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**THE ANALYSIS OF PROJECT IMPLEMENTATION ON COMPLIANCE TO
PROCUREMENT FRAMEWORK ACT 2011 IN TANZANIA; A CASE OF ARUSHA
REGIONAL SECRETARIAT**

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Abstract

This study aimed to analyze the project implementation on compliance to procurement framework Act 2011. It examined the procurement principles; tendering methods; and identify challenges of compliance to the procurement framework Act 2011 by the Arusha Regional Secretariats. A case study research design was used and 141 respondents were sampled from the population frame of 218 Staff of Arusha Regional Secretariat. Self-administered questionnaires composed with closed questions were used to collect data. Data were analyzed descriptively through SPSS version 20. The results revealed that Arusha Regional Secretariat comply with the procurement framework Act 2011 which observes principles of public procurement such as fairness, transparency, efficiency, fit for purpose and value for money; Arusha Regional Secretariat comply with procurement framework Act 2011 on restricted tendering methods during execution of the project activities; and factors such as lack of employee professional ethics, bureaucracy, familiarity with procurement methods by procurement Staff and ambiguity of the public procurement principles were the major challenges on compliance with procurement framework Act 2011 during execution of project activities in Arusha Regional Secretariat. It was concluded that compliance with procurement framework Act 2011 has influential factors. Recommendations were provided to Arusha Regional Secretariat management to consider more reducing level of reporting hierarchy through delegation during implementation of project activities; Arusha Regional Secretariat Personnel to change their attitude and improve their understanding on procurement principles; Public Procurement Regulatory Authority and policy makers to review and simplify procurement principles which may be used during implementation of project activities.

Key words: Procurement Framework Act, Regulations, Regional Secretariat, Compliance, Project implementation.

I. INTRODUCTION

Globally, project implementation is a practical phase of the project cycle whereby plans are placed into action. It is a phase where the project team work on the project activities to produce the intended deliverables. Project managers experience conflicts over scheduled time and other resources because it is an actual phase where project activities are performed in order to achieve objectives of the project (Mansaray, et al., 2018). Sarawa and Mas'ud (2020) purport that most project challenges appear in the implementation phase because it is a practical phase where actions and omissions have real impact on the project objectives' achievement. It is a phase where project employs all resources planned and budgeted during the planning phase.

Procurement for project goods, services, works and consultancies is the most critical aspect of project achievement. Timely execution of procurement activities can lead to the timely achievement of the project intended goal. Thus, successful timely completion of the project is a result of the effective project procurement execution. However, the successful completion of the project not only be measured on achievement of the project deliverables but also achievement of value for money (VFM) through compliances with various framework such as procurement, environmental, human rights, gender & vulnerable group equality, and other social frameworks. According to Mrope, et al., (2017) no matter how well the project was planned, if its execution does not comply with frameworks which lead to VFM the whole project is worthless in the public procurement perspective. Mrope, et al., (2017) list several factors which may interfere with timely procurement activities of the project such as change in project scope due to poor definition of initial project scope, inaccuracy calculation of essential risks, delay in project funding, and change of the interest of key stakeholders; project complexity due to change in material price inflation rates and change in exchange rates; inadequate planning; improper project schedule; inaccurate cost estimate; inefficient material and equipment management; and design variation.

Despite of success achieved in implementation of projects, some were reported to violate some of procurement requirements. The audit report (2020) identified some projects to have issues of compliance with the Act 2011 and its Regulations. Among of these projects which had compliance issues, most of them were projects implemented through force account. This complies with Mchopa (2020) that most stakeholders of procurement have not clearly understood on the concept and practices associated with force account approach principles.

Although the PPRA audit report (2020) generally shows compliance with Act 2011, Regulation 2013, and the amendment of 2016; the Arusha Regional Secretariat Internal Auditor has raised several audit queries with irregularities of procurement processes. The irregularities were observed in tendering processes as well as in the Arusha Regional Secretariat execution of force account procurement process (Audit Report, 2020). Due to these irregularities which may be termed as non-compliance to Act (2011), Regulation (2013), and the amendment of 2016; the researcher considers to undertake this study in order to explore the reasons and effects of these non-compliances in the Arusha Regional Secretariat on implementation of projects. It is from this context the study was conducted to analyze the project implementation on compliance to compliance to Public Procurement Act No.7 of 2011. It specifically examined the public procurement principles used by Arusha Regional Secretariat; evaluated tendering methods used by Arusha Regional Secretariat; and assessed challenges of compliance to PPA 2011 facing Arusha Regional Secretariat.

