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INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM, PROCUREMENT PERFORMANCE AND CUSTOMER SATISFACTION IN THE COUNTY GOVERNMENT OF NYERI

[1*]Peter Gitau Mwangi
[1]Post Graduate Student: Dedan Kimathi University of Technology
[*]Corresponding Author's Email: dmburu77@gmail.com

[2]Dr. David Kiarie
Lecturer: Dedan Kimathi University of Technology

[3]Dr. Richard Kiai
Lecturer: Karatina University

Abstract

Purpose: The purpose of this study was to evaluate the customer satisfaction due to IFMIS adoption and procurement performance in the county government of Nyeri.

Methodology: Descriptive research design was adopted. Respondents in the study comprised of suppliers and staff of Nyeri county Government. A self-administered questionnaire was use to collect data. Descriptive and regression analysis were used.

Results: Descriptive data analysis results indicate that the implementation of IFMIS had not led to customer satisfaction at the county government of Nyeri. At 5% level of significance the regression results indicated a positive but insignificant relationship between customer satisfaction and procurement performance with β=0.021 at p value 0.911 which is greater than 0.05

Unique contribution to theory, practice and policy: This study recommends that the National Treasury and ICT Ministry should undertake joint research into the most feasible platform to host IFMIS. This study recommends that the county government should liaise with the IFMIS capacity building department at national level to localize training programmes for staff, committee members, Members of County Assembly and the general public. The county government should come up with policy to ensure that stakeholder capacity building is developed to enhance diffusion of IFMIS technology. Institutional capacity was found to play a vital role procurement performance. The county government of Nyeri had laid the requisite infrastructure, though software challenges abound. This study recommends that the county government should seek designers in IT to get the best information of the systems and also lay

down effective legislature on IFMIS procedures that ensure proper financial management at all levels

Keywords: *IFMIS, procurement performance, customer satisfaction*

1.0 INTRODUCTION

1.1 Background of the Study

Public procurement has always been a big part of the developing countries' economy accounting for 10-40% of their Gross Domestic Products (GDPs).Public e-procurement involves the use of electronic communications and transactions by government institutions and public sector to tendering services or public works, (Biwott, 2015). Lundu and Shale, (2015) contend that beyond the simple transition from systems based on paper to those which use electronic communications, public e-procurement can provide significant improvements in the effectiveness of individual markets and the overall functioning of the markets. Their gradual introduction is part of an ambitious e-government program aimed at transforming the delivery and performance of public administration. Governments in developing countries are progressively adopting ways and systems to modernize and improve public supply chain management due to its significant contribution to the countries' economic growth, (Kishor, Sajeev & Callender, 2013). Qwabe (2014) notes that globally, governments are investing a great deal of resources to streamline and improve public supply chain management and are implementing new supply chain management systems that manage tenders through a web site. This is geared towards enhancing accessibility of tenders, increasing efficiency and saving costs (faster and cheaper) in government supply chain management and improving transparency (to reduce corruption) in supply chain management services.

The goal of a Public Financial Management (PFM) system is to support the achievement of fiscal discipline, strategic and efficient allocation and use of funds, value for money and probity in the use of public funds Some stages in public procurement, such as the invitation, submission and evaluation stages, require bespoke solutions. According toOdolo and Gekara, (2015) the Organization for Economic Cooperation and Development (OECD) estimates the value of government procurement in the world to be over US$ 2,000 billion equivalent to 7% of world GDP and 30% of global merchandise trade. The submission, evaluation and order stages are the most complex, requiring a common set of protocols and standards in order to organize the exchange of complex documents and the interaction between public purchasers and suppliers. Odago and Mwajuma (2013) argue that in developing countries, the public procurement sector is often the largest domestic market. As Cornelia, Muhumuzaand and Basheka (2010) posited the procurement system is the bridge between public procurement and private sector providers. This gives the government the obligation of providing goods, works and services to meet a variety of citizen needs. Mosoba (2012) contends that for some aspects of public procurement, manual processing is still necessary. For example, some stages of complex contracts such as projects or tasks can be difficult to reduce to standard formats and may require human intervention. However, there are possibilities for a large part of the procurement activities to be transferred to an electronic database. Just as businesses must purchase the goods and services they need to keep

their plants running and their customers satisfied, so must governments, (Goel, Dwivedi, & Sherry, 2013).

