

Public procurement system challenges in developing countries: the case of Zimbabwe

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Abstract: Purpose: The purpose of this paper is to provide an overview of the public procurement system challenges in developing countries with reference to Zimbabwe, addressing the extent to which the procurement systems have resulted in disgruntlement by pressure groups like the Affirmative Action Group (AAG) and the Upfumi Kuvadiki over the awarding of tenders to foreign owned companies. Design/Methodology/Approach: The study adopted a qualitative research design because it provided flexibility and afforded the researcher the opportunity to conduct an in-depth research. Case studies on major government projects such as the supply of prepaid meters for the Zimbabwe Electricity Supply Authority (ZESA), the construction of the airport road in Harare and the expansion of Gokwe District Hospital were conducted. Findings: The findings suggest that most of the people tasked with the responsibility to procure resources are incompetent. For example the tender to supply ZESA with prepaid meters was flawed since it was the State Procurement adjudicators who were at fault. There was evidence of inadequate market enquiry in the awarding of most tenders, for example the City of Harare lost \$80 million dollars in the construction of a 20km road instead of incurring a cost of around \$10 million dollars. Delays in decision making resulted in the construction of a \$600 000.00 district hospital in Gokwe North lagging behind schedule. There was also evidence of a high level of corruption activities in the public procurement. In 2011 a tender for the supply and delivery of malaria rapid test kits was withdrawn with participating bidders being refunded their tender fees because it had been corruptly flouted. Research limitations/implications: The main limitation of the study lies with a lack of complex analysis undertaken to support the findings. Practical Implications: The findings from the study suggest that professional procurement practices must be adopted in Public institutions for the benefit of the country. Social Implications: Governments across the world pay lip service when it comes to implementing Government projects. As a result the public suffer due to poor service delivery. Originality/Value: The paper is original as it is the first attempt to discuss the public procurement system challenges in developing countries with reference to Zimbabwe as to how it has caused disgruntlement among the pressure groups on the awarding of tenders.

Keywords: Public Procurement System, Purchasing, Sourcing

1. Introduction

This research analysed challenges in public procurement in Zimbabwe. Procurement function is vital to any organization and procurement strategies have become part of a business's success than ever before. Despite the importance of the procurement function, their process has been a subject of controversy in recent years. Since 2009, there have been a number of debates on the handling of government tenders. Almost every major government project has generated controversy and such projects include construction of airport road in Harare, Zimbabwe Electricity Supply Authority's (ZESA) prepaid meter supply project, and the ex-

pansion of Gokwe District Hospital. The enactment of the Indigenization Act has also complicated the procurement process and locally owned companies are supposed to be given priority. Therefore, public procurement in Zimbabwe is froth with a myriad of challenges which need to be addressed. This study was motivated by desire to come up with feasible recommendations to the challenges being faced.

2. Research Objective

The researcher sought to attain a number of objectives. These were;

- To assess the role of procurement in the success of

organizations

- To analyse procurement procedures in public institutions in Zimbabwe
- To identify challenges to procurement in the public sector
- To come up with strategies for improving public procurement function

3. Literature Review

3.1. Definition of Key Terms

Procurement:

It is a process of identifying and obtaining goods and services. It includes sourcing, purchasing and covers all activities from identifying potential suppliers through to delivery from supplier to the users or beneficiary. It is favourable that the goods/services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location (Mangan, Lawani, and Butcher, 2008).

