODUCTION

1.1 Background

The key function of any government is the provision of essential services to its citizens. Such services include; health, education, defense and infrastructure. These services are done through procurement. Procurement plays significant role in ensuring effective control and supply of inputs that are important for all levels establishment. Procurement plays strategic function in promoting good management that minimizes the potential of corruption in the use of public resources (OECD, 2007). Availability of the right materials, at the right time, with good quality and quantiles at good prices requires regulations that provide performance standards that can continuously be monitored and evaluated. However, in many countries, compliance with the regulations poses a challenge thus subjecting it to continuous reforms, restructuring, rules and regulations.

The problem of poor governance and corruption remains one of the main obstacles to economic development (Shah, 2012). Considerable research has been done on corruption and economic growth and findings shows that corruption is a major obstacle to economic development. Experts point that, good governance promotes development, analogy similarly held by the public.

Corruption is the act where public officers use power for personal advantage contravening the rules and regulations (Jain, 2001). It is accompanied by misallocation of resources, economic unproductivity, social and economic inequalities and eventually political violence. Majority of people are exposed to corruption when they have to pay a bribe for a service from a government official, services which are a right to the citizens; in this case, the officeholders merely have discretion on imposing

costs before granting the service to the citizens. A bribe is demanded to reduce that cost. This form of corruption usually occurs once a regulatory regime has been determined and the resource allocation decisions have been made – the bureaucrat is, in fact, interfering with the implementation of decisions (Jain, 2001)

Public procurement is a function carried out in both public and private institutions. The function involves the process of purchasing of goods and services, work to meet specific needs and hiring of other human resource endowments for defined purpose. In Kenya, Public Procurement system has evolved over time. In 1960's, the system was characterized with no regulations while in 1970s, 1980s and 1990s was characterized with Treasury Circulars and the Public Procurement and Disposal Act (PPDA) in 2005 and the Procurement Regulations in 2006 to direct the function according to the law and provided standards for procurement. The mandate for PPDA is policy formulation, policy implementation, and human development. The PPDA established Public Procurement Oversight Authority (PPOA) to oversee compliance to the procurement procedures.

In Kenya, corrupt practices continues to occur in public procurement despite these reforms, whose explanation could be found in the changing aspects of social, Economic and political state. This is because the key instrument for exercising these dynamics and practice in the country and other African countries due to the belief that there are little or no means of economic improvement outside of the government. Despite efforts by the PPOA to improve compliance, compliance levels continue to be a challenge in public institutions (PPOA, 2007, 2008). A study by Kenya Anti-Corruption Commission (KACC, 2007), pointed out that, public officials distort the Regulations in order to restrict the participation of interested firms or control the outcome of the process. However despite the above mentioned measures which were

widely understood to be the answer to the endemic inefficiencies and rampant corruption, there have still been many cases of manipulation of tenders and in the evaluation processes which would lead one to believe that all the loopholes have not been sealed.

1.1.1 Corruption in the public sector

International institutions and bilateral donors have in the recent years emphasized on the need to having transparency and control in procurement processes to curb corruption. Global policy circles notes that there is need to ensure that tax payer's money and aids have impact on the countries development. However Aid Effectiveness and Accra Agenda on the other hand have endeavored to provide renewed procurement system which is strengthened to ensure that development money is spend prudently (OECD, Government at a Glance, 2009). As such many international communities have embarked on reforming procurement system by incorporating integrity in the process.

Transparency international report indicates that low level of integrity lead to massive corruption in procurement process. Lack of integrity such as bribery, collusion, conflict of interest, bribery and trading influence are perceived to be the greatest contributing factors of corruption in government institutions (OECD, Principles for Integrity in Public Procurement, 2009). Government offices particularly those held by politicians and public officials are cited to be the leading in taking series of actions that are based on own interest during procurement and management of large contracts (TI, Corruption and Public Procurement, 2010). The process of bidding involves other intermediaries such as joint venture companies and private companies who may

facilitate corruption by compromising to the illegal acquisition of funds (TI, Curbing Corruption in Public Procurement, 2006).

The costs associated to fraud in public procurement process cannot be underestimated. Research estimates on damages caused by corruption in procurement indicate that an average of between 10 to 25% of contract value is lost in dire process (TI, Corruption and Public Procurement, 2010). This leads to high price levels of businesses. Corruption in procurement has cost lives particularly during the implementation of a contract which is flawed leading to collapse of building and other damage that claim lives. Other examples may be in health sector where counterfeit drugs may be supplied to various hospitals for administration to patients.

1.1.2 Factors contributing to corruption

The question of corruption has been found to be universal and affecting almost all the countries in the world. This problem has often times been politicized and has hampered efficient running of the governments in many countries (Tanzi, 1998). The very definition of corruption has revealed that as the rate of corruption rises, ethical and moral character diminishes among public officers. Various government activities create conducive environment for the growth of corruption. Monopoly and discretionary power of government officials act as the main drivers of corruption. However, corruption involves two interdependent sides of the market; the demand side, normally dominated by the general public and the supply side which is controlled by the government officials (Olken, 2011).

Supply side is characterized by the political and bureaucratic monopoly. Political offices, politicians and other bureaucratic offices are driven to corruption by various factors such as the practices in bureaucracy, levels of wages, culture of conduct over

the years, existence of fine and penalty systems among other institutional factors that requires transparency among and within parties. The public side will often be faced with institutional systems such as tax systems, certain kind of regulations in the market that requires adherence, certain lifestyle and expenditure behavior, and market price controls (Davido, 2012). Regulations on the demand side will make the public develop some characteristics of risk averse hence use inappropriate means to access those with an upper hand in economic rent.

The United States for peace notes that there are economic and social costs of corruption. In a country where corruption is prevalent, its cost is borne by the poor who cannot compete with the rich who have the ability to pay bribes (TI, Corruption and Public Procurement, 2010). The paper notes that this situation raises the level of inequality in the society since most of the resources are directed to uneconomical high profile development projects that favor specific few. Organized crimes in money trafficking and laundering are also found out to be a cost of corruption. Finally, a cost of corruption that has negative impact to the economy is that of conflict. Corruption may destabilize the economy through the undermining of the government losing the public confidence which may lead to corruption.

Research on effect of corruption in the economy, shows that, corruption affects the entire economy. Corruption affects the levels of investment, business, innovation, design and implementation of rules and regulations that relate to the economy interms of accessing a country's resources as well as influencing income distribution.

1.1.3 Public procurement in Kenya

In Kenya, procurement is estimated to consume 45% of the national budget. It is believed that public procurement and development are linked and therefore to realize development, there is need for transparency and accountability in procurement processes by the government in the provision of essential services. Public procurement and disposal act and its regulations in Kenya provides for provision of procurement function professionally with transparency and accountability (OECD, Government at a Glance, 2009).

Transparency international (TI) cites that whenever there is change in hand of large quantities of money, there is high risk of corruption. The report on corruption and public procurement notes that large sum of money may be involved in the government during the procurement processes for land and buildings, construction of buildings and roads, provision of social services such as education and health among other essential services (TI, Corruption and Public Procurement, 2010).

In Kenya, most of the corruption occurs in public procurement whose explanation is found in the political system and its role in the economy this has been facilitated by unaccountable and poor implementation of procurement rules and regulations. Some of the corrupt practices common in public procurement include; inviting only preferred firms for bidding, favoring and designing tenders in favor of particular firms and giving confidential information to firms of interest (Odhiambo and Kamau, 2005)

A study on procurement supplies branch of common user item (Muehle, 2015) revealed that the branches are characterized by high levels of inefficiencies, ineffectiveness and incoherence with the international legal requirements and best practices. Further findings on this study indicated that up to 40% of public institution

budget could be saved if there is a complete overhaul of the procurement supplies branches. The study recommended full transformation of the supply branches institutions into a state corporation that reflects financial sustainability and professional procurement personnel.

