



TO EXAMINE THE INFLUENCE OF PROCUREMENT PLANNING REGULATIONS AND PROCEDURES ON ACHIEVING VALUE FOR MONEY IN WORKS PROJECTS A CASE OF ARDHI UNIVERSITY

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Abstract:

The main goal of the research project was to investigate how procurement planning policies and practices affect getting value for money in ARU works projects; The study demonstrated the theory's relevance to achieving value for money through the use of transactional cost theory. To perform the study using the resources available, a case study research approach was adopted. A purposive selection strategy was used to select the study's sample size of 100 respondents. In order to guarantee the quality of data acquired, the researcher employed a questionnaire and interview guide to gather primary data, while secondary data was gathered through the examination of journals, papers, and articles. Several analysis techniques, including multiple regression, correlation analysis, and descriptive analysis, were used to the gathered data. The analysis of the findings revealed that the correlation coefficient between Procedures and regulations and Value for money is .723 which is statistically significant at .000 which implies a strong positive relationship between Procedures and regulations and Value for money. Study concluded that a well-structured procurement plan Procedures and regulations is essential for achieving value for money in Tanzanian public projects, as it guides efficient resource allocation, risk mitigation, and quality assurance, ultimately enhancing transparency, competition, and project outcomes. Study recommended that public projects should adopt robust monitoring and evaluation mechanisms to ensure that procurement decisions are made based on merit, cost-effectiveness, and compliance with regulations. procurement professionals are well-equipped with the necessary knowledge and skills will contribute to more informed decision-making in the procurement process.

Keywords:

Procurement planning policies, Value for money, Work projects and Ardhi University

1. Introduction

A procurement plan plays a critical role in achieving value for money in both public and private sector projects Brahim at el (2014). It serves as a strategic framework that outlines the methods and processes for acquiring goods, services, and works, ensuring that expenditures are justified and aligned with the organization's objectives. Key components of a procurement plan include needs assessment, market analysis, budgeting, and the development of clear specifications. By incorporating competitive bidding and transparent evaluation criteria, a well-designed procurement plan fosters competition among suppliers, driving down costs and enhancing the quality of deliverables (Hodges & Sager, 2015). Additionally, effective contract management and regular performance monitoring ensure that suppliers meet their obligations, thereby maximizing the return on investment.

Globally, the implementation of a robust procurement plan is essential in achieving value for money in public projects Muhwezi's (2014). A well-structured procurement plan ensures that public resources are utilized efficiently and effectively, leading to cost savings, timely project completion, and enhanced quality of deliverables Kumar (2014). Globally, procurement strategies that emphasize competitive bidding, transparent supplier selection processes, and stringent contract management have demonstrated significant success in reducing project costs while maintaining high standards of quality (Harper, 2014). For instance, countries like Singapore and New Zealand have

adopted advanced e-procurement systems that streamline procurement processes, enhance transparency, and foster greater accountability, thereby ensuring that public funds are spent judiciously.

Moreover, the global emphasis on sustainable procurement practices has furthered the achievement of value for money in public projects. By integrating sustainability criteria into procurement processes, governments can ensure that public projects not only deliver economic benefits but also contribute to social and environmental objectives (Wairagala, 2015). The European Union's Green Public Procurement (GPP) initiative is a prime example, encouraging member states to purchase goods and services that have a reduced environmental impact. This approach not only promotes responsible consumption but also drives innovation and efficiency in the public sector (Ndoli 2017). In essence, a well-executed procurement plan is a cornerstone of public project management, ensuring that taxpayer money is used effectively to deliver maximum benefits

From an African perspective, a well-structured procurement plan is essential for achieving value for money in public projects, ensuring that public funds are utilized efficiently and effectively. By setting clear guidelines and standards, it minimizes the risks of corruption, fraud, and mismanagement while promoting transparency and accountability (Arrow 2014). This leads to better quality and cost-effective outcomes by selecting suitable contractors and suppliers. Additionally, comprehensive procurement plans support local economic development by prioritizing local content and business participation, stimulating growth and job creation (Ndoli 2017). The adoption of modern practices like e-procurement enhances competitiveness and reduces costs, as highlighted by (Musanzikwa 2013) and the African Development Bank (ADB) in 2018, emphasizing the importance of effective procurement planning for maximizing benefits.