II. LITERATURE REVIEW

Procurement framework in public projects is governed by public procurement framework provided for general public procurement in the country. It is a contractual planning between procuring entity of a project and supplier to deliver materials, goods and services for the implementation of the project activities (Mansaray, et al., 2018). Compliance to procurement framework fosters economic development because public procurement is regarded as a tool for macro-economic (Davis, et al., 2016). Being useful for government as a micro-economic tool for economic development, public procurement process is generally subjected to specific rules and policies covering how the relevant decisions are made (Simon, 2020).

(i) Theoretical Review

Although there are several different theories to public procurement, this study was guided by the widely used theory namely best value procurement theory.

The best value procurement (BVP) theory states that “procurement method should consider factors other than price when selecting vendors or contractors (Storteboom, et al., 2017).”**The BVP** is designed in such a way that the procurement process can increase project value through mitigating all associated risks and increasing the transparency through highlighting the pre-award phase (Storteboom, et al., 2017). The theory extends the range of factors for public procuring entities to take into account effectively meaning of quality wanted as well as cost of goods and services to be procured. The main advantage of this theory that it led to a better likelihood of the products or services meeting the quality standard needed. On the other hand, the main disadvantage is that it

makes the procurement process substantially more complicated and bureaucratic, especially when it comes to the procurement of a tricky goods and services with regards to quantifiable measurable factors in relation to quality (Storteboom, et al., 2017).

Generally, the theory requires procuring entity to make purchasing decisions into tender and then deal with whichever provider offered the lowest price. The main advantage of this theory is that, it kept the authorities cost to a minimum. However, the main disadvantage is that there is a risk of suppliers to provide a low-quality service because they needed to kept costs down (Mrope, et al., 2017).

In order to maximize the advantage of this theory Nsiah-Asare and Prempeh (2016) introduce the concept of value for money in the public procurement. According to them, value for money is not just a choice of goods and services with lowest bid price but it is a combination of all factors that constitute life costs of the project or service. This is to say, while choosing for a lowest bid, the procuring entity should consider other factors such as a quality of the goods or service. In this regard Arrow and (2017) go further to put framework that can be adhered by the bidder in order to meet the standard of goods and services.

According to Arrowsmith and Quinot (2017), value for money originated from the optimum balance between advantages and costs of acquiring goods and services to achieve the objectives of the project. This implies that, value for money principle does not automatically lead the procuring entity to award the tender to the lowest bidder rather it should consider to balance with other factors necessary to meet standard required.

Levy, (2018) adds that public procurement should be based on rules which guarantee fair and non-discriminatory conditions of competition. These rules are essential elements for methods by which aggrieved bidders can challenge procurement decisions and obtain redress if decisions are made that are inconsistent with the established rules.

(ii) Empirical Review

According to Bagby (2020) one of the factors caused of non-compliance with procurement regulations is the level of familiarity with the procurement regulations. Ayee and Oluka (2019) report that in the early days when the new procurement regulations were introduced in the Netherlands, compliance was very because many stakeholders were not familiar with the new regulations. On the other hand, it was possible that those who were familiar with the regulations know it so well that they know how to use the loopholes for their own advantage. It is worth nothing that the ambiguity in the public procurement methods may provide a chance for doubtful acts including opaque tendering and discriminate supplier's selection which may progress into poor compliance levels. It has been concluded that deficiency of familiarity of the procurement method by all the internal stakeholders are affecting compliance. The study was carried out in a different economic environment context with the current study.

Bor, et al., (2015) conducted study in Kenya with regard to employee perceived interference and professional ethics on non-compliance with public procurement regulations. The study adopted an explanatory research design whereby a sample size of 119 respondents was used. Descriptive and inferential statistics was used to analyze the data. The study revealed that non-compliance is affected by factors relating to; familiarity with public procurement regulations, employee professional ethics, and perceived interference. The study concluded that employee professional ethics and employee perceived interference have a positive statistically significant relationship with non-compliance. Recommendations were to train, educate and sensitize purchasers in order to enhance compliance. Although the study was conducted in the similar economic environment, it did not consider procurement methods and tendering method which are focus of the current study.