Transparency International cites government offices particularly those held by politicians and public officials as leading in taking actions that are based on own interest during procurement and management of large contracts (TI, Corruption and Public Procurement, 2010). It also notes that the process of bidding involves joint venture which facilitates corruption. (TI, Curbing Corruption in Public Procurement, 2006). Research estimates that, the costs associated with corruption in public procurement process average between 10 to 25% of contract value (TI, Corruption and Public Procurement, 2010). This leads to high price levels of businesses. Corruption in procurement particularly during the execution of a construction contract leads to collapse of property and loss of life.

1.1.4 Ministry of Devolution and Planning

The government of Kenya is a presidential state with 47 county governments. The government is structured in such a way that there exist three arms of the government namely the executive, the judiciary and the legislature. There also exist other constitutional bodies not privately run. Within the executive arm of the government is where government's laws and policies are implemented. The arm is comprised of the president and the deputy president, the attorney general, cabinet secretaries and their counterpart principal secretaries including the larger national civil service (PPOA, 2007).

The Cabinet Secretaries oversee the running of ministries in the country; it is within this context and structure that the Ministry of Devolution and planning exists whose mandate cover issues related to economic planning and development, devolution and special programmes. The ministry has state bodies which include the parastatals, semi-autonomous government agencies, commissions and independent offices.

The core mandate of the ministry entails cordinating the development agenda through the development of medium and long term development plans and promotion of economic policy, promotion of devolution by closely working together with the development partners and the County governments through capacity building at the Counties as well as intergovernmental relations. It also has the mandate of localizing and mainstreaming of Sustainable Development Goals (SDGs) at the country level as well as cordination of targeted policy areas and initiatives.

The ministry of Devolution and planning would make a good case study because of its core mandate particularly its mandate of promotion of devolution by closely working with development partners and the County governments as well as intergovernmental relations that exist between the levels of governnance. Further, recent allegations of corruption in the Ministry would make it the best case study for the subject.

1.2 Research Problem

The procurement function has become increasingly important over the past decades since purchasing and supply become a major determinant of corporate success. In realizing value for money, business pressure as a result of globalization, innovations, technological changes, cost pressure, and regulatory compliance has forced the procurement function to focus on cost reduction. Procurement remains a key sector in Kenya, it affects people's lives and consumes large share of government budgets.

Public and private organizations require procurement function for their smooth running. It facilitates both acquisition and disposal of assets of an organization (Mathenge, 2012).

According to the Organization for Economic Co-Operation and Development (OECD), organizational culture of an institution affects ethical standard in public procurement. This is according to research conducted in European countries (OECD, 2007). The study also notes that, environmental variables and political influence a significant role in determining ethical standards and influence molarity of public sector procurement. Studies by Piff et al (2012) on the factors that affect ethical standards in the United States of America (USA) reveal that upper-class individuals behave more unlawfully than lower-class individuals and their immoral attitudes breed unprincipled behavior in the public sector procurement

Basheka and Tumutegyereize (2010)'s research on public procurement ethical standards in Uganda found out that organizational culture influence corruption. The research concluded that institutional values account for the increasing tendencies of procurement corruption. Mlinga (2006) on the other hand conducted research in Tanzania on ethical standards in public procurement and concluded that ethical standards affect procurement. On the other hand, Ntayi et al (2010) points that unethical practices among public procurement officers affects the moral engagement and procurement planning behaviors thus diminishing the social construction of procurement officers' behaviors.

Government procurement is key portion of demand oriented policy (Muturi, 2007) studied procurement in the public sector and found out that government procurement is a key part of a demand-oriented innovation policy. Mukasa (2010) also notes that

reforms in the procurement systems do not adequately address issues of accountability, transparency, value for money, ethics and professional work force.

Procurement continues to suffer from poor performance; this is in spite of the reforms that have been carried out. Lack of policy on green procurement, poor planning, overspending, bureaucracy, poor project monitoring, transparency and accountability, wastage and corruption, collusion in the tender evaluation and award, inadequate training of the procurement officers are key challenges affecting procurement. Kenya corruption perception index (2010) ranks Kenya 139th out of 176 this means that Public Procurement Regulations have not succeeded to eradicate corruption. KACC Perception Survey 2010 also indicates that over 80 percent of corruption still occurs in procurement raising the questions as to why the Public Procurement and Disposal Act, together with other legislations have not succeeded to address corruption and other irregularities. Thus, fixing corruption challenges in the country needs to go further than the legal and organizational reforms.

Businesses require fair and open completion. However, in most cases this has not been the case. To this end, the study sought to answer; to what extent collusion, pressure from senior officers, pressure from society, social status and poor remuneration contribute to corruption in the public procurement process in Kenya.

1.3 Main objective

The main objective of the study is to investigate factors that contribute to corruption in the public procurement process in Kenya.

1.3.1 Specific objectives

The specific objectives of the study are;

1. To find out factors contributing to corruption in the Ministry of Devolution and Planning.

2. To find out to what extent corruption affects public procurement process in Kenya.

1.4 Value of the study

This study is significant in the following ways:

Firstly, the study will assist in the establishment of the extent to which the variables under study i.e. collusion amongst persons involved in the procurement process, poor remuneration of public officers and pressure from seniors etc. lead to corruption in Kenya. In so doing, the procurement entities will be in a position to put in place adequate internal controls in order to mitigate the loopholes that lead to corruption within the procurement process in Kenya.

Secondly, public procurement is key towards the achievement of Kenya's Vision 2030 and any attempt to interfere with the procurement process through corrupt practices may lead to the government not attaining the desired levels of socio economic development in Kenya. The understanding of the interrelationships between the variables under study and corruption may prompt the government to put in place adequate safeguards by way of formulating appropriate policies geared towards enhancing controls in the procurement process. This would ensure that resources are adequately safeguarded and the attainment of Vision 2030 which heavily relies on the proper utilization of the available resources is realized.

Thirdly, the study will complement the existing body of knowledge as far as the subject of corruption is concerned and in particular on the issue of public procurement. Thus, students, scholars, researchers, the government and other stakeholders interested in understanding the relationship between the procurement process and corruption in Kenya will understand the extent of the interrelationships between corruption and the variables under study.

Lastly, the study is part of the requirements and deliverables in the MBA Course offered at the University of Nairobi. To this end, the successful completion of this project would lead to the satisfaction of one of the key requirements of the course.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Corruption is the practice whereby some public assets are occupied for private interests. Corruption has been recognized as a noteworthy obstruction to economic and social improvement in developing economies. It is a complicated social, political and financial aspect that influences all nations, undermines democratic foundations, hinders monetary development and adds to legislative unsteadiness. Corruption hinders the establishment of democratic institutions by contorting electoral procedures, distorting the control of law and making bureaucratic foundations whose reason behind existing is the coercing of bribes. Economic growth is hindered on the grounds that foreign direct venture is discouraged and independent businesses inside the nation frequently think that it is difficult to overcome the "start-up costs" required (Gould and Amaro-Reyes, 1983). Gould takes the note that, in developing nations, quick monetary and social change, solid connection and ethnic ties, new institutions, overlapping and in some cases conflicting perspectives about what is proper public also lead to corruption.

2.2 Theoretical review

The procurement function has grown immensely over time both in government and in the corporate world. All aspects of the lives of people are affected by procurement functions since it assumes a large share of resources. However, over time, procurement process has been largely affected by corruption. Chapter two therefore, presents an analysis of the underlying theoretical and empirical literature on factors contributing to corruption in procurement process in Kenya.

