Assessment of Effectiveness of Procurement Planning on Procurement Performance of Public Organizations in Tanzania: A Study of Babati District Council

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Abstract: The study aim was to assess the effectiveness procurement planning on procurement performance of public organizations in Tanzania. The principal question addressed by this study is "what is the effect of procurement planning on procurement performance of public organizations in Tanzania?" To answer this question and to achieve the primary objective of this study, the researcher focused on Babati District Council as a case study. The study adopted descriptive research design which allowed a detailed description and analysis of the variables under study; describing and presenting their characteristics and explaining their relationships without manipulation. The study employed a mixed approach with simple random sampling and purposive sampling techniques to get a sample of 78 respondents from a population of 97 who are employees of Babati District Council Headquarter. The study used questionnaires and interview as the Field data collection instruments. Descriptive statistics were utilized to estimate frequency, mean, standard deviation and percentages in the examination of respondent characteristics and respondent's data on independent and dependent variables. While inferential statistics were employed to establish the causal link between the independent and dependent variables. Presentation also is done through their calculated mean, frequency, standard deviation, correlation and regression analysis of the data collected. The study concludes that procurement planning variables which include; procurement needs assessment, procurement budgeting and procurement method have got a positive significant relationship with procurement performance of the Babati District Council Headquarters. Moreover, the study concludes that conducting procurement needs assessment and budgeting in compliance with procurement planning procedures contribute to the timely delivery of quality goods, works or services, reducing unnecessary operational costs as well as satisfying customer by meeting their intended demands. Finally, the study recommends that government should capacitate the key stakeholders in the procurement process such as tender board members, procurement management unit, user department by provide training on procurement matters, PPA 2011 and its associated Regulations of 2013 concerning Preparation of annual procurement plan and its implementation as capacity building measure in order to increase efficiency in the procurement process and ensure compliance to the Acts and its Regulations.

Keywords: Procurement Needs Assessment, Procurement Budgeting, Procurement Method, Procurement Performance.

1. INTRODUCTION

In recent years, rising economies have recognized the need for rigorous oversight of public procurement planning practices at all levels of government, both established and developed to improve governance and the efficient use of public monies in the public sector (Eugene, 2018). Procurement planning is the process through which groups or open enterprises arrange buying activities for a certain period (Eugene, 2018). Apart from assisting in determining what to purchase, when to

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purchase, and from whom, procurement planning also provides a chance for all parties engaged in the procurement process to meet and discuss specific procurement needs (Kibet & Njeru, 2014). In other words, it has a significant impact on procurement performance. For instance, Katimo (2017) observed that a failure to connect procurement planning and financial budgeting may result in delays in the conclusion of procurement contracts, resulting in a significant amount of state financial resources being unused at the end of the fiscal year.

The need for effective procurement plan is at both national and county government and its extensive contribution to better governance of public sector. In the past few years, developing countries have realized for many decades that procurement function which has been viewed as a clerical task Corsten (2013). However, today it has positioned itself among the core organization functions and its management has become more critical in the overall organization's performance. Procurement plan is becoming important at the local level (county government), in parallel with decentralization (Sundaram, 2010).

In Tanzania, public procurement is beset with unrealistic procurement strategies, budgets, and cost estimates. According to audit findings, the fact that the budgeted and authorized budget is relatively little and is not completely released on time results in delays and the inability to execute procurement contracts (Macha, 2021). As is widely known, the government financial system runs on cash budgets, and as a consequence, many Public Entities (PEs) fail to carry out procurement operations as planned in their yearly procurement plan (URT, 2019). According to Msigwa (2018), several local government bodies in Tanzania, including Babati District Council, failed to execute procurement projects during the financial year 2016/2017 due to insufficient money caused by exaggerated cost projections. Thus, although procurement plans have been implemented as a critical component of procurement activities in Tanzania's local government authorities, including those in the Babati District Council, there is still a need to analyze their influence on procurement performance.

Purpose

The purpose of the study was to assess the effectiveness of procurement planning on procurement performance of public organizations in Tanzania. A case study of Babati District Council. Specifically, the study sought to assess the procurement need assessment, procurement budgeting and procurement method on procurement performance.