Tanzanian Perspective, the implementation of a procurement plan is pivotal in achieving value for money in public projects in Tanzania. Effective procurement planning ensures that resources are allocated efficiently, timelines are adhered to, and the best possible outcomes are achieved with the available funds (Ndoli 2017). For instance, the Tanzania National Roads Agency (TANROADS) utilizes detailed procurement plans to streamline their road construction projects. By carefully planning procurement activities, TANROADS can negotiate better contracts, avoid unnecessary delays, and ensure that the quality of materials and services meets the required standards. This systematic approach not only minimizes wastage and fraud but also enhances transparency and accountability in the use of public funds, ultimately leading to significant cost savings and better project outcomes (World Bank, 2017).

The Medical Stores Department (MSD) in Tanzania exemplifies effective procurement planning by managing the supply chain to procure medical supplies at competitive prices and ensure timely delivery to health facilities, as noted by (Ndoli 2017). This strategic approach has significantly improved healthcare delivery and the availability of essential medicines. MSD's rigorous procurement processes, including market analysis, supplier evaluation, and contract management, highlight the importance of procurement plans in achieving value for money. Additionally, public procurement constitutes about 75% of Tanzania's development budget, with works contracts making up over 60% of the total value (Nditi, 2014; Shirima, 2013). Given this substantial investment, the focus on value for money is crucial, despite challenges like political interference, unrealistic planning, delays, irregularities, fraud, and corruption impacting procurement performance.

2. Statement of the Problem

The 2016 amendments to the Public Procurement Act (PPA) of 2011 and its regulations requiring public organizations to have and implement procurement plans, many institutions still struggle to meet their goals on time. The PPRA report for 2020/21 highlights ongoing difficulties in planning and executing procurement activities effectively. Issues such as unrealistic procurement planning leads to delays in delivering necessary goods, services, and works, as seen in entities like Ardhi University. These delays stem from factors like a lack of procurement expertise, poor financial management, and insufficient user department involvement in the planning process. Procurement planning is crucial for aligning an organization's procurement performance with its goals and achieving desired outcomes. Ardhi University has made notable improvements in its procurement functions through its procurement department, which also handles logistics. This department is responsible for preparing and executing procurement plans and other related procedures, ensuring that the procurement process supports the institution's objectives effectively.

Despite Ardhi University's progress in improving procurement procedures, several implementation challenges persist. These include delayed submissions of requirements from user departments, insufficient project funding from

the approved budget, delayed fund disbursement, and unrealistic procurement plans (PPRA Report, 2020/21). Black and Marshall (2011) highlighted that well-planned and executed procurement activities can significantly enhance an organization's overall performance. However, during the 2020/2021 fiscal year, a special audit by PPRA revealed that TZS 3.39 billion was being paid for unfinished work across five Procuring Entities, indicating that the final value of public projects often includes payments for incomplete work, undermining the true value of these projects.

The study by Nsia-Asare et al. (2016) found that insufficient skills and a lack of accountability prevented entities from achieving value for money in projects. Numerous studies, including those by Changalima (Maduhu, 2013; Banda, 2017), have explored factors hindering value for money, yet cost-effectiveness in annual procurement plans has not been a primary focus. Consequently, the researcher aims to investigate the significance of an annual procurement plan in maximizing value from public firms, specifically using Ardh University (ARU) as a case study.

The main objective of this study was to investigate how procurement planning policies and practices affect getting value for money in ARU works projects. How does procurement planning policies and practices affect getting value for money in ARU works projects?

3. Literature Review

3.1. Procurement Planning

Procurement planning, as defined by Lynch (2018), involves the selection of items to purchase, determining the timing of purchases, and identifying the source. This process must consider the appropriate procedure, procurement strategy, and estimated delivery or completion time. These are the primary considerations that the plan needs to address. In essence, procurement planning is the decision-making process regarding what, when, and from whom to make purchases. During this planning phase, procurement techniques are selected, and expectations are established to fulfill purchase objectives, as outlined by Lynch (2018).

