

**FACTORS HINDERING THE ENROLMENT OF E-
PROCUREMENT IN PUBLIC PROCUREMENT IN TANZANIA.
A CASE OF MEDICAL STORE DEPARTMENT (MSD)
TANZANIA**

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PROCUREMENT IN PUBLIC PROCUREMENT IN TANZANIA.
A CASE OF MEDICAL STORE DEPARTMENT (MSD)
TANZANIA**

BY

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**A Research Proposal Submitted to Mzumbe University-Dar es salaam Campus
College in Partial Fulfilment of the Requirements for Award of the Masters of
Science in Procurement and Supply chain management of
Mzumbe University**

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a Research Report entitled: **“Factors Hindering the Enrolment Of E-Procurement in Public Procurement in Tanzania. The Case of Medical Store Department(MSD) Tanzania”** in Partial/fulfilment of the requirements for the Degree of Master of science in Procurement and Supply Chain Management of Mzumbe University.

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DEDICATION

I dedicate this work to my family, my wife Grace Hugo and my little baby Eberta who tolerated me by providing me ample time, financial support and conducive environment to enhance good preparations during my studies at Mzumbe. My parents Mr Adian Kaiza and Mrs Pelagia Mwiza for they played a good parental role for the achievement of my masters degree. My beloved brother Ansbert Rwehabula who assisted me a lot financially and with creative ideas to accomplish my work. A special dedication is to my twin brother Evodius Adrian who in one way another gives me courage to struggle for success through his prayers and ideas. Nevertheless all my brothers and sisters.

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LIST OF ABBREVIATIONS

B2B	Business to business
EDI	Electronic Data Interchange
ERP	Enterprise Resource planning
FTP	File transfer protocol
G2B	Goods to business
HTML	Hypertext mark up language
ICB	International competitive bidding
ICT	Information computer technology
JIT	Just In Time
MRO	Electronic maintenance repair haul
MSC	Masters of Science
MSD	Medical Stores Department
NCB	National competitive bidding
NGO's	Non Governmental Organizations
NIT	National institute of transport
PE	Procurement entities
PPA	Public Procurement Act
PPDA	Public Procurement and Disposal Assets
PPRA	Public Procurement Regulatory Authority
PSCM	Procurement and supply chain management
RFQ	Request for Quote
SI	Standard International
TPDF	Tanzania procurement development fund
VAN	Value added Networks
VFM	Value for Money
WWRE	Worldwide retail exchange
XML	Extensible mark up language

ABSTRACT

The study is about the assessment of the challenges facing the enrolment of E-Procurement in public sectors in Tanzania. With a case study of Medical Stores Department (MSDs). The study has the following specific objectives, to explore the perception of e-procurement in public sectors, to examine the e-procurement enrolment process in public sectors, to determine the contribution of e-procurement performance in public organizations.

The Research methodology concerned where the researcher applied systematic approaches in data collection. Both qualitative and quantitative were used to the 34 respondents from MSD. Closed and open ended questions were used where the collected data were coded and analyzed by using Statistical Package for social Science (SPSS) and Microsoft excel where table and figures were drawn.

Results of the analysis showed that, E – Procurement application in Public sectors is a very important aspect in achieving Value for Money and efficiency in Procurement activities. At MSD various initiatives such as adoption ERP system, use of Internet and E – Mail are measures to ensure effective implementation of E – Procurement. E – Procurement application in the organization of the study is not effective because it covers some parts such as generation of Procurement requisition, and generating Purchase order through EPICAR 9 system which is done within the organization and no access to the Supplier to view the Purchase orders.

It is recommended that, E - Procurement enrolment needs to be considered effectively by MSD so as to alter the reduction of unnecessary cost, risks associated with delays of delivery, Stock out, unequal opportunity to suppliers, and corruption as the results not realizing value for Money in Procurement. Organization should conduct every now and then training to all staff since it cuts across E – Procurement applications, and its importance to the organization so that employees will be capable of using E –Procurement tools. The organization in collaboration with the Government of the United Republic of Tanzania should have different sources of funds so as to ensure that the project is implemented.

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CHAPTER ONE

OVERVIEW OF THE STUDY

1.1 Introduction

This chapter has presented general information on the study; it has covered the background of the organization, background information to the problem, statement of the research problem, research objectives, and research questions, significance of the study and the organization of the study.

1.2 Background information to the research problem

Traditionally, procurement has been associated with a sequence of non value adding clerical activities, excessive time in order to process both internal and external, excessive cost and poor transactional activities. In other words traditional procurement has been proved to be ineffective (Lyson et al, 2006)

The world has been changing in different aspects that involve political changes, social changes, economic changes, and scientific changes; it has been also really influencing a lot of things so that the whole world moves in the same ways. Scientifically, the stress has been put on technology, meaning the computers, and now talks of digital all over the world.

The rapid growth of technology has contributed much on progress of all classification of industry. However, the procurement activities seem to be left behind in adapting the use of different electronic devices such as computers in all procedures especially in third world countries but it has been in advanced use with first and second world countries. Public sectors, organizations use e-procurement for contracts to achieve benefits such as increased efficiency and cost savings (faster and cheaper) in government procurement and improved transparency (to reduce corruption) in procurement services. E-procurement in the public sector has seen growing rapidly in recent years. Act 590 of Louisiana's 2008 Regular Legislative Session requires political subdivisions to make provisions for the receipt of electronic bids. (Louisiana, 2008)

Internationally, e-procurement in public sectors is emerging highly; hence, initiatives have been implemented in Singapore, UK, USA, Malaysia, Australia and European Union to accommodate it. E-procurement projects are often part of the country's larger e-Government efforts to better serve for her citizens and businesses in the digital economy. For example, Singapore's GeBIZ was implemented as one of the programs under its e-Government master plan (Louisiana, 2008)

Due to changes of technology in the world especially the use of electronic communication such as internet and wireless communication replacing the former systems whereby information is exchanged faster for a short period, Tanzania has also been influenced by the changes hence has started adopting electronic system of procurement in activities of the organizations, (Dave & Shaffrey, 2007)

Recent development in public procurement has become notable that the government has started taking steps to revive public procurement systems to improve efficiency in order to save the public expenditures (Mahanga, 2003)

These drastic electronic changes have stimulated the need for enrolment of electronic procurement in public procurement in Tanzania which is believed to enable centralization of all procurement reforms due to its potentialities in development of national economy by spending transparently and efficiently.

Previously before technology emerged, several procedures were adopted on acquisition of goods and services, work consultancy services and non-consultancy services normally were on paper bases which are an easy and simple to practice. The application of digital technology offers opportunities for improvements that public sectors cannot afford to ignore (Nganda, 2003)

Despite the benefits contributed by e-procurement applications which involve simplicity, speed and accuracy in all stages of procurement which includes tendering, designing, production and development of projects, ordering, requisitioning, stock management and payment. (Ishobeza, 2006)

However, e-procurement infrastructures in Tanzania are not supporting the current technological changes which are faster and costive to be applied to replace the former system while managing the risks which may arise since it requires radical change in business process and the attitude of people who operates the system, (Ishobeza, 2006)

E-procurement has challenges like, financial issues, technical and standardization issues, vertical and horizontal market integration, legal/Accountability issues, internal and external management challenges (Mark, A et al, 2003)

This has been for so long now hence it has been found to have numbers of setbacks. Since procurement has a great impact on the economy of any government and needs to be well managed. Public Procurement has a great impact on the economy of any government and needs to be well managed, as it involves over 70% of most of government expenditure. It has been estimated that financial activities of Public Procurement in all countries in the world are of the order of 10%-30% of GNP (Callender and Mathew, 2000).

Thus efficient handling of Public Procurement is always a challenge in many countries, especially developing ones with many developmental agendas yet to be executed, Mlinga (2007). Until not too long ago, the subject of Public Procurement received little attention by academic researchers and policy makers, as it was considered an administrative function too humdrum to worry about, (Wittig, 1999).

However, in response to both domestic and international pressures governments have recently undertaken important initiatives to make Public Procurement systems more efficient and transparent in line with international procurement guidelines (Kamau 2003).

There is a need to put more efforts on enrolling the best engines so that there will be the effectiveness in procurement processes. The only way to maintain transparency, good governance, and good conduct among the actors of procurement is to enrol the best engine which will eradicate doubts on public expenditures, and that is by adapting E-procurement.

E-procurement, also known as electronic purchasing or supplier exchange, is the business-to-business, business-to-consumer or business-to-government purchase and sale of products and services through the Internet and other information and networking systems. On the consumer level, this type of e-commerce includes such sites as Amazon and EBay: customers purchase physical or digital items through a website, which are then shipped or delivered appropriately. E-procurement systems can improve a company's or public's transactions and decision-making, manage assets, and optimize production operations (Kamau, 2003).

Typically, e-procurement websites allow qualified and registered users to look for buyers or sellers of goods and services. Depending on the approach, buyers or sellers may specify costs or invite bids. Transactions can be initiated and completed. Ongoing purchases may qualify customers for volume discounts or special offers. E-procurement software may make it possible to automate some buying and selling.

1.3 Statement of the research Problem

E-procurement is a modernized procurement application to different organizations by using automation system within the organization to worldwide supplier involvement by using electronic data interchange (EDI) system whereby internet website and wireless communications are applied (Dave & Cheffey, (2007). E-procurement saves time and costs such tendering cost and time taken to get the supplier is reduced. (Turban et al, 2000)

Despite that, the government is trying to set strategies to stabilize the economy by eradicating all sources of wastes which would create a conducive situation towards achievement of value for money strategy as a result of a clear flow of supply chain activities enhanced by a proper flow of goods and services. Several good conducts of e-procurement have not been in place hence causing a lot of doubts to players. These doubts involve lack of open competition, accountability, effectiveness, transparency, equal opportunity to suppliers and elements of corruption. Hence, the researcher is examining the challenges towards the enrolment of E-procurement in public procurement that would provide a special cure of the wasted value for money in the government expenditures.

1.4 Objectives of the study

1.4.1 General objective.

The objective of the study is to assess the challenges facing the implementation of E-Procurement in public procurement in Tanzania.

1.4.2 Specific objectives

- i. To explore of the perception on e-procurement in public procurement
- ii. To examine the e-procurement enrolment process in public sectors
- iii. To determine the contribution of e-procurement to performance in public organizations

1.5 Research questions

1.5.1 General question

The general research question concerns the factors influencing the challenges facing the implementation of e-procurement in public procurement in Tanzania.

1.5.2 Specific questions.

- i. What are the perceptions regarding e-procurement in the public sector?
- ii. What is the e-procurement enrolment process in the public sector?
- iii. What is the contribution of e-procurement to the organizational performance?

1.6. Scope of the study

The study was administered in Dar es Salaam at the Headquarters of (MSD) Medical Stores Department. The scope of this research study was limited to the organization concerned constituting the case study. However the research interrogated the members working with the organization thereby named. The researcher tried the best to approach Procurement Managers in Pharmaceutical, in order to find out how Customer Services are and other staffs, further more the researcher tried to find out how technical is the board on overcoming all the setbacks of e-procurement.

1.7 Significance of the study.

The most fundamental importance of this study, as explained in the research objectives, was to address the challenges facing the enrolment of e-procurement in public procurement in Tanzania

Achievement of the study on efficient enrolment of e-procurement in Public Procurement in Tanzania would give a clear scenario which would assist both the public procurement department and all other relevant stakeholders, thereof to get the insights of the problem and more specifically those pertaining to the Public Procurement in Tanzania. Moreover, it was hereby hoped that the findings will, thereby, help the relevant authorities to take necessary actions, where possible, to rectify the problem.

- The researcher gained confidence to conducting other research studies independently at his working place so as to solve long and short term problems.
- The study helped the researcher to add a lot of knowledge on how to conduct a research.
- The finding of the study had provided ways for further investigation that are useful for other researchers. Not only that but also the accomplishment of the research had been accompanied with other several benefits as it was
- The research findings enabled the searchers for plans on e-procurement policy formulation on public procurement
- The research findings have triggered the need for the government to formulate the policy that will enable the enrolment of e-procurement in public sector. This has insisted that, the enrolment of e-procurement enables transparency, accountability, trustworthy, shortens the lead time; eliminate wastes and other analyzed benefits in the report.

