# ASSESSMENT OF THE EFFECTS OF BUYER-SUPPLIER RELATIONSHIP ON PERFORMANCE OF PROCUREMENT FUNCTIONS IN TANZANIA:

## A CASE OF TANESCO-ARUSHA REGION

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Masters of Business Administration in Procurement and Supplies Management (MBA-PSM) of the Institute of Accountancy Arusha

## ASSESSEMENT OF THE EFFECTS OF BUYER-SUPPLIER RELATIONSHIP MANAGEMENT ON PERFORMANCE OF PROCUREMENT FUNCTIONS IN TANZANIA

## A CASE STUDY TANESCO ARUSHA

BY

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A Report Submitted for the Partial fulfillment of the requirement for the award of Degree of

Masters of Business Administration in Procurement and Supplies Management (MBAPSM) of the Institute of Accountancy Arusha

November, 2023

## **DECLARATION**

I, Winifrida Maro, declare that this research report is my own original work and it has not
been presented anywhere or will not be presented to any other institutions for any award.
Signature
Date

#### **CERTIFICATION**

I, the undersigned certify that, I have read and hereby recommend for the acceptance by the Institute of Accountancy Arusha a research report entitled "Assessment on the buyer-supplier relationship on performance of procurement functions, a case of TANESCO-Arusha region in Tanzania" as partial fulfilment of the award of the degree of Master of Business Administration in Procurement and Supplies Management (MBA-PSM) of the Institute of Accountancy Arusha (IAA).

Mr. Allan Msola	
(Supervisor's name)	

Date:....

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#### **ABSTRACT**

This study investigates the impact of the buyer-supplier relationship on procurement performance at TANESCO-Arusha Region, The general objective of the study is to assess the effect of buyer-supplier relationship on procurement performance at TANESCO-Arusha Region, to determine the effect buyer-supplier communication on performance of procurement function in TANESCO-Arusha Region, to examine the effect of buyer-supplier commitment on performance of procurement function in TANESCO-Arusha Region, to determine the effect of buyer-supplier trust on performance of procurement function in TANESCO-Arusha Region. The study employed population of 190 and a sample size of 57. The research design used in this study was a descriptive research design and a Quantitative approach. Data were collected through self-administered questionnaires and supplemented by secondary sources. Data was analyzed through statistical analyses, including correlation and multiple regression using SPSS version 22. Results reveal a positive correlation between increased communication and enhanced procurement performance, emphasizing its significance in the Tanzanian context. Similarly, commitment and trust between organizations executing contracts are found to positively influence procurement performance. The study concludes that these factors significantly contribute to the efficiency of construction projects. Recommendations emphasize the importance of effective communication, trust-building, and commitment for government, public procuring organizations, and specifically TANESCO Arusha region. The findings suggest that a focus on these relationship management aspects can lead to better quality, reduced costs, and timely procurement. The study encourages future research to explore buyer-supplier relationship management further, particularly in the private sector and across diverse

geographical locations, to enhance generalizability and provide nuanced insights into specific factors influencing procurement performance.

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#### LIST OF ABBREVIATIONS

AO - Accounting Officer

TANESCO - Tanzania Electric supply company limited

**CAG** - Controller Auditor General

- Arusha Institute of Accountancy

ICT - Information and communication Technology

**KPI** - Key Performance Indicators

MBA - Master of Business Administration

**PMU** - Procurement Management Unit

**PSM** - Procurement and Supply Management

**SET** - Social Exchange Theory

SPSS - Statistical Package for Social Science

**TB** - Tender Board

**UK** - United Kingdom

**URT** - United Republic of Tanzania

#### **CHAPTER ONE**

#### INTRODUCTION

#### 1.1 Introduction

This chapter comprised background of the research problem, statement of the problem, research questions, and objectives of the study, significance of the study, scope of the study and the organization of the study.

#### 1.2 Background of the Study

The relationship between the buyer and the supplier has grown in importance over time as one of the key factors in public sector procurement across the globe (Meng, 2012). In the past, the buyer-supplier relationship received little attention when it came to procurement management and contract implementation. Due to changes in the business climate, such as completion and a shortage of contractors, particularly for strategic works, there has been an increasing emphasis recently on the benefits of long-term client-contractor relationships throughout project management (Pawar, Jain, and Gaikwad, 2015). Researchers continue to disagree about how relationship management affects building project performance. Effective relationship management is influenced by communication, trust, commitment, and independence, which in turn affects the performance of construction projects (Fredson, 2018; Kelvin-Iloafu, 2016;

The management of trust and information sharing on relationship commitment in the supply chain in Malaysia was acknowledged in the global perspective on procurement performance in various projects. It was found that improved relationships in supply chain management result from enhanced trade partner trust and information sharing, specifically between clients and contractors (Abdullah and Musa, 2014). Meng and Boyd (2017) noted that in the UK, procurement managers have a crucial role to play in fostering positive relationships between

procurement partners and improving procurement performance. The study also stressed the need to transition from traditional to modern procurement practices, with a focus on people and working relationships and planning, controlling, and importance.

Apart from relationship management, other factors that are crucial to project success, according to Alias, Zawawi, Yusof, and Aris (2014) in Malaysia, include project management action, project procedure, human factors, external issues, and project-related factors like buyer-supplier relationship management issues. Hassall (2009) carried out research on the connection between team performance and communication in Australia. The study made the case that regular, well-organized communication might strengthen bonds between team members and enhance overall performance.

According to Doherty (2015), cooperation is essential for fostering relationships between the project management team and business partners. To improve project performance, the construction crew must also collaborate. Effective communication is the key to the effective and efficient management performance of employees in the organization, according to Chidiebere, Nwankwo, Ngozi, Okonkwo, and Ifeoma (2015). The organization must guarantee effective communication in order to integrate the team, which in turn improves organization performance.

In Africa perspective, Country like Kenya found that most of large retail outlets have embraced or ignored the concept of buyer-seller relationship. Based on the potential of relationships in business, the study suggested that in order to improve performance, larger retail outlasts should cultivate strong relationships with their business partners (Eric, 2015). According to Shonubi & Akintaro (2016) in Nigeria, there is a direct correlation between an efficient organization's performance and its communication method. The study also discovered that the majority of businesses should make sure that ideas are clear before speaking with others, schedule meetings, and conduct top-down as well as bottom-up consultation.

Femi (2014) observed that management should ensure that team members are effectively communicating in order to boost work performance, productivity, and commitment. Kelvin-lloafu (2016) claimed that even though an organization's ability to function effectively is guaranteed, an organization's effectiveness is based on its communication style, the efficiency and suitability of the channel it chooses, and how accessible or receptive it is to its superiors.

In Tanzania context, Fredson (2018) According to his research, there is no significant correlation between independence and business performance, indicating that independence has little effect on the latter. Instead, buyer-seller trust, communication, cooperation, and commitment all significantly contribute to business performance. According to Kapologwe (2013), relationship management is the cornerstone of business success in the banking sector. The study also discovered that IT plays a major role in developing trade partner relationships by fostering strong relationships, which are derived from effective communication.

Effective and behavioral commitments are crucial to comprehending the degree of the relationship between suppliers and retailers in Tanzania, according to Ndandode's (2019) research on building commitment in supplier-retailer relationships in Tanzania's developing economy. It suggests that business performance is enhanced when suppliers and retailers, for example, have a high degree of commitment. According to Mussa (2017) On his study evaluated the effect of relationship management on organizational performance in Tanzanian construction companies. The findings demonstrated a positive and substantial relationship between commitment, trust, and cooperation and organizational performance.

The project management team from the client and contractor sides does not have to disregard the importance of relationships in the project's performance if relationship management is not implemented in construction projects (Megel and Heermann, 1994). Poor performance in

terms of cost, time, quality, and end user satisfaction is directly impacted by weak relationships, which also have a negative impact on project success. These justifications drove the researcher's evaluation of the impact of the buyer-supplier relationship on Tanzanian public sector procurement performance.

#### 1.3 Statement of the Problem

The relationship between the buyer and the supplier is thought to be crucial to the success of procurement in Tanzania's public sector. The performance of construction projects is negatively impacted by the current state of procurement functions, which are not meeting their primary goals of cost, time, quality, and number of variations involved. (Abdullah and Musa, 2014). In order to achieve value for money procurement in terms of quality, time, cost, and end user satisfaction, the buyer-supplier relationship is crucial. (Shonubi and Akintaro, 2016).

The lack of a strong relationship between the procurement management business partners and the management's failure to recognize the advantages of effective communication, commitment, cooperation, and trust during project execution are the main causes of the current procurement performance's lack of success (Abdullah and Musa, 2014). The performance of procurement in terms of quality, cost, and time has been impacted by the absence of buyer-supplier relationships within the procurement management industry.

Ndandode (2019) acknowledged that a deficiency in strong buyer-supplier relationships within the project management team from both the supplier and the buyer is one of the reasons why most construction projects fail. The project management team rarely shows cooperation or commitment in procurement projects. According to Fredson (2018), the presence of buyer-supplier relationship interns who exhibit effective communication, commitment, cooperation, and trust enhances business performance. Conversely, the absence of these relationships has a negative impact on business performance, with the majority of business failures stemming from a lack of strong trade partner relationships.

In most cases, buyer-supplier relationship management has largely disregarded inconstruction projects and other categories of procurement in favor of financial resources,
following procurement procedures, hiring qualified contractors, and hiring contract managers
all of which have a detrimental impact on the success of construction projects. Project success
will be in doubt if there are ineffective or weak relationships within the project management
team, regardless of how well contracts and procurement procedures are designed. (Femi,
2014).

Damlin (2012) suggested that Most organizations use relationships to manage their business, but many of them fail to measure the performance of their partners, which is a crucial factor in figuring out how valuable long-term relationships are in a changing environment. Most organizations have suffered from unclear relationship metrics in terms of cost, time, and quality, which has decreased value for money in a variety of projects.

Numerous studies conducted over the years have attempted to identify the reasons behind Tanzania's construction projects' failure, despite the country's government and other stakeholders' best efforts to improve performance. It has been noted from the literature that project management receives less attention than relationship management. The results of numerous studies showed that communication, trust, commitment, and independence are common components of developing relationships. (Fredson, 2018; Kelvin-Iloafu, 2016; Eric, 2015 and Doherty, 2015)

Most of the study focused on the impact of relationship management on business performance in general and they didn't focus much on the effects of buyer-supplier relationship on procurement performance in Tanzania. (Fredson, 2018) focused on the effects of buyer-supplier relationship on business performance on small retail outlets. The study is therefore intending to determine the effects of buyer-supplier relationship on procurement performance in Tanzania Public sector concentrating on the effect of buyer-supplier

communication, buyer-supplier commitment and buyer-supplier commitment on procurement performance at TANESCO-Arusha Region.

#### 1.4 Research Objectives

The objective of the study was categorized into two main group namely specific objective and general objectives as follows: -

#### 1.4.1 General objective

The general objective of the study is to assess the effect of buyer-supplier relationship on procurement performance at TANESCO-Arusha Region.

#### 1.4.2 Specific Objectives

- To determine the effect buyer-supplier communication on performance of procurement function in TANESCO-Arusha Region.
- ii. To examine the effect of buyer-supplier commitment on performance of procurement function in TANESCO-Arusha Region.
- iii. To determine the effect of buyer-supplier trust on performance of procurement function in TANESCO-Arusha Region.

#### 1.5 Research Questions

#### 1.5.1 General Research Question

What are the effects of buyer-supplier relationship on performance of procurement in Tanzania?

#### 1.5.2 Specific Research Question

i. What is the effect of buyer-supplier communication on performance of procurement function in TANESCO-Arusha Region?

- ii. What is the effect of buyer-supplier commitment on performance of procurement function in TANESCO-Arusha Region?
- iii. What is the effect of buyer–supplier trust on performance of procurement function in TANESCO-Arusha Region?