As per Lysons and Farrington (2016), an organization's procurement plan should undergo regular updates throughout the year. To ensure effective implementation of procurement planning, members of the procurement management unit must conduct quarterly reviews of the procurement plan with staff from the user department. This process enables the identification of issues hindering effective procurement planning throughout the year, facilitating necessary adjustments during the course of action.

3.2. Value for Money

The most advantageous combination of cost, quality and sustainability to satisfy customer requirements is referred to as best value for money. In this setting: cost refers to the total cost of the item (Willy and Njeru, 2014).

Theoretical Framework

The study conducted basing on the following theory:

Transaction Cost Theory

The nature of costs that an organization incurs while operating its business was outlined by the transactional cost theory. The premise of the theory is that when an organization receives a service or product from another party, it incurs costs. The governance framework that enables the achievement of organizational requirements by incurring both internal and external costs through internal or external transactions is the foundation of transaction cost theory. The management must always see a net benefit from all of the internal and external transactions that took place during a given time period. Transaction and cost are affected by an organization's organizational structure. The organization's transaction should be organized in such a way that all procurement procedures are carried out in a manner that achieves the highest possible return on investment. There are three main categories that cover the majority of transactional theory's common costs:

- i. Cost of sourcing. These are the costs of the organization's procedures for locating qualified suppliers for the supply of goods or services.
- ii. Cost of bargaining and decision-making.
- iii. This refers to the costs that will be agreed upon for acquiring the required service or materials. The actual cost of acquiring the necessary product or service.

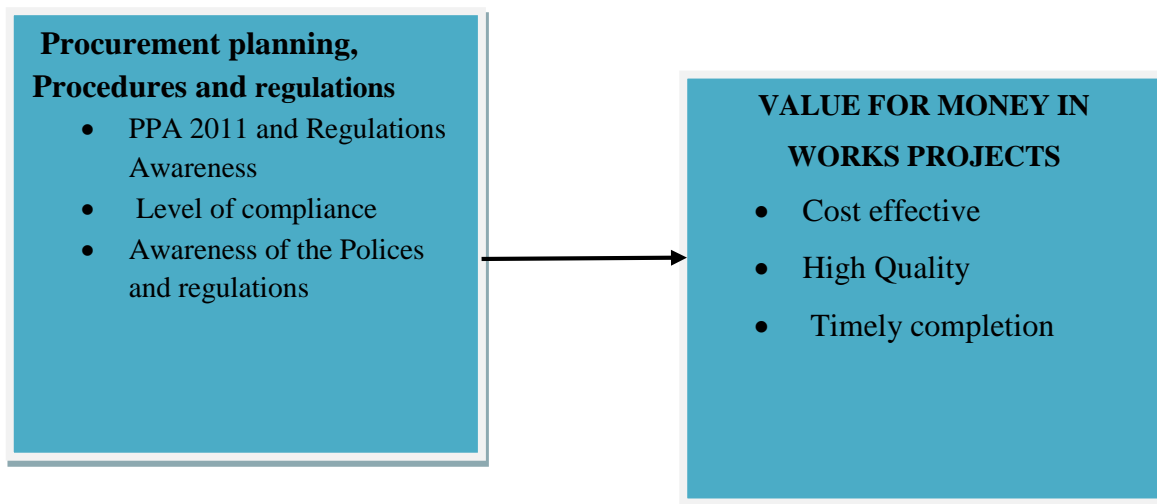
- iv. Cost of enforcement and policing these are costs associated with monitoring the quality of purchases to ensure that all purchased materials comply with contractual terms and meet user department requirements. As a result, the goal of the transactional cost theory is to guarantee that transaction costs must be more effective and efficient.