2. RESEARCH METHODOLOGY

This study employed a descriptive research design since it exists and often result in the formulation of important solution of significant problems, it is more than just a collection of data, and involves; measurement, classification, analysis, comparison and interpretation of data (Ibid). The design provided for proper formulation of the objectives of the study, designing methods of data collection, selecting the sample, processing and analyzing the data and reporting the findings.

The population sample covered in study was 78 employees from Babati District Council Headquarters. The study employed both primary and secondary data. Before administration, the questionnaire was pre-tested to ensure collection of valid and reliable data. Primary data were gathered through questionnaires and interviews, whereas secondary data were obtained through reports obtained from the council and other Government reports. This was supplemented by the primary data received from questionnaires and interviews.

Both descriptive and inferential statistical tools were used in the data analysis. Descriptive statistical tools included frequencies, percentages, mean and standard deviation while inferential statistical tool included multivariate regression analysis. Whereas descriptive statistics were used to determine and describe the status of the variables under study, inferential statistics were used to compute the correlation between independent variables i.e., procurement need assessment, procurement method, procurement budgeting and dependent variable which is procurement performance.

3. RESULTS AND DISCUSSION

The process of procurement needs assessment in public organizations in Tanzania

The first objective of the study was to analyze the process of procurement needs assessment in public organizations in Tanzania. Respondents were asked to rate on the process of procurement needs assessment in public organizations in Tanzania. A five-point scale was used 1 represents strongly disagree, 2 represents disagree, 3 represents no extent, 4 represents agree, 5 represents strongly agree. Based on the mean values, the five-point scale ranges are as follows: mean scores of less than 1.5 represents strongly disagree; mean scores of 1.5 but less than 2.5 represents disagree; mean scores

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of 2.5 but less than 3.5 represents no extent; mean scores of 3.5 but less than 4.5 represents agree; mean scores of 4.5 to 5 represents strongly agree.

Table 1: Respondent's opinions process of procurement needs assessment in public organizations

| Statements | Frequency | Percentage | Mean | Std. Deviation |
|--|-----------|------------|------|----------------|
| Procurement Needs Identification | | | | |
| The process of procurement needs identification involves all user departments and based on demands of the user departments | 64 | 84.21 | 4.24 | 0.618 |
| All procurement needs assessment at the district council is determined based on the annual budget | 62 | 81.58 | 4.08 | 0.686 |
| All procurement needs assessment is based on the prevailing market environment | 57 | 75.00 | 3.74 | 0.799 |
| Determination of Terms of Reference | | | | |
| Determination of Terms of Reference for the goods/services is in compliance with the PPA, 2011 | 63 | 82.89 | 4.17 | 0.690 |
| Determination of Terms of Reference for goods/services involves all relevant user departments | 59 | 77.63 | 3.86 | 0.718 |
| Determination of Terms of Reference for services is an integral part of procurement planning at the District Council | 66 | 86.84 | 4.31 | 0.609 |
| Specification of Goods | | | | |
| Specification of goods is done for genuine reasons and in compliance with the PPA 2011. | 69 | 90.79 | 4.51 | 0.604 |
| Specification of goods conducted by competent persons at District Council | 65 | 85.53 | 4.27 | 0.662 |
| The specification of goods is key in determining value for money any public procurement at Babati District Council. | 61 | 80.26 | 3.99 | 0.703 |
| The Annual budget plays an important role when developing goods/works specification. | 68 | 89.47 | 4.46 | 0.652 |

Source: Field data, (2022)

The results presented in the table 1 reveal that; 84.21% of respondents agree that; the process of procurement needs identification involves all user departments and based on demands of the user departments with a mean of 4.24 and 75% of them acknowledge that all procurement needs assessment at the district council is determined based on the annual budget and on the prevailing market environment with a mean of 4.08 and 3.74 respectively. On the other hand, 82.89% of respondents agree that determination of Terms of Reference for the goods/services is in compliance with the PPA, 2011 with a mean of 4.17 and 77.63% of them agree that determination TOR involves all relevant user departments with a mean of 3.86. Further, the results revealed that; 86.84% of the respondents agree that; determination of Terms of Reference for services is an integral part of procurement planning at the District Council with a mean of 4.31.

