

Determinants of Youth-Owned Companies Participation in Public Procurement Projects In Jericho County, Kenya

Jacqueline N. Wanjiru & Daniel, M. Wanyoike

Jomo Kenyatta University of Agriculture and Technology, Kenya

Corresponding Author: Jacqueline N. Wanjiru

Abstract: The government of Kenya through the Youth Access to Government Procurement Opportunities (YAGPO) initiative sought to improve inclusivity in public procurement by reserving 30% procurement opportunities reserved for disadvantaged groups of which the youth form a substantial part. However, this initiative has not achieved the expected results as the tender uptakes among the youth are still very low. Therefore, the present study sought to examine the determinants of youth participation in public procurement projects in Kenya focusing on youth-owned firms in Kericho County. Specifically, it sought to determine how bidding knowledge, business profiles and tender evaluation process affects the participation of youth enterprises in public procurement projects in Kericho County. The study was guided by the Institutional Theory and the Mc Mullen – Shepherd Model and the Public Interest Theory of Regulation. Survey research design was adopted for the study targeting the procurement personnel in Kericho County. A sample size of 70 respondents obtained using stratified random sampling was used. Self-administered questionnaires were used as data collecting instruments. Data was analyzed using descriptive statistics (mainly frequencies, percentages and Chi-squares) and inferential statistics, mainly Pearson product moment correlation and multiple linear regression analysis. The findings revealed that bidding knowledge of youth-owned companies' in the area was still unsatisfactory and this negatively affected their participation of in public procurement projects. It was also revealed that the business profiles of the youth-owned companies were important in determining their public procurement contract awards. Finally, it was revealed that the tender evaluation process was the most important determinant affecting the participation of youth-owned companies' in public procurement projects in the County. The study, therefore, recommended that the youth-owned companies invest their resources studying and participating in public procurement in order to gain insight and experience into their workings. It is also recommended that the youth-owned companies form consortiums when bidding so as to increase their chances of being awarded tenders. Lastly, the County governments need to encourage youth-owned companies to participate in the tender opening process and be given access to the results of the bidding process so as to enable them understand the prequalification criteria for the public tenders.

Keywords: YOUTH-OWNED COMPANIES, PUBLIC PROCUREMENT PROJECTS, Access to Government Procurement Opportunities

Date of Submission: 20-04-2018

Date of acceptance: 07-05-2018

I. Introduction

Public procurement involves the process of acquiring goods, services and works by public procuring entities. It includes hiring, leasing, purchasing or any other contractual means of engaging suppliers in public services to the public. Participation in public procurement is normally done through tendering of goods and services (Thai, 2004). Public organizations are usually legally obliged to release tenders for works and services. A tender is any offer or proposal made for acceptance; as, a tender of a loan, of service, or of friendship; a tender of a bid for a contract (Obanda, 2011). Tendering is recognized as a process of making an offer, bid or proposal, or expressing interest in response to an invitation or request for tender. Organizations seek other businesses to respond to a particular need, such as the supply of goods and services, and select an offer or tender that meets their needs and provides the best value for money (Wogube, 2011).

Public procurement expenditure makes up the biggest spend for any given nation. The value of global public procurement is estimated AT US\$1.5 trillion excluding procurement in the defense sector. The Organization for Economic Cooperation and Development (OECD) estimates the value of government procurement in the world to be equivalent to 7% of world GDP and 30% of global merchandise trade on average (Agaba & Shipman, 2008). The government of Kenya spends approximately 70% of its budget on procurement (Wleeh, 2015; Nduta, et al., 2015; Muraguri, 2013). In 2013/2014, the budgeted expenditure was KES 1.77 trillion giving an approximate of 1.24 trillion of public procurement (KNBS, 2013). Moreover, Aketch (2013) says that public procurement plays a significant role in the generation of country's wealth since it accounts for

approximately 16% of most countries' GDPs. This is perhaps one of the key considerations that led the Kenya government to grant disadvantaged firms - of who the youth form part- 30% of the allocation of all public procurement in order to enable them create jobs. However, this initiative has not been met with the expected results as the tender uptakes among the youth are still very low.