2.2.1 Public Choice Theory

According to this theory, an individual makes a (limited) rational choice that prompts a speculated result. The corrupt individual official tries to amplify his or her utility by choosing to be corrupt when his normal preferences exceed its normal evils (a blend of conceivable punishment and the chance of being exposed). Rose-Ackerman (1978) asserts that, public establishments are corrupt because advantages exceed the costs. Klitgaard (1988) also note of that, if the likelihood of being caught and the punishment are less than the advantages, and then an individual becomes corrupt.

In this sort of hypothesis, activities of corrupt authorities are brought on by a reasonable, cognizant and deliberate measuring procedure of a person who is expected to make pretty much rational means-end calculations. The benefit of this hypothesis is that it focuses on a particular circumstance of a specialist (a corrupt authority) who figures upsides and downsides anyway, it is insensitive to the bigger social setting for it cannot represent activating causes inside the situation.

Under this model, corruption can be controlled maximizing the expenses of corruption and curtails the benefits by making the paybacks of corruption much stiffer to stimulate by enhancing the odds of getting caught and forcing more extreme punishments. This can without much of a stretch lead to a talk requesting an extensive system of control in light of the observation, huge data gathering, evaluating, and forceful authorization of a varied exhibit of unlawful and regulatory approvals (Anechiarico and Jacobs 1996).

2.2.2 Bad Apple Theory

The theory principally looks at the reason for an individual for being corrupt. It notes that there is a causal relationship between and individual with flawed/bad behavior and corruption. The underlying driver on corruption being inadequate character in human beings inclined towards criminal activities. It establishes that, shortcomings in human beings such as being greed promote corruption. In most cases, morality decides the conduct of an individual and assumes to follow on the basis of good values and wrong qualities are the reason for one to be corrupt (Punch, 2000).

2.2.3 Organizational Culture Theory

The theory holds that, culture and organizational systems under which a representative works can promote corruption. The primary assumption being, the causal way from specific beliefs to specific set of norms that prompts rational thinking. What's more, that intellectual state prompts unethical behavior. The theory holds that, it is no longer individuals seeking personal gains bring together conduct established on arranged actions and outrageous practices that must be situated inside the structures and culture of institutions (Punch 2000). "The suggestion is that in handling corruption and different types of institutional misconduct, it is crucial to concentrate on group changes, the heightening from petty to severe abnormality, and on the adverse components in the organizational philosophy.

In these hypotheses there is a fundamental way from a specific belief, a specific societal cluster that prompts a rational state. The rational state prompts corruption. Hulten (2002) takes note of that, once a hierarchical culture is corrupt; each individual who interacts with it likewise runs a major danger of getting to be corrupt and not

getting to be corrupt in certain authoritative societies implies selling out the group (Punch 2000). These hypotheses prompt a talk on corruption control which stressing on the way of life of an institution by altering its leadership (Kaptein et al, 2004).

2.2.4 Clashing Moral Values Theory

The hypothesis makes a qualification between the general population part and private commitments of corrupt authorities. Corruption is considered on a macro level; the general public. It holds that the way of life of an organization is likewise affected by society on the loose. The causal chain in these hypotheses believes that specific qualities and standards of society specifically impact the qualities and standards of people and impact their by causing them to be corrupt.

Rose-Ackerman holds that, in a number of social institutions there is minimal distinction between what is considered private and public (Rose-Ackerman, 1999). There exist conflict associated with what is private role and public role, making decisions difficult to make. These conflicts prompt corruption since an individual will want to satisfy his/her individual obligations in expense of group needs.

2.3 Empirical Literature Review

Kenya's public procurement system has undergone through various regional and international reforms. Various studies have been carried in areas of corruption in public procurement, causes and the possible recommendations. Kagendo (2012) did a study on procurement in parastatals in Kenya and the effects of public procurement and disposal act using a cross sectional descriptive study on parastatals in Nairobi County (Kagendo, 2012) found out that PPDA was effective in relation to competitiveness, quality of information, quality of products offered and promotion of

ethical conducts. However, this sector is still under challenges arising from ignorance in understanding PPDA procedures, corruption, PPOA inefficiencies in enforcement. Organizational incentives as well as the pressure for public procurement guidelines have been a challenge on effectiveness of procurement of public assets in Kenya.

Africa has become a country where comparative assessment of public procurement has been carried out. In developing countries, which are mainly found in Africa, the issue of corruption in public procurement has become universally conversant (Kamau, 2003). Public management, regulatory reforms, anti-corruption and development cooperation have been hampered by the acute incapacities in the sector. This has hampered international and regional development, negatively impacting on the countries where these challenges are heavily experienced.

Schweitzer, Ordonez and Douma (2004) did research on moral principles in the Danish public division and found out that dishonest measures are a variable created by Legislative body Interest groups, and people with specific, unmet goals. The Badenhorst (1994) investigate directed in European public sector in like manner indicated individual factors as being noteworthy in deciding the moral benchmarks in the procurement process. Mlinga (2006) directed research in Tanzania and recommends that the moral benchmarks in whole public acquisition of assets is an element of the specialized and moral abilities of those included in the entire process of procurement. Ntayi et al (2010) on causal components for unethical practices among public officers in Uganda using the Bandura's ethical withdrawal variables and Durkheim's thought of anomie found out that interactive effect of moral engagement and procurement planning practices decreases the social development of procurement officers' divergent behaviors.

Piff et al (2012) did a study on the factors that affect ethical standards in the United States of America (USA) and found out that upper-class individuals behave more unlawfully than lower-class individuals and their immoral attitudes breed unprincipled behavior in the public sector procurement

Various empirical explores have been carried out indicating hierarchical culture as influencing moral principles in public procurement. Basheka and Tumutegyereize (2010) directed an exploration on the public procurement moral principles in Uganda. The experimental study discovered authoritative culture as measurably critical concerning the reasons for corruption in procurement. The examination inferred that hierarchical determinants are the central factors, which represent the expanding patterns of procurement corruption.

Organization for Economic Co-Operation and Development (OECD) experimental research in European nations likewise indicate hierarchical culture factors as influencing the condition of moral guidelines in public asset acquisition (OECD, 2007). The study found out that institutions with a culture of continuous audits have a tendency to have higher moral values than those that don't. Ogachi (2011) notes that reward or pay affect adherence to ethics noting that better payed officers tend to observe ethical code of conduct..

The OECD (2007) Europe empirical research on public procurement recommends that public sector environmental factors assume a significant part in deciding moral benchmarks and proposes the utilization of the four-eye guideline as a therapeutic measure. The examination likewise indicates political impact as influencing the profound quality of public sector procurement. It proposes key conditions for insurance from political impact: Clear moral measures for procurement authorities; a

satisfactory institutional system, budgetary self-sufficiency, human asset management in light of legitimacy and additionally working autonomy for procurement authorities, where procurement authorities are exclusively mindful for their decisions.

Migai - Akech (2005) points out that governments without political support tend to be unpopular with citizenry to guarantee that exclusive and the barely drawn and regularly ethnic constituency demographics have entry to public resources, for example, lucrative public procurement contracts and tenders. As per the study, public assets are in this way a methods through which such governments buy authenticity to stay in power. He further adds that the departmental heads are forced to limit the people accessing the resources to the ethnic groups which in return impact the staff working in the whole departments to adhere to the conditions set by the senior management. This results to a fraudulent procurement process.

A commentary on standard Newspaper (Monday 21st June 2010) notes that ethnic group has become the aspect in manipulating decision making , engagements, deployments of assets and promotion majority of organizations in Kenya. The commentary notes that tribalism is a major issue in procurement sectors. It further notes, tribalism originates from the heads of the procurements which is further passed on to the junior staffs of the departments in favor of the senior staff.

