



# THE EFFECTS OF CONFLICT OF INTEREST ON PROCUREMENT FUNCTION PERFORMANCE IN STATE CORPORATION OF TANZANIA

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## ABSTRACT

**Purpose:** The purpose of this study was to examine the influence of conflict of interest on the performance of the procurement function. The study's objectives were to determine the effect of a code of ethics, a lack of openness, and a lack of accountability on the procurement function's performance.

**Design/Methodology/ Approach:** The study employed an explanatory research approach and collected data from 241 heads of departments at state corporations in the Dar es Salaam region via a standardized questionnaire. Before doing multiple linear regression, the data were evaluated using descriptive data analysis and summarized using frequency distribution tables. All analyses were conducted using SPSS version 26.

**Findings:** The study found that a lack of transparency and lack of accountability had a negative significant relationship with procurement function performance at  $p < 0.05$ . The procurement function performance demonstrated a non-significant positive relationship with the code of ethics.

**Research Limitation/Implication:** The study's biggest shortcoming is its scope, as it only looks at state corporations in the Dar es Salaam region.

**Practical Implication:** The study's practical consequences include the observation that the presence of a conflict of interest throughout the procurement process impairs the procuring entity's ability to achieve the desired outcomes from the goods and services purchased.

**Social Implication:** Conflicts of interest in the procurement function have societal consequences since they make it more difficult for society to obtain social services such as health care, roads, clean water, and improved education.

**Originality/ value:** There has not been a study like this in Sub-Saharan African Countries. As a result, the study brings new knowledge and perspective to the organization's conflict of interest issues affecting public procurement.

**Keywords:** *Accountability; conflict; ethics; procurement; transparency*

## 1.0 INTRODUCTION

### 1.1 Background of the study

Public procurement is a critical function within an organization because it is accountable for the delivery of required materials, construction projects and amenities. It is estimated that it consumes between 50 and 70 percent of the majority of developing countries' annual budgets (Kirai & Kwasira, 2016). Additionally, it accounts for approximately 10% to 25% of global GDP (World Bank, 2017). Due to its significance, governments have implemented numerous reforms to ensure an effective public procurement process that maximizes the value of procured goods and services and minimizes public funds misuse (Odhiambo, 2003; Mrope, 2018). The requirement for effective public procurement function performance motivates some development stakeholders, like the International Monetary Fund and World Bank to concentrate



their efforts on ensuring that public funds are used effectively to foster the development of organizations and nations (Marendi, 2015).

Among the efforts made by developing countries and their development partners are the establishment of legal frameworks for public procurement, the establishment of an institutional framework to manage the procurement process, capacity building for procurement practitioners and other public procurement stakeholders, the establishment of an e-procurement system and alike (Odhiambo, 2003; Shatta & Shayo, 2021). Despite these efforts, mismanagement in public procurement has persisted, as the Control Auditor General (CAG) reported (CAG 2018/2019: CAG 2019/2020). Each year, procurement mismanagement is estimated to cost between 20% and 30% of contract values globally (Basheka, 2009). As a result, it attracts the attention of numerous scholars to study public procurement function performance and identify appropriate ways to improve it (Matto, 2017). Conflicts of interest among procurement practitioners are a significant factor affecting procurement function performance (Obicci, 2015). Tutu (2017) bolsters this argument by stating that conflict of interest among procurement partners is one of the major impediments to effective procurement function performance in some developing countries.

According to Mawenya (2008), a conflict of interest exists when government officials' decisions are influenced by their private interests. The procurement process is affected by conflicts of interest in different areas, for instance, allocation of budget, procurement planning, specification formulation, evaluation of tenders and contract administration (Pilly, 2017). Conflicts of interest manifest themselves differently throughout the world, but their effects on organizations are nearly identical. In America, as Rendon & Rendon (2016) demonstrate, a conflict of interest occurred among procurement practitioners when the Air Force engineer in charge of technical evaluation gave a favourable evaluation to a proposal submitted by his own company, which violated the procurement function's policy. As depicted, Bangladesh's legislative and administrative reforms have not prioritized the code of conduct, ethics, and issues of conflict of interest. As a result, corruption has become one of the primary challenges influencing public procurement in the country (Mahmood, 2010).