Customer satisfaction is increasingly considered as a baseline standard of performance and a possible standard of excellence for any business organization, (Hendriks, 2012). Companies with a bigger share of loyal customers profit from increasing repurchase rates, increasing cross-buying potential, higher price willingness, positive recommendation behavior and less switching. Indeed, in the customer satisfaction/service quality arena, aggregate market studies have shown that higher customer satisfaction leads to better financial results (Anderson, 1996; Hallowell, 1996). This is the main reason why we have witnessed in recent years a proliferation of work on the topic of customer satisfaction and its close cousin, service quality, (Biwott, 2015).In Africa, the concept of e-procurement is just gaining popularity especially in the public sector. To deal with the problems of lack of accountability and transparency in procurement activities in the public sector, Most African countries have resorted to legal reforms and adoption of procurement. Tanzania for instance put into place e-procurement systems to allow e-sharing, e-advertisement, e-submission, e-evaluation, e-contacting, e-payment, e-communication and e-checking and monitoring to ensure all public procurement activities are conducted online, (Sijaona, 2010). There are some key differences between the ways governments and businesses obtain these items. In the past decades, the public procurement system in Kenya has undergone significant developments. Public procurement should matter to citizens because they pay taxes so that the government can deliver its obligations to them, such as providing education, health, and security, rule of law and protection of property. Consequently, the public is interested in the procurement function of achieving service delivery. Importantly, public procurement accounts for a high proportion of total government expenditure, with a Kenyan estimate of 60 percent. Although several steps have been taken to reform the public procurement system, its processes are still shrouded in secrecy, and are inefficient and corruption-prone, such that huge amounts of money are wasted. Given the large amounts of money involved in government procurement, it is in citizens' interests that the procurement process promotes prudent use of resources, integrity and fairness, ensuring value for money in the acquisition of goods and services.

According to Diamond &'Khemani (2005) IFMIS, an automated system that is used for public financial management and control, accounting, audit and reporting. A financial management information system, or integrated financial management information system, is an information system that tracks financial events and summarizes financial information. In its basic form, an IFMIS is little more than an accounting system configured to operate according to the needs and specifications of the environment in which it is installed. Generally, the term IFMIS refers to the use of information and communications technology in financial operations to support management and budget decisions, fiduciary responsibilities, and the preparation of financial reports and statements. In the government realm, IFMIS refers more specifically to the computerization of public financial management (PFM) processes, from budget preparation and execution to accounting and reporting, with the help of an integrated system for financial management of line ministries, spending agencies and other public sector operation, (Ibrahim, &Dauda, 2014).Odago and Mwajuma (2013) indicate that an IFMIS stores, organizes and makes access to financial information easy. It not only stores all the financial information relating to

current and past years' spending, but also stores the approved budgets for these years, details on inflows and outflows of funds, as well as completes inventories of financial assets (e.g. equipment, land and buildings) and liabilities (debt).The scale and scope of an IFMIS can vary, from simple General Ledger System to a comprehensive system addressing Budget, Revenue, Expenditure Control, Debt, Resource Management, Human Resources, Payroll, Accounting, Financial Reporting, and Auditing processes across central government or even including local government and other public sector and quasi-governmental agencies and operations. Kiilu and Ngugi. (2014) indicate that in the modern world, developing countries like Kenya, Tanzania, Ethiopia and several others in the African continent have been encouraged to reform their public expenditure management systems through computerization of the entire public sectors in response to the increasing volume of data or information that need to be processed. There are, however, various factors to be considered prior to the implementation of the public expenditure management information systems. The systems implemented in Africa have had challenges with Ibrahim and Dauda (2014) arguing out corruption challenges amid other issues. Hendriks (2012) acknowledges a number of those challenges such as functional, corruption, implementation and data migration challenges.

