



EFFECT OF PROCUREMENT PROCESS ON THE PERFORMANCE OF PUBLIC SECTOR IN RWANDA A CASE OF WASAC

NYIRANEZA ESPERANCE

ABSTRACT

This study aimed to assess effect of procurement process on the performance: a case of WASAC. The specific objectives were the effect of Procurement Planning on performance of public sector at the WASAC, influence of supplier selection procedure on performance of public sector at WASAC and to determine challenges awareness effective procurement process at the WASAC. This study employed the explanatory research design and used the survey strategy. Also, the study used the concurrent mixed method triangulation which engages a single study that deployed quantitative and qualitative data that are collected at the same time.. A sample of 41 study respondents was determined to be appropriate for this study. Primary data was collected from

respondents through self-completed semi-structured questionnaires. Cross tabulation with Chi Square Test, and Fisher Exact Test were used to analyze quantitative data and content analysis was engaged for the qualitative data. Findings reveals that there is significant effect Procurement Planning on performance of public sector. Fisher's Exact Test results reveal that there is a significant effect procurement planning on performance of public sector ($p < .05$) $p=0.20$ also there is significant influence of supplier selection procedure on performance of public sector where by Fisher's Exact Test results indicates that there is a significant influence of tendering processing at WASAC on performance of public sector ($p < .05$) p equal to 0.16, there is a significant Influence of tender

processing at the WASAC ($p < .05$) and p equal to 0.016, and finally findings there are some challenge which brought negative effect on performance of public sector. The study found that procurement planning, Adoption of E-Procurement system, supplier relationship management, effective communication and procurement cost estimation are very important elements of the procurement practices that contribute to the effectiveness of the procurement process

at WASAC. The study recommends that WASAC that Top management at WASAC and other public organization should fulfill their responsibilities effectively by providing prompt decisions relating to public procurements in their respective areas of authorities. Approved funds for procurement needs should be provided adequately and timely to ensure procurement process is carried out effectively.

CHAPTER ONE :GENERAL

INTRODUCTION

Background of the Study

In the Global context, public procurement carries out a basic function in delivery of service along with the performance of government departments. It performs the fiduciary duty of guaranteeing well-organized delivery of goods and services to the public (Uyarra and Flanagan, 2010) and engage all the processes related to the procurement of goods and services by government departments, parastatals and local authorities (Roodhooft and Abbeele, 2006).

The public procurement process is presided over by procurement laws along with

regulations, and diverges from one country to another. In view of the fact that public procurement accounts for considerable amount of overall demand for goods and services (Uyarra and Flanagan, 2019). In procurement process monetary values are significant, and it is the responsibility of government to guarantee that resources are exploited in the most efficient, visible and in principled manner to uphold sustainable development of the economy along with standards of living (Seidu, et al., 2014). Previous studies in public procurement as well as in supply chain management have recognized that public procurement effectiveness impacts on service delivery in addition to public sector performance (Owuoth and Mwangangi, 2015; Sarfo and Baah-Mintah, 2013); (Thuo and Njeru, 2014). A number of studies on public

procurement have been published explaining the poor implementation of government projects and service delivery (Musanzikwa, 2013)

The influence of new public management (NPM) philosophies in the functioning of the public sector has been embraced procedurally by government departments in a number of African Countries. A significant number of African countries have over the government, together with development planning and administration and this fashion became popular in the 1980s (Livingstone & Charlton, 2001). By the late 1990s the failure of the existing procurement systems to cope with the expansion in government procurement requirements and to delivery of value for money had become generally accepted among government and donor partners (Agaba and Shipman, 2007). In Rwanda, never before has there been a growing interest in the procurement management as discovered by the researcher than it is today.

A procurement process must be integrated into annual sector expenditure programs to enhance financial predictability ((PPOA, 2009) and Public Procurement and Disposal General Manual. Section 26 (3) of the Act and Regulations 20 and 21 make procurement management mandatory. The procurement process are prepared as part of the annual

budget preparation process as they are necessary to inform the cash flow preparation. The annual procurement management is an integral part of the budget processes. Therefore it is important to appropriately plan multiyear procurement and to integrate them into the medium term budgetary frameworks. The target group of the study is WASAC. This is a public institution which offers a variety of services to the public.