1.8 Limitations

Due to the research being a vital study, there are expected setbacks which will in one way another make it move slowly. These include:

- Time may be limited depending on several reasons like interviewees prolonging meeting dates and hours.

- Inadequate funds for stationeries, transport, payments for some rigid people on providing information, meals etc.
- Attitudes towards giving proper and true information by the staff due to lack of information and failure to involve in findings. This also affects the smoothness in conducting the research because of lacking cooperation.

1.9 Delimitations

For the best of the researcher's study, the researcher did the best to ensure that every planned issue has been worked upon. Some limitations such as delays from respondents had been eliminated through making himself a part and parcel of the problem in case of peoples negligence to provide information. Although there were some delimitation which really failed to get solutions. For examples: Some respondents refused to submit their questionnaires and some refused to settle for interviews.

The researcher started the program as early as possible to avoid rushing during the deadlines since working on deadlines is too expensive and tiresome. Although several circumstances made it so difficult to be achieved on time.

For the case of funds, the researcher wrote to several NGOs to ask for at least minor assistance to cover some important expenses but unfortunately nothing was given from those NGOs and organizations. Hence the researcher had to find his own sources including his monthly salaries and his petty businesses income to cover all expenses.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction:

This chapter set a basic framework for the study that gave a general review on the background of the organization, some theoretical literature and empirical literature pertaining to efficiency Public Procurement. The chapter introduced some important terms and concepts confined to the topic of enrolment of e-procurement in Public Procurement that, if understood clearly, would facilitate general understanding of the essence of e-procurement in Public Procurement process and its impacts to socio-economic activities of the Tanzania society at large. Furthermore, it established a simple defined conceptual framework that guided the discussion throughout this work.

2.1 Theoretical Literature review

2.1.1 Theory organization

Procurement being an acquisition process has been named in differently. In manufacturing, the process is typically called purchasing. In government circles it has been traditionally referred to as procurement. In retailing and wholesaling and buying is the widely used term. In many circles the process is referred as in-bound logistics. Although there are variations on acquisition situations, the term procurement is used to include all types of purchasing. (Bowar et al, 1993)

Furthermore, procurement is defined as buying, purchasing, renting, leasing or otherwise acquiring any goods, works or services by procuring entities spending public funds in a ministry, department or regional administration of the government or public body and includes all functions that pertain to the obtaining of any goods, works or services, including description of requirements. Selection and invitation of tenders and preparation award of tenders of contracts. (PPRA, 2004)

E-sourcing.

This is a term connected within e-commerce that covers electronic methods of finding of new suppliers and establishing electronic contract process. They include e-

tendering which is the use of internet enabled applications and decision support tools that facilitate competitive and collaborative interactions, reverse auctions and other related, (Kotler, 1998)

E-procurement has been preferred by several organizations due to its importance in serving costs. As for example several articles have been raised by different sections to approve the claim. A report from e-Net revealed that 70 percent of companies in the finance and retail sectors used the Internet for some purchases. The adoption rate was much less among manufacturers, where only 17 percent used formal e-procurement systems. Besides varying from industry to industry, different companies use different blends of traditional and electronic procurement methods and individual e-procurement systems themselves may incorporate traditional capabilities like telephone or fax.

E-procurement is done with a software application that includes features for supplier management and complex auctions. An e-procurement system manages tenders through a web site. This can be accessed anywhere globally and has greatly improved the accessibility of tenders responsible for purchase, lease or other legal means of acquisition of the right goods works and services (consultancy, training etc) required to satisfy certain needs, at the right time from the right supplier or service provider, in the right quantities and at the right price (Sumbana, 2004).

Elements of E-procurement

As it is given that every activity never stands in as a single embedded organ, there must be elements into which a particular system or activity revolve for better operations. Likewise GovWin, (2010) presents E-procurement as a system and an activity consisting of the following general elements:

ERP

This refers to as Enterprise Resource Planning. It is a web-based enterprise resource planning. It exists for the sake of creating, approving, purchasing, requisitions and placing purchase orders and receiving goods and services by using a software system based on Internet technology. Therefore this seeks for what is to be done and what is required by the concerned operating body.

E-MRO

This is an acronym for Electronic Maintenance, Repair and Overhaul. This doesn't play far away from the web-based ERP, they are less alike but goods and services ordered are non-product-related as the long form of the term entails.

E-Sourcing.

It is elongated as electronic sourcing. This performs the function of Identifying new suppliers for a specific category of purchasing requirements using Internet technology

E-tendering.

As we noted previously that e-procurement does its all activities electronically, thus the use of internet plays a big role to facilitate tenders. Through that, electronic tendering sends requests for information and prices to suppliers and receiving the responses of suppliers using Internet technology. With that both the buyer side and the seller side must have the access to internet.

E-reverse auctioning.

Electronic Reverse Auction refers to as the process in which the buyer places an item for bid (tender) on a request for quote (RFQ) system, potential suppliers bid on the job, with the price reducing sequentially, and the lowest bid wins; used mainly in business to business (B2B) and goods to business (G2B) e-commerce

This simply means the use Internet technology to buy goods and services from a number of known or unknown suppliers

E-informing.

As it is well known that, information is power, and as far as electronic procurement is concerned, it embraces electronic informing for gathering and distributing purchasing information from internal and external parties using Internet technology. (GovWin, 2010)

E-procurement,

Different writers in different ways as e-procurement being the business-to-business or business-to-consumer or business-to-government purchase and sale of supplies,

work, and services through the Internet as well as other information and networking systems, such as electronic data interchange and enterprise source planning. (SaaS, 2007)

Moreover, e-procurement refers to as the use of electronic methods in every stage of buying process from identification of requirement to payment process for required services. (Jessop et al, 2008)

E-Procurement

Refers to the automation of any part of the procurement to payment process with electronic tools.

E-procurement

Purchasing via internet software. As procurement proper planning is an essential element of a good procurement, the initial step in procurement planning is determination of what is needed, how much, where and when.

Procurement as a mother player it requires to undergo revolution. This involves the process of “buying, purchasing, renting, leasing or otherwise acquiring any goods, works or services by procuring Entity by spending public funds on behalf of a ministry, department or regional administration of the government or public or services, including description of requirements, selection and invitation of tenders, preparation and award of contract.”

E-procurement is done with a software application that includes features for supplier management and complex auctions. The new generation of e-Procurement is now on-demand.

The e-procurement value chain consists of indent management, tendering, auctioning, vendor management, catalogue management, and contract management Indent management is the workflow involved in the preparation of tenders. This part of the value chain is optional, with individual procuring departments defining their indenting process. In works procurement, administrative approval and technical

sanction are obtained in electronic format. In goods procurement, indent generation activity is done online. The end result of the stage is taken as inputs for issuing the NIT

E-Procurement

Refers to the automation of any part of the procurement to payment process with electronic tools. This is an online application of information technology and infrastructure to the management, processing, evaluation, and reporting of procurement, (GovWin, 2010)

E-business

Refers to the use of digital technology and the internet to execute major business process in the enterprise, (Laundon, 2006)

EDI

Direct computer transmission of inter-organizational transactions including purchase orders, shipping notices debit or credit memos. Stevenson, (2005)

Computerization is a process of overhauling fully or partially the manual system into computer system, (Ringo, 2005)

E-mail

Method of sending and receiving electronic messages and documents between individuals and organizations, (Chaffey, 2007)

Internet

Refers to as a connection between millions of connected computers worldwide, (Chaffey, 2007)

Website

Refers to a common technique for publishing information on the internet, (Chaffey, 2007)

E-commerce

An element of e-procurement which is a general term for buying and selling process that is supported by electronic means. It is a term for electronic business transaction

between companies and their customers that are wholly or partially conducted over the internet or similar public or private computer networks. At times, internet marketing, such as e-mail advertising for example is included in e-commerce, (Kotler, 1998)

2.1.2 The review of Public Procurement in Tanzania

Public procurement is about procuring a work, product or services at the best value compared to the required quality using public funds. The core of public procurement is to get economic value of taxpayers' money through a competitive tendering process. It is meant to be an instrument of safeguarding a fair transparent and efficient purchasing procedure. Good public procurement can be used as a tool by the government to achieve economic growth, as well as certain socio-economic objectives. An effective procurement system will permit government to deliver the quality of services demanded by its voters in accordance with reconstruction and development program principles and other policy objectives, (Benedict, 2007).

Public procurement in Tanzania is governed by the Public Procurement Act No.21 of 2004 and its regulations of 2005. The Act gives a legal framework for carrying out procurement using public funds. The fundamental principle is to obtain competitive prices through open competition process which is transparent and non-discriminatory amongst bidders. It is worth noting that unlike private procurement, public procurement is a business process within a political system and therefore, requires significant consideration of integrity, accountability, national interest and effectiveness. The overall objective of public procurement is therefore to provide value for money to the Government by ensuring that public funds are spent in a transparent, efficient and fair manner.

According to Section 58(2) of Public Procurement Act No. 21 of 2004, all procurement and disposal of public assets shall be conducted in a manner to maximize competition, achieve Economy, Efficiency, Transparency and Value for Money in Procurement. One way of achieving economy and value for money is through reducing procurement transaction costs by applying effective methods of Procurement as stipulated above. For these reductions of wastes to take place.

The aim of procurement in any organization notably public organizations are to ensure that goods or services procured are of right quantity, right quality, from a right supplier, right price, and at right time. For that case transparency is the engine which can only bring about this achievement and this can be enabled by e-procurement on which all players are capable of accessing. (PPRA, 2004)

Since that revolution has emerged, all systems seem to work effectively due to speeding engines that have come parallel with scientific revolution. Hence “Today a computer based system for handling purchasing activities is a necessity” (Emmelhainz, 1992).

A computer is in effect a huge file, a super fast calculating machine, and a printer rolled into one. It stores basic data in its memory and translates the data for procurement actions, (Heinntz et al, 1991). These authors emphasize the need for Electronic tools for procurement proceedings. This is the application of ICT in public procurement as a basic tool for purchasing.

A computer application in procuring entities has resulted into different forms of electronic procurement such as:

2.2.3 E-procurement application:

E-procurement can be applied in several areas through its basic tools which is a computer. These involve; Maintenance of inventory records, computation of order quantities, and preparation of purchase requisitions for inventory items, preparation of request for quotation, preparation of purchase orders, maintenance of order status records, distribution of accounting charges, automatic preparation of follow-up memos, posting of deliveries and quality records- by part and by supplier, preparation of numerous operating reports for management, provision of decision support system information, auditing of invoices and preparation of cheques for payment, electronic data interchange communications,(Dobler,1996)

2.2.3.1 E-procurement application tools

Leenders, (2006) suggests that, it is not an easy task, to decide which of the many tools will best serve the organization's purposes, especially when technology is changing rapidly. He suggests some of important tools for adopting ICT such software, machines, fax/modem, e-mail, and voice mail. His comments are on:

Software: to operate the computer, two types of software are needed. First is the system software which is a group of programs provided by the computer manufacturer that runs the computer-parts and makes the components work together. They perform the activities such as copy information from one storage disk to another and cause the printer to work. It is very adequate for the tasks at hand.

Application software: This is another software having programs that manipulate data for a specific purpose, such as maintaining the open order file or taking supplier performance statistics and formatting them into a supplier performance evaluation analysis and report. There are a number of off- the shelf purchasing software packages available. the software is constantly changing and improving, and the published guides top to programs appear frequently. These software programs may be designed for the exclusive use of supply or they may be a module in an enterprise resource planning system designed to link together all of an organization's business, (Leanders, 2006)

Fax/modem. The computer fax/modem card allows the user rapid transfer data, graphics and images using the computer and conventional telephone line. This can be used by purchasers for the conventional receipt and transmission of data files that can be downloaded and manipulated in spreadsheets or word processors without re-keying the data as required by conventional fax machines. Fax/modem are more cost-effective than fax machines because of the faster rates of data transmission, (Leanders, 2006)

Electronic mail (mail). E-mail allows users to transmit messages back and forth within the organization and to external parties. E-mail can be used to communicate with supplier, and, in some cases, is a means for suppliers to access and respond to requests for proposals (RFPs) (1uiders, 2006)

Bar coding.

