THE EFFECT OF PROFESSIONALISM ON PERFORMANCE OF PROCUREMENT FUNCTION IN THE PUBLIC SECTOR: EXPERIENCE FROM THE TANZANIAN PUBLIC ENTITIES

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ABSTRACT: The central focus of this study is to assess the effect of procurement professionalism on performance of the public procurement function in Tanzania. In order to achieve the stated objective, respondents were asked questions on management of records and documents, staffing of the procurement department, competency of personnel involved in the procurement activities, independence of functions and powers in discharging procurement responsibilities and existence of the Professional Code of Ethics and Conduct. The target population was 470 public entities out of which 100 entities purposively constituted the sample size. Performance of the procurement function was assessed by the extent to which the department has achieved the procurement objectives expressed in terms of on Time delivery, right Quality and right Cost of the procured items, works and services. The study used mixed - qualitative and quantitative research techniques for data collection, presentation and analysis. The study used a multistage stratified random sampling technique in identifying potential respondents. The study was guided by a null hypothesis that there is no significant effect of procurement professionalism on performance of the procurement function in the Tanzanian public entities. Data were mainly collected through structured and self administered questionnaires supported with face to face oral interviews. Based on the results of the regression analysis, the coefficient for procurement professionalism is 0.526 and the t-test value is 4.360 and this coefficient is significant (p – value =0.000 < 0.05). These findings suggest that 53% of the variation in performance of the procurement functions in public entities was explained by the extent to which officials involved in the procurement process and decisions in the entity had adhered to procurement professionalism in the course of discharging procurement functions and responsibilities. The study recommends that the procurement departments in Tanzania must be staffed with adequate and professionally qualified personnel. The strategic importance of procurement professionalism on performance of the procurement function will only be realized if there is enforcement of the current provisions of the law addressing procurement professionalism.

KEYWORDS: Procurement Professionalism, Procurement Performance, Procurement Function, Procuring Entity.

INTRODUCTION

Procurement is the activity of assessing, buying and receiving goods, works and services. It is public whenever this process is performed by public organizations or whenever it is performed on their behalf or again funded by public organizations (Adotevi, 2004; Arrowsmith, 2010). In order to ensure public accountability and value for money through procurement transactions, there is a need for professional training and education of those personnel responsible for the procurement process and management (Baily et al., 2015).
Professionalism depends on the staffing, knowledge, skills and capabilities of the human resources and on controls in the system that influences human behavior (OECD, 2007). According to Lyson and Farrington (2012), procurement as a profession, is skilled based on theoretical knowledge, prolonged training and education, competence based on tests and examinations and adherence of professional code of ethics.

Thus, an effective procurement system requires that the procuring entity is staffed with procurement professionals, trained and recognized by the respective procurement professional body (Basheka, 2009). On the other hand, lack of professionalism leads to corruption which ultimately impedes compliance of procurement rules and regulations in procuring entities and adversely affects performance (Raymond, 2008). The increasing importance of procurement suggests that only well trained and qualified personnel should be employed to manage the process. If procurement officers are not professionally trained, lack awareness about all regulations in relation to procurement and related procedures, then serious consequences including, breaches of codes of conduct occur leading to application of unsound procurement practices and therefore declined organizational performance (Atkison, 2006). Various studies indicate that performance in most public entities has been poor due to among others, inadequate and/or incompetent procurement staff (CPAR-Mozambique, 2008; Agbesi, 2009; Gesuka and Namusonge, 2013). As a consequence, the established procurement regulations, rules and procedures are not consistently applied. Procurement staff and all those involved in the procurement process therefore, are required to be familiar with the procurement rules and regulations.

Professionalism in public procurement does not relate to the levels of education and qualifications of the workforce only, but also to the professional approach in the conduct of business activities (Raymond, 2008). According to Robert and Clifford (2004), a professional is characterized by having a professional organization, a Code of Conduct and Ethics, a body of knowledge and research activities. In public procurement, much effort has been made to define the competencies required of those in the profession through professional bodies such as the National Institute of Purchasing, 2004; Kenyan Institute of Supply Management (KISM), 2006 and the Tanzanian Procurement and Supplies Professional and Technicians Board (PSPTB), 2007. These professional bodies are responsible for among others, development and dissemination of codes of ethics and conduct for its professionals.

A number of studies have been conducted on public procurement performance (OECD, 2010; Kakwezi & Nyako, 2010; Kiage 2013; Amayi & Ngugi, 2013; Eyitope et al., 2014) and yet none of them has specifically focused on the effect of procurement professionalism on performance of the procurement function. It is this gap that the author intended to fill by carrying out an empirical study with a view to establishing the extent to which adherence to procurement professionalism affects the performance of the procurement function in public entities in Tanzania.