Statement of the Problem

In recent years there has been a concern as regards delays in procurement process by Procurement Entities (PEs) in the public sector which resulted in delay of numerous development projects. This concern led to amendments on RPPA, 2011 which was done in 2016. Despite of this initiative, an assessment on efficiency of procurement process for assorted tenders floated by Procurement Entities (PEs) conducted on 23 PEs and covered 143 tenders revealed that an average time taken for the entire procurement cycle from submission of requirements by user department to contract signing was 150 days for an open and competitive tendering as compared to an average time taken from best practice of 116 days (RPPA, 2018). Also, the quality of services that intended to be obtained from procurement process in the public sector depends on the players in the field. Public

officials use enacted laws and regulations for achieving organization's goals. It has been noted that some of the public goals are not met because of inadequate establishment of procurement process in organizations. The public procurement requires effective implementation of imposed procedure.

in order to get qualified suppliers and eventually quality products and services. However, the current situation has some deficiencies. Although previous studies (for instance, Aladejebi and Adedeji, 2015; Barsemoi, et al., 2014; Cheptora, et al., 2018; Chimberengwa, et al., 2015; Gatobu and Moronge, 2018; Kabega, et al., 2016; Masudin, et al., 2018; Livhuwani, 2012) have been conducted to examine issues relating to procurement process, there are existing gaps as far as the effectiveness of procurement process in public organization in Rwandan context is concerned. Despite the important role played by the Procurement system, some government institutions in Rwanda still practice lengthy bureaucratic procurement processes in acquiring goods and services, corruption and discriminatory awards of tenders hence has made some government projects to fail, for example Kalisimbi Project and many other government projects believed to have failed due to poor procurement practices. Therefore, it is the above problem which prompted the

researcher intends to bridge the existing gap by critically assessing of factors affecting procurement process in public organizations using WASAC as a study case.

Objectives of the Study

This section presents main and specific objectives of this study.

General Objective

The overall objective of this study was to assess the effects of procurement process on the performance of public sector in Rwanda

Specific Objectives

To examine the effect of Procurement Planning on performance of public sector at WASAC.

To assess the influence of supplier selection procedure on performance of public sector at WASAC.

To analyze the influence of Procurement Challenges Awareness on performance of public sector at WASAC.

CHAPTER TWO: LITERATURE REVIEW

Theoretical Literature review

This study will be guided by the two theories which are Agency theory and the contingency theory.

Agency theory

The Agency theory puts a principal-agent affiliation between the organization, its officers and employees. This relationship take place from the reality that the organization's officials and employees are holding resources in trust for the customers and more specifically the residents of

© GSJ

the organization and carry out all their transactions for and on behalf of these customers. The theory thus puts it that it is in the best interest of the organization officers to discharge all their duties with transparency and accountability to their principals who are the residents and customers, for better realizing quality service in public sector (Thai, 2001).

Contingency theory

Distinct with the agency theory, the contingency theory is more concerned with organizational structure which brings about both the informal and the formal organization of hierarchical and information over and above decision making structures within an organization (Otieno, 2009). The contingency approach to management has its origin in the general systems theory as well as the open systems perspective. The open systems viewpoint look at the complex organization as a set of mutually dependent parts that, together, form a whole system which, in turn, is interdependent with the larger environment.