According to http://www.oecd.org, outsiders may unquestionably mediate willfully. However, some may have gotten arrangements or been delegated authorities which they don't really comprehend or control. This was represented by a situation where a city chairman had made choice councils to quality public contracts. An ensuing examination confirmed that the determination selection committee had not took after the procurement procedures in granting contracts but rather had taken after the

leader's proposals. Selection panel individuals were persuaded that they had acted sufficiently by taking after the exhortation of the chairman, the most astounding positioning authority around the local area who had power over them.

Study on the procurement systems in Kenya (PPOA, 2007) found out that though numerous studies have been conducted on Kenya public procurement, it has only been able to broadly cover issues related to procurement methods, market access, administration services and capacity levels. The studies have been deficient of several important areas related to capacity needs address, which is believed to be the backbone to the cure of the system faults in many countries. Monitoring and evaluation need to be often exercising in an all-inclusive manner relevant to the issue in question particularly that of malpractices (PPOA, 2007).

The evolution of the process of public procurement in Kenya has remained legal and orderly despite the challenges of corruption. Though corruption is the biggest menace to the sector, right institutional measures have been put in place (Muehle, 2015). The deficiencies arising from the gaps within the existing policies have been addressed in researches that have focused on the way forward in the finance reform strategy in public procurement. A study on Corruption around the World (Tanzi, 1998) sought to establish the causes, consequences, scope and cures of corruption. The study concluded that void of specific reforms in any sector that corruption is embedded, the challenge will continue regardless of any effort that is directly or indirectly used. The study puts an emphasis on the costs on corruption on the country's economic growth and states that fight against corruption has attached costs and cannot be dealt with without appropriate reforms.

Corruption in developing countries in the past two decades has evoked most economists to develop tools to measure the level of corruption with a significant progress in measurement (Olken, 2011). The measurement of corruption focusses on three important questions that revolve around the how much corruption, determinants of corruption and consequences of corruption. The study on corruption in developing countries (Olken, 2011) found out that the theory of standard economic incentive adequately matches the explanation and occurrence of corruption in various sectors in the economy. Corruption heavily affects anti-corruption policies as officials are often fining alternate strategies to seeking rent.

Critical analysis on the contextual theories of corruption indicates that the theory chosen to study corruption determines the recommendations given to addressing the causes, nature and practices of corruption. Knowledge of the causes of corruption will therefore determine the policy instruments used to end corruption (Graaf, 2007). The study distinguishes the theories of corruption with close attention to the discourse on the control of corruption which shoe that many studies lack the contingency on actual and individual corruption.

Study on transparency and accountability in public amenity supply in Kenya (Mwenzwa, 2014) arguments out that ethics and integrity presuppose the virtue of honesty and openness which are integral parts for ensuring efficiency particularly in the expenditure of public assets. Without ethics and integrity in facility delivery, corruption is given to scale down savings and investments in a country. As such legal policy reforms are the key tools to transparency and accountability in public service delivery.

Developing countries are faced with the menace of ever growing issue of corruption due to lack of transparency and accountability and weak judicial and legislative systems. The challenge has made the issue of corruption on the fore front of development agendas in developing countries which are characterized by central direction and regulations. It is paradoxical that legislative and judicial systems in developing countries are the very institutions that provide a fertile ground for corruption thriving (Myint, 2000). Corruption has always led to underground economy which causes high social costs such as inequalities in income distribution, consumption patterns, investments, government budget challenges and development of various agendas and reforms. The supply side of corruption has specifically been the major drier of corruption.

Policy oriented survey on corruption (Fjeldstand, 2000) reveal that public organizations are leading in the percentage of corruption rise in Kenya. However, the study did not focus on specific sectors such as the security, judiciary and international relations offices. The research on the question of middle men has also been thinly covered. The study further notes that each study on corruption needs to be conducted through a broad based survey approach. Civic education is paramount to learners and educators on issues of peace, justice, freedom and security to realizing good governance without corruption and conflict. The interest of learners and educators in understanding the complicated topics on corruption in service delivery is the only hope to any country's future (Peace, 2010).

Reforms in procurement process in Kenya can go a long way in addressing the problem of financial management in Kenya. A study on procurement reforms in Africa (Mawuko, 2013) which used Mayring four-step process model revealed that

initial improvement in financial management in Africa though the sector is fraught with problems particularly in procurement process. Inadequate education, legislative challenges and lack of political reforms are the major problems that face financial management in Africa. The study found out that socio-cultural sensitivities influenced by the political affiliations has neglected ethical and environmental conditions favorable for acceptance of reforms.

According to Transparency International (TI) Corruption Perception Index 2015, New Zealand, Denmark, Finland and Sweden are considered to be least. The report notes that these countries have managed to contain corruption through having "integrity systems" which relatively function well. Such systems include; law enforcement, expansive agreement that battling corruption includes public interest and straightforwardness instruments, for example, divulgence of data, a solid responsibility to anti-corruption by political pioneers, flexibility of the press which is emphatically corresponded with control of corruption, etc. They all perform well as far as government openness and effectiveness is considered.

The well performing nations have a tradition of openness and social trust, with transparency and accountability as the pillars that permits citizens to monitor the activities of their legislators and hold them responsible for their activities and choices. Budget information disclosure of has helped to eliminate excessive and embezzlement of public resources as well as enhanced citizens' involvement during the course of the budget process and how public funds are managed. Adherence to public code of conduct and legal framework that criminalizes extensive variety of corruption related misuse and an autonomous and productive legal both contribute to low levels of corruption. Base up model in light of public trust, straightforwardness and social

capital reasonableness, transferable and versatile different political settings both contribute to low levels of corruption.

2.4 Corruption and public procurement

International institutions and bilateral donors have in the recent years emphasized on the need to having transparency and control in procurement processes to curb corruption. Global policy circles notes that there is need to ensure that tax payer's money and aids have impact on the countries development agenda. Declaration of Paris and Accra Agenda for Action and Aid Effectiveness have endeavored to provide renewed procurement system which is strengthened to ensure that development money is spend prudently (OECD, Government at a Glance, 2009). As such many international communities have embarked on reforming procurement system by incorporating integrity in the process.

Transparency international report indicates that low level of integrity lead to massive corruption in procurement process. Lack of integrity such as bribery, collusion, conflict of interest, bribery and trading influence are perceived to be the greatest contributing factors of corruption in government institutions (OECD, 2009). Government offices particularly those held by politicians and public officials are cited to be the leading in taking series of actions that are based on own interest during procurement and management of large contracts (TI, Corruption and Public Procurement, 2010). The process of bidding involves other intermediaries such as joint venture companies and private companies who may facilitate corruption by compromising to the illegal acquisition of funds (TI, 2006).

Costs associated with corruption in public procurement process cannot be underestimated. Research estimates on damages caused by corruption in procurement

indicate that an average of between 10 to 25% of contract value is lost in dire process (TI, Corruption and Public Procurement, 2010). This leads to high price levels of businesses. Corruption in procurement has cost lives particularly during the implementation of a construction deal which is faulty resulting to collapse of structure and other damage that claim lives. Other examples may be in health sector where counterfeit drugs may be supplied to various hospitals for administration to patients.

2.5 Forms of corruption

Krueger 1993 notes that corruption differs from one form to another as far as the sort of choices that are impacted by corruption and by source of power of the leader. There are three noteworthy sorts of corruption that can be distinguished in democratic social orders; the Grand corruption which alludes to the demonstrations of political world class by which they misuse their energy to make financial approaches that serve their interests other than that of the national interests (Porta and Vannucci, 1997).

Bureaucratic corruption denotes to corruption deeds of the chosen bureaucrats in their dealing with either their bosses or with the public. It involves minor corruption where the public may be obligatory to entice bureaucratic procedures. Civil servants may likewise remove installments while completing undertakings appointed to them by political elite.

