



# PROCUREMENT MANAGEMENT PRACTICES AND PERFORMANCE OF USAID SOMA UMENYE PROJECT, KIGALI-RWANDA

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**Abstract:** *This study focused on Procurement Management Practices and Performance of USAID SOMA UMENYE Project, Kigali-Rwanda. This study analyzed the effect of procurement management to project performance in Rwanda, specifically in USAID Soma Umenye Project as the main objective. The study used descriptive, explanatory and correlational research design and the researcher administered questionnaires to 110 respondents including project employees in different positions working in this project and beneficiaries of the project. The research used purposive and universal sampling technique where all necessary people in the population have the same probability of being included in the sample. In this research study, primary and secondary data were used for the purpose of obtaining necessary information relating to the study. The research used the descriptive and correlational research design to analyze the collected data. Mean, standard deviation, and regression were taken into consideration to make the analysis. A Statistical Package for Social Sciences (SPSS) version 22.0 was used to analyze the data collected using questionnaires. For the first and the third objective, Descriptive statistics were used because they enable the researcher to meaningfully describe distribution of scores or measurements using few indices whereas for the second objective, inferential data analysis was done using multiple regression analysis to establish the relationship between the variables. As presented in the table 6 an overall mean of ( $M= 4.39$ ,  $SD= 0.35$ ) which described the perceptions of respondents on procurement planning to a large extent. From the Table 7, Perceptions of respondents on price solicitation and evaluation presented an overall mean of ( $M= 4.71$ ,  $SD= 0.34$ )*

*indicating that it was practiced to a large extent. From the Table 8, perceptions of respondents on contract management presented an overall mean of ( $M= 5.14$ ,  $SD= 0.32$ ) which meant that it was applied to a very large extent. The study focused on establishing the relationship between procurement management practices and performance of USAID Soma Umenye project, Kigali- Rwanda. The research findings indicated that there is a strong relationship ( $R^2= 0.844$ ) between procurement management practices and project performance. Therefore, the recommendation of the research will go to Soma Umenye Project management team in USAID to make further decisions on improving performance as far as project procurement management is concerned.*

**Keywords:** Procurement management and project performance management

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## 1. GENERAL INTRODUCTION

Normally, in the world there has been a growing interest in the management and planning of public and private procurement than it is today. Its management now appears on the agenda of researchers, academia, policy makers and practicing managers and this could be a function of many factors (Basheka, 2008). In the same line of argument, Arrow smith and Trybus (2003) assert that the public is particularly sensitive to the fact that a good procurement system results in more goods and services that directly meet the needs of the end user and they are obtained for less money and with speedier delivery. Ntayi (2009) on the other hand, claims that millions of dollars get wasted due to inefficient and ineffective procurement structures, policies and procedures which result into poor service delivery. Although procurement procedures need to be tailored to enhance the fulfillment of different project objectives (Cox and Thompson, 1997, Wardani et al., 2006), clients tend to choose those procurement procedures they have a habit of using, regardless of any differences between projects (Laedreet al., 2006, Eriksson, 2007). In order to enhance change, an increased understanding of how different procurement procedures affect different aspects of project performance in different types of projects is therefore vital. It is against this background, that the researcher established the effect of procurement management on project performance, a case of the USAID Soma Umenye Project. In this study, procurement management is conceived as the independent variable, while project performance is the dependent variable

### 1.1 Statement of the Problem

Following the approval of the USAID Soma Umenye Project which was a five years' literacy project with the main goal of improving reading outcomes for learners in Rwandan public and government aided primary schools, a Procurement and Disposal Unit with the responsibility of managing all the institutional

and project related procurements started working.

The project ensured that the PDU was well staffed, trained and guided towards the implementation of its activities. Despite these efforts, the USAID Soma Umenye Project has not performed as expected, with some of the rounds projects closing without receiving their equipment, delayed supply of services and education equipment, and at times failure to meet the delivery schedules (World Bank, 2011).

If this un-satisfactory performance continues, termination of some of the projects could be recommended by the donor and the original intentions of setting up the USAID Soma Umenye Project which main objective among others was to strengthen the country's scientific and technological procurement management capacity not realized previously. There is no empirical evidence on the effect of procurement management on the overall USAID Soma Umenye Project's performance.

### **1.2. Specific Objectives of the Study**

- i. To determine the effect of procurement planning on the performance of USAID Soma Umenye Project.
- ii. To analyze the effect of solicitation of bids on the performance of USAID Soma Umenye Project.
- iii. To examine the effect of contract management on the performance of USAID Soma Umenye Project.