#### 1.6 Scope of the study

This research study was conducted at TANESCO Arusha region, Area from which different government project implemented. The study focused on assessing the effects of buyer - supplier relationship on performance of procurement functions in Tanzania, data was collected from different departments and units and committees such as procurement management unit (PMU), Finance and accounting department, Tender Board, User department, Internal audit department, and Legal unit.

#### 1.7 Limitation and delimitation of the Study

#### Limited Time.

The researcher had encountered a time limit, so the allocated time had to be sufficient for gathering data from respondents efficiently, considering the researcher also needed to take work deadlines into account. Nevertheless, the researcher discovered a solution by being punctual and making efficient use of the allocated time.

#### Financial Limitation.

Due to the high cost of conducting research, the researcher's financial resources were limited, especially during the data collection phase. As a solution, the researcher worked to minimize costs while judiciously utilizing the funds already available.

#### 1.8 Significance of the Study

This study enabled in filling the gap of knowledge by determining the practical effects of buyer-supplier relationship on procurement performance in Tanzania. This study helped close a knowledge gap. The gap has been made clear by earlier research, the majority of which focused more on broadly related factors influencing business performance than on the particular topic of this study. This study was particularly important in the following domains:

#### 1.8.1 To Researcher

The study helped researcher to grasp practical knowledge on the on the effect of buyer-supplier relationship on procurement performance in Tanzania. Also, the successful completion of this study will enable researcher to meet requirements for awarded degree of Master of business administration in procurement and Supplies Management (MBA-PSM) of the Institute of Accountancy Arusha (IAA). Researcher will benefit through this study by increasing knowledge and understanding on the effects of buyer-supplier relationship on procurement performance in Tanzanian public entities specifically at TANESCO-Arusha Region.

#### 1.8.2 To TANESCO-Arusha Region

The study was useful by helping the studied organization namely TANESCO Arusha region to understanding the benefits accrued from strong buyer-supplier relationship on achieving value for money on procurement. TANESCO-Arusha Region increases familiarity on the effects of buyer-supplier relationship on procurement performance and hence the management allocated resources on providing awareness and training on buyer-supplier relationship and hence increases compliance which results to high-procurement performance in terms of quality, cost and quality improvements.

#### 1.8.3 To Other Researcher's

This study serves as reference materials for further studies on procurement, supply chain and other researchers. Also, the findings and recommendations of this study will help academician and professional's researchers to utilize the findings and results as study materials and for research purposes as a reference in their research and reviews. Furthermore, this study will help other researchers to obtain knew knowledge from the body of knowledge in the areas of procurement ethics and procurement performance.

#### 1.8.4 To the Government

The government of Tanzania use the findings and recommendations on how buyer supplier relationship need to be improved and managed in public institutions in order to increase procurement performances. Basing on the results obtained the Government increases awareness on the effects of procurement ethics on procurement performance and allocates scarce resources on creating awareness to procurement stakeholders about the importance of maintaining procurement ethics on performance of procurement activities.

#### 1.9 Organization of the Study

The study was organized into five chapters. Chapter is including introduction of part, background information to the problem, statement of the problem, research objectives (general and specific research objectives), research questions (general and specific research questions), scope of the study, Limitation of the study, significance of the study, organization of the study and limitation of the study. Chapter two consisted with review of related literature pertinent to the topic such as theoretical and empirical literature review, Research Gap and conceptual framework of the study. Chapter three concerned with the introduction of research methodology that includes: Study area, research design, Research Approach, the target population, methods of data collection, sampling procedures, Pilot Study, Data analysis methods, validity and reliability of data, Ethical considerations, Limitation that influence

research methodology. Chapter four consists of analysis, presentation of research fact findings and discussion of fact findings relating to the research objectives and research questions as well as linking with literature review and assumptions of the theories. This chapter comprised summary of the study, conclusions and policy implementation in the recommendations of the study.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.1 Introduction

This chapter presents definition of terms and key concepts, theoretical framework, empirical studies, the link between Variables, conceptual framework and Researchgap.

#### 2.2 Definition of Key Terms

#### 2.2.1 Procurement

According to URT (2011), procurement is any activity carried out by a procuring entity that involves the buying, leasing, renting, buying, or purchasing of any goods, works, or services. It also includes all activities related to obtaining any of these items, works, or services, such as defining requirements, inviting tenders, selecting and inviting bids, preparing, awarding, and managing contracts.

#### 2.2.2 Buyer-Supplier Relationship

The relationship that exists between a company (the buyer) and its suppliers is known as the buyer-supplier relationship, and it is shaped and affected by how well the procurement process works. According to Muema (2012), relationship management is the ongoing process

and approach of involving every member of the project management team and having them collaborate from the beginning to the end of the project in order to achieve the project's goals. A relationship management strategy is crucial to the success of construction projects because it can minimize variations, lower project costs, improve quality, and finish the project on schedule. It can also lessen conflicts between project teams. (Meng, 2012 and Meng & Boyd, 2017). Long-term relationships are almost important because they will help the project succeed, it has been argued. (Oehmen, Olechowski, Kenley, & Ben-daya, 2014).

#### 2.2.3 Communication

Communication is the process of sending and receiving messages through verbal or nonverbal means, including speech, or oral communication; writing and graphical representations (such as info graphics, maps, and charts), and signs, signals, and behavior. More simply, communication is said to be "the creation and exchange of meaning (Muema, 2012).

#### 2.2.4 Commitment

Commitment is defined as the promise between two parties to do something in return or in order to accomplish a particular mission (Wilson (2017). If the is enough commitment between buyer and supplier the performance of procurement in terms of quality, time and quality improvement will be possible and vice versa.

#### 2.2.5 Trust

According to Harman (2008), trust is defined as a fiduciary relationship in which one party, known as a trust, gives another party, the trustee, the right to hold title to property or assets for the benefit of a third party, the beneficiary. Trusts are established to provide legal protection

for the thruster's assets, to make sure those assets are distributed according to the wishes of the thruster, and to save time, reduce paperwork and, in some cases, avoid or reduce inheritance or estate taxes. In finance, a trust can also be a type of closed-end fund built as a public limited company.

#### 2.2.6 Procurement performance

Procurement performance is the process of measuring the level of success of procurement objective (Rockson, Anane and Sey, 2017). Procurement performance is measured using both qualitatively and quantitatively were the qualitative measures includes determining the level of stakeholders' satisfaction, quality of services offered, responsiveness to the users while quantitative measures will include how much cost have been saved throughout the process of procurement management process from procurement planning to the contract management (Murungi, 2017).

#### 2.3 Theoretical Literature Review

This part explains theories that govern the study, empirical studies within and outside Tanzania related with constructions projects.

#### 2.3.1 Network Theory

Any business's performance is dependent on how well its partners are able and willing to collaborate, assuming other variables stay the same. In order to accomplish a set of goals, a network is the ability of the parties, actors, or nodes to work together as a link while sharing profits and risks and having a common goal (friendship) (Borgatti & Halgin, 2011) This theory focuses on the connection between two or more parties working toward a specific goal. According to Fredson (2018), the value of a network is realized when business partners reciprocate, which raises the level of interaction and ultimately boosts performance.

According to Wilson (2017), the majority of businesses are forming partnerships—whether they be strategic alliances, professional relationships, collaboration, mutual trust, or effective online communication that reduces needless delays and improves brand recognition—in order to gain a competitive advantage in the modern business environment. Additionally, these businesses are operating as a network to share profit, value, and risk. According to network theory, efforts must be made to ensure that business partners are connected in order to foster stronger relationships. Positive interactions then lead to greater achievement of the intended objectives.

According to Katz, Lazer, Arrow, and Contractor (2004), network theory makes it possible for business stakeholders to connect with one another and forge strong bonds, which improves the performance of the company in terms of quality, cost, timeliness, and end user satisfaction. Effective communication, trust, and commitment are the cornerstones of strong networking among business managers. As such, in order to foster stronger relationships among project managers and boost project performance, management must guarantee effective communication, trust, and commitment (Wilson, 2017).

According to Chen, Fan, and Sun (2012), a network is a collection of relationships that must be cultivated between business partners in order to improve project performance. The likelihood of project success is increased in terms of fewer needless variations, lower costs, better quality, and on-time project completion when there is a well-developed relationship between the client, contractor, and project management team. These relationships are due to the presence of effective communication, trust, commitment, and independence.

This theory is relevant to the study because it suggests that a project's success depends on networking, which is the set of relationships between the various stakeholders involved in construction project management, including the client, contractors, project manager, project coordinator, financier, and project management team. These stakeholders also need to

collaborate closely for the project to be profitable. To ensure project success, management must establish trusting relationships with key stakeholders through efficient networking. In the construction industry, having strong relationships is essential to improving performance as it results in high-quality work at a low cost, on schedule completion, and stakeholder satisfaction.

## 2.3.2 Social Exchange Theory

One of the most significant theories to be developed to explain the advantages of relationship management in the workplace is the social exchange theory (Cropanzano, Byrne, Bobocel, & Rupp, 2001). According to the theory, without a good rapport within the project management team, it would be extremely difficult for development to improve project performance. In order to improve performance, SET gives the organization's management the ability to implement all of the components that make up a strong relationship, including trust, communication, commitment, coordination, and independence. (Fredson, 2018).

According to SET, the way people interact while carrying out specific tasks enhances and inspires the performance of different tasks. By using SET, people and organizations can build strong relationships that lower operating costs, improve customer satisfaction through improved service quality, and increase responsiveness to stakeholders (Cropanzano and Mitchell, 2005). According to Redmond (2015), this theory makes the assumption that all parties involved in project management are fully aware of their behaviors and actions, that they will be valued and acknowledged, and that they will support organizational management expectations and benefits for each party in order to strengthen their commitment to each project stakeholder.

As per Cropanzano and Mitchell (2005), this theory posits that the development of relationships on procurement performance is contingent upon the availability of effective

communication, mutual trust, and coordination among key actors in construction projects.

These are the specific objectives that the researcher hopes to address.Redmond (2015) said.

SET is applicable based on a number of assumptions, such as the fact that stakeholders in interactions seek to maximize profitability, that information is easily accessible among those involved, that interactions between individuals are based on cultural norms, and that interactions between procurement stakeholders are goal-oriented.

This theory is very worth and relevant to this study because it explains the whole interaction process which captures the key elements of building relationship in the context of procurement management in order to increase the performance of procurement.

#### 2.4 Critical literature Review to the study objectives

#### 2.4.1 Buyer-Supplier Communication

The exchange of information between members of an organization or the process of moving information from one area to another during a project is referred to as communication. In project management, communication is contingent upon the type of relationship; in an adversarial relationship, project management teams are not free to communicate with one another on a variety of issues, whereas in a partnership relationship, projects are permitted to share information. Femi (2014) said. Open communication in project management can decrease misunderstandings and improve project performance, according to Coltman, Devinney, and Midgley (2011). A project's chances of success will decrease in the absence of effective communication. According to Bourne & Walker (2008), a project's success is influenced by the positive relationships among the various stakeholders, as there are many involved in the project. This is particularly true for construction projects, where the success of the project depends heavily on the relationships between stakeholders.

It is common knowledge that "No Communication No Relationship," which means that the degree of communication in any project determines the relationship. In that sense, the project manager should ensure that there is effective communication in order to foster long-term relationships and improve collaboration in the project management (Hassall, 2009).

Additionally, Osifo (2013) acknowledged the importance of teamwork in project performance and found that effective internal and external links, such as communication and coordination, boost project performance. Regarding the explanations, it suggests that project managers should make sure that all project stakeholders are informed clearly in order to improve the performance of construction projects (Yjurek, 2016). Effective communication with project stakeholders increases the likelihood that the project will be finished on schedule, with the fewest possible changes and costs, and with better work quality, satisfying the public.