Africa, like the rest of the world, has encountered the same situation. For example, in Ghana, conflict of interest is implicated in the high cost of procured goods, resource waste through unnecessary purchases, procurement of substandard goods, and corruption, all of which impede private sector capacity building (Osei-Tutu, 2017). Conflicts of interest arise in Kenya as a result of practitioners' lack of moral principles and their failure to adhere to the procurement code of conduct when performing procurement functions (Philly, 2017). Also, conflicts of interest have been shown to influence the methods of procurement and contract award, procurement officers frequently award contracts to individuals who are political allies or relatives.

According to Lema & Mrope (2018), one of the critical measures against conflict of interest in Tanzania is the existence of a code of ethics and standards for public institutions engaged in procurement. The Procurement and Supplies Professional and Technicians Board's (PSPTB) code of ethics establishes what practitioners may and may not do (PSPTB, 2016). However,



having a code of ethics is one thing; adhering to it is another. Numerous studies demonstrate that numerous state corporations have codes of ethics and standards. However, practitioners' adherence to them when performing procurement functions becomes a significant challenge for the majority of procuring entities (Obicci, 2015; Matto, 2017). According to studies, disobedience of a code of conduct results in corruption and mismanagement of the procurement process in a large number of public institutions (CAG 2019; CAG 2020; Matto, 2017).

Lack of transparency is one of the most common sources of procurement-related conflict of interest. Transparency is a basic principle of the procurement system, as stipulated by the Public Procurement Regulation (PPR) (PPR, 2013). The procurement process must be conducted in such a way that all stakeholders are aware of how the procurement is conducted within the procuring entity (Mrope, 2018). Additionally, transparency encourages open competition and deters shady dealings and other malpractices that weaken accountability (Global Partners Associates, 2012). Studies show that the announcement of tender opportunities, contract award decisions, and auditing of the procurement process are among the indicators of how transparent the procurement process is (Mrope, 2018). However, studies show that many developing countries suffer from a general lack of transparency in the publication of tender opportunities, contract awards, and clear selection criteria (Obicci, 2015; Philly, 2017).

Furthermore, one of the basic principles of government procurement that procurement practitioners must follow is accountability (PPA, 2011). Studies show that procurement practitioners' lack of accountability contributes to a conflict of interest during the procurement process (Mwangi & Kwasira, 2015; Matto, 2017). Poor-quality commodities and payment for undelivered items, which occur in some procuring bodies in Tanzania, are the outcome of a conflict of interest, according to the CAG findings. According to the report, procurements worth TZS 5,373,435,190.36 were done without prior clearance from the tender board during the fiscal year 2017/2018. Furthermore, according to the report, the Tanzania Ports Authority alone lost TZS 5.379.6 billion due to a lack of accountability, which is aggravated to some extent by conflicts of interest among procurement practitioners inside the institutions. Therefore, this research intended to investigate the impact of conflict of interest on state corporations' procurement function performance, specifically the effect of the code of conduct, a lack of transparency, and a lack of accountability on state corporations' procurement function performance in Tanzania.

## **1.2 Problem statement**

Many Tanzanian state corporations have been accused of corruption, unfair treatment of suppliers, and abuse of public finances (CAG, 2020). One of the main causes of this situation is the existence of a conflict of interest among procurement practitioners (Matto, 2017; Philly, 2017.) Conflicts of interest affect the procurement function performance in many areas; from need identification to requirement specification, tender evaluation, contract award, and contract management (Rendon & Rendon 2016; Osei-Tutu, 2017).

Regardless of the stage or manner in which it manifests, its impact on the procurement process is not to be overlooked. As a result, state corporations have taken numerous initiatives to ensure that procurement functions are free of conflict of interest. For instance, one of the initiatives was the establishment of the PSPTB Code of Ethics and Conduct. This was complemented by



the establishment of the Tanzania National e-Procurement System (TANePS), ongoing professional development for procurement professionals, and the establishment of an internal audit unit to identify and mitigate related weaknesses (Matto, 2017; Shatta & Shayo 2021). All of these initiatives aimed to improve the procurement process's transparency. Regardless of such initiatives, unethical procurement practices and conflicts of interest have been documented in state corporations, resulting in the mismanagement of vast sums of public funds (CAG, 2019).

