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**DETERMINANTS OF COMPLIANCE WITH ACCESS TO GOVERNMENT
PROCUREMENT OPPORTUNITIES REGULATIONS FOR SPECIAL GROUPS
AMONG PARASTATALS IN KENYA**

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**DETERMINANTS OF COMPLIANCE WITH ACCESS TO GOVERNMENT
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AMONG PARASTATALS IN KENYA**

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Abstract

Purpose: The specific objectives of the study were; to assess the effect of prequalification criteria, opportunity awareness and sensitization, capacity of special groups and internal compliance controls on compliance with AGPO regulations for special groups among parastatals in Kenya.

Methodology: The study employed a descriptive research design, targeting heads of procurement among parastatals of Kenya. The study preferred this method because it allows an in-depth study of the subject. Data was collected using self-administered questionnaires. The data collected was analyzed by use of descriptive and inferential statistics. Multiple regression models were used to show the relationship between the dependent variable and the independent variables. The data generated was keyed in and analyzed by use of Statistical Package of Social Sciences (SPSS) version 24 to generate information which was presented using charts, frequencies and percentages.

Results: The F critical at 5% level of significance was 26.5. Since F calculated which can be noted from the ANOVA table above is 81.8 which is greater than the F critical (value= 26.5), this shows that the overall model was significant. The study therefore establishes that; prequalification criteria, opportunity awareness and sensitization, capacity of special groups, internal compliance controls affect compliance with AGPO regulations

Conclusion: The findings of the study indicated that prequalification criteria, opportunity awareness and sensitization, capacity of special groups and internal compliance controls have a positive relationship with compliance with AGPO regulations for special groups among parastatals in Kenya

Contribution to theory, practice and policy: The study recommended that public institutions should embrace prequalification criteria, opportunity awareness and sensitization, capacity of special groups and internal compliance controls so as to improve compliance with AGPO regulations for special groups.

Key words: *prequalification criteria, opportunity awareness, capacity of special groups, internal compliance controls*

1.0 INTRODUCTION

The study sets out to investigate the determinants of compliance with AGPO regulations for special groups among parastatals in Kenya. To this end, this chapter builds the case by introducing the problem warranting the study. This chapter presents; the background of the study, problem

statement, objectives, research questions, importance of the study, the scope of the study and limitations of the study.

In the recent past, most governments have devised a method of ensuring that the less special, local vendors and small and medium enterprises within the economy have an edge when competing in the same pool with large and established businesses (Liebrandt & Mlastsheni, 2014). The procuring entities in that instance may decide to make preference to a special group during an evaluation by increasing the bid of the non-preferred businesses probably by a constant 10%.

The preference to the special groups such as the youth, disabled and the women is meant to safeguard them from discrimination. It is imminent that the actualization of the preference group is meant to ensure that these groups take part in the activities of a formal economy (Mahmood, 2010). Many governments now practice gender mainstreaming when designing national budgets (also referred to as gender responsive budgeting) to make sure national economic planning pays adequate attention to the unique challenges of women's economic empowerment (World Bank, 2009).

Developed nations in Europe and Asia spend about 20% of gross domestic product (GDP) on public procurement while developing nations spend up to 50% (Carter, 2010). For instance, in the United States, federal public procurement during 2009 accounted for over \$534 and over 13% of the total federal budget. Instructions to the United States treasury are to ease the assessment of funds to start-ups at affordable interest rates and extended payback period (Christine, 2006).

It is vivid that procurement does have preference for certain groups within the economy. Though, the preference is different from that of Kenya, the concept is similar. United Kingdom is a perfect example as given in its contracts regulations of 2015. The contracts regulations states that, "contracting authorities may reserve the right to participate in public procurement procedures to sheltered workshops and economic operators whose main aim is the social and professional integration of disabled or special persons, or provide for such contracts to be performed in the context of sheltered employment programs, provided that at least 30% of the employees of those workshops, economic operators or programs are disabled or special workers (Deshpande & Zimmerman, 2010).

The Africa continent has been marred by persistent corruption and lack of proper public procurement machineries (Badenhorst, 2012). It is imperative to note that an effective public procurement system that offers high level of transparency, accountability and value for money is critical for poverty reduction in developing countries. It is also the pillar for promotion of good governance and sustainable development in any economy.

Kenyan government spends approximately 70% of its budget on procurement. In 2013/2014, the budgeted expenditure was Ksh 1.77 Trillion giving an approximate of 1.24 Trillion of public procurement (KNBS, 2013) If the 30% procurement opportunities reserved for special groups was implemented, then an estimated KES 372 Billion should have been paid to them. However, this was not implemented due to the lack of proper implementation of the directive and the rampant corruption in the country (Kitindi, 2012).

1.2 Problem Statement

Special groups constitute over 85% of the entire population yet they contribute to less than 10% of public procurement involvement thus hampering economic growth and achievement of vision 2030 (Transparency International, 2010). Current statistics show that the special groups also

constitute the highest unemployment rate of 67% (KNBS, 2013). In the financial year 2013/2014, 200 Billion (30% of government procurement) was allocated for the youth. However, analysis of the financial year 2013/2014 expenditures by the Women Enterprise Fund on special group access reveal that only Ksh 2.8B against an allocation of Kshs 200B was expended showing that only 1.4% of the allocation was actually spent on Access to Government Procurement Opportunities (AGPO) instead of the mandatory 30% (UNESCO, 2014).

Many of the problems cited by the special groups have included capacity building, lack of access to credit, inadequate skills, poor information and inhibitive legal regulatory framework (PPOA, 2007). The implementation outcome of the 30% government procurement preference for youth, women and persons with disabilities is anticipated to make a significant contribution to GDP of not less than 15% per annum (GoK, 2013). Consequently, the government has established institutions that are training the youth on various opportunities available in the market. They have also created institutions that provide financial help (YEDP and UWEZO funds) and relaxed registration requirement to make it easier for this group to get involved (KPMG, 2008).

