INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar, Indian Citation Index (ICI), J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)], Index Copernicus Publishers Panel, Poland with IC Value of 5.09 (2012) & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than **6575 Cities** in **197 countries/territories** are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	**ANALYSIS OF LEVELS AND PATTERN OF CONSUMPTION EXPENDITURE OF MARGINAL AND SMALL FARMERS IN RURAL PUNJAB-INTER DISTRICT ANALYSIS** *SUKHVIR KAUR & GIAN SINGH*	1
2.	**EFFECT OF PREFERENTIAL PUBLIC PROCUREMENT SCHEMES ON PERFORMANCE OF MICRO, SMALL AND MEDIUM-SIZED CONSTRUCTION FIRMS IN MIGORI COUNTY, KENYA** *KISAKA MOSES WABUTO, Dr. MANIAGI MUSIEGA, Dr. WILLIS OTUYA & KIONGERA NJEHU FREDRICK*	7
3.	**STUDY THE IMPACT OF BUDGETARY CONTROLS ON THE PERFORMANCE OF AN ORGANIZATION** *HIMANI*	12
	REQUEST FOR FEEDBACK & DISCLAIMER	17

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR

IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF** ____.

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled '____' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR	:
Designation/Post*	:
Institution/College/University with full address & Pin Code	:
Residential address with Pin Code	:
Mobile Number (s) with country ISD code	:
Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No)	:
Landline Number (s) with country ISD code	:
E-mail Address	:
Alternate E-mail Address	:
Nationality	:

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation **etc**. ***The qualification of author is not acceptable for the purpose***.

NOTES:

a) The whole manuscript has to be in ***ONE MS WORD FILE*** only, which will start from the covering letter, inside the manuscript. ***pdf. version is liable to be rejected without any consideration***.

b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail**:

New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.

d) The total size of the file containing the manuscript is expected to be below **1000 KB**.

e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.

f) ***The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours*** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.

g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.

2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters**, **centered** and **fully capitalised**.
3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name**, **designation**, **affiliation** (s), **address**, **mobile/landline number** (s), and **email/alternate email address** should be given underneath the title.
4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
5. **ABSTRACT:** Abstract should be in **fully Italic printing**, ranging between **150** to **300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA**. ***Abbreviations must be mentioned in full***.
6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.
8. **MANUSCRIPT:** Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. *It should be free from any errors i.e.* ***grammatical, spelling*** *or* ***punctuation.*** *It must be thoroughly edited at your end*.
9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:

INTRODUCTION

REVIEW OF LITERATURE

NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESIS (ES)

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

LIMITATIONS

SCOPE FOR FURTHER RESEARCH

REFERENCES

APPENDIX/ANNEXURE

The manuscript should preferably be in ***2000 to 5000 WORDS***, But the limits can vary depending on the nature of the manuscript.

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR**, **centered**, **separately numbered** & self-explained, and the **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. *It should be ensured that the tables/figures are referred to from the main text.*
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. ***The author (s) should mention only the actually utilised references in the preparation of manuscript*** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parenthesis.
- ***Headers, footers, endnotes*** *and* ***footnotes*** *should* ***not be used*** *in the document.* However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

EFFECT OF PREFERENTIAL PUBLIC PROCUREMENT SCHEMES ON PERFORMANCE OF MICRO, SMALL AND MEDIUM-SIZED CONSTRUCTION FIRMS IN MIGORI COUNTY, KENYA

KISAKA MOSES WABUTO
POST GRADUATE STUDENT
SCHOOL OF BUSINESS & ECONOMICS
MASINDE MULIRO UNIVERSITY OF SCIENCE & TECHNOLOGY
KENYA