The study and the theory are related because they can be linked to making an annual procurement plan. According to PPA (2011), the ideal annual procurement plan combines all of the organization's requirements to achieve value for money and reduce transaction costs. This is supported by Mamiro's (2010) claim that a well-thought-out annual procurement plan lowers transaction costs and boosts productivity.

The research objectives of examining procurement planning regulations, assessing stakeholder involvement, and determining the influence of financial budgets on achieving value for money in works projects at ARU align closely with the Transaction Cost Theory. This theory emphasizes the costs associated with obtaining and managing transactions, which are critical in the context of procurement. For the first objective, procurement planning regulations and procedures help reduce sourcing, bargaining, and enforcement costs by ensuring systematic and transparent processes. For the second objective, involving APP stakeholders can streamline decision-making and improve contract management, thereby lowering transaction costs associated with negotiations and enforcement. Finally, the third objective ties in by highlighting how financial budgets influence the allocation of resources, optimizing the cost-benefit ratio of transactions, and ensuring efficient use of funds. These linkages demonstrate how Transaction Cost Theory underpins the strategies to achieve value for money by minimizing unnecessary expenses and enhancing procurement efficiency.

Figure 1: Conceptual Framework

The conceptual framework above shows the dependent and independent variables of the study.



Source: researcher's creation (2023)

4. Research Methodology

Research Design

The research design for the study was case study research design.

Area of the Study

Research study carried at Ardhi University,

Sample size

The study included a total of 100 participants, comprising various stakeholders involved in the procurement.

Data Collection method

Researcher used questionnaire and interview guide with a set of questions that filled with respondents to demonstrate their opinions concerning the subject matter.

Study Findings

The influence of procurement planning regulations and procedures on achieving value for money in works projects at ARU. Firstly study aimed to examine the influence of procurement planning regulations and procedures on achieving value for money in works projects at ARU. This objective was meant to accomplish the general objective of this research study. In order to meet this objective researcher had examined the procurement planning regulations and procedures by developing three indicators used to measure the influence of procurement planning regulations and procedures on achieving value for money. This variable included indicators like PPA 2011 and Regulations Awareness, Level of compliance and Awareness of the Policies and regulations.

PPA 2011 and Regulations Awareness

Study applied descriptive model of analysis to analyze the collected respondent's opinions on different issues relation to the level of awareness on PPA 2011 and its Regulations and the results shown on the table below.

Table 1: PPA 2011 and Regulations Awareness

	Frequency	Percent
Strongly Disagree	6	6.0
Disagree	9	9.0
Neutral	18	18.0
Agree	55	55.0
Strongly Agree	12	12.0
Total	100	100.0

Source: Research Data (2023)

From the finding of the study it was discovered that, 67% of the respondents agreed that adherence to PPA 2011 and its regulations is essential for promoting transparency and accountability in public sector procurement, while 18% of the total respondents stayed neutral and 15% of the respondents disagreed that adherence to PPA 2011 and its regulations is essential for promoting transparency and accountability in public sector procurement.

Level of compliance

Study applied descriptive model of analysis to analyze the collected respondent's opinions on the level of compliance influencing achievement of value for money, as indicated below.

Table 2: Level of compliance

	Frequency	Percent
Strongly Disagree	8	8.0
Disagree	4	4.0
Neutral	16	16.0
Agree	58	58.0
Strongly Agree	14	14.0
Total	100	100.0

Source: Research Data (2024)

The study findings from the table above indicated that 72% of the respondents agreed that the effectiveness of training and education programs related to compliance within the public sector, 16% of the respondents were neutral on the fact that effectiveness of training and education programs related to compliance within the public sector and the rest 12% of the respondents disagreed that the effectiveness of training and education programs related to compliance within the public sector.

Awareness of the Polices and regulations

Study applied descriptive model of analysis to analyze the collected respondent's opinions if government agencies in the public sector adhere to established regulations and policies

Table 3 Awareness of the Polices and regulations

	Frequency	Percent
Strongly Disagree	2	2.0
Disagree	9	9.0
Neutral	12	12.0
Agree	61	61.0
Strongly Agree	16	16.0
Total	100	100.0

Source: Research Data (2024)

Study findings indicated that 77% of the respondents agreed that government agencies in the public sector adhere to established regulations and policies, while 16% of the respondents were neutral while 11% of the total respondents had disagree that government agencies in the public sector adhere to established regulations and policies.