Nyandogo (2016) argued that one of the most important factors in determining a project's success is communication, and that a lack of communication within the project management team has led to the failure of many projects. Additionally, the results showed a positive correlation between communication and project outcomes, with communication raising the project's success rate and enhancing its overall performance. Anekwe (2018) argue that, in contrast to those who view communication as merely a skill that a project manager should have, successful project managers who view it as an essential tool for managing their work achieve high project outcomes. This tells the study that, in order to improve project success, communication must be given top priority.

Black, Ankitoye and Fitzgerald (1999) Studied the main advantages of partnering in construction management, it was determined that trust, communication, cooperation, dedication, value and rest, a clear grasp of the objectives, consistency, flexibility, and independence are all important success factors for partnering in construction projects. As a result, communication is still a key component of relationship management that improves the performance of Tanzanian construction projects.

Wachira (2013) demonstrated how the performance of a project is affected by the client-contractor relationship, which is necessary. According to the study, value creation and competitive advantages are two benefits of project management collaboration.

#### 2.4.2 Buyer-Supplier Commitment

Client-Contractor and project management team commitment is very paramount for the success of construction project (Baiden, Agyekum, & Atuahene, 2018). Fomes and Rocco (2004) Conducted a study on the components of commitment that make an organization effective, project performance is significantly impacted by the commitment of all parties and stakeholders. Project performance is impacted by a lack of commitment in terms of cost, schedule, and quality. In the case of public projects like road construction and water projects,

every participant in the project needs to commit to a high degree because failure to do so will reduce the project's success and consequently affect the general public.

(Hassall, 2009). A study conducted by Fredson (2018) further emphasized the necessity of guaranteeing complete dedication among business associates. In order to guarantee dedication in the execution of construction projects in Tanzania, the client must obtain the current commitments made by general contractors and consultants. This is because if these parties have multiple commitments in various ongoing projects, the project's success will be compromised. (Ghazinejad, Hussein, & Zidane, 2018). It has been found that the majority of projects fail because there is a lack of seriousness and commitment from all parties involved. This can have a number of negative effects, including higher costs, longer project completion times, and lower-quality completed projects (Eric, 2015). In light of this knowledge, it is necessary to conduct a thorough investigation into the relationship between commitment and project performance in order to guarantee project success, particularly in Tanzanian construction projects.

The key to achieving project success is team commitment, which has an impact on the project because it unites the project team and other stakeholders and fosters shared work, activities, or process experience, effective problem solving, improved idea generation, and increased collaboration among them, all of which lead to high project performance (Osifo, 2013). Since lack of commitment negatively impacts project performance, the project management team should choose the best strategies that guarantee complete commitment from all project stakeholders. Each component has a responsibility to commit to the project because they are all aware of its objectives. A study on management commitments that maximize business impacts in IT projects was carried out by Quaadgras, Ross, and Weill (2011). The results showed that management commitment has a significant positive relationship on business performance. Further, the

This is especially true for construction projects, where an increased level of commitment is needed to improve project performance through strategic decision-making, more informed information use, stakeholder communication via information and communication technologies, and action-oriented project risk assessment.

#### 2.4.3 Buyer-Supplier Trust

One of the foundational elements of a construction project relationship is trust. The project management team needs to have some level of confidence in each other from the client, contractors, and consultants to know that the project will be successfully completed (Washington, 2013). According to Wachira (2013), trust is essential for construction project performance. He explains that untrust between project partners during management leads to uncontrollable disputes, which negatively impacts the project's success.

Fredson (2018) Studied on the impact of buyer-seller relationships in microbusiness retailers identified the advantages of mutual trust in the workplace, and the findings showed a strong correlation between trust and performance. This finding suggests that, in order to ensure project success, trust between all parties is necessary in any business, including construction projects.

Mohamad, Othman, Jabar and Majid (2014) who conducted into how customer relationship practices affected the performance of organizations found that trust between clients and customers is one of the most important success factors for successful relationships. According to the study, there is a noteworthy positive correlation between organization performance and customer relationship practices like trust, communication, marketing relationships, and collaboration. Based on this understanding, it is suggested that, in order to perform better on any project involving multiple parties, trust must be improved. This is particularly true for construction projects where performance must increase.

In project management, mutual trust is a sign of a successful project because, in the absence of trust, there can be no mutual understanding between the Parties, which will inevitably impact the project's performance (Jiang, Zhao, and Zuo, 2017). Even so, unless other factors influencing performance don't change, having trust does not ensure good performance. Thus, in order to effectively measure project performance, trust should be paired with a well-drafted contract that outlines each party's obligations with regard to time, money, quality, and scope (Murungi, 2017).

## 2.5 Empirical Studies

#### 2.5.1 Foreign Studies

In Dubai, Chidiebere et al. (2015) conducted a study on the impact of good communication on the operation of organizations. The findings demonstrated that efficient and productive employee (Workmate) performance within organizations can be improved by effective communication. Additionally, the study found a strong and positive correlation between employee performance and effective communication. carried out research on the impact of good communication on the operation of organizations. The findings demonstrated that efficient and productive employee (Workmate) performance within organizations can be improved by effective communication. The study also found a strong and positive correlation between worker performance and effective communication.

Meng (2012) Studied on how relationship management affects construction project performance in the United Kingdom. According to the study, key indicators include shared goals, sharing of benefits and drawbacks, trust, a culture of non-blame, collaboration, communication, risk allocation, problem solving, performance evaluation, and continuous improvement. The study also showed that the likelihood of construction projects performing poorly is increased when there is a distortion in the relationships between the project management team, the client, and the contractors.

A study conducted by Kuen, Zailani, & Fernando (2009) in Malaysia concerning the crucial elements affecting project success in the manufacturing sector. According to the study, key factors for project success include the project's goal, top management support, client consultation, technical task, personal competency, client acceptance, troubleshooting, project plan monitoring, and effective communication.

A study conducted by Lofgren, Patrik and Eriksson (2009) on the impact of teamwork on construction project performance by Lofgren, Patrik, and Eriksson. The findings indicated a favorable correlation between teamwork and construction project performance. Harman (2008) on his research on the variables affecting cooperation as a crucial component of the growth of relationships. The findings showed a strong and positive correlation between procurement project performance and collaboration.

In Zimbabwe, Munyimi and Chari (2017) conducted a study on how buyer-supplier relationships affect the private telecommunications sector's ability to achieve economic sustainability. The results showed that relationship management had a statistically significant impact on the private sector's ability to remain economically viable. (Morsy, 2018) carried out research on the power dynamics and buyer-supplier relationship in Egypt. The study demonstrated the common elements that affect the characteristics of the relationships between buyers and suppliers, including communication, trust, a shared objective, commitment, and power attributes like independence and capabilities as well as the type of business dealings. The study's final finding was that power dynamics and buyer-supplier relationships interact to improve business performance.

Shonubi and Akintaro (2016) carried out a study to determine how Nigerian organizations perform when there is effective communication. The study found a strong correlation between effective communication and successful business performance. Additionally, the study showed that clear information sharing amongst business members can be facilitated by improving

communication, taking into account the physical and human environment, and having effective communication planning. Communication can take many forms, including downward, upward, horizontal, and vertical.

Mutio (2015) in Kenya on buyer-supplier relationship and organization performance on pharmaceutical manufacturing firms. on the buyer-supplier dynamic and organizational effectiveness in Kenyan pharmaceutical manufacturing companies. The results showed a strong correlation between the performance of the organization and the buyer-supplier relationship, where relationship management is based on mutual goals, commitment, cooperation, and communication. The study also demonstrated that the primary obstacle was the lack of shared objectives between the supplier and the buyer, and it was suggested that a positive relationship between the two parties would help the business gain a competitive edge Erick (2015) on his study on the performance and perceived buyer-supplier relationship in Kisumu, Kenya's larger retail establishments. The findings demonstrated that effective communication, mutual understanding of roles and responsibilities, a high degree of commitment, and the preservation of long-term relationships among the stakeholders all have a positive impact on the performance of large-scale outlets. The study also showed that a company's performance is negatively impacted by a lack of dedication, cooperation, coordination, communication, and trust—some of the difficulties that Kisumu's large retail outlets faced.

Coltman, Devinney & Midgley (2011) carried out research on the relationship between customer relations and business performance. The study found a strong and positive correlation between an organization's performance—including the success of its construction projects—and its relationships with its customers. Additionally, the study demonstrated that a lack of strong customer relationships would hinder the organization's ability to achieve its

goals because many projects may not be completed on time, which would have a major negative impact on costs and work quality.

In Tanzania, a study undertaken by Fredson (2018) on the influence of Buyer-Seller

#### 2.5.2 Local Studies

relationship on the performance of Micro retail Business in Tanzania. The study's findings showed that while there is no significant correlation between independence and the success of Tanzania's small retainer businesses, there is a positive significant relationship between communication, commitment, and trust and the performance of small retail businesses. Mwasamila (2013) conducted a study on the difficulties in managing the buyer-seller relationship in Tanzanian private organizations. The findings showed that poor relationships are typically impacted by late payments to suppliers, a lack of win-win relationships between the parties, unfavorable prices, and incorrect document approval procedures. The study suggested that a positive and ongoing relationship between the buyer and seller from procurement should be maintained throughout the execution of procurement activities in order to improve the performance of procurement functions in terms of quality, time, and cost. Another study conducted in Tanzania by Msemwa, Luoja, and Kazungu (2017) on the impact of communication on the buyer-supplier relationship and the performance of the maize market in Hai District. The results demonstrated that the communication variables in Buyer Supplier Relationship reliability, credibility, timeliness, willingness to disseminate information, and responsiveness to share meaningful information—were what determined the maize market's performance. The study also discovered that communication significantly affects Tanzania's maize market.

Mussa (2017) conducted a study on assessment of the impact of relationship management on organization performance in construction firms in Tanzania. The findings demonstrated a positive and significant relationship between organizational performance and trust,

cooperation, and commitment. The study recommended that in order to increase performance of procurement functions in terms of quality, time and cost should ensure that there is good and continuous relationship between buyer and seller from procurement during execution of procurement activities.

#### 2.6 Research Gap

Despite the fact that relationship management has been the subject of numerous empirical studies, such as those by Mussa (2017), Msemwa, Luoja, and Kazungu (2017), Mwasamila, 2013), and Coltman et al. (2011), Fredson (2018), and others that examined the impact of buyer-supplier relationships on the business performance of small retail shops in Tanzania, they didn't explain specifically the effects of buyer-supplier relationship on procurement performance in Tanzania.

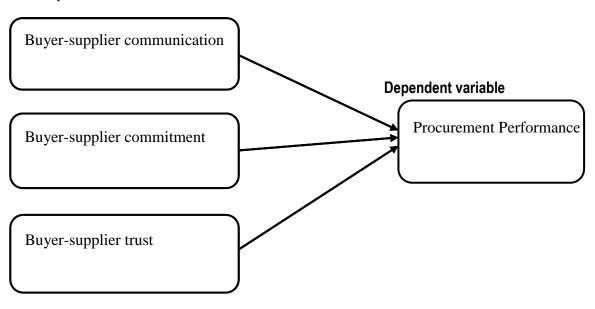
Hence shows the gap amongst the effects of relationship on performance of constructions projects in Tanzania. Further to that, among the reviewed literature review there are less study concerning the effects of relationship management on performance of construction projects conducted at TANESCO Arusha region. Therefore, this study is motivated to bridge this gap by investigating the effects of buyer-supplier relationship on procurement performance at TANESCO Arusha region.

#### 2.7 Conceptual Framework

Researchers came to a conclusion about the relationship that exists between relationship management and construction project performance. In order to improve the way that the relationship between the dependent and independent variables was formulated, a researcher worked on the buyer-supplier relationship mentioned above. Communication, commitment, and trust were the independent variables in this study, and procurement performance was the dependent variable. This is shown in the figure below:

Figure 2. 1 Conceptual framework

# Independent variables



**Source:** Researcher (2023)

#### **CHAPTER THREE**

#### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter consists the methodology to be applies in the study which includes area of the study, research design, Research approach, target population, sampling techniques and sample size determination, types of data, methods of data collections, Data analysis methods, data reliability and validity, Ethical consideration and limitation that influence research methodology.