Public Procurement System: the process in which public sector institutions acquire goods and services. Public procurement systems are highly centralized and State Procurement Boards govern procurement (Bovis, 2007)

Purchasing: The specific function associated with the actual buying of goods and services from suppliers (Mangan et al, 2008)

Sourcing: It refers to process of identifying and working with appropriate suppliers (Mangan et al, 2008)

3.2. Theoretical Framework

The researcher believes that, due to dynamism of the environment, there is a need to continuously improve procurement in the public sector. Accordingly, this study applies the Kaizen Continuous Improvement model that was popularised by Maurer (2004). Maurer (2004) argues that there is one important question to ask when dealing with procurement. The question is; "How is the organisation seeking continuous improvement in its approach to procurement for new development, planned and responsive maintenance?" To ensure improvement in procurement, Maurer (2004) prescribes that organisations should use 'best value' techniques, which embody aspects such as challenging what organisations do and how they do it, making comparisons with others, consulting people affected by the organisation's services, and establishing that value for money is obtained during procurement.

3.3. Role of Procurement

Lewis and Roehrich (2009) agitate that procurement is a key activity in the supply chain. Procurement can significantly influence the overall success of an emergency response depending on how it is managed. In most organisations, procurement represents a very large proportion of the total spend and should be managed effectively to achieve

optimum value. Procurement works like a pivot in the internal supply chain process turning around requests into actual products/commodities or services to fulfil the needs (Caldwell, Roehrich and Davies, 2009). Caldwell et al, (2009) further argue that procurement serves three levels of users and these are the internal customer, programs in response to emergencies and ongoing programs, and prepositioning of stocks, for both internal customers and program needs.

In addition, Benslimane, Plaisent, and Bernard (2005) contend that the overall aim and objective of procurement is to carry out activities related to procurement in such a way that the goods and services so procured are of the right quality, from the right source, are at the right cost and can be delivered in the right quantities, to the right place, at the right time. There are 'six rights' in procurement and they can be achieved through following specific objectives of procurement (Benslimane et al, 2005). These specific objectives are;

- To buy quality materials, items and services economically from reliable sources;
- To ensure timely delivery through the selection of capable and efficient suppliers;
- To continuously locate, evaluate and develop economical and reliable supply sources;
- To identify the most reliable sources of supply through either open tender, multi-stage tendering (pre-qualifying suppliers and retaining only those that are capable of meeting the organisation's requirements; strategic sourcing) and limited tendering.
- To investigate the availability of new materials and monitor trends in market prices;
- To buy in accordance with organisations policies;

Moreover, Caldwell et al (2009) say that there are three important principles of procurement. The first principle is transparency, which provides that all phases in the procurement process are fair and accurately documented. The second principle is that of accountability and it points out that there is need for accountability to financiers, who may require certain rules to be followed when using the money they have provided. Finally, there is the principle of efficiency and cost effectiveness and this principle is about meeting the 'six rights' of supply (price, right time, right quantity, quality services, and delivery to the required places and from the most cost effective source).

Procurement has an important role to play and according to Shaw (2010), every organisation should put in place effective systems of procurement to protect shareholders funds. The procurement function forms a key part of any management strategy. The particular features of procurement are the budgets involved, the frequency of activities and technical complexity of the functions. More recently as a function procurement has been complicated by the inclusion of 'manufacturing partnering' and by the acceptance that best value cannot be measured by price alone, but needs to take account of time, quality and sustainability

considerations as well (Shaw, 2010).

Procurement activity must, therefore, be considered as an internal part of the business planning process and must relate to the asset management strategy. Three major questions therefore have to be asked in connection with establishment of good procurement practice and these questions according to (Nakamura, 2004), are as follows;

- Does the project meet organisational objectives?
- How does it fit into the development strategy, asset management strategy and the business plan?
- Will embarking upon this project undermine existing commitments?

3.4. Procurement Procedures

Shaw (2010) points out that the procurement process can be wrapped into three steps. These are need identification, planning and specification of goods or services required, and sourcing, awarding, and supplier management to facilitate timely delivery.

3.4.1. Need Identification

Procurement is done to desire to accomplish a specific task. Given that resources are always scarce, the task to be accomplished should be important to an organization (Nakamura, 2004)

3.4.2. Planning and Specification of Goods or Services Required

Once the needs have been identified, the procurement department should develop or communicate a plan on how to deliver the service or goods required. The plan must be developed in collaboration with the other functions within the organisation, so that it is integrated into the organisation's strategy and therefore provided for adequately (Shaw, 2010).