In both developed and developing countries, public procurement is emerging as one of the most lucrative business ventures that has the ability to significantly improve the economic prospects of the participants. As such, it is also one that has been characterized by intense competition and unfair practices. For a quite a long time, a significant part of the population in Kenya has not been able to penetrate the public procurement circles due to their socio-economic disadvantages. The youth, women and persons with disabilities are categorized as part of vulnerable populations and socio-economically disadvantaged. They are normally overlooked by government initiatives and programmes, hence, are less likely to benefit from empowering programs meant to uplift their economic status. Therefore, they are at a greater risk of being unemployed and having no sustainable source of income (Attaran, 2002).

It is on the basis of the above consideration that the Kenyan government came with the Access to Government Procurement Opportunity (AGPO) program in the year 2013 as an affirmative action (also known as social procurement) aimed at empowering the youth, women and persons with disability –by giving their enterprises the opportunity to do business with government entities (R.O.K, 2013). This came via a presidential directive that 30% of government procurement opportunities be set aside for youth, women and persons with disabilities – owned enterprises (Gatare& Shale, 2014). However, this initiative has since drawn mixed reactions from the stakeholders with some debating that such affirmative action in public procurement may expose the process to systemic bias and impede the attainment of value for money (economy) which is the overall objective of any public procurement system (Nduta et al., 2015). Others though contend that an over emphasis of value for money objective may overshadow other equally important goals such as the attainment of economic development, promotion of local industries and may in fact lead to robotic operations that suppresses innovation and creativity (Mwikali&Kavale, 2012). The focus of the current study is on the youth who despite showing promising prospects and dynamism, still under subscribe to the public procurement contracts.

Youth unemployment has been a perennial challenge to the government and other stakeholders alike in Kenya and most developing countries. Consequently, the government of Kenya through policies and initiatives has actively sought to increase youth inclusion into mainstream economic activities. As such, the government established the Youth Enterprise Development Fund (YEDF) as a kitty through which youths in organized firms, can borrow funds to establish small enterprises. This was followed in tandem by the Youth Access to Government Procurement Opportunities (YAGPO) which sought to further improve youth inclusivity in public procurement. However, several years later, youth unemployment still remains high at 67 %, with a considerable number of youth owned enterprises still struggling or having collapsed altogether. It is interesting to observe, for example, that if the 30% procurement opportunities reserved for disadvantaged firms-which also include the youth- was implemented in the financial year 2014/2015, then an estimated KES 111.6 billion worth of procurement projects would have been available to the disadvantaged firms. A similar amount could have been available in the succeeding financial years and this could have absorbed a significant number of unemployed youth. However, the actual participation of the youth in these tenders is still in doubt with little explanation being offered as many public institutions continue to disregard the provisions of Legal Notice 114 of June 2013 that reserves part of government procurement opportunities to the special firms. This led to the question, what are the determinants of youth-owned companies' participation in public procurement projects in Kericho County, Kenya?

1.3 Objectives of the Study

The general objective of the study was to examine the determinants of youth-owned companies' participation in public procurement projects in Kericho County, Kenya.

1.3.1 The Specific Objectives

- i. To determine how bidding knowledge affects the participation of youth-owned companies' in public procurement projects in Kericho County.
- ii. To establish how business profiles affects the participation of youth-owned companies' in public procurement projects in Kericho County.
- iii. To examine how tender evaluation process affects the participation of youth-owned companies' in public procurement projects in Kericho County.

II. Literature Review

2.1 Public Procurement Preference Policy in Kenya

The Public Procurement and Disposal (Preference and Reservations) Regulations 2011 was gazetted in legal notice number 58 so as to give the effect of overriding socio-economic requirements of the country. These regulations provide a framework for the implementation of preferential procurements in Kenya's public procurement. The preference regulations allow government entities conducting procurement processes to allocate procurement opportunities to special firms i.e. youth, women and persons with disability. The public entities are supposed to institutionalize procurement plans which should have a total reservation of at least 30% of the procurement budget to the special firms. The regulations also give guidance to government entities on how to advertise and evaluate the bids submitted by the special firms. Public entities were also being required to submit quarterly reports to the Public Procurement Oversight Authority (PPOA) for compliance audits.

In order to participate in the new preferred and reserved public procurement scheme, the youth, women, and persons with disability were required to register their enterprises with the relevant government body. The public entities were also required to authenticate tender awards and purchase orders and enter into agreements with relevant financing institutions with an undertaking that the contracted enterprise will be paid through the account opened with the financier. However, very few youths owned enterprises have been able to access public procurement opportunities (Kamau et al, 2014; Gatara&Shale, 2014). Most procuring entities are mainstreaming the legal requirement at a very slow pace as evidenced by low levels of reporting compliance with the preference and reservation schemes (Business Daily, 2014). The reasons for this state of affairs, however, still remain unclear.

