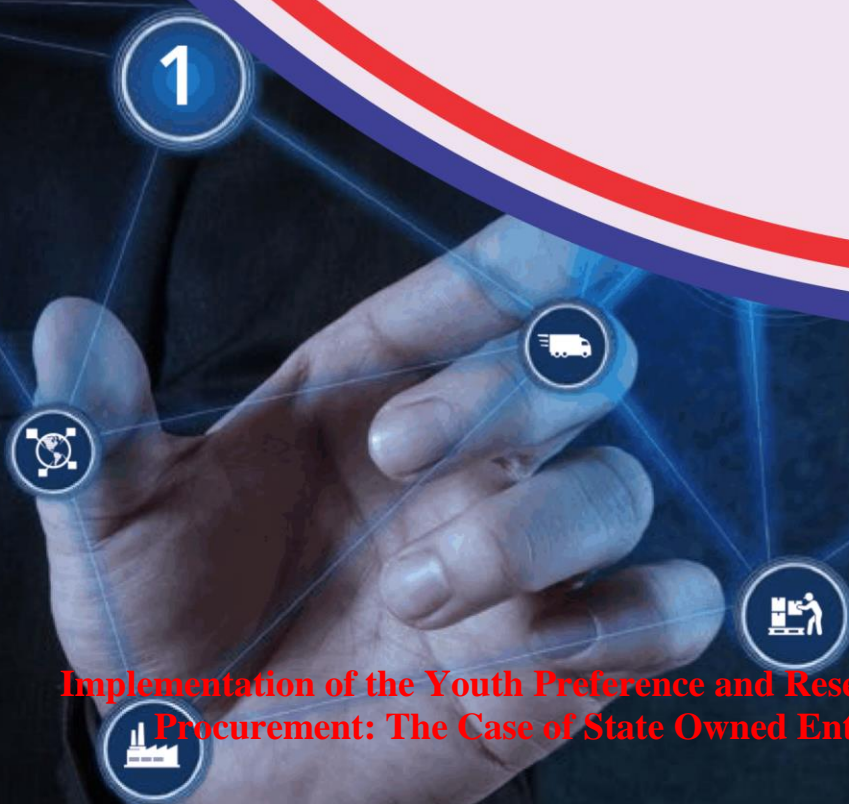


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Implementation of the Youth Preference and Reservations Policy in Public Procurement: The Case of State Owned Enterprises in Nairobi

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Implementation of the Youth Preference and Reservations Policy in Public Procurement: The Case of State Owned Enterprises in Nairobi

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Abstract

Purpose: The purpose of this study was to determine the implementation of the youth preference and reservations policy in public procurement. The research questions therefore were; to establish the extent to which the youth preference and reservations policy has been implemented and to establish the extent to which institutional challenges and legislation respectively affect implementation of the policy.

Methodology: The study employed descriptive survey design and a census of all the 70 state owned enterprises headquartered in Nairobi was conducted in the study out of which 55 enterprises responded. The study used primary data which was collected through use of a five point likert scale questionnaire. The researcher used Statistical Package for Social Sciences (SPSS) to generate the descriptive statistics and also to generate inferential results. The descriptive statistics used included frequencies, averages and percentages while inferential statistics such as correlation analysis was used to demonstrate the extent to which legislation affects implementation of the youth preference and reservations policy in public procurement.

Results: According to the research findings, the youth preference and reservations policy in public procurement had not been fully implemented. Effects of institutional challenges on implementation were found to be statistically significant with a negative impact on the implementation of the youth preference and reservations policy in public procurement. Results also indicate that legislation had negative but significant effect on implementation of the youth preference and reservations policy in public procurement.

Unique contribution to theory, practice and policy: The study recommends that the government intensifies the awareness campaign among the procurement practitioners and budget holders on the policy; institutionalize monitoring and training in all the enterprises and include the practitioners in review of the Public Procurement legislation.

Keywords: *reservations policy, institutional challenges, legislation, public procurement*

1.0 INTRODUCTION

Public procurement has been a neglected area of academic education and research, even though public procurement is alleged as a major function of government and even though governmental entities, policy makers and public procurement professionals have paid a great deal of attention to procurement improvements or reforms. Public procurement has a long history. It was written on a red clay tablet, which was found in Syria, the earliest procurement order dates from between 2400 and 2800 B.C. The order was for “50 jars of fragrant smooth oil for 600 small weights in grain” (Coe, 1989). Other evidence of historical procurement comprises the development of the silk trade between China and a Greek colony in 800 B.C. (Thai, 2010).