To be able to purchase the right goods or services, the specifications of what the organization needs must be clear. These specifications are used to communicate to the supplier what is needed and what should be supplied. It is therefore important to have clear, precise and accurate specifications. Most organizations have standard specifications for the most regularly procured items and services such as medical and construction (Shaw, 2010).

Thai, Araujo, Carter and Callender (2005) provide that a specification is a detailed description of the design, the service, or materials. It describes in detail the requirements to which the supplies or services must conform. The basic requirement of a good specification is to clearly identify the service or product to stakeholders. The specifications must be clear to all parties. That is the user, procurement and the supplier. Factors to consider in specifying a product include physical attributes, technical specification, and intended use (Thai et al, 2005).

3.4.3. Sourcing, Awarding, and Supplier Management

Hinson and McCue (2004) say that sourcing is the process of identifying sources of supply that can meet the

organisation's immediate and future requirements for goods and services. The sourcing process adopted will depend on the situation and on the time available to carry out sourcing. For instance, in a sudden on-set emergency the need to respond quickly to the emergency will mean there will be limited time to gather sourcing information and approve suppliers, therefore, an organization may make use of existing suppliers.

3.4.3.1. Steps in the Sourcing Process

3.4.3.2. Market Enquiry

The process of inviting and evaluating tenders or quotations will vary depending upon an organisation's own internal procedures. Nevertheless, the following are considered 'best practices', according to Shaw (2010).

Inviting and receiving quotations	Inviting and receiving tenders
<ul style="list-style-type: none"> • A limited number of vendors are invited to bid for supply of products/services. • Bids are returned within a specified deadline. • Receiving sealed bids depending on the limits provided by the organisation. • Use of locked box or lock fax machine for receipt of bids. 	<ul style="list-style-type: none"> • Advertising in local and international channels. • Setting deadline for response. • Receiving sealed bids. • Opening and registering receipt of the tenders. • Use of locked box or lock fax machine for receipt of bids.

3.4.3.3. Evaluation and Awarding

The evaluation of tenders and awarding of contracts to suppliers is an important phase of the procurement process (Maurer, 2004). It is the process that determines the actual quality, reliability, delivery, etc. of the goods and services. The procurement department coordinates the following

- Analysing and evaluating the bids against set criteria, specification requirements and presenting the analysis to an procurement appointed committee
- Verification of supplier capability and quality control/assurance processes
- Reviewing product inspection results where necessary
- Verification of technical evaluation reports where applicable
- Negotiates with vendors where it is recommended by the committee
- Placing orders and expediting the delivery.

In addition, Shaw (2010) contended that it is very important for the procurement department to assess and consult on any big price variations, to avoid potential conflict of interest, undue influence, price fixing and favouritism, and to ensure consultative decision making and sharing of responsibilities. Also, the tender box should not be opened by one person only, and the criteria used to evaluate bids should be tested and validated by the committee before reception of bids.

3.4.3.4. Placing Orders and Contracting

After evaluating and awarding of tender, the next step in the process involves placing orders for the goods or services with the supplier, or establishing contracts which need to be sent to suppliers. In emergency situations the approval levels and limits are adjusted, based on an approved process, to speed up the process of acquiring goods and services. Under normal circumstances, the approval processes may be more elaborate. The orders establish contractual relationships between the organisation and the supplier (Shaw, 2010).

Important features of a contract or agreement include cost, specification/description, quantity, lead time/delivery time, date of issue, and terms and conditions (including penalties for breach of contract). Place of delivery should also be indicated on the contract (Shaw, 2010).