Public Procurement ranges from the purchase of routine supplies or services to formal tendering and placing contracts for large infrastructural projects. The significance of public procurement reform for developing countries is increasingly being appreciated by development agencies globally, recognizing that the social and economic costs of the weaknesses in public procurement governance are compounded by increases in sovereign risk that this represents for foreign investment, (Dzuke&Naude 2015). The application of new technology in this discipline offers a qualified potential to substantially resolve these tensions, (Sandeep, 2011).Governments worldwide continue to receive a lot of attention as providers of essential services to their citizens. This is so, because the citizens are the taxpayers of funds that the governments use in providing important services such as health, education, defense and infrastructure. To provide these critical services, governments purchase goods and services through public procurement which must be done within the legal framework and policies in place, (Odago & Mwajuma, 2013). The contribution that public procurement can make to expenditure reduction and the stimulation of economic growth is the focus of increasing policy attention. According to Njenga, Omondi, and Omete (2014) public procurement frameworks in developed and developing countries alike are recognized as being characterized by an unstable tension between the public expectations of transparency and accountability, and of efficiency and effectiveness of resource management. This conformance performance tension, manifest throughout a complex procurement environment, is further destabilized by conflicting stakeholder interests at the political, business, community and management levels and exacerbated by competing claims between executives, lawyers, technologists and politicians for lead roles in this arena.

Mahmood (2010) observes that as part of efforts to adopt long-term and strategic view of their procurement needs and management, most countries have resorted to turning to their annual procurement plans as a possible problem solver. The effectiveness of procurement practice is very important in any organization for the realization of high levels of performance. Its success can be very beneficial to the organization given that it can help reduce cost and help in bringing

efficiency in the organization's operations, contributing to the organization's success and giving it a competitive advantage over its competitors in terms of better services. The procurement function ensures that materials are readily available for the production of goods and services. Koskey (2010) further states that as much as the government has set up rules and regulations on how procurement should be done in all government institutions the need to have a good managerial good will in order for the effective of the procurement function is more than important for the procurement process in the organization. All government institutions follow the regulations provided for in the Public Procurement act 2005 these regulations provided there in must be followed to theletter in order for them to effectively manage and control the procurement process in such organizations, (Lundu& Shale, 2015)..

1.2 Statement of the Problem

The Constitution of Kenya, 2010 in article 6 (1), created devolved units of government known as counties, divided into 47 counties as specified in the First Schedule. These counties are funded by the national government through the exchequer so as to carry out various functions and achieve various objectives as specified in the Constitution, among them is to promote social and economic development and the provision of proximate, easily accessible services throughout Kenya. The roll out of the IFMIS to the 47 counties began in 2013. Njoroge (2014) notes that with the devolution of huge amounts of financial resources to the 47 counties, the adoption of IFMIS is now more critical than any other time in our history. Providing a solution to financial management at the county level will forestall corruption at the lower tiers of government and ensure that development will trickle down to the grassroots. IFMIS has been promoted as a core component of public financial reforms in many developing countries. Sound IFMIS systems in procurement process can help not only developing country governments gain effective control over their finances, but also enhance transparency and accountability, reducing political discretion and acting as a deterrent to corruption and fraud. In Kenya, there has been a contributory factor to public procurement perpetually remaining vulnerable to all manner of irregularities with a spate of court cases and controversies continuing to plague procurement procedures for a number of public projects. A report by the African Centre for Open Governance (Africog) in 2016, cited that the low absorption of development funds, compounded by slow procurement processes, was cited among the issues that affected the 2013/2014 budget implementation nationally. Although there was a marked improvement in the overall performance compared to the previous year, the absorption rates for development expenditures still remained relatively low at 52 percent, (Mwaura, 2016).