Harland (2016) adds another cause of non-compliance is lack of professionalism. The study revealed that in Uganda, among of public procurement officers have no enough skills and competencies in procurement processes and methods. The study concluded that, lack of professionalism among practitioners can still be attributed to the fact that the profession of procurement is still young in Uganda. Although the study was also conducted in the similar economic environment, it did not consider procurement methods and tendering method which are focus of the current study.

Matto (2017) provides overview of public procurement reforms in Tanzania. The study main was conducted on critical analysis to the public procurement reforms, compliance, challenges and prospects of Tanzania public sector procurement. Secondary data were collected through documentary review. The study revealed that compliance to the Public Procurement Act 2011 has been reduced from -41% in financial year 2006/2007 (first procurement audit) to -7% in 2015/2016. The study concluded that the enactments of Public Procurement Acts have enhanced in achieving economy, accountability, transparency, efficiency, fair and value for money procurement. Despite the study revealed public procurement reforms in Tanzania has enhanced to reduction of non-compliance, the current study aimed at analyzing the non-compliance to procurement framework after the reform.

Biramata (2016) published a descriptive thesis which examined the challenges of compliance to Public Procurement Act 2011 by Tanzania procurement entities. He investigated the reasons of non-compliance to Act 2011 internal and external to the Tanzania procurement entities; analyzed the challenges of methods and guidelines of Act 2011 to the whole procurement method and to establish the extent to which the implementation of the Act 2011 affects the performance of public entities in Tanzania. The study adopted both qualitative and quantitative research design and a case study approach whereby TPA, PPRA and PSPTB were selected. The study revealed that some procuring entities did not comply with Act 2011 due to factors such as bureaucracy, corruption, and tendering methods. He concluded that tendering methods should be improved and PPRA policy should harmonized. The study was conducted in public parastatals, the current study will focus to

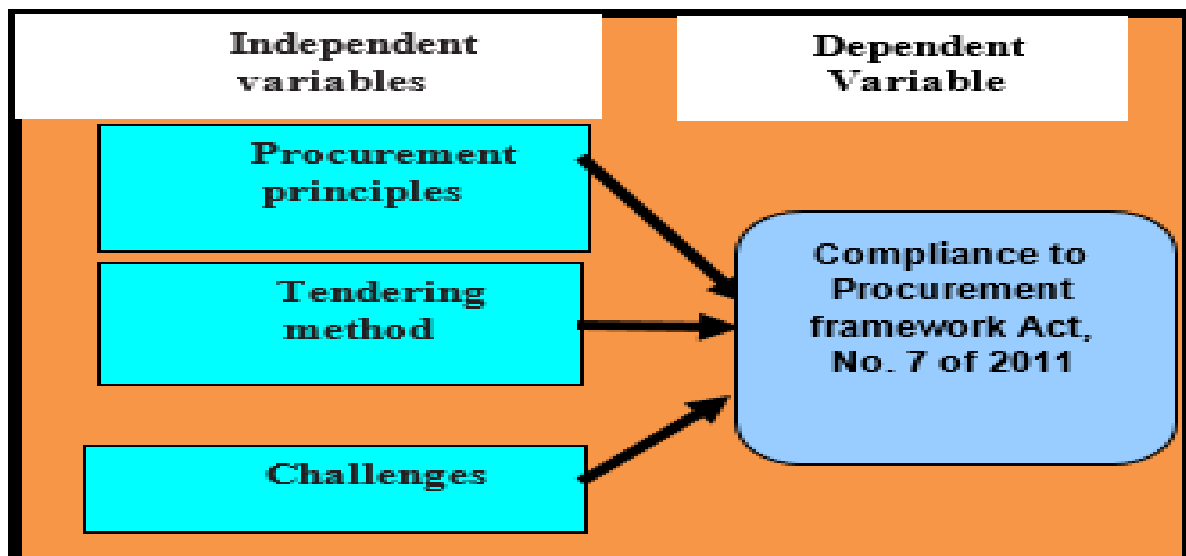
Regional Secretariats and particular in the project implementation.