Regression analysis on procurement planning regulations and procedures

To examine the influence of procurement planning regulations and procedures on achieving value for money in works projects at ARU. The first objective of this study was to influence of procurement planning regulations and procedures on achieving value for money in works projects at (ARU). Researcher instigated this objective in three perspectives which are PPA 2011 and Regulations Awareness, Level of compliance and Awareness of the Polices and regulations. From this objective researcher developed three hypotheses (H01) which were tested indecisively with the multiple regression analysis.

H01a. There is significant contribution between PPA 2011 and Regulations Awareness and achievement of value for money

H01b. There is significant contribution between Awareness of the Awareness of the Polices and regulations and achievement of value for money

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.623 ^a	.489	.367	.3830

a. Predictors: (Constant), PPA 2011 and Regulations Awareness and Awareness of the Polices and regulations

The obtained results indicate that the model is supportive to the extent that independent variables influence the achievement of value for money. The model's support is reflected by an R square of .489, equivalent to 48.9%. Based on this finding, the research study concludes that awareness of PPA 2011 and regulations, along with awareness of the policies and regulations, significantly influence and facilitate the achievement of value for money.

Table 5 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.023	3	7.341	18.018	.000 ^b
	Residual	34.631	85	.407		
	Total	56.654	69			

a. Dependent Variable: Achievement of value for money

b. Predictors: (Constant), PPA 2011 and Regulations Awareness and Awareness of the Polices and regulations

From the table 1.5 above indicating that the model was significant due to significant sign of p-value=0.000 which means that the model is significance as the p-value is less than 0.05.

Table 6 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)			3.741	.000	
	PPA 2011 and Regulations Awareness	.459	.075	.090	.783	.036
	Awareness of the Polices and regulations	.346	.095	.387	3.639	.000

a. Dependent Variable: Achievement of value for money

$$\text{From } Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$
$$\text{Then } Y = .221 + .459 X_1 + .346 X_2 + .173 X_3 + .383$$

Where by Y= Achievement of value for money, β_0 = Constant, ($\beta_1, \beta_2, \beta_3$) = Regression coefficient of independent variables, ϵ = Error term, X_1 = PPA 2011 and Regulations Awareness, X_2 = Awareness of the Polices and regulations.

The coefficient figures in the table above illustrate the multiple regressions, demonstrating the level of support the model has and how independent variables influence the dependent variable. The regression model specifically tested how the achievement of value for money can be influenced by various factors, including awareness of PPA 2011 and regulations, as well as awareness of the policies and regulations.

Therefore, the results indicated that PPA 2011 and Regulations Awareness is sufficient contributing towards achievement of value for money by .459 which is equivalent to 45.9% whereby the relationship is significant at p-value= 0.03. Awareness of the Polices and regulations contributing Achievement of value for money by 0.346 which is equivalent to 34.6% and significant by p-value= .000.

Hypothesis testing

In this study researcher developed three hypotheses which were tested using the inferential analysis. The study hypotheses encompassed were; H01a. There is significant contribution between PPA 2011 and Regulations Awareness and Achievement of value for money

From the finding correlation between PPA 2011 and Regulations Awareness and Achievement of value for money was $r=0.494$ and p-value of 0.000 where by PPA 2011 and Regulations Awareness contributed significantly by 0.459 (45.9%) with p- value of 0.030. the analysis indicated that the (H01a) hypothesis was accepted.

H01b. There is significant contribution between awareness of the Polices and regulations and public sectors performance

From the finding correlation between awareness of the polices and regulations and achievement of value for money was $r=0.553$ and p-value of 0.000 where by awareness of the polices and regulations was statistically contributed significantly by 0.346 (34.6%) with p- value of 0.000. the analysis indicated that the (H01b) hypothesis was accepted.

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