



THE INFLUENCE OF STAFF COMPETENCY ON PERFORMANCE OF PROCUREMENT MANAGEMENT UNITS IN TANZANIAN TRAINING INSTITUTIONS: CASE STUDY OF VOCATIONAL EDUCATION AND TRAINING AUTHORITY

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Abstract

The study was carried out to assess the influence of staff competency on performance of Procurement Management Unit in public sectors in Tanzania, a case of Vocational Education and Training Authority (VETA) Head Office. The study assessed the experienced personnel, competent personnel and training of procurement staff on performance of procurement function at VETA head office, Dar es Salaam. The study used case study design whereby sample of 76 respondents were drawn by using Slovin's formula from the population of 120 employees. Primary and secondary data were collected by using questionnaire, interview and documentary review. Qualitative data were analyzed using cases and examples while quantitative data were analyzed and presented in tables, graphs, percentages and frequency with the aid of SPSS version 16 and Microsoft excel. The findings revealed that, 97.20% of the respondents agreed that procurement performance influenced by experienced and skilled procurement personnel, but 2.80% of the respondents disagreed. Likewise, 83.40% of the respondents agreed that VETA employs competent and qualified procurement staff but, 16.6% of the respondents were neutral. On other hand, 97.20% of the respondents agreed that training of employees improves level of competency but, 2.80% disagreed. The study concluded that experience, competency

and training of procurement staff have a significant effect on performance of procurement function at VETA. In this regard, performance of PMU at VETA depends on combination of these three factors. Performance in procurement function in this study was regarded in terms of timely delivery, quality goods and service and delivery of goods in right quantity. It is recommended that VETA should continue to provide training to not only to PMU staff but to other organs like Tender Board, User departments, Accounting officer etc in order to enhance competency among players. Further recommended that, VETA should employ competent and professional employees in procurement section since competency has direct effect on performance.

Keywords: Performance, Staff Competency, Procurement Management Unit, Tanzania

INTRODUCTION

Public procurement involves large part of countries' expenditures both developed and developing countries. In developing countries, Tanzania in particular, procurement expenditure has been tremendously increasing due to increasing implementation of strategic development projects in recent years.

The performance annual reports published by Public Procurement Regulatory Authority (PPRA) available on the website (www.ppra.go.tz) indicate that, there were a huge government expenditures through public procurement in the Financial Year 2010/2011, of which 315 procuring entities awarded about 142 thousand contracts whose total value was Tanzania Shillings 4.5 trillion which was about 40.5% of the total government budget in financial year 2010/2011. On other hand, the Controller and Auditor General's Reports indicated that procurement performance in most of the public entities is still poor as evidenced by non-adherence to procedures, unplanned procurement, procurement without contract(s), and inadequate qualified personnel (URT, 2011).

Chebet (2017) point out that, supplier development, information technology and staff competency are factors which affect purchasing performance of star rated hotels in Mombasa County, Kenya. The study by Aberu (2015) revealed that, procurement planning, unethical practices, competency of staff, procurement procedure and Information Communication Technology have positive impact on procurement performance. On other hand, Chagalima (2016) concluded that procurement planning promoted Value for Money in government ministries. Wanyonyi and Muturi (2015) marked that information technology, ethics and staff competency have a positive effect on performance of the procurement function in technical training institutions. Meanwhile, the study by Kiame (2013) found that procurement planning,

staff competency and contract management have a significant impact on procurement performance.

A recent study by Mesa (2018) indicates that there is a positive relationship between procurement planning, ICT, staff competency, contractual management and procurement performance. According to Chifuti (2020) the Public Procurement is seemingly as a foundation for delays, wrong supplies, late activity implementation and substandard works or service delivery. The researcher recommended that on the need to bring back the confidence to procurement stakeholders and entire public. The effort includes to the procurement system and adoption of electronic procurement, review procurement committee and provide capacity building to procurement personnel for effective implementation of procurement operations.

