IJIRR

International Journal of Information Research and Review
Vol. 2, Issue, 02, pp. 433-440 February, 2015

Research Article

PUBLIC PRIVATE PARTNERSHIP REGULATIONS, (2009) IMPLEMENTATION AND ORGANIZATIONAL PERFORMANCE OF KENYAN STATE CORPORATIONS

[1]Pamela Marendi Getuno, [2]Zachary Bolo Awino, [3]Dr. Patrick K. Ngugi and [4]Dr. Florence Ondieki-Mwaura

[1,3,4]Jomo Kenya University of Agriculture and Technology (JKUAT), Nairobi Kenya
[2]University of Nairobi (UON), Nairobi Kenya

ARTICLE INFO

Article History:

Received 27th November, 2014
Received in revised form
20th December, 2014
Accepted 30th January, 2015
Published online 28st February, 2015

Keywords:

Public Private Partnership,
Regulations,
Implementation,
Organizational Performance

ABSTRACT

In Kenya, Public Private Partnerships Regulations (PPPR) were first gazetted on 10th March, 2009, with the aim to enhancing economic stimulation; promoting investment and creation of value for money. However, the success of the public private partnerships (PPPs) is yet to be realized in many state corporations because of non implementation of PPPR, (2009). The major challenges that affect implementation of the PPPs include supplier identification, supplier selection and evaluation, supplier performance management, supplier relationship management and project monitoring and evaluation. The main objective of this study was to determine the contribution of the Public Private Partnerships Regulations, (2009) implementation on organizational performance of Kenyan state corporations. The study applied a survey research design with a target population of 187 state corporations as per the list of the Taskforce on Parastatal Reforms (2013). The study sample comprised 250 procurement staff and 60 Accounting officers from 125 state corporations. Simple random sampling was used to select the respondents from the five functional categories. The main data collection instrument was the questionnaire that contained both open ended and close ended questions and interview guides. The questionnaire was pilot tested on five entities that helped to improve the instrument while exploratory factor analysis was used to extract factors with reliability value of 0.70. Factor loadings that were less than 0.70 were discarded. Data collected was analyzed using descriptive statistics and multiple linear regressions. The study results indicated a significant relationship between PPPR, (2009) implementation and organizational performance of state corporations. Study concluded that implementation of PPPR, (2009) contributes significantly to the performance of state corporations. The study recommended that for effective implementation of PPPs, there is a clear need for the public sector funding to be increased in an integrated programmatic partnership to attract and sustain resources and the interest of the private sector in order to accelerate development through sustainable public development.

INTRODUCTION

In the past ten years, changes in the international development strategic landscape have made Public Private Partnerships (PPPs) a mainstream part of development policy. Globalization, deeper integration of economies, marquee partnerships with private philanthropies, global nongovernmental organizations (NGOs), and multinational corporations, as well as recognition that governments cannot solve problems alone, all contribute to an acceptance of the need to work more closely with private-sector actors. Partnerships enable public sector actors to tackle development issues leveraging nontraditional resources, expertise and market based approaches that can provide better, more sustainable outcomes. Although not a solution to every development problem, PPPs are now seen as a possible approach to address strategic issues leveraging the resources and skills of a range of actors in creative ways to reach better development outcomes (USAID, 2011)

***Corresponding author: Pamela Marendi Getuno,**
Jomo Kenya University of Agriculture and Technology (JKUAT), Nairobi Kenya.

Kenyan State Corporations

Kenya has 187 state corporations (Parastatals Taskforce Reforms, 2013), divided into five broad categories based on their mandate and functions. The categories are purely commercial; agencies with strategic function; executive agencies; regulatory agencies; research institutions, public universities and tertiary, educational and training corporations.

These state corporations are regarded as one of the factors that are and have a great potential to facilitate growth (Njiru, 2008). Most state corporations were first established during the colonial era where majority were in agricultural sector which predominate the country's economy since independence. As at 2012, agriculture accounted for about 26% of the Gross Domestic Product (Kenya National Bureau of Statistics (KNBS, 2013).