There are several reasons that manifest the importance of public procurement as a function of government. First, the sheer magnitude of procurement outlays has a great impact on the economy. Indeed, in all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP (Callender & Mathews, 2000). In the year 2013/14, the GOK is expected to spend about 70% of the 1.6 Trillion Shillings budget on procurement of goods and services. Efficiently handling this size of procurement outlays has been a policy and management concern as well as a challenge for public procurement practitioners.

According to Callender and Mathews (2000), there is now very limited doubt among policy makers, managers, professionals and academics about the importance of public procurement in facilitating government operations in both developed and developing countries. Public procurement is increasingly recognized as a profession that plays a significant role in the successful management of public resources and a number of countries have become more aware of the importance of procurement as an area vulnerable to mismanagement and corruption and have thus instituted efforts to integrate procurement in a more strategic view of government efforts.

The frameworks for Public Procurement in developed and developing countries alike are recognized as being characterized by an unstable tension between the public expectations of transparency and accountability and of efficiency and effectiveness of resource management. This conformance - performance tension, manifest throughout a complex procurement environment, is further damaged by conflicting stakeholder interests at the political, business, community and management levels and exacerbated by competing claims between executives, lawyers, technologists and politicians for lead roles in this arena (Schapper and Paul, 2006).

The public procurement practitioners have and will always face many challenges albeit the specific different country's economic, social, cultural and political environment. Corruption is disastrous to the sound functioning of any government department and has been an intractable problem in many developing countries; especially where it has become systematic to the point, where many in government have a stake. It diverts decision-making and the provision of services from those, who need them to those, who can afford them (Schapper and Paul, 2006).

1.2 Problem Statement

Public procurement frameworks in developed and developing countries alike face the public expectations of transparency and accountability and of efficiency and effectiveness of resource management. In addition, the procurement environment is characterized by conflicting

stakeholder interests at the political, business, community and management levels and further exacerbated by competing claims between executives, lawyers, technologists and politicians for lead roles in this arena (Schapper and Paul, 2006).

In a developed or developing country, public procurement practitioners have and will always face many challenges. Each country has its own economic, social, cultural and political environment, and each country's public procurement practitioners face different types of challenges, or the same types of challenges but at different levels from their counterparts in other countries. Corruption is disastrous to the sound functioning of any government department. It diverts decision-making and the provision of services from those, who need them to those, who can afford them (Schapper and Paul, 2006).

Local studies on the area have focused on the effect of procurement system in companies. Achura, Arasa and Ochiri (2005) examined the effectiveness of public procurement audits for constituency development funds in Kenya. However, they did not address the challenges facing the implementation of procurement regulations in Kenya. Ngugi and Mugo (2007) examined impact of procurement activities on the operation and effectiveness of public sectors in Kenya and concluded that it is essential that these activities be performed by qualified staff with high professional and ethical standards and using sound procedures anchored in appropriate policies and regulations. They however did not examine the challenges of implementation of the procurement regulations. In their study, Kachieng'a and Ogara (2004) reviewed the processes of equipment planning, procurement and Management in public hospitals in Kenya and South Africa. They observed that procurement and management of health equipments required change in the approach, as it affects the quality of the healthcare services.

In view of this, there lacks conclusive studies in Kenya on the challenges of implementation of preference and reservations regulations, as majority of reviewed studies focus on preferential policies in developed economies. This forms the research gap, and this study seeks to examine policy implementation of the youth preference and reservations regulations in public procurement and the challenges facing its implementation.

1.3 Research Objective

- i. To establish the extent to which the youth preference and reservations policy in public procurement has been implemented.
- ii. To establish the extent to which institutional challenges affect implementation of the youth preference and reservations policy in public procurement.
- iii. To establish to what extent legislation affects implementation of the youth preference and reservations policy in public procurement.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

Youth Empowerment Theory

Hart's (1992) Ladder of Young People's Participation, based on Arnstein's (1969) typology of citizen control, is an informative framework for articulating youth participation types. Hart's typology, however, does not take into account recent findings in youth-adult partnership

research. By placing youth-driven participation at the top of the ladder, the contribution that adult-involvement can lead to youth and community development is undervalued. Furthermore, the lack of adult involvement in youth-driven participation may hinder rather than encourage optimal adolescent development and empowerment. In her evaluation of youth-adult partnerships, Camino (2005; 2000) found that activity quality and positive development outcomes could be compromised when adults are not involved. Youth may lack the skills and expertise to successfully conduct an activity alone, which can lead to frustration and unintended disempowering outcomes. Similarly, McHale, Crouter and Tucker (2007) found that children, who participated in structured activities with adults rather than unsupervised activities with peers, had improved developmental adjustment in middle school years.