Concurrently, the findings show that 90.79% of respondents strongly agree that; specification of goods is done for genuine reasons and in compliance with the PPA 2011 with a mean of 4.51. Similarly, 85.53% of respondents agree that specification of goods conducted by competent persons at District Council by a mean of 4.27 and 89.47% of the respondents agree that; the annual budget plays an important role when developing goods/works specification with a mean of 4.46. Finally,80.29% of them agree that; the specification of goods is key in determining value for money any public procurement at Babati District Council with a mean of 3.99.

The results are consistent with Basheka, (2008) who concluded that planning is a process that consists of many steps and the bottom line is that planning is not concerned with future decisions but rather with the future impact of decisions made today. The results further revealed that the departments prepared annual procurement plans and that the procurement plans were prepared, and the goals set participatory. Procurement needs assessment in the planning process therefore influences

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procurement performance in the sense that it's provides focused and efficient utilization of available resources, helps in improving on delivery time. In that regard, with adequate provision of funds due to planned and assessed procurement needs, performance is assured.

In preparation of annual procurement plan, involvement of user departments is very crucial as may help to determine the ongoing market price of the project hence realistic budget may be prepared. User departments also may provide technical inputs on how the project is complex hence prepare a well plan (Ntembanda, 2013).

In line with the above descriptive analysis results, a procurement officer from the Babati District Council asserted that;

"Of course, user departments are involved in the need identification and during development of specifications because they are the ones who initiate procurement process. Also, after the supplier have delivered the required goods, user department is involved in the inspection exercise to verify that the requested goods match the specifications"

In a bid to find out whether the procurement needs identification was compliant with the PPA, 2011 several respondents conformed in an interview. For example, one procurement officer from the procurement department said;

"User departments use standard document issued by PPRA such as purchase requisition form, and the document provides a detail description of requirement of which may be either goods, works or services. However, most of the user department fail to provide accurate and appropriate specifications of the required goods of which sometimes may require an assistance from an expert and procurement officers"

The procedures used for procurement method in public organizations in Tanzania

Table 2: Respondent's opinion on the procedures used for procurement method in public organizations

| Statements | Frequency | Percentage | Mean | Std. Deviation |
|--|-----------|------------|------|----------------|
| We have in place best evaluation committees that ensures technical competency for any procurement bidding process | 59 | 77.63 | 3.92 | 0.716 |
| We have pre-qualification procurement method that helps them to have qualified suppliers selected for the organization. | 65 | 85.53 | 4.27 | 0.695 |
| We have streamlined adversarial relationship management so as to strengthen relations between the supplier and organization | 52 | 68.42 | 3.41 | 0.798 |
| We have procurement department that normally uses request for quotations to procure goods, works and services | 61 | 80.26 | 3.99 | 0.755 |
| We conduct tendering process in a fair and transparency manner that meets the procurement law | 59 | 77.63 | 3.86 | 0.728 |
| We have incorporated in place the best formula on how to issue request for quotations to all registered suppliers within the procurement system | 53 | 69.74 | 3.51 | 0.711 |

Source: Field data, (2022)

The above table 2 exhibit that; 80.26% of respondents agree that Babati District Council have have procurement department that normally uses request for quotations to procure goods, works and services with a mean of 3.99 and 85.53% of them agree that they have pre-qualification procurement method that helps them to have qualified suppliers selected for the organization with a mean of 4.27. Additionally, 77.63% of respondents at Babati District Council have in place best evaluation committees that ensures technical competency for any procurement bidding process with a mean of 3.92 and they conduct tendering process in a fair and transparency manner that meets the procurement law with a mean of 3.86. Correct method of procurement may result into obtaining a competent and efficient contractor who will be able to complete the project with a given period; it will also reduce the cost overruns and helps achieving value for money (Idiake *et al*, 2015).

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Finally, 68.42% of respondents slightly agree that Babati District Council have streamlined adversarial relationship management so as to strengthen relations between the supplier and organization with a mean of 3.41 and 69.74% of them agree that; they have incorporated in place the best formula on how to issue request for quotations to all registered suppliers within the procurement system with a mean of 3.51. The results are supported by Bhutto *et al*, (2019) who posit that the procurement methods used to obtain the services provider or contractors have a great contribution in the achievement of value for money. The effectiveness and efficiency of the project are greatly affected by the method of procurement opted to be used. The use of proper procurement method will help organization to avoid problems and a key to attain the required objectives of the project.