A bar code is a series of parallel rectangular bar and spaces arranged in a predetermined pattern to encode letters, numbers, and special characters. An optical character recognition device, or scanner, “read” the information by passing a light beam across the bar code, sensing the width of the bars and transmitting the information into computer, where it is decoded. Bar code information can include a wide array of data, such as product codes, date, location and other identification data. Bar coding, or automatic identification systems replaces data key entry with automatic data capture at the point of transaction and direct transmission to a computer or storage device. In supply, bar coding is particularly useful in receiving inbound materials and order generation. The benefits in receiving are, quick and accurate data entry, faster checking and clearing of shipments. Automatic tracking of shipments throughout the system is simplified and the receiving dock operates in a just-in-time (JIT) mode,(Leenders, 2006)

2.2.4 E-procurement setbacks /handicaps

i. Financial matters

With funding being a common problem, the exclusive approach is not being widely adopted. Many state governments rely on private companies’ participation and private resources in developing the technical system and supporting a financial arrangement in which the private companies later recoup their investment by charging various fees. E-procurement system driven by private business could be corrupted when those private interests lack appropriate accountability mechanism. But state government must continue to pay carefully attention to the nature of funding mechanism for e-procurement systems. a promising alternative rather than an instant panacea, e-procurement leaves state governments facing many technical, financial, legal and managerial challenges. (Mark A. et al, 2003).

ii. Legal and or accountability

There have been legal challenges with respect to digital signatures; state government should have an appropriate legal arrangement that specifies when the digital signature is accepted as a legally binding signature for procurement documents. For instant purchasing cards have been abused by many public officials who use them for

appropriate purposes, state government needs strong accountability mechanisms to reduce the possibilities of the e-procurement systems, (Mark, A. et al, 2003)

iii. Vertical and horizontal market integration

Initiatives of collaboration for e-procurement market integration that several state governments have undertaken have failed to succeed. They face technical and managerial difficulties, and many local governments are not equipped with either the necessary technical capabilities or the e-procurement officers. State that not acquired tangible benefits of horizontally integrated e-procurement systems partially because the potential for gaining efficiencies and reducing costs through broad supplier adoption are outweighed by the costs and risks involved. (Mark A. et al, 2003)

iv. Technical and standardization issues

The system is lacking technical capacity which is a major obstacle towards the enrolment of e-procurement and other e-government initiatives. Procurement officers need such specialized technical skills as managing electronic ordering; internet based bidding, reverse auction, digital signatures, and purchasing cards and automated procurement systems. Managing e-procurement demands a comprehensive range of skills because the automated procurement system is often linked to budgeting and accounting systems, (Mark A. et al, 2003)

V. Internal and external managerial setbacks

Internally, the state is required to develop and govern according to policies that offer comprehensive institutional outlines for e-procurement decision and processes, institute clear procedures and functions as well and develop closer more strategic relationships with vendors. Externally state government needs to communicate with vendor to update procurement items and prices to negotiate for better options and prices, (Mark A. et al, 2003)

As Andy Gueritz's (2010) also comments on handicap as e-procurement seems to be the best way of improving purchasing not only in public sector but also in private sector. Players need to abide all the rules set to govern e-procurement so that they may overcome all disappointments that might be caused by lack of proper e-

procurement handling. Such disappointments may be caused by the following matters which need to be taken care of earlier. These accrue:

- Human or system errors in orders
- Software and systems that don't meet companies' needs
- Lack of vendor support for e-commerce
- Generation and maintenance of product information
- Inadequate search capabilities
- Tendency to use one e-procurement system or process (e.g., reverse auctions) for all areas
- The need for internal culture change so employees will use the new system
- Training costs
- Potential change in suppliers or available goods

2.2.5 The strength involved in e-procurement

Several writers have presented their views pertaining to e-procurement benefits.

Leenders et al (2006) have analyzed benefits a particular body can accrue. These are:

- Improved information accuracy can be achieved by replacing manual systems with automation. The benefits can include lower inventories, reduced stock outs, lower expediting costs and improved customer satisfaction.
- Cost reduction and efficient gains can be achieved by streamlining the purchasing process and freeing up supply staff to do more value adding tasks. Sectors that have automated purchasing process reduce transaction costs by reducing number offices people touching the process and reducing cycle time from need recognition to receipt of good services
- Effective and speedy communication with suppliers. This has improved supply chain to become effective and efficient especially when dealing with international suppliers faster turnaround times can lead to increased market share and lower inventories.

Perfect integration systems with other departments, customers and suppliers which can provide accurate information on timely basis to assist on decision making in the area of production planning and material requirement planning.

Laudon, (2004) argues that, ICT has been progressively replacing manual work procedures with automated work procedures, work flow and work processes. Electronic work flows have reduced paper and manual routine of companies. Improved workflows have enabled many corporations not only to cut cost significantly but also to improve customer service at the same time.

According to Andy Gueritz's (2010) "Understanding the benefits of e-Procurement offers the following benefits":

- Improved management information across all areas of purchasing
- Instant access to catalogs and products
- Improved transparency and interoperability
- Standardized and streamlined purchasing practices
- Budget visibility and control
- Supplier bills paid on time
- Reduction in paperwork and duplicated records
- Centrally-managed contracts
- Faster procurement
- Improved methods of spending and performance measurement and analysis
- Lower overhead and marketing costs for vendors

2.2.6 Improper use of e-procurement

Computers may cost organization and companies tens of billions of dollars a year in downtime, maintenance and training cost, useless game playing and information overload. Furthermore, employees may look busy, as they stare in the screen with brows crinkled, but sometimes they are just hard at work playing quake or browsing online malls (forcing corporate mail rooms to cope with deluge of privately ordered parcels) or looking at their investments or phonographs. (Williams et al 2005)

The following are to be done as intervention on legal framework to enable the enrolment of e-procurement in public procurement.

Mambi, (2009) presents several issues under legal framework which needs special attention to create good environment for e-procurement:

- The rules application to communication, storage of data, use of specific procedures like e-contract, e-tendering, e-auction, e-bidding, dynamic purchasing system, open, restricted procedures, notification about the tender, publication about the tender, management of receipt/submission and ordering.
- The methods for procurement that can be applied electronically using alternatives to the paper based transaction must be given legal recognition and given the same status with paper based procurement methods. The proposed laws need to provide for legal recognition of both e-procurement methods and paper based methods of transaction in dealing between the government and the public.
- In order to facilitate the use of e-procurement in Tanzania, the current legal framework on public procurement such as the public procurement act and regulations will have to be amended. This is due to the fact that e-procurement will require the use of information and communication technologies that will require certain requirements to be given legal validity and certainty under the legislation.
- The key legal issues arising from the use of cyber such as electronic signatures-contract, e-documents, e-payments, e-taxation, cyber security among others will require legal support to be given legal recognition, validity, certainty and functional equivalence with paper based methods of transaction.

2.2.7 Legal framework and e-procurement in Tanzania

The current legal framework such as Public Procurement Act, 2004 and regulations made thereby including other business laws were made to suit the procurement methods and process under paper based transaction methods. The laws do not give room on the use e-procurement methods and process. The common legal requirement features under the current legal system that will not suit the e-procurement system

include the following legal requirement writings, signature, original document records and rendition of documents. (Section 56 PPA) manual filling system, formation of contract, methods of procurement, advertisement and publication in government gazette, (PPRA, 2004)

The introduction of e-procurement system in Tanzania is part of e-government implementation. This new system which involves the use of ICT will among others enable suppliers to sell goods and services to the government through the internet. There is no doubt for government through the public procurement Authority can facilitate the implementation of e-procurement which is part of the e-commerce and e-government which cannot avoid considering the current policy and legal environment, (Mambi, 2009)

2.3 Empirical Studies

2.3.1 Empirical Studies (Abroad case)

Review of empirical studies determines clearly studies that have been done by other Researchers and see their recommendations for further research or with the view to making adjustment of the research topic to be studied.

The synchronization in a value system require sophisticated information system to faster real-time in information processing and sharing coordination and decision making by the entry supply chain. This research will show the need for electronic i.e. ICT to sophisticate the information system in the procurement process since procurement is within supply chain, (Kopezak et al 2003)

Furthermore, internet technology is then conceived as enabling tool for effective e-procurement through availability of timely information. Information transfer via internet facilities more interactive partnership in malt-directions as opposed to the traditionally e linear movement of information within a supply chain (Boyson et al, 2003).

Another case was taken from Australia by researchers where they revealed that, despite being a developed country, Australia's 10% of her business personnel are

conducting their business through some form of E-procurement systems, (Stein & Hawkings, 2004)

At the moment there has been little evidence on the realization of e-procurement benefits, since it is difficult to measure the impact. The success in the context e-procurement is different from other contexts and therefore requires a unique measure which is not yet available many organizations are not encouraged to adopt e-procurement systems as it requires significant investment to replace existing technologies, (Stein & Hawkings, 2004)

Adrian Done,(2006) a doctor fellow at the London Business School led the analysis of the results which state as ‘we can see the emergence of two groups of companies, one takes a rather conservative traditional bookkeeper approach while others are more bullish in their enthusiasm for innovation. “The bookkeepers are lagging because they don’t have strategic drive to know where they are going or how to get there” hence the 2006 Global Spend Agenda procurement is leaving billions of pounds on the table each year by failing to identify opportunities for saving due to lack of enthusiasm for innovation and aggressive cost reduction targets.

2.3 2 Empirical Studies in Tanzania

The Medical Stores Department (MSD), serving the nation's healthcare needs was created by an act of Parliament No. 13 of 1993 with the express objective of furnishing to the nation good quality drugs and medical equipment at accessible prices, made available through approved government and non-government agencies throughout Tanzania.

MSD is an autonomous department of the Ministry Of Health and operates on commercial basis, being responsible for its own self sustenance financially. Its Mission is to “ensure timely availability of quality medical products all the times to various health facilities in Tanzania at affordable prices” and the Vision is to ‘provide quality medical services closer to people’. The role of MSD includes procurement, storage and distribution of medical supplies to government health facilities including Referral, Regional, District hospitals and public Health centres

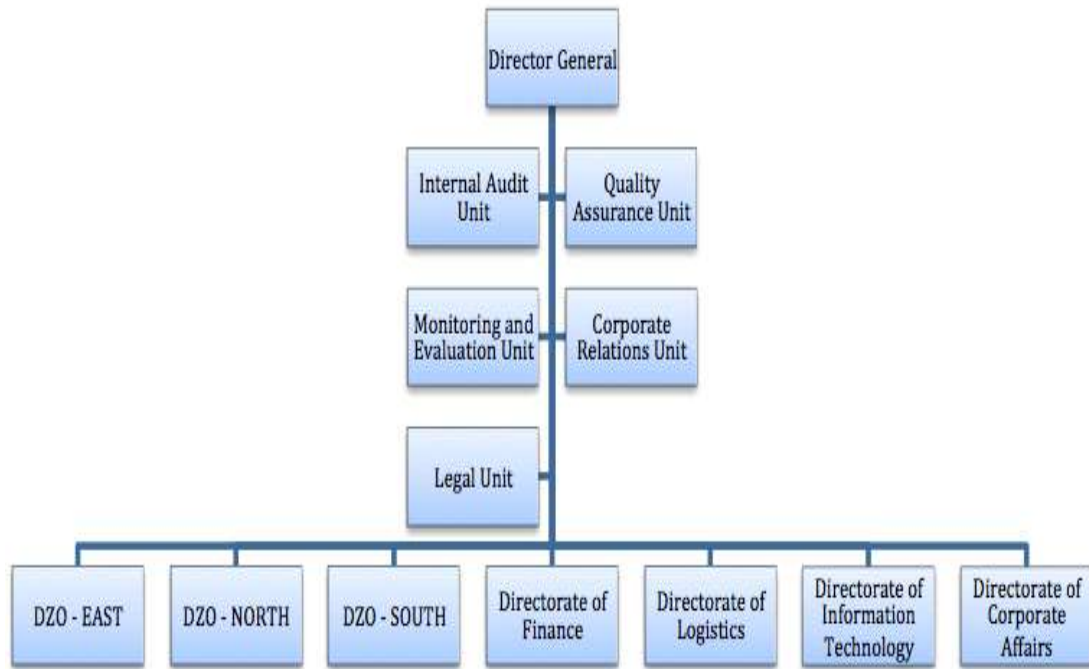
and Dispensaries. It also provides such medical goods to Missions and Charitable health facilities approved by Ministry of Health and Social Welfare (MoH&SW) in Tanzania.