3.4.3.5. Progressing/Expediting

Once the order is placed and the supplier has confirmed receipt and agreed to the contract terms and conditions, the role and the amount of work that staff in procurement have to undertake will be affected by the performance of the suppliers (Bovis, 2007). It is necessary therefore, for the procurement staff to monitor the progress of orders and the performance of the suppliers. Supplier performance will determine the amount of time and money that has to be spent in expediting orders and the managing of suppliers. To ensure an uninterrupted flow of goods and services, expediting should be a continuous process, especially in emergencies. The continuous monitoring enables the organisation to pick out break-down points in the system and quickly identify solutions (Shaw, 2010).

3.4.3.6. Delivery and Return

Lewis and Roehrich (2009) argue that procurement only facilitates delivery through expediting for timely delivery and trouble-shooting returns. The physical receipt and inspection of goods takes place at the delivery point. Procurement only needs to know that delivery has taken place and that the supplier has delivered in accordance with the purchase order and complied with delivery contract requirements.

In addition, whoever is responsible for accepting delivery and inspecting the goods should understand the procedure to follow in the event that there are any problems or discrepancies. For certain goods or commodities an independent inspection company may be used to check the quality of the goods (Shaw, 2010).

3.4.3.7. Payment

When goods or services are received and accepted into stock, procurement then facilitates payment of the supplier by providing necessary documentation to Finance Department. Orders are normally generated in procurement, as the goods are delivered in the warehouses and transported to final distribution points; additional documents are generated in the process to support transactions. All these documents are finally consolidated to support vendor payments (Shaw, 2010).

3.4.3.8. Review

Shaw (2010) argues that it is very easy to forget the review stage, particularly when there is a lot of procurement activity taking place as in the case of an emergency. Consequently, the review stage is very important and has got three main objectives. These are;

- A review with the original user or beneficiary on whether the original needs they had have been met
- A review of the performance of procurement in carrying out the procurement process, and
- A review of the supplier performance.

In emergency situations, the review step happens much later in the emergency. Emphasis during the emergency is focused on obtaining the goods and services and meeting the needs (Shaw, 2010).

3.5. Challenges in Procurement in the Public Sector

Public procurement is an important function of government. However, a number of challenges are faced (Shaw, 2010).

Firstly, the sheer magnitude of procurement outlays has a great impact on the economy and needs to be well managed. Indeed, in all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10-30 % of GNP (Caldwell et al, 2009). Efficiently handling this size of procurement outlays has been a policy and management concern as well as a challenge for public procurement practitioners.

Secondly, public procurement has been utilized as an important tool for achieving economic, social and other objectives (Arrowsmith and Trbus, 2008; Shaw, 2010). There is therefore, a need to comply with a myriad of legislations and guidelines and this presents a challenge. For instance, in its report to the United States Congress, the Commission on Government Procurement states that "The magnitude of the Government's outlays for procurement and grants creates opportunities for implementing selected national policies" (Federal Acquisition Institute, 1999: 1.8). Also, The World Bank specifies the following four major concerns or objectives of public procurement for projects funded by its loans;

- Ensuring that the loan is used to buy only those goods and services needed for the project,
- Ensuring fair competition for all qualified bidders from the World Bank's eligible countries,
- Promoting transparency or integrity, and
- Encouraging development of indigenous contractors and manufacturers by allowing local buyers to build in a margin of preference for local contractors and manufacturers (Maurer, 2004).

Another challenge is that, due to many reasons (including greater scrutiny of taxpayers and competing vendors), public procurement has been perceived as an area of waste and corruption (Shaw, 2010). For example, in The District of Columbia, USA government wasted hundreds of thousands of dollars in revenue by selling used emergency ve-

hicles for 'bargain basement prices' in auctions run by untrained staffers (Nakamura, 2004). In a period of 30 months, The District of Columbia sold 11 fire trucks for a total of \$3,125 while similar vehicles in make and model had been sold on the Internet for a total of \$360,875. Corruptions and bribes are widespread in government contracts. In the United States, corruptions in government contracts have been regularly reported in newspapers; and the first week of September 2004 witnessed the reporting of a flurry of criminal prosecutions against state officials for violations of state procurement laws. Separate newspapers reported on bidding scandals from Illinois, Connecticut, Wisconsin, and Maryland (Nakamura, 2004). Therefore, overcoming the negative perception and the objective reality, to a certain extent, is one of the biggest challenges in public procurement.

