

ABSTRACT

This research aims to fill a literature gap of explaining SMEs' participation and success in public procurement based on two main reasons. First, the conventional thinking both at the academic and policy level is that SMEs' participation and success is similar. However, the drivers for participation and success are different. Let's take an example of an SME that has been given preference in the legal perspective but due to high level of competition still the SME may not be able to compete. This research challenges the mainstream understanding by attempting to explain the drivers for SMEs success on public procurement. Second, there are relatively few studies that focus on this area and this dissertation filled the research gap. Because there are some researches done in other contexts such as in developed economies, this dissertation brought into academic debate Arusha City Council as a new context that was not studied. It was also noted that most of the academic works in this area has focused on the internal factors of success and suppliers' perspective on participation and success in public procurement is scant in the existing literature. Thus, the specific objectives of this study were related to examining information access, level of education of owners, managerial skills and financial resource ownership among SMEs.

From methodological stance, this report deployed a mixed method approach. First, qualitative data were collected through an interview guide targeted to purposively selected suppliers up to the level of saturation. Specific cases of suppliers' contracts (two of them) were holistically analysed to triangulate the quantitative information. Second, Quantitative information were obtained through structured questionnaire distributed randomly and accidentally as suppliers arrived at Arusha City Council.

Findings indicate that suppliers with access to information, enough managerial skills and whose owners were highly educated to the level of master degree were in better position to participate in public procurement opportunities. This finding was supported by almost 70 percent of responses. Moreover, financial capacity among suppliers was observed as the most important tool for competition. This is because those with access to finance recorded higher frequencies of tender awards than their fellows without sufficient money. Case study no. 1 revealed a supplier owning financial institution known as EFL to be very competitive in public procurement markets. This study recommends that suppliers should try best to source funds for competing for public procurement opportunities. Where they for see that they will not win, it is better to refrain.