



Full Empirical Research Paper

Impact Measurement of Procurement Practices on Value for Money in the Gambian Public Sector: An Empirical Study

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ABSTRACT

This study investigated the effect of public procurement processes on Value for Money (VFM) in National Disaster Management Agency. The objectives of the study was to determine the effect of procurement packaging on value for money in NDMA, establish the effect of procurement method on value for money in NDMA and investigate the effect of procurement scheduling on value for money in NDMA. The study employed a descriptive survey method. Primary data with aid of a structured questionnaire were adopted. Pearson's Correlation coefficient analysis was employed to test the hypothesis. Findings revealed that procurement packaging, procurement method and procurement scheduling all significantly affects value for money. The study concluded procurement planning affects value for money. The study made the following recommendations: the need for procurement officers to use good procurement packaging where they allow bidders to submit bids for one or multiple lots; the need for procurement officers to embrace all procurement methods depending on the circumstance and the nature of the project so as to be as comprehensive as possible since each procurement method has its own advantage; the need for procurement officers to involve stakeholders and superiors in project scheduling so as to streamline any inconsistency.

Keywords: Public Procurement, Public Sector, Resource Based View, Value for Money

Proceedings ReferenceFormat

Sanneh, M & Olanipekun, W.D. (2021): Impact Measurement of Procurement Practices on Value for Money in the Gambian Public Sector: An Empirical Study. Proceedings of the 28th iSTEAMS Intertertiary Multidisciplinary Conference. American International University West Africa, The Gambia Series 28, Vol 3 October, 2021. Pp1-8 www.isteams.net/gambia2021. DOI - <https://doi.org/10.22624/AIMS/iSTEAMS-2021/V28N3P1>



1. INTRODUCTION

There are task that are meant to be conducted on everyday basis. At such, the procurement of goods and services and also contracting the external suppliers are regarded as one. However, since the public procurement is one of the government activities most vulnerable to corruption (OECD, 2016), the level of transaction and the financial benefits are at stake as corruption, risks are given more privileges to increase, as the close interaction between public officials and businesses, and the multitude of stakeholders. Salisu (2000) opines that in some countries, the abuse of government spending process has been the gateway to success. WCO (2015), finds out that apart form the grants and social programmes, the public procurement is regarded as one of the major and critical avenue in which the finances of the public are wrongly used as the expanses of money attached can provide opportunities for immoral practices such as corruption and fraud.

However, to reduce the negative impact of procurement corruption, article 9 of the United Nations convention against corruption (UNCAC) requires States parties to "take the necessary steps to establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, inter alia, in preventing corruption" (UNODC, 2013a). Flynn and Davies (2004), opines that regardless the importance of public procurement in creating value for money in the public sector as well as high level evidence of corruption practices, public procurement is still regarded as one of the key academic research neglect discipline in management science for long.

Similar studies (Brammer & Walker, 2011; Georghiou Edler, Uyarra, & Yeow, 2013), also concluded that the management and process of public procurement have not been thoroughly investigated even though it is central to public service delivery administration. Therefore, in order to develop a better understanding of public procurement and its benefits in areas such as sustainability and innovation, more research is needed (Nijboer, Senden & Telgen, 2017). Against this background, this study investigated the perception of employees on how VFM is measured in the procurement and supply of goods, works and services for the operational activities of the NDMA in terms of economy, effectiveness, efficiency, cost benefit/utility and equity.

2. LITERATURE REVIEW

2.1 Conceptual Analysis

Concept of Public Procurement

The term procurement is regarded as the process of buying, purchasing, renting, leasing and also can be seen as the way of acquiring goods, services. Avotri (2012), defines procurement as the act of acquiring goods, services or works from an external source, often via a tendering or bid process. In its barest form, procurement is viewed as the process by which organizations acquire goods, works and services. It is seen as the process of acquiring anything in respect to purchasing the right quality of materials at the right time, right quantity, right sources and also at the right price.in view of Kidd (2013), procurement tends to explore opportunities in the supply market as well as helps implement resourcing strategies that deliver the best possible supply outcome to the organization, its stakeholders and customers.



Public procurement means procurement made by procuring entity using public funds to acquire goods, works and services required to satisfy certain needs in the right quantity, time, quality and price. According to Addo (2019), Public procurement can be defined as the acquisition of goods and services (i.e. purchasing) and hiring of contractors and consultants to carry out works and services. Public procurement is the process by which the government buys the goods, services and works (construction) it needs to function and maximize public welfare. By extension, public procurement system refers to the entire system for government purchases, including budgeting, governance, auditing and accountability systems (Arrowsmith, 2010).

The purpose of any procurement process is to obtain the necessary goods, services or works at the best value possible. This includes a consideration of several factors such as price, quality, functionality, life cycle and disposal costs, as well as after-sales service, where relevant. Consequently, the objective of any procurement process is to achieve value for money. Public procurement accounts for a significant amount of government spending: the OECD estimates that countries spend an average of 13 to 20 per cent of their GDPs on procurement (Transparency International, 2014). Public procurement is often subject to extensive legal and administrative regulation, with the aim of safeguarding public funds and using tax payers' money judiciously (Wickenberg, 2014; Wiehen, 2006). Besides its business objectives, public procurement is an instrument for the attainment of broader national socio-economic objectives such as supporting employment of citizens and income creation through preference for local suppliers; promotion of indigenous small, medium and micro enterprises (SMMEs); and, enhancement of regional integration through improvement of cross-border trade (Addo, 2019).