The Nyeri County budget review and outlook paper2016 reported that there were expenditure pressures in the FY 2016 as a result of the large pending bills from the FY 2014/15 and the slow uptake of the E-procurement system and other changes in the IFMIS system. Further, the fiscal performance was generally impressive though under the development vote 63 percent was not the expected results. The poor performance under this vote is attributed, to some extent, to delays in disbursement of funds and also ends -to -end procurement process (e-procurement). Recent research has been conducted in respect of IFMIS ranging from its benefits, constituents that affect it, its effects on supply chain management, challenges in the central government, its

impact on performance and performance in projects. However, there are currently substantial challenges IFMIS implementation is still encountering at the county governments in the management of public funds. County governors have over the first four years of devolved county units complained of the challenges posed by the IFMIS system in facilitating operations and finance and procurement management.

2.0 LITERATURE REVIEW

2.1 Introduction

IFMIS programme in the public sectors promotes efficiency and effectiveness of service delivery, once well implemented. By recording information into an integrated system that uses common values, IFMIS users can access the system and extract the specific information they require to carry out different functions and tasks. All manner of reports can be generated: balance sheets, sources and uses of funds, cost reports, returns on investment, aging of receivables and payables, cash flow projections, budget variances, and performance reports of all types, (Mwaniki, 2014). Ameen and Ahmad (2012) posit that some systems have libraries consisting of hundreds of standard reports. Managers can use this information for a variety of purposes: to plan and formulate budgets; examine results against budgets and plans; manage cash balances; track the status of debts and receivables; monitor the use of fixed assets; monitor the performance of specific departments or units; and make revisions and adjustments as necessary, to name a few. Reports can also be tailored to meet the reporting requirements set by external agencies and international institutions like the International Monetary Fund (IMF). Business process re-engineering is a critical aspect of any IFMIS reform and requires a review of all systems, functional processes, methods, rules and regulations, legislation, banking arrangements and related processes. It will be necessary to establish new, standardized procedures throughout the government to formalize job descriptions and to improve arrangements and systems for internal and external control (Vogel & Cheung, 2013).

Otieno, Migiro & Mutambara (2017) contend that in 1996 the Government of Kenya (GoK), through the Accountant General's Department undertook an in-depth analysis of financial management and audit, people management and organization and financial management information systems in the government, and established the way forward in addressing the financial management problems in government. The development of an IFMIS commenced with diagnostic reviews to identify issues and problems of finance and accounting in GoK. This review was carried out in three phases. The first two phases were undertaken between 1997 and 2000. In 1997, DFID provided some development assistance to GoK for "Strengthening Government Finance and Accounting Functions". This was carried out in two phases which concentrated on team building and investigating the issues, problems, deficiencies and needs. Subsequently, a Comprehensive Project Framework (CPF) was developed. Mwaniki (2014) accords that. IFMIS implementation in Kenya commenced in 2003, originating from gaps and weaknesses within the SIBET system that was in use at the time. It was felt that there was need to introduce different modules comprising of Accounting, Revenue management, and Asset management among others, and the establishment of interfaces with the Central Bank payment information system, Kenya Revenue Authority and the Ministry of State for Public Service for

payroll and human resource management modules. The Re-engineering of the Integrated Financial Management Information System (IFMIS) was initiated in 2011, and guided by the Strategic Plan for the period 2011-2013. The IFMIS Re-engineering programme adopted a policy direction from "a modular to full cycle end to end framework".