(iii) **Research Gap**

Generally, theoretical review revealed that, compliance to procurement framework has influential factors. Although theories show that effective compliance to procurement framework is best guided by the BVP the studies in Tanzania did not indicate analyzing the experience and lesson learned from the project implementation on compliance to the procurement framework Act 2011 especially performed by Regional Secretariats. In this regard, this study is relevant to fill this research gap.

(iv) **The Conceptual Framework**

Compliance to the procurement framework Act 2011 is a function of an effective public procurement during project implementation. An effective public procurement which entails procurement principles and tendering methods are dependent variables for this study. The conceptual framework of this study shows how independent variables can influence dependent variable. However, in an assumption the intervening variable can remain constant. The relationships are represented as shown in the figure 1 below:



Source: Researcher 2021

Figure 1: Conceptual Framework

III. METHODOLOGY

The study employed case study design of Arusha Regional Secretariat to be appropriate in analyzing the compliance to the procurement framework Act 2011 as function of procurement principles and tendering methods used in implementation of projects.

The descriptive research strategy was used to assess the causes and effect of compliance to the procurement framework Act 2011. The descriptive research strategy provided capability of collecting important information on the extent of compliance to the procurement framework Act

2011 in projects implemented by Arusha Regional Secretariat.

This study used Arusha Regional Secretariat as case study. According to Maziku (2018), case study is useful particularly when one intends to gain a rich understanding of the problem under study and are capable of providing quantitative data for analysis.

The quantitative research approach was adopted for gathering the research data. The quantitative research approach was very useful for the researcher who is interesting to use the previous research findings and theory available to identify the research gap. He/she use the gained knowledge obtained through in-depth analysis to solve the problem.

According to Ghauri and Gronhaug (2016), a population is the totality of all units from which the sample is drawn. There were 30 Regional Secretariats in Tanzania; due to time limit and the nature of the study, the study concentrated on the one case of Arusha Regional Secretariat which comprised with 8 functional sections and 5 Units. In total these functional sections and Units had 218 employees who were targeted population of this study.

The study adopted random sampling technique rather than purposively sampling technique. The random sampling technique was preferred in order to facilitate collection of quantitative data. The advantage of random sampling technique in this particular study was that the selection of appropriate respondents who provided relevant information.

According to Maziku (2018), the selection of the sample size should take into consideration the required accuracy, the sampling procedure, the nature and characteristics of the population, the time and financial resources available and the tools of data collection. Considering all above, the sample size chosen was regarded adequate for this study.

From Human resource Department of Arusha Regional Secretariat, the total number of employees was 218 who can form a sample frame. According to Morgan formula the sample size was obtained as follows:

$$\text{Sample Size} = \frac{N}{1 + N(e^2)}$$

Whereby:

N = population of the study

e = Marginal Error =5%

Therefore:

$$\text{Sample Size} = \frac{218}{1+218(.05^2)} = 141$$

The study primary data were used in the study and the study adopted single method to collect data from the respondents which was self-administered questionnaire.

The descriptive analysis with tables through the application of Statistical Package for Social

Sciences (SPSS) version 20.0. Data for objective one and two of the study were assessed through descriptive analysis statistic methods whereas a mean between 4.6 and 5.5 represented strongly agree; a mean between 3.6 and 4.5 represented agree; a mean between 3.1 and 3.5 represented neutral; a mean between 2.1 and 3.0 represented disagree; and a mean between 0.5 and 2.0 represented strongly disagree on the respondents' opinions. Analysis of data for objective three was done using the Coefficient of determination techniques. Table 3.3 summarize the Likert Scale interpretations.

IV. FINDINGS AND DISCUSSION

Findings were organized and discussed in correspond on the three specific objectives of the study as presented below:

(i) Procurement principles used by Arusha Regional Secretariat

The study findings revealed that Arusha Regional Secretariat observes procurement principles as stipulated by the Act (2011) such as fairness, transparency, efficiency, fit for purpose and value for money which scored mean above 3.6. However, integrity was unfairly observed by Arusha Regional Secretariat during implementation of project activities as items used to measure such as "Arusha Regional Secretariat use funds, resources, assets, and authority according to the intended purposes and in manner that is well informed, aligned with the public interest and aligned with broader principles of governance" scored a Mean: 2.90; and "All parties involved in the Procurement Process observe the highest standard of ethics and refrain from fraud and corruption" scored a Mean: 2.61. The findings suggest that Arusha Regional Secretariat observes the most important and widely accepted fundamental principle in a modern public procurement method which is open competition or unrestricted, universal access to the public procurement market (Sollish and Semanik, 2017). It is also implementing the best practices of procurement process tendering methods such as selection of bidders and award of contract should be open to public examination and review which make it a transparent and fair process (O'Connor and Faille, 2020).