Organizational Performance

Performance is one of the most widely researched organizational outcomes. This is consistent with Porter (1991) who opines that firm performance has been central in strategy research for decades and the central tenet has been why firms differ in performance. March and Sutton (1997) posit that most studies of organizational performance define performance as a dependent variable and seek to identify variables that explain variation in performance. McCann (2004) views firm performance as relating to the efficiency and effectiveness of the firm. The measurement of how successful enterprises are in achieving their mandates has become a key element in modern public sector governance (Verbeeten and Bonns, 2009). Many developing countries have introduced performance management as a means to measure organizational and individual efficiency in order to ensure that public sector organizations meet the needs of the public (Ohemeng, 2009). Measuring performance is a graceful way of calling an organization to account (Bruijn, 2007) and in public sector performance measurement; accountability is the central concern (Heinrich, 2007). Performance measurement is viewed as a warning, diagnosis and control system that is used to keep track of economy, efficiency, effectiveness and efficacy (Teelken and Smeenk, 2003).

Overview of Public Private Partnerships in Kenya

In Kenya, Public Private Partnership Regulations (PPPRs) were first gazetted on 10th March, 2009, with the aim of enhancing economic stimulation; promoting investment and creation of value for money, which is a collection of several factors. PPPs are arrangements between the government and the private sector with the main objective of securing investment and greater efficiency in the delivery of public infrastructure, community facilities and other related services (Ong'olo, 2006). According to Thai (2009), PPP is an arrangement where the private party design, build, finances, maintain and operate (DBFMO) infrastructure assets traditionally provided by the public sector. These partnerships are characterized by a sharing of investments, risks, rewards and responsibilities between the two parties (Strakexgroup, 2014). Under the PPP contract, the government retains total strategic control of the service, secures new infrastructure which becomes government assets at the end of contract life and lastly project and performance risks are allocated to the party best able to manage or mitigate them. The PPPRs, (2009) were further reviewed and this led to enactment of the Public Private Partnership Act, No. 15 of 2013 which was designed to provide for the participation of the private sector in the financing, construction, development, operation, or maintenance of infrastructure or development projects of the government through concession or other contractual arrangements. In addition to this, it also provides for the establishment of the institutions to regulate, monitor and supervise the implementation of project agreements on infrastructure or development projects and for connected purposes (PPPA, 2009). Over the years, Kenyans have expressed frustration at the perceived inefficiency of government departments and public bodies in delivering services. These concerns are especially prevalent in cases where such public bodies enjoy a monopoly. It has been suggested that, given a chance, private bodies could deliver more efficient services, sometimes at a cheaper cost. This rationale led to the enactment of the PPPA, (2013). This law was adopted in line with the national development program Vision 2030, which is currently implemented in Kenya. This plan aims to transform Kenya into an average-income country, particularly through the realization of key projects that require important funding, which, in practice, cannot be fully supported by the Government (PPOA, 2010).

The major issues that necessitated the enactment of PPPA, (2013) are increased demand for quality and affordable services from citizens. These services include, but are not limited to, transport, water and sewerage, telecommunications, power and social services; the need to provide a new source of investment capital for required infrastructure projects; the need to reduce government sovereign borrowings and associated risks; the need to drive the creation of local, long term funding market; the need to utilize efficiencies of the private sector in running public services; the need to expand the economy and stimulate job creation and lastly the need to increase quality of public services to the Kenyan citizens and the need to guarantee continuity of investments (Strakexgroup, 2014).

Statement of the Problem

In Kenya the demand for public services is increasing and insufficient public sector capital to meet this demand is leading to an unsustainable gap in investment. To bridge this gap, the government is turning to PPPs (Strakexgroup, 2014). However, the main challenge in implementation of the PPPs is supplier identification, supplier selection and evaluation, due diligence supplier performance management and supplier relationship management. According to Amir (2003), building partnerships entails a significant number of challenges including finding the right partners and the right shared problem with the right timing and level of resources, as well as collaboration across institutional cultures and process, all of which make partnerships difficult to facilitate.