Public Procurement involves number of procedures in its implementations, from need identification to delivery of goods, services or completion of works. The question of timely delivery, quality of goods, services or works, delivery at right quantity at optimal overall costs has been a serious discussion among procurement stakeholders. In Tanzania, PPA 2011 as amended in 2016 establishes various institution organs that deal with procurement, some of these organs are:

- **Accounting officer (AO)** who shall have the overall responsibility for the execution of the procurement process in the procuring entity pursuant to Section 36 of PPA 2011 as amended in 2016.
- **Tender Board (TB)** pursuant to Section 31 of PPA 2011 as amended in 2016, responsible for procurement of goods, services, works and disposal of public asset by tender.
- **User departments** pursuant to Section 39 of PPA 2011 as amended in 2016, responsible to initiate procurement process and participate through the procurement process till delivery of goods or provision of services.
- **Budget approving authority (BAA)** pursuant to section 33 of 2011 as amended in 2016, responsible for review and approve annual procurement plan and ensure compliance in procurement of the organization in question.
- **Evaluation committee (EC)** pursuant to section 40 of PPA 2011 as amended in 2016 responsible for evaluation tender of the procuring entity, it is not permanent committee
- **Other committees** like inspection and receiving, negotiation committee
- **Internal Audit Unit** for checking and enforce compliance in the organization

- **Procurement management unit (PMU)** pursuant to section 37 & 38 of PPA 2011 as amended in 2016, the unit is responsible for managing all procurement and disposal by tender activities of the procuring entity except adjudication and the award of contract

All these organs contribute to overall procurement performance, but despite many public organizations do comply with the institutional set up as per PPA 2011 as amended in 2016 and its regulations of 2013 as amended in 2016, there have been complaints from different procurement stakeholders such as ministries, municipalities, government agencies, local governments and private sectors such as contractors, suppliers and consultants on performance of procurement units or section in public organizations.

The critics have been directly linked to late delivery of goods or services, or delivery of substandard products or low-quality services or deliver goods not as per required quantity. This study therefore, assessed the influence of staff competency on performance of procurement management unit in public sectors in Tanzania, a case of Vocational Education and Training Authority (VETA) Head Office, Dar es Salaam.

LITERATURE REVIEW

Procurement Performance

Luketero (2016) defined procurement performance as a primarily concerning with complying with internal and external audits requirements in the overall context of effectiveness, thus, by adopting efficient public procurement system, procuring entity can be improved at the national level. Procurement Performance can be measured by keeping into account the delivery, flexibility, quality, cost and technology (Shalle et al., 2014)

Generally, procurement performance in particular organization should focus on internal practices on effective, timely and efficient manner which can be measured in terms of timely delivery, quality products and delivery in right quantity at reasonable cost.

Staff Competency

According to Armstrong and Baron (1995) competency is defined as a capability, ability or an underlying characteristic of an individual, which is casually related to effective or superior performance. It refers to applied knowledge and skills, performance delivery, and the behavior required to get things done very well.

Procurement Management Unit (PMU)

According to PPA (2011) Procurement Management Unit (PMU) means a division or department in each procuring entity responsible for the execution of the procurement functions.

The establishment and composition of this unit and its functions stipulated as pursuant to section 37 and 38 of Public Procurement Act of 2011 as amended in 2016.

The influence of staff competency on procurement performance

Experience, competency and staff training on performance

Wanyonyi and Muturi (2015) determined that staff competency is contributed by training of new employees, team work of procurement staff, acquaintance of the procurement act by the procurement team and employing qualified and competent personnel in the procurement department. Staff competency affects organizational performance a firm's procurement function (Kiage, 2013). Asante (2016) recommended that, the organization needs to employ eligible staff who have the requisite knowhow, and are familiar with the procurement process with their job descriptions clearly defined in their respective designations. Luketero (2016) pointed out that there is a positive correlation exists between procurement performance and staff competency, he further added that, staff competence comprised improving team work of procurement staff, training of existing and new workforce within the procurement departments, hiring of competent and qualified workforce in the procurement departments and acquainting them with the procurement Act and guidelines governing procurement profession.

The recent study by Msangi (2019) determined that, Staff Competency facilitates effective implementation of Annual Procurement Plan. The study recommended that staff needs to have adequate professional qualifications in procurement and supply chain management. According to Chagalima (2016) procurement planning as principal procurement document which is prepared by PMU for implementation of various procurement activities needs to be prepared by the competent procurement staff. Using relevant templates issued by PPRA and timely submitted for approval by the respective budget approving authority.