(ii) Tendering Method used by Arusha Regional Secretariat

The study findings also revealed that Arusha Regional Secretariat comply at a small extent with open tendering method as its items such as "Set clear qualifications criteria" scores a Mean: 2.85; "Set neutral and clear technical specifications" scored a Mean: 2.58; "Open to all qualified and interested bidders" scored a Mean: 2.25; and "Advertised locally (and internationally, when required)" scores a Mean: 2.19. However, the findings revealed that Arusha Regional Secretariat comply at great extent with restricted tendering method as its items such as "There is an urgent need for the goods, works or services" scored a Mean: 4.47; "There is a need to achieve certain social objective" scored Mean: 4.22; and "Limited to only firms shortlisted scored a Mean: 4.12." These findings implies that Arusha Regional Secretariat did not comply with Calender and Mathew (2020) that it should provide an opportunity to all tender documents be advertised inviting tenders to bid directly for a contract. Arusha Regional Secretariat does not provide opportunity for all interest bidders to submit an EoI.

(iii) Challenges of compliance to Procurement Framework Act 2011 facing Arusha Regional Secretariat

The findings revealed that lack of employee professional ethics had the strongest coefficient of determination ($R^2 = .583569$, $p > 0.01$) challenge on compliance to Act 2011 during implementation of project activities whereas unclear tender methods had the weakest coefficient of determination ($R^2 = .004225$, $p > 0.05$). Moreover, a perceived interference scored insignificant ($R^2 = .007569$, $p > 0.05$). The findings also identified bureaucracy as a significant challenge for non-compliance with public procurement regulations ($R^2 = .332929$, $p > 0.05$). However, corruption scored insignificant for the same ($R^2 = .076729$, $p > 0.05$). The study further revealed the level of familiarity with the procurement regulations as one of challenges for non-compliance with procurement regulations as it was ranked number three with $R^2 = .253009$, $p > 0.1$. It lastly revealed that ambiguity of the public procurement methods is also a significant challenge for compliance to the procurement framework Act 2011 as scored $R^2 = .253009$, $p > 0.1$. The study revealed similar finding with Bor, et al., (2015) whose study conducted in Kenya and revealed professional ethics as significant challenge for non-compliance with public procurement regulations. However, the current study did not comply with Bor, et al., (2015) on perceived interference as significant challenge. The study further complied with Aye and Oluka (2019) that the level of familiarity with the procurement regulations as one of challenges for non-compliance with procurement regulations.

(iv) Measure of compliance

The dimension *top management support* obtained the highest mean score of 3.89, and the dimension *staff training* obtained the lowest mean value of 3.22. The items used to measure the dimension *top management support* were: collaboration with other departmental heads and stakeholders influence compliance with public procurement frame work (Mean: 4.00); Developing procurement strategies and formulation of timelines by top management would influence the procurement legislation compliance. (Mean: 3.83); and A good budgeting systems improve successful compliance (Mean: 3.82).

The items used to measure the dimension *staff training* were: the workforce is not adequately educated in procurement law (Mean: 2.25); Most of the personnel who are employed in the procurement department are properly trained and lack skills required to run the compliance processes (Mean: 2.13); and All members of the implementation committee have appropriate competences to handle the compliance process (Mean: 2.01).

V. CONCLUSION

The Arusha Regional Secretariat comply with the procurement framework Act 2011 observes principles of public procurement such as fairness, transparency, efficiency, fit for purpose and value for money. It also complies with procurement framework Act 2011 on restricted tendering methods during execution of the project activities. Factors such as lack of employee professional ethics, bureaucracy, familiarity with procurement methods by procurement Staff and ambiguity of the public procurement principles were the major challenges on compliance with procurement

framework Act 2011 during execution of project activities in Arusha Regional Secretariat. It was therefore, concluded that compliance with procurement framework Act 2011 has influential factors.

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