Legislative corruption, this alludes to the way and the degree to which the voting conduct of lawmakers can be affected. Lawmakers can be paid off by intrigue gatherings to sanction enactment that can change the economic rents connected with resources. It incorporates voter purchasing trying to be re-chosen or have some enactment instituted (Rose-Ackerman, 1999).

Presence of corruption requires a few components to coincide. In the first place, somebody must have optional forces. This incorporates power to plan directions and also managing them. Furthermore, there must be economic rents connected with this power and thirdly, the lawful/legal framework must offer adequately low likelihood of location and punishment for the wrong doing. Corruption thrives in light of the fact that those taking part in corrupt exercises trust that the utility of wage got from corruption is justified regardless of the burdens brought about by the punishments connected with such acts. The likelihood of being distinguished, arraigned and punished is firmly identified with the qualities and structures of the society.

Different representatives (the political elite, the bureaucrats and the lawmakers) exercise different powers depending on their sources and in relations to their principal's ability to screen their particular representatives. The elites have powers on economic strategy making and are difficulty to evaluate whether they are making the best policy or not and sometimes problematic to observe corruption on them. They delegate the powers to administrators who oversee implementation on their behalf and are answerable to their principal. The elites control their agents to further their own interests by changing resolutions that would approve somebody who is enthusiastic to backhand them (Blish and Di Tella, 1997).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section describes the overall study design. It provides the study methodology, data collection tools and procedures, and the techniques used for data analysis.

3.2 Research Design

The study adopted descriptive research design. Strauss and Corbin, (1994) defined a descriptive research as a process of collecting data in order to test hypotheses or to answer questions concerning the current status of the subjects in study. It involves formulating the objectives of the study, designing the methods of data collection, selecting the sample, data collection and analyzing the results. The design provides relationships, experience or processes accruing in a particular instance (Mugenda & Mugenda, 1999).

In order to achieve the objectives of this study, descriptive research was used. The major purpose of a descriptive research is to provide information on certain characteristics of phenomena under study by providing an opportunity for in-depth analysis. It therefore will provide information on factors contributing to corruption in the public procurement process in Kenya.

3.3 Population of the study

For the purposes of this study, the target population for the study was the Ministry of Devolution and planning senior officers at management level, Job Group M to T. The officers work in various departments/directorates/units/divisions. A total of four hundred (400) officers will represent the population of the study.

3.4 Sample Design

The study adopted proportionate stratified Sampling design; in this sampling method each element of the population has an equal chance of being selected. Mugenda and Mugenda (2003), notes that, a sample size should be at least 30 respondents or 10% of the target population. The sampling specifically focused on different job groups which constitute management in the Ministry of Devolution and planning.

Job groups M, N, P, Q, R, S and T constitute management in the Ministry with a total population of 400 officers. 10% of officers from each job group were chosen to represent the total population. Job group M represent lower management, N, P and Q middle management, while R, S and T represent senior management. Officers from respective clusters were assigned numbers and each sample was picked using random tables to constitute the sample as depicted in table 1 below.

Table 1: Sampling

No.	Job Group	Population	Sample (10%)
1.	M	160	16
2.	N	110	11
3.	P	54	5
4.	Q	33	3
5.	R	25	3
6.	S	15	2
7.	T	3	1
	Total	400	41

Source: Ministry of Devolution and Planning (2016)

3.5 Data Collection

Data was collected using questionnaires. The questionnaire was divided into three sections. Section A contain information about the respondents of this study (Bio data), Section 'B' general information on whether the responded has participated on procurement process and information on the factors contributing to corruption in the public procurement process in Kenya while section 'C' contains information on policy recommendations. The questionnaires were administered through 'drop and pick later method' at an agreed time with the officers.

3.6 Data Analysis

Both quantitative and qualitative methods of research were applied. Quantitative aspects of the study were captured through the use of tabulations while the qualitative method assisted in the description of the various aspects. The data collected was sorted, cleaned, edited and coded before analysis. The data was entered in SPSS and several techniques which are offered by the program are used to come up with clear results. Descriptive statistics was used to analyze the data in the form of frequencies and percentages.

Analysis of section 'B' gave factors contributing to corruption in the public procurement process as well as the extent to which corruption affects the public procurement process. Manual tabulation analysis was used for variable of open-ended questions, for instance; suggestion and recommendations, to obtain essential information. This was used to support the results of quantitative analysis in drawing conclusions and recommendations. The data collected from this study was mainly

presented using, tables. Hypothesis testing was done by use of the t-test and one-way

ANOVA to measure the differences of opinions.

<div align="center">**CHAPTER FOUR**</div>

<div align="center">**DATA ANALYSIS, RESULTS AND DISCUSSION**</div>

4.0 Introduction

This chapter presents analysis and findings of the study as set out in the research objectives and methodology. The study findings and discussions gives details on the sample profile, descriptive statistics, significance tests and regression results.

4.1 Response Rate

The target sample size for the study was 41 respondents. As table 2 below shows, 38 respondents responded to the questionnaire giving accounting for 92%. The high response rates were due to efforts made by the researcher to reminding the respondent to fill-in and return the questionnaires. This response rate conforms to Mugenda and Mugenda (2003) that notes that a rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

Table 2: Response rate

Response rate	Frequency	Percentage
Responses	38	92
Non-responses	3	7
Total	41	100

Source: (Research data, 2016)

4.1.1 Sample Profile

Table 3: Sample profile

		Frequency	**Percent**
Age	18-25	9	23.7
	26-35	12	31.6
	36-45	11	28.9
	46-60	6	15.8
	Total	38	100.0
Gender	Male	21	55.3
	Female	17	44.7
	Total	38	100.0
Years in Service	1-5	9	23.7
	6-10	12	31.6
	16-20	9	23.7
	20 and above	8	21.1
	Total	38	100.0
Level	Lower management	21	55.3
	Middle management	14	36.8
	Senior management	3	7.9
	Total	38	100.0
Education	Masters	22	57.9
	Bachelor	11	28.9
	Diploma	5	13.2
	Total	38	100.0
Duration in Procurement	less than 1 year	8	21.1
	1 to 2 years	13	34.2
	2 to 3 years	12	31.6
	3 to 4 years	5	13.2
	Total	38	100.0

Source: (Research data, 2016)

In total, 41 questionnaires were administered. However 38 respondents filled and returned the questionnaires representing 92 percent response rate. Out of these, 84.2 percent were less than 45 years of age,   55 percent were male while 45 were female. Further, majority of the respondents (76.3%) had been in service for more than five (5) years and 86.8 percent had either a bachelor degree or masters and majority of

32

them have been involved in procurement process (80 percent) with two or more year in procurement process.

4.2 Significance Tests

Table 4: One-Sample Statistics

	N	Mean	Std. Deviation
Collusion	38	4.0219	.92120
Remuneration	38	4.5526	1.10153
Pressure_Management	38	4.1579	1.05334
Pressure_Society	38	4.0263	1.02632
Social Status	38	4.1053	1.03426
Protection	38	4.1842	1.03598

Source: (Research data, 2016)

Table 5: One Sample T-test

	Test Value = 3		
	t	Df	Sig. (2-tailed)
Collusion	6.545	37	.000
Remuneration	2.504	37	.017
Pressure from Management	4.928	37	.000
Pressure from Society	5.848	37	.000
Social Status	5.333	37	.000
Protection	4.854	37	.000

Source: (Research data, 2016)

All the six (6) model variables are significantly different from neutral (score of 3). One samples t-test results (table 5) shows that employee Collusion (C), Remuneration (R), Pressure from Management (PM), Pressure from Society (PS), Social Status (SS) and Protection (P) are significant ($p<0.05$). This means that majority of the staff either agree or strongly agree that the six (6) variables are key in determining corruption in the ministry.