#### 3.1 Study Area

The study was conducted at Arusha region specifically at TANESCO is the relevant area because it's where procurement of goods, works and services are executed. At TANESCO-Arusha there are various procurement which require strong buyer-supplier relationship in order to avoid unnecessary delay, reduce quality risk and cost overruns which finally achieve value for money procurement. Since procurement spend huge amount of financial resources and other resources there determining its performance is inevitable. The study is here by trying to investigate the effect of buyer-supplier relationship on procurement performance at TANESCO-Arusha region and draw conclusions on the same. TANESCO-Arusha region is also a potential area of the study because it is among organization that aims at achieving value for money in its procurement by delivering quality projects within budget, with minimum variations, timely delivery of suppliers and finally meets user's expectations.

## 3.2 Research Design

The research design used in this study is descriptive. Descriptive research design, according to Editors et al. (2014), is the type of design that explains the relationship between research variables, hypothesis testing, generalization development, principles, and theories with universal validity. The plan outlining the methodology of the study is known as the research

design, and it serves as a benchmark for high-quality research. An effective research design should be adaptable, appropriate, economical, and efficient. (Avedian, 2018)

The descriptive research design was chosen because it allows for the summarization and description of graphical and numerical methods. Typically, descriptive statistics are used to describe phenomena, summarize them, and present them in the form of tables, graphs, and numerical summaries. A solid foundation for high-quality research findings is provided by choosing an appropriate research design (Dorst, 2016). According to Editors et al. (2014), conducting descriptive research aids in the identification and collection of data on the features of specific phenomena, including people, communities, social events, structures, and situations and groups within the study area. According to Owens (2014), when choosing an appropriate research design, factors like an activity and time-based plan that are based on the research question should be taken into account

#### 3.3 Research Approach

The employed research approach for this study was quantitative research approach, as indicated by the chosen descriptive research design. Descriptive research, characterized by its emphasis on summarizing and presenting numerical data, aligns well with the objectives of the study. The quantitative approach is particularly apt for the graphical and numerical methods highlighted in the research design, facilitating the systematic analysis of relationships between variables. This methodological choice is justified by its capacity to provide universal validity and generalization through statistical inference, ensuring the research is objective, efficient, and economical in its exploration of specific phenomena. The adoption of a quantitative approach is in line with the structured and time-based plan outlined by Owens (2014), underscoring its suitability for identifying and analyzing characteristics within the scope of the study.

#### 3.4 Target Population

The target population of this study was 190 employees from TANESCO -Arusha. Target population will involve employees from PMU, finance and accounting personnel, Tender board members, user departments, legal personnel and internal audit personnel who normally play role in management of procurement. According to Murphy (2016), the population is the total number of elements used to determine the sample size. When a sample is chosen to represent other elements, the target population typically consists of elements or individuals with similar characteristics.

**Table 3. 1 Population Distribution** 

S/N	Department/Section	Targeted Population
1	Members of PMU	8
2	Finance and accounting personnel	12
3	Members Tender Board	7
4	User Department s	139
5	Internal audit personnel	18
6	Legal personnel	6
	Total	190

Source: Field Data (2023)

## 3.5 Sampling Techniques and Sample Size

## 3.5.1 Sampling Techniques

This study used non-probabilistic sampling procedure specifically purposive sampling techniques to draw sample from the given target population. Purposive sampling techniques,

in particular, were employed in this study's non-probabilistic sampling procedure to select a sample from the specified target population. Sampling techniques are methods for choosing a sample from the target population to represent other elements that share characteristics (Neilson, 2011). The two main methods for choosing a sample are non-probability and probability sampling techniques. The study will employ a purposeful sampling procedure to select employees who are directly involved in construction project management, possess relevant information, have experience in the field, and can obtain necessary information quickly and affordably while achieving the study's objectives.

#### 3.5.2 Sample Size

The researcher used a sample size of 57 respondents. This is a reference to how many objects must be chosen at random from the universe in order to create a sample. The ideal sample size should fall somewhere between being excessively large and too small. According to Kothari (2004), an optimum simple is one that satisfies the following criteria: reliability, flexibility, representativeness, and efficiency. Data from 57 respondents who were specifically selected from the target population was gathered for this study from the TANESCO Arusha region. Purposive sampling techniques, in particular, were employed in this study's non-probabilistic sampling procedure to select a sample from the specified target population. Sampling techniques are methods for choosing a sample from the target population to represent other elements that share characteristics (Neilson, 2011). Probability and non-probability sampling are the two main methods for choosing a sample.

To obtain the sample size for this study, the researcher used 30% of the target population. 30% of the target population was adequate to represent the population of the study and this study is supported by Mugenda and Mugenda (2003) who suggested that for a known population which is less than 500, 30% is appropriate for any study. The formula is stated below: -

**Table 3. 2 Distribution of Sample Size** 

S/N	Department/Section	Targeted	(%) of Sample	Sample
		Population	Size	
1	Members of PMU	8	30%	3
2	Finance and accounts	12	30%	4
3	Tender board members	7	30%	2
4	User Departments	139	30%	41
5	Internal audit personnel	18	30%	5
6	Legal personnel	6	30%	2
	Total	190	30%	57

**Source:** Researcher (2023)

## 3.5.3 Sampling techniques

The researcher employed a simple random sampling technique to select a sample size of 57. The process involved assigning each potential participant in the population an equal and independent chance of being included in the sample. Using a random number generator, the researcher randomly selected 57 participants from the larger population of interest in TANESCO Arusha Region. This method was chosen to ensure a representative and unbiased sample, allowing the findings of the study to be generalizable to the broader population.

#### 3.6 Types and source of data.

This study will use both primary and secondary data as explained below: -

## 3.6.1 Primary Data

At the researcher's request, the target respondents fill out questionnaires that yield this kind of information. According to Rajasekhar (2014), primary data are theoretical original sources from which the researcher directly gathers data that haven't been gathered before. The researcher used the primary data to gather unique information that had never been gathered before.

#### 3.6.2 Secondary Data

According to Rajasekhar (2014), secondary data are those that have previously been gathered, presented, and recorded once. They have also previously undergone a statistical analysis and conclusions have been made. In order to obtain pertinent information for the study and meet research objectives, secondary data involves reviewing a variety of related literatures, including published reports, organization and government reports, as well as unpublished materials. Secondary data can be gathered from a variety of sources, including external data, computerized databases, government sources, and general business data.

#### 3.7 Data Collection Methods

#### 3.7.1 Questionnaire

One method of gathering data is through questionnaires, where each respondent is asked to answer the same set of questions in a predetermined order (Rajasekhar, 2014). The primary method used in this study to gather data from participants was the questionnaire. Respondents were asked to fill out a self-administered questionnaire on their own. Since the questionnaire was inexpensive for a large and widespread population, the researcher used it. Appendix I contains the sample questionnaire that should be given to the respondents.

#### 3.7.2 Documentary Review

The published data that researchers gathered is typically found in trade journals, books, magazines, newspapers, reports, publications of various associations, unpublished data such as diaries, letters, and research workers, and published data such as publications of foreign governments, international bodies, and their subsidiary organizations. In order to gather the necessary information, particularly regarding the impact of the buyer-supplier relationship on procurement performance in Tanzania, the researcher used both published and unpublished data.

## 3.8 Pilot Study

The pilot study, which focuses on a small group of people who have traits in common with the intended respondents, is a small-scale preliminary investigation (John, 2021). In order to ascertain the resources required to finish the planned study, test the suitability of research instruments, make sure that the questionnaires lacked any unclear content, and evaluate data analysis techniques to identify potential issues, a pilot study was carried out to gather preliminary data. Some pilot studies might not need to calculate sample size, but the sample in a pilot study needs to be representative of the target study population and large enough to yield meaningful data on the aspects that are being evaluated for feasibility, according to Thabane et al. (2010). According to Connelly (2008) and Mugenda and Mugenda (2003), among other researchers, a suitable pre-test sample ought to account for 30% of the total sample size. Thirty percent of the 190 study participants result in 57 responders. Thus, a researcher gave sample questionnaires to 57 respondents in order to improve the validity and reliability of the research instruments.

3.9 Methods of Data Analysis

Data for this study were analyzed using quantitative techniques. Data analysis is the process

of critically evaluating gathered data and utilizing quantitative information gathered from the

field to determine the relationship between research variables. (Heathlam, Macdonald, and

Centre for Local Economic Strategies, 2008) claims. Data analysis is one of the key

components that must be performed with expertise, knowledge, and high technical function in

order to guarantee that the data are properly analyzed. As such, data analysis should be

carried out by the researcher either alone or under close supervision. (Rajasekhar, 2014)

contended that the sample size and degree of measurement used by the researcher in his

study determine the data analysis techniques.

With the aid of the statistical package for social sciences (SPSS), quantitative data was

analyzed using both descriptive and inferential analysis techniques, such as multiple

regression and correlation analysis. The use of descriptive analysis allowed researchers to

clearly describe information, particularly regarding the characteristics and demographics of

respondents (Hayes, 2017). Conversely, inferential analysis was utilized because it allowed

the researcher to ascertain the relationship between the independent variables that he used in

his study. (communication, commitment and trust) and dependent variable (procurement

performance). The regresion equation is hereby presented below:-

 $Y = B_0 + b_1x_1 + b_2x_2 + b_3x_3 + \varepsilon$ 

Where

Y= Dependent variable- Procurement Performance

B<sub>0</sub>= y-intercept

X1= Buyer-supplier communication

X2= Buyer-supplier commitment

33

X3= Buyer-supplier Trust

b1= Regression coefficient of communication

b2= Regression coefficient of buyer-supplier commitment

b3= Regression coefficient of buyer-supplier trust

 $\varepsilon$  = Constant

## 3.10 Data Reliability and Validity

Reliability and validity of the research instrument are required to guarantee the quality of data and research in general. Since the validity and reliability of research instruments determine the quality of the research, all research instruments, including questionnaires, interviews, and document reviews, should be tested for both of these factors. The following explains validity and reliability: .

#### 3.10.1 Reliability

The internal consistency of this study was measured using the Cronbach's Alpha test, which guaranteed reliability. In order to identify the constructs in the study that have low correlation, the Cronbach's Alpha test was used. These constructs were then retested in order to assess the research instrument's effectiveness. Furthermore, this test is extremely significant since it is employed in situations where two instruments have more than two scores, and this study had more than one score on one of the instruments (Daniel, 2016).

According to Drost (2011), reliability is the consistency of research findings when measured repeatedly by various individuals under various circumstances using purportedly identical research instruments. According to Heale and Twycross (2015), an instrument's reliability is its capacity to yield consistent results across multiple testing sessions. As research study data may contain a variety of errors, including random and systematic errors, it is imperative to assure the quality of data reliability testing.