Although literatures have covers variety of theories regarding to staff competency and performance, this paper primarily focused on human capabilities in relation to achievement of organization objectives and examined on experience, competency and training of procurement staff.

Theoretical Literature Review

Institutional Theory

According to Kiromo (2015) Institutional theory has effects on Procurement and Supply Chain Performance. The institutional theory highlight that procedures must be observed in order to ensure that all the stakeholders involved in the procurement exercise obtain fair treatment. If the institution follows the procedures then the procurement and supply chain performance will be

increased. This theory helped the researcher to examine the relationship between staff competency and organization set up in relation to procurement performance of the respective procuring entity.

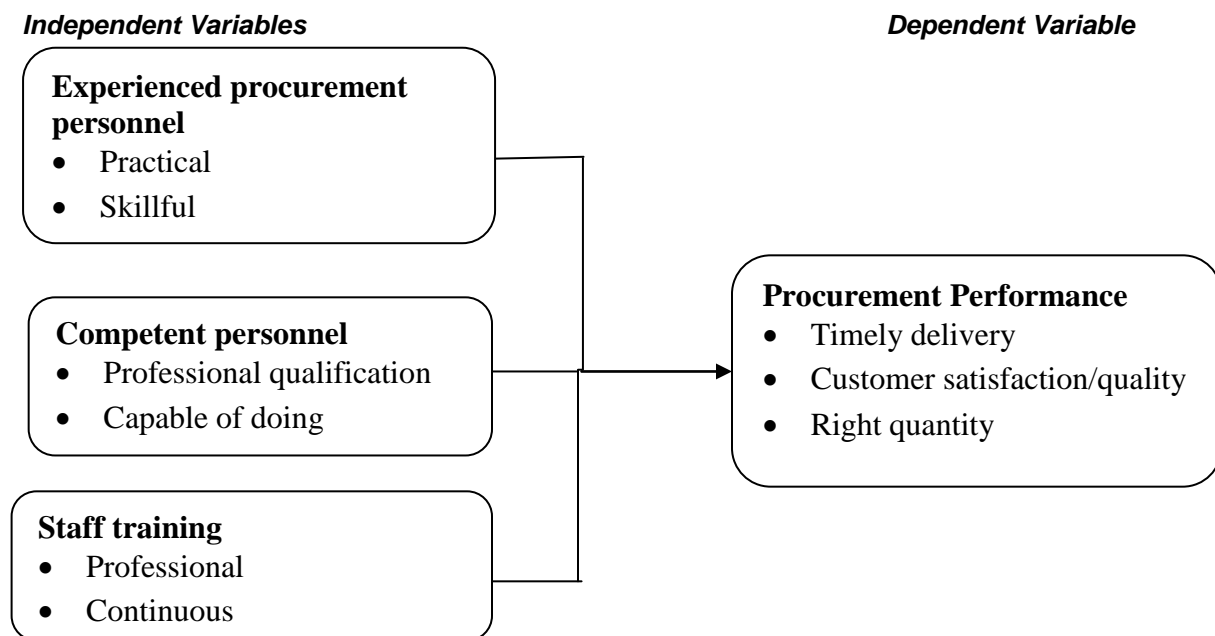
Quality Management Theory

Established by Heizer and Render in 2005 which states that the top management commitment and participation in quality management practices are the most important factors for the success of firm. The theory focuses on continuous improvement. Quality management is a useful concept in quality delivery of which all players in supply chain are involved from the planning stage through production and product quality or service controls.

Conceptual Framework Model

This part provides a pictorial representation of independent and dependent variables and the relationship existing between them (Kothari 2004). The study examined the relationship between procurement performance as dependent variable and experienced, competent and staff training as independent variables as indicated below;

Figure 1: Conceptual Framework Model



RESEARCH METHODOLOGY

This study employed a case study design which described the relationship between independent variables (experienced, competent and staff training) and Dependent Variable (Procurement Performance). The population of the study was 120 VETA Head office employees in various departments and sections. The sample size of 76 employees was drawn by using Slovin's formula. Purposive sampling was used to select respondents to participate in the study, procurement officers and Head of departments other respondents were selected using random sampling technique. Primary and secondary data were collected by using questionnaires, interview, observation and documentary review. The data were analysed using descriptive statistics with the aid of Statistical Packages for Social Science (SPSS version 16) and Microsoft excel. Analyzed data were presented using graphs and figures.