## **2. LITERATURE REVIEW**

### **Theoretical Foundation**

The world today of donor funding is complex in nature and is being noticed in the academic researches and scholar's debates. It is common for scholars to focus on certain perspectives of aid and policy framework instead of developing consistent foreign and aid theories (Van der Veen, 2011). This section dealt with 3 theories, agency theory, stewardship theory and stake holders' theory.

#### **Agency theory**

The agency theory embraces facts that the parties involved in project develop varying interests in approaching tendering process, valuation process. Relationship that exist within parties may be referred to as agency. Parties have an agency relationship when they cooperate and engage in an association that allows one part (the principle) delegates decisions and work to work to/ or another (an agent) to act on its behalf (Tenhiälä, Rungtusanatham and Miller, 2017). The baseline underlying agency theory is that; potential goal conflicts exist between principals and agents; each party acts in its own self-interest; there are frequent similarity between principals and agents; agents are more risk averse than the principal; and

efficiency is the effectiveness criterion. Two potential problems stemming from these assumptions may arise in agency relationships: an agency problem and a risk-sharing problem (Xingxing 2012)

The public procurement Act requires all stakeholders to assess the processes involved in the procurement and to know the efficiency and reliability in the procurement processes. Importantly is to recognize the flaws and challenges inherent in the system of procurement in order to correct them. These can be achieved through a formal procurement audit, among others. The agency theory model anchored on the fact that information asymmetries and pursuant of self-interests, principles lack basis to trust their appointed agents and will seek to mitigate these concerns by putting in place mechanisms to align interests of agents with principle and to reduce the scope for information asymmetries and opportunistic tendencies (Keng'ara, 2013). The study thus used this model to determine the effect of need assessments in procurement planning policies for effective project performance in procurement functions in non-governmental organization.

### **Stewardship theory**

This theory was developed by Donaldson and Davis in 1991 and 1993 respectively. The ideal motive which directs managers to accomplish their job is the desire to perform excellently. This theory is based on the assumption that that managers are stewards whose behaviors are aligned to the objectives of the principals. It implies that managers have an intrinsic satisfaction when firm performance improves and organization success is attained. The implication of the theory is that managers are also motivated by non-financial factors like challenging work, the opportunity to exercise responsibility and authority as well as gaining recognition from peers and their managers

It is critical for the organization to build a structure which allows for symphony between principles agents. Turning to the firm's leadership, the structure which allows for symphony between principles is where there is CEO duality. In such a scenario the powers of the chairman of the board (responsible for board processes) and CEO (responsible for operational issues of the organization) are vested in one office. Donaldson and Davis indicated that such a structure allows an ambiguity in the CEO role as power and authority over lower ranking managers and other board members is then vested in one office. Procurement functions can enjoy the consistency in leadership style, unity of direction as well as command

### **Stakeholders Theory**

The success of a firm is a complete function of successful management of the various relationship that a firm has with stakeholders considering that less can be achieved without stakeholders, and the organization would cease to exist is that which is enriched in stakeholder's theory. The year 2004 saw the revision of the Organization for Economic Cooperation and Development (OECD) principles which changed the principle from their narrow focus on the traditional shareholder centered corporate governance practice to a wider one which is accommodative of the various interests of different stakeholder of a firm.

Project manager's responsibility include meeting project objectives for schedules, budgets and assessing alternatives, assessing risks, and deciding how to accept, avoid, remove, or mitigate them, leading the initiative to successful completion. One of the gurus of project management, coined the term 'democracy' to describe the use of teams in organizations. The team, as the building block of the networked enterprise, displaces the traditional bureaucratic hierarchy of successive levels of pyramided authority. In a democracy, teams' formation leads to the lattice network of cross-functional/cross-organizational projects that integrate the activities of the work groups and reflect their empowerment, dedication, trust, loyalty and commitment