Despite of all this efforts, it's unclear to what extent these groups are actually participating in public procurement. Several studies have been done; Ng'ang'a (2011) interrogated the factors influencing public bidding by youth entrepreneurs, while Gitari and Kabare (2014) assessed factors affecting access to procurement opportunities in public secondary schools by small and medium enterprises in Kenya. These studies barely focused on access to government procurement opportunities. Ogachi (2011) examined the effectiveness of public procurement audits for constituency development funds in Kenya. However, they did not address the determinants of compliance with AGPO regulations for special groups among parastatals in Kenya.

While much research has focused on the problems facing performance of special groups companies under the 30% preference and reservation directive for special groups among parastatals projects in Kenya, not much research has been done to study factors determinants of compliance with AGPO regulations for special groups among parastatals in Kenya and also considering the pivotal role that the youth play in development, their participation in public procurement is paramount. It is against this back drop that this study seeks to assess the determinants of compliance with AGPO regulations for special groups among parastatals in Kenya.

1.3 Objectives of the Study

- i. To assess the effect of prequalification criteria on compliance with AGPO regulations for special groups among parastatals in Kenya.
- ii. To establish the effect of opportunity awareness and sensitization on compliance with AGPO regulations for special groups among parastatals in Kenya.
- iii. To determine the effect of capacity of special groups on compliance with AGPO regulations for special groups among parastatals in Kenya.
- iv. To evaluate the effect of internal compliance controls on compliance with AGPO regulations for special groups among parastatals in Kenya.

2.0 LITERATURE REVIEW

2.1 Empirical Review

Prequalification Criteria and Compliance with AGPO Regulations

According to research by Wanjohi (2012) the following key issues affected the preference and reservation policy among the youth. First inadequate training of procurement staff in organization had affected the implementation of preference and reservation regulations, second is incompetency of procurement staff in our organization has affected the implementation of preference and reservation regulations and third is failure to employ good strategic sourcing practices in organizations has affected the implementation of preference and reservation regulations as envisaged even as elaborated in the current PPDA of 2015 under special groups (Ogachi, 2011)

Opportunity Awareness and Sensitization and Compliance with AGPO Regulations

According to Lysons *et al.*, (2013), awareness is defined as knowing something; knowing that something exist and is important; being interested in something. Market opportunity awareness is a combination of commercial awareness and situation awareness which is defined as perception of environmental elements with respect to time and space, comprehension of their meaning and projection of their status after some variable have changed (Mahmood, 2010).

Capacity of Special Groups and Compliance with AGPO Regulations

Obanda (2011) analyzed the strategic and management interventions that can enable youth, women and persons with disabilities in Uganda obtain public procurement contracts to maximize sustainability in the context of inclusive growth. The study established that the challenge youth, women and persons with disabilities face in accessing public contracts also depends on how they themselves increase their capacity to fulfill government contracts. The study recommended among other things that governments in developing economies should play a significant role in eliminating the supply side constraints.

Internal Compliance Controls and Compliance with AGPO Regulations

Wood (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 stakeholders, some selected health and educational institutions in Ashanti region were used. The main tools used for data collection were questionnaires and interviews.

2.2 Theoretical review

Institutional Theory

Institutional theory is a widely used theory in social studies. Kraft's public policy summarizes the theory as a policy-making that emphasizes the formal and legal aspect of government structures (Zheng, 2015). It considers processes by which structures, including schemes and rules become established by authoritative figures as guidelines for social behavior.

Wood (2012) portends that it explains how the elements are created, diffused, adopted and adapted over space and time; and how they fall into decline and disuse. Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines, and artifacts. Institutions operate at different levels of jurisdiction, from the world system to localized interpersonal relationships.

In this context, access to government procurement opportunities, is entrenched and implemented within the purview of the law, to provide tangible support to the special groups who form above

60% of the population yet facing wide unemployment. However, as this study has established, the rate of success of this institutional agenda is not giving an impressive output. As Puddephatt and Kaspar (2012) explain, this theory assisted the study to understand how the specific objective of determining the effect of prequalification criteria on access to government procurement opportunities.

The elements of access to government procurement opportunities are created, diffused, adopted, and adapted over space and time; and how they fell into decline and disuse, for instance due to ethical issues or lack of supportive elements such as finances (Perry, 2011). Youth access to public procurement opportunities could be enhanced by studying the critical success factors that affect implementation of this policy. In this particular study institutional theory is adopted and linked to prequalification criteria variable.