Dr. MANIAGI MUSIEGA
LECTURER
SCHOOL OF BUSINESS & ECONOMICS
MASINDE MULIRO UNIVERSITY OF SCIENCE & TECHNOLOGY
KENYA

Dr. WILLIS OTUYA
LECTURER
SCHOOL OF BUSINESS & ECONOMICS
MASINDE MULIRO UNIVERSITY OF SCIENCE & TECHNOLOGY
KENYA

KIONGERA NJEHU FREDRICK
LECTURER
SCHOOL OF BUSINESS & ECONOMICS
MASINDE MULIRO UNIVERSITY OF SCIENCE & TECHNOLOGY
KENYA

ABSTRACT

Preferential public procurement schemes are the use of public procurement to achieve other government socio-economic development goals. These schemes can provide an avenue for micro, small and medium-sized firms to access a major market share of public contracts. However, the performance of these firms after winning public contracts is not fully studied. This study sought to investigate the effect of preferential public procurement schemes on performance of micro, small and medium-sized construction firms in Migori County in Kenya. The study endeavored to assess the effect of reservation schemes on firm performance and tested the hypothesis that the relationship between reservation schemes and firm performance was not significantly moderated by government policy and regulations. The target population was 114 micro, small and medium-sized construction firms in Migori County in Kenya. However, 88 procurement officers from these firms were selected using the Krecjie and Morgan formula and administered with structured questionnaires for purposes of primary data collection. Secondary data was obtained from published Kenya Treasury websites and Migori County Contractor's Association records. Descriptive and inferential statistical tools were used to test the relationship between independent and dependent variables through correlation and regression analysis. A Statistical Package for Social Science version 25.0 was used for data analysis. The findings of the study indicated that reservation schemes have a positive and statistically significant relationship with performance of micro, small and medium-sized construction firms in Migori County in Kenya. However, government policy and regulations had no moderating effect on the relationship between reservation schemes and performance of micro, small and medium-sized construction firms in Migori County. The study recommends that reservation schemes should be embraced and enhanced by both private and public sector procurement managers in all public procurement processes to help vulnerable targeted groups' access to public contracts.

KEYWORDS

preferential public procurement, reservation schemes, performance, micro, small and medium-sized enterprises, construction firms.

JEL CODE

L74

INTRODUCTION

According to the United Nations Development Programme (UNDP, 2010) Government or public procurement refers to the overall process of acquiring goods, civil works and services, which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services' contract or the useful life of an asset.

Preferential public procurement scheme implies the use of public procurement to achieve simultaneously goals of procuring necessary goods and services while doing so in a way that aligns with other government policy initiatives. For instance, fostering job creation, achievement of value for money and better quality products or services among others (Nielson, 2017). The United States (US) construction industry was the first to implement affirmative action procurement strategies for government projects (McCrudden, 1995). The Congress established a 23% government wide goal for awards of contracts to small businesses. Similar programs were also created by federal agencies, and by state and local government authorities that implemented public works construction projects.

From previous literature both Chinese (Chen, 2012) and Indian (Agarwal, 2012) governments have enacted and approved public procurement policies requiring all central ministries or departments and public sector units to reserve or set aside at least 20% of annual procurement budgets for SMEs. Similarly, local government authorities or units in these countries use reservation schemes for buying from small businesses. Timm (2011) reveals that in South Africa some local and provincial governments have set targets for buying from small business, for instance, 40% of spend for the City of Cape Town and 60% for the Gauteng government.

According to the Republic of Kenya (R.O.K, 2007), Kenya's Vision 2030 is a long-term development plan that aims to transform the country into a newly industrializing middle-income economy. The Kenya government has been carrying numerous reforms in its public procurement policies to attain its socio-economic and political agenda. The Public Procurement and Disposal Act (PPAD, 2011) of Kenya aims at facilitating the promotion of local industry and economic development by setting preference and reservation schemes that allows public entities to reserve certain procurements to identified target groups. These include the launch of the Youth Access to Government Procurement opportunities (YAGPO) initiative in the year 2012 that set aside 10 per cent of all Government contracts for the youth-led enterprises to address the issue of rampant youth unemployment. In the year 2013, the government of Kenya increased this bracket to 30 per cent and expanded the access groups to include women and persons with disability owned enterprises and directed that they face no competition from established companies. Consequently, YAGPO was renamed Access to Government Procurement opportunities (AGPO, 2019).

Subsequent amendments led to the enactment of the PPAD (2013) which mandates a procuring entity to allocate at least 30 per cent of its procurement spend for the purposes of procuring goods, works and services from micro and small enterprises owned by youth, women and persons with disability. Finally, through the "Buy-Kenya, Build-Kenya strategy" (Republic Of Kenya, 2017); in March 2015 the President of Kenya gave a directive that all Government agencies, that is, Ministries, Departments and Agencies (MDAs) should reserve at least 40% of their procurement budget for purchase of locally produced goods and services.