2.2 Theoretical Framework - The Resource-Based Theory

According to Maina and Maina (2015) in Resource Based viewpoint theory (RBV), the resources possessed by a firm are the primary determinants of its performance. The resources may remain latent until the firm deploy its capabilities, with these may contribute to a sustainable competitive advantage. Research based theory in Public Procurement aims in providing justification for attaching importance to especially product management and aid in enhancing the value of the procurement contribution in achieving competitive advantage by strategically fitting and bundling as Procurement best practices.

Almarri and Gardiner (2014) also mentioned that the Resource-based theory of the firm is a strategic management theory that is widely used by managers. The Resource-based theory has up to date been a promising theory that examines how resources can drive competitive advantage, especially procurement capabilities that have been customized to a specific organizational environment and developed over time. These key resources are the important inputs (monetary resources, key employees, equipment and time) which are required by a firm so as to be effectively and efficiently used in attaining various organizational goals and objectives (Kakwezi & Nyeko, 2010). This theory related to the study because there were a lot of resources at the public sector that were used in the procurement process. For example, public funds, procurement personnel with adequate ICT skills to perform e-procurement and other tangible resources such as computers and papers to facilitate the procurement process. Due to this, there must be adequate funds to ensure that the purchasing is financed well and people who are involved in the procurement process especially in procurement planning must be knowledgeable to what they are doing (Apiyo & Mburu, 2014).



In this case, advantages that public organization can grasp from procurement activities that is to say, achieving Value for money in procurement depends on the procurement methods as resources of an organization.

2.3 Empirical Analysis

Kakwezi and Nyeko (2010), in their study on procurement processes and performance: efficiency and effectiveness of the procurement function. The study found out that in order to ensure value for money in the procurement process, there must be uninterrupted improvement in the efficiency of processes and systems within an organization to enable PEs to have better maintain structures so as to avoid costs which are unnecessary and hence cost reduction is achieved.

The study by Kariuki (2013) with the title used a case study research design. The study covered 20 procurement officers as its sample size, the sample size was obtained by using snowball-sampling techniques. The study results showed that, development of procurement plan is one thing and implementation is a quite different aspect. The procurement planning takes longer time before money disbursement however, the approval is one among the very vital processes, the tender board need to be consistent during approving, if there are variations in approving the institutions is very likely to lack competition, transparency which altogether account to questionable processes

Another study conducted in India by Humphreys (2014), which used a total of 200 employees from the Indian College of Finance and Business Management showed that, in most cases, the public organization do not follow the key and basic procurement methods. The study further showed that, the failure of the public offices is a result of lack of compliance of the common operating guidelines and operating guidelines. The failure of complying with the procurement methods results to improper value coverage instead of procuring the products, which are below the threshold.

In the study of Asare and Prempeh (2016), as conducted in Ghana on the measure on ensuring value for money in public procurement found out that inadequate skilled personnel in the procurement sector and inadequate measures for monitoring and evaluation of the procurement policy to ensure VFM are major challenges in the public procurement. It was recommended that to ensure value for money, Management supports for VFM programme at all levels of administration should be encouraged and procurement regulatory authorities in collaboration with public entities (Polytechnics) must ensure compliance through rigorous monitoring and evaluation of the procurement policy to ensure VFM.

Furthermore, in the study of Aimable, Osunsan and Kabagambe (2019), in Rwanda which major objective is to analyze the effect of procurement planning on value for money (VFM) among selected districts in southern province, Rwanda. The study revealed that procurement packaging, procurement method and procurement scheduling all significantly affects value for money. The study concluded that, procurement planning affects value for money. Also, the study recommended that there is need for procurement officers to use good procurement packaging where they allow bidders to submit bids for one or multiple lots. The contribution to knowledge of the current study is that procurement packaging, procurement method and procurement scheduling affect value for money significantly, though other scholars found mixed results in the same.



3. METHODOLOGY

This study was aimed at analyzing impact of public procurement processes on value for money. Hence, it is on this basis that the descriptive survey research design and method was employed in order to explain the phenomenal and draw a quantum of the entire population for data sorting and interpretation respectively. Primary data with the aid of a structured questionnaire was used to elicit information from respondents. Pearson product moment correlation coefficient was used test the stated hypothesis at 5% level of significance. Pallant (2010) opine that Pearson correlation analysis is used to assess the magnitude of linear association between two variables. The correlation coefficient of all the constructs tested did not exceed 0.74 which shows that the constructs are disperse and do not overlap with each other. In order to analyze the relationship between variables, a Pearson Correlation statistics was conducted.