Agency Theory

Agency theory is a concept that explains why behavior or decisions vary when exhibited by members of a group. Specifically, it describes the relationship between one party called the principal, that delegates work to another, called the agent. It explains their differences in behavior or decisions by noting that the two parties often have different goals and, independent of their respective goals, may have different attitudes toward risk. The concept originated from the work of Adolf Augustus Berle and Gardiner Coit Means, who were discussing the issues of the agent and principle as early as 1932. Berle and Means explored the concepts of agency and their applications toward the development of large corporations. They saw how the interests of the directors and managers of a given firm differ from those of the owner of the firm, and used the concepts of agency and principal to explain the origins of those conflicts (Murtishaw and Sathaye, 2006).

Jensen and Meckling shaped the work of Berle and Means in the context of the risk-sharing research popular in the 1960s and '70s to develop agency theory as a formal concept. Jensen and Meckling formed a school of thought arguing that corporations are structured to minimize the costs of getting agents to follow the direction and interests of the principals. The theory essentially acknowledges that different parties involved in a given situation with the same given goal will have different motivations, and that these different motivations can manifest in divergent ways. It states that there will always be partial goal conflict among parties, efficiency is inseparable from effectiveness, and information will always be somewhat asymmetric between principal and agent. The theory has been successfully applied to myriad disciplines including accounting, economics, politics, finance, marketing, and sociology (Nikkinen and Sahlstrom, 2004).

Institutional Theory

The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on the social rules, expectations, norms, and values as the sources of pressure on organizations. This theory is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (Doug and Scott, 2004). The environment is conceptualized as the organizational field, represented by institutions that may include regulatory structures, governmental agencies, courts, professionals, professional norms, interest groups, public opinion, laws, rules, and social values. Institutional theory assumes that an organization conforms to its environment. There are, however, some fundamental aspects of organizational environments and activities not fully addressed by institutional theory that make the approach problematic for fully understanding

credit reference bureaus and their environment: the organization being dependent on external resources and the organization's ability to adapt to or even change its environment (Doug and Scott, 2004).

Researcher such as Meyer and Rowan (1991), DiMaggio and Powell (1983) are some of the institutional theorists who assert that the institutional environment can strongly influence the development of formal structures in an organization, often more profoundly than market pressures. Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. Ultimately these innovations reach a level of legitimization where failure to adopt them is seen as "irrational and negligent" (or they become legal mandates). At this point new and existing organizations will adopt the structural form even if the form doesn't improve efficiency.

Public Interest Theories of Regulation

The first group of regulation theories account for regulation from the point of view of aiming for public interest. This public interest can be further described as the best possible allocation of scarce resources for individual and collective goods. In western economies, the allocation of scarce resources is to a significant extent coordinated by the market mechanism. In theory, it can even be demonstrated that, under certain circumstances, the allocation of resources by means of the market mechanism is optimal (Arrow, 1985). Because these conditions are frequently not adhered to in practice, the allocation of resources is not optimal and a demand for methods for improving the allocation arises (Bator, 1958). One of the methods of achieving efficiency in the allocation of resources is government regulation (Shubik, 1970). According to public interest theory, government regulation is the instrument for overcoming the disadvantages of imperfect competition, unbalanced market operation, missing markets and undesirable market results.

In the first place, regulation can improve the allocation by facilitating, maintaining, or imitating market operation. The exchange of goods and production factors in markets assumes the definition, allocation and assertion of individual property rights and freedom to contract (Pejovich, 1979). The guarantee of property rights and any necessary enforcement of contract compliance can be more efficiently organized collectively than individually. Furthermore, the costs of market transactions are reduced by property and contract law.

The freedom to contract can, however, also be used to achieve cooperation between parties opposed to market operation. Agreements between producers give rise to price deviating from the marginal costs and an inefficient quantity of goods is put on the market. Antimonopoly legislation is aimed at maintaining the market operation through monitoring the creation of positions of economic power and by prohibiting competition limiting agreements or punishing the misuse thereof.

2.2 Empirical Review

Ngugi and Mugo (2007) examined impact of procurement activities on the operation and effectiveness of public sectors in Kenya and concluded that it is essential that these activities be performed by qualified staff with high professional and ethical standards and using sound procedures anchored in appropriate policies and regulations. He adopted a descriptive research design to analyze the purchasing process in the Health-Care industry. The findings revealed that accountability, ICT adoption and ethics affected procurement process of health care supplies in

the public sector to a great extent. The study therefore recommends that adequate controls should be put in place reducing opportunities for corruption.