CONCEPTUAL FRAMEWORK

RESERVATION SCHEMES

The Public Procurement Research Group defines reservation schemes as procurement practices where some quotas or share of the procurement business is reserved or set aside for certain targeted disadvantaged sections of the population or groups of people who for one reason or another would not be able to access the procurement proceedings and win a contract through the normal bidding procedures (Construction Industry Development Board (CIDB), 2004). These include women, youth, elderly, persons with disabilities and; micro, small and medium-sized enterprises among others. Reservation schemes are categorized into four methods; set asides, qualification criteria, contractual conditions and offering back.

A "set aside" is essentially a quota, referring to a certain percentage of designated government procurement contracts or total spending reserved, or "set aside", for a targeted category of bidders that meet the preferential qualification criteria (World Bank, 2016) or prescribed characteristics. Qualification criteria is a condition aimed at promoting the participation of certain targeted groups in public procurement by technically excluding firms that cannot meet a specified requirement, norm, policy objective or any other criteria provided for in the law. Contractual conditions aim at allocation of a fixed percentage of work to be subcontracted out to enterprises that have prescribed characteristics or agree to meet prescribed obligations such as performing a contract as a joint venture with local firms or employing specific local personnel or materials while undertaking the contract. Offering back strategy targets tenderers who can satisfy criteria relating to policy objectives and opportunity to undertake the whole or part of the contract if that tenderer is prepared to match the price and quality of the best tender received. The main focus is to ensure that the contractor is capable of meeting the primary purpose of the contract (criteria) in addition to certain specified conditions, like price and quality (CIDB, 2004).

FIRM PERFORMANCE

Performance is of key interest of each business manager or owner. Penrose (1995) argued that a performance is associated analysis of the degree to which a firm has successfully accomplished its ends. From a project management perspective, performance is all about meeting or exceeding stake holders' needs and expectations from a project. Tunji-Olayeni *et al.* (2014) notes that construction SMEs make use of cost, time, quality, and customer satisfaction, profitability of project, labour productivity, safety and team work for evaluating performance. However, regardless of the differences among writers on the definition of performance, they agree that it is mostly tied on some level of success or achievement or ability to reach set targets. This study measured firm performance based on both financial and non-financial criteria, that is, an increase in job creation, profitability, deliverables and customer satisfaction.

GOVERNMENT POLICY AND REGULATIONS

Performance of SMEs is dependent on laid down government policies. The Government of the daytime, often amends laws in line with its political policies. Government policies and regulations can boost and support the growth of SMEs or hinder their performance. Therefore, SMEs regularly has to be compelled to alterations in the legal framework. These policies will cause a substantial impact on the competitiveness, ambitiousness and expediency of SMEs. Therefore, the development of sound good government policy for SMEs is an indispensable component of the growth strategy of most economies and holds particular significance. (Eniola & Entebang, 2015). In Kenya, the Constitution of Kenya 2010, the Public Procurement and Disposal Acts (PPDA, 2011; PPAD 2013; PPAD, 2015; PPAD, 2018 & PPAD, 2020), the Kenya county government laws and the Kenya standards and manuals provide policies, rules and regulations the guide public procurement processes and players among them are guidelines to ensure the inclusivity of various vulnerable targeted groups in public procurement. Another strategy of key importance is the "Buy-Kenya, Build-Kenya strategy" (R.O.K, 2017). This study incorporated a number of Kenya government public procurement policy guidelines and regulations from the above mentioned references which acted as the moderating factor in the relationship between reservation schemes and firm performance.

LITERATURE REVIEW

THEORETICAL REVIEW

This study is anchored on the public interest theory of regulation postulated by Posner (1974). This theory reveals that regulation defines the border between the government, society, and the market. Posner (1974) recognized two arguments for regulation, namely, (a) that markets were prone to fail and (b) that regulation was costless (zero transaction costs). This theory thrives on the fact that there exist common market failures, these include, monopolies, public goods, asymmetry of information and externalities). Stigler (1971) and Posner (1974) explains that regulation seeks the protection and benefit of the public at large and proposes that when market fails, economic regulation should be imposed in order to maximize social welfare. Therefore, the objective of regulation is to achieve certain public desired results by rectifying situations of market failure which make areas operate inefficiently or inequitably (Posner, 1974). Government regulation is one of the methods of achieving efficiency in the allocation of resources (Shubik, 1970 & Arrow, 1985). This is done by imposing penalties or sanctions to non-compliant firms in the economy.