2.3 Conceptual Framework

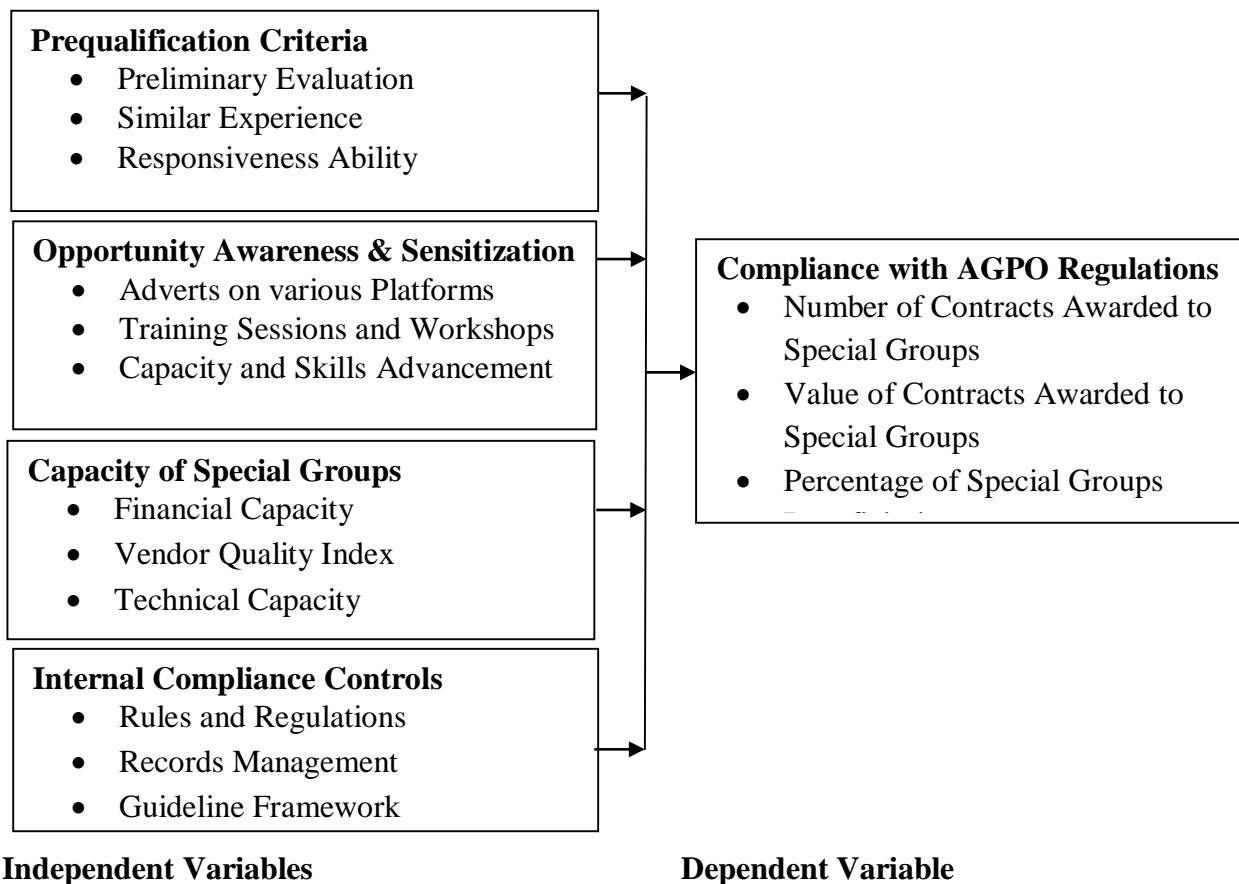


Figure 1: Conceptual Framework

3.0 METHODOLOGY

The study employed a descriptive research design, targeting heads of procurement among parastatals of Kenya. The study preferred this method because it allows an in-depth study of the subject. Data was collected using self-administered questionnaires. The data collected was analyzed by use of descriptive and inferential statistics. Multiple regression models was used to show the relationship between the dependent variable and the independent variables. The data

generated was keyed in and analyzed by use of Statistical Package of Social Sciences (SPSS) version 24 to generate information which was presented using charts, frequencies and percentages.

4.0 RESULTS AND FINDINGS

4.1 Descriptive Analysis

Prequalification Criteria

The first objective of the study was to assess the effect of prequalification criteria on compliance with AGPO regulations for special groups among parastatals in Kenya. The respondents were asked to indicate to what extent did prequalification criteria affect compliance with AGPO regulations for special groups among parastatals in Kenya. Results indicated that majority of the respondents 25% agreed that it was to a very great extent, 27% said that it was to a great extent, 35% said it was moderate, while little extent and not all were at 5% and 8% respectively.

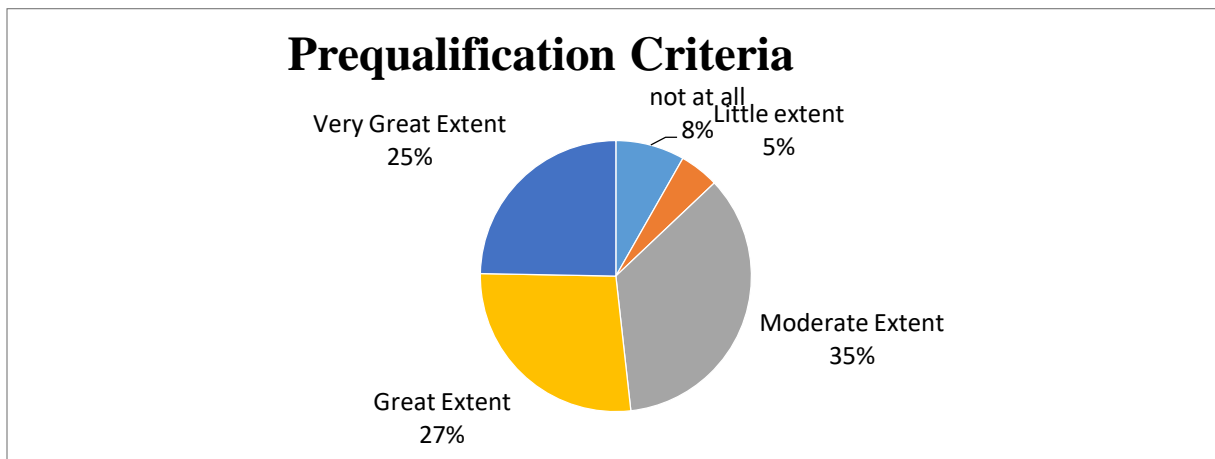


Figure 2: Prequalification Criteria

The respondents were also asked to comment on statements regarding prequalification criteria on compliance with AGPO regulations for special groups among parastatals. The responses were rated on a likert scale and the results presented in table 4.6 below. It was rated on a 5 point likert scale ranging from; 1 = strongly disagree to 5 = strongly agree. The scores of ‘strongly disagree’ and ‘disagree’ have been taken to represent a statement not agreed upon. The score of ‘neutral’ has been taken to represent a statement agreed upon. The score of ‘agree’ and ‘strongly agree’ have been taken to represent a statement highly agreed upon.