Mahmood (2010) conducted a study on Public procurement and corruption in Bangladesh confronting the challenges and opportunities. He found out that in Bangladesh contract awards provide opportunities for procurement. There are reports of wide-ranging corruption, political control and pressure from trade unions in the procurement process. Public trust in the process is generally absent. The World Banks evaluation of Bangladesh concluded that the implementation of procurement process is far from satisfactory, due to the following problems, poor advertisement, short bidding periods, poor specifications, nondisclosure of selection criteria, contract awards by lottery, one-sided contract documents, negotiations with all bidders and rebidding without adequate grounds, occurrence of corruption involving donor agency are not uncommon at nationally or globally and or other levels. The interesting finding is that procurement happens to be one of the lucrative areas where corruption is above nature, therefore, the quality of public administration must be improved and accountable, which is an integral part of good governance.

Thai (2004) explained that, as many countries have moved to a regional and or global economy, Public procurement practitioners face another challenge that is, how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements. For example, how to comply with national economic policies (in nurturing domestic firms), without dealing unfairly with foreign firms as provided in regional trade agreements and/or the World Trade Organization (WTO) agreements is not easy, which requires a careful study of trade agreements in order to take advantages of special provisions.

Barden (2012) examined the challenges of procurement in South Africa, His article reports on an exploration of challenges experienced in the field of procurement within the South African public sector. To institute procurement best practices, a supply chain management system was adopted in South Africa in 2003. The procurement process was granted constitutional status and has been used to address past inequitable policies and practices. It promotes aims which are, arguably, secondary to the primary aim of procurement. For the exploration, a conceptual analytical approach was employed and some of the key guiding pillars of public procurement in South Africa divulged. The challenges restraining effective and efficient implementation of public procurement are also revealed. The article concludes by recommending the development of competency through customized (separate) training materials and programs in the involvement of stakeholders in the bidding process and the employment of good strategic sourcing practices.

Kotoka (2012) assesses the level of compliance with public procurement in public entities in Ghana. Public Procurement in Ghana has undergone several reviews since independence with the intent of strengthening Public Financial Management Systems. He outlined the events leading to reviews and features of the legal, institutional and regulatory framework of the public procurement reform in Ghana and analyzes its potential effect on entities in Ashanti region. A sample of two hundred (200) stakeholders including MMDAs, some selected Health and Educational institutions in Ashanti Region were used. The main tools used for data collection were questionnaires and interviews. The study revealed that the Public Procurement Act, somewhat, succeeded in harmonizing the process of procurement in the public entities to secure

fiscal transparency, efficiency, and increase competition among the local industry. However the challenge of creating procurement structures and recruiting appropriate personnel to manage procurement process limits the scope for efficiency and value for money. Amending the Act to address the challenges and effective monitoring and evaluation of procurement activities in the entities as well as applying sanctions to punish unethical behavior and political interference in procurement processes will improve the level of compliance with the reform.

Achuora, Arasa and Ochiri (2010) examined the factors that affect effectiveness of public procurement audits for constituency development funds (CDF) in Kenya. Specifically they investigated the effect of the legal framework, auditor's specific professional qualities, technical audit factors and client-related factors on effectiveness of public procurement audits, descriptive research design was employed, using a stratified random sampling to ensure representativeness. Both quantitative and qualitative methods of data analysis were used. Descriptive statistics as well as regression analysis were used to facilitate examination of the relationship between the variables of interest. The study findings indicate that technical audit factors have greatest influence on effectiveness of public procurement audit, followed by regulatory framework, client related factors and auditor's professional qualities respectively. The study recommends that a summarized regulatory framework for CDF procurement management be prepared by policy makers, more public auditors be trained on public procurement audit and the CDF managers be exposed to audit as a positive management tool.

Baba (2005) pointed out some implications of the procurement structure and the development stage of the supporting industry of Asia. In his book titled "A Study on Supporting Industries in Asia," which is based on his doctoral dissertation at the University of Tokyo, he analyzed the international input-output table for ASEAN countries and wrote case studies on the automobile companies in Indonesia and Japan and the Die & Mold companies and organization in Japan. His findings were the introduction of digital technology affects the transfer of a supporting industry. In addition, it is important to consider the elements of "existence of the market beyond a fixed scale" and "training of talented people."