Apart from performing the mentioned three core functions, MSD also provides other services on behalf of the MOH including clearing, warehousing and distributing healthcare products donated or purchased by other National and International organizations like UNICEF, JICA, DANIDA EPI, TARCAIDS and others which donate through MoH&SW.

MSD management reports to a board of trustees (BoT) composed of eminent public servants, medical professionals and business persons, who provide guidance and oversight to MSD operations. MSD's commercial operations provide funds sufficient for the maintenance and growth of the department without drawing upon outside resources. Thus, management works on the strictest principles regarding cost analysis, cost effective operations and transparency. Integrity is of the highest important issue. MSD relies on Internal auditing as well as external audit procedures to validate all financial operations.

Medical Stores Department is organized in various directorates that execute different roles in the Departments namely; Director General, Directorate of Corporate Affairs, Directorate of Finance, Directorate of Information Technology, Directorate of Logistics, Directorate of Zonal Operations (DZO) –East, Directorate of Zonal Operations (DZO)-North, Directorate of Zonal Operations (DZO)- South.

Figure. 1: MSD organization structure



Source: MSD Organization structure

Ridhiwan (2009) in the study on “Impact of ICT in managing inventories through supply chain in business organization” a case of By trade Tanzania LTD reveals that, data related to inventories are not entered in time in the system of information from warehousing department with other departments. Also, data entered are not accurate due to late recording and little computer knowledge of the personnel in the warehousing offices and also, no direct entering of inventories warehousing data which was supposed to be done by the warehousing officer.

He also concluded that ICT needs accurate data transfer from the star to the end without any delay on the routine operation. Furthermore, he argued that, business organizations like By trade Tanzania LTD, needs both modern and traditional technologies because they have suppliers who need modern technology in order to work in an effective and efficient manner. But at the same time, business organizations need traditional technology in doing similar operations. He recommended that. Data should be entered in the warehouse and make sure that all employees are having computer knowledge. He concludes that, By Trade Tanzania LTD should install modern technology in all warehouse locations.

Severine, (2007) on his article of value for money, recommends that electronic procurement will be difficult to implement. On his study he indicates that Tanzanian public infrastructures cannot absorb the current technological changes in the sense that computer hardware insufficiency, most of them are not networked, no software that are needed in performing such operations, suppliers capacity insufficient in terms of computer knowledge, inventories are not electrified, poor electronic contract management all these put state not enjoy the flavour of computerized procurement.

Tesha,(2006) argues that “Now days, purchasing and supplies as flourished in terms of skills techniques and its end products and enabling factor is ICT. He added that, a study had revealed that ICT is not the barrier at all the procurement and supplies practitioner rather it simplifies work as to increase efficiency and accuracy, not only specialists need to spend many hours in planning and developing the system and the software involved in supply chain management, but the attitude of those are to use the system need to be carefully considered. Decision based on an up-to-date picture of a situation and awareness of alternative response and their likely consequences (opacity)

Kamihanda (1993) in his study titled “The role of Computer technology in materials management states the very limited extent of Computer use in Tanzania before today’s obvious Endeavour by almost every institution has gone to Computer. Material management had already made its way on the list of the computerized function in some of the few entities that had computer then. This was true for example with TANESCO, MWADUI DIAMOND MINES and others. True in some of those who put a certain amount of material management on computer, there were hitches in some instance sever.

Nevertheless the need was evidently seen. He adds that, having admitted that computer technology is still generally very green in Tanzania, to the candidacy of material management for computerization one is bound to look at countries were computer. Sanga (2009) in the study on “Assessment of benefit of electronic procurement in government department a case of MSD in Tanzania argues that, e-procurement increases efficiencies, reduces wastes and saves money. He

recommended that, special steps must be taken to effectively implement the system and it avoids the types of problems that can hinder the successful adoption of e-procurement system.

Chungu, (2006), wrote on her report that most of central government MDA's, offices are relatively weak in computerized procurement related functions. She reveals that even though many junior staffs respond to computerized system in their operations, but respondents from senior and management staff proved that there is no high need for computerization of the procurement processes. The report emphasized the government to see a need for training more personnel in the field of IT so as to enable them to advice in technologies.

"First of all I can say, we are ready to embark on E-Procurement as a country. E-Procurement improves procurement activities. Therefore it should be encouraged and promoted. By looking at the benefits brought about it is evident that e-procurement does not only make life convenient but more importantly makes business profitable by cutting down costs and saving time. Proper e-procurement project planning is required taking into account the identified critical success factors before embarking on the initiative. Equally important is the realization of barriers to e-procurement. It is important to know before, the challenges one may reasonably expect to encounter and design countermeasures to diffuse them".(GadielCM, 2009)

GadielCM, (2009), agrees of being ready to embark on E-procurement with the doubts on the system itself not supporting and allowing the overall system to embark on, "like what we want to use the system of procurement of common use items by GPSA while don't consider the geographical and country allocation infrastructure"

He continues by saying, "First, when you preach e-procurement, e-commerce, and e-business you are talking about the consumer to consumer business (C2C), Customer to Business (C2B) and Business to Business (B2B). To elaborate this, its need another ample time in this forum. All these subject matter based on electronic business concept which need the good support in a large extent of its operations".

However, we know sure that, ICT needs stable infrastructure, like reliable power, while we know sure that our power country wise is unstable, so how can you preach e-procurement, e-commerce, e-business in the system which its power to generate and support the preached system is unreliable?. How can you preach the system while is based in few regions leaving the majority in unreliable infrastructure to support for what we preach to have e-procurement?

Mean while we are thinking of e-procurement, is when other districts, regions don't have megawatts and reliable electricity to support ICT, so how can we embark on e-procurement even if we as stakeholders we are ready to adopt the system?, how can we embark on e-procurement if the reliability of electricity is not more than 6 hours on working days, in which we can use e-procurement due to so called "Mgao wa Umeme" to support the system even if we as procurement practitioners are ready to adopt the system?.

2.4 Conceptual framework (Conceptual model)

The adoption of E-Procurement increases efficiency and effectiveness in the procurement proceedings. The effective adoption of E- Procurement is affected by both internal and external business environment. It should be noted that among other things, affective adoption of E-Procurement in Local Government Authorities is the function of different variable such as legal framework of the country, skills of practitioners, training as well as the availability of necessary tools among other factors. All these factors have direct impact on the adoption of E-Procurement but also they affect directly both efficiency and effectiveness of Public Procurement.

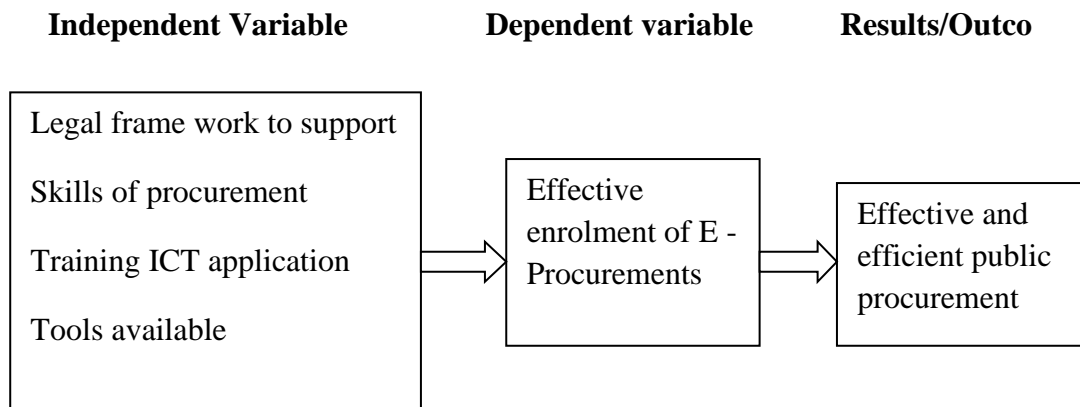


Figure 2: Conceptual Framework

2.5 Hypothesis of the study

This is the prediction statement capable of being tested by scientific methods. It expresses the probable relationship between the variables being independent and dependent variables. The researcher will formulate the hypothesis and test them by the use of qualitative approach

2.6 The summary of the reviewed literature

The research results reviewed, seemed to have dedicated more time in showing a wide range on the opportunity available on enrolling e-procurement in public procurement in Tanzania. Hence it is time then for all parties to see the big picture pertaining to the enrolment of e-procurement.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodology employed in conducting the study. The chapter described the area of study, the research design and approach used in conducting the study. The chapter also described the population of the study, reasons for sampling procedure used and furthermore, the chapter described the methods being employed in data collection, methods of data analysis and presentation of study findings.

3.2 Research Design

Krishnaswani and Ranganathan (2007) defined research design as a logical and systematic plan prepared for directing a research study. It specifies the objectives of the study, and techniques to be adopted for achieving the objectives. The researcher used qualitative and quantitative approach. Qualitative approach is concerned with subjective assessment of attitudes, opinions and behaviours (Kothari 2004). Qualitative approach consists as well words or observation and not numbers. Its emphasis is normally on understanding people's experiences or perceptions. Qualitative data methods involves interviews for both closed and open ended questions, testimonies, focus group discussion, journals, diaries, observations, documentation, stories, life history, songs, poetry, and proverbs. The researcher decided to use this type of research because the study needed more descriptions based on what the respondents would say about the challenges facing the implementation of E-Procurement at their working environment and attempt to picture the current situations in public organizations.

3.3 Area of Study

The study was conducted at (MSD) Medical Stores Department in Dar es Salaam at the Headquarters.. This area was selected because the MSD is a public organization dealing with buying, and selling and supplying of medicine to the hospital in Tanzania. Also, the area was a nearby working place of researcher, the area reduced

the travelling distance hence, relief to the researcher as he had other commitments to be done concurrently.

3.4 Population of the Study

Population of the study is described as the entire group of people or item on which information is collected (Krishna swami, 1995). The population from this study included 80 employees of MSD both administrative and non administrative staff. This population was chosen because researcher expected to get the reliable data related to the study.

3.5 Sample Size

Kothari (2004) contends that the sample size of the study should neither be neither excessively large nor too small. An optimum sample is the one which will fulfil the efficiency, representative, and reliability and flexibility requirements. This study involved forty (40) respondents which comprised forty (20) inventory staffs and other stakeholders integrated in Supply chain, ten (10) IT Professionals and 10 Procurement staff. The forty (40) respondents were selected because it was expected to be reasonable in number, manageable and affordable in collecting and analyzing data within a given time.

3.6 Sampling Technique and procedure

Sampling is a procedure a researcher uses to collect people, places or things to study, it involves the process of selecting a number of individual objects from the population to the extent that the selected group comprises elements representative of the characteristic found in the entire group, (Kothari, 2004) In this study both purposive and random sampling were employed.

3.6.1 Purposive Sampling Technique

Babbie (1992) define purposive sampling technique as the one which enables a researcher to select a sample based on his /her knowledge of population, research elements and objectives. Purposive sampling is also based on researcher's judgment

and purpose of the study. This technique was used in the study to select ten (10) respondents from procurement staff.

3.6.2 Random Sampling

According to Yates et al. (2008), in random selection each individual is chosen randomly entirely by chance, such that each individual has the same probability of being chosen at any stage during the sampling process and each subset of individuals have the same probability of being chosen for the sample as any other subset of individuals. For this study, random selection was used to select twenty (20) inventory staff and ten (10) IT professionals where by the researcher selected the respondents randomly to form a sample.

3.7 Data collection methods

The study used both primary and secondary data for the researcher to achieve research objectives. Data means information which helps researcher to achieve research objectives. The quality of research largely depends on collected information. The more reliable data leads to more trustworthy research. This is dependent on data collection method that researcher selected to achieve the objectives. Data helps the researchers in decision making.

a) **Primary data** were obtained through questionnaire and interview; Data which were collected by researcher are said to be primary data. These data provide raw form of information that was tailored according to the need of study.

b) **Secondary data** are data which are not collected or gathered by researcher himself or herself, it's termed as secondary data. This type of data has previously collected by someone else for some other purpose (Hodges and Videto, 2005). There are two benefit of this data collection method. This method is less expensive and less time consuming. Through this method, data can be obtained easily and quickly but it's not authoritative. On the other hand, these data may not fit to the needs of other

studies as were collected by third party for their own purposes. Books and periodicals, Government sources, Regional Publications, commercial sources, media sources and selected internet sites that provide financial data are some example of secondary data sources.

3.8 Data collection instruments

3.8.1 Questionnaires

Questionnaires involve a number of questions printed or types in definite order on a form or set of norms which the respondents have to answer on their own (Manhiem, 1977). Questionnaires to be used in collection of data were semi-structured questionnaires as this reduces the possibility of soliciting biased information. Researcher administered questionnaires within the ground whereby they asked respondents questions and recording the responses in their note books for future use. Researcher used questionnaires to 30 inventory staff and IT professionals from MSD Tanzania.

3.8.2 Interview

Interview is a method of data collection which involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses (Kothari, 2004; 97; Kombo and Tromp 2006; 92). There are three types of interviews; unstructured, structured, and semi-structure interviews. The study used semi-structured and structured interview because they allow researchers to extract in depth information as the study design is flexible. Therefore allowing interviewers to modify questions so as to extract additional information suiting the study whenever the need arises (Kothari 2004).

The researcher conducted semi-structure interviews by the use of interview guide to conduct the interview. By using an interview guide, researchers outlined broad topics or areas to be covered in the interview (Krishnaswami and Ranganatham, 2009). The advantage of this method is that it serves as a prompter during interview. It aids in focusing attention on salient points relating to the study and in securing comparable data through different interviews and is also flexible with the possibility of using

both open ended and closed questions or it allows interviewers to pose additional questions in order to solicit additional information if deemed necessary (Adam and Kamuzora, 2006). Interviews were used to 10 procurement unit staff from MSD.

3.8.3 Documentary Review.

All documents which the researcher deemed to be relevant to the study were perused to obtain the relevant data to substantiate the findings. This included Documents e-procurement plans, Medium Term Expenditure Framework, Tender Under secondary data the researcher visited various literatures from professional journals, procurement journals, conference papers and publications, public procurement act and regulations minutes of meeting and presentation notes. Also the legislation guiding the procurement planning. Board file, PMU files, and procurement reports in order to assess e-procurement capabilities at MSD. And any other documents that deemed to be relevant in the field were perused to substantiate the study.

3.9 Data Quality Control

In order to avoid biasness and to ensure that the data were correct and reliable, pilot study and triangulation were taken into account.

3.9.1 Pilot Study

According to Krishnaswami (2006) Pilot study is a small scale replica of the main study or a rehearsal of the main study. It covers the entire process of research including preparation of the study plan, construction of tools, collection of data and report writing. In this study the open ended questionnaire were tested by a small sample of respondents from African Barrick Gold Mine, so as to improve the reliability and validity of instruments. Findings of the pilot study formed the basis for modified questions and improved clarity.

3.9.2 Triangulation

This refers to the application of more than one method of data collection. In this study the researcher used questionnaires and interviews instruments to gather data

for the study which provided a mechanism for cross-checking the validity and reliability of data collection.

3.10 Ethical Issues.

The researcher considered ethical issues by assuring respondents confidentiality is maintained and respondents were informed about the purpose of the study, and that the findings would be used exclusively for academic purposes.

3.11 Data Processing

Data that were gathered from respondents through questionnaires, interviews and observations, were coded, analyzed and interpreted in relation to the study objectives. This was done through editing the collected raw data to remove errors, incompleteness, inconsistency and omissions.

3.12 Data Analysis and Presentation

Both qualitative and quantitative data analysis was used in this study; qualitative data analysis was used to analyze the opinion given by respondent descriptively. Quantitative was analyzed by using statistical package known as statistical package for social science (SPSS). Tables and figures were drawn by using Microsoft excel 2007 which made it easier and good ornamental figures.

3.13 Chapter Summary

This chapter dealt with research design and methodology of the study. The nature and methodology of this study was indicated. The qualitative data collection method was discussed and substantiation gave to why choosing the particular research approach. The sampling techniques used were purposive and random. Primary and secondary were used as data collection methods, questionnaires and interviews were used during data collection which enabled the Microsoft and SPSS to analyse the data.

CHAPTER FOUR

RESEARCH FINDINGS ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis and discussion on the research findings obtained from the field using different tools, namely questionnaires and interviews. The prime purpose of data analysis is to ultimately provide evidence in form of responses to the research questions in respect to the stated objectives, which were formulated to assist in assessing the overall objectives of this study. The later was access the factors influencing the challenges facing the implementation of e-procurement in public procurement in Tanzania, a case of MSD headquarters in Dar es Salaam.

4.2 Specific Observation

The data that were collected from the field have been presented, analyzed, and discussed in order to give meaningful information. The study aimed at investigating the factors influencing the challenges facing the implementation of e-procurement at medical stores department Dar es Salaam

In this chapter, response rate has been dealt with first, followed by the characteristics and findings from the Management staff and then followed by that of the characteristics and findings from MSD staff.

Frequency distribution was used to organize data, to give meaning to the response rates and facilitate insight. In the relevant tables the frequency distribution of responses has been ordered in the order of occurrences from the highest to the lowest occurrences obtained from the responses. Furthermore, the tables, and figures were drawn using excel as well as the statistical package for social science (SPSS).

4.2.1 Study and Response Rate

The sample size was 40 in total which contained three groups of people; Inventory staff, IT Professionals and Procurement management unit. Out of the 40 questionnaires and interview conducted, 34 responses were collected, this represent

a response of 85 percent of total distributed questionnaires as summarized in the table below,

Table 4.1: Distribution and Collection of Questionnaires.

Respondents	Questionnaire distributed	Questionnaire Collected
Procurement Management Unit	10	6
IT professionals	10	8
Inventory staff	20	20
Total	40	34
Response rate	100	85%

Source: Field Data

As shown in the Table 4.1, 4 questionnaires for Procurement Management Unit and 2 questionnaires for IT professional were not collected because the respondents who had questionnaires and those were expected to be interviewed were not in the office during collection of data despite the efforts made by the researcher,

4.3. Demographic of Respondents

In this part, the sample characteristics were fully analyzed. For this study, the sample size was the characteristics of Medical store department (MSD). The characteristics observed included age, gender, academic qualifications and working experience. The review of these characteristics gave some justifications as to why the answers of the respondents may vary according to the respondent's characteristics. A sample size of 34 staff was taken and the following were its characteristics.

4.3.1 Gender of Respondents

The question was asked to all respondents about their gender, the finding showed that 19(55.9%) of respondents were male and 15(44.1%) of respondents were female. As shown in table 4.2 below

Table 4.2 Gender of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	19	55.9	55.9	55.9
	Female	15	44.1	44.1	100.0
	Total	34	100.0	100.0	

Source: Field Data (2013)

Table above showed that out of the two categories, Procurement Management Unit and User departments, it was noted that there was no much gender differences although men are many compared to women. For the case of this research, it is necessary to understand that gender has a great effect in organizations but for MSD employees seemed to have gender balance as the different between men and female was not much deviated. The summary of these findings were shown in the table above.

4.3.2 Respondents Age

As shown in Table 4.3, majority of Inventory staff, IT Professionals and PMU department respondents had the age ranging between. 36-45 making 17(50%), followed by the group ranging between 46-55 of Inventory staff, IT Professionals and PMU department respondents making up 9(26.5%), the age between 25-35 were 6 making 17.6% and the minority 2(5.9%) of Inventory staff, IT Professionals and PMU department respondents were in the age above 56.

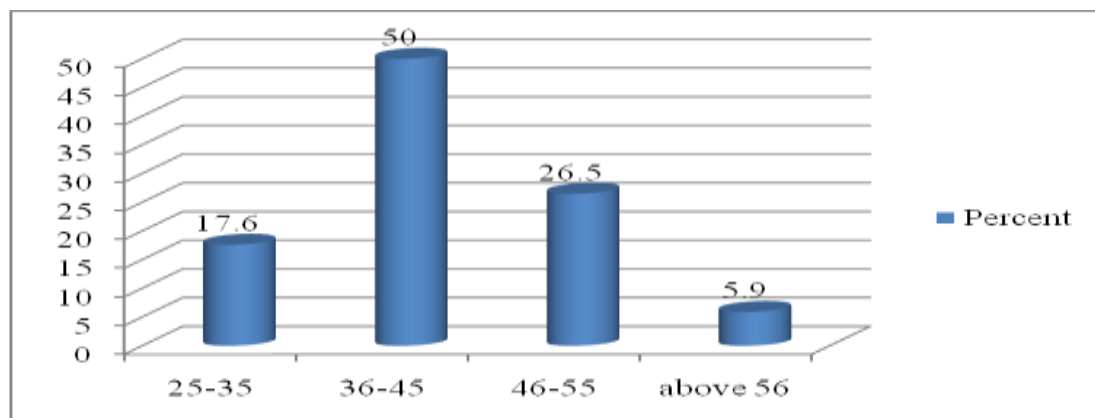


Figure 4.1 Age Profile of MSD Staff

Source: Field Data

Figure 4.1 above showed that majority of MSD staff fall under the age between 36-45 constituting 50% of all employees that the age structure shows that MSD is mostly composed of highly energetic workforce that may indicate its vision to adapt the rapidly changing business climate in the country. Furthermore, this age structure is suitable for this research as the employees who have been studied here are more likely to be in the organisation for a long time hence they have a very important role for the future performance (well being) of the organization.

4.3.3 Education Level of MSD

Most of the respondents who were sampled were graduate i.e. have degrees. Out of 34 respondents 18 had degree making up 52.9 percent of total respondents. Masters holders respondents were 9 equivalents to 26.5 percent of the sample size, 5 respondents equivalent to 14.7% of respondents were diploma holders and those who had certificate were 2 making 5.9 percent. This shows a large number of masters degree and fist degree responded to the questionnaires. This response rate referred in Table 4.3 indicates the fact that, MSD has a strong base of qualified staff in the field of procurements.

Table 4.3 Education Level of MSD

	Education	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	2	5.9	5.9	5.9
	Diploma	5	14.7	14.7	20.6
	Degree	18	52.9	52.9	73.5
	Masters	9	26.5	26.5	100.0
	Total	34	100.0	100.0	

Source: Field Data

The finding from table 4.4 indicated that most of the respondents at MSD have degree and masters as 52.9 were degree holders and 26.5% were masters holders. This response indicates the fact that, MSD has a strong base of qualified staff in the field of procurement hence can comply with E- procurement.

4.3.4 Respondents' Working Experience

The researcher wanted to know the distribution of working experience in order to be sure of the quality of responses, thus satisfy the inputs made to the research. The distribution table shows that most of the respondents lie between the ages of 11-15 years, which is adequate experience to be able to provide relevant responses to the research.

As indicated in figure 4.2, the majority of the respondents follow to a class of working experience between 6-10 years which is 38.2 percent of all respondents. The other groups were 1-5, 11-15 and above 15 years all had 7 respondents making 20.6% each.

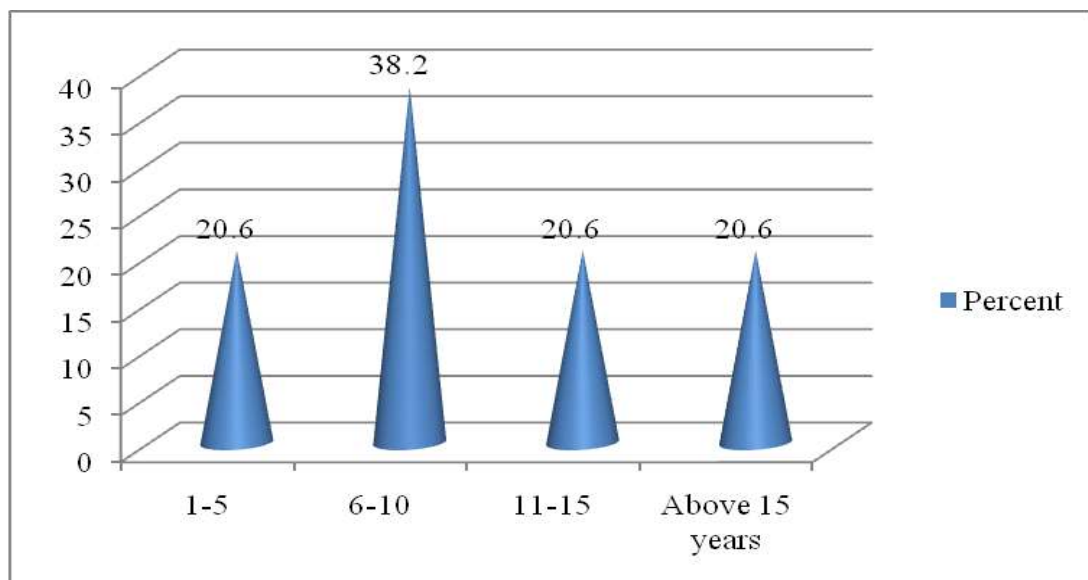


Figure 4.2: Respondents Working Experience

Source: Field Data

4.4: The perception on e-procurement in public procurement

The first specific objective aimed at determining the perception of e-procurement in public sectors as carried out at MSD. This specific objective was accompanied with the following questions.

4.4.1 The organization practicing E – Procurement Application in Procurement Activities

The question was asked to the respondents if the organization was practicing E – Procurement Application in Procurement Activities. In this case the researcher was

interested to capture whether E – Procurement is effectively practiced in the organization. The finding showed that 21(61.8%) of respondents said the organization is practicing E – Procurement in Procurement Activities and 13(38.2% of respondents said they are not practicing E – Procurement Application in Procurement Activities

Table 4.4 The organization practicing E – Procurement Application in Procurement Activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	21	61.8	61.8	61.8
	No	13	38.2	38.2	100.0
	Total	34	100.0	100.0	

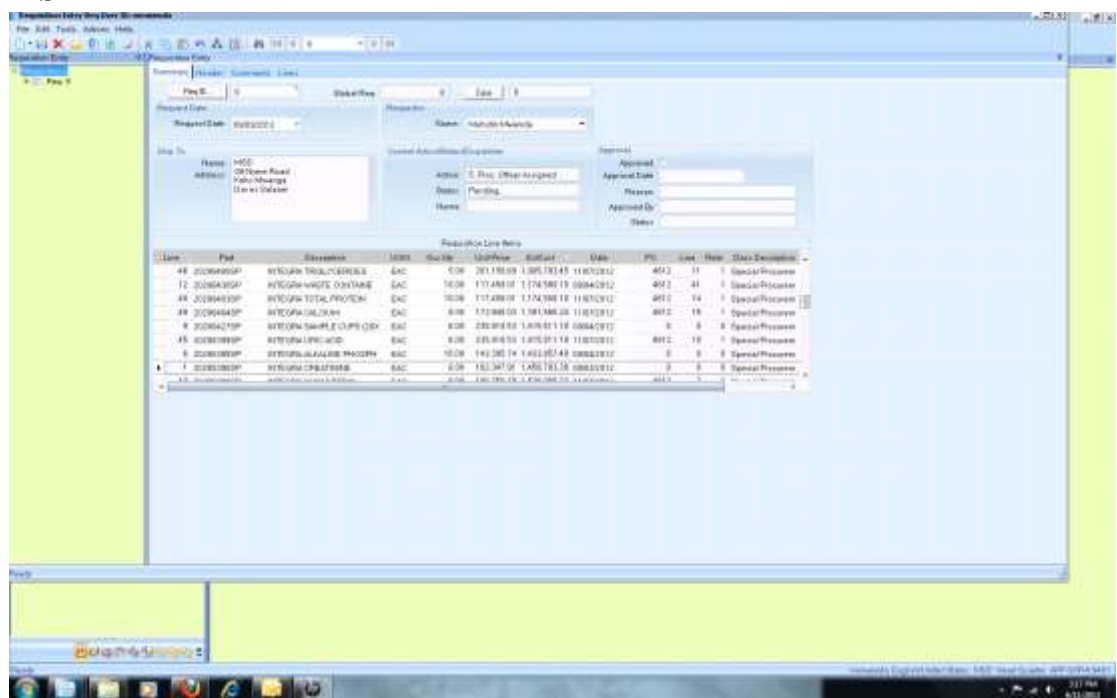
Source: Field Data (2013)

The finding from table 4.2 above indicating that E - Procurement is enrolled in the organization hence practiced but does not cover all E – Procurement processes. The research shows that 61.8% of the respondents pointed out that the organizations has enrolled and is practicing E - Procurement the researcher also interviewed some of the respondents who were asked about whether the organization has enrolled and has been practicing E - Procurement. They replied that the organization is applying e-Procurement in Procurement activities through EPICAR 9, although some aspects of Procurement activities are not integrated in the system. However the Government of the United Republic of Tanzania is striving to make sure that the Medical Stores Department perform all procurement activities through e-Procurement so as to ensure effective use of Public funds through adhering Public Procurement principles as narrated in the Public Procurement Act.

The Medical Stores Department is integrating Procurement activities through the use of Enterprises Resource Planning (ERP) via EPICAR 9 system, whereby Procurement requisition, Purchasing Order and other reports related with Procurement transactions are generated on line. However the researcher also

observed that some procurement activities are not done electronically because they are not linked with the E9 system. For example Tenders are advertised through MSD Website, however the bidders bid manually and no option allows bidders to bid electronically. Below are the figures pulled from E9 system showing how Procurement requisition and Purchase orders are generated in the system.

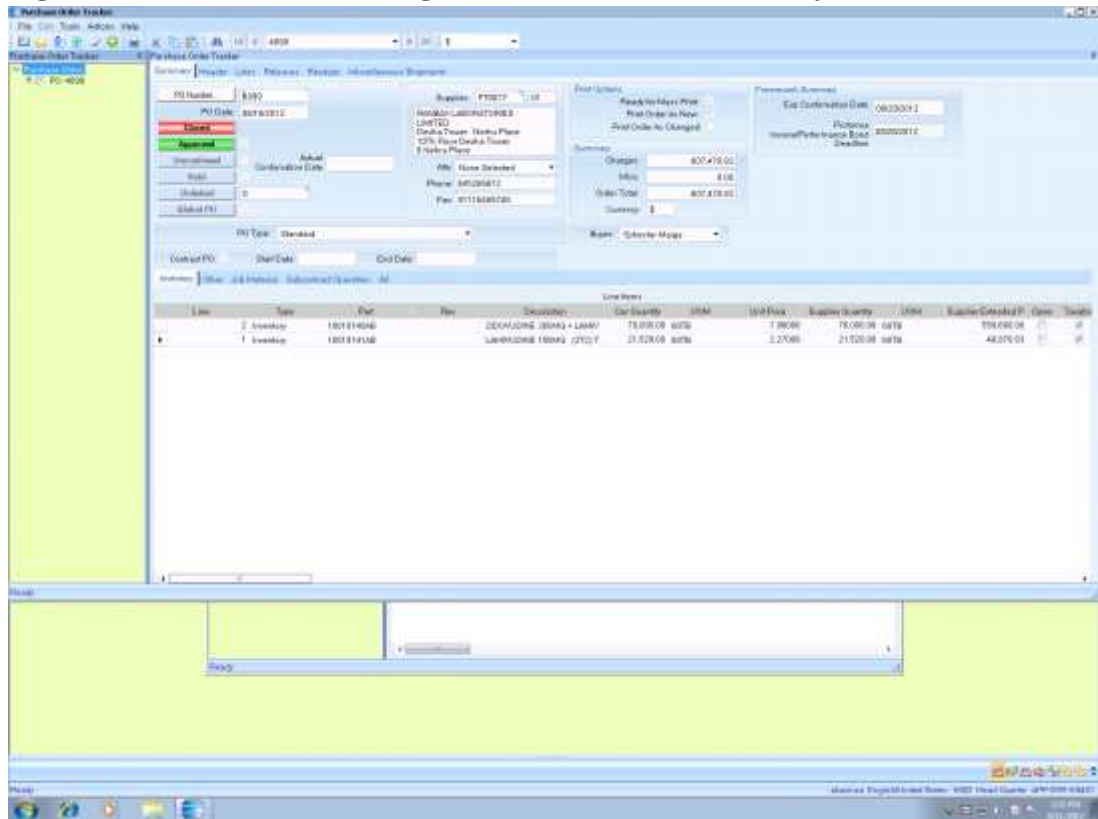
Figure 4.3: Procurement Requisition generated in the EPICAR 9 systems at MSD



Source: MSD EPICAR 9 System 2013

The figure above shows how Procurement requisition is initiated by the user through online system, whereby Procurement department receives the requisition and initiates sourcing process. This Procurement requisition is linked within the organization whereby every responsible officer should view and see what has been requested by the User; however Annual Procurement Plan should also be taken into consideration when raising the orders from User department.

Figure 4.4: Purchase order as generated in the EPICAR 9 systems at MSD



Source: MSD EPICAR 9 System 2013

The figure above shows how Procurement activities are performed electronically within the organization whereby Purchase orders are generated on line; however the Purchase order is linked to the lines of items and Supplier where the order is placed to. The researcher observed that this transaction is done internally but the hard copy being printed and sent to the Supplier through the courier because the system is not linked with the Supplier and cannot retrieve the Purchase order.

4.4.2 The effectiveness of e- Procurement in the execution of Procurement activities

The question was posed to the respondents about the extent of the effectiveness of e-Procurement in the execution of Procurement activities. The researcher wanted to know the extent of the effectiveness of e- Procurement in the execution of Procurement activities in the organization the finding showed that 13(38.2%) of respondents said it is moderate, 12(35.3%) of respondents said it is high, 5(14.7%) of

respondents said it is low, 3(8.8%) of respondents said it is excellent and the remaining 1(2.9%) of the respondents said it is poor

Table 4.5: The effectiveness of e-Procurement in the execution of Procurement activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Excellent	3	8.8	8.8	8.8
	High	12	35.3	35.3	44.1
	Moderate	13	38.2	38.2	82.4
	Low	5	14.7	14.7	97.1
	Poor	1	2.9	2.9	100.0
	Total	34	100.0	100.0	

Source: Field Data (2013)

From table 4.3 above the finding showed that the situation of using E- procurement is moderate followed by high as indicated by respondents. On the other hand the researcher observed that some of the staffs in the organization were lacking e-Procurement skills as the result they failed to execute procurement activities effectively through EPICAR 9, since the system was new to the organization and some aspects were not integrated to ensure maximum performance of Procurement activities.