2.2 Youth Enterprises in Kenya

The Access to Government Procurement Opportunities (AGPO) refers to youth-owned enterprise as a legally registered business in the form of a sole-proprietorship, partnership or registered company owned by person(s) legally described as the youth (Muraguri, 2015). For the purposes of public procurement, The Public Procurement and Disposal, Amendment Bill (2013) defines the youth as a person who has attained the age of eighteen years or more but has not attained the age of thirty-five years and includes a company, association or body of persons, corporate or unincorporated in which all its directors or proprietors are persons who have attained the age of eighteen years and have not attained the age of thirty-five years.

About 35% of the population is youths (aged 15-34) and around 61% of the youth live in rural areas (Sivi, 2010; KNBS, 2010). However, youth unemployment continues to be a development challenge in several African countries despite the positive economic growth rates experienced over the past decade (Amenya et al., 2011). There are indicators that this growth has not generated sufficient employment opportunities for the youth. The youth in Kenya make up to about 32% of the population and 60% of the total labour force (Yambi, 2009). Unfortunately, as the Ministry of Youth Affairs (MOYA, 2006) found out, majority of them are unemployed "due to the country's high unemployment level". According to Omolo (2010), about 40% of youths in Kenya are neither educated nor employed. Unemployment and lack of education not only contributes to material deprivation but also diminishes youth democratic participation thus triggering economic exclusion and social vulnerability (Education Development Center, 2009).

According to Article 55 of the Constitution of Kenya, the State shall take measures, including affirmative action programmes, to ensure that the youth access relevant education and training; have opportunities to associate, be represented and participate in political, social, economic and other spheres of life. The government of Kenya in furtherance to the constitutional provisions launched the "Youth Access to Government Procurement Opportunities" (YAGPO) which was aimed at creating awareness amongst the youth and the general public on the opportunities available in public procurement. However, this has not borne the expected fruits and majority of the youth are still jobless and languishing in poverty especially in the rural areas (Nduta et al., 2015).

2.2 Theoretical Framework

This section presents theories that are meant to underpin how procurement functions are carried out in the public sector. The theories discussed here are the Institutional Theory and the Mc Mullen – Shepherd Model.

2.2.1 Institutional Theory

The institutional theory has its origins in the theoretical discourses of Powell and DiMaggio (1991) who define an emerging perspective in organization theory and sociology, which they term the 'new institutionalism', as rejecting the rational-actor models of Classical economics. Scott (1995) advanced the theory indicating that, in order to survive, organizations must conform to the rules and belief systems prevailing in the environment. According to Kaufman (2011), the common denominator for institutionalism in various disciplines appears to be that of, institutions matter. Hence, "organizational practices are either a direct reflection of, or

response to, rules and structures built into their larger environment" (Paauwe&Boselie 2003). In public procurement, different institutions interact in order to meet the needs of each other while abiding to the set rules and regulations established by the government. Public procurement entities and suppliers in Kenya are guided by rules and regulations as stipulated in several Public Procurement and Disposal laws. In relation to this study, the theory was important in examining the institutional approach to advancing government initiatives to empower its disadvantages citizens, such as, the youth in this case through public procurement instruments like AGPOA.

2.2.2. Mc Mullen – Shepherd Model

The Mc Mullen – Shepherd Model was enunciated by McMullen and Shepherd (2006) in an attempt to rationalize entrepreneurial behavior with regards to existing opportunities. This theory posits that entrepreneurs act on what they believe is an opportunity. Because opportunities exist in (or create and/or generate) high uncertainty, entrepreneurs must use their judgment about whether or not to act. Therefore, to understand entrepreneurial action one must be able to assess the amount of uncertainty perceived to surround a potential opportunity and the individual’s willingness to bear that uncertainty. The individual’s prior knowledge can decrease the amount of uncertainty, and his or her motivation indicates willingness to bear uncertainty (Hisrichet al 2013). Thus, ultimately, it is the individual who has the prerogative of determining whether the opportunity is for him and according to his motivation level he may take up an entrepreneurial move or ignore the sign. This This theory was instrumental in examiningthe readiness of youth-owned companies for public procurement projects and how this translated into their participation in the projects in Kericho County.