Though many studies have looked at the impact of conflicts of interest on procurement function performance. For instance, Obicci (2015) looked into interpersonal, intra-group, and inter-group conflicts of interest in Uganda. Pilly (2017) looked at personal gain, nepotism, and political influence in Kenya, while Kováiková (2019) looked at whether the legal framework adequately addresses conflict of interest and, if not, how to improve it. Abdullahi, Gambo, & Mohammad (2019) examined the influence of ethical standards on conflict of interest in a Nigerian construction procurement project. Lecheva (2015) investigated indicators of potential conflict of interest in procurement programs funded by the European Union. Nevertheless, to the researcher's superlative knowledge, there are scanty studies examining the effect of an ethical code, a lack of accountability, or a lack of transparency on procurement function performance. Therefore, this study sought to address a gap in knowledge by exploring the effects of conflict of interest on government contracts, with a special focus on the effect of a code of conduct, establishing the effects of a lack of transparency, and assessing the effects of a lack of accountability on procurement function performance in Dar es Salaam region state corporations. The objectives are to determine the effect of a code of ethics on the performance of state corporation procurement functions in the Dar es Salaam region; to examine the effect of transparency on the performance of state corporation procurement functions in the Dar es Salaam region and to ascertain the effect of accountability on the performance of state corporation procurement functions in the Dar es Salaam region.

### **1.3 LITERATURE REVIEW**

#### **1.3.1 Theoretical Literature Review**

The Principal-Agency Theory served as the foundation for this study (PAT). The agency theory or principal-agency theory/model is a relationship between two or more parties in which one party, referred to as the principal, employs another party, referred to as the agent, to perform work on the principal's behalf (Jensen & Meckling, 1976; Moe, 1984). According to the theory, once principals delegate responsibility to agents, they frequently struggle to control them, as agents' goals frequently conflict with their own, and agents possess more information about their capability and activities than principals do (Kivisto, 2008). Both the agent and the principle are self-interested, the agent's actions have external consequences for the principal's well-being, and there is an asymmetry of information that confers discretionary authority on the agent (Eisenhardt, 1989). When it comes to the agency relationship, agency theory is predicated on two fundamental assumptions: informational asymmetries and goal conflicts (Moe, 1984).

According to Nikula & Kivisto (2017), a moral hazard problem may arise when the principal cannot directly observe the agent's actions and/or when determining these actions are both costly and inaccurate. Due to the principal's information asymmetry, the agents may fail to perform as consented or provide inaccurate information regarding their actions – in other words,



the agents may act in their self-interest at the cost of the principal (Milgrom & Roberts, 1992). Lane & Kivisto (2008) argue that an agency relationship is justified when the agent possesses incredible skills, qualifications, expertise, and capability to perform the assigned responsibilities. According to Eisenhardt (1989), the agency problem is caused by goal conflict and a lack of primary information about the agency. Eisenhardt (1989) continued by arguing that the principal possesses two control mechanisms for managing the agent's opportunism, namely behaviour patterns contracts and outcome-based contracts. When a principal chooses to implement behaviour-based contracts, he or she has to choose to supervise and incentive the agent's behaviour (actions). Agents who accomplish specific objectives are compensated under output contracts (outputs). Appropriate methods for monitoring the agent's opportunistic behaviour must be implemented (Panda & Leepsa, 2017).

According to studies, monitoring mechanisms should include the founding of conduct standards, transparency, and accountability to ensure that perhaps the agent adhered to them when executing the contract to avoid conflict of interest, which has a detrimental effect on the organization's performance (Jensen and Meckling, 1976; Panda & Leepsa, 2017). Conflict of interest is one of the problems concerning Tanzania's public procurement function's performance. As a result, this theory is critical to the success of this research. As a result, the United Republic of Tanzania has addressed the issue by enacting the Public Procurement Professionals Code of Ethics, which all public procurement professionals must follow when performing procurement tasks (Mrope, 2018).

