



THE INFLUENCE OF INTERNATIONAL COMPETITIVE TENDERING ON PROCUREMENT PERFORMANCE IN PUBLIC ORGANIZATION IN ZANZIBAR

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Abstract

The purpose of the study was to examine the influence of international procurement tendering method on the procurement performance of Zanzibar Electricity Corporation (ZECO). The study utilized descriptive survey design with a sample size of 44 comprising of the staff selected using purposive sampling technique. The data was collected using structured questionnaires. The study approach was Quantitative. Data were analysed through descriptive statistics with the help of Statistics Program for Social Sciences (SPSS). For the International competitive tendering to provide effective competition 90% agreed, for the wide choice in selecting the best bid when using international competitive tendering 75% agreed, availability of items locally to enhance the use of international competitive tendering 61% agreed and the use of international competitive tendering in respect to cost 56% agreed that it costly and following the laid down procedures 66% agreed that procedures are followed. Therefore, the study concludes that International Competitive tendering is very significant and they therefore need to be considered in any effort to enhance procurement performance in public organization. The study further concluded that international competitive bidding gives prospective bidders from eligible source countries equal opportunity to bid on goods and works that are being procured.

Keywords: Influence, International Competitive Tender, Performance, Tanzania

INTRODUCTION

A procurement method means the way in which bidders are invited to participate in different opportunities at the procuring entities. In Tanzania Regulation 149(1) of GN 446 of 2013 requires public procuring entities to use National and International tendering procedures to be used whenever there is a procurement of Goods, Works and Non-consultancy. Each country has its own economic social, cultural and political environment and each country's public procurement practitioners face different types of challenges, indeed in all countries in the world, estimates of financial activities of the government procurement are believed to be in 10%-30% of GNP (Callender & Mathews, 2000). If the procurement department is inefficient in its acquisition of goods and services or even works, other departments would be affected and sometimes it affects performance (Snider & Rendon, 2008).

According to Love *et al.* (2008), the selection of an appropriate procurement method has two main components. The first component involves analyzing and establishing priorities for project objectives and client attitudes to risk. The second involves considering possible options, evaluating them and finally selecting the most appropriate. (Raman & Narayanan, 2016) identified factors to consider during selection of procurement methods as cost, time and quality. (Kakwezi & Nyeko, 2010) explained that existence of a wide variety of procurement methods has led to several comparisons being made on how the different procurement methods have performed at the end of the construction phase. There having the different procurement methods available for choice enhances the performance of procurement function.

However, despite the existence of different procurement method at Zanzibar Electricity Corporation (ZECO) the organization is facing a lot of shortages of materials and one of the reasons identified by (Njoki and Kimiti 2015) is due to improper use of procurement methods. An effective procurement process ensures the availability of the right material supplies in the right quantities, available at the right time for the right patient and at the right prices and at recognizable standards of quality (Tweneboah & Ndebugri, 2017). Therefore, this study sought to find out the influence of international competitive tendering on the performance of procurement function at Zanzibar Electricity Corporation.

LITERATURE REVIEW

The Systems Theory

The study was encored on the General systems theory, Theory was modeled by Ludwig Bertalanfy in 1950. This theory relates the functioning of organizations with how living organisms function. From a biological point of view an organism is an integrated system of interdependent structures and functions made up of cells, and a cell contains molecules, which

must work in harmony. Thus, the same concepts and principles of organization underlie the different disciplines, providing a basis for their unification (Keraro, 2014). Due to the complexity and instability of the external environment, the survival and effectiveness of an Organization will depend on how well it scans and adapts to its internal environment (Whitchurch & Constantine, 2009). Hanson (2014) observed that, the systems theory provides a leader with a tool for analyzing organizational dynamics without providing a specific theory about how an organization should be managed. Systems theory has a new perspective for managers to interpret patterns and events in the workplace. In order to realize performance in public procurement systems theory is useful as it will integrate all functions of procurement process together with selection of procurement methods as well as various parts of the organization, in particular interdepartmental relationships and other variable to come up with performance expected.

International Competitive Tender

International Competitive Tendering can be used whenever open/competitive tendering is used and effective competition cannot be obtained unless foreign contractors are invited to tender as well as, when items to be procured are not available locally or cannot be provided on account of technical and other competencies together with financial constraint (Jacob, 2010). International competitive bidding (ICB) is the most appropriate method of procurement in most cases (Hensher and Stanley, 2008). This provides an executing agency with a wide choice in selecting the best bid from competing suppliers and contractors. It gives prospective bidders from eligible source countries equal opportunity to bid on goods and works that are being procured (Rose-Ackerman & Palifka, 2016).