However, this theory has been criticised of being difficult to define and to be written down into specific policies, absence of public interest in market failures and lack of a complete, informed and rational decisions (Posner, 1974). Critics to the theory say that it is preferable to rely on the market to solve market imperfections, than on government intervention (Stigler, 1971). The creation and operation of regulatory agencies is meant to transfer economic resources to private interests in return for votes or campaign contributions to politicians. Since SMEs are the backbone of the Kenyan economy, the government has set up numerous initiatives to ensure that they thrive by creating an enabling environment through preferential public procurement schemes. Therefore, this theory is relevant to the study as it explains effect of government policy and regulations in overcoming weaknesses faced by MSMCFs in their attempt to access the market to government tenders.

EMPIRICAL REVIEW

Kituyi, Oketch, Namusonge & Sakwa (2017) carried out a review on the effect of public reservation practices on service delivery in Kenya. The results of the review indicate that public procurement preference and reservations policy among the youth, women and persons living with disabilities are still not fully implemented.

Ndung'u & Ochiri (2017) carried out a study aimed at finding out the effects of procurement policy on customer service delivery in the telecommunication sector; a case of Safaricom Company limited. This study revealed that there was a positive relationship between the components of procurement policy and customer service delivery.

The World Bank carried out a survey on preferential public procurement policy case studies on inclusive business (World Bank, 2016). Findings on the effectiveness of the Public Services Social Value Act (2013) in the UK revealed that there was a 75% employment of young and disadvantaged people and 83% opportunities for training and local employment as a result of preferential procurement policy.

Marendi (2015) carried out a study on public procurement legal framework implementation and performance of state corporations in Kenya. This study indicated that there was a strong positive and statistically significant relationship between implementation of Preference and Reservations Regulations (2011) on organizational performance of state corporations in Kenya. The R^2 value indicated an explanatory power of the independent variable of 0.380. This means that 38% of the variation in performance was explained by the implementation of the Preference and Reservations Regulations.

Ngeno, Namusonge & Nteere (2014) investigated the effects of discriminatory public procurement practices on organizational performance in the Kenyan public sector. The findings in this study revealed that discriminatory procurement practices had significant positive relationship on State Corporations performance with reservation practices having contributed the most to organizational performance followed by indirect practices and preference practices respectively.

Previous studies by Myers (2006); Bates (2009); Abor & Quartey (2010) also found out that elimination of a preferential program limited employment opportunities along with procurement opportunities, thereby suggesting an existence of a correlated relationship.

SIGNIFICANCE OF THE STUDY

Academically, finding answers to how micro, small and medium–sized construction firms perform after winning public contracts through preferential public procurement initiatives addresses significant research gaps in the literature. But most importantly, study findings can be used as a blue print for the improvement of legislation on preferential government procurement opportunities and decision making by stakeholders in the construction industry.

STATEMENT OF THE PROBLEM

According to the National Construction Authority (2018) a majority (over 80%) of Kenyan contractors are small and medium-sized enterprises thus only eligible to be registered under lower categories of projects and can only access 30% of major tenders that are awarded in this country. In spite of Kenya's numerous public procurement reforms, its micro, small and medium-sized enterprises still find it hard to participate and survive in the public procurement market. The Kenyan National Bureau of Statistics (KNBS, 2016) reported that a total of 2.2 million micro, small and medium-sized enterprises were closed within the last five years after establishment. More so, the construction industry in Kenya has hit media headlines several times due to the collapse of buildings in the recent past. This has attracted a lot of attention from the government and investors on how quality assurance and quality control is done in the industry.

A report by Hivos (2018) on the impact of access to government procurement opportunities on youth, women and persons with disability shows that there was an 82% increase in the number of enterprises owned by youth, 70% increase in new jobs creation and a 71% increase in annual revenue generated by youth owned enterprises. The income from these initiatives accounted for 35% of sales and 38% of overall profit. In addition, the KNBS (2016) reported that approximately 148,000 people are formally employed in the domestic building and construction industry.

But still, there appears to be a scarcity of literature review on this topic in Kenya. Nielson (2017) notes that there is a persistent lack of studies attempt in the increased engagement of small and medium enterprises, making concrete claims about efficacy and positive impacts more difficult. A study by the World Bank (2012) found out that 30% of small and medium enterprises would likely exit the market if the set-asides were removed. The Kenya government also acknowledges the lack of performance information system, comprehensive performance evaluation system and performance incentive system in this sector (Government of Kenya, 2014). Kituyi, Oketch, Namusonge & Sakwa, (2017); Murray (2014); Flynn, Davis, & McEvoy (2013); Letchmiah (2012) and Matovu (2011) recommend more studies to be carried out focusing on the impacts of preference programs for small and micro businesses. This study aims to bridge this existing knowledge research gap on effect of preferential public procurement schemes on performance of micro, small and medium-sized construction firms in Migori County in Kenya.