### **1.3.2 Empirical Literature Review**

#### *1.3.2.1 The effects of the Code of conduct on the procurement function performance*

The code of conduct and ethics attempts to clarify numerous dos and don'ts that procurement practitioners must keep in mind when performing procurement functions (Mrope, 2018). The code of conduct is intended to ensure that professionals avoid conflicts of interest when carrying out their responsibilities (Obicci, 2015). Tanzania's PPA (2011) includes provisions for avoiding conflicts of interest, such as requiring all participants of the evaluation team to sign a code of ethics by stating that they have no conflict of interest with any of the bidders that participated in the tender at issue (Mrope, 2018). The PSPTB's code of ethics and conduct state unequivocally that procurement professionals must be diligent, truthfully, honestly, equitably, thoroughly, courteously, transparently and efficiently, in carrying out all appropriately assigned duties (PSPTB, 2009). Apart from the existence of the code of ethics, records indicate that some procurement practitioners violate it when carrying out their responsibilities. As a result, frauds, malpractices, and misappropriation of public funds have been documented in some of Tanzania's procuring entities (CAG, 2019; CAG 2020).

#### *1.3.2.2 The effects of transparency on the procurement function performance*

Transparency is a fundamental principle of public procurement (PPR, 2013). Kashap (2004) describes transparency as the amount to which procurement interested parties have access to the information about the procuring organization's entire procurement process, including solicitation, contract award, and contract administration. The procuring entity is required to conduct its procurement function transparently, such that all procurement stakeholders are



aware of the procurement process's progress, the procedures to be followed by suppliers participating in the bidding process, the criteria to be used in evaluating and awarding contracts, and the general terms and conditions of contracts, among other things (PPR, 2013). Supplier confidentiality should be protected, and unsuccessful suppliers should be briefed on the procurement process with as much transparency as possible, for example, on the weaker aspects of their tender (Aaron, 2015). Transparency in the procurement process promotes fairness, equality, and competitiveness, all of which stifle accountability (Global Partners Associates, 2012). The survey also recognized information dissemination, procurement audits (externally and internally), and management follow-ups and actions as critical factors and proof of procurement transparency.

Tanzania's PPA, 2011 and its regulations require all procuring entities to inform all suppliers of the status of their tenders and the reason for the decision after any procurement process. Additionally, awarded contracts must be made public by identifying the suppliers who won the tenders, their contracted value, and the duration of the contract (PPA, 2011; PPR, 2013). According to the OECD (2007) document, a fair and transparent procedure needs legislative measures such as open proceedings and disclosure of vendor lists as well as the procedures for applying for registration, anti-corruption techniques, publication of procurement plans, fair pre-qualification processes, and clear screening of the successful tenderer.

#### *1.3.2.3 The effects of accountability on the procurement function performance*

Accountability is a central tenet of public procurement (PPA, 2011). Practitioners of procurement are accountable for the decisions they make while performing procurement functions (PPR, 2013; Mwangi & Kwasira, 2015). Additionally, procurement professionals must adhere to a code of ethics and conduct when carrying out their responsibilities (Mrope, 2018). Goal measurement, result justification, and sanction for non-performance are three key components of accountability, according to Brinkerhoff (2004). He also talked about the tactics that need to be implemented to strengthen the organization's accountability. Which include information systems and civil organizations mandated with the duty of requiring clarification of outcomes, incentive systems, and punishments for substandard performance. Matto (2017) asserts that a lack of accountability on the part of practitioners has created a slew of issues for procuring entities and the country as a whole. The prevalence of corruption and malpractices in nearly every country's procurement process demonstrates a lack of accountability (Brinkerhoff, 2004; Gray, 2015). Gray (2015) demonstrates how public funds were misappropriated in Tanzania due to a lack of accountability regarding radar procurement and the Richmond saga. Additionally, the excessive prejudice inherent in personalism creates a conflict of interest (Moyo, 2012). Moyo (2012) also argued that personalism precludes responsibility management based on well-defined accountability principles.