2.3 Conceptual Framework

According to Orodho (2013), conceptual framework covers the main features of a study and their presumed relationship.

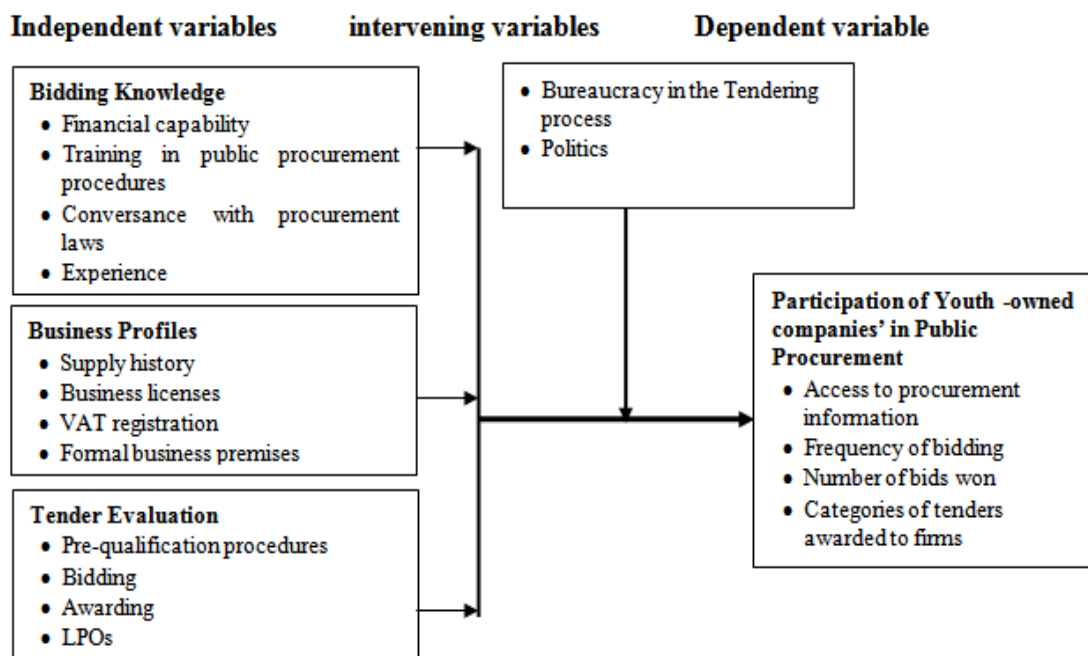


Figure 2.1: Conceptual Framework

III. Methodology

Research Design

The research design adopted in this study was the survey research design. The design was deemed appropriate for this study since it made it possible to collect a large amount of data on the study problem from the youth enterprises with minimum effort. It also enables generalizations to be made on the outcome of the study.

Target Population

The study targeted 74 Youth-owned companies in Kericho County (PPOA, 2015). From these, the accessible population was the owners of the firms.

Sampling Size and Sampling Procedures

Since the target population was small, the study adopted the census method, hence, there was no need for sampling. Miles (2004) asserts that one approach is to use the entire population as the sample and is the best sample for any research

Data Collection Instruments

The study will use self-administered questionnaire (see Appendix II & III) as the data collecting instrument. Closed ended items were used in the questionnaire.

Validity and Reliability

This study used questionnaires after pilot testing them for correctness and accuracy on 10 non-participatory respondent sample in youth-owned firms in Nakuru County. The study adopted content validity to show whether the test items represent the content that the test is designed to measure (Mugenda&Mugenda, 2009). In order to ensure that all the items used in the questionnaires were consistent and valid, the instruments were subjected to scrutiny and review by the researcher’s university supervisors.

Internal consistency was employed by the study to check the reliability of the research instruments. This was done by calculating the Cronbach’s alpha coefficient for all the sections of the questionnaire from the results of the pilot study. The total instrument reliability was $\alpha = 0.8207$ which was higher than the Cronbach’s alpha coefficient of 0.7 and, hence, was deemed reliable for the study. According to Cronbach and Azuma (1962) any value of the Cronbach’s alpha coefficient above 0.7 shows high internal consistency and, hence, acceptable for most studies.

Data Processing and Analysis

Descriptive statistical analysis was done using, frequencies and percentages to describe the basic characteristics of the data. Inferential data analysis was done using the Pearson’s Product-Moment Correlation Coefficient. Correlation analyses was used to measure the relationship between variables. The importance of this was to allow the generalization of the results of the analysis to the larger population. More specifically, the researcher used multiple regression model to establish if the relationship between the independent variables and the dependent variables were statistically significant.