4.4.3 The benefits encountered by employing electronic procurement system in the organization.

The question was indicated to the respondents about the benefits encountered by employing electronic procurement system in the organization. The researcher conducted an investigation so that to know whether the adoption of E-procurement is adding any advantage in conducting procurement with MSD and in other public procurements. The finding showed that 30(88.2%) of respondents said the benefits were simplification of communication and simplifying payment system, 28(82.4%) of respondents said reduces paper works, 27(79.4%) of respondents said makes ordering processing easy costs, Provides a room of working with and Reduces loss of

document, 26(76.5%) of respondents said Varieties of suppliers, Simplifies record keeping and Increases accuracy of information

Table 4.6 Impacts of adopting e-procurement

Response	Frequency	Percentage	Total
Simplifies communication	30	88.2	34
Simplified payment system	30	88.2	34
Reduces paper works	28	82.4	34
Makes ordering processing easy costs	27	79.4	34
Provides a room of working with	27	79.4	34
Reduces loss of document	27	79.4	34
Varieties of suppliers	26	76.5	34
Saves time	26	76.5	34
Simplifies record keeping	26	76.5	34
Increases accuracy of information	26	76.5	34

Source: Field Data (2013)

The researcher also interviewed some of the respondents towards the question above, the reply was that e-Procurement application in Procurement activities yield to reduction of cost associated with Procurement activities, lead time is reduced, reduce duplication of information, and ensures effective customer satisfaction.

4.5. To examine the e-procurement enrolment process in public procurement

The second objective aimed at examining the e procurement enrolment process in public procurement. The following question was asked according to the respective objective

4.5.1 The availability of the policy governing e- Procurement enrolment and application at MSD

The question was asked to the respondents about the availability of the policy governing e- Procurement enrolment and application at MSD. Researcher was interested to know the necessity of E- Procurement application in Public Procurement is concerned in any organization, the policies for achieving effectiveness of e-Procurement application is inevitable. Therefore the researcher

posed a question to test this hypothesis in the role model of the study. The finding showed that 24(70.6%) of respondents said that they have policy governing e-Procurement enrolment and application at MSD and 10(29.4%) of respondents said they don't have policy governing e- Procurement enrolment and application at MSD

4.7: The availability of the policy governing e- Procurement enrolment and application at MSD

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	24	70.6	70.6	70.6
	No	10	29.4	29.4	100.0
	Total	34	100.0	100.0	

Source: Field Data (2013)

The findings from table above indicated that they have policy governing E procurement enrolment and application at MSD as 70.6% of respondents indicated. The response from interview conducted to the respondents indicated that at the organization there is Standard Operating Procedures (SOP) and Policies governing the enrolment and application of e-Procurement matters integrated from the EPICAR 9 system.

4.5.2 The effectiveness e-procurement policies in the achievement of enrolment and effective performance of e-procurement at MSD

The question was asked to the respondents about the effectiveness e-procurement policies in the achievement of enrolment and effective performance of e-procurement at MSD. The finding showed that 4(11.8%) of respondents said excellent, 15(44.1%) of respondents said high, 10(29.4%) of respondents said moderate, 4(11.8%) of respondents said low and 1(2.9%) of respondents said poor.

Table 4.8: The effectiveness e-procurement policies in the achievement of enrolment and effective performance of e-procurement at MSD

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Excellent	4	11.8	11.8	11.8
	High	15	44.1	44.1	55.9
	Moderate	10	29.4	29.4	85.3
	Low	4	11.8	11.8	97.1
	Poor	1	2.9	2.9	100.0
	Total	34	100.0	100.0	

Source: Field Data (2013)

The table above indicated 44.1% of the response towards the extent of the effectiveness of the policies in achievement the enrolment of e-procurement and effective performance in Procurement at MSD to be high followed by very high. On the other hand the researcher observed that although the organization has Procurement policies guided by the Public Procurement Act, e- Procurement application is not integrated hundred percent with the facts that the Public Procurement Act of 2004 does not guide on how e- Procurement should be handled so as to ensure effective performance of Public Procurement.

4.5.3 The availability of facilities to enable e- Procurement at MSD.

Facilities or equipments tools in e- Procurement application in Public Procurement is paramount important to be concerned in any organization. The researcher posed a question to be addressed in the organization of the role model of the study towards availability of the facilities/equipments tools on effectiveness of e- Procurement application. The finding revealed that 21(61.8%) of respondents said there are facilities to enable e- Procurement at MSD and 13(38.2%) of respondents said there are no enough facilities to enable e- Procurement at MSD

Table 4.9: The availability of facilities to enable e- Procurement at MSD.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	21	61.8	61.8	61.8
	No	13	38.2	38.2	100.0
	Total	34	100.0	100.0	

Source: Field Data (2013)

The finding from table above showed that there are facilities to enable e-Procurement at MSD as 61.8% of respondents said. However the researcher observed that the equipment such as computer, internet, World Wide Web (www) and ERP System are available in the organization of the study. The respondents also mentioned some equipment that facilitate the organization to implement E-Procurement, which include; ERP System, Internet, Personal Computer, Electronic mail (E- Mail), World Wide Web namely www.msd.or.tz. This proved to the researcher on the E- Procurement application in Public Procurement activities so as to ensure effective performance of procurement in the organization as per the study. The respondents also commented on the role played by E-Procurement in the execution of procurement activities at MSD. The particular roles of e-procurement at MSD are greater transparency in procurement through electronic publishing of tender notices; enhance accountability, reduction of the instances of corruption and reduction unnecessary costs associated with malpractice of Procurement.

4.5.4 Legal framework to support electronic procurement in public procurement in the organization

The study drilled an investigation through questionnaires and by reading the Public Procurement Regulation Act used by the purchase department to find out whether the current legal framework supports electronic procurement in Public procurement at MSD the first chunk to investigate was whether MSD is guided by the laws and regulations that guide public procurement. The finding showed that 17(50%) of MSD respondents said they are aware of the legal framework to support electronic procurement in public procurement in the organization and 17(50%) of respondents

said they are not aware of legal framework to support electronic procurement in public procurement in the organization.

Table 4.10: Availability of legal framework to support electronic procurement in the public procurement.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Aware	17	50.0	50.0	50.0
	Not aware	17	50.0	50.0	100.0
	Total	34	100.0	100.0	

Source: Field Data (2013)

The findings from the table above showed that employees at MSD, half of them were aware on the availability of legal framework and another half were not aware as it was 50% each. As per the main laws and regulations considered to be more important to be focused aware of The Public Procurement Act No 21 of 2004, Public procurement (goods, works, non consultancy) Regulations GN 98 of 2005, The Local Government Authorities Tender Boards (establishment and proceedings) Regulations, 2007.

4.6 To determine the contribution of e-procurement to performance in public organizations

The third objective from this study aimed at finding the contribution of e-procurement to performance in public organizations. The following question was asked to the respondents regarding this objective

4.6.1 The Medias used in advertising tender opportunities.

The question was asked to the respondents on the medias used in advertising tender opportunities.. The finding showed that 28(82.4%) of respondents use website for Advertising tender opportunities, 23(67.6%) of respondents said they use international newspapers, 18(52.9%) of respondents said they use professional journals and 1(2.9%) of respondents said television.

Table 4.11 The Medias used in advertising tender opportunities.

No	Variable	Frequency	Percentage	Total
1	International News papers	23	67.6	34
2	Professional journals	18	52.9	34
3	Websites	28	82.4	34
4	Televisions	1	2.9	34

Source: Field Data (2013)

The researcher worked upon the ways/methods the suppliers/bidders use in order to submit their tender documents at MSD. The researcher interrogated the member staffs in order to find out. The number of respondents was picked from the PMU which consists of 8 staff. They all responded in one way another to the question which required knowing the methods through which suppliers submit their tender documents at MSD.

4.6.2 The methods through which suppliers submit their tender documents at MSD

The researcher was interested to know the methods through which suppliers submit their tender documents at MSD. The finding showed that 24(70.6%) of respondents said they submit their tender on hand at the office, 16(47.1%) of respondents said they use post offices DHL courier, 4(11.8%) of respondents said through fax and the rest 3(8.8%) of respondents said through e mail.

Table 4.12 The methods through which suppliers submit their tender documents at MSD

The methods

No	Variable	Frequency	Percentage	Total	Ranking
1	Through e-mails	3	8.8	34	1
2	Through fax	4	11.8	34	
3	Through post offices DHL courier	16	47.1	34	
4	On hand at the office	24	70.6	34	

Source: Field Data (2013)

The finding from table above indicated that people submit their tender on hand to the office. The Submission of tenders documents through e-mails and fax that the PPRA Act 2004 Public Procurement Regulation 2005. Does not allow tender documents to be submitted through e-mails and fax. It restricts submission of tender documents electronically.

4.6.3 Skills of procurement practitioners to facilitate e-procurement

Researcher was interested to know if the employees have enough skills of procurement practitioners to facilitate e-procurement. The respondents were asked whether they know to operate electronic procurement devices and other electronic devices. Respondents available at MSD. The finding showed that 18(54.5%) of respondents said they have enough skills of procurement practitioners to facilitate e-procurement and 15(45.5%) of respondents said they did not have skills of procurement practitioners to facilitate e-procurement

Table 4.13 Skills of procurement practitioners to facilitate e-procurement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	54.5	54.5	54.5
	No	15	45.5	45.5	100.0
	Total	33	100.0	100.0	

Source: Field Data (2013)

The finding from table above showed that MSD have taken their employee to training related to the use of ICT facilities. As e-Procurement includes new technologies and changes in traditional procurement approaches, the need to train staff in procurement practices and the use of e-Procurement tools are critical to the success of an e-Procurement initiative. End-users can realize the immediate benefits of the e-Procurement system once they understand the operational functionalities. This means that training should be given a high priority, alongside the need for public sector agencies to identify the skills required by all those engaged in procurement

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introductions

In this chapter, the data that were collected from the field are discussed depending on the specific research objectives. The study is to assess the challenges facing the implementation of E-Procurement in public procurement in Tanzania. The following objectives were used in this study, to explore of the perception on e-procurement in public procurement, to examine the e-procurement enrolment process in public procurement, to determine the contribution of e-procurement to performance in public organizations. The findings from the field were discussed based on these specific objectives.

5.2: The perception on e-procurement in public procurement

E - Procurement is enrolled in the organization hence practiced but does not cover all E – Procurement processes. The research shows that 61.8% of the respondents pointed out that the organizations has enrolled and is practicing E – Procurement. The researcher also interviewed some of the respondents who were asked about whether the organization has enrolled and has been practicing E - Procurement. They replied that the organization is applying e-Procurement in Procurement activities through EPICAR 9, although some aspects of Procurement activities are not integrated in the system. However the Government of the United Republic of Tanzania is striving to make sure that the Medical Stores Department perform all procurement activities through e-Procurement so as to ensure effective use of Public funds through adhering Public Procurement principles as narrated in the Public Procurement Act. The effectiveness of e- Procurement in the execution of Procurement activities, the finding showed that the situation of using E- procurement is moderate followed by high as indicated by respondents. On the other hand the researcher observed that some of the staffs in the organization were lacking e-Procurement skills as the result they failed to execute procurement activities effectively through EPICAR 9, since the system was new to the organization and some aspects were not integrated to ensure maximum performance of Procurement

activities. The benefits encountered by employing electronic procurement system in the organization. The findings showed that e-procurement in the public sector are thought to include greater transparency in procurement through electronic publishing of tender notices and contract awards. This in turn is likely to enhance accountability and reduce the instances of corruption. When developing a business case for adopting or enhancing an e-procurement tool, it is important to assess the baseline benefits and costs associated with the process or processes to be automated in order to understand the probable outcomes of e-procurement adoption or enhancement. In essence, it is important to understand what will change and how it will change when an e-procurement tool is implemented. Therefore the MSD management through the Government of Republic United of Tanzania is striving to ensure effective management and implementation of all aspects related with E – Procurement such E -Tendering, E- Contracting and E -Payment in the EPICAR 9 system so as to ensure that costs associated with poor performance of Public Procurement is reduced.

5.3 To examine the e-procurement enrolment process in public procurement

The availability of the policy governing e- Procurement enrolment and application at MSD. The response indicated that at the organization there is a Standard Operating Procedures (SOP) and Policies governing the enrolment and application of e- Procurement matters integrated with the EPICAR 9 system. The effectiveness e-procurement policies in the achievement of enrolment and effective performance of e-procurement at MSD, the findings showed that the extent of the effectiveness of the policies in achievement of enrolment of e-procurement and effective performance in Procurement at MSD to be high followed by very high. On the other hand the researcher observed that although the organization has Procurement policies guided by the Public Procurement Act, e- Procurement application is not integrated hundred percent with the facts that the Public Procurement Act of 2004 does not guide on how e- Procurement should be handled so as to ensure effective performance of Public Procurement. However Medical Stores Department in collaboration with the Government of the United Republic of Tanzania is striving to ensure that all Procurement of drugs and medical supplies are done online so as to ensure availability of medicines to the end user. Facilities or equipments tools in e-

Procurement application in Public Procurement is paramount important to be concerned in any organization.

However the researcher observed that the equipment such as computer, internet, World Wide Web (www) and ERP System are available in the organization of the study. The respondents also mentioned some equipment that facilitate the organization to implement E- Procurement, which include; ERP System, Internet, Personal Computer, Electronic mail (E- Mail), World Wide Web namely www.msd.or.tz. This proved to the researcher on the E- Procurement application in Public Procurement activities so as to ensure effective performance of procurement in the organization as per the study. The respondents also commented on the role played by E-Procurement in the execution of procurement activities at MSD. The particular roles of e-procurement at MSD are greater transparency in procurement through electronic publishing of tender notices; enhance accountability, reduction of the instances of corruption and reduction unnecessary costs associated with malpractice of Procurement. Majority of respondents argue that the current laws and regulations do not have provisions which make it mandatory to apply electronic procurement in MSD. The study also was made to find out as part of the legal framework, what Medias are used to advertise tender opportunities.

5.4 To determine the contribution of e-procurement to performance in public organizations

The methods through which suppliers submit their tender documents at MSD. The Submission of tender documents through e-mails and fax that the PPRA Act 2004 Public Procurement Regulation 2005, does not allow tender documents to be submitted through e-mails and fax. It restricts submission of tender documents electronically. When the researcher enquired on some sort of electronic tender documents, the response was; if the bidders wants to submit tender documents through e-mail, he/she has to make sure that the particular document is printed and provided in hard copy. For the case of Post offices submissions, respondents said as the bidder wants to submit through Post office, the DHL couriers submit the documents to the PMU office on hands. And about those who submit the tender documents are doing so by bringing them at the office personally on their hands,

hence signing. Therefore submission on hand at the office is having a very high concentration than any other else. This proves that electronic procurement has not been given priorities. It has been applied partially. Hence its room for its enrolment is narrowed. Hence procurement is still a paper based process which requires extra force to be created in order to achieve value for money among public procurement entities.

The finding from table above showed that MSD have taken their employee to training related to the use of ICT facilities. As e-Procurement includes new technologies and changes in traditional procurement approaches, the need to train staff in procurement practices and the use of e-Procurement tools are critical to the success of an e-Procurement initiative. End-users can realize the immediate benefits of the e-Procurement system once they understand the operational functionalities. This means that training should be given a high priority, alongside the need for public sector agencies to identify the skills required by all those engaged in procurement. Technology alone does not ensure successful adoption; the success of a public sector e-Procurement initiative depends on users and buyers making use of the new process and system. The solution must attract end users to view e-Procurement as the preferred means by which to purchase goods and services. The success of the project also depends on communication to the users, the two major obstacles to increasing support among users are their level of technological awareness and acceptance, and their willingness to change long-established internal business processes. As the implementation process develops, periodic user satisfaction surveys may identify the possible need for additional training

CHAPTER SIX

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The purpose of this chapter was to cover summary of the study, conclusions and recommendations of the study in terms of the data which have been collected and analyzed with the regard of questionnaires and interview distributed to the respondents.

6.2 Summary of Findings

The organization was practicing E – Procurement Application in Procurement Activities, the finding showed that 21(61.8%) of respondents said the organization and practicing E – Procurement Application in Procurement Activities on the effectiveness of e- Procurement in the execution of Procurement activities, the findings showed that 13(38.2%) of respondents said it is moderate while 12(35.3%) of respondents said it is high, this shows the situation of using E- procurement is moderate followed by high as indicated by respondents. The benefits encountered by employing electronic procurement system in the organization, the finding showed that 30(88.2%) of respondents said the benefits were simplification of communication and simplifying payment system, 28(82.4%) of respondents said reduces paper works, 27(79.4%) of respondents said makes ordering processing easy costs, Provides a room of working with and Reduces loss of document, 26(76.5%) of respondents said Varieties of suppliers, Simplifies record keeping and Increases accuracy of information Particular benefits of e-procurement in the public sector are thought to include greater transparency in procurement through electronic publishing of tender notices and contract awards. The availability of the policy governing e-Procurement enrolment and application at MSD. the finding showed that 24(70.6%) of respondents said that they have policy governing e- Procurement enrolment, indicated that they have policy governing E procurement enrolment and application at MSD as 70.6% of respondents indicated. The effectiveness e-procurement policies

in the achievement of enrolment and effective performance of e-procurement at MSD. The finding showed that 15(44.1%) of respondents said high, 10(29.4%) of respondents said moderate, Facilities or equipments tools in e- Procurement application in Public Procurement is paramount important to be concerned in any organization. The finding revealed that 21(61.8%) of respondents said there is facilities to enable e- Procurement at MSD, However the researcher observed that the equipment such as computer, internet, World Wide Web (www) and ERP System are available in the organization of the study. The respondents also mentioned some equipment that facilitate the organization to implement E- Procurement, which include; ERP System, Internet, Personal Computer, Electronic mail (E- Mail), World Wide Web namely www.msd.or.tz. MSD the first chunk to investigate was whether MSD is guided by the laws and regulations that guide public procurement. The finding showed that 17(50%) of MSD respondents said they are aware of the legal framework to support electronic procurement in public procurement in the organization and 17(50%) of respondents said they are not aware of legal framework to support electronic procurement in public procurement in the organization the medias used in advertising tender opportunities.. The finding showed that 28(82.4%) of respondents use website for Advertising tender opportunities, 23(67.6%) of respondents said they use international newspapers, 18(52.9%) of respondents said they use professional journals. The methods through which suppliers submit their tender documents at MSD. The finding showed that 24(70.6%) of respondents said they submit their tender on hand at the office, 16(47.1%) of respondents said they use post offices DHL courier, the employees have enough skills of procurement practitioners to facilitate e-procurement. The respondents were asked whether they know to operate electronic procurement devices and other electronic devices.

Respondents available at MSD. The finding showed that 18(54.5%) of respondents said they have enough skills of procurement practitioners to facilitate e-procurement

6.3 Conclusion

The study concludes that the level that E – Procurement application in Public Procurement is a very important aspect in achieving Value for Money and efficiency in Procurement activities. At MSD various initiatives such as adoption ERP system, use of Internet and E – Mail are measures to ensure effective implementation of E – Procurement. However the researcher observed that even if the Government of the United Republic of Tanzania is striving to ensure effective implementation of E – Procurement in Public sector like Medical Stores Department, no funds have been set for the project. E – Procurement application in the organization of the study is not effective because it covers some parts such as generation of Procurement requisition, and generating Purchase order through EPICAR 9 system which is done within the organization and no access to the Supplier to view the Purchase orders. However Tenders are advertised through MSD website, PPRA website and traditional Public Medias. Therefore MSD is completely doing mixed procurement activities that are manual and electronic. E –Procurement Application in various countries have shown that in previous the aspect of Procurement was considered as minor thing in business practice within the organization. However after experiencing several problems towards procurement transactions such as loss of public funds due to unnecessary costs associated with procurement, recently Procurement is being considered as a major aspect in the businesses and in the creation of value for money. Hence more efforts and emphasis have been put on the use of E – Procurement to ensure that public funds are spent effectively.

6.4 Recommendations

6.4.1 Recommendations to the MSD

Effective E –Procurement enrolment reduces costs associated with poor implementation of procurement activities in Public sectors. It is recommended that, E - Procurement enrolment needs to be considered effectively by MSD so as to alter the reduction of unnecessary cost, risks associated with delays of delivery, Stock out, unequal opportunity to suppliers, and corruption as the results not realizing value for Money in Procurement.

Frankly observing, the Medical Stores Department being the Government agent of United Republic of Tanzania. It is recommended MSD should deliberately pay a special attention and make sure that the E - Procurement application is highly employed so as to meet efficiency delivery of Public services by using efficiency use Public resources through transparency Procurement activities as the result to meet Value for Money in Procurement.

Implementation of E –Procurement Policy; availability of E – Procurement policy in the organization of the study will yield to develop strategies on ensuring effective adoption of E – Procurement in Procurement activities so as to realize value for money in Procurement.

Enhancement of supplier's relationship; the organization should develop good relationship with the supplier meaning that, should make sure that the key suppliers are integrated in system so that they can manage to view purchase send through email and return view email so as to reduce delays of contracting and delivery of consignment.

The Public Procurement Act; this means that the current Procurement Act prohibits the Procurement entity to receive electronic bidding documents, therefore it is recommended that the organization of the study should consult PPRA for discussion on how the enrolment of E- Procurement should be handled in the Act.

Training; Organization should conduct every now and then training to all staff since it cuts across E- Procurement applications, and its importance to the organization so that employees will be capable of using E –Procurement tools effectively as the results of effective E- Procurement application in the organization of the study.

Availability of electronic tools. The study has found out that, there are inadequate electronic tools to use effectively in procurement process. It was found that the adoption of Electronic Procurement is of benefit to the council, therefore the council needs to include in their budget and other plans of funds for more electronic tools. The council needs to acquire both hard ware and soft ware which are customized for procurement activities.

6.4.2 Recommendations to the Government

Looking at the vivid evidences presented by research findings in this study, it will not surprise anyone to mention that the Government of the united republic of Tanzania is striving to emphasise the effective use of Public funds. Through application of E – Procurement in ensuring Value for Money, the government is failing to give much priority on this project that is why the MSD and other organizations are performing partly traditionally and partly electronically. This is because there is no availability of emphasis in Public Procurement Act No. 21 of 2004 and its regulations of 2005 and in the new Act of 2011 priority in the project is not paramount important. It is recommended that the laws which govern public procurement should be revised to comply with the current situation

Fund availability; It is recommended that the organization in collaboration with the Government of the United Republic of Tanzania should have different sources of funds so as to ensure that the project is implemented in all process of procurement so as to reduce costs associated with malpractice of Procurement.

Legal framework. The current legal frame work guiding procurement activities in Local government Authorities requires quick amendments. The law should include provisions which will make it mandatory to apply electronic procurement. The law should include provisions which will allow electronic payment, electronic signature, advertisement of tender opportunities through the use of internet, electronic tendering among other things

The researcher recommends that, effective enrolment of e-procurement in Public sectors in Tanzania will bring up the result of ensuring Value for Money in the organization of the case study which requires further studies. This is because the data collected were not good enough to reflect the really situation fully.

Infrastructures: The government is required to make sure that it creates several ways of bringing about changes in infrastructure which are seen to be stumbling blocks towards the enrolment of e-procurement. These infrastructures involve stable power supply that is electricity, net work supply that is internet system.

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APPENDICES

Appendices A

Time scale and work plan

RESEARCH ACTIVITY AND SCHEDULE

Activity	Duration in weeks									
	1	2	3	4	5	6	7	8	9	10
Attending seminar										
Literature review										
Preparation and submission of research proposal										
Data collection										
Data Analysis										
Data interpretation and tabulation of findings										
Report writing and submission										

Appendices B**ESTIMATED BUDGET**

Item	Amount in (Tshs)
Stationery : Photocopy papers 5 @8,000/= = 40,000/= Binding 5bks @ 4,000/= = 20,000/= Typing 150 pgs @ 600/= =90,000/= Printing 150 pgs @200/= = 30,000/=	180,000/=
Meals 70 days @5,000/=	350,000/=
Consultation and other costs e.g. transport	300000/=
TOTAL	830,000/=