ICB procedures are normally employed if it has substantial amount to attract foreign bidders or if the items are not local available and for contracts with estimated values that meets the thresholds set at the time of procurement plan preparation (Tetteh, 2014). Song, et al; (2013) noted that ICB has several advantages in that it promotes competition between suppliers, resulting in best “value for money” for purchasers and users; offers a kind of transparency and help avoid corruption and favoritism; and gives all suppliers the opportunity to win the business that is advertised. Takano, Ishii and Muraki (2014) added that International Competitive Bidding also enables effective competition and gives equal opportunities for businesses to participate and win in government procurement activities. Countries and large organizations such as The World Bank offer the option of international competitive bids because they want to find the best companies in the world to provide their products and solutions.

Procurement Performance

Nkirina, et al; (2017) defines purchasing performance evaluation as the quantitative or qualitative assessment over a period of time towards the achievement of corporate or operational goals and objectives relating to purchasing economies, efficiency and effectiveness. Quantitative objectives are measurable using such measures as number of orders placed (Beckford 2016), reduction in lead times (Bollapragada, Kuppusamy & Rao, 2015), price savings (Kiilu 2016) and reduced administrative costs and will tend to be used when purchasing is regarded mainly as a clerical and transactional activity (Ahmadi, Pishvaei & Torabi, 2018). Baily *et al.* (2008) explains that qualities which can be viewed into performance quality are concerned with quality of design or specifications. (Amayi & Ngugi, 2013) insisted that quality one would seek to know is the percentage of rejects in goods received, percentage of goods rejected in production and percentage of raw materials rejected in production. To evaluate procurement performance using quantity one would seek to know the quantity percentage of stock that has not moved over a specified period, number of stock outs and the number of small value orders, number of emergency orders, and comparison of stock with the target stock (Amemba *et al.*, 2013). Baily *et al.*, (2008) emphasized that to evaluate the procurement performance using operation costs one would seek to know the cost of processing an order, progression costs as a percentage of the total, and communication costs.

METHODOLOGY

The study is a descriptive survey. A descriptive survey is designed to seek out answers to research questions through the collection and analysis of opinions and facts (Fraenkel and Wallen, 2003). A quantitative approach was adopted by the study which allowed the study to quantify and measure responses and also statistically analyze them. The Population of the study was 50 all from respondents who directly involved with procurement activities and using Slovincs formula a Sample Size of 44 respondents was obtained. This study used a non-probability sampling methods known as judgmental sampling technique to get the accurate sample size of respondents. Krishna (2002) defines sampling techniques as the process of drawing a sample from a large population. The all sample size taken were given questionnaires. Primary data were collected using structured questionnaires. The questionnaires used was self-designed, tested and pretested for validity and reliability of the questions. Data analyses were done based on the research objectives and it were presented according to the research objectives. The researcher analyzed quantitative data using descriptive statistic such as parentages, mean frequency standard deviation, with the aid of statistical package for Social Sciences (SPSS V.23). Findings and discussion was presented in descriptive form supported by

means and standard deviation, tables and in demographic was presented in frequency distributions and percentages. Researcher used Likert scale as parameter to measure the variables.

RESULTS AND DISCUSSION

General Information of Respondents

This aspect was very important in obtaining the overall picture of the respondents from which the data were gathered. It includes gender of the respondents, their age, level of education and experience level

Age

Respondent age is crucial factor in research as matured people normally present diverse opinions than young one due to experience accumulated during their carrier. In this aspect the researcher works out in determining the age factor. The findings in table 1 reveal that 22.7% of the respondents were aged between 20 and 30 years, 52.3% of the respondents indicated that they were aged between 31 and 40 years, 18.2% of the respondents indicated that they were aged between 41 and 50 years, while 6.8% of the respondents indicated that they were aged between 51 and above years.

Table 1 Age of the Respondents

		Frequency	Percent
Valid	20- 30	10	22.7
	31-40	23	52.3
	41-50	8	18.2
	50 and above	3	6.8
	Total	44	100.0

Gender

Based on various factors such as job descriptions, in many incidents gender difference normally describes unlikely opinions with regards to pertaining matter. The research wants to find out views of different gender responded in this study. The table 2 shows that 52.3% were male whereas the remaining 46.5% were female and 1 of which is 2.3% is not mention a gender. Male respondents were more than female respondents in the study. That means there is no gender balance on organization, male employees at is greater than the female employees.

Table 2 Gender of the Respondents

		Frequency	Percent
Valid	Male	23	52.3
	Female	20	45.5
	3	1	2.3
	Total	44	100.0

Education Level

The researcher wanted to know the level of education respondents possessed in the organization. This was to establish the educational competence of the employees if are well-trained and having enough capacity in handling administrative and technical issues in the organization.