Some of the responses from interviews were in line with the descriptive analysis results. For example, some key respondents from the procurement department said;

"During planning for procurement, there are number of factors we consider in selecting a procurement method and some of them include the value of the required goods, works or service and urgency of the need"

Another respondent from the same department added that; "competitive tendering is one of the appropriate procurement methods if you aim at achieving quality goods, works or services as it provides a room for competent qualified suppliers, contractors or service providers to bid for the advertised tender in a competitive manner"

Procedures for procurement budgeting in public organizations in Tanzania

Table 3: Respondent's opinions on the procedures for procurement budgeting in public organizations in Tanzania

| Statements | Frequency | Percentage | Mean | Std. Deviation |
|--|-----------|------------|------|----------------|
| Procurement Cost Estimation | | | | |
| The procurement cost estimation is dependent on the prevailing market environment | 60 | 78.95 | 3.94 | 0.728 |
| The procurement cost estimation is derived from current market database. | 68 | 89.47 | 4.46 | 0.656 |
| Cost estimations are conducted only after the annual budget. | 58 | 76.32 | 3.82 | 0.749 |
| The procurement cost estimation process is fully managed by the Babati District Council's procurement officers | 59 | 77.63 | 3.90 | 0.718 |
| Market Intelligence | | | | |
| The market environment determines the procurement planning decisions | 57 | 75.00 | 3.79 | 0.795 |
| Works, goods and services needed within Tanzanian market that are procured at by the PMU are always limited | 54 | 71.05 | 3.52 | 0.699 |
| Market intelligence is conducted by competent procurement officials in the district council | 67 | 88.16 | 4.39 | 0.614 |
| There is transparency in the market intelligence process | 63 | 82.89 | 4.14 | 0.685 |
| Budget and Work Planning | | | | |
| Procurement budgeting and planning is influenced by the market environment | 66 | 86.84 | 4.35 | 0.684 |
| The procurement activities planning for every accounting period is dependent on annual Budget approval | 69 | 90.20 | 4.51 | 0.617 |
| Annual budget plays an important role in procurement budget and work planning within the district council | 71 | 93.60 | 4.68 | 0.582 |
| Procurement budgeting and work planning is conducted by competent procurement officers in the district council | 62 | 81.80 | 4.09 | 0.688 |

Source: Field data, (2022)

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The results on table 3 above acknowledge that; 77.63% of the respondents agree that the procurement cost estimation process is fully managed by the Babati District Council's procurement officers with a mean of 3.90 and 78.95% of them acknowledge that procurement cost estimation is dependent on the prevailing market environment with a mean of 3.94. Also, 89.47% of respondents agree that the procurement cost estimation is derived from current market database with a mean of 4.46 and 76.32% of them agree that procurement cost estimations are conducted only after the annual budget with a mean of 3.82. On the other side, the market environment determines the procurement planning decisions with a mean of 3.79 and market intelligence is conducted by competent procurement officials in the district council with a mean of 4.39. There is transparency in the market intelligence process within Babati District Council with a mean of 4.14 and works, goods and services needed within Tanzanian market that are procured at by the PMU are always limited with a mean of 3.52.

Concurrently, 90.20% of respondents strongly agree that; the procurement activities planning for every accounting period is dependent on annual Budget approval with a mean of 4.51 and 93.60% of them agree that; annual budget plays an important role in procurement budget and work planning within the district council with a mean of 4.68. Lastly, procurement budgeting and planning is influenced by the market environment with a mean of 4.35 and procurement budgeting and work planning is conducted by competent procurement officers in the district council with a mean of 4.09. The findings are contrary to Rolfstam (2015) who found that scheduling supplies is very important in enhancing performance because it provides a list of all requirements that the entity will obtain over a period of time. He further pointed that, the procurement schedules are developed, and timetables are developed to implement each step in the procurement process until the contract is awarded and the requirements are met. Scheduling allows the consolidation of similar requirements under a single contract or the division of a condition into several packages of contracts for value for money.

