

THE INFLUENCE OF STAFF COMPETENCE ON PERFORMANCE OF PROCUREMENT CONTRACTS MANAGEMENT IN PUBLIC SECTOR IN TANZANIA

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Abstract. *The study objective was to examine the influence of staff competence on performance of procurement contracts management in public sector. The study employed a case study design as a mechanism of resource allocation. The study targeted a total of 142 employees of TIB Development Bank Ltd which is a public bank operating in Tanzania. Stratified sampling technique was employed to select 85 employees. Data were collected from the sample through interview and questionnaire and then were analyzed using both descriptive statistics and inferential statistics while factor analysis was used to test the suitability of the data for analysis. Findings from Multiple regression indicated that staff competence ($\beta_1 = 0.279$, $p < 0.05$) had a positive and significant influence on the performance of procurement contracts management. Additionally, the correlation revealed that staff competence is likely to strongly improve procurement contracts management performance. It is also vital for the organization to provide training to the staff so as to allow them to develop new skills and knowledge on procurement contracts management in order to improve the performance of such contracts.*

Keywords: *Staff competence, procurement contracts, public procurement, procurement contracts management*

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1. Introduction

The World Bank (1995) defined public procurement as the process of buying or leasing by Procurement Entities (PEs) using public funds. Contract management is the crucial issue in public procurement and includes all the undertaking performed by the PEs and dealers upon the ratification of an agreement up to the full release of the obligations (Trepte, 2011).

According to Lowe, (2013), “management of procurement contracts” refers to the practice of creating proper approaches of dealing with dealers, contract negotiation, the renewal or termination of the existing agreement. When a contracting authority enters into a contract with another party, the arrangement cannot just be left to itself, it must be managed. Contracts are frequently complex, may involve multiple actors, may last a long time and may consume many resources (Trepte, 2011). The operation of any agreement needs the procuring entity to target on safeguarding, so that the contract is timely accomplished, high quality products are delivered, risks and costs are minimized. Consequently, this demands competent individuals for the sake of ensuring that all agreed activities are conducted according to the expected criteria by both parties, as it improves the performance of such undertakings.

1.2 Statement of the Problem

The increasing importance of procurement contract management for enhancement of public procurement performance suggests that PEs should employ competent staff to manage

procurement contract. According to Mrope, (2018), in many PEs in Tanzania contract management performance is poor due to the reason of insufficient and underskilled staff in procurement unit. As a result, the enacted procurement laws, rules, regulations and procedures are not appropriately applied.

The Government of Tanzania has done several efforts to curb the incompetence in order to ensure effective contract management in public procurement entities through the Procurement and Supplies Professionals and Technicians Board (PSPTB), which is responsible for expansion and training of procurement professionals in respect of their professional conduct.

PPRA, (2020), revealed that during the financial year 2018/2019 some of PEs did not prepare contract progress reports, delayed payments to suppliers, their supervisors or contract managers were not appointed by accounting officers (AOs), some of the agreements were executed without performance guarantees, progress reports and measurement sheets were not attached with payment certificates, payments to suppliers for sampled tenders were not certified by user departments, contracts were executed without quality assurance plan, securities were not managed appropriately, contracts record system was poor, communication systems between stakeholders were not clearly established, AOs did not handle properly contractual complaints submitted by bidders, goods were paid for but not delivered. This provides evidence of incompetence of the staff employed to execute contract management activities. In response to this the researcher sought to examine the influence of staff competence on performance of procurement contract management particularly in public sector in order to provide detailed understanding of the employees' influence on procurement contract management issues.

1.2.1. Statement of the Hypothesis of the Study

The study is based on the hypothesis H1 that there is positive significant influence between staff competency and the performance of procurement contracts management.

2. Literature Review

This part of the paper provides the theoretical overview of the study, empirical review and the conceptual framework that guided the study.

2.1. Theoretical Overview

The study adopted two theories: agency theory and transaction cost theory.

2.1.1. The Agency Theory

The theory was introduced in (1976) by Jensen and Meckling, and later expounded by other scholars. It is a theory established by economic scholars to develop a clear understanding of the roles of the principal and an agent in an organization and to find out how they facilitate organizational performance. In this theory economists deduced that the principal normally induces activities to be done by the agent.

Mihungo and Dr. Mwangike, (2021), elaborated that for the effective public procurement, principals (the PEs) should formulate a well-understood and clear procurement contracts that will guide and bind the suppliers (agents) to undertake a certain project on their behalf; thus the agent will rely on the action of the principal. Tukamuhabwa, (2012), stated that the presence of well-educated and skilled employees in performing procurement activities tends to strengthen the scope of monitoring and enforcement of procurement decisions for the sake of achieving best results in contract management and organizational performance as well.