Many Kenyan public entities (PEs) are yet to embrace PPP as a procurement strategy and this has contributed to declined and stagnated economic growth and development. Creating and maintaining partnerships between state corporations and private enterprises are very time intensive and occasionally have an uncertain payoff (Ong'olo, 2006). The problems that hinder many organizations from entering into partnerships for development projects fall into five broad categories; need for sustained leadership, link to mission, programming and budg*et al*locations, changing the incentives, and further change in culture to enable partnerships. According to Runde (2010), many of these problems stem from rules, systems, and a culture within government agencies that is slow to adapt to the reality of the development landscape that partnering with the private sector, is now critical for long-term impact and success.

The challenges that the Government has to overcome in the implementation of PPPs include: development and establishment of a strong legal and regulatory framework that can clarify the legal authority to grant concessions; lack of clarity in the procurement process; the contribution from the public authority of assets that can make the project viable; the rebalancing of tariffs which will make the project viable from a financial point of view, lack of guarantees in political commitment to give confidence to the partners to make investments; lack of an effective public administration through a dedicated central PPPs unit located within government that can oversee the whole PPP process and has a cross cutting authority over all ministries; lack of an appropriate insurance regime for investors involved in PPPs with government, the complexity of PPP arrangement and the high cost involved (Strakexgroup, 2014).

Objective of the study

The study sought to determine the contribution of the Public Private Partnership Regulations, (2009) implementation on performance of Kenyan state corporations.

Hypothesis

$H_{0:}$There is no significant contribution of the Public Private Partnership Regulations, (2009) implementation on performance of Kenyan state corporations.

Theoretical Literature Review

The study was anchored on the decision theory, public value theory and stakeholders' theory. Decision theory as discussed by Jurison (1995) indicates that a manager should be accounTable to his decisions. He should be concerned about the outcome of his action by weighing the risks of taking any of the options to reduce the risks by the outcome. Theory is about decisions made at both the individual and institutional level. There are two broad categories of decisions theory. According to Dickert, Fielder, Andreas and Nicklisch (2013), one might decide between giving up resources to influence the well being of others often without expecting direct benefits. It is the stakeholders' expectation that public procurement office holders uphold the interest of the wider society before their own and this remains the decision of the individual accounting officer or procurement office holder at any circumstance.

Decision theory provides a rational framework for choosing between alternative courses of action when the consequences resulting from this choice are imperfectly known. Two streams of thought serve as the foundations of this thinking. Government institutions are faced with tasks of making decisions on a daily basis. These decisions are hinged upon other institutions (Polasky *et al*., 2011). In any PE, there are many competing interests from different stakeholders; however these different interests should be balanced. Decisions to further one of these interests may hamper pursuance of another. The distinction between these different interests may serve to recognize that in many countries and jurisdictions in both the developed and the developing world there is strong focus on competition interests (Jansen, 2006).

Public Value theory formulated by Moore, (1995) provides public sector managers with a greater understanding of the constraints and opportunities within which they work, and the challenge to create publically valuable outcomes. Benington and Moore (2010) argue that public value theory envisages a manager's purpose as going beyond implementation of policy and adherence to institutional norms. It includes seeking out opportunities to make significant improvements to the lives of the public. Moore (1995) also notes that public value theory articulates a more proactive and strategic role for public sector managers who seek to discover, define and produce public value, instead of just devising means for achieving mandated purposes.

Stakeholder theory was originated by Freeman (1984) and is defined as "any group or individual who can affect or is affected by the achievement of the organization's objectives". Unlike agency theory in which the managers are working and serving for the stakeholders, stakeholder theorists suggest that managers in organizations have a network of relationships to serve that include the suppliers, employees and business partners and the public at large. Implementation of PPPR (2009) in all organizations requires support from the organization stakeholders.