According to the IFMIS re-engineering strategic plan (2013-2018), among the key challenges encountered in implementation of the 2011-2013 Reengineering Strategy is inadequate IFMIS support infrastructure such as stable power and computing hardware. IFMIS Re-engineering Composed: Re-engineering for Business Results -This component reviews the business processes for improved financial Management; Plan to Budget-a fully integrated process and system that links planning, policy, objectives and budget allocation; Procure to Pay - to develop a fully integrated and automated supply chain management system; Revenue to Cash - auto-reconciliation of revenue and payments with automatic file generation; Record to Report - secure two way interface with CBK for accurate, up to date information on the GOK financial position and the production of statutory reports real time; ICT to Support - dedicated IFMIS support functions for software, hardware and infrastructure; and Communicate to Change - IFMIS Academy for capacity building and continuous learning. According to Omwoha and Getuno (2015), the treasury department also takes cognisance of the capacity requirements of the core IFMIS team, specifically in ICT and PFM, including budgeting and accounting. Also important is the establishment of the County Governments which now translates to increased demand on IFMIS to deliver a devolved public finance management system. Richard. (2015) indicates that the components and the key areas of focus for the period 2013-2018 include: Public Sector Budgeting; Purchasing Order; Accounts Payable; Analytical Tools; Plan to Budget (P2B) - a component aimed at providing a structured framework for development and deployment of a fully functional, automated planning and budgeting system, as well as improving the accuracy and efficiency in the Government's planning and budgeting process; Procure to Pay (P2P) – a component aimed at creating an end-to-end automated process that starts at development of procurement plans, to the actual implementation , among others. Whether these re-engineering modules are now effective in county government and influence on procurement performance is yet to be established.

2.2 Theoretical Review

2.2.1 Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) is an information systems theory developed by Davis (1989) that shows how users appreciate and use technology. The model focuses on how technology is adopted and used with much emphasis on determinants of user acceptance of information technologies. It comprises of two major theoretical frameworks: the perceived usefulness (PU) of the system and perceived ease of use (PEOU), as noted by Vogel and Cheung (2013). Perceived use, as defined by Davis (1989), is the degree to which a person believes that using a particular system will enhance their job performance, whereas perceived ease of use refers to the degree of easiness an individual will have in using a particular system, which both influence satisfaction, adoption and attitude towards technology, (Davis, 1989). Though the theoretical model has been postulated to have various shortcomings such as not considering the

organizational setting and moderating effects, (Davis, 1989), it has been relatively used widely in the implementation of systems.

2.2.2 Work Around Theory (WAT)

WAT is defined as a goal-driven adaptation that users of a system carry out to bypass or minimize the obstacles that are perceived to deter work performance, (Alter, 2014). This might however be presumed to be negative, as Alter (2014) further observes, but this can be guided ethically to enable an individual to achieve the otherwise desired results. Numerous users perceive that IFMIS has certain obstacles with its use. Hence, WAT can be used to model parts of the system either at organizational level or at individual levels. Alter (2014) further observes that such obstacles or mishaps may be inherent in the system or emergent processes which may appear from any factor that contributes to successful adoption and use of technology such as organizational, technological and environmental factors.

2.2.3 Innovation Diffusion Theory (IDT)

The IDT is an established theory that provides the foundation for technology innovation diffusion research. It represents innovation adoption that aids in evaluating technology, (Rogers, 1995). The four main elements of the diffusion theory that have been identified by Rogers (1995) are innovation, communication channels, time and the social system. Rogers posits that innovation must be perceived by the user as new and it is influenced by the following five factors: Complexity, Compatibility, Trial-ability, Observability and Relative Advantage. These factors affect the adoption of innovation of a system and will be studied on the IFMIS. However, certain of the factors have been expanded further with the introduction of perceived ease of information management systems usage as noted by Vogel and Cheung (2013), which will also be explored in the paper. Second, the theory involves communication, which Rogers (1995) asserts that it plays different roles as a process at the various stages in the innovation decision process.

2.2.4 Hegelian Dialectic Model

This study is based on Hegelian dialectic Model (Hegel, 1995). The model has it that the organizational entity exists in a pluralistic world of colliding events, forces, or contradictory values that compete with each other for domination and control. Oppositions may be internal or external to an entity with several conflicting goals or interest groups competing for priority. The theory explains that change in organizations occurs when opposing values, forces or events gain sufficient power to confront and engage the status quo. Anderson (2001) indicates that opposing forces are termed thesis (status-quo) and antithesis (new situation). Records management systems, procurement procedures, information communications technology and emerging knowledge in procurement and supply chain management in general face several challenges to overcome the obtaining status-quo. Dialogue and consensus building are primary tools. Agency theory can be applied to employer-employee and buyer-supplier relationships, facilitated by ICT and legal framework. Procurement involves several parties with different competing goals. Internal stakeholders, such as departments exist with conflicting goals, adding complexity to the procurement performance. It must be added that the new situation or “way of doing things”, the

synthesis is not necessarily progress to a better state. Using dialectics as research lens in this study implied it in identifying challenges and dilemmas in terms of dialectical contradictions or theses and anti-theses, and through data collection also identifying possible synthesizes or solutions, (Loeb, 2009).