McCrudden (2004) discusses procurement initiatives addressing social goals that took place in the 19th century. For example, in 1840, the US president Martin Van Buren issued an executive order that established the 10-hour working day for those working under certain government contracts. Similar initiatives were also made in Europe, in particular France and the UK. The same author even states that "it is not too much of an exaggeration to say that modern procurement systems evolved alongside the development of the welfare State, and it is hardly surprising that the former was used in part to underpin the goals of the latter".

The research by Davila et al. (2003) examined the effectiveness of E-procurement in companies. His findings were that companies which use E-procurement gain additional control over maverick spending and can reduce the headcount supporting purchasing transactions. Kachieng'a and Ogara (2004) reviewed the processes of equipment planning, procurement and Management in public hospitals in Kenya and South Africa. They observed that procurement and management of health equipments required change in the approach, as it affects the quality of the healthcare services.

Zhang (2012) examined procurement domestically and international companies. He concluded that conducting and managing international procurement is more complex than undertaking domestic procurement. Some key aspects that differentiate international procurement from

domestic procurement are that international procurement deals with a wider range of issues: trade between different nationalities, less mobility of factors of production, customer heterogeneity across markets and use of different currencies, governmental economic policy and political issues, culture, distance, customs and tax systems. These are the factors that make international business much more complex and a difficult activity.

2.3 Conceptual Framework

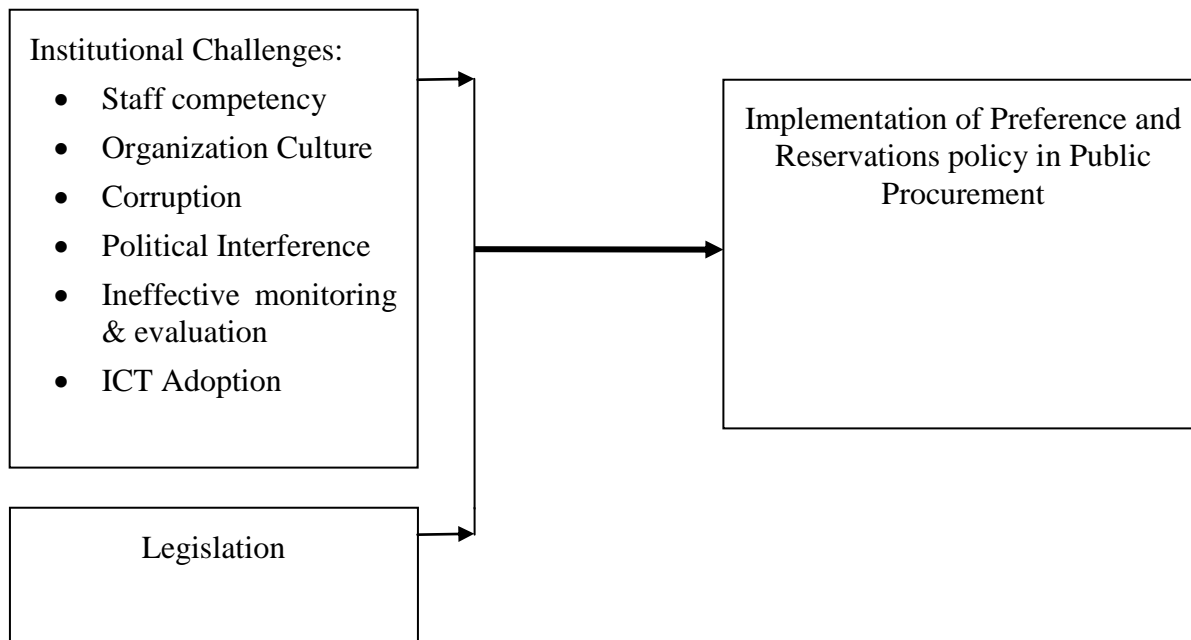


Figure 1: Conceptual Framework

3.0 RESEARCH METHODOLOGY

The study employed descriptive survey design. The population of the study was all 70 state owned enterprises headquartered in Nairobi. The study used primary data which was collected through use of a questionnaire. The data collected was analyzed using descriptive statistics.

4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate

The target population for the study was 70 state owned enterprises headquartered in Nairobi. Out of 70 enterprises only 55 enterprises administered the questionnaire. This represents a response rate of 79% which according to Borg, Gall and Gall (2004) and Creswell (2009) a response rate of 50% is adequate to give the correct view for a survey study. The response rate is presented on Table 1.