IV. Results and Discussions of Findings

4.3.1 Bidding Knowledge and Youth Participation in Public Procurement Projects

The findings are presented in Table 4.3.

Table 4.3: Bidding Knowledge and Youth Participation in Public Procurement Projects

Statements	SA Freq(%)	A Freq(%)	N Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std. Deviation
Most of the youth firms applying for tenders have all the requirements in order	6(8)	7(10)	8(11)	27(39)	22(32)	2.22	0.673
The youth firms demonstrate conversance with the public tendering processes	5(11)	8(11)	8(11)	28(40)	21(31)	2.25	0.688
The youth firms do not demonstrate financial capability when applying for tenders	4(5)	6(9)	8(12)	28(40)	24(34)	2.11	0.62
Most youth firms are able to withstand delays in payment until the procurement cycle is complete	4(6)	7(9)	9(13)	25(36)	25(35)	2.15	1.226
Availability of finances increases youth participation in public procurement	13(18)	33(47)	13(19)	6(9)	5(7)	3.68	0.968
Public procurement training enhances youth participation in public procurement	13(19)	25(36)	9(13)	15(22)	7(10)	3.24	1.31
Access to tender information boost youth participation in Public Procurement	23(33)	34(49)	11(16)	1(1)	1(1)	4.18	1.211

Most youth firms do not demonstrate difficulty in understanding public tendering procedures	1(2)	7(10)	11(16)	32(45)	19(27)	2.17	1.266
Aggregate Scores						2.875	0.9952

N = 70

The aggregate score of all items in this objective was not significantly higher than the mid-point 2.5 implying that there was uncertainty among the respondents regarding the effects of bidding knowledge on participation of youth-owned companies' in public procurement projects in the area. The varying levels of agreements imply that the respondents were not fully convinced that the youth-owned companies were technically ready for the procurement assignments. These findings agree with Obanda, (2011) and Mwikali and Kavale (2012) who found that youth-owned businesses faced considerable challenges in making successful bids in the tendering process. These were particularly manifest in their lack of bidding knowledge and included insufficient knowledge of the formal tendering process; no feedback was made available about previous unsuccessful tenders.

4.3.2 Business Profiles and Youth Participation in Public Procurement Projects

The findings are presented in Table 4.4.

Table 4.4: Business Profiles and Youth Participation in Public Procurement Projects

Statements	SA Freq(%)	A Freq(%)	N Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std. Deviation
Most youth companies we deal with have a history of tendering elsewhere	4(5)	6(9)	8(12)	28(40)	24(34)	2.11	0.734
The youth companies demonstrate capability of delivering on big contracts	3(4)	6(9)	8(12)	29(42)	23(33)	2.04	0.724
We only award tenders to locally registered and operating youth firms	19(27)	32(45)	15(21)	4(5)	1(2)	3.91	0.788
We often scrutinize the history of the youth companies before awarding them tenders	18(25)	32(46)	15(21)	4(5)	2(3)	3.8	0.939
We give preference to companies which are beneficiaries of YEDF	22(31)	34(48)	11(16)	2(3)	1(2)	4.05	0.83
We often demand assurance from the youth companies that they are not fronting for other big companies	18(26)	34(49)	14(20)	3(4)	1(1)	3.94	1.485
Aggregate Scores						3.308	0.9167

N=70

The aggregate score of all items in this objective was also significantly higher than the mid-point 2.5 suggesting that there was more the agreement concerning the statements describing business profiling of the youth-owned companies prior to awarding them procurement contracts in the County. The findings agree with Wanjohi (2012) that most youth owned enterprises were constrained when bidding for procurement projects. Kathure (2014) identified the key constraints being lack of adequate finance and lack of business experience.

4.3.3 Tender Evaluation Process and Youth Participation in Public Procurement

The findings are presented in Table 4.5.