OBJECTIVES OF THE STUDY

Generally, this study sought to investigate effect of preferential public procurement schemes on performance of micro, small and medium-sized construction firms in Migori County in Kenya. But more specifically it endeavored;

1. To examine the effect of reservation schemes on performance of micro, small and medium-sized construction firms in Migori County.
2. To establish the moderating effect of government policy and regulations on the relationship between reservation schemes and performance of micro, small and medium-sized construction firms in Migori County.

RESEARCH HYPOTHESES

1. $\mathbf{H_{01}}$ Reservation schemes have no significant effect on performance of micro, small and medium-sized construction firms in Migori County.
2. $\mathbf{H_{02}}$ Government policy and regulations have no moderating effect on the relationship between preferential public procurement schemes and performance of micro, small and medium-sized construction firms in Migori County.

METHODOLOGY

This study adopted descriptive survey research design to describe the relationship between dependent and independent variables. The reason being, it is set out to describe and interpret a situation (Etemesi, 2010), as it is.

TARGET POPULATION

The target population was 114 micro, small and medium-sized construction firms in Migori County in Kenya. The study targeted a sample of 88 procurement officers, who were selected using the Krecjie & Morgan (1970) formula.

EMPIRICAL MODEL

This study was guided by the following general linear regression model:

Model 1; $Y = \beta_0 + \beta_1 X_1 + \epsilon$

Where: Y = Dependent Variable (firm performance)

Independent variables which include;

$\mathbf{X_1}$ is Reservation schemes.

In the model, β_0 represents the constant term while the coefficient β_1 was used to measure the sensitivity of the dependent variable (**Y**) to unit change in the predictor variable $\mathbf{X_1}$. ϵ is the error term which captures the unexplained variations in the model.

When moderation is introduced i.e. Model 1 plus government policy and regulations as a moderating factor;

Model 2; $Y = \beta_0 + \beta_1 X_{1*} M + \epsilon$

Where β_0 = a constant

β_0 **and** β_1 are the regression coefficients

ϵ = the stochastic term

M is government policy and regulations as a moderator.

DATA COLLECTION

This study used both primary and secondary data. Secondary data was sourced from the National Treasury via the internet through its AGPO website and Migori County Contractors Association records of 2019. A structured questionnaire comprising of closed-ended questions was used to collect primary data from 88 Procurement Officers of the selected construction firms in Migori County. A pilot study was done in Homabay County by selecting ten respondents from micro, small and medium construction firms using simple random sampling method.

Data analysis and processing involved both descriptive and inferential statistical measures. A Statistical Package for Social Sciences (SPSS) version 25 was used to examine the relationship between the independent and dependent variables. This involved the use of frequencies, percentages, means, standard deviations, Pearson's Product Moment Correlation Coefficient tests (r), Analysis of Variance (ANOVA), coefficient of determination analysis (R^2) and Multiple Regression Analysis (MRA). Some findings were presented using tables.

FINDINGS
Questionnaire's response rate was found to be 71 out of 88=81% which was very good according to (Mugenda & Mugenda, 2003). Results from this study reveals that 87.5% of respondents agreed to the sentiment that reservation schemes led to an increase in job opportunities for local people and 100% agreed that reservation schemes contribute to an improvement in firm profitability. But on average 54.2% of respondents were skeptical about whether reservation schemes contributed to the quality and speed of firm project outcomes. Another 45.8% were neutral, that is to say, they did not agree nor disagree to the notion that reservation schemes influenced customer satisfaction.
Table 1 shows the values of R and R^2 for the model fitted of 0.759 and 0.576 respectively. The R value of 0.759 revealed a strong and positive linear relationship between reservation schemes and firm performance. The R^2 value indicated the explanatory power of the independent variable of 0.576. This implied that 57.6% of the variation in firm performance was explained by the model $Y= \beta_0 + \beta_1 X_1$.