### 3. CONCEPTUAL FRAMEWORK

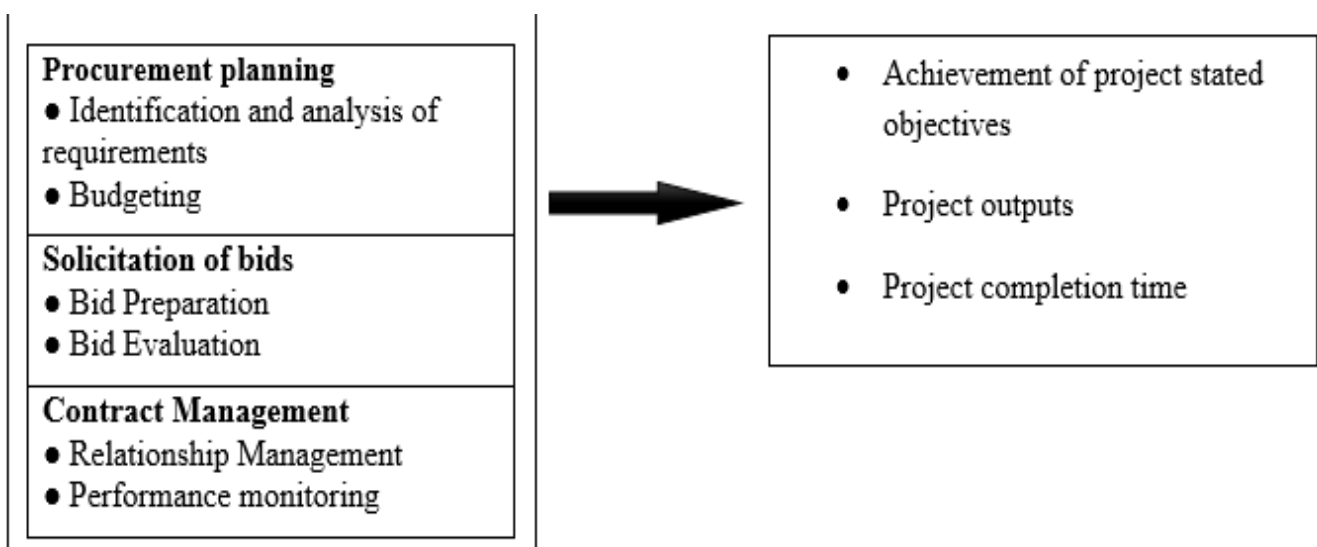
The conceptual framework deals with independent variable and dependent variable. In this research's topic the independent variable, is procurement management, while dependent variables are Project performance. Under this study, two concepts are considered; that is procurement management and performance of USAID Soma Umenya Project. The concept of Procurement Management has been evolving incrementally and is increasingly being recognized by both private and public sectors as a critical management function that helps organizations and individuals make optimal utilization of resources available in the requisition of goods, services and works.

#### INDEPENDENT VARIABLE

Procurement Management Practices

#### DEPENDENT VARIABLE

Project Performance



## **Source: Research conceptualization, 2022**

### **Research Gaps**

From the above reviewed literature, many scholars and academicians have shown that the Scientific Management theory relates significantly to performance of an individual or organization. It emphasized the importance of procurement planning which entails identification and analysis of procurement requirements and budgeting; solicitation of bids, which involves bid preparation and bid evaluation and contract management which involves relationship of management and performance monitoring. Despite the detailed and exhaustive work provided in the literature, there are still serious concerns showing that much of the literature does not provide clear cut guidelines and criteria regarding procurement planning, solicitation of bids and contract management, especially in developing countries like Rwanda where much of the budgetary funds end up being utilized on other activities rather than those planned by the organizations.

Much of the information is generalized and does not address internal specific factors like staff recruitment, enforcement of strict rules and regulations on solicitation of bids and contract management, which were found to be affecting procurement management of the USAID Soma Umenye Project. It is expected that the findings of this study will support the various authors and researchers in literature review and the findings of this study will be utilized by policy makers and academia working on related topics to this study.

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#### 4. RESEARCH METHODOLOGY

##### Research design

Research design is a framework for conducting business research. It was therefore considered as the basic plan for conducting the data collection and analysis phase. Research design is considered as a blueprint for research, dealing with at least four problems: which questions to study, which data are relevant, what data to collect and how to analyze the results (Robson, 1993). The best design depends on the research question as well as the orientation of the researcher. This research study used descriptive, explanatory and correlation research design.

##### Target Population

The study population constituted 110 project employees in USAID Soma Umenye.

The population is defined as the total collection of elements about which wish to make a sum (Donald and Schindler, 2006). The sampling technique that the researcher used in this study is universal sampling. According to (Richard & Margaret , 2015) Universal sampling refers to the selection of sample where not all the people in the population have the same profitability of being included in the sample and each one of them, the probability of being selected is unknown.

Sample Size: A sample size of 110 employees of the project will be used.