Table 4.5: Tender Evaluation Process and Youth Participation in Public Procurement

Statements	SA Freq(%)	A Freq(%)	N Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std. Deviation
The regulations governing tender evaluation process discourages youth participation in public procurement	12(17)	39(56)	16(23)	1(2)	1(2)	3.84	0.953
Most youth firms still have a low level of confidence in public tender evaluation process	10(14)	55(81)	2(2)	2(2)	1(1)	4.05	0.677
Reduced confidence in access to Government procurement opportunity-AGPO Initiative affects youth participation in public procurement.	10(14)	41(59)	15(21)	4(6)	0	3.8	0.807

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The tender prequalification process shuts out most youth firms	14(20)	12(17)	13(19)	20(29)	11(15)	2.95	0.766
Most youth firms do not follow up with the bid opening process	15(21)	20(28)	12(17)	17(24)	7(10)	3.29	0.815
Youth firms are seldom awarded high value contracts by the county governments	16(23)	34(49)	14(20)	496)	1(2)	3.89	0.751
Youth firms still face significant challenges in obtaining LPO financing at competitive rates	20(28)	41(59)	8(11)	1(2)	0	4.16	0.898
Aggregate Scores						3.711	0.8096

N=70

Looking at the results, it can be observed that the mean score on each item in this objective was significantly higher than the mid-point 2.5 implying that there was more the agreement with the statements regarding the effects of tender evaluation process on the participation of youth-owned companies' in public procurement projects in the County. These results agree with Ngure and Simba (2014) who established that the government was still shouldering the blame for the slim uptake of tenders earmarked for the disadvantaged firms. The study also established that the country's procurement procedures were still bureaucratic and lacked the desired transparency.

4.3.4 Participation of Youth-Owned Companies' in Public Procurement Projects

The findings are presented in Table 4.6.

Table 4.6: Participation of Youth-Owned Companies' in Public Procurement Projects

Statements	SA Freq(%)	A Freq(%)	N Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std. Deviation
Most of the registered youth-owned companies in the area have at some point benefitted from the public tenders	1(2)	4(6)	8(11)	37(53)	29(28)	2.05	0.749
The youth-owned companies have upscaled their capabilities to bid competitively for tenders	9(13)	17(24)	14(20)	20(29)	10(14)	2.94	0.837
Most of the youth-owned companies deliver on their contracts in good time	9(13)	15(22)	14(20)	20(29)	11(16)	2.89	0.768
The quality of procurement by the youth-owned companies has significantly improved	11(15)	20(29)	15(21)	17(24)	8(11)	3.11	0.737
We are looking to increase the number of youth-owned companies into the public procurement process in our area	18(25)	23(33)	12(17)	13(18)	5(7)	3.52	1.108
Most youth-owned companies are easy to deal with in terms of procurement	7(10)	12(17)	11(16)	25(36)	15(21)	2.57	1.046
The youth-owned companies are well able to absorb all the tenders in the quotas allotted to them within the 30% provisions for disadvantaged firms	2(3)	4(5)	7(10)	36(52)	21(30)	1.84	0.854
Aggregate Scores						2.702	0.8713

The mean score on each item in this objective was also not significantly higher than the mid-point 2.5. This implies that the level of performance of the youth-owned companies' in public procurement projects in Kericho County was still unsatisfactory. These findings agreed with Ayoti (2012) whose study revealed that the levels of procurement participation in government contracts especially for non-traditional suppliers such as youth-owned companies was challenging due to the requirements and capability of the inexperienced tenderers.

4.4.1 Correlation Analysis

In this subsection a summary of the correlation analyses is presented in Table 4.7.

Table 4.7: Summary of Correlations

	Bidding Knowledge	Business profiles	Tender evaluation process	Participation in public procurement projects
Bidding Knowledge	Pearson Correlation			
	Sig. (2-tailed)			
	N	70		

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Business profiles	Pearson Correlation	0.051	1		
	Sig. (2-tailed)	0.21			
	N	70	70		
Tender evaluation process	Pearson Correlation	0.19	0.646	1	
	Sig. (2-tailed)	0.231	0.332		
	N	70	70	70	
Participation in Public procurement projects	Pearson Correlation	-.361**	.203*	.120*	1
	Sig. (2-tailed)	0.000	0.001	0.005	
	N	70	70	70	70

** . Correlation is significant at the 0.01 level (2-tailed).

The correlations show that there was a moderate and negative relationship significant relationships ($r = -0.361, p \leq 0.05$) between bidding knowledge and participation of youth-owned companies' in public procurement projects in Kericho County. The correlation, however, indicate that business profiles had a weak but positive significant effect the participation of youth-owned companies' in public procurement projects in the County ($r = 0.203, p \leq 0.05$). Similarly, the correlation between tender evaluation process and participation of youth -owned companies' in public procurement projects in the area was weak though positive ($r = 0.120, p \leq 0.05$). This meant that lack of bidding knowledge was adversely affecting the participation of youth-owned companies' in public procurement projects in the area. Also, most youth owned firms in the area appeared not to have impressive business profiles to warrant them much public procurement contracts in the area. In addition, the tender evaluation process were not favorable to the youth -owned companies' and hindered their participation in public procurement projects in the County.