Daniel (2016). According to Drost (2011), reliability is the consistency of research findings when measured repeatedly by various individuals using purportedly research instruments that measure the same items under various conditions and scenarios. According to Heale & Twycross (2015), an instrument's reliability is its capacity to yield consistent results across multiple testing sessions. Cronbach's alpha, according to George and Mallery (2003), is the most widely used reliability coefficient for estimating internal consistency. It does this by analyzing the relationships between each item on a test and the other items as well as the internal coherence of the data as a whole, indicating when reliability is greater than or equal to.9 it suggests superior, higher, or comparable.8 suggests superior, higher, or comparable.7 implies greater than, equal to, or acceptable.6 suggest dubious, more or Less than.5 implies unacceptable, and equal to.5 implies poor. The reliability coefficient of Cronbach's alpha, which is represented as a coefficient between 0 and 1, was employed in this investigation. The internal consistency of the scale's items increases as Cronbach's alpha coefficient approaches 1.0. As a general rule, an alpha value greater than 0.7 is considered acceptable. This study's reliability test is displayed in table 3.3. Less than .5 implies unacceptable, and equal to.5 implies poor. The reliability coefficient of Cronbach's alpha, which is represented as a coefficient between 0 and 1, was employed in this investigation. The internal consistency of the scale's items increases as Cronbach's alpha coefficient approaches 1.0. In line with the guidelines of

Variable	Cranach's Alpha	N of items	Conclusion
Communication	0.843	5	Good
Trust	0.828	5	Good

Commitment	0.868	5	Good
Procurement Performance	0.849	3	Good

Table 3. 3 Reliability test

#### 3.10.2 Validity

According to Drost (2011), validity is one of the key factors in guaranteeing the caliber of research instruments and, consequently, research findings. The ability of a research instrument to measure what it is intended to measure is known as validity. According to Igwenagu (2016), validity should come first when choosing research instruments, followed by reliability. Five respondents will be given questionnaires as part of a pilot test to ensure the validity of the research instrument at Master of business administration in procurement and Supplies Management (MBA-PSM) of the Institute of Accountancy Arusha (IAA). Also, validity of the study was ensured by designing appropriate and non-ambiguity questions, coded as well as by using more than one research instrument such as questionnaire, interview and documentary review.

#### 3.11 Ethical consideration

Wills, M. (2004) makes reference to the public's right to justice, accountability, trust, and respect by safeguarding the study subjects. Numerous ethical considerations will be made for this study before, during, and after it. It is not necessary to list the names of the respondents who will participate in the questionnaire when using primary data that is directly collected from the respondents through questionnaire techniques. The study will use a variety of secondary sources, including books, journals, articles, and other documents from the organization's library and the internet. All of these sources will be properly cited and secured. Another ethical

concern that will be taken into consideration is the identity of those who answer the questionnaire and in the interview that will yield information.

#### 3.12 Limitations that influence research methodology

The quantitative research approach employed encountered limitations. The numerical nature of the approach posed challenges in fully capturing the intricacies of buyer-supplier relationships. Standardized measures, inherent in quantitative methods, did not necessarily illuminate the nuanced dynamics of procurement functions and relationships.

Structured questionnaires and surveys, integral to quantitative research, constrained the depth of understanding regarding the specific contextual factors influencing buyer-supplier relationships in the Tanzanian procurement setting. The fixed response options may have restricted respondents, including procurement professionals from TANESCO-Arusha Region, from expressing the full spectrum of their experiences and perspectives. The reliance on historical for quantitative analysis limited the exploration of the dynamic nature of buyer-supplier relationships over time. Key elements such as trust, communication, and collaboration, essential to buyer-supplier dynamics, Researcher fully explored through quantitative data alone. To conclude, the quantitative research approach faced limitations in its ability to fully capture the complexity and dynamic nature of buyer-supplier relationships within the Tanzanian procurement context, potentially constraining the depth of insights into the effects on the performance of procurement functions.

#### **CHAPTER FOUR**

#### PRESENTATION AND DISCUSSION OF FINDINGS

#### 4.1 Introduction

This chapter's data were presented using SPSS version 22, which was used in accordance with the study objectives and hypothesis that were formulated following a thorough review of the literature. This study's main goal was to evaluate relationship management's impact on Tanzania's procurement performance. The researcher employed various techniques to analyze field data in order to achieve this goal. Descriptive statistics, which included percentage and frequency, as well as inferential analysis, which included correlation and multiple regression analysis, were the analysis methods employed in this study. The testing of hypotheses was also covered in this chapter. Regarding the conclusion from the inferential analysis, hypotheses were put to the test. If so, this chapter is divided into five sections: response rate, respondent characteristics,

## 4.2 Response Rate

The study aimed to collect information from 57 employee at TANESCO Arusha region. A total of 57 respondents completed the prepared questionnaires, which were all returned. The results demonstrated that a sizable portion of the chosen sample answered. Table 4.1 shows that the response rate was 100%, which is a confidential indicator that enough data were gathered because all study participants were included in the target sample. As a result, the number of respondents was sufficient to draw conclusions from the study.

**Table 4. 1 Response Rate** 

Categories of Respondents	Sample	Response	Non-response
Procurement Management Unit (PMU)	16	16	0
Tender Board	4	4	0
Contractors	22	22	0
Accounting and finance department	9	9	0
Quantity surveyors	8	8	0
TOTAL	57	57	0

## 4.3 Analysis of Respondents Background Information

This part was concerned with analysis based on respondent information. The respondent details were analyzed before concentrating on the detailed analysis based on the specific objectives. In this section gender, Age, work position, education level and respondents working experience were analyzed. The analysis of demographic data was analyzed using descriptive analysis and presented through frequency distribution table with the help of Statistical Package for Social Sciences (SPSS v.22).

#### 4.3.1 Respondents Gender

The findings regarding respondents' gender was presented in table 4.2 indicated that 31 (54.4%) of respondents were male while 26 (45.6%) of the total respondents were female. The results observed that there is slight difference between male and female which implies that

medical supply chain functions is execution by both male and female by doing so increases the corporation and sharing of expertise which lead to high performance of procurement.

Table 4. 2 Genders of the Respondents

Gender	Frequency	Percent
Male	31	54.4
Female	26	45.6
Total	57	100.0

Source: Field Data (2023)

#### 4.3.2 Respondents Age

The results based on respondent's age composition indicated that among of respondents, 5(8.8%) were aged between 18 to 25 years, 21(36.8%) were aged between 26 to 35 years, 22 (38.6%) were aged between 36 to 45 years while 9(15.8%) were aged between 46 years and above. This implies TANESCO Arusha has appropriate working group which comprises to all categories of age that is assistant staff, officers, seniors, managers and senior managers who are involved in implementation and execution of procurement function. It is the believe that if all these age group work collaboratively and improve their relationship increases the performance of procurement within the organization in terms of quality, time and cost minimization. The information of respondent's age is presented in table 4.3.

Table 4. 3 Age composition

Age group	Frequency	Percent
18-25	5	8.8
26-35	21	36.8
36-45	22	38.6
46+	9	15.8
Total	57	100.0

## 4.3.3 Working Position

Researcher was interested to assess the working position of each respondent participated in this study. The results based on respondents work position analysis found that 19 (33.3%) of the total respondents were head of departments, 24(42.1%) of the total respondents were managers, 10(17.5%) of the total respondents involved in this study were senior officers while 4(7%). This shows that TANESCO Arusha has good staffing with regard to the working positions and if these employees improve their relationship in terms of effective communication, work commitment and trust lead to good performance of procurement functions. The results of respondent's age are presented in table 4.4 bellow.

Table 4. 4 Job position of the respondents

on	Frequency	Percent
department	19	33.3
	24	42.1
ficers	10	17.5
	4	7.0
	57	100.0
	57	

#### 4.3.4 Education Qualifications

Researcher was interested to understand the respondent's qualification before proceeding with detailed analysis of the study objectives. The results observed that among all respondents involved in this study, 12(21%) had diploma level, 34(59%) had degree level while 11(20%) had master degree level. These results informed researcher that majority of respondents were educated as 59% possess a degree level which provides confidence to the researcher that respondents involved invoked in this study was educated and therefore the data is validity and reliable. Table 4.5 provides data with relation to the respondent's education qualifications.

**Table 4. 5 Education Qualifications** 

		Frequency	Percent
Valid	Diploma level	12	21
	Degree level	34	59
	Master Degree level	11	20

## 4.3.5 Working Experience

Findings based on the respondents work experiences indicated that among the respondents participate in this study, observed that 2(4% had working experience between 1 to 3 years, 18(32%) had experience between 4 to 6 years, 25(43%) of the total respondents had experience between 7 to 10 years while 2(1.4%) had experience of 11 years and above. This indicates that staff employed and involved in this study had adequate experience for dealing procurement functions. Consider table 4.6 for more information.

Table 4. 6 Year of Experience

		Frequency	Percent
Valid	1-3 Years	2	4
	4-6 Years	18	32
	7-10 Years	25	43
	11 Years and above	12	21
	Total	57	100.0

Source: Field Data (2023)

## 4.4 Descriptive Analysis of the Study Objectives

The researcher employed descriptive analysis to examine multiple statements on a variable in the form of a Likert scale that depicted the state of the construction project performance at the TANESCO Arusha region.

# 4.4.1The Effects of Communication on Procurement Performance at TANESCO Arusha region

The first objective of this research was to identify the effect of communication on procurement performance at TANESCO Arusha region. In order to achieve this objective researcher focused on several issues that relate to communication, which include provision of information change, information on the variation, exchange of information among team, feedback of the information and channel of information. These issues are analyzed as follows.

## 4.4.1.1 Provision of Informing Changes

In Table 4.7 below, the analysis showed that 66.7% of the respondents had agreed that their entity normally inform to project management team 10.5% equal to 6 of the respondents stay neutral and 22.8% of the respondents had disagreed that their organization normally inform any changes to procurement management team.

Table 4. 7 Provision of information changes

	Frequency	Percent
Strongly Disagree	6	10.5
Disagree	7	12.3
Neutral	6	10.5
Agree	24	42.1
Strongly Agree	14	24.6
Total	57	100.0
Mean	4	.23

Source: Survey Data (2023)

## 4.4.1.2 Management team are kept informed on variation on the scope of procurement

According to the analysis of Table 4.8 below 63.1% of the respondents agreed that the project team is informed of any events that occur during the execution of the contract, 17.5% remained neutral, and the remaining 19.2% disagreed with the statement that the project management team is not informed of any events throughout the execution of the contract.

Table 4. 8 Management team are kept informed on variation

	Frequency	Percent
Strongly Disagree	4	7.0
Disagree	7	12.3
Neutral	10	17.5
Agree	21	36.8
Strongly Agree	15	26.3
Total	57	100.0
Mean	4.10	

Source: Survey Data (2023)

#### 4.4.1.3 Exchange of information among Team

According to Table 4.9 below, 59.7% of respondents agreed that their organization regularly exchanges information among the procurement management team, which improves project performance. Of the remaining respondents, or 21%, 19.3% disagreed, meaning that their organization exchanges information among the procurement management team, which equals 11 respondents who remained neutral.

Table 4. 9 Exchange of information among team

	Frequency	Percent
Strongly Disagree	7	12.3
Disagree	5	8.8
Neutral	11	19.3
Agree	18	31.6
Strongly Agree	16	28.1
Total	57	100.0
Mean		4.0

## 4.4.1.4 Feedback of the Information

Additionally, the researcher quickly looked over the information's feedback regarding the project's entire execution process. According to the analysis of table 4.10 below, 68.5% of respondents agreed that feedback has been crucial in helping the procurement management team deal with various issues that arise during project implementation. In contrast, 22.8% of respondents disagreed with this statement, while 8.8% of respondents were neutral.

Table 4. 10 Feedback of the Information

	Frequency	Percent
Strongly Disagree	7	12.3
Disagree	6	10.5
Neutral	5	8.8
Agree	23	40.4
Strongly Agree	16	28.1
Total	57	100.0
Mean		4.35

## 4.4.1.5 Channel of Information

The information channel analysis is displayed in Table 4.11 below. It shows that, of the respondents, 61.4% agreed that their organization has a proper channel of communication among the construction management team, which in turn improves project performance; 7% disagreed, remaining neutral; and 31.6% had no idea and had no idea that their organization had a proper channel of communication among the project management team, which in turn improves procurement performance.

**Table 4. 11 Channel of Information** 

	Frequency	Percent
Strongly Disagree	7	12.3
Disagree	11	19.3
Neutral	4	7.0
Agree	21	36.8
Strongly Agree	14	24.6
Total	57	100.0
Mean	4.	52

Prior research has demonstrated a noteworthy correlation between communication and procurement performance efficiency. Additionally, the study found that clear information sharing amongst business members can be facilitated by improving communication, taking into account the physical and human environment when communicating, and having effective communication planning. Communication can take many forms, including downward, upward, horizontal, and vertical. Akintaro & Shonubi (2016). According to this study, the communication channels at TANESCO in the Arusha region are well-designed and allow for the construction project's organizational performance to be maximized. The results of the correlation analysis show that there is a substantial and positive relationship between the performance of procurement at TANESCO Arusha region and communication, with the communication system at TANESCO Arusha region having a major impact on procurement performance.