Correlation Analysis

Table 4: Pearson Correlation Matrix

| | | Procurement Needs Assessment | Procurement Method | Procurement Budgeting | Procurement Performance |
|----------------------------|------------------------|------------------------------------|-----------------------|--------------------------|----------------------------|
| Procurement Needs | Pearson Correlation | 1 | | | |
| Assessment | Sig. (2-tailed) | | | | |
| | N | 76 | | | |
| Procurement Method | Pearson Correlation | 0.118* | 1 | | |
| | Sig. (2-tailed) | .000 | | | |
| | N | 76 | 76 | | |
| Procurement Budgeting | Pearson Correlation | .216* | .163** | 1 | |
| | Sig. (2-tailed) | .004 | .021 | | |
| | N | 76 | 76 | 76 | |
| Procurement Performance | Pearson Correlation | .544* | .261** | .419** | 1 |
| | Sig. (2-tailed) | .013 | .000 | .007 | |
| | N | 76 | 76 | 76 | 76 |

Source: Field data, (2022)

The results summarized in Table 4: a Pearson correlation matrix indicate that the correlation coefficient between Procurement Needs Assessment and Procurement Performance is 0.544 at significant level 0.013, This implies that the procurement performance of Babati District Council is significantly attributed to procurement needs assessment. Therefore, according to the results, there is a positive significant relationship between procurement needs assessment and procurement performance of Babati District Council. Based on these results, the alternative hypothesis that was earlier postulated is upheld.

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The results are in line with Rotich (2011) who assert that public procurement needs assessment is a key element to the overall efficiency of public sector procurement performance because it can contribute to a better allocation of resources and improved performance of PDUs in the public sector. In a similar study, Mullins (2003) found that procurement needs assessment facilitates an efficient and effective service delivery in PDUs asserting that its contribution to performance of PDEs can be both at institutional and departmental procurement levels.

Concurrently, correlation coefficient between procurement budgeting and procurement performance is 0.419 and its significance level is 0.007. This implies that the procurement performance of Babati District Council is attributed to procurement budgeting. Therefore, this means that there is a positive significant relationship between procurement budgeting variables and procurement performance of Babati District Council.

From the interview, a female respondent from the Babati District Council's procurement department was in line with the results and said that;

"There is a very good relationship between budgeting and performance specifically in procurement irrespective of whether public or private organization which practice procurement functions because, procurement works towards the budgeting and performance accordingly"

Finally, the results show that correlation coefficient between procurement method and procurement performance is 0.261 at significant level 0.000. Therefore, according to the results, there is a positive but weak significant relationship between procurement method and procurement performance of Babati District Council. Based on these results, the alternative hypothesis that was earlier postulated is upheld.

Results of the Regression Analysis

Table 5: Results of Regression Analysis

| Model Summary ^b | | | | | |
|--|-------|----------|-------------------|-------------------|----------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the | Durbin-Watson |
| | | | | Estimate | |
| 1 | .573ª | 0.328 | 0.316 | 3.19027 | 1.861 |
| a. Predictors: (Constant), Procurement Needs Assesment, Procurement Budgeting, Procurement Methods | | | | | |
| b. Dependent Variable : Procurement Performance(Y) | | | ormance(Y) | | |

Source: Filed data, (2022)

Based on the results presented on the table 5 above, R-Square tells how much of the variance in the dependent variable (procurement performance) is explained by the independent variables (which include procurement needs assessment, procurement budgeting, procurement method). On the table the value for R-square is .328; equivalent to 32.8%. This means that the model (which includes all independent variables) explains 32.8% of the variance in procurement performance. Therefore, procurement performance is affected by procurement need assessment, procurement budgeting and procurement method.