Moreover, Shaw (2010) argues that, as many countries have moved to a regional and or global economy, public procurement practitioners face another challenge that is, how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements. For example, how to comply with national economic policies (in nurturing domestic firms), without dealing unfairly with foreign firms as provided in regional trade agreements and/or the World Trade Organization (WTO) agreements is not easy, which requires a careful study of trade agreements in order to take advantages of special provisions. The WTO Agreement on Government Procurement (GPA) Article XVI provides that; "Entities shall not, in the qualification and selection of suppliers, products or services, or in the evaluation of tenders and award of contracts, impose, seek or consider offsets." Without careful examination of GPA provisions, procurement practitioners in developing countries may not use an exception: However, GPA Article XVI.2 "expressly allows for the use of offsets by developing countries" (Arrowsmith and Trybus, 2008: 165).

Furthermore, in developed as well as developing countries, disregarding their economic, social, and political environment, a sound procurement system has to accomplish two sets of requirements: management requirements and policy requirements. The procurement management requirements normally include quality, timeliness, cost (more than just the price), minimizing business, financial and technical risks, maximizing competition, and maintaining integrity. The procurement policy requirements normally include economic goals (preferring domestic or local firms), environment protection or green procurement (promoting the use of recycled goods), social goals (assisting minority and woman-owned business concerns), and international trade agreements. It is very difficult for policy makers and public procurement practitioners to make an optimal decision, as there are always tradeoffs among these goals (Thai et al, 2005).

Finally, facing the challenges above and others, including rapid developments in technology (which have led to new procurement methods), public procurement cannot be

perceived as a mere 'clerical routine,' as procurement practitioners are and should be involved in strategic procurement planning (Hinson and McCue, 2004). In recent years, public procurement practitioners have forcefully challenged the perceived clerical task of public procurement. Thus, making public procurement a recognized profession is another challenge. Building a body of public procurement knowledge, one of attributes of a profession, is very critical (Thai et al, 2005).

Thai et al (2005) provide that public procurement practitioners have and will always face many challenges. Each country has its own economic, social, cultural and political environment, and each country's public procurement practitioners face different types of challenges, or the same types of challenges but at different levels from their counterparts in other countries.

3.6. How to Improve Procurement Function

Lewis and Roehrich (2009) point out that in order to improve procurement, practitioners should guard and mitigate against risk, understand the market, build relationships with suppliers, meet needs in a timely manner and constantly monitor performance to improve service provision. It is also vital for organisations to have clearly defined procurement policies that are well understood. Organisations should always ensure that sufficient procedures are done to check that work has been satisfactorily done before payment is made (Shaw, 2010).

One possible area of concern is 'conflict of Interest'. Thus Shar (Nakamura, 2004), Mangan et al, (2008), Caldwell et al, (2009), and Shaw (2010) all contend that organisations should have clear written guidelines that define when board members or officers must declare a personal interest that may be deemed to be in conflict with their office.

Shaw (2010) says that procurement policies will vary from organisation to organisation but are the organisational rules and regulations governing the procurement function. The policies determine how different aspects of procurement will be carried out in the organisation and how people working in procurement should behave.

Moreover, internal control assurance in the most common form exists as the internal audit department, and can offer the Board independent and objective assurance that the internal controls and procedures are being complied with. Internal audit reports should be made to the Chief Executive rather than a functional director to assist in maintaining the independence and objectivity of the service (Shaw, 2010).