## 4.4.2The effects of commitment on performance of construction projects at TANESCO

### Arusha region

The second objective of this study was to examine the effects of commitment on procurement performance at TANESCO Arusha region. In order to attain this objective, the researcher developed several criteria related to commitment which enabled the researcher to meet conclusion. Those criteria include collaboration, support, team success, amicable resolution of disputes and team decision making.

#### 4.4.2.1 Collaboration

The opinions of the respondents also extended to cooperation within their company. According to table 4.12 below 73.7% of respondents agreed that the project management teams of the two parties typically collaborate in their entity, whereas 8.8% of respondents expressed no opinion and 17.6% of respondents disagreed that the procurement management teams of the two parties typically collaborate in their entity.

Table 4. 12 Collaboration

	Frequency	Percent
Strongly Disagree	7	12.3
Disagree	3	5.3
Neutral	5	8.8
Agree	27	47.4
Strongly Agree	15	26.3
Total	57	100.0
Mean	3.54	

Source: Survey Data (2023)

## 4.4.3.2 Support

According to the analysis presented in Table 4.13 below, 73.7% of respondents agreed that at TANESCO Arusha region, when executing projects function both clients and contractors, they do support one another's leadership. In contrast, 12.3% of respondents remained neutral, and 14% of respondents disagreed.

Table 4. 13 Support

	Frequency	Percent
Strongly Disagree	3	5.3
Disagree	5	8.8
Neutral	7	12.3
Agree	28	49.1
Strongly Agree	14	24.6
Total	57	100.0
Mean	3.68	

Source: Survey Data (2023)

## 4.4.3.3 Team success

According to table 4.14 showed that, while 17.5% of respondents remained neutral and 22.8% disagreed that clients, contractors, and the project management team always feel successful for what they do, 59.6% of respondents agreed that these parties always feel successful for their work.

Table 4. 14 Team success

5 8	8.8 14.0
8	14.0
10	17.5
21	36.8
13	22.8
57	100.0
4.45	
	13

## 4.4.3.4 Amicable Resolution of Disputes

The researcher also looked at the organization's dedication to resolving conflicts involving procurement. According to the findings, which are displayed in table 4.15 below, 65% of the respondents agreed that conflicts in their organizations are typically resolved amicably by both parties with the goal of a win-win scenario, while 17.5 had no idea about the matter and remained neutral. Moreover, 17.5% of the respondents disagreed that conflicts in their organizations are typically resolved amicably by both parties with the goal of a win-win scenario.

Table 4. 15 Amicable resolution of disputes

	Frequency	Percent
Strongly Disagree	6	10.5
Disagree	4	7.0
Neutral	10	17.5
Agree	23	40.4
Strongly Agree	14	24.6
Total	57	100.0
Mean	4.60	

## 4.4.3.5 Team Decision Making

Table 4.16 presents the findings of the analysis. It shows that 61.4% of the respondents agreed that in their organization, contractors and the client's team make decisions together to achieve project objectives during project management. 12.3% of respondents remained neutral, and the remaining respondents, or 27.3% or 15 respondents, disagreed that in their organization,

contractors and the client's team make decisions together to achieve project objectives.

Table 4. 16 Team decision making

	Frequency	Percent
Strongly Disagree	7	12.3
Disagree	8	14.0
Neutral	7	12.3
Agree	18	31.6
Strongly Agree	17	29.8
Total	57	100.0
Mean		4.0

Source: Survey Data (2023)

Previous research has shown that team commitment is the fundamental tool for achieving project success. This has an impact on the project because it unites the project team and other stakeholders, enables them to share work and experience related to the project, solve problems effectively, come up with better ideas, and increase collaboration, all of which lead to high project performance (Osifo, 2013). The results of this study show that there is a positive relationship between team performance and commitment from the standpoint of problem solving and procurement performance at TANESCO-Arusha region. Put another way, higher levels of commitment from users, contractors, and clients result in higher procurement performance inside the company.

## 4.4.3 The effects of trust on performance of Procurement at TANESCO Arusha region.

The Third objective of this study was to find out the effect of trust o performance of procurement at TANESCO Arusha region. The researcher established various issues that

enabled to accomplish this research objective. These issues include capabilities, behavior, goodwill, mutuality and Responsiveness.

#### 4.4.3.1 Capabilities

According to Table 4.17 below, 72% of respondents agreed that trust is essential to the success of construction projects, 12.3% remained unbiased, and the remaining 15.8% disagreed that trust is essential to the success of procurement functions.

Table 4. 17 Capabilities

	Frequency	Percent
Strongly Disagree	5	8.8
Disagree	4	7.0
Neutral	7	12.3
Agree	25	43.9
Strongly Agree	16	28.1
Total	57	100.0
Mean	3.5	

Source: Survey Data (2023)

#### 4.4.2.2 Behavior of project management team

Within this behavioral context, as illustrated in table 4.18 below, the analysis revealed that 66.6% of respondents agreed that their organization's project management team possesses trust, which positively impacts the performance of construction projects. In contrast, 10.5% of respondents remained neutral and 22.8% of respondents disagreed that their organization's procurement management team possesses trust, which negatively impacts the performance of procurement projects.

Table 4. 18 Behavior of project management team

	Frequency	Percent
Strongly Disagree	4	7.0
Disagree	9	15.8
Neutral	6	10.5
Agree	28	49.1
Strongly Agree	10	17.5
Total	57	100.0
Mean		3.8

#### 4.4.3.3 Goodwill

According to Table 4.19 below, 59.6% of all respondents agreed that the project management team in their organization currently has a high degree of honesty, which improves the performance of procurement functions. In contrast, 17.5% of respondents were unsure and remained neutral, and 22.8% of respondents disagreed that the project management team currently has a high degree of honesty in their organization, which improves the performance of procurement functions.

Table 4. 19 Goodwill

Frequency	Percent
4	7.0
9	15.8
10	17.5
21	36.8
13	22.8
57	100.0
	4.2
	4 9 10 21 13

## 4.4.3.4 Mutuality

Table 4.20 shows that, according to the analysis, 65% of respondents agreed that the project management team in their entity normally carries out its duties with high integrity. In contrast, 10.5% of respondents remained neutral and 24.5% of respondents disagreed that the project management team in their entity normally carries out its duties with high integrity.

**Table 4. 20 Mutuality** 

	Frequency	Percent
Strongly Disagree	4	7.0
Disagree	10	17.5
Neutral	6	10.5
Agree	23	40.4
Strongly Agree	14	24.6
Total	57	100.0
Mean	4.	1

#### 4.4.2.5 Responsiveness

Table 4.21 below shows the analysis of the results, which showed that 66.7% of the respondents agreed that project management teams, which include contractors and client teams, are trustworthy when carrying out their responsibilities, while 12.3% of the respondents remained neutral and 21.1% of the respondents disagreed.

Table 4. 21 Responsiveness

	Frequency	Percent
Strongly Disagree	7	12.3
Disagree	5	8.8
Neutral	7	12.3
Agree	24	42.1
Strongly Agree	14	24.6
Total	57	100.0
Mean	3.	.93

A prior study found that the main obstacle was the lack of shared objectives between the supplier and the buyer, and it also suggested that having positive relationships between the two parties helps the business gain a competitive edge. (2015) Mutio. The results of this study showed that shared goals and the execution of procurement activities have raised the degree of trust between the company and its clients, which has resulted in a construction project that is completed to a high standard.

the researcher employed a simple random sampling technique to select a sample size of 57. The process involved assigning each potential participant in the population an equal and independent chance of being included in the sample. Using a random number generator or a comparable method, the researcher randomly selected 57 participants from the larger population of interest in Tanzania's procurement sector. This method was chosen to ensure a representative and unbiased sample, allowing the findings of the study to be generalizable to the broader population of procurement professionals in Tanzania.

#### 4.5 Factor Analysis

The dependent and independent variables were first put through factor analysis to assess sampling adequacy, study significance, and eliminate sub variables with poor loading before performing correlation and multiple regression analysis. In this case, the item whose value was more than 0.7 was approved and taken into consideration for additional investigation.

#### 4.5.1 Factor Analysis for Buyer-supplier Communication

Five sub-variables (items) were used to measure communication between buyers and suppliers. Factor analysis was used to calculate the KMO and Bartlett's Test of Sphericity to verify the study's significance and adequate sampling.

Table 4. 22 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.764
Bartlett's Test of Sphericity	Approx. Chi-Square	569.836
	df	10
	Sig.	.000

Source: Field Data (2023)

The KMO IS 0.764, which is greater than the cut-off point (0.6), according to the results shown in the above table. This suggests that there is sufficient sampling adequacy, and the P-value of 0.000 supports the significance of the study because the value is less than 0.05.

Table 4. 23 Buyer-supplier Communication

Item description	Initial std factor	Final std factor	Status
	loading	loading	
Proper communication channel	0.67	0.68	Retained
Effective communication system	0.86	0.88	Retained
Exchange of information	0.73	0.74	Retained
Quick feedback responses	0.68	0.65	Retained
Clear instructions	0.90	0.91	Retained

Extraction Method: Principal Component Analysis

Source: Field Data (2023)

Table 4.23 demonstrates that every sub variable with the codes V201, V202, V203, V204, and V205 has a value greater than the cutoff point of 0.6, meaning that they are highly loaded collectively and have a positive impact on achieving value for money in the procurement of works. In this way, each of these sub variables was calculated and applied to additional analyses, including correlation and multiple regression analyses.

#### 4.7.2 Factor Analysis for Buyer-supplier Trust

This variable was determined using five sub variables (items). The purpose of factor analysis was to compute the KMO and Bartlett's Test of Sphericity in order to check the sampling adequacy and significance of the study.

Table 4. 24 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.718
Bartlett's Test of Sphericity	Approx. Chi-Square	921.615
	df	10
	Sig.	.000

Based on the findings from the table above indicates that the KMO is .718which is greater than the cut of point (0.7) which implies that there is adequate sampling adequacy and since the P-value is 0.000 justifies that the study is significant as the value is less than 0.05.

Table 4. 25 Buyer-supplier Trust

Description	Initial	std	factor	Final std	Status
	loading	1		factor loading	
Trustfulness altitudes		0. 64		0.65	Retained
Openness on various issues		0.60		0.52	Removed
Transparency practices		0. 67		0.68	Retained
Mutual honest of the parties		0. 95		0.96	Retained
Level of integrity of parties		0.77		0.78	Retained

From table 4.25 that all sub variables, including V301, V303, V304, and V305, have values

greater than 0.6. However, sub variable V302, which was poorly loaded relative to the cutoff

point, contributed less to the achievement of value for money in the works procurement

process. In this regard, one sub variable (V302) was eliminated and not used for additional

analysis, while four sub variables (V301, V303, V304, and V305) were computed and used for

additional analysis, such as multiple regression analysis and correlation analysis.

4.7.3 Factor Analysis for Client-Contractor Commitment

Buyer-supplier commitment was measured using five sub variables (items). The purpose of

factor analysis was to compute the KMO and Bartlett's Test of Sphericity in order to check the

sampling adequacy and significance of the study.

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Table 4. 26 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.824
Bartlett's Test of Sphericity	Approx. Chi-Square	784.203
	df	10
	Sig.	.000

The findings from the table above indicates that the KMO is .824which is greater than the cut of point (0.6) which implies that there is adequate sampling adequacy and since the P-value is 0.000 justifies that the study is significant as the value is less than 0.05.