TABLE 1: MODEL SUMMARY FOR RESERVATION SCHEMES AND FIRM PERFORMANCE

Model Summary[b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.759[a]	.576	.570	.31297	1.950
a. Predictors: (Constant), RESERVATION					
b. Dependent Variable: PERFOMANCE					

ANOVA results in Table 2 shows that the F-statistic=93.770 and P-value of 0.000. Since the P-value of the F- statistic was less than 0.05, it showed that the coefficient in the equation fitted was not equal to zero implying a good fit.

TABLE 2: ANOVA FOR RESERVATION SCHEMES AND FIRM PERFORMANCE

ANOVA[a]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	9.185	1	9.185	93.770	.000[b]
	Residual	6.759	69	.098		
	Total	15.944	70			
a. Dependent Variable: PERFORMANCE						
b. Predictors: (Constant), RESERVATION						

MODERATING EFFECT OF GOVERNMENT POLICY AND REGULATIONS ON THE RELATIONSHIP BETWEEN RESERVATION SCHEMES AND FIRM PERFORMANCE
This study also sought to determine the moderating effect of government policy and regulations on performance of micro, small and medium-sized construction firms in Migori County in Kenya. In order to determine the relationship between the two variables ordinary least squares regression was used. Hence, the regression model $Y=\beta_0+\beta_2 X_2 * M + \epsilon$ was fitted from the data where X represented reservation schemes, M represented government policy and regulations as a moderator and Y represented firm performance. The results presented in Table 3 shows model fitness for a regression model after moderation.

TABLE 3: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.739[a]	.0556	.553	1.22991	.017	3.638	1	69	.061	1.831
a. Predictors: (Constant), **RESERVATION, GOVERNMENT**										
b. Dependent Variable: **PERFORMANCE**										

The R Square before moderation was 57.6% but after moderation the R square reduced to 55.6%. This implies that government policy and regulations reduced performance of micro, small and medium-sized construction firms in Migori County. Further, the moderating term had no significance with P value 0.061>0.05 (in Table 4). These findings reveal that the regression model was not a good fit. It also implies that government policy and regulations was not significant in moderating the relationship between reservation schemes and the performance of micro, small and medium-sized construction firms in Migori County in Kenya.

TABLE 4: ANALYSIS ON VARIANCE (ANOVA[b])

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.054	1	10.054	3.638	.061[a]
	Residual	165.817	69	2.764		
	Total	175.871	70			
a. Predictors: (Constant), **RESERVATION, GOVERNMENT**						
b. Dependent Variable: **PERFORMANCE**						

CONCLUSIONS
This study concludes that there is a positive and statistically significant relationship between reservation schemes and performance of micro, small and medium-sized construction firms in Migori County in Kenya. Finally, this study revealed that the government policy and regulations had no significant effect on the relationship between reservation schemes and performance of micro, small and medium-sized construction firms in Migori County, Kenya.

RECOMMENDATIONS
The study recommends that reservation schemes should be embraced and enhanced by both private and public sector procurement managers in all public procurement processes to help vulnerable targeted groups' access to public contracts.

SUGGESTIONS FOR FURTHER STUDIES
More in-depth studies need to be carried out to establish whether contractor's resource base like skills levels or skills acquisition and experience contribute to better project outcomes or deliverables in the long-run. There is also the need to determine the effect of preferential public procurement schemes on the project costs and consequently on the profitability of micro, small, medium-sized construction firms in Kenya. Lastly, his study recommends further research into factors influencing customer satisfaction and retention in construction industry in Kenya.

REFERENCES
1. Abor, J., & Quartey, P. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics,* (39), 218-228.