**Table 1: Showing the study population and sample size**

<b>Positions</b>	<b>Population</b>	<b>Sample size</b>
<b>Managers</b>	<b>5</b>	<b>5</b>
<b>Provincial Advisers</b>	<b>9</b>	<b>9</b>
<b>Suppliers</b>	<b>9</b>	<b>9</b>
<b>District advisers</b>	<b>45</b>	<b>45</b>
<b>Finance officers</b>	<b>8</b>	<b>8</b>
<b>Procurement officers</b>	<b>3</b>	<b>3</b>
<b>Quality assurance officers</b>	<b>15</b>	<b>15</b>
<b>Human Resource officers</b>	<b>5</b>	<b>5</b>
<b>Logistic officers</b>	<b>11</b>	<b>11</b>
<b>Total</b>	<b>110</b>	<b>110</b>



## Sample Design

Designing a sample is an important part of conducting research. It's a term used to describe the methods the study would use to choose the objects that would make up the sample. The sample design may also specify the number of objects included in the sample, as well as the sample's overall dimensions. For more information, see (Mugenda OM and A G Mugenda 2003). Before any data is gathered, the sample design is established. There are a wide variety of study designs to choose from. More exact designs are easier to apply than others. It is the responsibility of the researcher to come up with or pick a sample design that is both trustworthy and appropriate for the research being conducted.

## 5. SUMMARY OF MAJOR FINDINGS

The findings of the study were presented and interpreted in chapter four basing on the problem statement, objectives of the study and directed by research questions.

### **Effect of procurement planning on the performance of USAID Soma Umenye project.**

Respondents indicated that the overall perceptions of respondents on the procurement planning was with a mean of 3.39 which is large extent and the standard deviation of .35. This implies that procurement planning on project performance had a reasonable relationship to a good extent based on the findings of respondents. Furthermore, procurement planning once is done well may lead to cost reduction which is the most appreciated benefits of procurement planning, less use of extra resources meaning that USAID Soma Umenye project should use effective procurement planning means that are considering every aspect of what the department needs in order for the operations to run smoothly. Therefore, those combined above mentioned advantages might lead to project performance.

### **Effect of solicitation of bids on the performance of USAID Soma Umenye Project.**

Respondents indicated that the overall perceptions of respondents on the solicitation and evaluation of bids was with mean of 4.71 which is larger extent and a standard deviation of .34. This implies that solicitation of bids had a positive effect on USAID Soma Umenye project. Besides this, solicitation of bid helped to identify the most economically advantageous tender submitted for USAID Soma Umenye project. This might be the lowest cost bid and was determined by evaluating bids against published award to get the right supplier to deliver works, goods or services thus leading to a good project performance of USAID Soma Umenye project.

### **Effect of contract management on the performance of USAID Soma Umenye Project.**

Respondents indicated that the overall perceptions of respondents on the Contract management was with

mean of 5.14 which is very large extent and a standard deviation of .32. This implies that there is a very strong effect of contract management on project performance. In addition, contract management may lead to collaboration where contract management platforms allow authorized users to collaborate on the same contract simultaneously. For example, in USAID Soma Umenye project, single contract might go through many revisions over its lifetime, each involving legal team and other departments within the organization to analyze its effectiveness thus lead to increase of productivity which ensured that all parties involved understood the terms and conditions of each agreement that they adhered to deadlines, and there was less room for errors leading to an efficient and effective project performance

### **CONCLUSION**

Based on the results of respondents, the study concluded that procurement management, had a vital role to play in as far as the USAID Soma Umenye project performance is concerned. Procurement management such as procurement planning, solicitation of bids and contract management played a very important role in the execution of project planned activities. The study also concluded that an increase in each of the above mentioned procurement management practices increases the performance of project activities implemented by USAID Soma Umenye Project. The study sought to establish the relationship between procurement management practices and performance of USAID Soma Umenye project, Kigali- Rwanda. The research findings indicated that there is a strong relationship ( $R^2 = 0.844$ ) between procurement management practices and project performance.

The result of the study also indicated that the value of adjusted R-squared is 0.796. This implies that 79.6% of the variance in USAID Soma Umenye project performance can be accounted for by procurement management practices. The remaining 20.4% can be explained by other variables which were not included in the model and the chance of variations.

### **RECOMMENDATIONS**

Based on the conclusions above, the study recommended that USAID Soma Umenye Project should improve the three procurement management practices i.e. procurement planning, solicitation of bids and contract management in their implementation plan of project activities. Through needs assessment, procurement planning such as risk assessment, advertising, competitive international bidding, having a procurement review committee, creating a scorecard for procurement evaluation, having a procurement database and generating annual procurement reports, the USAID Soma Umenye project would go a smooth way in ensuring that project activities performance improved.

Contract management on the other hand will improve project performance if the USAID Soma Umenye project by ensuring that delivered goods are not rejected due to non-conformity to specification, the

organization should appraise the suppliers earlier, suppliers should honor their obligation, the procurement department goes through process needs of organization, contracts of the organization managed fairly and safely as well as most of the projects being completed on timeline

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