Table 4. 27 Client-contractor commitment

	Initial std factor		
Item description	loading	Final std factor loading	Status
Quick responses of orders	0.68	.768	Retained
Efforts devoted in contracts	0.58	.562	Removed
Supporting each other	0.74	.798	Retained
Focus on key issues	0.65	.588	Removed
Continuing future contract	0.91	.718	Retained

Extraction Method: Principal Component Analysis.

Source: Field Data (2023)

From table 4.27 observed that all sub variables such as V401, V403 and V405 has a value greater than 0.6 which is the cutoff point and therefore highly loaded together and had positive contribution to the achievement of value for money on procurement of works hence were computed and used for further analysis such as multiple regression analysis and correlation analysis while sub variables V402 and V404 where poorly loaded hence were removed and not used for further analysis.

#### 4.7.4 Factor Analysis for Client-contractor independence

This variable was determined using five sub variables (items). The purpose of factor analysis was to compute the KMO and Bartlett's Test of Sphericity in order to check the sampling adequacy and significance of the study.

Table 4. 28 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.695
Bartlett's Test of Sphericity	Approx. Chi-Square	323.961
	df	10
	Sig.	.000

Source: Field Data (2023)

The findings from the table above indicates that the KMO is .695which is greater than the cut of point (0.6) which implies that there is adequate sampling adequacy and since the P-value is 0.000 justifies that the study is significant as the value is less than 0.05.

Table 4. 29 Client-contractor Independence

	Initial std factor		
Item description	loading	Final std factor loading	Status
Enforcement among the parties	0.765	.791	Retained
Restrictions on information	0.82	.731	Retained
Undue influence of the parties	0.68	.643	Retained
Resolutions of disputes	0.96	.623	Retained
Client-contract objectives	0.58	.591	Removed

Extraction Method: Principal Component Analysis.

Source: Field Data (2023)

From table 4.29 observed that all sub variables such as V501, V502, V503 and V504 has a value greater than 0.7 which is the cutoff point and therefore highly loaded together and had positive contribution to the achievement of value for money on procurement of works hence were computed and used for further analysis such as multiple regression analysis and correlation analysis while sub variables V505 and where poorly loaded hence were removed and not used for further analysis.

#### 4.7.5 Factor analysis for Procurement Performance

Factor analysis was conducted in the dependent variable before proceeding regression and correlation analysis. The essence of factor analysis is to understand the high and low loading sub variables where the poor loading factor is to be removed while high loading factor is to be

computed for further analysis such as correlation and multiple regression analysis. The factor analysis determined the sampling adequacy and significance of the study.

Table 4. 30 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.651
Bartlett's Test of Sphericity	Approx. Chi-Square	119.888
	df	3
	Sig.	.000

Source: Field Data (2023)

The results from the table 4.22 above indicates that the KMO is.651which is greater than the cut of point (0.6) which implies that there is adequate sampling adequacy and since the P-value is 0.000 justifies that the study is significant as the value is less than 0.05.

Table 4. 31 Value for Money

Item description	Initial loading factor	Final std factor loading	Status
Time	.781	.711	Retained
Cost	.791	.731	Retained
Quality	.634	.643	Retained

Extraction Method: Principal Component Analysis.

Source: Field Data (2023)

From table 4.31 shows that all sub variables coded V601, V602, V603 has a value greater than 0.6 which is the cutoff point which indicates that value for money in procurement of works is contributed by buyer-supplier communication, trust and commitment. In this sense all these sub variables were computed and used for further analysis such as multiple regression analysis and correlation analysis.

#### 4.8 Correlation Analysis

Researcher also sought to establish the relation between these two variables so as reveal statistically the significance, degree and direction of the effect of buyer supplier communication, buyer supplier commitment, buyer supplier trust on procurement performance. The value of Pearson correlation ranges from +1 to -1. The correlation coefficient value of +1 mean that the variables are perfect positive correlated while correlation coefficient of -1 mean that the variables are perfect negative correlated.

**Table 4. 32 Correlations** 

						Perform
						ance of
		Buyer-				procure
		supplier		Buyer-		ment
		communicatio	Buyer-	supplier	Buyer-supplier	function
		n	supplier trust	commitment	independence	S
Buyer-supplier	Pearson	1	.222**	.661**	.747**	.876**
communicatio	Correlation	'	.222	.001	./4/	.070
n	Sig. (2-		.004	.000	.000	.000
	tailed)					
	N	167	167	167	167	167
Buyer-supplier trust	Pearson Correlation	.222**	1	007	.062	.310**
	Sig. (2-	.004		.930	.425	.000
	tailed)					
	N	167	167	167	167	167
Buyer-supplier	Pearson	.661**	007	1	.432**	.470**
commitment	Correlation					
	Sig. (2-	.000	.930		.000	.000
	tailed)					.555
	N	167	167	167	167	167

Buyer-supplier trust	Pearson Correlation	.747**	.062	.432**	1	.740**
	Sig. (2-tailed)	.000	.425	.000		.000
	N	167	167	167	167	167
Performance of	Pearson Correlation	.876**	.310**	.470**	.740**	1
procurement functions	Sig. (2-tailed)	.000	.000	.000	.000	
	N	167	167	167	167	167

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Source: Field Data (2023)

The table 4.32 above analysis showed that correlation between Buyer-supplier communication and value for moneys r = .876 which reveal that buyer-supplier communication has strong positive effect on performance of procurement functions the improvement of buyer-supplier communication positively influences the improvement of value for money as the study was statistically significant at P-value =0.000 which is less than confidence level of 0.05.

The table above indicated that correlation between buyer-supplier trust and value for money r=.310which revealed that there is positive effect between buyer-supplier trust and performance of procurement functions, where by an increase in buyer-supplier trust lead to improve in procurement performance. The results were evidenced by having a significant value of (P- value =0.000) =0.000 which is less that the confidence level of 0.05.

The above table also indicated that correlation between buyer-supplier commitment and value for money is r=.470which revealed that there is positive effect between client-contractor commitment and value for money, where by an increase in buyer-supplier commitment increases procurement performance in public sector in Tanzania. The results were evidenced by having a significant value of (P- value =0.000) =0.000 which is less that the confidence level of 0.05.

The above table also indicated that correlation between client-contractor independence and value for money was r=.740which revealed that there is positive effect between client-contractor independence and value for money, where by a proper decision with regard to independence between contractor and client during contract management of works b in professionalism lead to improvement procurement performance in Tanzania public sector. The results were evidenced by having a significant value of (P- value =0.000) =0.000 which is less that the confidence level of 0.05.

#### 4.9 Regression Analysis

The sub variables retained during factor analysis were computed and subjected to regression analysis of the study. Regression analysis was conducted in order to assess the relationship between independent variables such as client–contractor communication (V200), client-contractor trust (V300), buyer-supplier commitment (V400) as well as buyer-supplier independence (V500) and dependent variables which is value for money (V600). The multiple regression analysis enables researcher to test hypothesis for the purpose of rejecting or accepting the null hypothesis. The output of the multiple regression analysis includes model summary, analysis of the variance (ANOVA) and coefficient of regressions.

#### 4.9.1 Model Summary

Model summary in regression analysis provides information on how much the independent variable influences dependent variables that mean how in general client-contractor communication, client-contractor trust and client-contractor commitment and client-contractor affect value for money in procurement of works in public sector in Tanzania. The overall contribution of independent variables to the dependent variables is determining d through the value of R square.

Table 4. 33 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.902ª	.814	.809	.19487

a. Predictors: (Constant), Buyer-supplier trust, Buyer -supplier commitment, Client-contractor communication

#### Source: Field Data (2023)

The findings of R square (coefficient of determination) indicated that the R square value =.814. This implies that any change of independent variable leads to significant change to the dependent variable by 81.4%. It means that 81.7% of value for money is influenced by Buyer-supplier communication, Buyer-supplier trust and Buyer-supplier commitment and client-contractor independence and leaving 18.3% unexplained.

#### 4.9.2 Analysis of Variance (ANOVA)

Analysis of variance was performed in order to determine the statistical significance of the results obtained in the field and make decision with regard to null hypothesis.

Table 4. 34 ANOVA'a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.909	4	6.727	177.158	.000b
	Residual	6.152	162	.038		
	Total	33.061	166			

a. Dependent Variable: Value for money

b. Predictors: (Constant), Buyer-supplier trust, Buyer-supplier commitment, Buyer-supplier communication

#### Source: Field Data (2023)

Results from the above table indicated that values less than 0.000 which proves the suitability of regression model to predict the influence of independent variable- client-contractor trust, buyer-supplier commitment, buyer-supplier communication) and dependent variable (performance of procurement functions) as p-value was less than 0.05. Hence the independent variables are significance to the dependent variable. This is supported by Frost (2014) who argued that, outcomes of regression model are said to be significant if P-value is less than 0.05.

#### 4.9.3 Coefficients of regressions

Coefficient of regression results intended to check the contribution of each independent variable to the dependent variable. Using unstandardized Coefficients of regression indicates the contribution of each independent variable to the dependent variable. The coefficient of regressions also determines the significance of the study variables where the study is said to be significance if its value is less than 0.05. Consider table 4.35.

Table 4. 35 Coefficients of regressions

		Unstandardized		Standardized		
		Coefficients		Coefficients		
	Model	В	Std. Error	Beta	t	Sig.
1	(Constant)	.077	.268		.288	.774
	Buyer-supplier communication	.787	.066	.790	11.995	.000
	Buyer-supplier trust	.159	.048	.121	3.334	.001
	Buyer-supplier commitment	150	.051	138	-2.948	.004

a. Dependent Variable: Performance of procurement functions

Keeping other things remain constant, the coefficient result showed the buyer-supplier communication contributed about .787 to the value for money and reveals that; client-contractor relationship has statistically to the value for money with P-value less than 0.05. The findings indicated that client-contractor trust play part to the in-procurement functions by .159 was other things remain unchanged. Furthermore, assuming other factors kept constant, the results showed that buyer-supplier commitment affects procurement officer negatively and as there is negative relationship between buyer-supplier commitment and value for money in procurement of works with coefficient value of -.150.

Moreover, the results showed that client-contractor contributed positively in achieving value for money in procurement of works of about .193to the value for money. The results also indicated that there is positive and strong contribution of client-contractor to the value for money in procurement of works as the P-value of 0.000 which is less than 0.05. According to

Pallant (2005) argued that independent variables is said to be statistically significant to the dependent variable if the p-value is less than .05. In the table 4.27 above the p-value = 0.000 < 0.05. Therefore, all variables (V200, V300, V400 and V500) has significant effect to the value for money.

#### **CHAPTER FIVE**

#### **CONCLUSIONS AND RECOMMENDATIONS**

#### 5.1Introduction

This chapter explained the summary, conclusion and recommendation of the study. Furthermore, the chapter showed how the study contributed to the procuring entity. Also gave recommendations for Tanzanian procuring entity toward the effects of buyer-supplier relationship on procurement performance.

#### 5.2 Summary

The general objective of this study was to assess the effects of buyer-supplier relationship on performance of procurement at TANESCO Arusha region. From this general objective, a total of Three specific objectives were used to get data from respondents. Basing on the study aimed to identify the effects of relationship management on performance of procurement thereafter. Summary of each objective is presented in the sub sections below: -

#### **5.2.1 Communication and Procurement Performance**

Based on the findings and its discussion, study come up with a result that management on performance of construction is affected by the communication whereby when the level of communication increase between buying organization the contractors it facilitates buyer-supplier relationship management on procurement performance at TANESCO Arusha region.

#### 5.2.2 Trust and Procurement Performance

Study revealed that the degree of trust among the organizations carrying out a contract has an impact on the buyer-supplier relationship management and procurement performance. In addition, the study conducted critical analysis to validate the hypothesis and address a general research question concerning the impact of buyer-supplier relationship management

on the relationship between buyers and suppliers and procurement performance at TANESCO Arusha region.