The respondents were asked to indicate their responses on prequalification criteria statements. The result revealed that majority of the respondents with a mean of (3.97) agreed with the statement that preliminary evaluation plays a great role in increasing the number of contacts awarded to special groups. The measure of dispersion around the mean of the statements was 0.947 indicating the responses were varied. The result revealed that majority of the respondent as indicated by a mean of (4.02) agreed with the statement similar experience plays a great role in increasing the number of contacts awarded to special groups. The standard deviation for was 0.874 showing a variation. The result revealed that majority of the respondents (4.01) agreed with the statement that responsiveness ability plays a great role in increasing the number of contacts awarded to special groups. The results were varied as shown by a standard deviation of 0.96.

Table 1 : Prequalification Criteria

Statements	Mean	Std. Deviation
Preliminary evaluation plays a great role in increasing the number of contacts awarded to special groups	3.97	0.947
Similar experience plays a great role in increasing the number of contacts awarded to special groups	4.02	0.874
Responsiveness ability plays a great role in increasing the number of contacts awarded to special groups	4.01	0.96
Preliminary evaluation plays a great role in increasing the value of contacts awarded to special groups	4.42	0.701
Similar experience plays a great role in increasing the value of contacts awarded to special groups	4.35	0.64
Responsiveness ability plays a great role in increasing the value of contacts awarded to special groups	4.43	0.529
Preliminary evaluation plays a great role in increasing percentage of special groups beneficiaries	4.41	0.709
Similar experience plays a great role in increasing percentage of special groups beneficiaries	4.16	0.743
Responsiveness ability plays a great role in increasing percentage of special groups beneficiaries	4.35	0.782

The average response for the statements on preliminary evaluation plays a great role in increasing the value of contacts awarded to special groups was (4.42). The results were varied as shown by a standard deviation of 0.701. The average response for the statements on similar experience plays a great role in increasing the value of contacts awarded to special groups was (4.43). The results were varied as shown by a standard deviation of 0.529. The results revealed that majority of the respondent with a mean of (4.41) agreed with the statement that responsiveness ability plays a great role in increasing the value of contacts awarded to special groups. The measure of dispersion around the mean of the statements was 0.709 indicating the responses were varied.

The result also revealed that majority of the respondent as indicated by a mean of (4.02) agreed with the statement preliminary evaluation plays a great role in increasing percentage of special groups beneficiaries. The standard deviation for was 0.874 showing a variation in the responses. The result revealed that majority of the respondent (4.16) agreed with the statement that similar experience plays a great role in increasing percentage of special groups beneficiaries. The results were varied as shown by a standard deviation of 0.743. The average response for the statements on responsiveness ability plays a great role in increasing percentage of special groups beneficiaries was (4.35). The results were varied as shown by a standard deviation of 0.782. The findings agree with Kingori (2012) that strictly adhering to prequalification criteria is a smart move and can reduce expenses significantly.

Opportunity Awareness and Sensitization

The second objective of the study was to establish the effect of opportunity awareness and sensitization on compliance with AGPO regulations for special groups among parastatals in Kenya. The respondents were asked to indicate to what extent did opportunity awareness and sensitization effect had on compliance with AGPO regulations compliance with AGPO regulations

for special groups in Kenya. Results indicated that majority of the respondents 25% agreed that it was to a very great extent, 27% said that it was to a great extent, 35% said it was moderate, while little extent and not all were at 5% and 8% respectively.