These results are in consistent with those presented by Ordonez and Douma (2004);

Mlinga (2006) and Ntayi et al (2010).

Table 6: Management Level

		Sum of Squares	Df	Mean Square	F	Sig.
Collusion	Between Groups	3.926	2	1.963	2.501	.097
	Within Groups	27.473	35	.785		
	Total	31.398	37			
Remuneration	Between Groups	.347	2	.174	.136	.873
	Within Groups	44.548	35	1.273		
	Total	44.895	37			
Pressure_Management	Between Groups	.576	2	.288	.249	.781
	Within Groups	40.476	35	1.156		
	Total	41.053	37			
Pressure_Society	Between Groups	5.950	2	2.975	3.153	.055
	Within Groups	33.024	35	.944		
	Total	38.974	37			
Social_Status	Between Groups	.079	2	.039	.035	.966
	Within Groups	39.500	35	1.129		
	Total	39.579	37			
Protection	Between Groups	6.282	2	3.141	3.289	.049
	Within Groups	33.429	35	.955		
	Total	39.711	37			

Source: (Research data, 2016)

By management level, the senior management differs significantly with the middle

level management on management interference in procurement process. Middle

managers feel that the senior managers collude as well as protect the corrupt. The low level managers perceive social status, remuneration and protectionism as key in determining corruption perceptions in the ministry.

On duration in service, those officers who had worked for between 16 and 20 years had a strong feeling that the six (6) aspects of corruption are key in influencing corruption in procurement process.

4.3 Regression Results

4.3.1 Regression Diagnostics

Several regression diagnostics were conducted to avoid admission of spurious estimates. These included model specifications, normality test, test for linearity, and test for homogeneity. With Variance Inflation Factors (VIF) less than 10 and tolerance values less than 1, the three variables are not serially correlated.

A Shapiro-Wilk (W) test for normal data showed that the data follows a normal distribution (W = 0.91663, p>0.05). A Breusch-Pagan/Cook-Weisberg test for heteroscedasticity showed that the error terms have a constant variance (Chi (5) = 3.10, p>0.05), hence, we fail to reject the null hypothesis and conclude that the error terms have a constant variance.

Ramsey's Model specification test shows that the model fits well [F (6, 31) = 4.41, p>0.05] and the null hypothesis that the model has no omitted variable could not be rejected at 5% level of significance.

Table 7: Model Summary

	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.982	.964	.958	77.665

Predictors: (Constant), C, R, PM, PS, SS, P

Dependent Variable: Y

Source: (Research data, 2016)

From the model summary table 7, Collusion (C), Remuneration (R), Pressure from Management (PM), Pressure from Society (PS), Social Status (SS) and Protection (P) explains 96.4 percent for the total variations in corruption perceptions (R-Squared = 0.964).

Table 8: ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	29.232	6	4.872	14.204	.000
Residual	10.622	31	0.343		
Total	39.854	37			

Predictors: (Constant), C, R, PM, PS, SS, P

Dependent Variable: Y

Source: (Research data, 2016)

A regression model with corruption perception (Y) as the dependent variable and Collusion (C), Remuneration (R), Pressure from Management (PM), Pressure from Society (PS), Social Status (SS) and Protection (P) as independent variables was found to be statistically significant [$F_{(6, 31)}$ = 14.204, $p < 0.05$). This means that Collusion (C), Remuneration (R), Pressure from Management (PM), Pressure from Society (PS), Social Status (SS) and Protection (P) can be used to explain organizational perceptions on corruption significantly.

Table 9: Coefficient Table

		Coefficients			Collinearity Statistics	
		B	**t**	**Sig.**	**Tolerance**	**VIF**
	(Constant)	3.461	1.881	.076		
	C	1.709	8.611	.000	.110	9.065
	R	1.651	1.430	.016	.103	9.739
	PM	1.529	1.488	.023	.531	1.882
	PS	1.201	6.411	.000	.310	2.015
	SS	1.651	1.841	.000	.803	2.724
	P	1.231	1.932	.013	.131	1.712

Dependent Variable: Y

Source: (Research data, 2016)

Individually, the coefficients for Collusion (C), Remuneration (R), and Pressure from Management (PM), Pressure from Society (PS), Social Status (SS) and Protection (P) were found significant at 5 percent level of significance. This means that the six (6) variables are important in the model. The findings show that Collusion (C), Remuneration (R), Pressure from Management (PM), Pressure from Society (PS), Social Status (SS) and Protection (P) are key factors contributing to corruption in the Ministry of Devolution and Planning thus affecting public procurement process significantly.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the study findings and gives conclusions and recommendations.

5.2 Summary of Findings

These findings are based on a 92 percent response rate. From the responses, majority of the staff either agreed or strongly agreed that the six (6) variables - Collusion (C), Remuneration (R), and Pressure from Management (PM), Pressure from Society (PS), Social Status (SS) and Protection (P) - are key factors driving corruption perceptions in the ministry.

Further, the top management felt that the Ministry is doing better in addressing corruption, although the mean differences on perceptions were found not significantly different. The top and middle management felt that the Ministry has put in place effective corruption prevention strategies, although the low management differed with them significantly. This is also the case with protectionism aspects of the senior management. The top management felt that there were few cases of interference from both the management and society. This was not the case with middle and low management levels. The difference in perception was found to be statistically significant, with low management reporting low opinion. Additionally, Collusion (C), Remuneration (R), Pressure from Management (PM), Pressure from Society (PS), Social Status (SS) and Protection (P) were found capable of explaining 96.4 percent for the total variations in corruption perceptions in the Ministry. The coefficients for the six (6) variables are statistically significant at 5 percent level of significance,

meaning that the six (6) variables are very important in explaining corruption perception in the Ministry.

5.3 Conclusions

The objectives of the study were to establish the factors contributing to corruption in the Ministry of Devolution and Planning and the extent to which corruption affects public procurement process in Kenya.

The findings show that Collusion (C), Remuneration (R), Pressure from Management (PM), Pressure from Society (PS), Social Status (SS) and Protection (P) are key factors contributing to corruption in the Ministry of Devolution and Planning and end up affecting public procurement process in the Ministry significantly.

5.4 Limitation of the study

The study faced a number of limitations. First, the duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried on all the factors that contribute to corruption in the public procurement. Secondly, the study relied purely on perceptions of respondents which are subject to change from one institution to another. Thirdly, the study did not pretest its questionnaire to avoid repetitive questions as well as leading questions. Respondents also felt that the questionnaire was voluminous and proposed in future to consider reducing the size if similar research is done.

5.5 Suggestions for Further Research

Due to the changing nature of corruption, the study recommends that another study to be done on the role of technology in addressing corruption in Kenya, how technology can be used to prevent or promote corruption in the public sector. Secondly, there seems to be a correlation between corruption and politics, a research should be done

to unfold the relationship between corruption and politics. By engaging the public, the study will unveil how politics and political protection has contributed to corruption in Kenya.

5.4 Recommendations

From the above presentations of summary and conclusion, the study makes the following recommendations on corruption in public procurement process in Kenya. That the government and policy makers in the public sector enhance their efforts in strengthening anti-corruption culture through awareness creation, sensitization and capacity building; Address employee compensation by ensuring that public/state officers are adequately remunerated as per their job description and in line with similar jobs in the market by coming up with feasible compensation framework that is encompassing and targeting for all staff members; Structure communication channels, vertically and horizontally, at departmental and function level to ease in flow of information; Empower employees to have inputs in decision making, at departmental and function level ; and the costs of being corrupt against the benefits should be increased such that the perceived that the potential benefits of corruption should be less than the perceived or potential costs.