#### **1.3.2.4 Conceptual Framework**

The framework was developed using variables gathered during the critical empirical review. The independent variables are the procurement code of ethics, transparency, accountability, goal conflict and information asymmetries and whereas the dependent variable is procurement function performance. Figure 1 depicts the conceptual framework.



**Independent variables**

**Dependent Variable**

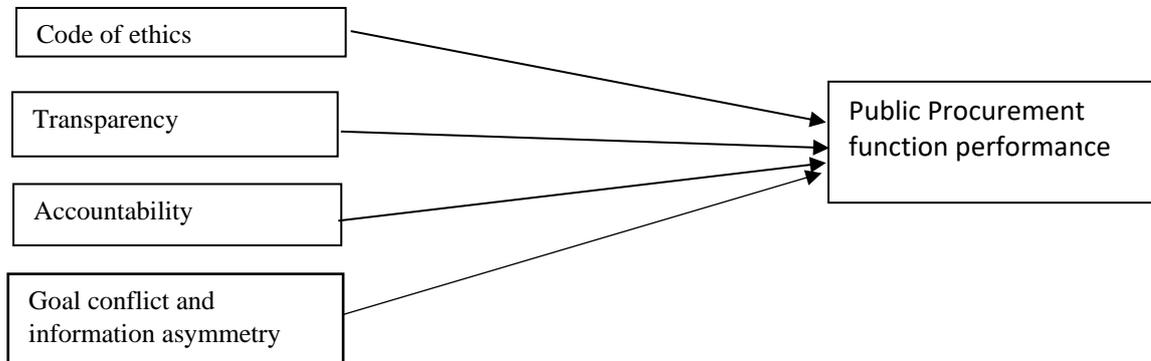


Figure 1: Conceptual Framework

Source: Researcher, 2022

**2.0 METHODOLOGY**

The study took an explanatory approach to establish a relationship among variables (Saunders Lewis, & Thornhill, 2012). The study examined 94 parastatal entities in the Dar es Salaam metropolitan area. The target population consisted of 712 respondents who were heads of departments of state corporations. The sample size was determined utilizing Yamane Formula (1976), where N denotes the target population, n denotes the required sample size, and e denotes the amount of confidence, which has been set to 5%. A simple random selection procedure was used for selecting 256 responses from 712 staff. Only 241 individuals from a sum of 256 completed the surveys correctly, a self-administered survey instrument that participants dropped off and picked up (DOPU). The survey items were operationally defined using five-point likert scales, where 1 denoted “strongly disagree” and 5 denoted strong agreement. This study made use of both descriptive statistics and inferential statistics.

Using frequency distribution tables, the data were presented descriptively. Furthermore, exploratory factor analysis (EFA) has been used to determine whether previously identified elements defined a particular construct. The concepts of reliability and validity were established at this point. After calculating the factor scores for each construct, they were ready to be used in multiple regression models. The relationship between the independent and dependent variables was determined using multiple linear regression analysis. In this work, the linearity, homoscedasticity, absence of multicollinearity, and normality of residuals assumptions of the multiple linear regression model were examined (Saunders *et al.*, 2012). The multiple linear regression that was used is as follows:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$ . Where: Y = Procurement function performance;  $\alpha$  = Constant of Regression;  $\beta$  = Beta Coefficients;  $X_1$  = Code of ethics;  $X_2$  = Lack of transparency;  $X_3$  = Lack of accountability and  $\epsilon$  = Error of Regression.

**3.0 RESEARCH FINDINGS AND DISCUSSION**

**3.1 Respondents' demographic characteristics**

Table 1 summarizes the respondents' demographic information.



*Table 1: Demographic information of the respondents*

<b>Variable</b>	<b>Frequency</b>	<b>(Percentage)</b>
<b>Sex</b>		
Male	152	63.0
Female	89	37.0
<b>Age</b>		
18-25 years	38	15.8
26-45 years	122	50.6
46-60 years	81	33.6
<b>Work experience</b>		
Less than 5 years	70	29.0
6 - 11 years	64	26.6
12 - 16 years	60	24.9
17 - 20 years	28	11.6
Above 21 years	19	7.9
<b>Level of education</b>		
Diploma	15	6.2
Bachelor	85	35.3
Master degree	122	50.6
Doctorate	19	7.9
<b>Trained on procurement Act and its regulations</b>		
Trained	157	65.1
Not trained	84	34.9

### *3.1.1 Sex*

The gender of the respondents was investigated, and it was discovered that male respondents made up 152 (63.0%), while female respondents made up 89 (37.0%). This shows that men dominated the ranks of department heads.