Table 1: Response Rate

	Response	% Response
Successful	55	79%
Unsuccessful	15	21%
Total	70	100%

4.2 Descriptive statistics

4.2.1 Implementation of Preference and Reservations Policy

Table 2 displays results of responses regarding implementation of preference and reservations policy. According to the analysis, Forty percent of the respondents strongly disagreed and thirty four point five percent disagreed bringing to a total of (74.5%) of those who disagreed that their department had complied with the requirement to set aside 30% of the procurement budget for special groups such as the youth. Forty percent strongly disagreed while twenty three point six disagreed bringing to a total of (63.6%) of those who disagreed with the statement that their department had complied with the requirement to advertise the procurement opportunities available for special groups such as the youth. Fifty two point seven strongly disagreed while another twenty one point eight disagreed bringing to a total of (74.5%) of those who disagreed with the statement that their department had complied with the requirement to evaluate the submission from special groups such as the youth in line with the given criteria. In addition, 85.5% strongly disagreed with the statement that their department had awarded over half of the percentage set aside contracts to special groups such as the youth and another 74.6% disagreed with the statement that their department had complied with the requirement for reporting contract awards from the special group to the PPOA. The mean score of the responses was 1.9 which means that there was more disagreement with the statement on the questionnaire regarding implementation of preference and reservations policy.

Table 2 Implementation of Preference and Reservations Policy

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std
Our department has complied with the requirement to set aside 30% of the procurement budget for special groups such as the youth	40.0%	34.5%	20.0%	5.5%	0.0%	1.9	0.9
Our department has complied with the requirement to advertise the procurement opportunities available for special groups such	40.0%	23.6%	21.8%	14.5%	0.0%	2.1	1.1

as the youth							
Our department has complied with the requirement to evaluate the submission from special groups such as the youth in line with the given criteria	52.7%	21.8%	10.9%	14.5%	0.0%	1.9	1.1
Our department has awarded over half of the percentage set aside contracts to special groups such as the youth	58.2%	27.3%	9.1%	5.5%	0.0%	1.6	0.9
Our department has complied with the requirement for reporting contract awards from the special group to the PPOA	58.2%	16.4%	20.0%	0.0%	5.5%	1.8	1.1
Average	49.8%	24.7%	16.4%	8.0%	1.1%	1.9	1.0

4.2.2 Institutional Challenges

The second objective was to establish the extent to which institutional challenges affect implementation of the youth ‘Preference and Reservations’ policy in public procurement. Results on Table 3 show that 74.5% agreed with the statement that lack of transformational leadership in their organization had affected the implementation of ‘preference and reservation policy while 83.6% agreed with the statement that inadequate training of procurement staff in their organization had affected the implementation of ‘preference and reservation regulations’. In addition, 76.3% felt that incompetency of procurement staff in their organization had affected the implementation of ‘preference and reservation regulations’. Majority (80%) of the study participants agreed with the statement that failure to employ good strategic sourcing practices in

their organization had affected the implementation of ‘preference and reservation regulations’. Amongst the respondents, 74.5 % agreed that failure to have effective monitoring and evaluation of procurement activities in their organization had affected the implementation of ‘preference and reservation regulations’ while 78.2 % agreed with the statement that existence of unethical behavior and corruption in their organization had affected the implementation of ‘preference and reservation regulations’. Majority (81.8%) agreed that existence of political interference in their organization had affected the implementation of ‘preference and reservation regulations’ while 80% agreed with the statement that failure to adopt ICTs in their organization affected the implementation of ‘preference and reservation regulations’. This is supported by a mean score of 3.7 and a standard deviation of 1.2. These results indicate that most of the study participants had concerns with the institutional challenges. The findings agree with those of Baba (2005) who pointed out some implications of the procurement structure and the development stage of the supporting industry of Asia. In his book titled “A Study on Supporting Industries in Asia,” which is based on his doctoral dissertation at the University of Tokyo, he analyzed the international input-output table for ASEAN countries and wrote case studies on the automobile companies in Indonesia and Japan and the Die &Mold companies and organization in Japan. His findings were the introduction of digital technology affects the transfer of a supporting industry. In addition, it is important to consider the elements of “existence of the market beyond a fixed scale” and “training of talented people.