Research Gap

Although several previous studies (for instance, Aladejebi and Adedeji, 2015; Barsemoi, et al., 2014; Cheptora, et al., 2018; Chimberengwa, et al., 2015; Gatobu and Moronge, 2018; Kabega, et al., 2016; Masudin,

et al., 2018; Livhuwani, 2012) have been conducted to examine issues relating to procurement process, there are existing gaps as far as the effectiveness of procurement process in public sector in Rwandan context is concerned. For instance, Aladejebi and Adedeji (2015) did not look into influence of suppliers selection procedure on effective delivery of services by public organizations; Munyawera, et al. (2018) did not look at challenges affecting delivery of quality service nor did they examine influence of suppliers' selection procedure on service delivery; Chimberengwa, et al., 2015 and Jeptekey (2015) did not examine influence of suppliers selection procedures on effective service delivery. This study intends to bridge the existing gap by critically assessing the factors for effective procurement process in public sector using WASAC as the study case.

CHAPTER THREE :RESEARCH METHODOLOGY

Research Design

Saunders, Lewis and Thornhill (2012) describe research design as the broad plan employed to respond to the research question. This study employed the explanatory research design and used the survey strategy. Explanatory design smoothed the progress of establishing causal relationship between variables. In this study explanatory design enabled to establish and explain causal relationship between variables that assess factors affecting procurement process in public sector, particularly at WASAC.

Population and Sample size.

Population is defined as a full set of cases or elements from which a sample for a study is drawn (Saunders, et al., 2012). Population for this study comprised of staffs of the WASAC in various departments at the WASAC headquarters.

3.3.1 Targeted Population

In this study, the target population of 41 respondents was made up of staff from 6 different departments at WASAC including members of procurement management unit,

Head of departments, officers and staffs of the WASAC who in one way or another are involved in delivery of public services which requires effective procurement process

sampling Design and Procedures

The non-probability purposive sampling which focuses on the exclusivity of an instantly recognizable population under investigation as described by Palys (2008) was used to choose WASAC as a suitable study area. Also, the purposive sampling method was used to get respondents who are resourceful to provision of vital information to address the research questions. Specifically, purposive sampling was used to select key informants to be interviewed including the procurement management unit members and others from important departments. Snowball sampling method was used to respondents from other departments in WASAC.

Types and Source of Data

The study utilized both primary and secondary data. Kothari and Garg (2015) referred to primary data as the data which are collected for the first time. These data are normally new and original indisposition.

Methods of Data Collection

Whereas secondary data was collected through documentary reviews, primary data was collected by use of questionnaires and interviews. According to Saunders, Lewis, and Thornhill (2012), questionnaires are typically used for explanatory studies and also for explorative studies. Consequently, primary data for this study was collected from respondents through self-completed semi-structured questionnaires. Data Processing and Analysis

Collected data was properly organized, cleaned and coded. Cross tabulation with Chi Square Test, and Fisher Exact Test was used to examine influence of procurement planning in achieving performance of public sector at the WASAC; to examine effectiveness of supplier selection procedure in the delivery of performance of public sector at the WASAC; and to explore challenges facing the procurement process at the WASAC.

Data Validity

A pilot study using a sample of 10 respondents was carried out to pre-test the data collection instruments before the massive data collection. Data Reliability

Saunders, Lewis, and Thornhill, (2012) explained that reliability concerns whether the methods of data collection and analysis are able to produce consistent findings if they are to be repeated in an analogous study. For that reason, this research, reliability was examined by working out internal consistency. The examination established a Cronbach's alpha of 0.729 which signifies those questions in the scale measure the matching.

CHAPTER FOUR: PRESENTATION OF RESULTS AND DISCUSSION

OR Likelihood Ratio	1.484	1	.223		
Fisher's Exact Test				.010	.027
N of Valid Cases ^b	41				

Fisher's Exact Test results presented in Table 4.6 reveals that there is a non-significant effect of procurement planning on performance in public sector between ($p < .05$) and p equal to 0.27 on the opinions of the respondents on the influence of procurement planning in achieving performance of public sector at WASAC. In particular, this finding suggests that position of the respondents at WASAC did influence their opinion on the influence of procurement planning in achieving performance in public sector at WASAC

Chi square test results on influence of procurement planning on performance in public sector

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.538a	1	.215		
Continuity Correction ^b	.655	1	.418		