REFERENCES

Anechiarico, F., & Jacobs J. (1996). *The Pursuit of Absolute Integrity. How Corruption Control Makes Government Ineffective*, The University of Chicago Press: Chicago.

Badenhorst, J.A. (1994), "Unethical Behavior in Procurement: A Perspective on Causes and Solutions", Journal of Business Ethics.

B.C. Basheka, M. Tumutegyereize and E. Agaba (2010) "Public Procurement Capacity Building Reform Initiatives in Uganda: A Performance Measurement Approach" in K.V.

Bliss, C., & di Tella, R. (1997). Does competition kill corruption? *Journal of Political Economy*, 105, 1001-23.

Davido, I. (2012). *Corruption: Definition, theories and concepts*.

Ezekiel Mbitha Mwenzwa (2014). Transparency and Accountability in Kenya: A Review of the Institutional Framework for Public Service Delivery. Karatina University

Fjeldstand, J. C.-H. (2000). *Research on Corruption: Policy Oriented Survey*.

Government of Kenya (2005). The Public Procurement and Disposal Act of 2005. Government Printer, Nairobi.

Gould, D. and J. Amaro-Reyes (1983): "The effects of corruption on administrative performance: Illustrations from developing countries". *World Bank, Staff Working Paper* No. 580. Washington D.C.

Graaf, G. de. (2007). Causes Of Corruption: Towards a Contextual Theory of Corruption, Vrije Universiteit Amsterdam.

Huberts, L., Kaptein M., & Lasthuizen, K. (2004). Leadership and Integrity Violations at Work: A Study on the Perceived Impact of Leadership Behavior on Integrity Violations within the Dutch Police Force. Paper presented at IRSPM VIII, Budapest.

Hulten, M. van, (2002). *Corruptie, Onbekend, Onbemind, Alomtegenwoordig*. Amsterdam: Boom.

Jain, A. K. (2001), "Corruption: A Review", *Journal of Economic Surveys* 15(1), 71–121.

Kenya Anti-Corruption Commision (KACC 2007) National corruption Perception Survey 2007.

Kenya Anti-Corruption Commision (KACC 2010) National corruption Perception Survey 2010.

Klitgaard, R. (1988). *Controlling Corruption*. Berkeley: University of California Press.

Mathenge, D. G. (2012).Responsible Purchasing and Supply Chain Management in Kenya: A Critical Analysis of the Ethical Considerations in Procurement Management. European Journal of Business and Management.

Maurice E. Schweitzer, Lisa Ordóñez and Bambi Douma (2004), Goal Setting as a Motivator of Unethical Behavior. *The Academy of Management Journal*

Mawuko Dza, R. F. (2013). *Procurement reforms in Africa.*

Migai -Akech, J.M. (2005). Development Partners and Governance of Public Procurement in Kenya: Enhancing Democracy Administration of Aid.

Mlinga, R. (2006). Promoting Integrity in Public Procurement. Tanzania Procurement

Muehle, J. O. (2015). *Development and Reforms of the Kenyan Public Procurement System.* Nairobi.

Mugenda O. and Mugenda. A (1999). *Research Methods: Quantitative and Qualitative Approaches.* Acts Press, Nairobi; Kenya.

Mukasa, (2010). *The challenges of implementation of the public procurement and disposal Act;* Unpublished MBA project, University of Nairobi.

Muturi (2007) Procurement practices in the Public sector: *A survey of Kenya'Pipeline company*: Unpublished MBA project, University of Nairobi.

Myint, U. (2000). *Corruption: Causes, Consequences and Cures*. Asia-Pacific Development Journal

Ngari Margaret Kagendo (2012). Effects of Public Procurement and Disposal Act on Procurement in Parastatals in Kenya.

Ntayi et, J.M., Byabashaija, S., Eyaa, S., Ngoma, M., and Muliira, A. (2010a), Social Cohesion, Groupthink and Ethical Behavior of Public Procurement Officers, Journal of Public Procurement

Odhiambo, W., & Kamau, P. (2003). Public Procurement: Lessons from Kenya, Tanzania and Uganda. *OECD Working Paper NO.208*. OECD Development Centre.

Odhiambo ,A.N, (2005). Procurement practices in the public sector: A case of Kenya's Ministry of Agriculture: Unpublished MBA project, University of Nairobi.

OECD (2007), Bribery in Public Procurement. Methods, actors and counter-measures. OECD Publishing.

OECD, 'Government at a Glance 2009', Online.

http://dx.doi.org/10.1787/724227300453.

OECD Principles for Integrity in Public Procurement (2009).

Ogachi, J.F. (2011). The Status of the Procurement Profession in Kenya: Baseline Indicators 2011. Centre for Advanced Procurement Studies. Nairobi.

Olken, B. A. (2011). *Corruption in Developing Countries*.

Piff, P. K., Stancato, D. M., Côté, S., Mendoza-Denton, R., Keltner, D. (2012a). Higher.

PPOA. (2009). Procurement Manual-General Procurement Manual.

http://www.ppoa.go.ke/.

Public Procurement Oversight Authority (2007). Assessment of the Procurement System in Kenya. Nairobi: PPOA.

Punch, M. (2000). Police Corruption and Its Prevention. *European Journal on Criminal Policy and Research*, 8, 301-324.

PPOA. (2007). *Assessment of the Procurement System in Kenya.* Nairobi: GoK.

Republic of Kenya, (2007).Kenya Vision 2030: A competitive and prospective Kenya

Rose-Ackerman, S. (1978). *Corruption: A Study in Political Economy*. New York: Academic Press.

Rose-Ackerman, S. (1999). *Corruption and Government: Causes, Consequences and Reform*. Cambridge: Cambridge University Press.

Shah, A. (2012) Local Governance in Developing Countries. Public Sector Governance and Accountability Series. The International Bank for Reconstruction and Development. The World Bank: Washington, DC.

Strauss, A. and Corbin, J. (1994), *"Grounded theory methodology: an overview",* in Denzin, N.K. and Lincoln, Y.S. (Eds), Handbook of Qualitative Research.

Tanzi, V. (1998). Corruption Around the World: Causes, Consequences, Scope, and Cures. *Staff Papers IMF, 45*(4), 559-594.

The Public Procurement and Disposal Act, 2005 (PPD Act, online www.ppoa.go.ke).

Transparency International. (2012). *Corruption Perception Index 2011*. Berlin: Transparency International.

Transparency International. (2015). *Corruption Perception Index 2015*.

Transparency International. Corruption perception Index (2010),

Transparency International*, 'Handbook: Curbing Corruption in Public Procurement' (Berlin, Germany: TI, 2006).*

World Bank and IFC 2007 Report Enterprise Survey.

http://www.oecd.org/investment/anti-bribery/anti-briberyconvention

ANNEX 1: STUDY QUESTIONAIRE

CORRUPTION IN PUBLIC PROCUREMENT PROCESS IN KENYA: CASE STUDY OF THE MINISTRY OF DEVOLUTION AND PLANNING.

This questionnaire is to facilitate the researcher to collect data on the above mentioned topic in partial fulfillment of his study for MBA degree.

The information acquired here will be used for research purposes only and will be treated with due confidence. The researcher is requesting you to fill the questionnaire with honesty and objectivity. Your participation in facilitating the research is highly appreciated.

Tick the most appropriate answer to the statements or questions below.