LITERATURE REVIEW

Institutional Theory

Institutional theory is a traditional approach that is used to examine elements of public procurement (Tukamuhabwa, 2012; Obanda, 2010). The theory adopts a sociological
perspective to explain organizational structures and behavior (Dunn & Jones, 2010). According to Scot (2004), there are three pillars of institutions namely regulatory, normative and cultural cognitive. The regulatory pillar emphasizes the use of rules, laws and sanctions as enforcement mechanism, with expedition as basis for compliance. Adopting from this theory, all public entities in Tanzania are guided by rules and regulations with the respective laws and the attendant regulations and guidelines governing the public procurement processes and activities. The implication of this is that, in order to achieve the high level of performance in the procurement functions, institutions must first be strengthened. Furthermore, procurement performance can be enhanced if training for procurement staff is emphasized (Walker, 2007).

The Principal – Agent Theory

The theory defines the relationship between the principals, such as shareholders and agents or company executives and managers. In this theory, shareholders who are the owners of the company, hire the agents to perform work. Principals delegate the running of business to the managers, who are the shareholders’ agents (Clarke, 2004). According to this theory, procurement managers and all public officials involved in public procurement activities must play the agent role for elected representatives. This is very true in Tanzania where the Public Procurement Act bestows the responsibility of compliance with public procurement legal framework on the Accounting Officers of the procuring entities. The theory shows how the actions and performance of the procuring entities (as the agent) affect the government (as the principal) and other stakeholders (Muranda, 2006).

The Legitimacy Theory

The legitimacy theory states that the organization is responsible to disclose its practices to the stakeholders, especially to the public and justify its existence within the boundaries of society (Wilmshurst and Frost, 2000). This theory, which focuses on the relationship and interaction between an organization and the society, provides a sufficient and superior lens for understanding government procurement system (Tukamuhabwa 2012, Hui et al 2011). According to Witting (1999), public procurement is a process within a political system, as such public officials responsible for the procurement processes and decisions are accountable to representatives of the public whose money is spent.

From this theory, the perceived legitimacy of public procurement rules has been identified as one of the prerequisites of public procurement compliance behavior. Legitimacy of public procurement on the other hand is perceived by the level of integrity and transparency of the procurement staff and procurement process respectively (OECD 2006; Straub et al, 2010). Borrowing from the legitimacy theory, one of the functions of the Procurement Oversight and Regulatory Bodies is to monitor and report on the performance of public procurement system of the country [PPA 2011, sect 9(1) (b)]. Subsequently, the procurement laws require that reports on compliance audits conducted in the procuring entities be published and being open for public debate.

Importance of public procurement

Public procurement as a function of government includes decisions about the services that will be delivered to local authorities and the community they serve (Hughes, 2005; OECD, 2006). It is therefore unsurprising that many of the organizations within the public sector
have expenditures which are vast compared even with some of the large private sector organizations. For example, public procurement accounts for 60% of the Kenya’s public spending (Akech, 2005); 70% in Uganda and Tanzania (Basheka & Bisangabasaia, 2010; Mlinga 2007), 58% in Angola and 40% in Malawi (Witting, 1999). The figures, of course, vary from country to country, but according to various sources (Callender & Mathews, 2000; Knight et al., 2003; Mahmood, 2010) government spending on public services accounts for anywhere between 15 – 45% of Gross Domestic Product (GDP).

Obviously, the sheer amount of this spending has a huge impact on the economy. It is no wonder that public procurement has become an issue of public attention and debate and has been subjected to reforms, restructuring, rules and regulations. These levels of expenditure also provide for sound reasons for analyzing the performance of public procurement operations at all levels (Thai, 2009; OECD, 2010). Measuring and determining performance of the procurement function is important for all organizations, the public sector in particular (OECD, 2010, Mlinga 2007). Performance measurement makes it possible for the procurement activities to be monitored, controlled and managed (Lysons & Farrington, 2012; Moti, 2015). According to Baily et al., (2005), performance measurement encourages improved performance as procurement staff are recognized and motivated through reports of actual performance.