According to Freeman (2002), each stakeholder is given an important say in making important decisions. Business and executives, who manage them, should create value for customers, suppliers, employees, communities and financiers (Stieb, 2008). The stakeholder theory argues about the importance of a firm paying special attention to the various stakeholder groups that are deemed to have a stake in the operations of a firm. The representation of all stakeholder groups on boards is therefore necessary for effective corporate governance (Gibson, 2000). In the context of this study, state corporations make decisions to enter into PPPs and these decisions affect the interests of stakeholders either positively or negatively. In most cases the stakeholders must be involved in making these decisions and if not, the projects might not be successful since the corporation might receive resistance from the stakeholders. The intended objective of entering into PPPs is to create value for the public from projects implemented.

Public Private Partnership Regulations (2009)

Public Private Partnerships Regulations were gazetted on 10th March, 2009, with the aim to enhance economic stimulation; promoting investment and creation of value for money, which is a collection of several factors. PPPs are arrangements between the government and the private sector with the main objective of securing investment and greater efficiency in the delivery of public infrastructure, community facilities and other related services (Ong'olo, 2006). According to Thai (2009), PPP is an arrangement where the private party design, build, finances, maintain and operate (DBFMO) infrastructure assets traditionally provided by the public sector. These partnerships are characterized by a sharing of investments, risks, rewards and responsibilities between the two parties (PPPR, 2009). The Kenya private sector has over the years substantially contributed to the country's economic development process. Due to increased demand for public services and insufficient public sector capital to meet this demand is leading to an unsustainable gap in investment (Koimett, 2013).

To bridge this gap, the Kenyan government has turning to PPPs (Ong'olo, 2006), however, the main challenges in implementation of the PPPs are supplier identification, supplier selection and evaluation, supplier performance management and supplier relationship management through project performance evaluation.

Supplier Identification

Supplier identification needs to be performed with care to avoid errors that may have long-lasting effects to a company (Monczka *et al*., 2005). There are two ways to decide which supplier to choose: competitive bidding and negotiations. After the bids requested in the request for proposal (RFP) are received, the purchaser can make a decision based on the information in the bids or invite the suppliers for further negotiations. Bidding is the most effective method when the price is a dominant criterion and product specifications are well defined. Negotiations, on the other hand, are the most sensible option if the purchase requirements are complex, there are several performance factors that need to be agreed on, or there are some risks that need to be discussed (Monczka *et al*., 2005). After bidding, negotiations, or both, a proposal for selection is made, risks related to the selection are analysed, and finally one or several suppliers are selected (Van Weele, 2005).

Supplier Selection and Evaluation

Supplier evaluation provides the buying firm with a better understanding of which suppliers are performing well and which suppliers are not performing well. Some illustrative examples are found concerning product development (De Toni & Nassimbeni, 2000a), logistics, just-in-time manufacturing (De Toni & Nassimbeni, 2000b), and total quality management. Supplier selection is generally considered as a five phase process starting from the realization of the need for a new supplier, determination and formulation of decision criteria; pre-qualification; final supplier selection; to the monitoring of the supplier selection (Choy and Lee, 2002). The supplier selection is important because it includes the performance criteria on which the supplier later is evaluated (Kannan & Tan, 2002). Therefore, an effective selection process with the use of the right performance criteria can reduce or prevent problems in the evaluation phase.

Supplier Performance Management

According to Gordon (2008), supplier performance measurement requires support from stakeholders besides procurement, as supplier performance impacts many functions. A SPM program should be aligned with objectives of the company, planned and designed with those corporate goals in mind, measure and monitor progress against a plan based on metrics, undergo scheduled reviews and improvement processes. Traditionally, price and cost used to be the dominating dimension in the evaluation of supplier performance. Over time, a number of complementary dimensions have been proposed, but in practice the majority of supplier performance evaluations for long tended to be routinely viewed as consisting of just three factors: price/cost, quality, and delivery.

A framework for performance measurement in a supply chain environment was developed by Gunasekaran, Patel and Tirtiroglu (2001). O'Toole and Donaldson (2002) advocate a relationship performance approach and particularly emphasize the relevance of using both financial and non-financial measures. According to the PPPR (2009), the PE that is a party to PPP arrangement is responsible for ensuring that the PPP arrangement is implemented by measuring the output of the PPP agreement; monitor the implementation; resolve any disputes and differences to ensure effective completion of the project.