In addition, companies should always receive value for money. In the past organisations have usually determined that the value for money was achieved by accepting the lowest price tendered by suppliers of goods and services. Lately there is an emphasis on the basis of the overall value for money offered, including the consideration for non-monetary factors and not on the basis of lowest price alone (Shaw, 2010).

It is also essential that the company compare itself with other comparable organisations partly to test that value for money is being achieved, but also as part of the process of seeking continuous improvement and identification of good practice. This is often done through a benchmarking process (Maurer, 2004). The primary purpose of benchmarking is to improve the performance of the company by testing how it is performing, whether it is achieving better performance and the rate at which its performance is improving. Without measuring the company's performance, it is not possible to check whether the targets that the company has set are being achieved. Benchmarking is therefore critical to the process of continuous improvement. The company among other indicators can use such comparisons as cost, time, and quality (Shaw, 2010).

Finally, procurement must be seamlessly integrated with the other aspects of Logistics and functions within the organisation, such as Warehousing, Distribution, Finance, and human resources. An integrated approach to service delivery will no doubt contribute to the timely, efficient and effective delivery of humanitarian assistance. Clear communication lines, timely flow of documentation and constant feedback will facilitate the procurement process (Shaw, 2010). The involvement of the Logistics function in assessments will enable Logistics to plan for the delivery of services, but for Logistics to succeed, the procurement plan must be well integrated and visible in the overall response plan. In emergency situations, easily accessible logistics preparedness and response will help to fast track the development of a response plan, tailored for a specific situation (Shaw, 2010).

4. Research methodology

This study adopted a qualitative research design because it provided flexibility and afforded the researcher the opportunity to conduct an in-depth research. According to Saunders et al (2009) there are five research strategies underpinning qualitative research design. These include: experiment, survey, qualitative research, case study, and action research. For this research, a survey on challenges faced in public procurement in Zimbabwe was conducted.

The population for this study was made up of participants from SPB and from government ministries in Zimbabwe. There are 36 government ministries in Zimbabwe. The researcher made use of non-probability sampling technique as the participants were deliberately selected. The researcher selected one official from SPB and permanent secretaries from 9 government ministries because he believed that they were good prospects for required information. The sample was made up of 10 participants, one from each organisation and the reasons for choosing them were as follows;

- State Procurement Board (has overall responsibility over public procurement in Zimbabwe)
- Ministry of Finance (responsible for provision of financial resources)

- Ministry of Energy and Power Development (there has been debate over tenders for ZESA's energy saver bulbs project and the tender for prepaid meters)
- Ministry of Local Government, Urban and Rural Development (Responsible for Urban areas and there has been debate over water purification chemicals' tender, especially in the aftermath of delivery of wrong chemicals in August 2012)
- Ministry of Water Resources and Development (Responsible for water provision)
- Ministry of Education, Sport and Culture (debate over awarding of tenders for supply of textbooks)
- Ministry of Health and Child Welfare (Delays in the construction of Gokwe Hospital and cancellation of tenders for Victoria Falls Hospital)
- Ministry of Transport and Infrastructural Development (Tender for construction of Airport Road in Harare)
- Ministry of Housing and Social Amenities (Irregularities in allocation of Willowvale Road Flats in Harare)
- Ministry of State Enterprises and Parastatals (responsible for state owned enterprises like ZESA, who are alleged of flouting tender procedures):

The researcher made use of interviews as research instruments. Interviews provided a multi-perspective understanding of the issues under investigation and they had the potential to reveal multiple, and sometimes conflicting, attitudes about a given topic (Marczyk, DeMatteo, and Festinger, 2005). The advantages of using an interview technique were that the respondents expanded on areas of interest and used non-verbal communication such as facial expressions to emphasise their responses. However, interviews were time consuming and expensive to conduct, and they involved protocol in setting up appointments and being granted authority to conduct them.