**Performance of Public Procurement**

Despite spending a substantial amount of public financial resources and a number of reforms, inefficient and ineffective public procurement has been an issue of great concern in many countries in the world (OECD, 2010; Thai 2009; Agbes, 2009; Pinda, 2011, Namusonge, 2011; Carol et al., 2014). According to Shri Pratyush Sinha, (2009) public procurement in India is faced by a number of problems including lack of standardization and proper documentation, lack of professional skills in procurement and malpractices. A study conducted in Zambia (OECD, 2008), established that the procurement law does not provide for open competitive bidding, there is no prequalification procedures, no procurement plans for most of government procurement and lack of established norms for safekeeping of procurement records. A study by the government of Kenya in collaboration with the World Bank in 1997, showed that the public procurement in Kenya among others, lacked transparency, fair competition, professionalism and professional body. All these led to ineffective public procurement associated with rampant corruption. (Odhiambo & Kamau, 2003; Bashuka, 2009). A study in Tanzania by the Crown agents in 1992, revealed that the procurement system in the country was fragmented and there were no standard procurement procedures in place. It was further found that there were no standard tender documents or records used in the procurement function and that there was no central organ responsible for organizing public procurement processes (Nkinga, 2003; CPAR 2006).

Many governments have thus been undertaking procurement reforms with a view to reduce the cost of what the government buys and increasing the speed of transaction (Kadir, 2005; Krishna, 2005). Such reforms have led to establishment of public procurement laws. In the region the procurement laws include The Kenyan Public Procurement and Disposal Act No 3 of 2005, The Malawi public Procurement Act No 12 of 2007, The Tanzania Public Procurement Act No 21 of 2004, The Uganda Public Procurement and Disposal of Public Assets Act of 2003 and Rwanda Law on Public Procurement Act, No, 12 of 2007. In some countries, much effort has been made to define the competencies required of those in the procurement profession through procurement professional bodies such as the National...
Institute of Purchasing, 2004; Kenyan Institute of Supply Management (KISM), 2006 and the Tanzanian Procurement and Supplies Professional and Technicians Board (PSPTB), 2007, among others.

RESEARCH METHODOLOGY

Research Design

This study adopted a Mixed Research design – Qualitative and Quantitative Research Designs. In collecting quantitative data, the survey method was employed by the use of structured questionnaires. The choice of this approach was twofold; first it is capable of yielding quantitative information that can be summarized through statistical analyses and secondly, the survey method is an effective tool for getting cause- and- effect relationships and hence is the most frequently used in almost all disciplines (Ghauri & Gronhaug, 2005; Fisher, 2010).

Therefore, the researcher deemed a survey method a convenient design in accommodating the variability associated with the diverse nature of the respondents and the procurement activities they are engaged in. For qualitative data, the interview guide was be used to collect in-depth information that supplemented data obtained from the questionnaires. This in-depth information provided the researcher with detailed insight on what is the effect of procurement professionalism on performance of the procurement departments in public entities in Tanzania.

Target population

The study of any phenomena must take into consideration the populations within which such phenomena occur (Mugenda, 2008). The population of the study generally consists of set of individuals, objects, cases, organizations, or events having certain traits, characteristics or attributes of interest to study. Since this research was carried out in response to procurement problems facing the public sector organizations, then the study identified all procuring entities in Tanzania as defined by the Public Procurement Law, 2011 to be the target population. According to the Tanzanian Public Procurement Regulatory Authority (2015), there were 470 procuring entities in total classified in six categories as follows: - Ministries (27), Parastatals (130), Agencies (82), Independent Departments (40), Regional Administrative Secretariats (25) and Local Government Authorities (166). These are public bodies located country wide and which utilize a huge amount of the government money through procurement process

Sampling Frame

Sampling frame also known as source list or sampled population, refers to a list of ultimate sampling entities; it is a physical representation of the target population and comprises all the units that are potential members of the sample (Mugenda, 2008; Kothari, 2011). In this study our sampling frame was a list of all procurement entities that were audited by PPRA in the recent three financial years ie, the 2011/2012 FY, the 2012/13 FY and the 2013/2014 FY. For the purpose of this study, our sampling frame consisted of 298 procuring entities that were covered (audited) in the three years under consideration. The chosen sampling frame of
298 entities was taken from the PPRA Annual Performance Evaluation Report for the 2013/14 FY.

Sample Techniques and Sampling Size

Given the type of the research design, number of variables in the study, size of the sampled population and using a general rule as advocated by Kothari (2011) the researcher considered that one third (33.3%) of the accessible population would be reasonable and optimum for this study. Gay (1983) as quoted in Mugenda and Mugenda (2003) suggests that for correlational research, 30% or more is large enough to represent the salient features of the sampled population and hence the target population. Thus, 33.3% of the sampled population of 298 entities (0.333 x 298) was calculated to obtain the sample size of 100 entities. The study used a multistage stratified random sampling. This is because of its relevance as it involves different sampling stages and within which another sampling techniques can be applied. As mentioned earlier, public entities are classified into six different categories: Ministries, Parastatals, Agencies, Independent depts., Regional administrative Secretariat and Local Government Authorities. Using proportional allocation the proportion of the size for each category was determined and obtained as indicated in table 3.1 below.