### *3.1.2 Age*

The age of the respondents was classified using age categories in this study's descriptive analysis. A plurality of 122 (50.6%) was between the ages of 26 and 45 while 38 (15.8%) were between the ages of 18 and 25, and 81 (33.6%) were between the ages of 46 and 60. This shows that a sizable proportion of respondents (84.2%) are intelligent adults over the age of 25

### *3.1.3 Working experience*

According to Table 1, 70% (29%) of respondents had between one and five years of experience. 64 (26.6 percent) respondents had between 6 and 11 years of experience; 60 (24.9 percent) respondents had 12 to 16 years of experience; 28 (11.6 percent) respondents had between 17 and 20 years, and 19 (7.9 percent) respondents had more than 21 years of experience. The findings indicate that a sizable proportion of respondents have more than five years of experience

### *3.1.4. Educational Level*

The respondents' educational levels were examined, and the results revealed that 15 (6.2%) had a diploma and 85 (35.3%) had a bachelor's degree. A master's degree was held by 122 (50.6%) of respondents, while a PhD was held by 19 (7.9%). This shows that the vast majority of respondents (93.2%) held a bachelor's degree or higher.

### *4.1.5 Education on PPA and its regulations*



According to the findings, 157 (65.1%) of the respondents had received training, while 84 (34.9%) had not. This demonstrates that the percentage of the respondents are familiar with the rules and regulations governing public procurement that must be abided when undertaking procurement function.

### 3.2 Reliability of the data

The study variables have been put through a reliability test to see if they are dependable or not. Table 2 summarizes the findings.

Table 2: Reliability statistics

Variable	Cronbach's Alpha	No. of Items
Code of ethics	0.820	2
Transparency	0.781	2
Accountability	0.719	3
Procurement function performance	0.884	5

Cronbach's alpha coefficient was used to determine the instrument's reliability in this study, as Sekaran and Bougie (2009) assert that a reliable instrument has a Cronbach's alpha value of 0.7. As a result, all variable instruments are considered to be reliable when their scores exceed 0.7.

### 3.3 Kaiser-Meyer-Olkin (KMO) and Bartlett's test

The Kaiser-Meyer-Olkin test was used to determine the sampling adequacy, and the results are shown in Table 3.

Table 3: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.909
Bartlett's Test of Sphericity	Approx. Chi-Square	1294.259
	Df	21
	Sig.	.000

According to Kaiser-Meyer sampling, Olkin's adequacy value was 0.909, which exceeded the given threshold of 0.5, and Bartlett's test of sphericity was significant statistical ( $p=.000$ ), indicating that the variables in this study are factorable.

### 3.4 Descriptive statistics

#### 3.4.1 Code of Ethics and Conduct

Respondents were asked to indicate their level of agreement with a series of statements to ascertain the extent to which compliance with the state corporation's code of ethics affects the procurement function's performance. Table 4 summarizes the findings.



Table 4: Code of ethics and conduct

Statement	Min.	Max.	Mean	Std. Dev
For all individuals participating in the procurement process, there are Ethics and Conduct Codes.	1	5	2.32	.905
The Code of Conduct is followed by all practitioners	1	5	2.30	.959