2.1.2. Transaction Cost Theory (TCT)

The TCT was developed by Coase in 1937. Coase discovered that short-term contracts unsuitability arises due to the costs associated with gathering information and those experienced additional cost in negotiating contracts. An authoritative feature of the transaction cost theory is that it insists on two extremes of transaction control in essence, hierarchy versus the market's, and other hybrid forms as well as long-term contracts (1988).

Grover and Malhotra (2003) presume that the transaction cost theory finds application in organizational supply chain management in various facets, such as effort, monitor, problem, and advantage. It argues that building and maintaining relationship with suppliers in the organization is the key to enhancing contract management performance. The theory further holds that in order to minimize costs involved, an organization should be able to identify cost drivers, including environmental uncertainties that can hinder the performance of contract management.

Mihungo and Dr. Mwangike (2021) state that, according to the transaction cost theory's concepts of the cost management of organizational operations, such as procurement, the organization should handle procurement at the lowest cost to enhance performance in the terms of costs; also that any organization aims to run at the least cost and that can be obtained by ensuring good contract management with suppliers. Furthermore, through the transaction cost theory the organization gets to know tips on how to run operations at the least cost. Since the employees are responsible for controlling all the costs in an organization, with the use of this theory they should be professional enough to manage the transaction costs of the organization and competent enough in managing the procurement contracts activities.

2.2. Empirical review

Wambui, (2017), described staff competence as the level of excellence, skill, and quality of individuals of a certain profession, whereby employees must have necessary skills and knowledge to be able to undertake their assigned duties and responsibilities. It is very important to consider an individual's skills and knowledge when recruiting new employees. Employees therefore must be competent and preserve integrity and openness in their dealings in order to encourage and build trust to people whom they serve. According to Baily *et al.*, (2008), having thorough knowledge of an organization's mission and objectives, as well as performance metrics and guidelines, requires good qualification.

Lyson and Farrington (2012) assert that procurement as a profession calls for skills based on theoretical knowledge, prolonged training and education, competence based on tests and examinations, practicing and adherence to the 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 (Lowe, 2013).

Raymond, (2008), on the other hand, revealed that lack of procurement skills and knowledge leads to corruption which ultimately impedes compliance of procurement rules and regulations in procuring entities and adversely affects performance. Wambui, (2017) conducted a study on the factors affecting contract management in acquisition of goods and services. The study revealed that staff competency is an essential factor to be considered by an organization during the contract management.

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 (Rendon, 2010).

Joyce (2014) conducted a study on contract management practices in Kenya. The study exposed that appropriate contract management practices, including contract relationship management, contract administration, monitoring and acceptance management, proper dispute resolution, as well as using effective contract evaluation procedures while employing contract management team with relevant skills, qualification, knowledge and experience, will definitely enable the government of Kenya to save billions of taxpayers' money.

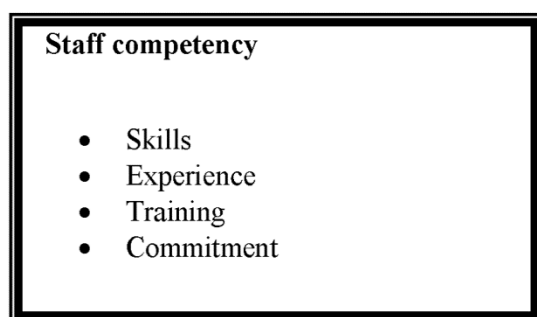
Robert Yin, (2019) pointed out that in order to inspire extraordinary performance in procurement contract management, management needs to foster a positive work environment that motivates procurement employees to work efficiently in their assigned duties that, in turn, greatly influence contract and procurement performance as managers lead to employee's job satisfaction by working towards reducing their complaints and grievances; this will improve on turnover, absenteeism and termination and, consequently, contribute to enhanced punctuality and employee morale, which has a positive association with contract management performance.

In another study of Marco, (2013) on the 'Effectiveness in contract management in Tanzania', the author noted that employee's communication and the general system of communication within the organization, together with required knowledge, skills accompanied with the financial capability, amicable resolution of disputes by the contract management team, positively affect the contract management and the procurement performance within the organization.