Table 3.1: Sample Size Determination

<table>
<thead>
<tr>
<th>Category of the Entity</th>
<th>Count</th>
<th>Formula</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministries</td>
<td>17</td>
<td>100/298 (17)</td>
<td>6</td>
<td>6.0</td>
</tr>
<tr>
<td>Parastatals</td>
<td>82</td>
<td>100/298 (82)</td>
<td>28</td>
<td>28.0</td>
</tr>
<tr>
<td>Government Agencies</td>
<td>53</td>
<td>100/298 (53)</td>
<td>18</td>
<td>18.0</td>
</tr>
<tr>
<td>Independent Departments</td>
<td>25</td>
<td>100/298 (25)</td>
<td>8</td>
<td>8.0</td>
</tr>
<tr>
<td>RAS</td>
<td>16</td>
<td>100/298 (16)</td>
<td>5</td>
<td>5.0</td>
</tr>
<tr>
<td>Local Gvt Authorities</td>
<td>105</td>
<td>100/298 (105)</td>
<td>35</td>
<td>35.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>298</td>
<td>100</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

In the second and ultimate stage, three respondents from each of 100 entities were selected and served with questionnaires. Using a purposive sampling, chairperson or a member of the tender board in each entity was selected. Finally, by a systematic sampling, two members, one from the entity’s PMU and another from the user department were selected. Thus, a total of 300 (i.e, 3 x 100) respondents were selected. Choice of the respondents was based on the existing public procurement institutional framework and set up in the procuring entities which consist of the Tender Boards, Procurement Management Units and User departments. These are the key players in the management of procurement process in the public entities in Tanzania.

Research Instruments

In obtaining the required information, the study used a combination of data collection instruments. Both questionnaire and interview guide were applied. The questionnaires were mainly used for the survey while the interview guide was used to collect in-depth information that supplemented data obtained from the survey. The in-depth information through face-to-face interviews gave detailed insight on what really affect procurement performance. The instruments were prepared and tested before the actual survey in order to reveal any unresponsive questions. For reliability and validity assurance, the study adopted a Standard
Questionnaire as per OECD guidelines on assessment of effectiveness of public procurement system in developing countries.

**Validity and Reliability**

Validity is accuracy and meaningfulness of inferences, which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represent the phenomena under study (Joppe, 2000; Mugenda and Mugenda, 2003). Comments provided by fellow experts in the field of procurement were of great and valuable inputs in validating the research instruments. Validity in this study was also supplemented by the use two methods of data collection (questionnaires and interviews) popularly known as triangulation. As advocated by Decrop, (2004), by combining data sources and methods triangulation opens the way for more credible interpretation.

In this study reliability analysis was used to test the internal consistency of the research instruments for the purposes of identifying those constructs in the questionnaire with low correlations in order to exclude them from further analysis. Cronbach’s alpha a coefficient of reliability that gives unbiased estimate of data was used to test reliability of the answered questionnaires.

**Data Processing and Analysis**

Before analysis, the collected data were edited, coded, classified, and tabulated so that they are amenable for analysis. Using the Statistical Package for Social Science (SPSS) version 20, the collected data was analyzed. The analysis used both descriptive and inferential analyses for qualitative and quantitative data respectively. Descriptive statistics were used to obtain preliminary findings that informed further analysis. Such descriptive analysis provided simple summaries of the characteristics of the sample such as measures of central tendency, frequencies and percentages, among others. The data for the independent variables were qualitative in nature whereas data for the dependent variable were quantitative.

A two way Fisher’s Analysis of Variance (ANOVA) was used to test the formulated null hypothesis in which the F and t – tests were applied on the assumption of the homogeneity of the sample that is normally distributed at 0.95 confidence interval. This analysis helped in establishing the relationship between procurement professionalism and the performance of procurement departments in the Tanzanian public entities.

