



Implementation of Procurement planning in Parastatal Organizations: A Case Study of Tanzania Postal Bank Head Quarters in Dar-es-salaam

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Abstract

This research paper is concerned towards implementing procurement planning in Parastatal organizations. The study was conducted at the Tanzania Postal Bank headquarters in Dar-es-salaam. The research used a descriptive statistics to analyze the strategic role in the improvement of public services of procurement planning. A sample of 32 respondents was picked from 146 user departments and Procurement Management Unit from the Tanzania Postal Bank. The results shows that implementation of procurement planning in Parastatal organizations depends more on the cooperation between the Procurement Management Unit and user departments. This has to go hand in hand with the adherence to the public procurement Act No.21 of 2004 and public procurement regulations of 2005. The results also have shown that preparation of procurement planning is a very important process to achieve the targets for organizations. This research, though limited by inadequate availability of empirical literature particularly those discussing implementation of procurement planning in Parastatal organizations. The limitation however does not substantially reduce the generalizations of the results. The findings from this study shall be of practical use to Tanzania Postal Bank.

Key Words

Implementation, Parastatal, planning, Strategies, procurement

I. INTRODUCTION

Annual procurement plan is the procuring entity's indicative plan of what, how and when to procure goods, works and services for a particular financial year. It is a tool that facilitates

early and smooth procurement process and draws businesses' early attention to procuring entity's planned procurement of the forthcoming financial year [1], [14]. Its objective is to avoid haphazard procurement and make the government marketplace more attractive and transparent to suppliers and service providers.

Planning of purchases is no less important in institutions and government than it is in industrial organizations. In fact, it may be more critical, because the public's health safety and welfare can be immediately and adversely affected by even a short term disrupt of supply. All public essential goods/services are required on around the clock basis and government ability to deliver them can be severely crippled by a shortage of needed goods or services. Some services may be needed infrequently but if and when the institution or government must provide them. It must provide them and it has to be equipped and supplied. In such cases the public has no tolerance for lack of preparedness [10], [13].

Historically, [6], [4] noted that institutional and governmental purchasing departments have not been particularly successful in enlisting the assistance of operating departments and personnel in planning and scheduling procurements. As a result urgent needs often had to be addressed through emergency rather than standard procurement procedures. The effect has been disrupting, resulting in inefficient use of purchasing staff and delays in providing other need goods and services.

Methods and strategies commonly used by institutions and governments to plan purchases more effectively include consolidation of requirements, term contracting, delegation of purchasing authority and value analysis. By consolidating their requirements internally and sometimes with other entities institutions and government increase their buying power and thus, obtain better pricing and services [6]. By delegating to operating departments, the authority makes small purchases, certain emergency purchases and specialized purchases in institutional and governmental purchasing departments to provide operating departments with greater flexibility and reduces the cost of acquisition process.

Additionally the public procurement Act No.3 of 2001, Cap 439 of the exchequer and audit ordinance of 1961 and financial orders Part 111 (stores regulations) provided guidelines on public procurement in terms of goods, works and services until in 2004 when the public procurement Act No.21 was enacted [3], [9].

Accordingly [8], [11], [14], noted that the supplies department which was responsible for all procurement in the Tanzania Postal Bank was guided by the above legal requirement. Due to the public procurement reforms in the country, the Public Procurement Act No.21 of 2004 and Public Procurement Regulations of 2005 were enacted. The Public Procurement Act No. 21 of 2004 contains Sect. 45 which stipulates that, Procurement Entity shall plan its procurement in rational manner and in particular such as;

- 1) Avoid emergency procurement whenever possible
- 2) Aggregate its requirements whenever possible, both within the procuring entity and between procuring entities, to obtain value for money and reduce procurement costs.

3) Make use of framework contracts whenever appropriate to provide an efficient, cost effective and flexible means to procure works, services or supplies that are required continuously or repeatedly over a set of period of time.

4) Avoid splitting of procurement to defeat the use of appropriate methods unless such splitting is to enable wider participation of local consultants, suppliers or contractors in which case the authority shall determine such undertakings; and

5) Integrate its budget with its expenditure program.