Project Monitoring and Evaluation

Monitoring and evaluation should be built into the project at the planning stage. Is should not be an 'add on' that happens at the end, but should be woven throughout the project. Evaluation is a way of seeing, of reflecting on practice (Van Der Eyken, 1993). It is judging merit against some yardstick (Philips *et al*, 1994). The benefits of evaluation are for both parties involved in the project. To the funders, it ensures good use of public funds; highlights god practice; identifies gaps in provision and provides a basis for selecting among competing applicants. To the organizations, it ensures that resources are used efficiently; provides evidence of impact; uncovers unexpected consequences and provides information for planning.

Empirical Literature Review

Using data collected from semi structured interviews in Atlanta Georgia, Schnequa and Alexandra (2012) noted that the PPPs in public procurement are possible only under rigid constraint. Study found out that there are two decision making patterns, the-broker and the purist-correlated with length of employment by the same organization and the political context of the agency. Understanding accountability within public procurement requires consideration of a complex decision-making process at the individual and organizational levels.

Strakexgroup (2014) found out that the Government of Kenya has to overcome a number of challenges in the implementation of PPPs. These include: developing and establishing strong legal and regulatory frameworks that can clarify the legal authority to grant concessions; increase clarity in the procurement process; rebalancing of tariffs which will make the project viable from a financial point of view and provide guarantees in political commitment to give confidence to the partners to make investments. Other measures also included provision appropriate insurance regime for investors involved in PPPs with the government.

Study Methodology

Study adopted an explanatory survey design with a target population of 187 state corporations as per the list of the Taskforce on Parastatal Reforms, (2013). Stratified random sampling was used to randomly select a sample size of 125 corporations from the five functional categories of state corporations of purely commercial agencies, agencies with strategic function, regulatory agencies, executive agencies and research institutions, public universities, tertiary education training. The study managed to get respondents from 112 corporations giving a response rate of 90%.

The high response rate was attributed to the researcher personally administering the questionnaires.

RESULTS AND DISCUSSION

Data collected was analyzed using descriptive statistics and multiple regressions. Study sought to establish the contribution of the PPPR, (2009) implementation on organizational performance. The indicators used in measuring this variable were: method of supplier identification, criteria used to select suppliers for PPP projects; supplier performance evaluation; and percentage of PPP contracts awarded that were completed to the satisfaction of the organization in terms of quality; time and cost.

Participation in PPP Projects

Figure 1.1 shows percentage of organizations involved in public private partnership projects. Majority of the respondents (52% of the organizations) reported to have been involved in public private partnership while 48% of the organizations reported to have not participated in any PPP initiative. Figure 1.2 indicates the number of projects that were awarded by the organizations which were involved in PPPs. 29 organizations had 2 projects followed by 26 that had 1 project each.