Influence of supplier selection procedures at the WASAC

This study aimed to examine the influence of supplier selection procedure at the Water and Sanitation Corporation (WASAC). To achieve this objective, influence of procurement tendering processing at WASAC, influence of effective communication with suppliers at WASAC as well as influence of supplier relationship management at WASAC were assessed as presented in the following sections. Influence of tender processing at the WASAC

Fisher's Exact Test results presented in Table 4.8 indicates that there is a significant Influence of tender processing at the WASAC ($p < .05$) and p equal to 0.016 on the opinions of study participants on the influence of tendering processing in achieving performance in public sector in WASAC. In particular, this finding suggests that position of the respondents at WASAC agree opinion on the influence of tendering process at WASAC
 Chi square test in influence of tendering process at WASAC

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.441 a	1	.507		
Continuity Correction ^b	.020	1	.888		
Likelihood Ratio	.409	1	.523		
Fisher's Exact Test				.006	.016
N of Valid Cases ^b	41				

Influence of effective communication with suppliers

Influence of effective communication with suppliers

Fisher's Exact Test results presented in Table 4.10 indicates that there is a significant Influence of effective communication with suppliers on performance in public sector ($p < .05$) which p is equal

0.20 on the opinions of study participants on the influence of effective communication with suppliers in achieving performance of public sector at WASAC. In particular, this finding suggests that position of the respondents at WASAC strongly agree that there is influence of effective communication with suppliers in achieving services at WASAC

Chi square test on influence of effective

communication on procurement process

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.105 a	1	.293		
Continuity Correction ^b	.339	1	.560		
Likelihood Ratio	1.026	1	.311		
Fisher's Exact Test				.031	.020
N of Valid Cases ^b	41				

a. 1 cells (25.0% expected count less than 5. minimum expected count is 1.88.
 ex The expected

Influence of supplier relationship management

Fisher's Exact Test results presented in Table 4.12 indicates that there is a significant Influence of supplier relationship management on performance in public sector at the WASAC ($0.27p < .05$) on the opinions of study participants on the influence of supplier relationship management in achieving performance in public sector at the WASAC. In particular, this finding suggests that position

of the respondents at WASAC strongly agree that there is influence of supplier relationship management in achieving services at WASAC. Chi square test on influence if suppliers relationship management

Chi-Square Tests					
	Value	df	Asymp. Sig. (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	1.105a	1	.293		
Continuity Correctionb	.339	1	.560		
Likelihood Ratio	1.026	1	.311		
Fisher's Exact Test				.011	.027
N of Valid Casesb	41				



4.4 Challenges hindering effectiveness on performance of public sector at the WASAC

This study aimed also to determine challenges hindering effectiveness on performance of public sector at the WASAC. To achieve this objective, several challenges such as delays in decision making, lack of fund from treasury and lack of support from top management in procurement process were determined as presented in the following sections.

Effect of delays in decision making on effectiveness on performance of public sector

Fisher's Exact Test results presented in Table 4.15 indicates that there is a significant negative effect of delays in decision making on effectiveness on performance of public sector at WASAC ($p\ 0.027 < .05$) on the opinions of study participants on the effect of delays in decision making on the effectiveness of procurement process at WASAC.

Chi square test on effect of delays in decision making of effectiveness of procurement process

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.216	1	.642		
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.205	1	.650		
Fisher's Exact Test				.037	.048
N of Valid Cases ^b	41				

Effect of lack of fund from treasury on effectiveness performance of public sector
 Source: Field survey, 2022

Fisher's Exact Test results presented in Table 4.16 indicates that there is negative significant effect of lack of fund from treasury on effectiveness on performance of public sector at WASAC ($p - 0.61 < .05$) on the opinions of study participants on the effect of lack of fund from treasury on the effectiveness of procurement process at WASAC.