2.3 Theoretical review

According to Rembe (2011), the public sector has been caught in recent years at the crossroads of multiple and conflicting pressures stemming from globalization, public debt problems, the rise of information technology and a more sophisticated and demanding consumer base. Large and expensive public sectors are becoming more difficult to maintain in a new environment of dwindling resources, rising expectations and global economic competition. The concepts of service quality and service satisfaction are indeed closely related, although the exact nature of these customer judgments and the relationship between them remains fuzzy. Similarly, to satisfaction, perceived service quality is often conceptualized as the comparison of service expectations with actual performance perceptions. Mwaniki (2014) indicates that for any organization to change its focus and become more competitive, performance is a key driver to improving quality of services. Use of inappropriate means can be a barrier to change and may lead to deterioration of procurement operations. Minani (2012) assessment of how integrated financial management information system enhances financial decision making at Tanesco and TTCL, Tanzania concluded that organizations, which do not have performance means in their processes, procedures, and plans, experience lower performance and higher customer dissatisfaction and employee turnover. Measuring procurement performance yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage. Electronic processes have replaced physical and paper-based processes. E-procurement moves tendering, negotiation and purchasing processes to websites. Improvement to a PE's procurement performance can be realized through reduced costs and wider choice availed. Research in service quality has been conducted within the framework of the gap model. The central idea in this model is that service quality is primarily a function of the difference scores or gaps between expectations and perceptions. Vishanth et al., (2011) in a study on the complexities of e-Government implementation and diffusion in a developing country found that it is necessary for the involvement of government agencies to contribute their data to meet users' needs of e-Government services.

1.0 RESEARCH METHODOLOGY

Descriptive research design was adopted. Respondents in the study comprised of suppliers and staff of Nyeri county Government. A self-administered questionnaire was use to collect data. Descriptive and regression analysis were used.

4.0 FINDINGS

4.1 Response Rate

Analyzed data was received from seventy two out of the targeted seventy four respondents. Thus a commendable response rate of 97.3% was achieved. As per Mugenda and Mugenda (2003), a response rate of above 80% is regarded as very good.

4.2 Descriptive Analysis

4.2.1 County Government Suppliers Data

Questionnaires were administered to 38 respondents and all were filled and returned. Results showed that all the respondents (100%) cited that they utilized IFMIS in the procurement process at Nyeri county government. This showed that the country government of Nyeri had adhered to the PFM Act requirements of IFMIS application in the procurement process. Thus the respondents could be able to articulate IFMIS issues from a point of knowledge and experience, ensuring credible data analysis. Influence of IFMIS on supplier capacity to supply goods and services to the county government was cited little by all (100%) of the respondents. This showed a low supplier confidence in the system a factors that may contribute to poor procurement performance. Not many of the respondents had some training in the application of IFMIS with 60.5% citing that they had no training. For the 39.5% trained, they rated the effectiveness of the training programme as average, indicating that it was not satisfactorily undertaken. The government (both national and county) capacity to implement IFMIS effect on the supply of goods and services to the county was cited as much by 68.4% and very much by 31.6%, indicating that institutional factors impeded on IFMIS implementation at the county government of Nyeri. Rating of suppliers' satisfaction with the application of IFMIS in procurement was low according to 73.7%, very low 15.8% and average 10.5%. This showed that IFMIS implementation had a challenge at the county government of Nyeri, a factor that may affect procurement performance. Suggestions for County government to enhance implementation of IFMIS were that: it should lobby the committee of governors to dialogue with the national government treasury and key stakeholders on the effective application of IFMIS (44.7%); re-evaluate and invest in IT capacity and software upgrade that works with the system (29.0%), build users capacity (both staff and suppliers) to enhance diffusion (26.3%). In order to enhance implementation of IFMIS by National government, respondents suggested that: revise the software applied to reduce systems breakdown that has faulted the e-procurement process (68.4%); and the National Treasury should enhance its IFMIS stakeholder capacity building to ease applicability and reduce resistance on perception of complexity by both suppliers and staff (31.6%).