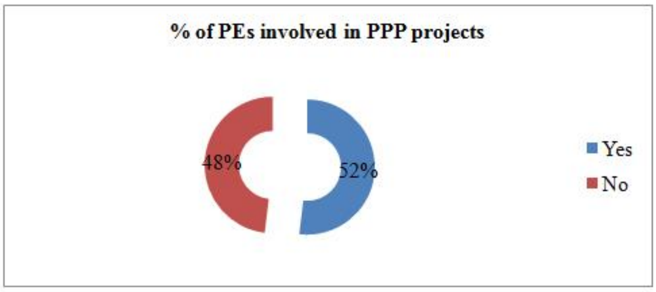

Figure 1.1. Corporations involved in Public Private Partnership Projects

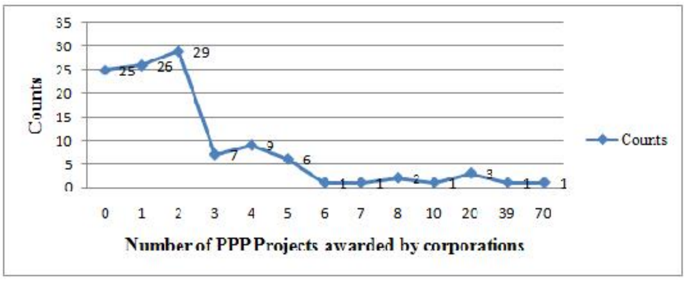

Figure 1. 2. Number of PPP Projects awarded by Corporations

The more the number of projects the fewer the organizations. There were 2 organizations that had as many as 70 projects. The low level of PPP contracts awarded by PEs was confirmed by one interview respondent as a result of the long procedures involved in identifying the project and partners for implementation of the same. Respondent further indicated that involvement in these projects requires prior approval of the government as loans obtained from the private sector are to be guaranteed by the government. Findings are in tandem with those of Runde (2010), who observed that many of the problems on PPPs implementation stem from rules, systems, and a culture within government agencies that is slow to adapt to partnership initiatives for success.

Supplier Identification

Study sought to establish the method used by PEs in identifying suppliers/contractors for PPP projects. From Figure 1.3, majority of respondents (47.1%) indicated negotiation as the method used to identify contractors, 28.9% of respondents indicated open tender and 24% of the contractors indicated restricted tender. Findings compare well with those of Monczka *et al*., (2005) and Van Weele (2005) who identified both competitive bidding and negotiation as appropriate methods of contractor identification.

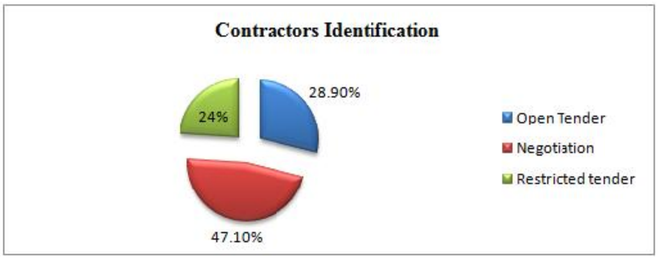

Figure 1.3. Method Used to Identify PPP Project Contractors

Supplier Selection Criteria

Table 1.1 presents the analysis of the other sub variables of PPPR, (2009). The first indicator measured the selection criteria of PPP contractors. The measure was on an ordinal scale of 1 to 5 representing quantity, past performance, price, experience, and quality respectively. 36 respondents indicated quantity as the criteria for selecting contractors; 38 indicated past performance, 7 indicated price, 10 indicated experience and 21 respondents indicated quality. On average the respondents use past performance as the criteria for selecting PPP contractors. Findings compare well with those of De Toni and Nassimbeni, (2000a) and Kannan and Tan, (2000) who identified quality and performance as the criteria for supplier selection.

Frequency of Due Diligence

The second indicator measured how often organizations carry out due diligence before award of PPP contracts. The measure was on an ordinal scale of 1 to 5 representing never, occasionally, often, very often and always. 29 respondents reported the organizations to have never carried out due diligence before award of contracts, 43 respondents reported the organization to have occasionally carried out due diligence, 23 respondents reported to have often carried out due diligence, 14 very often while only 3 respondents reported to have always carried out due diligence before award of contracts. On average the respondents reported their organizations to have occasionally carried out due diligence before award of contracts. This is inconsistent with Regulation 16 (4) that requires PEs to conduct supplier selection with due diligence before award of contracts.

Supplier Performance Evaluation

The third indicator measured the basis of supplier performance evaluation. The measure was on an ordinal scale of 1 to 5 representing Response, Performance, Technology, Cost and Quality respectively. 26 respondents indicated response as the basis for supplier performance evaluation, 37 indicated performances, 26 indicated technologies, 17 indicated cost and 6 indicated quality as the basis of supplier performance evaluation. On average the respondents use performance as basis for supplier performance evaluation. The trend was corroborated by a respondent who argued that supplier performance evaluation was based on how well the contractor had implemented the project in terms of meeting the project requirements quality. Findings agree with O'Toole and Donaldson (2002), who identified both financial and non financial criteria for supplier performance evaluation.