Chi square test on effect of lack of fund from treasury on effectiveness performance of public sector

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.013a	1	.909		
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.013	1	.910		
Fisher's Exact Test				-.000	-.619
N of Valid Cases ^b	41				

Source: Field survey, 2022

Effect of lack of support from top management on effectiveness on performance in public sector

Source: Field survey, 2022

Fisher's Exact Test results presented in Table 4.18 indicates that there is a negative significant effect of lack of support from top management on effectiveness on performance of public sector ($p -0.015 < .05$) on the opinions of study participants on the effect of lack of

support from top management on the effectiveness on performance of public sector in achieving performance of public sector at WASAC

Table 19-4.18: Chi square test on effect of lack of support from top management on effectiveness on performance in public sector.

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2.153a	1	.142		
Continuity Correction ^b	.933	1	.334		
Likelihood Ratio	1.907	1	.167		
Fisher's Exact Test				-.005	-.015
N of Valid Cases ^b	41				

Source: Field survey, 2022

On the Theoretical perspective, the findings support the Agency theory from the fact that procurement can be observed to engage at least two parts with divergent goals, a purchaser and one or more vendors competing for the contract in the organization. However, apart from the agency relationship between buyer and competing vendors, there may also be several other internal stakeholders such as political leaders and central government

official possibly with incompatible goals, thus adding complexity to the procurement process (Gull, 2010).

The find support also the contingency theory which is more concerned with organizational structure which brings about both the informal and the formal organization of hierarchical and information over and above decision making structures within an organization (Otieno, 2009). The theory also holds that there are diverse levels of fit such as human capital, technological, quality management along with decision making structures each with dissimilar performance levels. All these are vital for effectiveness of procurement process at WASAC and in the public sector at large.

© GSJ

**CHAPTER FIVE: SUMMARY,
CONCLUSIONS &
RECOMMENDATIONS**

Impact of supplier selection procedure on performance of public sector at WASAC

Summary

5.2.1 Effect of Procurement Planning on performance of public sector at WASAC.

Effect of Procurement Planning on performance of public sector at WASAC. To achieve this objective, influence of procurement planning at WASAC, Influence of adoption of E-Procurement system at WASAC and Influence of procurement cost estimation at WASAC were examined as presented in the subsequent sections.

The examination of the influence of procurement planning at WASAC. The findings indicates that 36.6 percent of the study respondents believe that the influence of procurement planning at WASAC is very high, and 63.4 percent believe the influence of procurement planning at WASAC is high. This finding suggests that procurement planning is a very important element of the procurement practice that facilitates achieving best services at WASAC. Fisher's Exact Test results reveal that there is a significant effect procurement planning on performance of public sector ($p < .05$) $p=0.20$

tendering processing services at WASAC is very high. This finding suggests that procurement tendering processing is a very important element of the procurement practice that facilitate at WASAC. Fisher's Exact Test results indicates that there is a significant influence of tendering processing at WASAC on performance of public sector ($p < .05$) equal to 0.16

The findings on the examination of the Influence of effective communication with suppliers at WASAC indicate that 73.2 percent of the study respondents believe that the influence of effective communication with suppliers at WASAC is high, and 26.8 percent believe the influence of effective communication with suppliers at WASAC is very high. This finding suggests that effective communication with suppliers is a vital element of the procurement practice that smooth the progress at WASAC. Fisher's Exact Test results indicates that there is a significant the Influence of effective communication with suppliers at WASAC ($p < .05$) $p=0.20$

Influence of Procurement Challenges Awareness on performance of public sector

at WASAC

indicates that there is a negative significant effect of delays in decision making on effectiveness performance of public sector WASAC ($p < .05$) $P = -0.048$

The findings on the examination of the effect of lack of fund from treasury on effectiveness of performance of public sector at WASAC indicate that 73.2 percent of respondents agree, and 26.8 strongly agree of the study respondents believe that lack of fund from treasury is a challenge that hinder effectiveness performance of public sector at WASAC. This finding suggests that lack of fund from treasury hold back effectiveness performance of public sector at WASAC. Fisher's Exact Test results indicates that there is a significant effect of lack of fund from treasury on effectiveness of performance of public sector ($p < .05$). $P = -0.61$

The findings on the examination of the effect of lack of support from top management on effectiveness on performance of public sector at WASAC indicate that 78 percent of respondents agree, and 22 strongly agree of the study respondents believe that lack of support from top management is a challenge that hinder effectiveness of procurement process at WASAC. This finding suggests that lack of support from top management constrain the effectiveness of procurement processes at

WASAC.