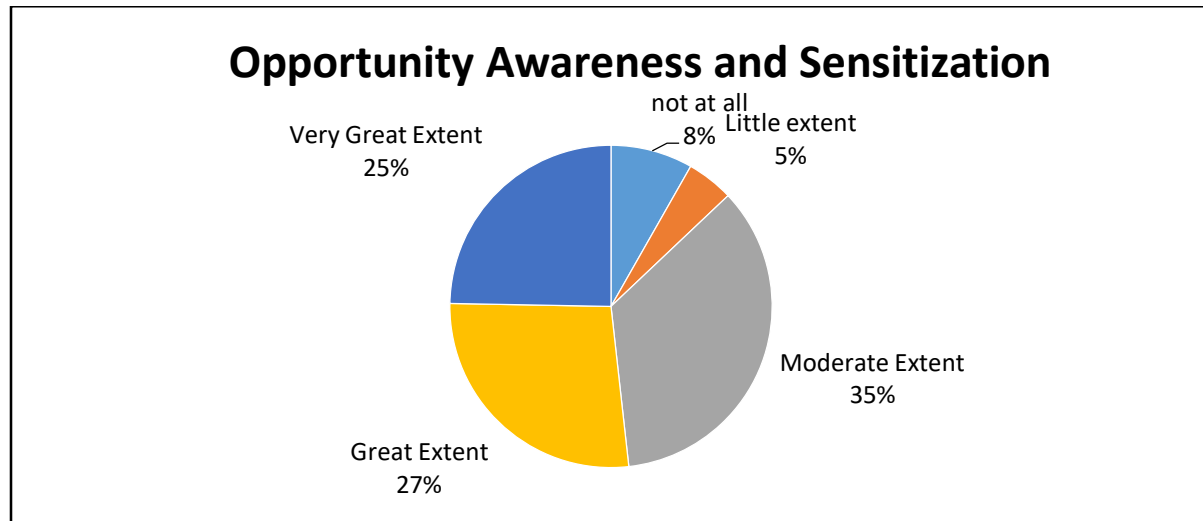


Figure 3: Opportunity Awareness and Sensitization

The respondents were also asked to comment on statements regarding opportunity awareness and sensitization effect on compliance with AGPO regulations for special groups in Kenya. The results revealed that majority of the respondent with a mean of (3.96) agreed with the statement that advertisement on various platforms plays a great role in increasing the number of contacts awarded to special groups. The measure of dispersion around the mean of the statements was 0.905 indicating the responses were varied. The result revealed that majority of the respondent as indicated by a mean of (3.95) agreed with the statement training sessions and workshops plays a great role in increasing the number of contacts awarded to special groups. The standard deviation for was 0.802 showing a variation. The result revealed that majority of the respondent (4.49) agreed with the statement capacity and skills advancement plays a great role in increasing the number of contacts awarded to special groups. The results were varied as shown by a standard deviation of 0.594.

The average response for the statements on advertisement on various platforms plays a great role in increasing the value of contacts awarded to special groups was (4.49). The results were varied as shown by a standard deviation of 0.594. The average response for the statements on training sessions and workshops plays a great role in increasing the value of contacts awarded to special groups was (4.21). The results were varied as shown by a standard deviation of 0.841. The results revealed that majority of the respondent with a mean of (2.94) agreed with the statement capacity and skills advancement plays a great role in increasing the value of contacts awarded to special groups. The measure of dispersion around the mean of the statements was 1.303 indicating the responses were varied.

The result revealed that majority of the respondent as indicated by a mean of (3.08) agreed with the statement advertisement on various platforms plays a great role in increasing percentage of special groups beneficiaries. The standard deviation for was 1.347 showing a variation. The result revealed that majority of the respondent (3.57) agreed with the statement that training sessions and workshops plays a great role in increasing percentage of special groups beneficiaries. The results

were varied as shown by a standard deviation of 1.086. The result revealed that majority of the respondent (3.55) agreed with the statement that capacity and skills advancement plays a great role in increasing percentage of special groups beneficiaries. The results were varied as shown by a standard deviation of 1.061. These findings agree with Kipchilat (2009) that through opportunity awareness and sensitization, companies can improve number of contracts given to youth, women and persons with disabilities.

Table 2: Opportunity Awareness and Sensitization

Statements	Mean	Std. Deviation
Advertisement on various platforms plays a great role in increasing the number of contacts awarded to special groups	3.96	0.905
Training sessions and workshops plays a great role in increasing the number of contacts awarded to special groups	3.8	0.875
Capacity and skills advancement plays a great role in increasing the number of contacts awarded to special groups	3.95	0.802
Advertisement on various platforms plays a great role in increasing the value of contacts awarded to special groups	4.49	0.594
Training sessions and workshops plays a great role in increasing the value of contacts awarded to special groups	4.21	0.841
Capacity and skills advancement plays a great role in increasing the value of contacts awarded to special groups	2.94	1.303
Advertisement on various platforms plays a great role in increasing percentage of special groups beneficiaries	3.08	1.347
Training sessions and workshops plays a great role in increasing percentage of special groups beneficiaries	3.57	1.086
Capacity and skills advancement plays a great role in increasing percentage of special groups beneficiaries	3.55	1.061

Capacity of Special Groups

There was also need to establish effect of capacity of special groups on compliance with AGPO regulations for special groups among parastatals in Kenya as the third objective. Results indicated that majority of the respondents 47% agreed that it was to a very great extent, 45% said that it was to a great extent, 2% said it was moderate; little extent was 2% and not all at 4%.