2. Arrow, K.J. (1985). 'The potentials and limits of the market in resource allocation', in Feiwel, G.R. (ed.), Issues In contemporary microeconomics and welfare, London, The Macmillan press, 107-124.
3. Bates, T. (2009). Utilizing affirmative action in public sector procurement as a local economic development strategy. *Economic Development Quarterly, 23*(3), 180-192.
4. Chen J. (2013). Challenges in Designing Public Procurement Linkages: A Case Study of Smes Preference in China's Government Procurement. *UCLA Pacific Basin Law Journal* (149) 2013
5. Eniola, A.A. & Entebang, H. (2015). Government policy and performance of small and medium Business Management. *International Journal of Academic Research in Business and Social Sciences, Vol. 5* (2) pages 237-248.
6. Flynn. A., Davis.P. McKevitt.D. and McEvoy.E (2013), "Mapping public procurement in Ireland *Public Procurement Law Review,* 74-95.
7. Hivos, (2018). Kenya's efforts to empower women, youth and persons with disability through public procurement. Retrieved from www.east-africa.hivos.org.
8. Kenya National Bureau of Statistics. (2016). The 2016 National Micro, Small and Medium Establishment (MSME) Survey; Highlights of Basic Report.
9. Kituyi, W. Oketch, R. & Namusonge, G. (2017). Effect of procurement reservation practices on service delivery in Kenya. A survey of public institutions in Kenya: a critical review, *International Journal of Education and Research. 5* (12).
10. Letchmiah, D. R. (2012). An Examination of the effectiveness of Preferential Procurement in the South African Construction Industry. Unpublished PhD Thesis, University of the Witwatersrand.
11. Marendi, P. N. (2015). Public Procurement Legal Framework Implementation and Performance of State Corporations in Kenya, A Thesis Submitted In Partial Fulfillment for the Degree of Doctor of Philosophy, Jomo Kenyatta University of Agriculture and Technology.
12. Matovu, B.H. (2011). Perceived quality of accounting information and performance of small and medium-sized enterprises (SMEs). A thesis submitted for the degree of Doctor of Philosophy, Makerere University.
13. McCrudden, C. (1995). Public Procurement and Equal Opportunities in the European Community; a Study of Contract Compliance in Member States of the European Community and Under European Law Contract File No. SOC 9310257105B04, Oxford University.
14. Mugenda, O.M. & Mugenda A.G. (2003), Research Methods: Quantitative and Qualitative Approaches. Acts Press, Nairobi.
15. Murray, J. G. (2014). Public procurement needs outcome evaluations. *Public Money & Management, 34* (2) 141–143.
16. Myers, C. K. (2006). A cure for discrimination-affirmative action and the case of California's proposition 209. *Industrial and Labor Relations Review, 60*(3), 379-396.
17. National Construction Authority. (2018). An in depth overview of regulatory requirements in the construction industry. Financial reporting and management seminar for the construction industry. NCA Perspective.
18. Ndung'u, J. M & Ochiri, G. (2017). Effects of procurement policy on customer service delivery in Telecommunication Sector; A case of Safaricom Company Limited. *The Strategic Journal of Business and Change Management Vol. 4, 2* (8), pp 113 – 129.
19. Ngeno K.J. Namusonge G.S. & Nteere K.K. (2014), Effect of discriminatory public procurement practices on organizational performance: A survey of public sector corporations in Kenya: *Global journal of commerce and management perspective; 3* (4) 245-256.
20. Nielsen, W. 2017. "Technical Report: Policies that Promote SME Participation in Public Procurement," report for Business Environment Working Group (Donor Committee for Enterprise Development).
21. Penrose, E. (1995). The theory of the growth of the firm, Oxford, Oxford University Press.
22. Posner, R. A. (1974). Theories of Economic Regulation. Center for Economic Analysis of Human Behavior and Social Sciences. NBER working Paper No. 41.
23. Public Procurement and Disposal Acts (2011; 2013; 2015; 2018 &2020). Available online fromwww.ppoa.go.ke. Retrieved on 12/9/2020.
24. Republic of Kenya (2007). Kenya Vision 2030. Government Printing Press.
25. Republic of Kenya (2017). Buy Kenya-Build Kenya strategy.
26. Shubik, Martin (1970). On Different Methods for Allocating Resources, 13*Kyklos*, 332-338.
27. Stigler, George J. 1971. "The Theory of Economic Regulation.*" Bell Journal of Economics and Management Science 2* (1): 3–21.
28. Timm, S. (2011). How South Africa can boost support to small businesses: Lessons from Brazil and India. Trade and indusrial policy strategies.
29. Tunji-Olayeni. P., Olusoji M, lshola O. F., Murtala L. A, Owoicho O., & Opeyemi. J., (2014). Evaluating Construction Project Performance: A Case of Construction SMEs in Lagos, Nigeria; Department of Building Technology, Covenant University, Ota, Ogun State, Nigeria.
30. United Nations Development Programme. (2010). Public Procurement Capacity Development Guide. New York: United Nations Development Programme.
31. World Bank (2012). Review of the World Bank's procurement policies achieving social diversity through the use of supplier preferences in the procurement process.
32. World Bank (2016). World Bank Group for the G20 Global Platform on Inclusive Business.
33. AGPO. (2019). Available online: www.agpo.go.ke. Retrieved on 12/9/2020.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as, on the journal as a whole, on our e-mail **infoijrcm@gmail.com** for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals