ASSESSMENT OF EFFECTIVENESS OF SUPPLIER EVALUATION AND SELECTION IN PUBLIC PROCUREMENT IN TANZANIA
ASSESSMENT OF EFFECTIVENESS OF SUPPLIER EVALUATION AND SELECTION IN PUBLIC PROCUREMENT IN TANZANIA

By:
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A Dissertation Submitted to Mzumbe University in Partial Fulfillment for the Award of a Masters of Science degree in Supply Chain and Logistics Management of Mzumbe University

2013
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation titled “Assessment Of Effectiveness Of Supplier Evaluation And Selection In Public Procurement In Tanzania: Case of Selected Procurement Entities (PEs)” in partial fulfillment of the requirements for award of Masters of Science degree in Procurement and Supply Chain Management offered by Mzumbe University.

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ACKNOWLEDGEMENT

My first and foremost gratitude goes to the Almighty God for giving me the strength, courage to pursue my studies and conducting this research study. I also thank my family for supporting me morally and spiritually during the whole period of my studies and during the research study. Their encouragement, advice and support enabled me to put in effort which enabled me to conclude the study successfully.

My sincere appreciation to my Supervisor, Dr. K.P. Feksi Mtey who guided me from proposal writing up to the preparation of this dissertation. His criticism, invaluable patience, intellectual guidance and support helped me not only to accomplish this study, but also to come up with the expected standards. Sincerely, he deserves all kinds of credits and appreciation.

Furthermore, my appreciation also goes to all those who have contributed to this research in one way or another, such as my fellow students and others in the preparation of this paper. Kindly receive my gratitude. Lastly, but not least, I thank members of staff of the various PEs for their cooperation and support during the whole duration of the study.
DEDICATION

I dedicate this dissertation to my parents. Thank you for giving me a decent education. It has opened so many doors for me.
# ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AVL</td>
<td>Approved Vendor List</td>
</tr>
<tr>
<td>CAG</td>
<td>Controller and Auditor General</td>
</tr>
<tr>
<td>KMC</td>
<td>Kinondoni Municipal Council</td>
</tr>
<tr>
<td>MDAs</td>
<td>Ministries, Departments and Agencies</td>
</tr>
<tr>
<td>PE</td>
<td>Procuring Entity</td>
</tr>
<tr>
<td>PMU</td>
<td>Procurement Management Unit</td>
</tr>
<tr>
<td>PPA</td>
<td>Public Procurement Act</td>
</tr>
<tr>
<td>PPRA</td>
<td>Public Procurement Regulatory Authority</td>
</tr>
<tr>
<td>RFI</td>
<td>Request for Information</td>
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<td>RFQ</td>
<td>Request for Quotation</td>
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ABSTRACT

The general objective of the study was to explain the effectiveness of Procurement Entities (PEs) in supplier evaluation and selection by focusing on selected PEs as a case study. Specifically, the study aimed to explore on the significance of supplier evaluation and selection procedures, examine procedures used by PEs to evaluate and select suppliers, and identify challenge faced by PEs in supplier selection.

The study was conducted in Dar es Salaam at the Head Offices of PES and used case study research design and used both, primary and secondary data collection methods. Primary data were collected with the use of questionnaires and interview guides, as well as personal observation. Secondary data collection involved the perusal of various documents.

From the findings of the study, the researcher concludes that supplier evaluation and selection process done by PES are done properly with the exception of past performance analysis. These findings suggest that PES is effective in conducting the supplier evaluation and selection process. However, there are many challenges such as corruption, shortage of staff and lack of awareness of procurement regulations.

To overcome these challenges, the researcher recommends that PEs, should consider suppliers who have demonstrated reliability by fulfilling its obligation of the contract despite any contingencies or emergencies that may arise. Also, PEs should provide frequent training in form of seminars and workshops to staff members and suppliers so that they become aware of procurement regulation used by PEs.
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CHAPTER ONE

1.0 Introduction
This chapter contains background of the study, statement of the problem, objectives of the study, research questions, significance of the study, limitations of the study and definition of terms. The objective of the study is to examine the effectiveness of supplier evaluation and selection procedures in Procurement Entities (PEs) in Tanzania by focusing on selected Ministries, Departments and Agencies (MDAs) as a case study.

1.1 Background of the study
Public procurement is among the most important activities of any government. Public procurement of goods, services and works is the second largest expenditure after personnel emoluments. According to a report by Controller and Auditor General’s (CAG, 2011), the total value of central government procurement expenditure stood at 41 per cent for the financial year 2010/2011.

According to the Tanzania’s PPRA Annual Report and Audited Accounts for the financial years 2007 to 2011, while in the 2007/08 financial year contracts worth TShs. 1,800 trillion were awarded, the value of procurement expenditure increased to TShs. 2.963 trillion during the financial year 2008/09, TShs. 3.075 trillion in 2009/10 and 4.532 trillion in 2010/11 (PPRA, 2012).

The figures represent a considerable proportion of the total government budgets for the financial years 2007/08, 2008/09 and 2009/10 which were TShs. 5.27 trillion, Tshs. 7.27 trillion, TShs. 9.51 trillion and 11.61 trillion respectively (PPRA, 2012). These figures indicate that public procurement is vital in the economy and it needs to be guided by a set of public principles, values, best practices, laws, regulations and procedures.

Public procurement in Tanzania is guided by the Public procurement Act (PPA) of 2004 (amended into the Public Procurement Act of 2011). Public Procurement in Tanzania is Section 67 of PPA of 2004, stipulates that the procuring entity shall evaluate on a common basis tenders submitted by suppliers in order to arrive at the decision to select a suitable supplier (PPA, 2004). Supplier evaluation and selection of suppliers is done based on the level of competence of bids submitted by tenders relative to stipulated requirements.
Supplier evaluation and selection decision is arrived at after making a comparison made between the tenders on the basis of the evaluated costs. However, the lowest submitted price may not necessarily be the basis for selection for award of a contract (PPA, 2004).

Section 62 of PPA 2004 of 2004 stipulates, the tender board shall review the evaluation and recommendation made by the procuring entity and may either approve the recommendation and authorize the procuring entity to accept the tender and award a contract in the form specified in the tender documents; or refuse to authorize acceptance of any of the tenders and refer the evaluation back to the procuring entity.

Among the many challenges facing public procurement in Tanzania is poor evaluation and selection of suppliers and contractors. Due to poor evaluation and selection of suppliers in public procurement in Tanzania, the government has incurred huge losses caused by incompetent suppliers and contractors who deliver poor goods and services that does not represent the value of the money paid to them by the government.

The supplier evaluation and selection process is also the main area where there is poor compliance to procurement guidelines and procedures as stipulated in the Public Procurement Act of 2011. Almost all Public Procurement Regulatory Authority (PPRA) annual Procurement Audit Reports reveal incidences of lack of compliance (on the part of the PEs) in evaluation and selection of suppliers (PPRA, 2012).

Furthermore, Controller and Auditor and General’s Report for financial year 2010/11 (CAG, 2012) reported a procurement compliance rate of about 60 per cent while the PPRA Annual Procurement Audit report (PPRA, 2012) indicated that a combined average level of compliance for the same financial year was 68 per cent. Many of the problems with compliance arose from poor selection of suppliers.

1.2 Statement of the problem
The process of evaluation and selection of suppliers in public procurement in Tanzania has also been engulfed with high incidences of corruption. The Guardian Newspaper (November 10th, 2012: page 12) cites PPRA as stating that the government loses TShs
about 330 billion annually through corruption in public procurement. Corruption in public procurement signifies the presence of incompetent suppliers.

As a regulatory authority, PPRA has taken various measures to ensure that Procurement Entities (PEs) adhere to guidelines, principles and regulations of public procurement. Among them is conducting procurement audits. However, problems still persist in evaluation and selection of suppliers. Due to faulty selection of suppliers, every year, the government is losing billions of shillings. This is what motivated this study.

1.3 Objectives of the Study

1.3.1 General Objective
The general objective of the study was to explain the effectiveness of Procurement Entities (PEs) in supplier evaluation and selection by focusing on selected PEs as a case study.

1.3.2 Specific Objectives
The study was guided by the following specific objectives;

a) To explore on the significance of supplier evaluation and selection procedures
b) To examine procedures used by PEs to evaluate and select suppliers
c) To determine barriers to effective supplier evaluation and selection procedures in PEs.
d) To find out measures taken by PEs to improve supplier evaluation and selection

1.4 Research questions
The study was guided by the following research questions

a) To what extent is supplier evaluation and selection procedure significant?
b) What are the procedures used by PEs to evaluate and select suppliers
c) What are the barriers to effective supplier and selection in PEs?
d) What are measures taken by PEs to improve supplier evaluation and selection?

1.5 Significance of the study
The significance of this study is that it will help members of staff of PEs, suppliers and contractors as well as stakeholders in public procurement to become aware of the procedures used by PEs to conduct supplier evaluation and selection, weaknesses in suppliers evaluation and selection among PEs, barriers to effective supplier evaluation and selection and measures taken by PEs to improve supplier evaluation and selection.
In addition, the findings of the study will help as a stepping stone for future researchers who want to conduct further studies on similar topics. Also, findings of the study will also help policy makers in public procurement to identify weaknesses in the current public procurement policy and develop policies that will help to improve supplier evaluation and selection in public procurement.

1.6 Limitations of the Study

Financial and time constraints
The cost of conducting the research and purchase of the equipments required in the research could have affected the full success of the study since the amount of finance available is insufficient to meet the cost budget of the study. Also, time constraints were anticipated to hinder the ability of the researcher to use a larger sample.

Lack of local empirical literature
Lack of local empirical literature on supplier evaluation and selection procedures in multinational organizations hindered the researcher from conducting the study successfully.

1.7 Boundaries of the study
Due to time and financial constraints, the researcher had to use fewer PEs and focus on a smaller sample size. Also, to overcome shortage of local empirical literature review, the researcher had to use empirical literature from abroad.

1.8 Organization of the study
This dissertation is made up of five chapters. The second chapter offers literature review, conceptual definitions on the issue of procurement, theories guiding public procurement and empirical literature reviews. The third chapter offers the methodology of the study including research design, population, sample, sample size, data collection and data analysis methods.

The fourth chapter offers the presentation, analysis and discussion of findings based on the objectives of the study. The chapter also offers analysis of findings using SPSS to establish the correlation coefficient of variables. The fifth chapter consists of the summary of findings, conclusion and recommendations made by the researcher.
1.9 Scope of the Study

Due to financial and time constraints, the scope of the study was limited to twenty (20) PEs namely; Ministry of Water and Irrigation, Ministry of Energy and Mineral Resources, Ministry of Infrastructure Development, National Housing Corporation, Tanzania Electric Supply Company, Tanzania National Parks, Immigration Department, Tanzania Trade Authority, Ministry of Trade, Industry and Marketing and Tanzania Revenue Authority. Also the study focused on Procurement Management Unit (PMU) and focused on only supplier selection and evaluation.
CHAPTER TWO

2.0 Literature review
This chapter presents theoretical literature and empirical literature review, conceptual framework and research gap.

2.1 Conceptual definitions
Definition of Public Procurement
Public procurement means an acquisition, whether under formal contract or otherwise, of works, supplies and services by public bodies using publicly sourced finances. It involves the purchasing, hiring or obtaining by any contractual means of publicly needed goods, construction works and services by the public sector. It also includes mobilization of public funds to procure works, goods and services (NPPP, 2012).

2.2 Theoretical outlook
This study was guided by the following theories;

Agency Theory
Agency Theory developed by Jensen and Meckling (1976) describes the relationship between the principal and the agency as they engage each other to perform some service on their behalf which involves delegating some decision-making authority to the agent. The application of the agency theory in public procurement is that public procurement entities (agents) engaged by the government (the principal) are responsible for ensuring that they conduct the procurement function according to stipulated in the Public Procurement Act of 2004, including the process of evaluation and selection of suppliers.

Stewardship Theory
According to the stewardship theory, a manager’s objective is primarily to maximise the firm’s performance (Yaron, 2004). The application of the Stewardship Theory on public procurement ensures that the primary objective behind decisions made by management of a procurement entity with regard to public procurement is to maximize the performance of the institution. That is, decisions made by procurement entities in supplier evaluation and selection, must aim to maximize the performance of the firm.
2.2.1 Supplier Evaluation and Selection Procedures

Dobler et al. (2006) present a list of activities involved in supplier evaluation and selection as follows: identification of purchasing needs, discussion with sales people, identification of suppliers, market studies, negotiations, analysis of proposals, selection of suppliers, issuance of purchase order, contract administration and purchasing records. These activities are in a chronological order.

Monczka et al. (2005) present a process that consists of fewer steps: identify need; evaluate potential suppliers; bidding, negotiation and selection; purchase approval; release and receive requirements; and measure supplier performance. Van Weele (2005) on the other hand has a very comprehensible purchasing process model that consists of practically the same steps as the process described by of Monczka et al (2005).

**Identification of needs**

The first step in the purchasing process is identification of needs, which refers to recognizing, defining, describing, and transmitting the need of an internal customer, and discussions with sales people (Dobler et al., 2006). The customer may need a product or a service. Sometimes the purchasing function can also be proactive when determining the purchase needs, especially in the case of new product or service development projects.

**Identification of potential suppliers**

The next step is identification of potential suppliers. The potential suppliers can be identified among the old, familiar suppliers or through a market study. A list is made of the potential candidates and a Request for Information (RFI) is sent to the ones on the list.
(van Weele, 2005). Based on the information a shorter list of suppliers is drawn up, and a Request for Proposal (RFP) is sent to this limited amount of potential candidates.

This procedure described above is a thorough way to identify suitable suppliers and is not always realized in the same manner in every company or organization in every purchasing case. For example a contract with a supplier may already exist for the needed products, which means that the contract supplier is the only potential supplier (Monczka et al., 2005).

### 2.2.2 Supplier Selection

The most important step of the process is supplier selection that needs to be performed with care to avoid errors that may have long-lasting effects to a company (Monczka et al., 2005). There are two ways to decide which supplier to choose: competitive bidding and negotiations. After the bids requested in the RFP have arrived the purchaser can make a decision based on the information in the bids or invite the suppliers.

Bidding is the most effective when the price is a dominant criterion and product specifications are well defined. Negotiations, on the other hand, are the most sensible option if the purchase requirements are complex, there are several performance factors that need to be agreed on, or there are some risks that need to be discussed (Monczka et al., 2005). After bidding, negotiations, or both, a proposal for selection is made.

Among the most significant parts of the procurement process is supplier evaluation and selection. Monczka et al. (2005) state that the first step involves recognizing there is a requirement to evaluate and select a supplier for an item or service. The recognition that a need exists to evaluate suppliers can come about in many different ways. Supplier selection begins with formulation of the criteria that will be used to select suppliers.

The second step in the model is to identify key sourcing requirements. These according to Telgen et al. (2005) are the Programme of Requirements. They add that a distinction is made between functional and technical specifications. Functional specifications describe what the good or service actually has to do or provide. Technical specifications describe which product/service is looked for.
They include management capability; employee capabilities; cost structure; total quality performance, systems and philosophy; process and technology capability; environmental regulation compliance; financial stability; production scheduling and control systems; supplier’s sourcing strategies, policies and techniques and Longer-term relationship potential (Monczka et al. 2005).

Nellore et al. (2009) add that a specification is a document that is used to build a product. To strengthen communication and avoid confusion-related errors, redundant statements need to be minimized. They cite Clark and Wheelwright (1993) who point to four modes of communication that have great significance in the relation between specifications and the suppliers.

Before developing any framework it is necessary to understand the significance of each criterion and the role which it plays in the vendor selection process. It is also necessary to visualize the levels of importance and relationships of criteria among themselves. The multi-criteria nature of decision-making has been the focus of multiple papers since the 1960 (Aissaoui et al. 2007).

Mandal and Deshmukh (2004) opine that, attitude and willingness is one of the most important criteria to be considered. It is very difficult to quantify or measure. It is an effect of so many other variables such as financial position, geographical location, production facilities, capacity utilization, labour relations, etc. A qualitative analysis based on fuzzy set theory may be useful for measuring this attribute.

Sarkar and Mohapatra (2006) adopt the fuzzy set theoretical approach to overcome the problem of imprecision that usually occurs when eliciting expert opinion. They also observe that many factors such as reputation and trustworthiness elude quantification and thereby present measurement difficulties. Also, often quantification and measurement of a factor for a supplier are practically impossible due to time or monetary constraints. The third step in supplier selection and evaluation entails determining the sourcing strategy. No single sourcing strategy approach will satisfy the requirements of all purchases (Telgen et al. 2005; Monczka et al. 2005). Because of this, the procurement strategy adopted for a particular item or service will influence the approach taken during the supplier evaluation and selection process.
Some of the decisions that a purchaser has to make when developing a sourcing strategy include: single versus multiple sources; short-term versus long-term contracts etc. It entails a clear understanding of the differentiations in purchasing. The sector in which the buying organization operates; the supply market; the product market; the product or service that is purchased and the buying situation (Telgen. et al. 2005).

The fourth step is to identify potential supply sources. The degree to which a buyer must search for information or the effort put forth toward the search is a function of several variables, including how well the existing suppliers can satisfy cost, quality, or other performance variables. Sources of information that is helpful when seeking to identify potential supply sources include: suppliers and sale representatives.

The fifth step is pre-qualification. The concern of this phase (the fifth step) is to limit suppliers in selection pool. By means of a Request for Information (RFI), a purchaser obtains basic information from a selection of suppliers about their organization and/or their product range (Telgen et al. 2005). Due to limited resources and variability in the performance of suppliers, purchasers perform a first cut of potential supply sources.

Next, a Request for Quotation (RFQ) accompanied by a List of Requirements (LOR) is used to ask suppliers to submit an offer. In practice, a quotation is sometimes also referred to as bid or tender (Telgen et al. 2005). De Boer et al. (2001) have summarized this phase as sorting rather than ranking and define pre-qualification as the process of reducing the set of all suppliers to a smaller set of acceptable suppliers.

Sarkar and Mohapatra (2006) however suggest that pre-selection/qualification of suppliers has a number of elements in common with supply base reduction. A pre-requisite for developing a strong buyer supplier relationship they argue is to have a small number of suppliers. In most procurement entities, the number of registered suppliers is large, but only a small fraction of suppliers get the business year after year.

Sarkar and Mohapatra (2006) proceed to observe that much of the information on unknown suppliers collected through internet, peer feedback and onsite visit will lack quantitative measurement. Even information on known suppliers may not have been stored
in a form that lends itself to quantitative conversion. To evaluate these suppliers against the factors, the buying team has to resort to subjective, qualitative assessment.

**The final selection**

This phase constitutes the sixth and seventh step in the Monczka et al. (2005) process. According to Monczka et al. (2005), this is supplier evaluation and selection using a list of so called approved suppliers from the Approved Vendor List (AVL). Hence, supplier selection comprises more than one decision. Within purchasing management, one of the prime functions is supplier selection.

Supplier selection is one of the most important decision making problems since selecting the right suppliers significantly reduces the purchasing costs and improves corporate competitiveness. Vokurka et al. (2006) explicitly states that, it is probable that of all the responsibilities which may be said to belong to the purchasing officers, there is none more important than the selection of a proper source.

**Issuance and follow-up of purchase order**

What is perceived as buying in its most operative level takes place after supplier selection. Issuance of purchase order and follow-up is divided into four steps. First, a purchase order (or a longer term contract) is prepared and issued (Dobler et al., 2006). It can include an order for only one product or cover several routine rebuys for a longer period of time. In the latter case the order is called a call-off or a frame agreement.

After placing the order, especially in the case of products with long delivery times, it should be followed up. The follow-up of the order refers to checks that are made usually by phone or email once or several times during the delivery time to ensure that the supplier is able to deliver the product as agreed (Leenders et al., 2002). The next step in the process is to receive the product and inspect that it matches the order.

The inspections are important because shortages and damages in the delivery are detected before the product is taken into use. The final step is payment. However, it shouldn’t be made before the purchaser has checked that the purchase order, the received product, and the invoice are equivalent (Dobler et al., 2006). If there aren’t any problems, the order can be closed.
Document management

The last step is the maintenance of the records. It naturally involves gathering and storing the documents produced in the process but also analyzing which important documents to keep and which to dispose of. A vital point in document management is easy access. A company should at least have records of the purchase orders, commodities, and suppliers (Leenders et al., 2002).

2.2.3 Supplier Discovery

The effort needed to be able to discover an adequate amount of promising suppliers depends highly on the case. The two most important issues that have an impact are the capability of current suppliers to satisfy performance variables and the strategic importance of the purchase requirement. More effort is needed to find suppliers if the commodity has never been bought before.

In other words, the less experience a purchaser has of a commodity the more work is needed to discover suppliers (de Boer et al., 2001). The sources of supplier information are numerous, thanks to information technology. For example suppliers’ web pages and catalogs, trade registers and journals, sales personnel and trade shows are good information sources.

Supplier pre-selection and approval

In many studies pre-selection is included in supplier selection but in this thesis it is a separate step. The main characteristic that differentiates supplier pre-selection from supplier selection is that it is a sorting process whereas the selection is a ranking process. The purpose of pre-selection is to reduce the set of all potential suppliers to a set of eligible, approved suppliers.

By contrast, during the selection phase, products, prices, and other delivery related issues of the eligible suppliers are assessed, and a decision is made which supplier to do business with (de Boer et al., 2001). Moreover, pre-selection can be conducted to potential suppliers unlike the actual supplier selection. That way the buying company can have a list of approved suppliers that can be utilized when the purchase need actually arises.
Supplier pre-selection process and criteria
The pre-selection process contains two steps: criteria formulation and supplier pre-selection based on the criteria (de Boer et al., 2001). There are two types of criteria: independent and dependent. The independent criteria are used when screening for eligible suppliers, and they relate to a supplier’s organization and its prosperity (de Boer et al., 2001).

They are classified into four groups: general business environment and financial issues, organization and strategy, technology, and other factors. The first two groups relate to the suppliers’ financial well-being, management capabilities, and future plans and possibilities. The third group covers technical issues linked to the production of the product or the service. The fourth criteria focus on sustainability and associated risks.

2.2.4 Principles Guiding Public Procurement in Tanzania
Value for money and economy
Public procurement in Tanzania is guided by four core principles. The first principle is based on value for money and economy. Value for money in public procurement ensures good use of public funds through delivery of quality goods and services. Also, public procurement must take into account economy use of public funds and procuring entities must procure goods and services at the right price (NPPP, 2012).

Efficiency
The second principle guiding public procurement in Tanzania is efficiency. All procuring entities shall ensure efficiency gains in the procurement function at all levels and in all procurement stages. The management of the procurement function should be made simple and swift, providing positive results without much delay. Efficiency also implies in terms of compatibility with Government laws and procedures (NPPP, 2012).

Equity and fairness
The fourth principle guiding public procurement in Tanzania is equity and fairness in selection of suppliers. Public procurement entities must give equal opportunity for all qualified actual and potential suppliers or contractors at all stages in the execution of the procurement function, a high degree of impartiality, consistency with values and standards of practice, as well as reliability, shall be ensured (NPPP, 2012).
Competition

The fourth principle guiding public procurement in Tanzania is competition. Potential contractors must be allowed to compete in a transparent and fairly managed environment that allows each eligible contractor an opportunity to participate in public procurement contract offerings. Competition allows for access to fair pricing, quality and efficient service delivery (NPPP, 2012).

2.2.5 Stages of Supplier Evaluation and Selection

Supplier evaluation and selection in public procurement process takes place in four stages. The first stage involves qualification of suppliers, the second stage involves tender invitation and submission, the third stage involves tender invitation and submission while the fourth and final stage involves tender assessment. The four places are described hereunder (PPRA, 2008).

Stage 1: Qualification

During this stage, the PE compiles a preferred suppliers list by assessing each main contractor’s technical qualifications and financial ability. The PE also publishes a brief project description to its preferred suppliers, and makes enquiries about their willingness to tender. Contractors who are interested in the project respond with their expression of interest (PPRA, 2008).

The PE compiles a preliminary list from contractor’s qualification (technical and financial). After the preliminary query and response, the PE compiles a draft and a reserve supplier list. According to the final confirmation of the suppliers’ interest, the PE compiles the final tender list. For electronic tendering, potential suppliers should be requested to make formal registration for tender (PPRA, 2008).

This step is to formalize keys and communication functions for continued process. For example, a PE wants to call a tender for a project to construct a multi-level building block, and chooses to use selected tender method on an electronic tendering system. The PE will search a register of approved prospective suppliers, whose capability has been confirmed (PPRA, 2008).

According to their qualification and financial ability, the PE will compile a preliminary list, then prepare a document which briefly describes the project. The PE sends a query to
all suppliers in the primary list about their willingness to tender for this project, along with the project description. On receiving the query, the suppliers send a response to declare their interest in this project (PPRA, 2008).

Figure 2.1: Qualification stage

The PE then compiles a draft tender list and a reserve tender list, which only contains a small number of registrants. If there are withdrawals, the PE will choose replacements from the reserve list, and compile a final tender list. If there are no withdrawals, the PE will finalize the suppliers list. The PE will then inform and request suppliers to register (PPRA, 2008).

Major documents generated at this stage, include submitted supplier qualifications, project definition, tender lists compiled by PE and logged information. When handling documents, the PE must ensure that document integrity, confidentiality and authenticity
are provided. All pre-tender information should be available to all potential suppliers instead of the PE’s favourite supplier (PPRA, 2008).

Figure 2.1 above shows the processes involved in qualification and selection stage. Horizontal arrows represent the communication between the PE and suppliers. Vertical arrows indicate the business flow steps. Rectangular boxes represent internal activities done by the PE. Oval boxes represent communication activities between the PE and suppliers.

**Stage 2: Tender invitation and submission**

During this stage, the PE publishes detailed contract terms for a project, and sends invitations to all the preferred suppliers in the compiled list. Contractors submit their offers to the PE for evaluation. Normally, there is a time gap between tender invitation and submission to allow interested parties to prepare tender documents that match the PE’s requirements (PPRA, 2008).

Figure 2.2 below shows the processes involved in tender invitation and submission. Horizontal arrows represent the communication between the PE and suppliers. Vertical arrows indicate the business flow steps. Rectangular boxes represent internal activities. Oval boxes represent communication activities. This stage is the starting point of the contractual process and every step has to be evidenced and be publicly verifiable.

At this stage, the PE finalizes tender query documents, issue tender invitation, organize pre-tender meetings between the PE and suppliers. The meetings are used by PEs to clarify any queries made by suppliers. During the meetings, the PE requests suppliers to prepare their tender documents and submit them to the tendering committee of the PE within the specified time frame.
After submission and deadline, the PE will reject the late tenders, and open and record the submitted tenders. The major documents generated in this stage contain tender documents prepared by the PE, invitation, minutes of meetings, notes and reports of evaluation committee, queries of tender documents, clarification of tender documents, rejections notes and logged information (PPRA, 2008).
Figure 2.3: Tender assessment stage

Stage 3: Tender assessment

Figure 2.3 below shows the third stage in supplier evaluation and selection in public procurement. The processes involved in tender assessment. Horizontal arrows represent the communication between the PE and suppliers. Vertical arrows indicate the business flow steps. Rectangular boxes represent internal activities. Oval boxes represent communication activities (PPRA, 2008).

During this stage of the tendering process, the PE opens the offer (documents submitted by suppliers), and assesses each offer against the proposed quality and price. The PE will also perform post-offer open negotiations to consolidate contractual term conditions. After assessment, the PE can select a preferred tender, and next preferred tender (PPRA, 2008).
For negotiation, the PE should negotiate with the preferred supplier first. If the negotiation fails, it can then instigate negotiations with the next preferred supplier. The PE also needs to perform other activities, such as rejecting non-compliant tenders, logging activities for handling digital documents. Documents generated in this stage are rejection notices, evaluation results, recorded negotiations, and all logged information.

Stage 4: Tender acceptance
During this stage, the PE makes a decision, and awards the contract to the winning supplier. The PE prepares formal contract evidence to finalize the contracting process. This is the final stage of the tendering process, as well as a contracting process for selecting main contractors. Steps involved are, the PE sends formal acceptance to the winner and informs the unsuccessful suppliers (PPRA, 2008).

At this stage, a successful supplier issues an acknowledgment to the PE on receipt of the acceptance and the PE prepares a formal record of the selection of the successful supplier, and draws formal contract evidence for both parties to sign using standard forms. Documents generated in this stage include formal acceptance notice, notification and briefing of unsuccessful tenders and signed contracts.

Figure 2.4 below shows the processes involved in tender acceptance stage of supplier evaluation and selection process in public procurement. Horizontal arrows represent the communication between the PE and suppliers. Vertical arrows indicate the business flow steps. Rectangular boxes represent internal activities. Oval boxes represent communication activities.
Methods for gathering pre-selection information

The right method for gathering information is chosen depending on the monetary value or importance of the commodities, or amount of knowledge about the companies beforehand. The main methods are surveys, financial analyses, supplier visits, capability analyses, and third-party evaluations. The surveys and financial analyses are usually the ones to begin with (Burt et al., 2003).

Supplier survey

A survey includes a series of questions which potential suppliers answer (Burt et al., 2003). Thereby, the survey is actually very similar to the Request for Information (RFI). The survey gives an overall picture of the size and the condition of the company. For firsthand experiences the evaluator can contact some of the references on the customer reference list (Leenders et al., 2002).

A good survey is comprehensive, objective, and flexible. It should include all the necessary questions to be able to make pre-selection decisions, and the questions should
be set in a non-biased way. Furthermore, it should be possible to make some minor modifications to the questions because of changing purchasing requirements (Monczka et al., 2005).

Especially with high-value, high-volume commodities there is a need for several additional and specifying questions. However, the survey can never fully cover all the independent criteria presented. For example, the assessment of the suppliers’ competitiveness cannot solely be made with the survey. Supplier visits or capability analyses can be utilized if a more thorough evaluation is needed (Leenders et al., 2002).

**Financial analyses**

Even if the suppliers were asked to give some information about their sales, profits, and credit ratings in the survey, an objective financial analysis should be prepared by the financial department of the buying company. If the results of the analysis are very negative, the supplier can be excluded from further considerations because it is obviously incapable of performing satisfactorily.

The financial well-being of a supplier is vital because if a contract is made with a supplier which is in a bad financial condition, a risk is taken that the supplier goes bankrupt, has no resources for investments, or becomes financially dependent on the buying company (Monczka et al., 2005). Therefore, the financial analysis should be made in the beginning of supplier pre-selection process.

**Supplier visits**

Visits to the facilities of the suppliers are beneficial especially if the suppliers provide commodities that are complex or expensive. During the visit the buying company gets some firsthand information about the manufacturing and technical capabilities of the supplier which cannot be obtained through any surveys. A team conducting the visit can consist of only purchasers but also of engineers or other experts (Burt et al., 2003: 333). To be able to get the most benefit out of the visit it is important that the supplier is asked to provide all possible information beforehand, and an outline is made of the issues to be discussed before the trip. Afterwards a report should be written to illustrate the findings (Leenders et al., 2002). Often the team performing the visit has a limited amount of time to make observations in the facility.
**Capability analyses**
Depending on the buying company and the suppliers in question specific analyses of the suppliers’ capabilities can be made. Quality, capacity and capability are issues of importance. If a supplier’s quality level does not match the requirements of the buying company, the evaluation process should not go further with that supplier (Burt et al., 2003).

The reason is that the product the supplier is offering has huge life-cycle costs caused by high quality defect expenses (Leenders et al., 2002). It may be difficult to find a simple method for evaluating quality; hence nowadays many companies expect that the suppliers have quality certificates to prove their capabilities. Also, management capabilities could be of interest to the buying company if it wishes to work closely together with the supplier.

**Third-party evaluations**
In some cases it is easier to outsource evaluations to a third party (Burt et al., 2003). Outsourcing is a feasible option if the case company for example lacks time or skills to conduct evaluations, or if a facility visit needs to be made in a foreign country. This is particularly true if the costs of conducting the evaluation is higher and cheaper alternatives are available.

**2.2.5 Methods for Pre-Selecting Suppliers**
In the second phase of the pre-selection process the information gathered about the suppliers is compared to the independent criteria, and the list of approved suppliers is compiled (de Boer et al., 2001). There are various methods how to do that but four of them are discussed here: categorical methods, Data Envelopment Analysis (DEA), Cluster Analysis (CA), and Case-Based-Reasoning (CBR) systems.

**Data Envelopment Analysis (DEA)**
In the data envelopment analysis the suppliers are evaluated by two sets of criteria: benefit (output) and cost (input). A supplier gets a rating based on the ratio of the weighted sum of its outputs (i.e. performance) to the weighted sum of its inputs (i.e. costs). This way the suppliers can be classified into two categories: the efficient and the inefficient suppliers. (de Boer et al., 2001).
Cluster analysis (CA)
The basic idea of the cluster analysis is somewhat similar to the categorical methods: the suppliers are classified into different clusters based on how they score on some criteria. The differences between the suppliers within a particular cluster are minimal and the differences between the suppliers from different clusters are maximal (de Boer et al., 2001).

Case-Based-Reasoning (CBR) systems
The case-based-reasoning systems use artificial intelligence. A software-driven system provides information about similar cases and decisions made before. The CBR systems are still very new and have not been utilized much in purchasing. (de Boer et al., 2001). Thus, they are an option to consider sometime in the future.

2.2.6 Supplier Selection
Supplier selection is part of the purchasing process. Supplier evaluation criteria like facilities, financial status, management and organization, and location (i.e. independent criteria) create the basis for the evaluation but the actual supplier selection is based on factors like quality, quantity, delivery, price, and service (i.e. dependent criteria) (Leenders et al., 2002).

Criteria for supplier selection
The dependent criteria are used for the actual supplier selection and they can be classified into three different categories: product quality, performance, and general factors. According to Vokurka et al. (2006) the criteria are somewhat different for the suppliers of strategic commodities than for the ones of non-critical commodities because they cover aspects of product and production more extensively.

There are three types of purchasing situations that affect supplier selection and the amount of information needed during it. In a new-task situation a completely new product is bought from an unknown supplier. Thus, high risks and uncertainty require thorough assessment of the dependent criteria. In a modified rebuy a new product is bought from a known supplier or an existing product from a new supplier.
As some information is already available, the assessments can be lighter. In a straight rebuy an existing product is bought from a known supplier, and uncertainty is very low. Therefore, a superficial assessment of the dependent criteria is sufficient (van Weele, 2005). The information needed to analyze the dependent criteria is gathered in the same way as in the supplier pre-selection phase.

**2.2.7 Methods of supplier selection**

There are various ways how the selection can be made but this thesis presents only the ones most discussed in literature.

*Linear weighting models*

In the linear weighting models each criterion is given a weight, and the scores are multiplied by it. The sum of the weights is 1.0 and the biggest weight indicates the highest importance. The suppliers’ overall ratings are counted by summing the weighted scores. The supplier with the highest overall rating is selected using scales from 1-5 or 1-10 (Monczka et al., 2005).

A common practice for carrying out supplier selection that is based on linear weighting is to conduct a supplier survey. The most sensible way is to include all necessary questions regarding both the independent and the dependent criteria in the survey so that all information needed to first make pre-selection decisions and then the actual selection is received simultaneously (Monczka et al., 2005).

*Total cost of ownership (TCO) models*

As the name indicates, the total cost of ownership model takes into account all the costs of the life cycle of a purchased item that relate to a certain supplier selection. The life-cycle costs can be divided into pre-transaction, transaction, and post-transaction costs. The pre-transaction costs relate to supplier pre-selection, and the transaction costs are the price paid for the product and the delivery (Ellram, 1993).

It is also necessary to take the associated risks and their probabilities into account in the calculations. When all the costs are summed, the supplier with lowest costs can be selected. According to a research conducted by McKinsey & Company (2008) the total cost of ownership method is the best way to select suppliers. However, TCO is the most beneficial with purchases that have high financial value or high indirect costs.
2.3 Empirical literature review

Ngwada (2009) conducted a study on assessment of transparency and fairness in public procurement by focusing on Kinondoni Municipal Council (KMC). The study’s main objective was to review and discuss the actual practice of supplier evaluation and selection within KMC, focusing on transparency and fairness and establish how the Procurement Management Unit performs supplier selection and evaluation.

The target population in this study was employees of KMC. Purposeful sampling method was employed to ensure each level of staff is well represented. A total of 74 respondents were randomly selected from all strata. Fundamentally, the study utilized both primary and secondary data which was collected through face-to-face interview and administration of questionnaires to the existing literature related to this study.

The findings show that the tendering process was performed well, advertisements of tenders were done well according to procurement regulations. Also, the provisions of tender documents were fairly done indicating that the provision of tender documents is transparent and fair. In addition, the PMU staff cooperated well with other stakeholders during the tendering process.

However, there were concerns that majority of the suppliers selected were not the best ones and the respondents blamed this on corruption. The respondents recommended that further measures should be taken to ensure that the evaluation and selection process in public procurement at the municipal be fair and transparent so as to avoid tenders being offered to unsuitable suppliers.

To avoid complaints from the stakeholders, Municipal authorities should see to it that the Public Procurement Act, 2004 and Public Procurement Regulations, 2005 is put into practice. All procurement officers should be trained on how best to handle the process of supplier selection and evaluation with ethical considerations for the benefit of the general public.

Mugassa (2009) conducted a study on factors influencing procurement satisfaction and value for money in higher learning institutions, the case of University of Dar es Salaam. The study observed inordinate delays in procurement, untimely deliveries, poor quality
deliveries which caused time as well as monetary cost inefficiencies in procurement processes. The study attributed these weaknesses to poor selection of suppliers.

The study further found that poor selection of suppliers was caused by a poor procurement management system that is not fair, not transparent, not competitive and not cost effective. Other causes of poor supplier selection included; lack of professional competence among procurement staff, corruption and collusion. The study recommended changes in procurement policies at the university.

Makombe (2009) conducted a study on the impact of poor procurement planning on the organization operations by focusing on Precision Air as a case study. The study used survey methodology to collect the quantitative data. The research findings revealed that, lack of qualified staff and procurement planning had an impact on the procurement performance specifically on supplier selection.

The study recommended that Precision Air Services Limited should recruit qualified staff to handle the procurement activities. It should also train the current staff who are involved in the supply chain and introduce the procurement policy and over hall the whole procurement process in order to attain better procurement performance, including supplier selection and evaluation.

Kondela (2008) conducted a study on the extent of compliance to public procurement act and regulations by focusing on selected Water Supply and Sewerage Authorities of Arusha. The researcher used both qualitative and quantitative approach in analyzing data. SPSS was used. Results of Chi-square and P-Value were shown from dependent and independent variables.

The results showed that extent of compliance with Public Procurement Act and its regulations was in a slow going motion in procuring entities and suppliers/and service providers. Procurement Management Units was not established in Arusha Urban Water Supply utility as per section 35 of the Act. This resulted in poor performance in procurement functions such as supplier evaluation and selection.
For instance, the study found that the Procurement Management Unit (PMU) of Moshi was working as a committee contrary to functions in the Act section 36. Only PMU of Babati was established as per Requirement. Inspection Committee of goods and services were not well established as per Government notice number 97 regulations 122, 126 and 127. The said inspection committees were merely user departments.

To redress the above weakness in compliance, the procuring entities, the study recommended that Government, and Suppliers should focus on education and awareness, praising of all parties to procurement. The major aim would be for public interest to increase transparency in use of Government resources in order to obtain value for money from supplied goods and services.

Ruta (2008) conducted a study on the impact of government protected distributors on the performance of other public procuring entities in Tanzania by focusing on Regional Medical Officers’ Procuring Units of Iringa and Ruvuma Regions. To achieve value for money in procurement, the Government decided to have protected distributors from which other public procuring entities would source their goods, supplies and services.

In an attempt to investigate the impact which protected public intermediaries have on other public procuring entities, two regional medical offices for Iringa and Ruvuma were studied. The conclusion reached by the study was that protected distributors affect the performance of other procuring entities adversely, due to existence of conflicting laws.

Given the above conclusions, it is recommended that all laws and regulations which govern public procurement should be harmonized to eliminate conflicting operations, and that protectionism of public distributors should be withdrawn thereby letting them to operate semi-autonomously in an open competitive environment. This shows that supplier evaluation and selection is non-existent.

Mokaka (2007) conducted a study on effectiveness of supplier evaluation and selection process in public sector by focusing on selected ministries. The study used descriptive statistics to analyze data collected from a sample of 100 respondents. The results show that the effectiveness of supplier evaluation and selection in public institutions is hindered by lack of knowledge and understanding of PPA 2004 among staff.
Other factors which hinder effectiveness of supplier evaluation and selection were identified to be lack of procurement auditors, absence of stern measures against poor procurement practitioners; poor preparation of specifications and terms of references; pressures from other interested parties like senior officials and politicians and the decentralization of auditing institutions.

Kaale (2008) conducted a study on procurement contract management and value for money in public institutions in Tanzania by focusing on Tanzania Food and Drugs Authority (TFDA) as a case study. The study explored the way effective supplier evaluation and selection can ensure that value for money is achieved by the procuring entity.

Quantitative research design was used to conduct the study. Questionnaires, interviews, observation and documentary reviews were the tools used to generate data. The findings showed that procurement contracts were not properly managed as evidenced by problems in quality of deliveries, presence of the long lead-times and service interruption due to stock-out or late deliveries.

The study concluded that procurement contract management was influenced by lack of capacity among procurement staff to handle procurement activities, which impairs achievement of value for money. The results have implications for management policy. The study recommends deployment of sufficient personnel in Procurement and Contract management with qualification and experience to handle procurement contracts.

Stanley (2011) conducted a study to assess the effectiveness of supplier evaluation and selection procedures in multinational organizations in Tanzania by focusing on World Food Programme (PES). Specifically, the study aimed to identify supplier evaluation and selection procedures used by PES, effectiveness of supplier evaluation and selection procedures and challenges faced by PES in supplier evaluation and selection. The methodology used to conduct this study was descriptive in nature and included the use of various data collection methods and tools such as questionnaires and interviews. The study used primary data collection methods such as; observation, interviews and questionnaires. The study also used secondary data collection methods such as documentation to collect data.
From the findings of the study, the researcher concludes that the procurement procedure used by PES is so efficient and, that it contributes to making the process of supplier evaluation and selection more effective, although the process is hindered by various challenges such as; lack of sufficient qualified personnel and lack of adequate time.

To overcome these challenges, the researcher recommends that PES should consider suppliers who have demonstrated reliability by fulfilling its obligation of the contract despite any contingencies or emergencies that may arise. Also, PES should provide frequent training to suppliers who have been enrolled on PES’s supplier roster so as to raise their level of awareness on PES’s procurement guidelines.

2.4 Conceptual framework

Figure 2.1: Conceptual framework

This study was guided by the conceptual framework shown above. The Figure 2.1 above demonstrates a more detailed view of the role of supplier evaluation and selection in public procurement. As shown in the figure above; effectiveness of supplier evaluation and selection depends on adherence to procurement procedures, skill level of procurement staff and management oversight.
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction
This chapter presents the overall research design, location of the study, sample of the study, sample size, sampling techniques that were used to select respondents, nature of the study, data collection techniques that were used to collect relevant information and data analysis as well as sources of data collection techniques.

3.1 Research design
Research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. Research design is a master plan specifying methods and procedures for collecting and analyzing the required data (Kothari, 2006). In this study, the researcher used a case study research design.

The strengths of a case study research design is that it offers the researcher a comprehensive description and analysis of a single situation or a number of specific situations. However, the weakness of case study research design is that it is considered to be too empirical, it lacks rigors in its approach and it has limitations with respect to the reliability of the findings.

3.2 Area of the study
The study involved 20 Procurement Entities that were selected among various Procurement Entities (PEs) among the following Ministries, Departments and Agencies (MDAs); Ministry of Water, Ministry of Energy and Mineral Resources, Ministry of Transportation, National Housing Corporation (NHC), Tanzania Electric Supply Company (TANESCO) and Tanzania National Parks (TANAPA).

3.3 Population of the study
A population is the theoretically specified aggregation of study elements. It is translating the abstract concept into workable concept. Also, target population is the complete group of specific population elements relevant to the study. In this study, the population of the study involved Procurement Managers and Procurement Officers within selected PEs.
3.4 Sample, sample size and sampling techniques

Kothari (2006) defines sample as a collection of some parts of the population on the basis of which judgment is made. A sample is small enough to make data collection convenient and large enough to be a true representative of the population from which it had been selected. Sample size refers to a number of items to be selected from the population of the study to constitute a sample.

According to Kothari (2006), sampling is the selection of some parts of aggregate of the population. It is a process of selecting a group of people, events, behavior, or other elements with which to conduct a study. In this study, purposive sampling technique was used to select respondents among Procurement Managers, Procurement Officers and members of the Procurement Committee who are responsible for evaluation and selection activities in public procurement.

Table 3.1: Sampling Distribution Table

<table>
<thead>
<tr>
<th>PE</th>
<th>Procurement Manager</th>
<th>Procurement Officer</th>
<th>Members of Procurement Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Water and Irrigation</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Ministry of Energy and Mineral Resources</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Ministry of Infrastructure Development</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>National Housing Corporation</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Tanzania Electric Supply Company</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Tanzania National Parks</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Immigration Department</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Tanzania Trade Authority</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Ministry of Trade, Industry and Marketing</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Tanzania Revenue Authority</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>10</td>
<td>80</td>
</tr>
<tr>
<td>Grand Total</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.5 **Sources of data**
During the study, data was collected from both, primary and secondary sources of data. Primary data includes all data that the researcher collected directly from respondents while secondary data includes all the data that the researcher collected from other sources other than respondents, including documents. The researcher was also collected tertiary data from other sources such as the internet, journals and books.

3.6 **Data collection methods**

3.6.1 **Documentary Review**
The study used both primary and secondary data. Documentary sources such as Procurement Audit Reports, the National Public Procurement Policy, books, journals, articles, official publications, newspaper clippings, reports and seminar papers were utilized to present the facts and to substantiate the arguments in order to secure secondary data.

3.6.2 **Interviews**
According to (Kothari, 2006), an interview is a set of question administered through oral or verbal communication or is a face to face discussion between the researcher and the interviewee respondent. There are two types of interviews, namely structured and unstructured interviews. Both types of interviews were conducted with the respondents.

The use of interviews as a data collection method enabled the researcher to have face-to-face communication with respondents. This is the simplest method of acquiring information that provides straight answers to research questions. Through interviews, the researcher collected information on the effectiveness of supplier evaluation and selection in public procurement.

3.6.3 **Questionnaires**
According to Kothari (2006), a questionnaire is a set of questions which are usually sent to the selected respondents to answer at their own convenient time and return back the filled questionnaire to the researcher. In this study, questionnaires were used to collect information from respondents. The questionnaires contained both, structured and unstructured questions.
3.7 **Data management and analysis procedure**

Data and information that was collected during the study was reduced into summary form that was processed by using Microsoft Excel and Statistical Package for Social Scientists (SPSS). The findings were then be organized and presented in the form of words, numbers and percentages by using tables, pie charts, histograms and graphs.

Quantitative data collected from questionnaires were carefully checked for correctness and presented in tables and figures by using words, numbers and percentages. The data was analysed by using Microsoft Excel software and presented in the form of charts and histograms. Qualitative data collected from interviews with respondents were recorded by using tape recorders and then transcribed.

3.6 **Data reliability and validity**

Kothari (2006) defined reliability as the quality of consistency of a study or measurement. Kothari comments that a measuring instrument is reliable if it provides similar results. In order to ascertain reliability of the study, a pilot study was conducted. Questionnaires were distributed to “focus” respondents in order to identify questions that might be unclear or ambiguous to respondents.

By using the results of the pilot study, the researcher rectified the questionnaire in order to make it more extractive. To ensure validity of the information provided by respondents, the researcher cross-checked the feedback from respondents with actual data available in various documents and reports related to supplier evaluation and selection within relevant PEs.

3.7 **Ethical considerations**

During the data collection phase of the study, the researcher makes sure that he adhered to all ethics of research. The researcher assured respondents that the information provided in the questionnaires will only be used for research purposes and will not be disclosed to third parties. This made respondents comfortable in providing information.
CHAPTER FOUR

4.0 DATA ANALYSIS, PRESENTATION AND DISCUSSIONS

This chapter presents and discusses findings from the study.

4.1 Demographic Profile of Respondents
4.1.1 Age profile of respondents
Age is an important demographic variable in this study because it enables the researcher to find out whether the perception of respondents towards supplier evaluation and selection is influenced by their age. The researcher analysed the age profile of respondents and the feedback was documented as shown in the table and figure below:

Table 4.1.1: Age profile of respondents

<table>
<thead>
<tr>
<th></th>
<th>25-30 years</th>
<th>31-35 years</th>
<th>36-40 years</th>
<th>41-50 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of respondents</td>
<td>8</td>
<td>48</td>
<td>32</td>
<td>12</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>8%</td>
<td>48%</td>
<td>32%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

Findings of the study show that 48% of respondents are aged 36-40 years, 32% of respondents are aged 36-40 years, 12% of respondents are aged 41-50 years and 8% of respondents are aged 25-30 years.
4.1.2 Gender profile of respondents
Gender is an important demographic variable in this study because it enables the researcher to find out whether the perception of respondents towards supplier evaluation and selection is influenced by their gender. The researcher analysed the gender of respondents and the feedback was documented as shown in the table and figure below:

Table 4.1.2: Gender profile of respondents

<table>
<thead>
<tr>
<th></th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Females</td>
<td>40</td>
<td>40%</td>
</tr>
<tr>
<td>Males</td>
<td>60</td>
<td>60%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

Findings above show that 60% of respondents are males and 40% of respondents are females. These findings show that there are more female respondents than males.

4.1.3 Level of education of respondents
Level of education is an important demographic variable in this study because it enables the researcher to find out whether the perception of respondents towards supplier evaluation and selection is influenced by their level of education. The researcher analysed
the level of education of respondents and the feedback was documented as shown in the table and figure below;

**Table 4.1.3: Level of education of respondents**

<table>
<thead>
<tr>
<th>Level of education</th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Degree</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Post Graduate Diploma</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Masters degree</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

**Figure 4.1.3: Level of education of respondents**

Source: Researcher’s Analysis (2013)

Findings above show that 60% of respondents have degrees, 16% have diplomas, 14% have Postgraduate diplomas while 10% have Masters degrees.

**4.1.4 Level of work experience respondents**

Level of work experience is an important demographic variable in this study because it enables the researcher to find out whether the perception of respondents towards supplier evaluation and selection is influenced by their level of work experience. The researcher
analysed the level of education of respondents and the feedback was documented as shown in the table and figure below;

**Table 4.1.4: Level of work experience of respondents**

<table>
<thead>
<tr>
<th>Level of work experience</th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2 years</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>3-4 years</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>5-6 years</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>7 years or more</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

**Figure 4.1.4: Level of work experience of respondents**

Source: Researcher’s Analysis (2013)

Findings above show that 40% of respondents have work experience of up to 2 years, 32% of respondents have work experience of 3-4 years, 10% of respondents have work experience of 5-6 years while 8% of respondents have work experience of 7 years or more.

**4.1.5 Awareness of respondents on supplier evaluation and selection**

The researcher analysed the level of awareness of respondents on supplier evaluation and selection, and the feedback was documented as shown in the table and figure below;
Table 4.1.5: Awareness of respondents on supplier evaluation and selection

<table>
<thead>
<tr>
<th></th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totally aware</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Not aware</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Partially aware</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

Findings above show that 72% of respondents are totally aware of supplier evaluation and selection, 18% are partially aware of supplier evaluation and selection while 10% of respondents were not aware of supplier evaluation and selection.

4.2 The Supplier evaluation and selection Process within PES

From interviews with respondents and documentary reviews, the researcher was able to establish the supplier evaluation and selection procedures used by PEs as follows.

4.2.1 Opening of tender documents

The next step in supplier evaluation and selection is the opening of tender documents in the presence of bidders or their representatives. During this process, all bidders are able to
satisfy themselves that the tender documents they submitted have been received and will be part of the evaluation process. Bidders are also able to know who else in taking part in the supplier evaluation and selection process.

4.2.2 Analysis of Tender Documents
The next step is analysis of tender documents to establish whether bidders have complied with the guidelines specified in the tender advertisements. Documented analysed during this step are company registration documents, company profiles, tax clearance documents, financial statements and documents showing the capability of the documents to undertake the assignment.

4.2.3 Pre-qualifications
The third step is pre-qualification. The concern of this phase is to limit suppliers in selection pool by eliminating suppliers who failed to meet the guidelines stipulated in the List of Requirements (LOR) which are published in the tender advertisement. The main purpose of pre-qualifications is to limit the number of companies and remain with only companies who meet requirements.

4.2.4 Financial Analysis
Financial analysis involves the scrutiny’s of the bidders financial statements in order to determine the financial capability of the bidder to undertake the assignment stipulated in the tender document. Details involved in financial analysis include; analysis of profitability, analysis of cash flow, analysis of balance sheet and analysis of gearing.

4.2.5 Capability Analysis
Capability analysis involves the evaluation of the capability of the company to deliver the required services or goods. This involves analysis of management capability; employee qualifications, skills and experience, quality performance, systems and philosophy; process and technology, and adherence to environmental regulation.

4.2.6 Price Comparison
Price comparison involves the analysis of the prices charged for goods and services to be offered by suppliers on whether or not they offer value for money. For supplier of common goods and services, the price comparison is done against a list of prices of
common goods and services prepared by GPSA. The selection decision is made on suppliers who offer the best possible price.

### 4.2.7 Third Party Evaluations
Third party evaluations involve a survey the capability of the supplier to execute the tender. During third party evaluation, the PE appoints a third party to ask a series of questions. The survey gives an overall picture of the size and the condition of the company. For firsthand experiences the evaluator can contact some of the references on the customer reference list.

### 4.2.8 Past Performance Evaluation
Past performance evaluation involves the analysis of past performance of the companies in supplying similar goods and services. The better the performance of the supplier in similar assignments in the past, the higher the probability of the supplier to be considered. Evidence of past performance can be obtained through past performance reports.

### 4.2.9 Supplier Visits
PEs use supplier visits to get firsthand information about the supplier which cannot be obtained through financial analysis, capability analysis or third party evaluations. During supplier visits, the supplier is required to provide access to all facilities and provide possible information. Afterwards a report should be written to illustrate the findings.

### 4.2.10 Supplier Selection
During this stage, a decision is made to award a tender to the winning supplier. The PE prepares formal contract evidence to finalize the contracting process. This is the final stage of the supplier evaluation and selection process. Thereafter, the PE sends formal acceptance to the winner and informs the unsuccessful suppliers. Also, the winning supplier is advertised to the general public.
4.3 Criteria used by PEs to evaluate and select suppliers

The researcher analysed the feedback from respondents on the criteria used by PEs in evaluating and selecting suppliers. The findings from the analysis were documented as shown in the table and figure below;
Table 4.3: Criteria used by PEs to evaluate and select suppliers

<table>
<thead>
<tr>
<th>Criteria</th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td>Past performance</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td>Supplier reliability</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Financial capability</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>Supplier capability</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Technology</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Specifications</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Price</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Value for money</td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td>Time frame</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

The findings shown in Table 4.3 and Figure 4.3 above show that the main criteria used by PEs to evaluate and select suppliers (by order of significance): supplier capability (80%),
value for money (mentioned by 74% of respondents), quality (72%), past performance (72%), supplier reliability (70%), financial capability (54%), technology (46%), price (26%), timeframe (18%) and specifications (14%). These findings show that the main criteria for evaluating and selecting suppliers are; supplier capability, value for money, quality, past performance and supplier reliability.

4.4 Effectiveness of supplier evaluation and selection process at PES

4.4.1 Opening of tender documents is done properly

The researcher analysed the feedback of respondents on whether opening of tender documents is done properly. The findings from the analysis were documented as shown in the table and figure below;

Table 4.4.1: Opening of tender documents is done properly

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>60</td>
</tr>
<tr>
<td>Agree</td>
<td>12</td>
</tr>
<tr>
<td>Not sure</td>
<td>18</td>
</tr>
<tr>
<td>Disagree</td>
<td>6</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.4.1: Opening of tender documents is done properly

Source: Study Findings, 2013
The findings above show that 60% of respondents strongly agreed, that opening of tender documents is done properly, 12% of respondents agreed, 18% of respondents were not sure, 6% of respondents disagreed and 4% of respondents strongly disagreed.

4.4.2 Analysis of tender documents is done properly

The researcher analysed the feedback of respondents on whether analysis of tender documents is conducted properly. The findings from the analysis were documented as shown in the table and figure below;

Table 4.4.2: Analysis of tender documents is conducted properly

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td>Agree</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Not sure</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.4.2: Analysis of tender documents is conducted properly

Source: Study Findings, 2013
The findings above show that 74% of respondents strongly agreed that analysis of tender documents is conducted properly, 14% of respondents agreed, 4% of respondents were not sure, 4% of respondents disagreed and 4% of respondents strongly disagreed.

### 4.4.3 Pre-qualification is conducted properly

The researcher analysed the feedback of respondents on whether pre-qualification is conducted properly. The findings from the analysis were documented as shown in the table and figure below;

#### Table 4.4.3: Pre-qualification is conducted properly

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>40</td>
</tr>
<tr>
<td>Agree</td>
<td>8</td>
</tr>
<tr>
<td>Not sure</td>
<td>-</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

#### Figure 4.4.3: Pre-qualification is conducted properly

Source: Study Findings, 2013
The findings above show that 80% of respondents strongly agreed that pre-qualification is conducted properly, 16% of respondents agreed and 4% of respondents disagreed. There were no respondents who were not sure or who strongly disagreed.

4.4.4 Financial analysis is conducted properly

The researcher analysed the feedback of respondents on whether financial analysis is conducted properly. The findings from the analysis were documented as shown in the table and figure below;

Table 4.4.4: Financial analysis is conducted properly

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Agree</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Not sure</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.4.4: Financial analysis is conducted properly

Source: Study Findings, 2013
The findings above show that 46% of respondents strongly agreed that financial analysis is conducted properly, 36% of respondents agreed, 10% of respondents were not sure, 4% of respondents strongly disagreed and 4% of respondents disagreed.

4.4.5 Capability analysis is conducted properly
The researcher analyzed the feedback of respondents on whether capability analysis is conducted properly. The findings from the analysis were documented as shown in the table and figure below;

Figure 4.4.5: Capability analysis is conducted properly

The findings above show that 46% of respondents strongly agreed that capability analysis is conducted properly, 36% of respondents agreed, 10% of respondents were not sure, 4% of respondents strongly disagreed and 4% of respondents disagreed.

4.4.6 Third party evaluations are conducted properly
The researcher analysed the feedback of respondents on whether third party evaluations are conducted properly. The findings from the analysis were documented as shown in the table and figure below;
Table 4.4.6: Third party evaluations are conducted properly

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>40</td>
<td>80</td>
</tr>
<tr>
<td>Agree</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Not sure</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Disagree</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.4.6: Third party evaluations are conducted properly

The findings above show that 80% of respondents strongly agreed that third party evaluations are done properly, 16% of respondents agreed while 4% of respondents were not sure. There were no respondents who strongly disagreed or disagreed.

4.4.7 Price comparisons are conducted properly

The researcher analysed the feedback of respondents on whether price comparisons are conducted properly. The findings from the analysis were documented as shown in the table and figure below;
Table 4.4.7: Price comparisons are conducted properly

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Agree</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Not sure</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Disagree</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.4.7: Price comparisons are conducted properly

The findings above show that 50% of respondents strongly agreed that price comparisons are conducted properly, 24% of respondents agreed while 10% of respondents were not sure, 10% of respondents strongly disagree and 6% of respondents disagree.

4.4.8 Past performance evaluations are done properly

The researcher analysed the feedback of respondents on whether past performance evaluations are done properly. The findings from the analysis were documented as shown in the table and figure below;
Table 4.4.8: Past performance evaluations are done properly

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Agree</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Not sure</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

The findings above show that 70% of respondents strongly agreed that past performance evaluations are done properly, 16% of respondents agreed, 10% of respondents were not sure and 4% of respondents disagreed. There were no respondents who strongly disagreed.

4.4.9 Supplier visits are done properly

The researcher analysed the feedback of respondents on whether supplier visits are done properly. The findings from the analysis were documented as shown in the table and figure below;
Table 4.4.9: Supplier visits are done properly

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>80</td>
</tr>
<tr>
<td>Agree</td>
<td>16</td>
</tr>
<tr>
<td>Not sure</td>
<td>-</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

The findings above show that 80% of respondents strongly agreed that supplier visits are done properly, 16% of respondents agreed and 4% of respondents disagreed. There were no respondents who were not sure or who strongly disagreed.

4.4.10 Supplier selection decision is made properly

The researcher analysed the feedback of respondents on whether supplier selection decision is made properly. The findings from the analysis were documented as shown in the table and figure below:
Table 4.4.10: Supplier selection decision is made properly

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Agree</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>Not sure</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Disagree</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.4.10: Supplier selection decision is made properly

The findings above show that 24% of respondents strongly agreed that supplier selection decision is made properly, 44% of respondents agreed, 18% of respondents were not sure, 10% of respondents strongly disagreed and 4% of respondents disagreed.

4.4 Effectiveness of PES in supplier evaluation and selection
The researcher analysed the feedback of respondents on the effectiveness of PES in conducting the supplier evaluation and selection process. The findings from the analysis were documented as shown in the table and figure below:
Table 4.4: Effectiveness of PES in supplier evaluation and selection

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Effective</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Not sure</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Less effective</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Not effective</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.4: Effectiveness of PES in supplier evaluation and selection

Source: Study Findings, 2013

The findings above show that 36% of respondents had the opinion that PES are very effective in supplier evaluation and selection, 40% of respondents opined that PES is effective, 10% of respondents were not sure, 10% of respondents opined that PES is less effective and 4% of respondents opined that it is not effective.
4.5 Challenges facing PEs in supplier evaluation and selection

4.5.1 Political interference

The researcher analysed the feedback from respondents on whether political interference is among the challenges faced by PEs in supplier evaluation and selection. The feedback from respondents was documented as shown in the table and figure below:

Table 4.5.1: Political interference

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of respondents</td>
<td>38</td>
<td>26</td>
<td>10</td>
<td>18</td>
<td>8</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>38%</td>
<td>26%</td>
<td>10</td>
<td>18%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

Figure 4.5.1: Political interference

Source: Researcher’s Analysis (2013)

The findings above show that 38% of respondents strongly agree that political interference is among the challenges faced by PEs in conducting supplier evaluation and selection, 26% of respondents agree, 10% of respondents were not sure, 18% of respondents disagreed while 8% of respondents strongly disagreed.
4.5.2 Lack of awareness on procurement guidelines

The researcher analysed the feedback from respondents on whether lack of awareness on procurement guidelines is among the challenges faced by PEs in supplier evaluation and selection. The feedback from respondents was documented as shown in the table and figure below;

Table 4.5.2: Lack of awareness on procurement guidelines

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of respondents</td>
<td>4</td>
<td>10</td>
<td>16</td>
<td>16</td>
<td>54</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>4%</td>
<td>10%</td>
<td>16%</td>
<td>16%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

Figure 4.5.2: Lack of awareness on procurement guidelines

Source: Researcher’s Analysis (2013)

The findings above show that 4% of respondents strongly agree that lack of awareness on procurement guidelines is among the challenges faced by PEs in supplier evaluation and selection, 10% of respondents agree, 16% of respondents were not sure, 16% of respondents disagreed while 54% of respondents strongly disagreed.
4.5.3 Lack of competence among procurement officers

The researcher analysed the feedback from respondents on whether lack of competence among procurement officers is among the challenges faced by PEs in supplier evaluation and selection. The feedback from respondents was documented as shown in the table and figure below;

Table 4.5.3: Lack of competence among procurement officers

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of respondents</td>
<td>0</td>
<td>10</td>
<td>14</td>
<td>30</td>
<td>46</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>0%</td>
<td>10%</td>
<td>14%</td>
<td>30%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

The findings above show that 10% of respondents agree that lack of competence among procurement officers is among the challenges faced by PEs in conducting supplier evaluation and selection, in conducting supplier evaluation and selection, 14% of respondents were not sure, 22% of respondents disagreed while 46% of respondents strongly disagreed. These findings show that lack of competence is not among the challenges facing PEs.
4.5.4 Shortage of procurement staff
The researcher analysed the feedback from respondents on whether shortage of procurement staff is among the challenges faced by PEs in supplier evaluation and selection. The feedback from respondents was documented as shown in the table and figure below:

Table 4.5.4: Shortage of procurement staff

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of respondents</td>
<td>58</td>
<td>28</td>
<td>10</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>58%</td>
<td>28%</td>
<td>10%</td>
<td>4%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

Figure 4.5.4: Shortage of procurement staff

The findings above show that 58% of respondents agree that shortage of procurement staff is among the challenges faced by procurement staff in supplier evaluation and selection while 28% of respondents agree, 10% of respondents were not sure and 4% of respondents strongly disagreed. These findings show that shortage of staff is among the challenges faced by PES in conducting supplier evaluation and selection.
4.5.5 Corruption

The researcher analysed the feedback from respondents on whether corruption is among the challenges faced by PEs in conducting supplier evaluation and selection. The feedback from respondents was documented as shown in the table and figure below;

**Table 4.5.5: Corruption**

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of respondents</td>
<td>48</td>
<td>32</td>
<td>10</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>48%</td>
<td>32%</td>
<td>10%</td>
<td>10%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Researcher’s Analysis (2013)

**Figure 4.5.5: Corruption**

Source: Researcher’s Analysis (2013)

The findings above show that 48% of respondents agree that corruption is among the challenges faced by PEs in conducting supplier evaluation and selection, 28% of respondents agree, 10% of respondents were not sure and 4% of respondents strongly disagreed. These findings show that corruption is among the challenges faced by PES in conducting supplier evaluation and selection.
4.6 Testing of Relationship between Variables

4.6.1 Opening of tender documents is done properly

<table>
<thead>
<tr>
<th></th>
<th>VAR00001</th>
<th>VAR00002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.999**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.001</td>
</tr>
<tr>
<td>N</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.6.2 Analysis of tender documents is done properly

<table>
<thead>
<tr>
<th></th>
<th>VAR00001</th>
<th>VAR00002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>1.000**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.6.3 Pre-qualification is conducted properly

<table>
<thead>
<tr>
<th></th>
<th>VAR00001</th>
<th>VAR00002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.999**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.001</td>
</tr>
<tr>
<td>N</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.6.4 Financial analysis is conducted properly

<table>
<thead>
<tr>
<th></th>
<th>VAR00001</th>
<th>VAR00002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.988*</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.012</td>
</tr>
<tr>
<td>N</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).
4.6.5 Financial analysis is conducted properly

<table>
<thead>
<tr>
<th>CORRELATIONS</th>
<th>VAR00001</th>
<th>VAR00002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>1</td>
<td>.826</td>
</tr>
<tr>
<td><strong>Sig (2-tailed)</strong></td>
<td>.174</td>
<td>.174</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

4.6.6 Third party evaluations are conducted properly

<table>
<thead>
<tr>
<th>CORRELATIONS</th>
<th>VAR00001</th>
<th>VAR00002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>1</td>
<td>1.000***</td>
</tr>
<tr>
<td><strong>Sig (2-tailed)</strong></td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).

4.6.7 Capability analysis is conducted properly

<table>
<thead>
<tr>
<th>CORRELATIONS</th>
<th>VAR00001</th>
<th>VAR00002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>1</td>
<td>.669</td>
</tr>
<tr>
<td><strong>Sig (2-tailed)</strong></td>
<td>.</td>
<td>.331</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

4.6.8 Price comparison is done properly

<table>
<thead>
<tr>
<th>CORRELATIONS</th>
<th>VAR00001</th>
<th>VAR00002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>1</td>
<td>.986*</td>
</tr>
<tr>
<td><strong>Sig (2-tailed)</strong></td>
<td>.</td>
<td>.014</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.05 level (2-tailed).
4.6.9 Supplier selection decision is done properly

<table>
<thead>
<tr>
<th>Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAR00001</td>
</tr>
<tr>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

4.6.10 Past performance analysis is conducted properly

<table>
<thead>
<tr>
<th>Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAR00001</td>
</tr>
<tr>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

4.6.11 Ranking of variables based on correlation coefficient

<table>
<thead>
<tr>
<th>S/N</th>
<th>Type of supplier evaluation and selection</th>
<th>Correlation coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Analysis of tender documents is done properly</td>
<td>1.000</td>
</tr>
<tr>
<td>2</td>
<td>Third party evaluations are conducted properly</td>
<td>1.000</td>
</tr>
<tr>
<td>3</td>
<td>Opening of tender documents is done properly</td>
<td>0.999</td>
</tr>
<tr>
<td>4</td>
<td>Pre-qualification is conducted properly</td>
<td>0.999</td>
</tr>
<tr>
<td>5</td>
<td>Financial analysis is conducted properly</td>
<td>0.988</td>
</tr>
<tr>
<td>6</td>
<td>Price comparison is done properly</td>
<td>0.986</td>
</tr>
<tr>
<td>7</td>
<td>Financial analysis is conducted properly</td>
<td>0.826</td>
</tr>
<tr>
<td>8</td>
<td>Capability analysis is conducted properly</td>
<td>0.669</td>
</tr>
<tr>
<td>9</td>
<td>Capability analysis is done properly</td>
<td>0.542</td>
</tr>
<tr>
<td>10</td>
<td>Past performance analysis is done properly</td>
<td>0.181</td>
</tr>
</tbody>
</table>

As shown in the table above, the findings from the study show that almost all processes involved in the supplier evaluation and selection process done by PES are done properly with the exception of past performance analysis. These findings suggest that PES is effective in conducting the supplier evaluation and selection process.
CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter presents a summary of findings, conclusion and recommendations made by the researcher.

5.1 Summary of Findings
The findings of the study show that the procedures used by PEs to procure goods follows five procedures namely; opening of tender documents, analysis of tender documents, pre-qualifications of suppliers, financial analysis, capability analysis, price comparison, third party evaluations, past performance evaluations and supplier visits.

The study also found that the main criteria used by PEs to evaluate suppliers by level of significance include; supplier capability, value for money, quality, past performance of the suppliers, supplier reliability, financial capability, technology, price, timeframe for delivery of goods and services and whether or not the supplier is able to meet specifications.

The study also found that PEs are very effective in various areas of supplier evaluation and selection such as; analysis of tender documents, conducting third party evaluations, opening of tender documents, pre-qualification of suppliers, financial analysis of suppliers, price comparison, capability analysis and past performance evaluations.

However, the study established that there were various weaknesses associated with supplier evaluation and analysis among PEs. The weaknesses include; lack of awareness on procurement guidelines among suppliers, lack of competence among procurement officers, shortage of procurement staff within PEs and corruption in selection of suppliers which leads to selection of unqualified suppliers.

5.2 Conclusion
From the findings of the study, the researcher concludes that supplier evaluation and selection process done by PES are done properly with the exception of past performance analysis. These findings suggest that PES is effective in conducting the supplier evaluation
and selection process. However, there are many challenges faced by PEs in conducting supplier evaluation and selection such as corruption, shortage of staff and lack of awareness of procurement regulations.

5.3 Recommendations
To overcome these challenges, the researcher recommends the following measures to be taken by PEs;

- PEs, should consider suppliers who have demonstrated reliability by fulfilling its obligation of the contract despite any contingencies or emergencies that may arise.

- PEs should provide frequent training in form of seminars and workshops to staff members and suppliers so that they become aware of procurement regulation used by PEs.

- PEs should strive to establish good relationships with suppliers so as to share experience, exchange information and thus, build trust that is key for problem solving when emergencies arise.

- PEs should links up with suppliers for knowledge and assistance when problems occur. This will improve the effectiveness of PEs in evaluation and selection of suppliers and the food procurement process as a whole.

5.4 area for further studies
To address challenges faced by PEs in supplier selection and evaluation, the researcher recommends that more studies should be conducted on the challenges faced by PEs in supplier selection and evaluation. This will help researchers to come up with solutions to challenges faced by PEs in supplier evaluation and selection.
REFERENCES:


APPENDICES

APPENDIX IV: QUESTIONNAIRE TO RESPONDENTS

I am a student of the above named University, conducting a research work on the “Assessment of Effective of Supplier Evaluation and Selection in Public Procurement: Case study of Selected Procurement Entities (PEs). This is in partial fulfillment of award of Masters of Science degree in Supply Chain Management offered by Mzumbe University. Strict confidentiality of all Information is guaranteed as it will only be used for research purpose only.

Instruction: Please tick (√) as appropriate.

1. Age
   a. 20-25
   b. 26-30
   c. 31-35
   d. 36-40
   e. 41–above

2. Gender
   a. Male
   b. Female

3. Educational Qualification.
   a. Diploma
   b. Degree
   c. Postgraduate Diploma
   d. Masters

4. For how long have you been working for your PE?
   a. 0-2 years
   b. 3-4 years
   c. 5-6 years
   d. 7 years or more
5. What is your level of awareness on supplier evaluation and selection?
   a. Totally aware
   b. Partially aware
   c. Not aware

6. What are the supplier evaluation and selection?

   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

7. Have you received any form of training in procurement?
   a. Yes
   b. No

8. What is your level of awareness on supplier evaluation procedures used by Your PE?
   a. Totally aware
   b. Aware
   c. Partially aware
   d. Not aware

9. Which criteria are used by PEs to select and evaluate suppliers?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier reliability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial capability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier capability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value for money</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeframe</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
10. Are PEs effective in supplier evaluation and selection?

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening tender documents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analysis of tender documents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-qualification of suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third party evaluations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price comparison</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier visits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier selection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. Which of the following challenges faced by PEs?

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political interference</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of awareness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of competences</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shortage of staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corruption</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. What are the measures taken by your PE to overcome those challenges?

________________________________________________________________________

________________________________________________________________________

13. In your opinion, what measures should be taken by your PE to improve the supplier evaluation and selection process?

________________________________________________________________________

________________________________________________________________________

Thank you for participation.