Data was analysed using content analysis. Ritchie and Lewis (2003) argue that qualitative content analysis involves a process designed to condense raw data into categories or themes based on valid inference and interpretation. The researcher made use of manual data coding system and the formal process of developing the coding scheme began shortly after the first few interviews. After coding the entire data set, the researcher rechecked the consistency of coding. It was not safe to assume that, if data was coded in a consistent and reliable manner, the coding of the whole corpus of text was also consistent. Human coders are subject to fatigue and are likely to make more mistakes as the coding proceeds (Kothari, 2004). For all these reasons, the researcher had to recheck coding consistency. After rechecking coding consistency, the researcher made inferences and present reconstructions of meanings derived from the data.

5. Findings

5.1. Role of Procurement

All 10 participants (100%) provided that procurement is vital in public institutions. It was held that procurement expenditure constitutes over 65% percent of total public sector expenditure. Therefore, the procurement function is critical in service delivery and largely determines costs of public utilities. This is in line with what was said by Caldwell et al, (2009) who argue that organisations with properly constituted procurement functions achieve up to 25% savings on cost.

In addition, 60% of participants believed that, if care is not taken, public procurement system can be the major killer, above all, the killers that can be identified. For instance, how many people die in road accidents caused by poorly maintained roads because a tender was awarded to an incompetent service provider? How many people die because they could not respond to drugs administered to them because the drugs are expired or counterfeit? Therefore, public procurement plays a critical role in provision of essential services like health.

5.2. Public Procurement Procedures in Zimbabwe

All participants agitated that public procurement in Zimbabwe is governed by the State Procurement Act. [Chapter 22:14]. The State Procurement Act provides that purchase transactions that exceed the US\$50 000 threshold pass through the SPB. The State Procurement Act had a noble objective of creating opportunities for companies owned by formerly marginalised races, especially black indigenous people.

Moreover, participants said that public procurement procedures compel SPB to support indigenous companies. The general guideline is that 10% of all tenders should be given to locally owned companies.

5.3. Challenges to Public Procurement in Zimbabwe

Public procurement in Zimbabwe is froth with a myriad of challenges. The researcher presents the major problems.

5.3.1. Delays in Implementation of Projects

Delays in making decision was said to be a challenge in public procurement by 100% of the participants. For instance, the need to comply with SPB procedures resulted in the construction of a \$600 000 district hospital in Gokwe North lagging behind schedule.

5.3.2. Corruption

Participants said that corruption is a major challenge in public procurement and this view is also supported by Shaw (2010). There are a number of tenders that have been associated with corruption and below are a summarization of the some of the issues.

- Harare City Council has been accused of awarding tenders for the supply of water treatment chemicals to shady and incompetent companies that offered them kickbacks. One of the companies contracted to provide water treatment chemicals to the city delivered poisonous sodium cyanide, instead of alu-

minium sulphate solution, to Harare's Morton Jeffrey Waterworks in September 2012.

- In October 2011, a tender for the supply and delivery of the malaria rapid diagnostic test was withdrawn with participating bidders were refunded their tender fees because tender had been corruptly floated. It was alleged that \$300 00 was released towards the national malaria programme and the Ministry of Health Child Welfare immediately ordered the responsible organisation to float a tender for diagnostic test kits. A senior official in the national malaria programme is believed to have then clandestinely issued the specifications for the test kits based on those of the discarded Paracheck which had already been banned by the responsible Ministry because of its low sensitivity to malaria detection.

5.3.3. Inadequate Market Enquiry

The study revealed that most tenders are awarded without adequate enquiry on the market. This weakness resulted in City of Harare losing millions of dollars in the construction of Airport Road. The tender was for the construction of the 20km road was won by Augur Investments at a cost of \$80 million. However, it was revealed by the Ministry of Transport and Infrastructural Development that average cost of road construction is \$0.5 million per kilometer and this means that the cost of constructing the road should have been around \$10 million.

5.3.4. Political Interference

Participants said that major tenders are influenced by ministers. This is at variance with the principle of politics-administration dichotomy which provides that ministers are mainly responsible for policy making and not implementation.