Findings indicated the year 2011 to have had the highest number of contracts completed to quality requirements of the corporations. The sixth indicator measured the PPP projects/contracts that were completed in time. The measure was on an ordinal scale of 1 to 5 representing the year 2009, 2010, 2011, 2012 and 2013. 35 contracts were completed in time in the year 2009, 37 in 2010, 24 in 2011, 13 in 2012 and 3 in 2013. On average the highest number of PPP contracts completed in time was in the year 2010. The seventh indicator measured the PPP contracts completed on cost (budget) in the year 2009, 2010, 2011, 2012 and 2013. 30 contracts were completed on cost in the year 2009, 27 in 2010, 41 in 2011, 10 in 2012 and 4 contracts in the year 2013. On average the year 2010 had majority of contracts completed on cost.

Table 1.1. Public Private Partnership Regulations, (2009)

	Frequencies					Median
Indicators	1	2	3	4	5	
Contractors selection criteria	36	38	7	10	21	2
Due diligence before award of contracts	29	43	23	14	3	2
Supplier performance evaluation	26	37	26	17	6	2
Project Performance Monitoring	30	37	30	10	5	2
Contracts completed to Quality	23	14	56	14	5	3
Contracts completed on time	35	37	24	13	3	2
Contracts completed on cost	30	27	41	10	4	3

Table 1.2. Cover Summary for Public Private Partnership Regulations, (2009)

R	R Square	Adjusted R Square	Std. Error of the Estimate
.574[a]	0.32911	0.32301	7.65437

Table 1.3. ANOVA for PPPR, (2009) and Organizational Performance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	3161.52	1	3161.52	53.961	.000[b]
Residual	6444.83	110	58.5894		
Total	9606.35	111			

Table 1.4. Coefficients for PPPR, (2009) Implementation and Organizational Performance

	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	12.499	2.521	4.957	0.000
Public Private Partnership Regulations, (2009) implementation	8.131	1.107	7.346	0.000

Project Monitoring and Evaluation

The fourth indicator measured the monitoring of PPP project performance. The measure was on an ordinal scale of 1 to 5 representing Never, Occasionally, Often, very often and always respectively. 30 respondents reported to have never monitored project performance, 37 occasionally monitor, 30 often monitor, 10 very often monitor and 5 always monitor project performance. On average the respondents occasionally monitor project performance. The findings disagree with PPPR, (2009) which stipulates that the PE that is party to PPP arrangements is responsible for ensuring that the PPP project is implemented by measuring the output of the agreement, monitor implementation, resolve any disputes to ensure effective completion of project. The fifth indicator measured the organizations satisfaction on PPP projects completed contracts to quality requirements in the year 2009, 2010, 2011, 2012 and 2013. 23 respondents were satisfied with contracts completed in the year 2009, 14 in 2010, 56 in 2011, 14 in 2012 and 5 were satisfied with contracts completed in the year 2013.

Hypothesis testing

The study hypothesized that there is no significant contribution of the PPPR, (2009) implementation on performance of Kenyan state corporations. The variables were used to fit the regression model $Y= \beta_0 + \beta_1X_3$. Table 1.2, presents a summary of regression model results. The value of R and R^2 are .574 and .32911 respectively. This shows that there is a positive linear relationship between PPPR, (2009) implementation and organizational performance. The R^2 value indicated the explanatory power of the independent variables of 0.3291. This means that 32.9% of the variation in performance is explained by the model $Y= \beta_0 + \beta_1X_3$. The remaining 67.1% is explained by other factors not considered in this study. The ANOVA from Table 1.3 shows an F statistic that has a significance level of 0.000. This shows that the coefficient in the equation fitted is not equal to zero implying a good fit. Table 1.4 shows the results of Coefficients to the model $Y= 12.499 + 8.131X_3$. The model estimates are both significant at the 0.05 level of significance.