Therefore, the requirement for procuring entities to prepare annual procurement plan is a mandatory one under the Public Procurement Act 2004. However [7], [11] noted that many procurement entities do not give the preparation of annual procurement plan the proper attention it deserves. In some cases they cite erratic release of the budgeted funds as a reason for not having an annual procurement plan. A properly prepared and executed annual procurement plan will enable the procuring entity to identify early signs of problems to any planned procurement and thus devise the best approach to the procurement in question in order to meet its intended purpose [10], [11]

Annual procurement plans in Tanzania's Parastatal organizations are very important on the fact that, procurement in government uses more than 80% of Taxpayer's money for procurement of goods, services (consultancy and non-consultancy services) and works [6],[16].

II. METHODOLOGY

This research study adopted both qualitative and quantitative approach in collecting the data, analyzing and interpreting the data from the finding of the study. The research design used is of descriptive nature that uses a case study approach where by the Tanzania Postal Bank was taken to be a representative of other Parastatal in public sectors. The case of the study was at the Tanzania Postal Bank Headquarters Dar-es-salaam. The population used was all the staff of Procurement Management Unit, User departments. The researcher used appropriate sample size of respondents to questionnaires in order to get relevant data within reasonable period of time, and used the probability sampling techniques to collect data from 38 individuals. These 38 individuals were obtained from both the Procurement Management Unit and user departments of Tanzania Postal Bank.

III. FINDINGS

All The findings of the study show that there is no good cooperation between Procurement Management Unit and user departments in preparation and implementation of the annual procurement plan [9]. Another issue from the findings is that user departments do not know what procurement planning is and its importance to the organization as they think it is the responsibility of the Procurement Management Unit [8], [11], [15]. Lack of understanding of Public Procurement Act No.21 of 2004 and its Public Procurement Regulations of 2005 by user department was also observed from the findings.

TABLE I: POPULATION SAMPLE FOR USER DEPARTMENTS AND PROCUREMENT MANAGEMENT UNIT

Department	Population	Sample	Percentage
Administration	15	3	20%
Finance and Accounts	20	4	20%
Legal Services	5	1	20%
Loan	30	6	20%
Marketing	10	2	20%
Internal Audit	12	4	33%
Computer Services	8	2	25%
Operation	40	10	25%
TOTAL	140	32	22.86%

Source: Ministry of trade, Tanzania

A. Analysis

The probability sampling technique was used to collect data from 32 individuals. These 32 individuals were obtained from both the Procurement Management Unit and user departments of the Tanzania Postal Bank. Frequency distribution table was used to give a record of the number of times a response occurred from the sample, and the percentages to compare responses from different categories. Almost 50% of respondents from Internal Audit as shown in table 1 above disclosed that Procurement Management Unit does not get good cooperation from user departments in the process of preparation of the annual procurement planning of the organization. This affects the Procurement Management Unit to prepare the annual procurement planning because the plan is prepared by consolidating the schedule of requirements from user departments, so if not submitted as required, procurement plan cannot be prepared properly.

The respondents from Operations agree that the complaints from the management that, the procurement process takes longer time than necessary due to absence of a well prepared procurement plan. This may be also caused by getting wrong source due to unplanned procurement and at the same time unavailability of the items in the local markets for those needed to source from abroad. The other factor can be submission of incomplete requirements from user departments to Procurement Management Unit.

Procurement planning and its implementation in Parastatal organizations is more affected by the lack of cooperation between Procurement Management Unit and user department because, in order for Procurement Management Unit to prepare a comprehensive procurement plan it depends more on the submission of schedule of requirements on time from user departments. However, it was also disclosed that lack of support from user departments is caused by lack of understanding of Public Procurement Act No.21 of 2004 which states the responsibility of each section clearly.

The respondents also agreed that annual procurement plan is an important tool in parastatal organizations as it assists the organization to conduct its activities effectively and

efficiently hence meeting the intended objectives. This can further be illustrated in the bar graphs as shown below.

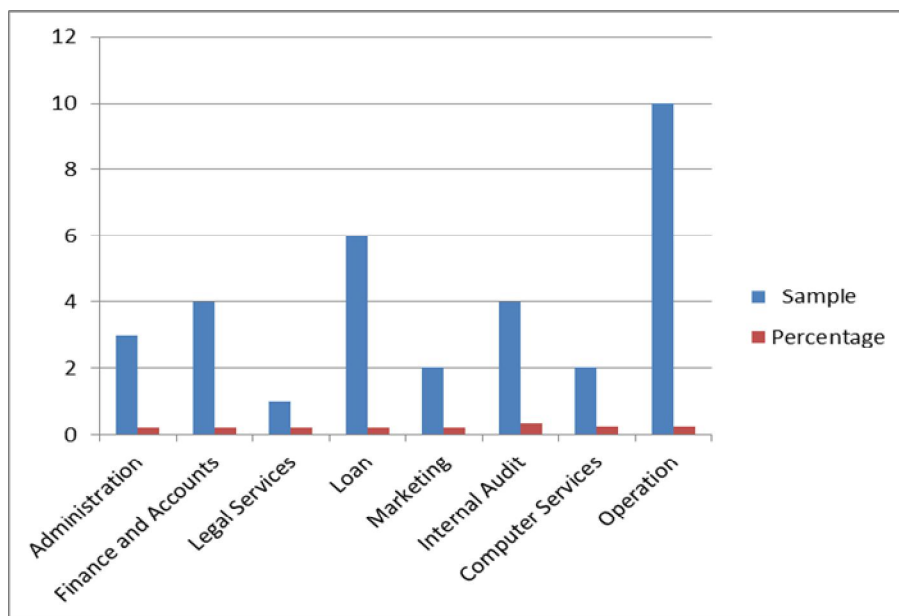


FIGURE1: POPULATION SAMPLE FOR USER DEPARTMENTS AND PROCUREMENT MANAGEMENT UNIT

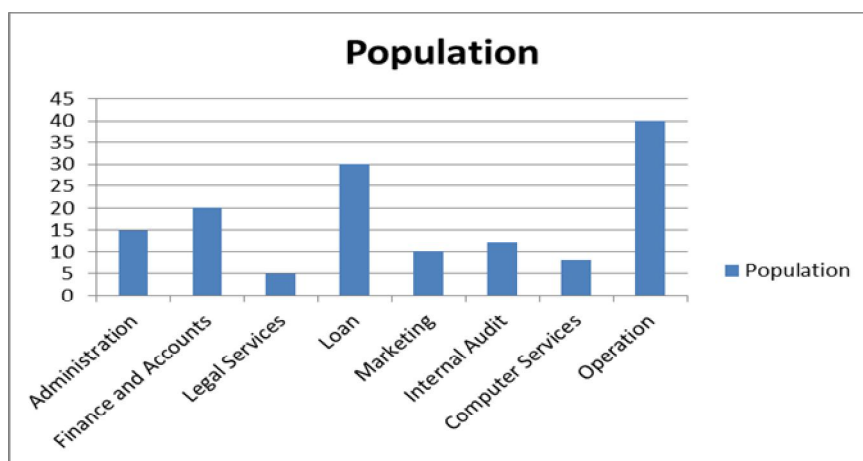


FIGURE 2: POPULATION FOR USER DEPARTMENTS AND PROCUREMENT MANAGEMENT UNIT

IV. DISCUSSION AND CONCLUSION

In developing countries like Tanzania, having an effective procurement planning system will continue to be a challenge to the public organizations. Procurement planning is a function that takes place in complex political, economic, cultural, religious, environmental, technological and ethical environments [1], [2]. There are different stakeholders in public

organizations with divergent political ideologies, religious differences, economic expectations from the procurement functions; and all these have a direct impact on the success of the procurement planning. Procurement planning must become a priority for parastatal organizations and a whole public sector and increased policy initiatives from the central government; the parent ministry of finance and economic affairs must support this priority [6], [7]. The Public Procurement Act must continue to play a central role in providing training, technical guidance and ensuring compliance to all set rules. Conceptually, this study has revealed critical components of procurement planning ranging from the process, through the expected practices, the responsible staff to be involved, to its importance [4]. On the side of Parastatal, [5] noted that it has been revealed that participation of both procurement Management Unit and user department are prominent actors in the whole process of preparations and implementations of the annual procurement planning. This has implications for both policy and management of parastatal organizations. [10], [11], [13], noted that all stakeholders must ensure that they are accountable in whatever decision they make concerning the use of public resources. Procurement is one area that needs careful attention from all stakeholders in parastatal organizations because it has a huge budget and if managed in accountable manner, then there will be improved service delivery and this is one way of encountering tax payers' money [11].

Procurement practitioners and other professionals should know that annual procurement planning is very important to many organizations as it acts as a road map to procurement of the organization which later assures the availability of goods and services for continual operations hence achieve the targeted goals.

V. ACKNOWLEDGMENT

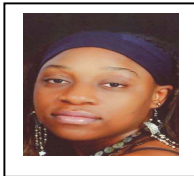
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