Table 1 Education Level of respondents

		Frequency	Percent
Valid	Certificate	4	9.1
	Diploma	18	40.9
	Degree	19	43.2
	Masters	3	6.8
	Total	44	100.0

The data in table 3 above illustrate that 3 (6.8%) were from master degree, 19 (43.9%) were from bachelor degree, 18 (40.9%) were from diploma and 4 (9.1%) were from certificate. This shows that a great number of the workers in different departments are well educated and most of them possess bachelor degree level of education and above. Therefore, there is ability and capacity of handling administrative and technical issues in the organization is greater.

Experience

Table 4 below shows the work experience of respondents who were involved in this study. The results indicated that 18.2% of the respondents had 0-2 years working experience while 52.3% respondents had 3-6 years of experience, 15.9% of respondents had 7-10 years of experience while 13.6% had 10 years and above working experience. This implies that majority of respondents at ZECO have long work experience in procurement for goods, services, work and management. The findings therefore, help the researcher to be sure that the respondents are experienced in procurement practices and could provide relevant information required for this study.

Table 2 Working Experience of the respondents

		Frequency	Percent
Valid	0-2	8	18.2
	3 -6	23	52.3
	7-10	7	15.9
	10 and above	6	13.6
	Total	44	100.0

Influence of International Competitive Tendering

The study sought to find out the influence of international competitive tendering on procurement performance in public organization in Zanzibar. The results are presented in Table 5 show that the 52.3% of the participants strongly agree that international competitive tendering influence procurement performance in public organization in Zanzibar, 25.0% agree that international competitive tendering influence procurement performance in public organization in Zanzibar, 4.5% are neutral while 18.2% are disagree. This translated to a majority of the participants strongly agree that international competitive tendering influence procurement performance in public organization in Zanzibar.

Table 5 International Competitive Tendering

		Frequency	Percent
Valid	Strongly Agree	23	52.3
	Agree	11	25.0
	Neutral	2	4.5
	Disagree	8	18.2
	Total	44	100.0

The study also sought to determine the level of agreement on various statements based on the influence of international competitive tendering on procurement performance in public organization in Zanzibar. The findings as in table 6, a majority of respondents were found to be Strongly Agree with the statement posed in regard to the International competitive influencing the procurement performance in public organization in Tanzania. The study established that International competitive tendering provides an effective competition in the tendering process with a Mean of 1.57. International competitive tendering offers us a wide choice in selecting the best bid from competing suppliers and contractors with a means of 2.02. We only use international competitive tendering when items to be procured are not available locally or cannot

be provided due to technical and other competencies together with financial constraint with a mean of 2.18. International competitive tendering is expensive to hold and even more expensive to complete with a mean of 2.43. We follow the laid down procedures when we decided to use international competitive tendering in our procurement process with a mean of 2.14. The study findings reveals that international competitive tendering are very important and they therefore need to be considered in any effort to enhance public procurement performance in public organization. The findings are supported by researcher such as Rose-Ackerman and Palifka, (2016) international competitive bidding (ICB) is the most appropriate method of procurement in most cases. This provides an executing agency with a wide choice in selecting the best bid from competing suppliers and contractors. It gives prospective bidders from eligible source countries equal opportunity to bid on goods and works that are being procured. Takano, Ishii and Muraki (2014) added that International Competitive Bidding also enables effective competition and gives equal opportunities for businesses to participate and win in government procurement activities. Countries and large organizations such as The World Bank offer the option of international competitive bids because they want to find the best companies in the world to provide their products and solutions. Song, Landrum and Chernew (2013) noted that ICB has several advantages in that it promotes competition between suppliers, resulting in best “value for money” for purchasers and users; offers a kind of transparency and help avoid corruption and favoritism; and gives all suppliers the opportunity to win the business that is advertised.

Table 6 Descriptive statistics of international Competitive Tendering

	N	Mean	Std.
International competitive tendering provides an effective competition in the tendering process	44	1.57	.873
International competitive tendering offers us a wide choice in selecting the best bid from competing suppliers and contractors	44	2.02	1.000
We only use international competitive tendering when items to be procured are not available locally or cannot be provided due to technical and other competencies together with financial constraint	44	2.18	1.040
International competitive tendering is expensive to hold and even more expensive to complete	44	2.43	1.354
We follow the laid down procedures when we decided to use international competitive tendering in our procurement process	44	2.14	1.025
Valid N (listwise)	44		

CONCLUSION

Based on the findings the study concludes that effective competition and Nature of choice (availability of items) influences procurement performance when using international competitive tendering. Therefore, the findings reveal that international competitive tendering is important and therefore need to be considered in any effort to enhance public procurement performance in public organization.

The study recommends that International Competitive tendering is significant and therefore need to be considered to enhance procurement performance in public organization in Zanzibar.

The study recommends that the future research can be can be conducted to assess the influence of integrity in International competitive tendering in public organization

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