Table 3 Institutional Challenge

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std
Lack of transformational leadership in our organization has affected the implementation of ‘preference and reservation regulations’ among the youth.	14.5%	10.9%	0.0%	23.6%	50.9%	3.9	1.5

Inadequate training of procurement staff in our organization has affected the implementation of 'preference and reservation regulations' among the youth.	9.1%	7.3%	0.0%	80.0%	3.6%	3.6	1.0
Incompetency of procurement staff in our organization has affected the implementation of 'preference and reservation regulations' among the youth.	12.7%	10.9%	0.0%	41.8%	34.5%	3.8	1.4
Failure to employ good strategic sourcing practices in our organization has affected the implementation of 'preference and reservation regulations' among the youth.	5.5%	10.9%	1.8%	72.7%	9.1%	3.7	1.0
Failure to have effective monitoring and evaluation of procurement activities in our organization has affected the implementation of 'preference and reservation regulations' among the youth.	7.3%	14.5%	3.6%	61.8%	12.7%	3.6	1.1
Existence of unethical behavior and corruption in our organization has affected the implementation of 'preference and reservation regulations' among the youth.	10.9%	7.3%	3.6%	50.9%	27.3%	3.8	1.2

Existence of political interference in our organization has affected the implementation of 'preference and reservation regulations' among the youth.	9.1%	5.5%	3.6%	63.6%	18.2%	3.8	1.1
Failure to adopt ICTs in our organization affected the implementation of 'preference and reservation regulations' among the youth.	10.9%	9.1%	0.0%	61.8%	18.2%	3.7	1.2
Average	10.0%	9.6%	1.6%	57.0%	21.8%	3.7	1.2

4.2.3 Legislation

The study also sought to establish the extent to which legislation affect implementation of the 'Preference and Reservations' policy. Results on Table 4 show that 40.0% strongly agreed and 38.2% agreed bringing a total of (78.2%) of those who agreed that the regulations on 'preference and reservations' to special groups were not clear on how the allocation should be done in the budget and procurement plans. 72.2% also observed that the regulations on advertising/communication of opportunities for special groups was inadequate, another 56.4% strongly agreed and 25.5% agreed bringing to a total of (81.9%) of those who had their view on that the regulations concerning tendering process for special groups was inadequate. In addition, 80% agreed with the statement that the regulations on tender evaluation and award criteria for special groups such as the youth were inadequate. A majority 71% agreed with the statement that the regulation on submission, receipt and opening of tenders for special groups is inadequate while another 85.4% felt that the regulation concerning the complaints system structure for special groups such as the youth was inadequate. In addition, 69.1% agreed with the statement that the regulation on communication of awards for special groups such as the youth was inadequate while another 80% agreed with the statement that the regulation on monitoring and evaluation for special groups such as the youth was inadequate. This was supported by a mean score of 3.7 and standard deviation of 1.0. This implies that the legislation was poorly implemented hence affecting the 'Preference and Reservations' policy among the youth in public procurement.

Therefore, majority of the respondents agreed to the statements regarding legislation on ‘preference and reservations’ to special groups.

The findings agree with those of Thai (2004) who explained that, as many countries have moved to a regional and or global economy, Public procurement practitioners face another challenge that is, how to comply with their government’s procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements. For example, how to comply with national economic policies (in nurturing domestic firms), without dealing unfairly with foreign firms as provided in regional trade agreements, which requires a careful study of trade agreements in order to take advantages of special provisions. These findings support the ongoing efforts spearheaded by the public procurement oversight authority (PPOA) to review the regulations. The findings are also collaborated by the recently issued amendments to the preference and reservations regulations 2011, issued in July 2013.

Table 4 Legislation

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std
The regulations on ‘preference and reservations’ to special groups such as the youth are not clear on how the allocation should be done in the budget and procurement plans	5.5%	12.7%	3.6%	40.0%	38.2%	3.9	1.2
The regulations on advertising / communication of opportunities for special groups such as the youth is inadequate	3.6%	12.7%	0.0%	72.7%	10.9%	3.8	0.9
The regulations concerning tendering process for special groups such as the youth is inadequate	1.8%	16.4%	0.0%	56.4%	25.5%	3.9	1.0
The regulations on tender evaluation and award criteria for special	5.5%	14.5%	0.0%	67.3%	12.7%	3.7	1.1

groups such as the youth is inadequate							
The regulation on submission, receipt and opening of tenders for special groups such as the youth is inadequate	5.5%	21.8%	1.8%	45.5%	25.5%	3.6	1.2
The regulation concerning the complaints system structure for special groups such as the youth is inadequate	0.0%	14.5%	0.0%	83.6%	1.8%	3.7	0.7
The regulation on communication of awards for special groups such as the youth is inadequate	7.3%	16.4%	7.3%	56.4%	12.7%	3.5	1.1
The regulation on monitoring and evaluation for special groups such as the youth is inadequate	5.5%	7.3%	7.3%	80.0%	0.0%	3.6	0.9
Average	4.3%	14.5%	2.5%	62.7%	15.9%	3.7	1.0