4.4.2 Regression Analysis

The results in Table 4.8 suggest that the value obtained for R, which is the Pearson's model correlation coefficient is $r = 0.736$ was sufficiently high indicating that the model improved when more variables were incorporated when trying to establish the determinants of youth-owned companies' participation in public procurement projects in Kericho County, Kenya. The adjusted r-square value of, $r = 0.221$, also suggests that the regression model could explain for approximately 22% of the changes in the dependent variable.

Table 4.8: Multivariate linear regression analysis model summary

R	R Square	Adjusted Square	R	Std. Error of the Estimate	
.507 ^a	0.257	0.221		2.038	
	Sum of Squares	df	Mean Square	F	Sig.
Regression	83.29	3	27.7633	6.68557	.000 ^b
Residual	274.08	66	4.15273		
Total	357.37	69			
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.954	1.372		2.469	0.016
Bidding Knowledge	-0.29	0.219	-0.199	3.781	0.001
Business Profiles	0.242	0.18	0.144	1.345	0.005
Tender evaluation process	0.309	0.159	0.251	3.456	0

a. Dependent Variable: Youth companies participation in public procurement projects

b. Predictors: (Constant), Bidding Knowledge, Business profiles, Tender evaluation process

The results of Table 4.8 indicate that there is a significant difference between the observed means of the variables describing the determinants of youth-owned companies' participation in public procurement and the one describing their levels of participation in public procurement projects in the County. ($F_o = 6.68557 > F_c = 2.68; \alpha < 0.05; df = 3, 66; p = 0.000$). This finding validates the one suggested by Table 4.8, thus, implying that Bidding knowledge, Business profiles, Tender evaluation process of youth-owned companies' were indeed significant in determining their levels of participation in public procurement projects in Kericho County. The results further indicate that the most important variable in the model was Tender evaluation process ($\beta = 0.251$). This was followed by Business Profiles ($\beta = 0.251$) and Bidding knowledge ($\beta = -0.199$) in that order. The beta values for these variables respectively indicate that the dependent variable, that is, the participation by youth-owned companies in public procurement projects in the County would change by a corresponding number of standard deviations when the respective independent variables change by one standard deviation. Therefore, the resulting linear regression model is:

$$\text{Participation in Public Procurement Projects} = 4.954 - .290 \text{ Bidding Knowledge} + .242 \text{ Business Profiles} + .309 \text{ Tender evaluation process}$$

Or simply;

PPP = 4.954 - .290 BK +.242 BP + .309 TEP

V. Conclusions

Based on the results of the study, it can be concluded that bidding knowledge of youth-owned companies' in the area was still unsatisfactory and this adversely affected their participation of in public procurement projects in the area. It can also be concluded that the business profiles of the youth-owned companies were important in determining their public procurement contract awards. However, most of them did not have convincing business profiles which made awarding them certain contracts risky. Finally, it can be concluded that the tender evaluation process was the most important determinant affecting the participation of youth-owned companies' in public procurement projects in the County. Essentially, this process determined whether the youth-owned companies would have confidence in the system and thus would be willing to participate in the public procurement process.

Recommendations

The following recommendations are drawn with regard to the study findings.

1. The youth owned companies need to invest their resources studying and participating in public procurement in order to gain insight and experience into their workings.
2. The County Governments should not be too strict when vetting the business profiles of the youth-owned companies and instead give them more chances in participation in the public procurement projects so as to enable them build their business profiles. The youth-owned companies on the other hand need to form consortiums when bidding so as to increase their chances of being awarded tenders.
3. County governments should encourage youth-owned companies to participate in the tender opening process by giving the youth access to the results of the bidding process so as to enable them understand the prequalification criteria for the public tenders.

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IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with SI. No. 4481, Journal no. 46879.

Jacqueline N. Wanjiru "Determinants of Youth-Owned Companies Participation in Public Procurement Projects In Jericho County, Kenya." *IOSR Journal of Business and Management (IOSR-JBM) 20.5 (2018): 82-91.*