4. RESULTS AND DISCUSSION OF FINDINGS

4.1 Test of Hypothesis

H₀₁: - Procurement planning does not have any significant impact on value for money in NDMA

H₀₂: - Procurement scheduling does not have any significant impact on value for money in NDMA

H₀₃: - Procurement method does not have any significant impact on value for money in NDMA

H₀₄: - Procurement packaging does not have any significant impact on value for money in NDMA

Table 1: Pearson's Correlation Analysis

		Procurement Packaging	Procurement Method	Procurement Scheduling	Procurement Planning	Value for Money
Procurement Packaging	Pearson Correlation	1	.112	.305	.085	.444*
	Sig. (2-tailed)		.021	.018	.037	.038
	N	22	22	22	22	22
Procurement Method	Pearson Correlation	.112	1	.052	.143	-.410
	Sig. (2-tailed)	.021		.017	.025	.058
	N	22	22	22	22	22
Procurement Scheduling	Pearson Correlation	.305	.052	1	.183	.154
	Sig. (2-tailed)	.018	.017		.041	.044
	N	22	22	22	22	22
Procurement Planning	Pearson Correlation	.085	.143	.183	1	.326
	Sig. (2-tailed)	.007	.025	.044		.018
	N	22	22	22	22	22
Value for Money	Pearson Correlation	.444*	-.410	-.154	.326	1
	Sig. (2-tailed)	.038	.058	.044	.038	
	N	22	22	22	22	22

Correlation is significant at the 0.05 level (2-tailed).



First hypothesis

H₀₁: Procurement planning does not have significant impact on value for money? Procurement planning does have significant impact on value for money. In testing our hypotheses, a bivariate correlation technique was used to ascertain the relationship between the independent variables and the dependent variable. The test results for the first hypothesis shows that the correlation between Procurement Planning and value for money was significant at the 0.007 level (2-tailed, $p < 0.05$). This indicates that Procurement Planning significantly influence the achievement of Value for money in National Disaster Management Agency, hence the alternative hypothesis (Ha₁ is supported whereas the null hypothesis is rejected.

Second hypothesis

H₀₂: Procurement scheduling does not have significant impact on value for money? Procurement scheduling does have significant impact on value for money. A bivariate correlation was used to test the degree of association between Procurement Scheduling and Value for money. The test results indicated a significant correlation at the level of 0.037(2-tailed, $p < 0.05$). This demonstrates that Procurement scheduling significantly influence the achievement of Value for money in NDMA. Furthermore, this gives us reason to reject the null hypothesis as there is substantial statistical evidence to support the alternative hypothesis Ha₂ above.

Third hypothesis

H₀₃: Procurement method does not have significant impact on value for money? Procurement method does have significant impact on value for money. In testing the third hypothesis, again a bivariate correlation technique was used to test the relationship between the procurement methods and Value for money. The results generated after the analysis shows that the correlation was significant at a level of 0.018(2-tailed, $p < 0.05$). This implies that the Procurement methods significantly influence the achievement of Value for money in NDMA. This result avail us the opportunity to dismiss or discard the null hypothesis, thereby confirming the alternative hypothesis Ha₃ as it was supported.

Fourth hypothesis

H₀₄: Procurement packaging does not have significant impact on value for money? Procurement packaging does have significant impact on value for money. Testing the fourth hypothesis, a Pearson's bivariate correlation was conducted to assess the degree of relation between Procurement Packaging significantly influence the achievement of Value for money in NDMA. The results indicated that there is significant correlation at a level of 0.021 (2-tailed, $p < 0.05$). This means that, based on this result, we reject the null hypothesis and confirm the alternative hypothesis Ha₄ as it is fully supported.



5. CONCLUSION

Based on the study findings it was revealed that most of employees at the National Disaster Management agreed that procurement packaging significantly affect value for money. This is because procurement packaging aims at presenting two types of bids to the bidders. This type of procurement planning ensures that different categories of procurement activities are presented to the bidders so that they can select which one they have capacity to perform Procurement method was found to significantly affect value for money. This type of procurement planning provides the procurement unit with multiple methods of procuring services/goods. They only employ the most suitable method depending on the circumstance and the nature of project that is to be delivered. Hence if the procurement unit has the competence to select the most appropriate method at the most affordable price and which can be able to give the best quality output with minimum input, then value for money can be realized. Procurement scheduling was found to significantly affect value for money. This implies that this type of procurement planning strives on the fact that proper project scheduling would guarantee a realization for value for money. The study concludes that procurement planning significantly affects value for money.

6. RECOMMENDATIONS

The study found a significant effect of procurement packaging on value for money. It was recommended that procurement officers use good procurement packaging where they allow bidders to submit bids for one or multiple lots. When bidders submit bids for multiple lots, each contractor will be able to perform a given project activity hence reducing unnecessary mistakes that a single contractor encounter because of work overload. The study similarly found that procurement methods significantly affect value for money. It was recommended that the NDMA procurement unit should ensure that they employ the most effective procurement method that are cost friendly for value for money to be realized. The study also found that procurement scheduling significantly affect value for money. It was recommended that the NDMA procurement unit should ensure that they present the schedule of works to stakeholders, so as to correct any inconsistencies or unacceptable variations. This can be done by the involvement of stakeholders, superiors and contractors in project scheduling so as to streamline any inconsistencies.

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