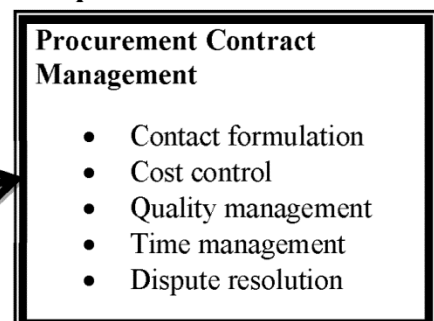
2.3. Conceptual Framework

Conceptual framework refers to the research tool that outlines the possible courses of actions or preferred approach to undertake the study (Goddard and Melville, 2001). The conceptual framework provided a clear path of the study as it acted as the basis of the findings. It involved the staff competence as independent factor and procurement contracts management as a dependent factor.

Independent Variable



Dependent Variable



H1

Figure 2.1: Conceptual framework

Source: (Mihungo and Dr. Mwangike, 2021)

3. Research Methodology

This study used a case study design; case study research enabled the researcher to save both time and cost, since it was dealing with a particular case from a single organization. The study targeted 142 employees, from which an 85 respondents sample was drawn using stratified sampling technique. The sample size of 85 respondents was computed based on the assumption of the multiple regression model. The study employed questionnaire and interview as the method of data collection. The questions were distributed to the respondents, an interview was conducted to few of them. Both secondary and primary data were used in

this study; secondary data were gathered from previous researches, journals, books and Internet sources, and primary data were gathered using questionnaire and interview.

3.1. Analysis of Data

Quantitative data were analyzed using SPSS. In this statistical package, researcher used descriptive analysis, which included percentage and frequencies to describe the phenomena as viewed by the respondents of this study. Also researcher used factor analysis and inferential statistics, which comprised of correlation analysis of the study variables and multiple regression analysis of the study variables. Factor analysis was used to develop a scale to measure the performance of procurement contracts management, to have a better understanding of the variables, combining variables by computing them in a way of explaining relationship among variables. From there the combined (computed) variables were used for other analysis such as multiple regression analysis (Pallant, 2015). Inferential statistics enabled the researcher to establish the relationship of the variables in relation to its strength and direction.

4. Findings

This section highlights the findings of the study which were analyzed with the help of statistical package of social science (SPSS) with the following subsection

4.1. Descriptive Analysis

Descriptively, 80.2% of the respondents agree that TIB staff has essential skills to resolve the contract dispute which improve the performance of the contract management.

Respondents were likewise asked on the impact of staff experience on managing procurement contracts, and a total of 63 respondents (74.2% of the respondents) had indicated a positive impact between experience of the staff and procurement contract management.

Also descriptive analysis indicated that at TIB development bank staff are being trained on several aspect of procurement contracts management to ensure a high quality contracts performance. This was encountered by 76.4% of the respondents.

Moreover, staff competences were measured in term of commitment, and 80% of all the respondents provided that competent staff should be committed, especially those who manage procurement contracts as it improves the quality of contracts performance.

4.2 Factor analysis

The result of the findings on factor analysis revealed that the Kaiser-Meyer-Olkin rate was .728, which was above the recommended rate of 0.6 (Kaiser, 1974), and Bartlett's Test of Sphericity (Bartlett, 1954) extended significance rate with a value of .000, supporting the factorability of correlation matrix and sample adequacy. The data can be used for further analysis.

4.3. Correlation Analysis

Correlation analysis was one of the inferential analyses which was used in this study. According to (Taylor, 1990), the correlation coefficients (r) varies over the range of +1 through 0 to -1, where the “ r ” approaching to +1 or -1 regardless of the direction indicates that the relationship of the studied variables is strong. From Table 4.1 findings revealed that the correlation coefficient between staff competency and performance of procurement contract management is .722, which is statistically significant with p -value at .000, which implies a strong positive relationship between these variable and means that when staff competency is increased/improved also the contract management will be improved.

Table 4.1

**Correlation between staff competence and performance
of procurement contracts performance**

		Staff Competence
Performance of Procurement Contract Management	Pearson Correlation	.722**
	Sig. (2-tailed)	.000
	N	85

Source: (Mihungo and Dr. Mwangike, 2021)

4.4. Multiple Regression Analysis

From the finding R indicate the association concerning the predictors and the response variable at 0.794, which is equivalent to 79.4%, and it entails a strong constructive association concerning the two variables. Mrope, (2018) explained that R square commonly recognized as the constant of disparity is the general measure of magnitude of the relationship and does not replicate the degree to which the response variable is related to the predictors variables. In this case statistically the above result indicates a good strength of association between the two variables.