Regression Coefficient

Table 6: Coefficients

| | | | dardized ents | Standardized Coefficients | t .361 | Sig. .714 |
|-------|-----------------------------|------------|------------------|------------------------------|--------|------------------|
| Model | | В | Std. Error | Beta | | |
| 1 | (Constant) | 0.157 .509 | | | | |
| | Procurement Needs Assesment | .696 | .094 | .628 | 7.819 | .000 |
| | Procurement Budgeting | .613 | .079 | .568 | 7.729 | .000 |
| | Procurement Method | .358 | .081 | .387 | 4.172 | .000 |

Source: Field data, (2022)

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The table 6 above expresses which of the variables included in the model contributed to the prediction of the dependent variable. This is observed by looking in the column labeled Beta under Standardized Coefficients. In this case, we are interested in comparing the contribution of each independent variable; by looking down the Beta column and finding which beta value is the largest; the largest beta coefficient is .628, which is for procurement needs assessment. This means that this variable makes the strongest unique contribution to explaining the dependent variable, when the variance explained by all other variables in the model is controlled for. The Beta value for procurement budgeting variable is 0.568, and for procurement method is 0.387. The contribution for procurement method variable is low compared to the other independent variables.

Concurrently, the P-value (column marked Sig.) communicates whether this variable is making a statistically significant unique contribution to the equation. If the P (Sig.) value is less than .05 (.01, .0001, etc.), then the variable is making a significant unique contribution to the prediction of the dependent variable. If greater than .05, then we conclude that variable is not making a significant unique contribution to the prediction of dependent variable. In table above, independent variables (procurement needs assessment, procurement method and procurement budgeting) make a significant contribution to procurement performance because their sig. values are less than 0.05 (5%) that is sig. values are 0.00 0.

Mullins (2003) study supports the above findings in a sense that his study also revealed a significant positive relationship between procurement needs assessment as a variable of public procurement planning and performance of PDEs. Moreover, the results are consistent to Macha, (2021) who affirms that there was a positive and significant relationship between timely preparation of the plan, quality planning, cost estimation and performance of procurements functions in Bahi District Council.

From the interviews, various respondents had more or less identical views. They all seemed to be in agreement with their counterparts who participated in this study through structured questionnaires. Taking the example of one official from the Babati District Council Authorities, budgeting and performance are a complement of each other. This male respondent from the finance department precisely noted that;

"Budgeting is among of the key factors which influence achievement of the intended results"

Additionally, one respondent from the finance department explained that;

"An appropriate budget management helps in achieving value for money because it leads to timely and quality deliveries, given that the procurement process is done within the stipulated schedules and cost estimations"

4. CONCLUSIONS

With reference to the study findings obtained under the analysis of the collected data, the study concludes that procurement planning variables which include; procurement needs assessment, procurement budgeting and procurement method have got a positive significant relationship with procurement performance of the Babati District Council Headquarters. The purpose of procurement planning in the context of this study is to enable efficient utilization of the available resources and public funds, which are estimated in the process of procurement budgeting towards procurement of goods, works or services as needed and specified by the user departments with the intension of meeting the required standard, achieving procurement objectives and ultimately the achievement of organizational goal.

Concurrently, the study further concludes that conducting procurement needs assessment and budgeting in compliance with procurement planning procedures contribute to the timely delivery of quality goods, works or services, reducing unnecessary operational costs as well as satisfying customer by meeting their intended demands. Additionally, procurement need assessment found to be an important variable with the most significant in the procurement planning process followed by procurement budgeting as highlighted by most of the respondents. This was because procurement needs assessment and budgeting make a good procurement plan, which inherently leads to timely delivery and appropriate spending of available resources in an acceptable budget.

5. RECOMMENDATIONS

Base on the study findings, the following recommendations for improvement were made:

Government should capacitate the key stakeholders in the procurement process such as Tender Board Members, Procurement management unit, User department by provide training on procurement matters, PPA 2011 and its associated Regulations of 2013 concerning Preparation of annual procurement plan and its implementation as capacity building

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measure in order to increase efficiency in the procurement process and ensure compliance to the Acts and its Regulations. Also, given that procurement budgeting involves cost estimation, market intelligence and budget work planning, the Babati District Council authorities needs to strictly comply with the public procurement rules and regulations because, less of this, government is liable to lose public funds due to unacceptable budgets, increased unnecessary costs/ prices of works, goods and services coupled with poor quality and delays in delivery time. In this regard, government ought to strictly monitor, inspect and improve its periodical audit of the procuring entities in Tanzania so as to improve procurement performance of the public organizations.

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