4.2.2 Staff and Committee Members Data

The study sought to find out how much the respondents were involved in the implementation of IFMIS at the county government of Nyeri. Results indicate that involvement by 38.3% of the respondents was much, 23.5% very much, 29.4% moderate and 8.8% little. Thus, majority of the respondents were active in the implementation process and could well articulate IFMIS adoption factor.

IFMIS applications fully integration in procurement process at the county government was sought in the study. Results showed that all the respondents (100%) indicated that the four applications: loading of procurement plans; end to end e-procurement process: addressing pending bills; and funds transfer had been fully integrated. As such, the County government had invested in IFMIS technology in the procurement process, thereby laying requisite infrastructure/software for systems operation.

The study sought to establish the extent to which procurement department used IFMIS features/modules for procurement. Results showed that public sector budgeting was applied to a large extent according to 35.3%, moderate by 38.2% and little by 26.5% of the respondents. Purchase order module was largely applied according to 47% of the respondents, moderate by 32.4% and 26.7% little by 20.6%. Accounts payable application was cited very large by 32.4%, large by 41.1%, and moderate by 20.6%. Analytical tools application was cited large by 64.8%, moderate and very large by 17.6% respectively. Plan to budget application was cited moderate by 70.6%, large by 17.6% and little by 11.8%. However, IFMIS implementation report (2015) indicated that the system's integrated approach provides an interface to the procurement and expenditure data in the IFMIS General Ledger so as to provide synchrony between the core financial management functions, and thus the result show a moderate implementation effectiveness of P2B. Procurement to pay application was cited large by all the respondents. As such, P2P, analytical tools and accounts payable modules were significantly applied in the procurement process at the county government.

The study sought to establish the major factors challenging the application of IFMIS at the county government. Results showed that 29.4% of the respondents cited that complexity and speed of transactions posed the major challenge, followed by data access (23.5%) and lastly software and hardware costs (5.9%). Further, 11.8% of the respondents cited that staff skills in IFMIS implementation were a challenge. In further concurrence with the findings, speed of transactions challenge was earlier established by ICPAK (2014) baseline survey conclusion that most counties experienced connectivity challenges when the national IFMIS server was down leaving the rest of the country grounded. It recommended that the national treasury should roll out county connectivity through a more reliable medium such as fiber optic cable as opposed to modems, or counties could consider clusters in which they make collective investments in laying connectivity infrastructure to compliment the efforts of the national government.

The study sought to establish respondents' views on the relation of re-engineered IFMIS modules to procurement performance. Results indicate that re-engineered IFMIS modules affected procurement performance of Nyeri county government. It was generally observed that the modules have enhanced task efficiency in procurement to some extent. However, respondents cited that the modules complexity hindered effective implementation in procurement processes and that there is capacity challenges among government officers that limit full use of IFMIS. Mwakio (2015) study concluded that previous training on IFMIS had not involved senior county officers who were often too busy attending to other matters and thereby sending their junior staff for the training instead. This allowed for a select few officers to be able to run the system and as such leaving it prone to manipulation, especially by senior duty bearers in procurement and finance departments. Change management in the public sector requires a lot of political will. IFMIS, just like any other public policy, needed significant backing from the country's political class to succeed.