Also referencing the table 4.2 the study indicated that the coefficients of staff competence is .278 and the t-test value is 2.214 and this coefficient is significant with a P value = .030 < .05. The insight we are receiving from commencing this predictor on its coefficient is that the score of the procurement contract management increases by 27.8%. This can simply men that the higher the staff competence the higher the procurement contract management.

Table 4.2

Regression result

Independent variable	R	Coefficient B	t	Sig	implication
Staff Competence	.794	.278	2.214	.030	Significance

a. Dependent Variable: Performance of Procurement Contract Management

Source: (Mihungo and Dr. Mwangike, 2021)

4.5. Hypothesis Testing

H1. There is positive significant influence between staff competency and performance of procurement contracts management

The regression analysis indicated that staff competency is statistically significance, where P value is .030, which is less than .05. Also it is revealed that staff competency contributes positively to the scores of procurement contract management with a coefficient of .278. Additionally, correlation result revealed that there is a positive correlation/relationship between staff competency and procurement contract management. From this statistical evidence, hypothesis (H1) is accepted. Therefore, the finding reveals that there is positive significance relationship between staff competence and effective contract management.

5. Discussion of the Finding

From descriptive analysis the study exposed that the majority of employees have approved that their staffs are competent enough as a result of effective procurement contracts management performance, this simply indicated that staffs' commitment, experience, skills and being well trained have positive impact on procurement contracts management. This study aligns with that of Rendon (2010), which revealed that procurement staff should be well skilled based on hypothetical information, continue workshops training and education, be committed and well-experienced, as it will enable effectively manage the procurements

contracts. The interview of the respondents exposed that commitment of the staff is the key factor in influencing effective contract management which enable the organization to attain VFM.

Also the study revealed a positive relationship with a correlation coefficient of .722, which implied a strong positive correlation, between staff competency and effective procurement contracts managements. The revelation was in agreement with Lysons and Farrington's study (2012), which revealed that staff competency has constructive impacts on procurement contracts management and argued that an organization which is staffed with incompetent staff is more likely to have poor procurement contracts management.

Staff competence has a positive contribution indicating a 27.8% on procurement contracts management, which was statistically significance with a p value of .030. The same results were mentioned by Joyce, (2014), who elaborated that employing staff with necessary skills, experienced and well trained, has a positive contribution on effective contract management. Also Robert Yin, (2019), discovered a positive contribution between staff competency and effective procurement contracts management and concluded that manager should assign competent staff to manage procurement contracts

6. Conclusion

The findings revealed that an employee should be committed and well-skilled and also that an employer should train their staff on different issues related to procurement contracts management, assigning these tasks to the employees who are experienced enough, as all this leads to effective procurement contracts management. Staff competency has significance positive influence on performance in procurement contracts management. The more the staff become competent in managing procurement contracts, the more the performance is improved. This indicated that staff are the key factors that will enable the organization to achieve its procurement contractual goals.

7. Recommendation

There should be regular training on procurement contract management to the public staff. Public sector should ensure that their employees are well trained and educated on procurement contract management issues as it will enable the organization to have employees who will formulate and execute procurement contracts effectively and enable the organization to improve its procurement performance.

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ВЛИЯНИЕ УРОВНЯ КОМПЕТЕНТНОСТИ ПЕРСОНАЛА НА КАЧЕСТВО ИСПОЛНЕНИЯ ЗАКУПОЧНЫХ КОНТРАКТОВ В ГОСУДАРСТВЕННОМ СЕКТОРЕ ТАНЗАНИИ

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МВАГИКЕ Леонарда (д-р) Университет Мзумбе, кампус Дар-эс-Салама, Танзания.

***Аннотация.** Авторы статьи исследуют влияние уровня компетентности наемного персонала на качество исполнения контрактов по закупкам в государственном секторе на примере одного из государственных банков Танзании, TIB Development Bank, Ltd. Стратифицированная выборка охватывала 85 респондентов, к которым были применены такие методы исследования, как анкетирование и интервьюирование. Полученные данные были затем обработаны с помощью пакета обработки статистических данных SPSS, что позволило выявить статистически значимую степень корреляции между уровнем компетентности персонала и качеством управления закупочными контрактами, а также общей эффективностью последних. Основываясь на полученных результатах, авторы исследования дают ряд рекомендаций по повышению уровня профессиональной подготовки и деловой компетентности сотрудников, занятых в сфере управления закупочными контрактами, имплементация которых позволит повысить эффективность закупок в государственном секторе.*

***Ключевые слова:** компетентность персонала, закупочные контракты, государственные закупки, управление закупочными контрактами, государственные закупки*

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