4.2.4 Youth preference and reservations policy affected by legislation

The extent to which implementation of the youth preference and reservations policy in public procurement was affected by legislation was measured using Pearson Correlation. Bivariate correlation indicates the relationship between two variables. It ranges from 1 to -1 where 1 indicates a strong positive correlation and a -1 indicates a strong negative correlation and a zero indicates lack of relationship between the two variables. The closer the correlation tends to zero the weaker it becomes. The correlation between implementation of the youth preference and reservations policy and institutional challenge was negative (-0.315) and significant (0.019). This shows that an increase in institutional challenges leads to a decrease in implementation (-0.315). The correlation between implementation of the youth preference and reservations policy and legislation was negative (-0.483) and a p value of 0.000 hence had statistically significant relationships.

Table 5: Pearson's Correlation

Variable		Implementation	Institutional Challenge	Legislation
implementation	Pearson Correlation Sig. (2-tailed)		1	
Institutional	Pearson	-0.315		1

Challenge	Correlation			
	Sig. (2-tailed) Pearson	0.019		
Legislation	Correlation	-0.483	0.489	1
	Sig. (2-tailed)	0.000	0.000	

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Findings

The general objective of this study was to establish the implementation of public procurements' preference and reservations policy in state owned enterprises in Nairobi, Kenya. The results indicate that the extent of implementation of the youth 'Preference and Reservations' policy in public procurement was very low as the overall responses of the responses gave a mean score of 1.9 which means that more respondents were disagreeing with the statements on this objective in the questionnaire. The responses were also spread from the mean at a 1.0 standard deviation.

The second objective was to establish the extent to which institutional challenges affected implementation of the 'Preference and Reservations' policy among the youth in public procurement. This was supported by an overall mean score was 3.7 and a standard deviation of 1.2 which means more respondents were agreeing with the statements.

The third objective was to establish the extent to which legislation affected implementation of the 'Preference and Reservations' policy among the youth in public procurement. This finding was supported by an overall responses mean of 3.7 which means that more respondents were agreeing with the statements on this objective in the questionnaire. The responses were also spread from the mean at a 1.0 standard deviation.

Effects of institutional challenges on implementation were found to be statistically significant with a negative impact on the importance of institutional challenge. These findings are justified from Pearson's correlation results which indicate a negative correlation and a statistically significant probability value of .Results also indicate that legislation affected implementation of the 'Preference and Reservations' policy among the youth in public procurement. These findings are justified from Pearson's correlation results which indicate a negative correlation of and a statistically significant probability.

5.2 Conclusions

Following the results of the study it is evident to conclude that Public Procurement Preference and Reservations policy among the youth in public procurement had not been implemented. On average the government enterprises have not prioritized the youth in the procurement opportunities therefore there is a call on this issue from the policy makers hence the reason for similar conclusion in this current study.

Based on findings it is possible to conclude that institutional challenges affect implementation. To meet the goals the there is need to take strategic measures this include improvement of competency of the staff, training and high level of leadership. Therefore it can be concluded that the enterprises are lacking the strategic measures hence the poor implementation.

Legislation on the preference and reservations influences implementation. The regulations provide a framework for the implementation of preferential procurements but they are not clear. The enterprises are pinched high and the procurement laws are not refined hence the low implementation.

5.3 Recommendations

The study recommends that the following institutional challenges should be addressed. Training challenges should be addressed through introduction of seminars to staff to educate them on the legislation. Political interference and corruption should be addressed through institution culture change. Corruption should also be addressed by enhancing transparency and information sharing. In addition, it is recommended that Government departments should deploy ICT to enhance the implementation of special preference regulations. Transformational leadership should also be employed to enhance the implementation of special preference.

The study recommends that the regulations should be enhanced by issuing guidelines to government entities on how to advertise and evaluate the bids submitted by the special groups. In addition, the study recommends that the regulation concerning the complaints system structure for special groups such as the youth should be revised to enhance adequacy.

It is recommended that the regulation on communication of awards for special groups such as the youth should be amended and other innovative ways of communication adopted. For instance, social media such as face book and twitter should be used to communicate such information to the youth and other stakeholders.

5.4 Suggestions for Further Studies

This study was not exhaustive by any means and therefore it is recommended that another study be conducted in public procurement sector and include other effects of procurement measurement. Further study should be done to establish the involvement of other special groups like women or people with disability in the preferential procurement policy. The same study can be conducted in government ministries to test whether the findings of this study will hold true in a different context.

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