FINDINGS AND DISCUSSION

Demographic information

The questionnaire of 76 was provided in the field where by the characteristic of respondents by gender indicates that 44.7% of the respondents were female while 55.3% of respondents were male. The large number is male consisting of 55.3% of the staff. Only 44.7% of respondents were female. Hence, majority of respondents who were involved in the study were male. This implies that this may be due to the male dominance in different organizations.

In case of age distribution, it indicated that about 14.4% of the respondents aged between 20-29 years while 55.2% of the respondents aged between 30-39 years and 16% of the respondents aged between 40-49 years. However, the age groups of respondents which fall in the category of 50-59 years were 14.4% of the total respondents. From the results, it can be said that, majority of respondents were aged between 30-39 years. This implies that many of the respondents are still young and therefore are able to ensure that the services are delivered effectively and efficiently at optimum level.

Likewise, findings on education level of respondent in the study indicated that 17.1% of the respondents are Diploma holders while 54% of the respondents were college (Degree or Advanced Diploma) graduates and 28.9% of respondents were Master's degree holders. Only 17.1% of the staffs are diploma education level. The remaining 82.9% are university level graduate background. Therefore, the VETA employees were educated well enough to understand and provide reliable results.

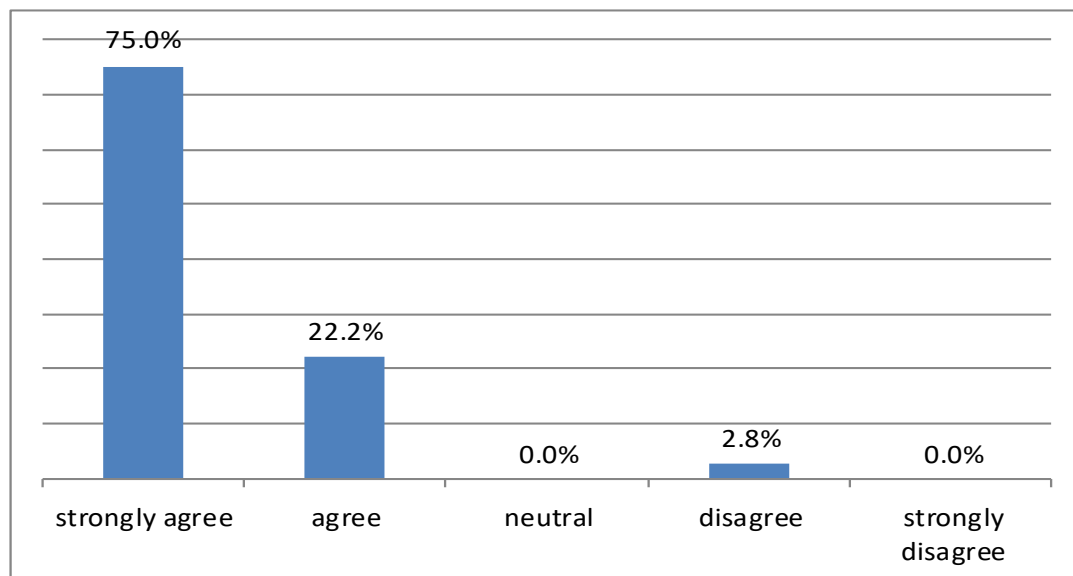
In the working experience characteristics of respondents the study revealed that, 26.0% of the respondents had working experience between 1-5 years while 53.0% of the respondents had working experience between 6-10 years and only 21.0% of the total respondents had

working experience of 11 years and above. Therefore, majority of respondents had working experience of 6-10 years. This implies that most of the participants of this study have enough experience to understand the performance of procurement unit at VETA. In that regard, they were capable to understand various questions related to the various factors influencing performance of procurement management unit (PMU).

Experienced and Procurement Personnel

In this aspect, the respondents were asked whether or not experienced procurement personnel are the major cause of effective procurement function. Hence, the study results are provided for in Figure 2.