This is because the significances are both 0.000, which are all less than 0.05. The constant term indicates that at zero implementation of the PPPR (2009), organizations perform at 12.499 measures. Increasing the implementation of the PPPRs increases the performance by 8.131. The findings are in tandem with Sabiti and Muhumusa, (2011) who observed that public procurement partnerships are important as the private sector has a broad experience and a pool of technical resources that the public sector needs to boost economic development. Findings imply that the implementation of the PPPR, (2009) contribute to increased performance of state corporations and therefore PEs should focus on getting more involved in PPP projects for improved performance and development of the economy. Since the p value for the coefficient was less than 0.05, study rejected the null hypothesis which stated that there is no significant contribution of the PPPR, (2009) implementation on the performance of Kenyan state corporations and accepted the alternative hypothesis which stated that there is a significant contribution of PPPR, (2009) implementation on organizational performance of Kenyan state corporations.

Conclusion and Recommendations

Study concludes that implementation of PPPR, (2009) contributes to the performance of the state corporation thus enhancing economic stimulation, promoting investment and creation of value for money. The Government has provided the right environment for implementation of PPPs by provision of supportive policy and legal environment by issuing the PPP regulations and establishing a PPP secretariat at treasury and nodes in contracting authorities. The legal framework provide for a clear, transparent, fair and competitive process covering project implementation, selection, prioritization, preparation, appraisal, procurement, approvals and procurement of project advisors. PPP can provide a wide variety of net benefits for society, including enhanced government capacity, innovation in delivering public services, reduction in cost and time of project implementation, and transfer of major risk to the private sector, in order to secure value for money for taxpayers.

To address the problem of inadequate resources for implementation of projects, there is a clear need for the public sector funding to be increased in an integrated programmatic partnership that will attract and sustain resources and the interest of the private sector in order to accelerate development through sustainable public development. With the existing legal framework that supports PPP in Kenya, there is adequate ground for partnerships as this will not only mobilize substantial resources but also take advantage of the private sector efficiencies and technology under the regulations and support the public sector to deliver results that will stimulate and sustain improved performance of PEs. As the demand for quality and affordable services increase from citizens, there is need for state corporations to reduce the funding gap to provide a new source of investment capital through public private partnerships.

Limitations of Study and Areas of Further Research

The present study was carried in Kenyan state corporations. It is suggested that a more elaborate study cutting across all other public entities both in the central and county governments that provide services to the citizens of Kenya and are governed by the PPRR, (2009) be undertaken to determine further contribution or effect of PPRR, (2009) on organizational performance of public entities. The government enacted the Public Private Partnership Act, (2013). Further studies could be conducted to establish the contribution and effect of implementation on organizational performance of public entities. The study relied on procurement practitioners and accounting officers; future studies could analyze the contribution of the PPRR, (2009) implementation on organizational performance from the perspective of both the users of procurement of goods and services (the public), all those involved in the procurement process and the service providers (Private Partners).

Whereas the explanatory survey such as the present one provides baseline indicators, similar studies in future could compare the level of implementation over time to measure progress made in the next decade. Similar studies could be done within East African Community and Africa as a whole to compare the implementation and compliance levels among the countries. Results from such studies could inform policy regarding enhancing implementation of the PPPs and compliance to contribute positively to the social and economic development of the country.

Implications of the Study on Policy and Practice

Results of study indicated that 42% of the state corporations have never been involved in PPP projects implying that these corporations have never implemented the PPPRs, (2009). Policy makers should therefore conduct awareness on the regulations to enable these entities take advantage of the private sector skills, technologies and finances in order to reduce the funding gap for infrastructure, provide a new source of investment capital required for infrastructure projects, reduce government borrowing and associated risks, expand economy and stimulate job creation. From the descriptive statistics, the study revealed that state corporations that are involved in PPP projects do not carry out due diligence before award of contacts and do not monitor project performance. Managers of state corporations should focus more on carrying out due diligence before award of contracts and monitor project performance to ensure that the objective of quality, cost and time are met and that the public receives value for money.

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