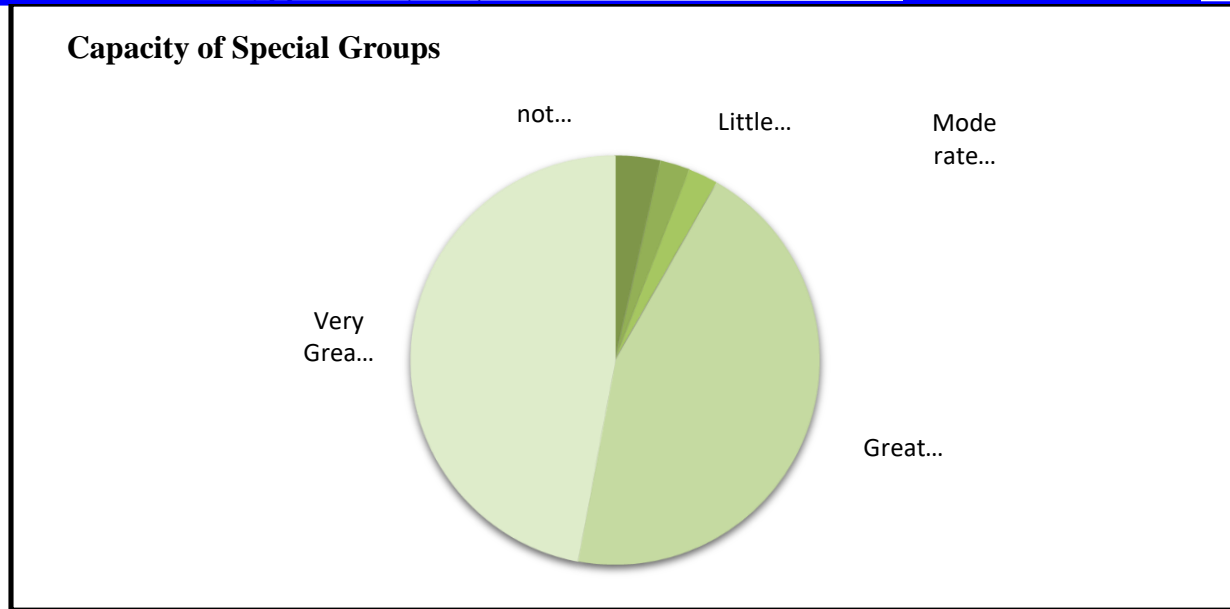


Figure 4: Capacity of Special Groups

The respondents were asked to indicate their levels of agreement on statements regarding capacity of special groups. The results revealed that majority of the respondent with a mean of (3.96) agreed with the statement that financial capacity of vendors plays a great role in increasing the number of contacts awarded to special groups. The measure of dispersion around the mean of the statements was 0.947 indicating the responses were varied. The result revealed that majority of the respondent as indicated by a mean of (3.94) agreed with the statement vendor quality index plays a great role in increasing the number of contacts awarded to special groups. The standard deviation for was 0.946 showing a variation. The result revealed that majority of the respondent (4.01) agreed with the statement that technical capacity of vendors plays a great role in increasing the number of contacts awarded to special groups. The standard deviation for was 4.01 showing a variation.

The results were varied as shown by a standard deviation of 0.8. The average response for the statements on financial capacity of vendors plays a great role in increasing the value of contacts awarded to special groups was (3.94). The results were varied as shown by a standard deviation of 0.866. The average response for the statements on vendor quality index plays a great role in increasing the value of contacts awarded to special groups was (3.89). The results were varied as shown by a standard deviation 0.899. The results revealed that majority of the respondent with a mean of (3.9) agreed with the statement technical capacity of vendors plays a great role in increasing the value of contacts awarded to special groups. The measure of dispersion around the mean of the statements was 0.822 indicating the responses were varied.

The result revealed that majority of the respondent as indicated by a mean of (3.21) agreed with the statement financial capacity of vendors plays a great role in increasing percentage of special groups beneficiaries. The standard deviation for was 1.413 showing a variation. The result revealed that majority of the respondents (4.44) agreed with the statement that vendor quality index plays a great role in increasing percentage of special groups beneficiaries. The results were varied as shown by a standard deviation of 0.61. The average response for the statements on capacity of vendors plays a great role in increasing percentage of special groups beneficiaries was (4.42). The results were varied as shown by a standard deviation of 0.588. The results are in tandem with

Martini (2012) who opines that an organization benefits greatly when capacity of special groups are improved in their operations.

Table 3: Capacity of Special Groups

Statements	Mean	Std. Deviation
Financial capacity of vendors plays a great role in increasing the number of contacts awarded to special groups	3.96	0.81
Vendor quality index plays a great role in increasing the number of contacts awarded to special groups	3.94	0.946
Technical capacity of vendors plays a great role in increasing the number of contacts awarded to special groups	4.01	0.8
Financial capacity of vendors plays a great role in increasing the value of contacts awarded to special groups	3.94	0.866
Vendor quality index plays a great role in increasing the value of contacts awarded to special groups	3.89	0.899
Technical capacity of vendors plays a great role in increasing the value of contacts awarded to special groups	3.9	0.822
Financial capacity of vendors plays a great role in increasing percentage of special groups beneficiaries	3.21	1.413
Vendor quality index plays a great role in increasing percentage of special groups beneficiaries	4.44	0.61
Technical capacity of vendors plays a great role in increasing percentage of special groups beneficiaries	4.42	0.588

Internal Compliance Controls

There was also need to establish the effect of internal compliance controls on compliance with AGPO regulations for special groups among parastatals in Kenya. Results also showed that 3% of respondents indicated to very great extent, great extent was at 12%, moderate extent was 37%, while little extent was at 27% and not at all was at 21%.

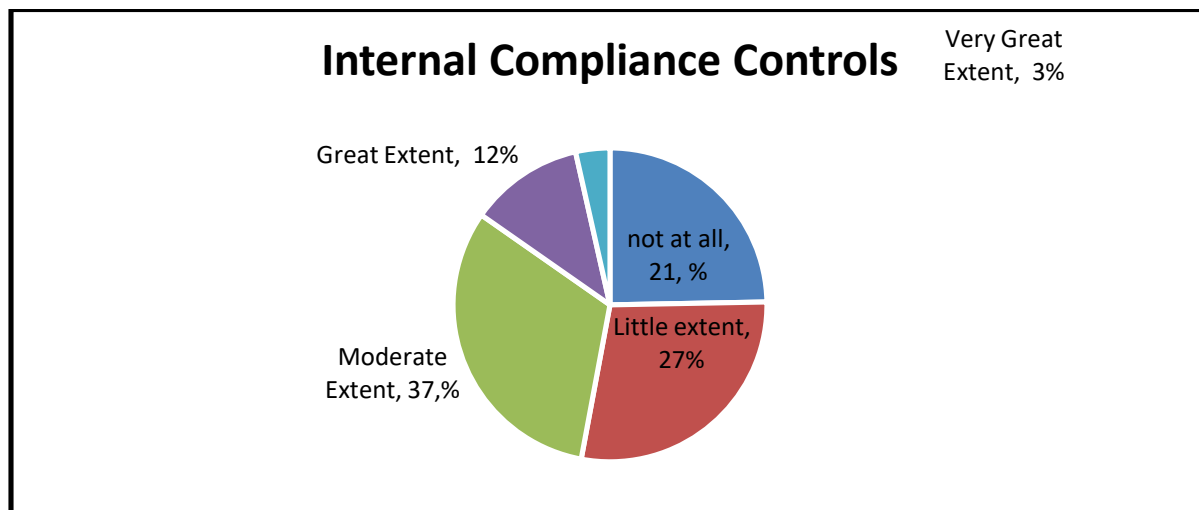


Figure 5: Internal Compliance Controls

The respondents were asked to indicate their views on internal compliance controls. The results revealed that majority of the respondent with a mean of (4.13) agreed with the statement that rules and regulations plays a great role in increasing the number of contacts awarded to special groups. The measure of dispersion around the mean of the statements was 1.035 indicating the responses were varied.