**RESEARCH FINDINGS AND DISCUSSION**

Results of the linear regression analysis in table 4.1 below, indicates that the correlation coefficient (R) which measures a relationship between the predicators (independents) and the response variable (dependent) is 0.562 or 56% which suggests that there is direct and positive relationship between the procurement professionalism and the performance of procurement departments in public entities in Tanzania. On the other hand, the coefficient of variation (R- squared) = 0.316 which implies that procurement professionalism can only explain 32% of the variability of performance of procurement in the public entities.
Table 4.1: Model Summary for Procurement Professionalism

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.562a</td>
<td>.316</td>
<td>.298</td>
<td>.570</td>
</tr>
</tbody>
</table>

a. Predictors; (Constant). Procurement Professionalism

The following table 4.2 shows the results of analysis of variance (ANOVA) which was carried out. The result indicate that the F statistic p value of 0.000. The F- ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. 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. From these results we can fairly conclude that the regression model fits the data and that the procurement professionalism statistically significantly predicted the performance of procurement function in the public entities in Tanzania, F (5,184) = 17.009, p < 0.05, R-Square = 0.316.

Table 4.2: ANOVA (F- test) analysis for Procurement Professionalism

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>27.652</td>
<td>5</td>
<td>5.530</td>
<td>17.009</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>59.826</td>
<td>184</td>
<td>.325</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>87.479</td>
<td>189</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of the procurement function in the Tanzanian public entities

Based on the results as depicted on the table of coefficients below, it can fairly be concluded adherence to procurement professionalism has contribution on performance of the procurement department with a coefficient value of 0.526. The straightforward interpretation of these findings is that adherence to procurement professionalism increases the achievement of procurement objectives by 52.6%. In other words, as the level of adherence to procurement professionalism increases, the level of achievement of the procurement objectives increases too. The linear regression model for Procurement Professionalism Y = β0 + β1X1 + ε, Where Y = Performance of Procurement departments in the Tanzanian public entities; = β0, β1, ε = Coefficient of Performance of Procurement departments equation; X1 = Procurement Professionalism is Y = 4.643 + 0.526X1 + ε.

Table 4.3: Coefficient for Procurement Professionalism

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>4.643</td>
<td>.390</td>
<td>11.90</td>
<td>.00</td>
</tr>
<tr>
<td>Procurement professionalism</td>
<td>.526</td>
<td>.121</td>
<td>.431</td>
<td>4.360</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>
This positive relationship between procurement professionalism and performance of the procurement function concurs with the findings of previous studies by Eyaa & Oluka (2011) and Amayi and Ngugi (2013) who observed that procurement professionalism strongly correlates with procurement performance in public entities. These findings may further suggest the need to fully support and strengthen the roles played by procurement professional bodies within the region such as Kenyan Institute of Supply Management (KISM) and Procurement and Supplies Professional and Technicians Board (PSPTB) in Tanzania. These are professional bodies responsible for among others, registration, development and regulate the conduct of procurement and supplies professionals.

IMPLICATIONS OF THE STUDY

The findings of this study indicated that adherence to procurement professionalism had the greatest influence on the performance of the procurement function in public entities. The straightforward implication is that the government and procuring entities should focus on procurement professionalism in order to enhance performance of the respective entities and the overall economic development of the country. Employment of professionally trained and qualified procurement staff should be emphasized and implemented. Form the Tanzanian public procurement point of view; the findings further imply that the Public Procurement Policy Division (PPPD) under the Ministry of Finance should focus more on development and management of the procurement cadre through building capacity of procurement and supplies staff in the country. For the Procurement and Supplies Professional Board (PSPTB) as a procurement professional body in the country, should focus more on enforcement of the requirement for professional registration and adherence to the professional code of ethics and conduct among procurement practitioners in the country.

CONCLUSION

Emanating from the above findings and discussion, it is apparent that adherence to Procurement Professionalism significantly contributes to the performance of procurement function in the public entities in Tanzania. This is evidenced by the regression analysis value F (5,184) = 17.009, p < 0.05, R-Square = 0.316. The correlation analysis indicated a significant and moderate positive correlation between Procurement Professionalism X1 and the performance of Procurement Departments in the Tanzanian Public entities ( r = 0.562, p <0.00). These results were also confirmed by the descriptive analysis which indicated that majority of the interview respondents, 82.7% were of the opinion that procurement professionalism had a significant effect on performance of the procurement function in public entities in Tanzania. On the basis of the above findings the study concludes that the procurement departments in the public sector in Tanzania must be staffed with adequate and professionally qualified personnel. Procurement is no longer anybody’s job. It is a professional job that must be managed only by those personnel who are professionally trained and qualified.

Future Studies

This study confined itself on a single predictor namely the Procurement Professionalism. Certainly this limited the scope of the study from investigating on other factors that influence
performance of the procurement departments in public entities. It is therefore, suggested that further studies be conducted in the public sector so as to establish other factors that influence performance of the procurement function in the public entities.

REFERENCES.