5.3.5. Indigenisation Policy

The need to comply with indigenisation policy has resulted in tenders being awarded to incompetent companies. Some tenders won by foreign owned companies have actually been cancelled due to indigenization policy. For example, in October 2012, Grain Marketing Board (GMB) cancelled a US\$1 million flour toll milling tender it awarded to a Pakistani-owned company, Mylo Foods, following intense pressure from black empowerment lobby groups who wanted an indigenous miller to be contracted to do the job.

5.3.6. Incompetence

Participants said that most people tasked with the responsibility to procure resources are incompetent. For example, it was alleged that the adjudication process of the tender to supply ZESA with pre-paid was flawed. However, the SPB could not reverse the process because it was its adjudicators who were at fault, the minister added.

The purchasing activities are being performed by people who are not professionals or qualified in the field. As a

result, wrong decisions which are costly to the organisations are always the order of the day and thereby depriving quality service to the intended benefiter. This is because the procurement function represents commitment of organisational funds in anticipation to a positive contribution a reasonable rate of return. For example the Supply Chain Management aspect in this global world is now a strategic weapon to reposition the organisational competitive position. This means that if organisations are to survive and achieve their objectives in this competitive world, the corporate must close the gap between the operational purchasing and the strategic purchasing activity.

Consequently, based on the findings of this study, it shows that all is not well in the purchasing fraternity in Zimbabwe. SPB is alleged of awarding tenders to companies with no capacity to carry out the intended projects and this is denying development in the country.

6. Conclusion and Recommendation

6.1. Conclusion

The study revealed that procurement is vital for the success of any organization and having properly constituted procurement functions results in cost saving of up to 25%. It was held that purchases exceeding \$50 000 goes through SPB and that 10% of tenders should be awarded to locally owned companies. A number of challenges in public procurement were identified and these included delays in decision making, corruption, political interference, and incompetence. The researcher came up with recommendations that are elaborated in the following section.

6.2. Recommendations

6.2.1. Adoption of Professional Procurement Practices

There is need for adoption of professional procurement practices. As a matter of fact putting purchasing in the rightful hands leads to the well management of critical resources within the organisation. If organisations in all sectors were to adopt professionally the Purchasing practices, this would result in a positive impact on the Gross Domestic Product of the country since input (purchasing) costs constitutes about 30-40% of costs to every final product. Meaning that appropriate management of resources from the Purchasing point of view is not an option but a must for the organisations to invest by employing the right people who can adopt and practice professionally the purchasing function. The adoption of professional Purchasing practices would minimise if not eliminate some of the issues mentioned in the cases discussed, where anyone if given the chance can interfere and wants to be a buyer.

6.2.2. Training

There is need for training of procurement officers. Training would ensure a purchasing practitioner to be someone who can make sound and credible decisions which can add value to the organisation. For example the Zambian Government made it mandatory that anyone to work in the Pur-

chasing department in the public sector should have a Chartered Institute of Purchasing and Supply (CIPS) qualification as this would avoid unnecessary practices which would cost the nation. Locally the government through the Ministry of Higher and Tertiary Education has made it easier for locals to attain degrees in Supply Chain Management through the Chinhoyi University of Technology (CUT) and Bindura University who offer these qualifications at highest level. Not to mention also Polytechnics who offer the Higher National Diplomas (HNDs). It is only a matter of recognition and following the Zambian government directive which can help to ensure effectiveness in procurement.

6.2.3. Transparency

There is need to ensure transparency in the awarding of tenders. Tenders should be given to deserving companies irrespective of nationality and political affiliation.

6.3.4. Decentralisation

There is need to decentralize public procurement so that decisions can be made in time. Multilayered bureaucracy frustrates in-house procurement processes at the grassroots levels. Also, having a centralized procurement policy has not managed to prevent corruption, but has actually perpetuated it.

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