Table 4: Internal Compliance Controls

Statements	Mean	Std. Deviation
Rules and regulations plays a great role in increasing the number of contacts awarded to special groups	4.13	1.035
Records management plays a great role in increasing the number of contacts awarded to special groups	4.47	0.639
Guideline framework plays a great role in increasing the number of contacts awarded to special groups	4.32	0.675
Rules and regulations plays a great role in increasing the value of contacts awarded to special groups	4.2	0.956
Records management plays a great role in increasing the value of contacts awarded to special groups	4.46	0.5
Guideline framework plays a great role in increasing the value of contacts awarded to special groups	4.44	0.498
Rules and regulations plays a great role in increasing percentage of special groups beneficiaries	4.44	0.654
Records management plays a great role in increasing percentage of special groups beneficiaries	4.51	0.501
Guideline framework plays a great role in increasing percentage of special groups beneficiaries	4.43	0.496

The result revealed that majority of the respondent as indicated by a mean of (4.47) agreed with the statement records management plays a great role in increasing the number of contacts awarded to special groups. The standard deviation for was 0.639 showing a variation. The result revealed that majority of the respondent (4.32) agreed with the statement that guideline framework plays a great role in increasing the number of contacts awarded to special groups. The results were varied as shown by a standard deviation of 0.675.

The average response for the statements on rules and regulations plays a great role in increasing the value of contacts awarded to special groups was (3.94). The results were varied as shown by a standard deviation of 0.866. The average response for the statements on records management plays a great role in increasing the value of contacts awarded to special groups was (4.46). The results were varied as shown by a standard deviation 0.5. The results revealed that majority of the respondent with a mean of (4.44) agreed with the statement guideline framework plays a great role in increasing the value of contacts awarded to special groups. The measure of dispersion around the mean of the statements was 0.498 indicating the responses were varied.

The result revealed that majority of the respondent as indicated by a mean of (4.44) agreed with the statement rules and regulations plays a great role in increasing percentage of special groups beneficiaries. The standard deviation for was 0.654 showing a variation. The result revealed that

majority of the respondent (4.51) agreed with the statement that records management plays a great role in increasing percentage of special groups beneficiaries. The results were varied as shown by a standard deviation of 0.501. The average response for the statements on guideline framework plays a great role in increasing percentage of special groups beneficiaries was (4.43). The results were varied as shown by a standard deviation of 0.496. The results agree with Ng'ang'a (2011) that an organization that embraces internal compliance controls benefits greatly in its operations.

Correlation Analysis

Correlation analysis was used to determine both the significance and degree of association of the variables and also predict the level of variation in the dependent variable caused by the independent variables. The correlation summary shown in Table 4.10 indicates that the associations between each of the independent variables and the dependent variable were all significant at the 95% confidence level.

Table 5: Summary of Pearson's Correlations

Correlations	Prequalifi cation Criteria	Opportunity Awareness and Sensitization	Capacity of Special Groups	Internal Compliance Controls	Compliance with AGPO Regulations
Prequalificatio n Criteria	1 0				
Opportunity Awareness and Sensitization	.531** 0	1			
Capacity of Special Groups	.569** 0	.385** 0	1		
Internal Compliance Controls	.547** 0	.782** 0	.446** 0	1	
Compliance with AGPO Regulations	.815** 0	.605** 0	.663** 0	.656** 0	1

**** Correlation is significant at the 0.05 level (2-tailed).**

The correlation analysis to determine the relationship between the determinants of compliance with AGPO regulations for special groups among parastatals in Kenya, Pearson correlation coefficient computed and tested at 5% significance level. The results indicate that there is a positive relationship ($r=0.815$) between prequalification criteria and compliance with AGPO regulations for special groups among parastatals in Kenya. In addition, the researcher found the relationship to be statistically significant at 5% level ($p=0.000, <0.05$).

The correlation analysis to determine the relationship between opportunity awareness and sensitization and compliance with AGPO regulations for special groups among parastatals in Kenya, Pearson correlation coefficient computed and tested at 5% significance level. The results indicate that there is a positive relationship ($r=0.605$) between opportunity awareness and sensitization and compliance with AGPO regulations for special groups among parastatals in Kenya. In addition, the researcher found the relationship to be statistically significant at 5% level ($p=0.000, <0.05$).

The correlation analysis to determine the relationship between of capacity of special groups on and compliance with AGPO regulations for special groups among parastatals in Kenya, Pearson correlation coefficient computed and tested at 5% significance level. The results indicate that there is a positive relationship ($r=0.663$) between of capacity of special groups and compliance with AGPO regulations for special groups among parastatals in Kenya. In addition, the researcher found the relationship to be statistically significant at 5% level ($p=0.000, <0.05$).

The correlation analysis to determine the relationship between internal compliance controls and compliance with AGPO regulations for special groups among parastatals in Kenya. Pearson correlation coefficient computed and tested at 5% significance level. The results indicate that there is a positive relationship ($r=0.656$) between internal compliance controls and compliance with AGPO regulations for special groups among parastatals in Kenya. In addition, the researcher found the relationship to be statistically significant at 5% level ($p=0.000, <0.05$). Hence, it is evident that all the independent variables could explain the changes in compliance with AGPO regulations for special groups among parastatals in Kenya, on the basis of the correlation analysis.