Conclusions

Following the findings on the examination of influence of procurement practices WASAC, it is concluded that procurement planning, adoption of E-Procurement system and procurement cost estimation are very important elements of the procurement practice that contribute to the effectiveness of the procurement process at WASAC. It is also concluded that supplier relationship management, tender processing and effective communication are vital elements for supplier selection procedure that contribute to the effectiveness of the procurement process at WASAC. It is also concluded that effectiveness of procurement process at WASAC is hindered by several challenges such as delays in decision making, lack of fund from treasury and lack of support from top management.

Recommendations

The subsequent recommendations are suggested to enable WASAC as well as other public organizations to improve effectiveness of procurement process:

It is recommended that WASAC and other public organizations should make sure they hold on to best practices on procurement process with due consideration to national standards along with international standards on public procurements.

It is also recommended that WASAC and other public organization should formulate standardized check lists for the best practices

in procurements.

It is as well recommended that top management at WASAC and other public organizations should fulfill their responsibilities effectively by providing prompt decisions relating to public procurements in their respective areas of authorities.

Also, WASAC members, Executive director and treasury should strive to ensure that approved funds for procurement needs relating to development projects and public services are provided adequately and in time to ensure public services are carried out effectively and achieve the required quality.



References

Aladejebi, O. A. & Adedeji, A. O., 2015. Effect of Procurement Planning on the Performance of Selected Agricultural Firms in Ondo State, *Nigeria. Journal of Research in National Development*, 13(2), pp. 25-39.

Ambe, I. & Badenhorst-Weiss, J., 2012. Procurement challenges in the South African Public Sector. *Journal of Transport and Supply Chain Management*, Volume 1, pp. 242-261.

Basheka, B. C. & Mugabira, M. I., 2008. Measuring professionalism variables and their implications to procurement outcomes in Uganda. Kampala, s.n.

Cherotich, C., Ngacho, C. & Omari, S., 2018. Effectiveness of Procurement Practices on the Performance of County Governments in Kenya: A Case of Kericho County Government.. *IJARKE Journal of Business and Management*, 1(1), pp. 261-273.

Chimberengwa, P. et al., 2015. Procurement process at Gwanda Provincial Hospital, Matabeleland South Province, Zimbabwe, 2012: A descriptive cross sectional study. *Australian Journal of Public Health Epidemiology*, 2(1), pp. 1-6.

Creswell, 2013. *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*. s.l.:Sage Publication. De Boer, L. & Telgen, J., 2006. Purchasing Practise in Dutch Municipalities. *Journal of Supply Management*, 34(2), pp. 31-36.

Demeester, L., De Meyer, A. & Grahovac, J., 2014. The role of operations executives in strategy making. *Journal of Operations Management*, 32(7-8), pp. 403-413.

Dza, M., Fisher, R. & Gapp, R., 2013. Procurement reforms in Africa: The strides, challenges, and improvement opportunities. *Journal of Public Administration Research*, 2(2), pp. 49-57.

Dzuke, A. & Naude, M., 2015. Procurement challenges in the Zimbabwean public sector: A preliminary study. *Journal of Transport and Supply Chain Management*, 9(1), pp. 1-9.

Gull, 2010. The Public Purchasing Profession Revisited. *Journal of Public Budgeting, Accounting and Financial Management*, 12(2), pp. 272-290.

Hahn, 2007. Systems and Structures in organizations. *Journal of principles on organizations management*, 22(2), pp. 18-21.

Kabega, C., Kule, J. W. & Mbera, Z., 2016. Effects of Procurement Practices on Performance of Public Projects in Rwanda: A Case Study of Bugesera District Office Construction Project. *International Journal of Economics, Commerce and Management United Kingdom*, 4(5), pp. 377-395

© GSJ