SECTION A: GENERAL QUETIONS

1. Age of respondent
   - 18 – 25 ☐
   - 26 – 35 ☐
   - 36 – 45 ☐
   - 46 – 60 ☐

2. Sex
   - Male ☐
   - Female ☐

3. Years of service in the public service.
   - 1 – 5 ☐
   - 6 – 10 ☐
   - 11 – 15 ☐
   - 16 – 20 ☐
   - 20 Over ☐

4. What is your salary scale (Gross)
   - Kshs. 10,000 – 30,000 ☐
   - Kshs. 30,001 – 60,000 ☐
   - Kshs. 60001 – 100,000 ☐
   - Above 100,000 ☐

5. What is the highest level of your education?
   - PhD ☐
   - Masters ☐
   - Bachelor ☐
   - Diploma ☐

6. What is your job group in your organization?

7. Have you ever participated in the public procurement and disposal process of goods and services in your organization?
    1. Yes
    2. No (if No go to sec. B)
8. How long have you been involved in procurement process either in the pre-bidding process or Bidding Process or both?
    1. Less than 1 year   ( )
    2. 1 to 2 years   ( )
    3. 2 to 3 years   ( )
    4. 3 to 4 years   ( )
    5. 4 years and above   ( )

SECTION B:

COLLUSION AMONGST PERSONS INVOLVED IN PUBLIC PROCUREMENT PROCESS

9. Are you think persons involved in the public procurement process collude in the award of tenders?
    1. Yes
    2. No (if No go to Q. 24)
    0. Don't know
10. In your opinion, to what extent would you say that persons involved in the public procurement and disposal process in Kenya collude in the award of tenders?

    1. Very large extent   ☐
    2. Large extent   ☐
    3. Low extent   ☐
    4. Very low extent   ☐
11. In your opinion, do officers collude in the preparation of tender documents to favor some firms?
    1. Yes
    2. No (if No. go to Q.13)

12. If yes, to what extent do officers collude in the preparation of tender documents?

    1. Very large extent   ☐

    2. Large extent   ☐

    3. Low extent   ☐

    4. Very low extent   ☐

13. In your opinion, do officers collude to award tender to firms they have interest in during evaluation stage of tender documents.

    1. Yes

    2. No

14. If yes, to what extent do they collude during the evaluation stage

    1. Very large extent   ☐

    2. Large extent   ☐

    3. Low extent   ☐

    4. Very low extent   ☐

15. Do officers involved in the procurement process follow the due process of tendering in your institution?

    1. Yes

    2. No

16. To what extent do they follow the procurement procedures

    1. Very large extent   ☐

    2. Large extent   ☐

    3. Low extent   ☐

    4. Very low extent   ☐

17. Does disregard of procurement procedures promote corruption in your institution?

    1. Yes

    2. No

    0. Don't know

18. To what extent does it promote corruption?

    1. Very large extent   ☐

    2. Large extent   ☐

    3. Low extent   ☐

    4. Very low extent   ☐

19. In your own opinion, do serving officers have firms which participate in award of tenders?

    1. Yes

    2. No

20. To what extent do they participate?

    1. Very large extent ☐

    2. Large extent ☐

    3. Low extent ☐

    4. Very low extent ☐

21. In your opinion, does last minute rush to award tenders contribute to corruption in your organization?

    1. Yes

    2. No

22. If yes, to what extent does it contribute?

    1. Very large extent ☐

    2. Large extent ☐

    3. Low extent ☐

    4. Very low extent ☐

23. In your opinion what could be the factors that lead to collusion in the procurement process?

_____

_____

_____

_____

_____

_____

_____

LOW REMUNERATION OF PUBLIC OFFICERS IN KENYA

24. How would you rate the level of salaries paid to public officers in Kenya?

    1. Very high ☐

    2. High ☐

    3. Medium ☐

    4. Low ☐

    5. Very low ☐

25. Do you think that perceived low remuneration levels in the public offices contribute to corruption in the public procurement process in Kenya?

    1. Yes

    2. No

26. In your opinion, to what extent does the low levels of remuneration of public officers contribute to corruption in the public procurement process in Kenya?

    1. Very large extent ☐

    2. Large extent ☐

    3. Low extent ☐

    4. Very low extent ☐

PRESSURE FROM SENIOR PUBLIC OFFICERS

27. Do you think that senior public officers in your organization put pressure on junior public officers involved in the public procurement process in the award of tenders?

    1. Yes

    2. No

28. To what extent do senior public officers exert pressure to the junior officers involved in the public procurement process in the award of tenders?

    1. Very large extent ☐

    2. Large extent ☐

    3. Low extent ☐

    4. Very low extent ☐

PRESSURE FROM THE SOCIETY

29. Do you think that pressure from the society is a source of corruption?

    1. Yes

    2. No

30. In your opinion, how does pressure from society contribute to corruption in your institution?

_____

_____

_____

_____

_____

_____

31. In your opinion, to what extent does societal pressure contributed to corruption in your institution

    1. Very large extent   ☐

    2. Large extent   ☐

    3. Low extent   ☐

    4. Very low extent   ☐

32. In your opinion, how strong is pressure from society in promoting corruption in your institution?

    1. Very strong   ☐

    2. Strong   ☐

    3. Moderate   ☐

    4. Low   ☐

    5. Very low   ☐

33. In your opinion, how can we address social pressure as a source of corruption in your institution

_____

_____

_____

_____

_____

_____

_____

SOCIAL STATUS AND CORRUPTION

34. Do you agree that differences in social status are a source of corruption in your institution?

    1. Yes

    2. No

35. If yes, how does social status contribute to corruption in your institution

_____

_____

_____

_____

36. In your opinion, to what extent does social status contributed to corruption in your institution?

    1. Very large extent   ☐

    2. Large extent   ☐

    3. Low extent   ☐

    4. Very low extent   ☐

37. In your opinion, how strong is social status in promoting corruption in your institution?

    1. Very strong   ☐

    2. Strong   ☐

    3. Low   ☐

    4. Very low   ☐

38. In your opinion, how can we address social status as a source of corruption in your institution

_____

_____

_____

_____

_____

_____

_____

PROTECTION OF CORRUPT OFFICIALS

39. Do you agree that there is protection of corrupt government official in your institution?

    1. Yes

    2. No

40. If yes, to what extent would you say corrupt officials are protected in your institution

    1. Very large extent   ☐

    2. Large extent   ☐

    3. Low extent   ☐

    4. Very low extent   ☐

41. In your opinion, what could be the factors leading to protection of corrupt government official in your institution?

_____

_____

_____

_____

_____

_____

_____

42. In your opinion, what forms of corruption are common in your institution?
    1. Abuse of office
    2. Bribery
    3. Extortion
    4. Favoritism
    5. Tribalism/nepotism
    6. Misuse or misappropriation of government resources
    7. Un-procedural tendering

43. How would you rate the level of corruption in your institution
    1. Very high
    2. Moderate
    3. Low
    4. Very low

In a scale of 1-5, rate the following statements. Where 1= very poor, 2= poor, 3= satisfactory, 4=good and 5= very good.

		1	2	3	4	5
44.	How will you rate the level of commitment in fighting corruption in the Ministry					
45.	How will you rate the Ministry in ensuring accountability and transparency on the fight against corruption					
46.	How will you rate the Ministry in the implementation of recommendation given in the fight against corruption?					

47. Are there other factors that contribute to corruption in the Ministry? Kindly list.

_____

_____

_____

_____

_____

_____

_____

_____

_____

48. What are the major challenges that affect implementation of the recommendation on corruption prevention in the Ministry?

_____

_____

_____

_____

_____

_____

49. What best practices systems do you know of that are in place to address the challenge of corruption in the Ministry.

_____

_____

_____

_____

_____

_____

SECTION C: POLICIES AND CONTROLS

50. In your opinion, what should be put in place to mitigate or reduce the level of corruption in the public procurement process in Kenya?

_____

_____

_____

_____

_____

_____

51. Are there any other issues on corruption? Kindly share.

_____

_____

_____

_____

_____

_____

THANK YOU