#### 5.3.3 Commitment and Procurement Performance

The study found that the degree of commitment and independence between the organizations carrying out the construction contract affected the relationship management level on performance. The discovery undoubtedly provides fresh perspective on complementary theories of relationship management. These theories' scope of application can now be expanded to include relationship management in procuring entities across a wider range, including downstream relationships for assessing construction project performance. The elements influencing the performance and relationships between buyers and suppliers in larger-scale retail establishments Erick (2015) and the impact of relationship management on procurement performance are comparable.

#### 6.3 Conclusion

The study's findings should be carefully considered by the procuring entity, the suppliers who will design and carry out the construction project, and those who have contractual agreements related to the project's construction. The empirical results contribute to our understanding of how relationship management affects construction project performance. In general, the study came to a conclusion regarding each of its particular objectives.

#### 6.3.1 Buyer-supplier Communication and Procurement Performance

The first objective of the study was to examine the effect of buyer-supplier communication on performance of procurement functions. Descriptive analysis results showed that most respondents concurred that management team communication influences procurement performance. It was determined that in Tanzania, communication and procurement performance have a positive relationship. The analysis's findings demonstrate that

communication significantly improved procurement performance. The study came to the conclusion that communication plays a significant role in Tanzanian procurement performance based on these findings.

#### 6.3.2 Buyer-supplier Commitment and Procurement Performance

The second objective of the study was to examine the effects of commitment on the onprocurement performance in Tanzania. The majority of respondents agreed, according to the
results of the descriptive analysis, that the performance of procurement is influenced by the
commitment made by the contractor and the client. Based on these results, the study came to
the conclusion that better procurement performance is a result of management team
commitment. The analysis's findings indicated that commitment had a significant impact on
procurement performance. It also concludes that there is a high degree of commitment
between the contractor and the organization, which contributes to the effective operation of
the procurement department within the company.

#### 6.3.3 Buyer-supplier Trust and Procurement Performance

The third objective of the study was to find out the effects of trust on the procurement performance in Tanzania. The majority of respondents agreed, according to the results of the descriptive analysis, that performance procurement in Tanzania is a direct result of trust between procurement management teams. The study came to the conclusion that procurement functions perform better when there is trust, based on these findings. The analysis's findings showed that procurement performance is influenced by trust. As a result, it is critical that trust be realized in Tanzanian procurement management. Strong trust between the contractors, clients, and supervisors in a procurement management team improves the performance of construction projects in Tanzania. This finding indicates that trust has a significant impact on procurement performance. Additionally, it was determined that strong procurement performance occurs when an organization's level of trust increases.

#### 6.4 Recommendations

The results demonstrate that the organization's high degree of communication with contractors resulted in a contract, and communication appears to have an impact on the performance of relationship management for contract projects. The study findings in the sections below served as the foundation for the recommendations made by the findings: -

#### 6.4.1Government

The study's conclusions suggest that, in order to improve Tanzania's procurement performance, the government should establish effective channels of communication between the client, contractors, and contract management team; additionally, it should foster trust and ensure that all contract provisions are adhered to.

#### 6.4.2 To Public Procuring Organizations

To improve good performance, organizations should encourage and strengthen a high degree of trust with contractors who fulfill organizational requirements. Additionally, it is advised that commitment is crucial and that both parties should strive to fulfill agreement requirements and record strong performance when two or more organizations execute a contract. Furthermore, in order to buck the trend of losing money or posting a deficit, the company must implement measures to boost its operational effectiveness, service quality, and market share.

#### 6.4.3 TANESCO Arusha region

With the goal of improving Tanzanian procurement performance in terms of bettering the quality of goods, works, and services while lowering procurement costs and guaranteeing that all procurement is completed on schedule, TANESCO Arusha should make sure that there is effective communication, trust, and commitment among the contract management team, which is derived from strong and continuous relationships.

#### 6.5 Suggestion for Future Study

In order to increase the reliability of their findings' generalization, the researcher suggests conducting additional research in the future that involves the private sector and is geographically distributed. Naturally, though, the single aspect of buyer-supplier relationship management needs to receive more attention. This would provide a broad understanding of these variables and allow the organization to establish specific plans for high-caliber performance. This study concentrated on various aspects of the relationship between the buyer and supplier on procurement performance. To give a more thorough understanding of a particular factor in the context of enhancing Tanzania's procurement functions' performance, more research can concentrate on that one factor.

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#### **APPENDECE**

APPENDIX I: QUSTIONNAIRE TO BE ASKED TO RESPONDENTS

A STUDY ON EFFECTS OF BUYER-SUPPLIER RELATIONSHIP ON PERFORMANCE OF

PROCUREMENT FUNCTION IN TANZANIA

Dear Respondent,

May name is WINIFRIDA MARO a Master Student of Procurement and Supply Management

at IAA for the award of Master of Business Administration in Procurement and Supply

Management (MBA-PSM). I am using this opportunity to thank you very much for agreeing to

fulfill this question and therefore become part of my study. Kindly be notified that the

information provided will only be used for academic purpose with high rate of confidentiality.

With honor I am hereby requesting your support for this study by answering questions

depending on your level of understanding and experience concerning buyer-supplier

relationship and procurement performance of procurement functions at your organization.

Please do not hesitate to consultant researcher in case of anything through the below

contacts: -

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## Researcher's Address Winifrida Maro

0713368936

IAA student

Questionnaire of this study will have Five (5) sections and please provide your answer basing on the instructions given in each section.

## SECTION A: DEMOGRAPHICS AND BACKGROUND INFORMATION (100)

1. Kindly provide the general information about yourself by ticking in the correct box as presented in the below table: -

CODE	QUESTION	RESPONSE
(V101)	What is your Gender	Male () Female ()
(V102)	Which among the following	18-25 (TT)26-35 (TT)-45 (TT)+ (TT)
	describe well about your	
	age?	
(V103)	What is your work position?	Assistant ()fficer ()nior Officer ()
		Head of Department/Organization/TB
(V104)	Which of the following	Certificate [ Diploma Degree ]
	describe your education	Master Degree ()bover Master Degree ()
	Level?	
(V105)	From the given below which	1-3 () 3-6 () 7-10 ()
	one describe your work	Above 10 ( )
	experience.	
(V106)	What is your marital status	Married ( Single ( )

## SECTION II: ASSESSING PERCORMANCE OF PROCUREMENT FUNCTIONS (V200)

2. In this section please **TICK** on the appropriate scale with regard to the procurement performance in Tanzania to the give Likert scale below:-

CODE	STATEMENT		RE	SPO	NSE	
(V201)	In my entity, relationship enables procurement to be conducted	1	2	3	4	5
	on time					
(V202)	Buyer-supplier relationship reduce procurement cost	1	2	3	4	5
(V203)	Buyer-supplier relationship lead to users satisfaction	1	2	3	4	5
(V204)	Strong relationship between buyer and supplier reduces unnecessary variations	1	2	3	4	5
(V205)	Buyer-supplier relationship improves quality of suppliers, services and works performed	1	2	3	4	5

# SECTION III: BUYER-SUPPLIER COMMUNICATION AND PROCUREMENT PERFORMANCE (V300)

3. In this section please **TICK** on the appropriate scale with regard to the relationship between buyer-supplier communication and procurement performance in Tanzania to the give Likert scale below: -

CODE	STATEMENT		RE	SPO	NSE	
(V301)	I normally inform any changes to procurement management team	1	2	3	4	5
(V302)	Procurement management team are not keep informed for any event occurring during contract execution		2	3	4	5
(V303)	Normally there is exchange of information among procurement management team in my organization	1	2	3	4	5
(V304)	Feedback have been the key aspect in procurement management teams win relation with various problems	1	2	3	4	5
(V305)	In my organization, there is proper channel of communication among procurement stakeholders	1	2	3	4	5

# SECTION IV: BUYER-SUPPLIER COMMITMENT AND PROCUREMENT PERFORMANCE (V400)

10. In this section please **TICK** on the appropriate scale with regard to the relationship between buyer-supplier commitment and procurement performance in Tanzania to the give Likert scale below:

CODE	STATEMENT		RES	SPON	ISE	
(V401)	In my entity buyer and supplier are able to work together	1	2	3	4	5
(V402)	When executing procurement projects, buyer and supplier support one another's leadership	1	2	3	4	5
(V403)	Buyer, supplier and procurement stakeholders always feel successful for what they do	1	2	3	4	5
(V404)	In my entity, normally conflicts are resolved amicably by both parties with aim of win-win scenario	1	2	3	4	5
(V405)	In my entity, buyer and supplier team make decisions together in order to achieve procurement objectives	1	2	3	4	5

## SECTION V: BUYER-SUPPLIER TRUST AND PROCUREMENT PERFORMANCE (V500)

9. In this section please **TICK** on the appropriate scale with regard to the relationship between buyer-supplier trust and procurement performance in Tanzania to the give Likert scale below:-

CODE	STATEMENT	RESPONSE				
(V501)	In my organization, trust is the backbone for procurement	1	2	3	4	5
	performance					
(V502)	Trust between procurement management team increase	1	2	3	4	5
	performance of procurement					
(V503)	High degree of honest among procurement management team	1	2	3	4	5
	increase performance of procurement					
(V504)	In my entity, high rate of integrity to staff lead high procurement	1	2	3	4	5
	performance					
(V505)	Procurement management team are trustful when executing its	1	2	3	4	5
	responsibilities					

#### **Data Collection Letter**



#### Institute of Accountancy Arusha

P.O. Box 2798, Njiro Hill, Arusha, Tanzania

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Ref. No.: MPSM-01-0075-2022

30<sup>TH</sup> August 2023

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HUMAN RESOURCE TANESTO ARUSHA P.O.BOX 57 ARUSHA

Dear Sir/Madam,

#### REQUEST FOR DATA COLLECTION

The purpose of this letter is to introduce to you MS. Winifrida Benedict Maro. Who is our student pursuing Masters of Business Administration in Procurement and Supplies Management with registration number (MPSM-01-0075-2022). Currently, the aforementioned student is conducting a study on "ASSESSMENT OF THE EFFECTS OF BUYER-SUPPLIER RELATIONSHIP ON PERFORMANCE OF PROCUREMENT FUNCTIONS IN TANZANIA: A CASE OF TANESCO ARUSHA REGION. We would like to highlight here that this study is part of the requirement for the award of the above mentioned programme of study.

We therefore request you to extend to the above-mentioned student of our Institute any help that may facilitate her to achieve study objectives. We further request permission for her to see and talk to the staff of your Institution in connection to her study. The period for this request is granted from August to end of October 2023.

Thank you for your continuing support.

Yours Sincerely, INSTITUTE OF ACCOUNTANCY ARUSHA CIRECTOR OF POSTGRA, STUDIES, RESEARCH
& CONSULTANCY
& CONSULTANCY
ANSTITUTE OF ADDULYTANCY ARUSHA
P. D. 80K 2798 ARUSHATAWANA
TEL. 254 9412; FAX: 254 942

Mishael Abduel FOR: RECTOR



# SHIRIKA LA UMEME TANZANIA TANZANIA ELECTRIC SUPPLY COMPANY LIMITED

Head Office, P.O.Box 453 Dodoma, Tanzania. Tel: + 255 026 2323456/7, Web: www.tanesco.co.tz

Our Ref:

12

Date:

AR/RHR/FIELD/59

20.09.2023

RECTOR, INSTITUTE OF ACCOUNTANCY ARUSHA P.O BOX 2798, ARUSHA.

Dear Sir/Madam,

#### RE: REQUEST FOR DATA COLLECTION

Reference is made to your letter dated 19.09.2023 regarding data collection

- I am pleased to inform you that permission for data collection has been accepted and Miss. Winfrida Benedict Maro will be accommodated from 21.09.2023 to 30.11.2023.
- In this regard it is our hope that Miss. Winfrida B. Maro will get all the data required, However no financial support will be accorded upon completion of her data collection.

Goodluck M. Fue FOR:REGIONAL MANAGER – ARUSHA.