Figure 2: Experienced and skilled procurement personnel



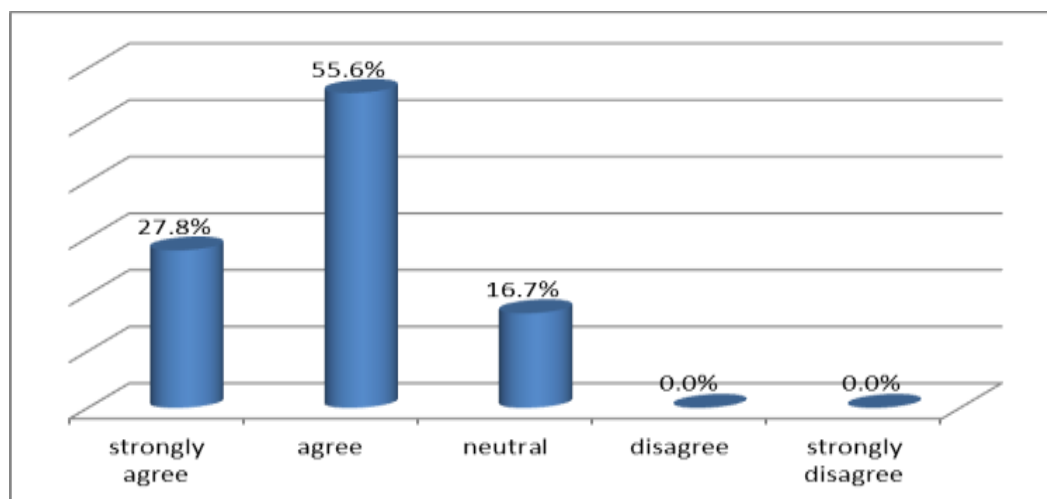
It is clearly shown that about 75% of the respondents strongly agreed that experienced and skilled procurement personnel influence effective procurement function while 22.2% of the respondents agreed, none was neutral, 2.8% disagreed and none strongly disagreed. This implies that an experienced personnel can deliver more than unexperienced one Hence, the researcher concurs with the respondents that experience and skills procurement personnel are the major cause of effective procurement function. The study findings are affirmed with the study by Wanyonyi and Muturi (2015) that working experience and skills are necessary in enhancing procurement functions in the organization. Luketero (2016), Keno (2017) and Chifuti (2020) marked that there is positive correlation exists between staff competency and performance, staff competency triggers performance and staff competency enhanced by

training for the organization to achieve operational objective in procurement. Similarly, Bumali and Mulyungi (2018), Picho (2017) and Msangi (2019) pointed out that staff competency contributes for procurement performance.

Competent and Qualified Procurement Staff

Moreover, the respondents were asked on whether or not VETA employs competent and qualified procurement staff. Hence, the study results are provided for in Figure 3:

Figure 3: Competent and qualified procurement staff

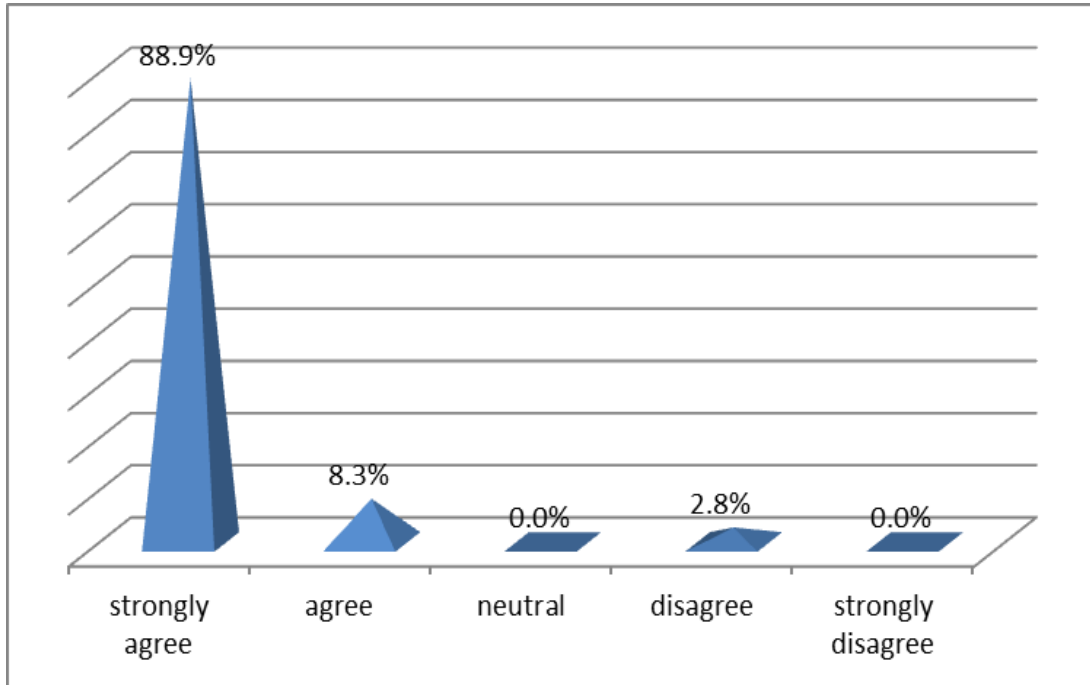


Study findings indicates that, about 27.8% of the respondents strongly agreed that VETA employs competent and qualified procurement staff while 55.6% of the respondents agreed, 16.7% were neutral and none disagreed and strongly disagreed. Therefore, majority of respondents agreed that VETA employs competent and qualified procurement staff. This implies that competency is mandatory for effective procurement in the organization. This is also agreed by Kiromo (2015) that, management of the procurement and supplies process should be administered by qualified, competent and experienced procurement professionals. Although, about 16.7% of the respondents were uncertain whether VETA employs competent and qualified staff in procurement field.

Training of Employees improves Level of Competency

In addition, the researcher also asked the respondents to state their level of agreement as whether or not training of employees improves the level of competency in the procurement function. Therefore, to accomplish this, Figure 4 presents the study findings as obtained from the field.

Figure 4: Training of employees improves level of competency



In Figure 3, about 88.9% of the respondents strongly agreed that training of employees improves the level of competency in procurement function while 8.3% agreed, none of the respondents were neutral and 2.8% disagreed and none strongly disagreed. Therefore, majority of respondents strongly agreed that training of employees improves the level of competency in procurement function. This implies that training has vital role in improving the competence of the staff, meaning that when the staff is given training, that tends to increase his or her level of competency which is important in procurement activities. Procurement activities need competent people in order to ensure that everything is performed well. This is affirmed with the study by Chebet (2017) and Chifuti (2020) that staff competence is improved through training of employees. Although 2.8% of the respondents disagreed on the matter, this implies that training might not be related to a specific profession or too theoretical which does not add value to activities relating to procurement.

CONCLUSIVE REMARKS

Conclusions

It is concluded that experience, competency and training of procurement staff have a significant effect on performance of procurement function at VETA. In this regard, performance of PMU at VETA depends on combination of these three factors. Performance in procurement function in

this study was regarded in terms of timely delivery, quality goods and service and delivery of goods in right quantity.

Recommendations

The study recommended the following:

1. It is recommended that VETA should retain the experienced procurement employees by providing platforms to express their minds gained from practical experience, motivate them and provide a sense of fairness and equal treatment.
2. It is advisable that procurement staff be adequately trained on PPA 2011 as amended in 2016 and its regulations in order to boost skills and competency in implementation of procurement functions. Training should also be to other procurement organs such as Tender Board members, User departments, accounting officer and internal auditors for these units contribute a lot in enhancing procurement performance of the organization. Sufficient training budget should be provided for continuous professional training.
3. VETA should establish recruitment policy which defines the level of competency and preferred hiring practices required by the organization in procurement cadre.
4. Procurement section should involve user departments during designing and planning stage in order to have agreed delivery cycles, quality of products required and quantity which will be the key indicators during implementation of procurement activities

Significance of the study

The study are useful to procurement practitioners, organizations both public and private institutions as identified factors which can contribute to success of procurement activities, proposed further studies and contributed to the body of knowledge in procurement profession.

Areas for Further Studies

This study was carried on Procurement Management Unit (PMU). However, further research should be conducted on:

- i. Assessment of the factors influencing implementation of Annual Procurement Plan in Tanzanian training institutions.
- ii. The role of ICT in enhancing procurement activities in Tanzania training institutions
- iii. Assessment of ethics issues on performance of procurement in Vocational training institutions.

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