Regression Analysis

In this study multivariate regression analysis was used to determine the significance of the relationship between the dependent variable and all the independent variables pooled together. Regression analysis was conducted to find the proportion in the dependent variable (compliance with AGPO regulations) which can be predicted from the independent variables (prequalification criteria, opportunity awareness and sensitization, capacity of special groups, internal compliance controls). Table 6 presents the regression coefficient of independent variables against dependent variable.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876 ^a	.768	.762	.112

a) Predictors: (Constant), Prequalification Criteria, Opportunity Awareness and Sensitization, Capacity of Special Groups, Internal Compliance Controls

b) Dependent Variable: Compliance with AGPO Regulations

The results of regression analysis revealed there is a significant positive relationship between dependent variable and the independent variable. The independent variables reported R value of 0.876 indicating that there is perfect relationship between dependent variable and independent variables. R square value of 0.768 means that 76.8% of the corresponding variation in compliance with AGPO regulations for special groups can be explained or predicted by (prequalification

criteria, opportunity awareness and sensitization, capacity of special groups, internal compliance controls) which indicated that the model fitted the study data. The results of regression analysis revealed that there was a significant positive relationship between dependent variable and independent variable at ($\beta = 0.761$), $p=0.000 <0.05$).

Table 7: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.210	4	1.803	81.766	.000 ^b
	Residual	2.183	99	0.022		
	Total	9.393	103			

a) **Predictors:** (Constant), Prequalification Criteria, Opportunity Awareness and Sensitization, Capacity of Special Groups, Internal Compliance Controls

b) **Dependent Variable:** Compliance with AGPO Regulations

The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how prequalification criteria, opportunity awareness and sensitization, capacity of special groups, internal compliance controls affect compliance with AGPO regulations for special groups among parastatals in Kenya. The F critical at 5% level of significance was 26.5. Since F calculated which can be noted from the ANOVA table above is 81.8 which is greater than the F critical (value= 26.5), this shows that the overall model was significant. The study therefore establishes that; prequalification criteria, opportunity awareness and sensitization, capacity of special groups, internal compliance controls affect compliance with AGPO regulations. These results agree with Njonjo, Rugo and Muigei (2011) results which discussed access of government procurement opportunities among the youth, women and persons with disabilities.

From Table 8, the optimal regression model is;

$$Y = 0.713 + 0.617X_1 + 0.085X_2 + 0.062X_3 + 0.038X_4$$

The regression equation above has established that taking all factors into account (prequalification criteria, opportunity awareness and sensitization, capacity of special groups, internal compliance controls) constant at zero, compliance with AGPO regulations for special groups will be an index of 0.713. The findings presented also shows that taking all other independent variables at zero, a unit increase in prequalification criteria will lead to a 0.617 increase in compliance with AGPO regulations for special groups. The P-value was 0.000 which is less 0.05 and thus the relationship was significant.

The study also found that a unit increase in opportunity awareness and sensitization will lead to a 0.038 increase in compliance with AGPO regulations for special groups. The P-value was 0.02 and thus the relationship was significant. In addition, the study found that a unit increase in capacity of special groups will lead to a 0.062 increase in the compliance with AGPO regulations on compliance with AGPO regulations for special groups. The P-value was 0.000 and thus the relationship was significant.

Table 8: Coefficients of Determination

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.713	0.216		3.298	0.001
	Prequalification Criteria	0.617	0.058	0.526	10.66	0.000
	Internal Compliance Controls	0.085	0.026	0.203	3.301	0.001
	Capacity of Special Groups	0.062	0.012	0.245	5.167	0.000
	Opportunity Awareness and Sensitization	0.038	0.032	0.072	1.208	0.020

a) **Predictors:** *(Constant), Prequalification Criteria, Opportunity Awareness and Sensitization, Capacity of Special Groups, Internal Compliance Controls*

b) **Dependent Variable:** *Compliance with AGPO Regulations*

Lastly, the study found that internal compliance controls will lead to a 0.085 decrease in the compliance with AGPO regulations for special groups. The P-value was 0.001 and hence the relationship was significant since the p-value was lower than 0.05. The findings of the study show that, prequalification criteria contributed most to the compliance with AGPO regulations for special groups among parastatals in Kenya.

5. 0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The study sought to examine the determinants of compliance with AGPO regulations for special groups among parastatals in Kenya. The study targeted heads of procurement among parastatals in Kenya. A total of 104 heads of procurement participated. Based on the study findings, the study concludes that compliance with AGPO regulations for special groups among parastatals can be improved by prequalification criteria, opportunity awareness and sensitization, capacity of special groups, internal compliance controls.

5.1 Recommendations

Prequalification Criteria

To ensure that government entities have better compliance with AGPO regulations for special groups among parastatals they should focus more on ensuring their preferential entities embrace prequalification criteria so as to ascertain vendors have the legal capacity and are legally registered.

Opportunity Awareness and Sensitization

With regard to the second objective, it would be constructive for government entities to invest more in advertising the opportunities and sensitizing the preferential entities so as to give them increase the number of contracts awarded to preferential entities.

Capacity of Special Groups

In relation to capacity of special groups, the government entities should embrace ascertaining financial and technical capacity; they should also embrace checking vendor quality index so as to gain first insights on quality fluctuations. If government entities embrace checking capacity of special groups among its suppliers then there will be cost reduction and timing of delivery will improve.

Internal Compliance Controls

Concerning internal compliance controls, there is need for government entities to always set aside a substantial part of their resources to check the integrity of their vendors. This is because decisions made here have major effects on the rest of the processes. Existing literature indicates that as a future avenue of research, there is need to undertake similar research in other institutions and public sector organizations in Kenya and other countries in order to establish whether the explored determinants of compliance with AGPO regulations for special groups among parastatals herein can be generalized as determinants of compliance with AGPO regulations for special groups among parastatals in other public institution. In the same regard, they should embrace complying with the thirty percent minimum threshold.

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