4.3 Customer Satisfaction through IFMIS and Procurement Performance

The study sought to establish the influence of customer satisfaction through IFMIS adoption on procurement performance at the county government of Nyeri. Results indicate that the

implementation of IFMIS had not led to customer satisfaction at the county government of Nyeri. All the factors explored showed results of significant influence of IFMIS implementation to customer satisfaction, with mean of higher 4.0588 in regard to whether IFMIS implementation has enable suppliers' complete projects on time. IFMIS implementation has enable supply of quality goods and services as well as the fact that implementation allows for customer access to procurement information had a mean of 4.0441. There was further a mean of 4.0176 in regard to the fact that IFMIS implementation had enhanced public confidence in procurement process of the county government. Overall, IFMIS implementation lack of customer satisfaction is a probable contributor to low procurement performance at the county government of Nyeri.

4.4 Regression Analysis

Regression analysis was conducted between customer satisfaction and procurement performance. From the regression results in Table 4.16, the R value was 0.154 indicating that there is a relationship between customer satisfaction and procurement performance in Nyeri county government. The R squared (R2) value of 0.024 shows that 2.4 percent of the procurement performance is explained by customer satisfaction. The remaining 97.6 percent is explained by other factors. From the regression results in Table 4.16, the R value was 0.154 indicating that there is a relationship between customer satisfaction and procurement performance in Nyeri county government. The R squared (R2) value of 0.024 shows that 2.4 percent of the procurement performance is explained by customer satisfaction. The remaining 97.6 percent is explained by other factors.

Table 1 Model Summary of Customer Satisfaction and Procurement Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.154[a]	.024	.009	1.24315

The model was insignificant with the F ratio = 1.600 at p value 0.210 > 0.05. This is an indication that customer satisfaction when considered singly has an insignificant influence on procurement performance of the County government of Nyeri.

Table 2 ANOVA for Customer Satisfaction and Procurement Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.473	1	2.473	1.600	.210[b]
	Residual	101.997	66	1.545		
	Total	104.471	67			

Customer satisfaction had positive but insignificant effect on procurement performance with β = 0.197 at p value 0.210 which is greater than 0.05. This factor was found to have an influence on

procurement performance of the county government of Nyeri though it was not statistically significant. The bivariate model for the monitoring is in the form of:-

PP= 2.605 + 0.197(CS) + e.

Table 3 Regression Coefficients of Customer Satisfaction and Procurement Performance

Model		Unstandardized Coefficients		Standardized Coefficients		I
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.605	.655		3.974	.000
	Customer Satisfaction	.197	.156	.154	1.265	.210

a. Dependent Variable: Procurement performance

5. DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Discussion

The study sought to ascertain whether customer satisfaction influenced the procurement performance of the county government of Nyeri. In order to ascertain the relationship between customer satisfaction and financial performance, the study tested the relationship between the two variables using multiple regression analysis. At 5% level of significance the regression results indicated a positive but insignificant relationship between customer satisfaction and procurement performance with β=0.021 at p value 0.911 which is greater than 0.05. Descriptive data analysis results indicate that the implementation of IFMIS had not led to customer satisfaction at the county government of Nyeri. Results for all the factors explored showed low significant influence of IFMIS implementation to customer satisfaction. In concurrence, Minani (2012) concluded that organizations, which do not have performance means in their processes, procedures, and plans, experience lower performance and higher customer dissatisfaction. Bwalya et al. (2014) also pointed out that IFMIS user capacity factors and technological factors are key in the Kenyan context, noting complexity of the system, lack of a clear picture of the benefits that users derive from the system and lack of top management support.

5.2 Conclusion

Low influence of customer satisfaction was observed and since the system was government controlled, it leaves little tangible contribution of customers in the implementation process.

5.3 Recommendations

This study recommends that the National Treasury and ICT Ministry should undertake joint research into the most feasible platform to host IFMIS. This study recommends that the county government should liaise with the IFMIS capacity building department at national level to localize training programmes for staff, committee members, Members of County Assembly and the general public. The county government should come up with policy to ensure that stakeholder capacity building is developed to enhance diffusion of IFMIS technology.

Institutional capacity was found to play a vital role procurement performance. The county government of Nyeri had laid the requisite infrastructure, though software challenges abound. This study recommends that the county government should seek designers in IT to get the best information of the systems and also lay down effective legislature on IFMIS procedures that ensure proper financial management at all levels.

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