According to respondents, there have been no codes of ethics or conduct for all participants involved in the procurement process (mean 2.32). This contradicts the findings of Mbura & Kitheka (2020) who found that procurement practitioners working in the procurement process in state organizations in Kenya were bound by codes of ethics and standards. Mrope (2018) made the same observation, revealing that procurement practitioners are guided by ethical codes and conduct within organizations when performing procurement functions. Additionally, respondents disagreed that all procurement practitioners adhered to the code of ethics and conduct when carrying out their procurement functions (mean 2.30). This finding is corroborated by the CAG reports from 2019 and 2020, which reveal widespread procurement mismanagement in state corporations. This implied that procurement practitioners violated the code of ethics and conduct in the course of their duties. According to the PSPTB's code of ethics and standards, all procurement practitioners are required to work diligently, honestly, efficiently, thoroughly, equitably, trustworthily, and transparently, which appears not to be the case. This finding is consistent with Kangogo & Kiptoo's (2013) observation that many procurement practitioners violate the code of ethics due to a lack of technical and ethical knowledge, which promotes unethical behaviour in the procurement sector. The findings contrast research by Eyaa & Oluka (2011) and Amayi & Ngugi (2013), which demonstrated that adherence to professional standards of ethics leads to improved procurement function performance in government entities.

### 3.4.2 Transparency

Participants were asked to evaluate their agreement with various statements to establish the range to which transparency affects the performance of the procurement function in a state corporation. The findings are shown in Table 5.

Table 5: Presence of transparency

Statement	Min	Max	Mean	Std. Dev
Important information relating to procurement opportunities are published publicly.	1	5	2.27	.880
All parties involved have access to information about how procurement contracts are awarded	1	5	2.20	.922

The respondents disagreed that critical information about procurement opportunities should be made publicly available (mean 2.27). This finding is consistent with Mbura & Kitheka's (2020) finding that the procurement process in the state organization in Kenya is not fair or transparent. This finding, however, contradicts Mrope's (2018) finding that important information about the procurement process and decisions is published in the media. This finding implies that sometimes important information about procurement opportunities is not communicated to procurement stakeholders, thereby limiting their participation in the procurement process. Additionally, respondents disagreed that all interested parties are aware of the procedure for awarding procurement contracts (mean 2.20). The finding is consistent with Osei – Tutu's (2014) finding that the procurement process in Ghana's construction industry is opaque.



The finding, however, contradicts Mrope's (2018) assertion that public procurement is transparent in the sense that all interested stakeholders are aware of how procurement contracts are awarded. This finding implies that suppliers were not sent notices of intent to award, which the procuring entity was required to send to all participating bidders informing them of the procuring entity's intention to award a contract to a particular bidder, the bid price, and the reasons for the bidder's failure. Additionally, it agreed with Matto *et al.*, (2021) conclusion that a substantial number of procuring entities failed to submit required information to the Public Procurement Regulation Authority (PPRA). Failure to submit contract information to Authority means that the general public will be unaware of the awarded contract, as PPRA maintains a Tender Portal and a Procurement Journal where procurement information is publicly available.

### 3.4.3 Accountability

To discover the range to which accountability affects the performance of the procurement function in state corporations, respondents were asked to air their views on the number of questions asked to them. The findings are summarized in Table 6.

Table 6: Accountability

Statement	Min	Max	Mean	Std. Dev
In the procurement process, several procedures are utilized to prevent and detection of fraud and corruption.	1	5	2.20	.922
In the procurement process, there are sufficient safeguards to eliminate conflicts of interest.	1	5	2.23	.905
There is proof that the wrongdoers were subjected to disciplinary action.	1	5	2.27	.942
There is a need for justification of the auditor's findings	1	5	2.30	.910

Specific measures to prevent and detect procurement fraud and corruption are not implemented, according to the respondents (mean 2.20). This finding contradicts Mrope's (2018) claim that specialized fraud and corruption prevention and detection mechanisms are in place during the procurement process. This means that fraud and corruption can exist within the organization and go undetected until it is audited by the PPRA or the CAG. The CAG reports from 2019 and 2020 back this up, revealing a host of previously uncovered fraudulent behaviours within the procuring entities. In addition, respondents were split on whether there are enough measures to prevent potential conflicts of interest during the procurement process (mean 2.23). This finding is in line with Mbura & Kitheka's (2020) finding that there was no mechanism in place in Kenya to screen out conflicts of interest in government entities. However, some procedures, such as internal audits, are not as successful as they should be in practice. Furthermore, respondents disagreed that evidence of disciplinary action against individuals who breach the code of ethics and professional conduct exists (mean 2.27). These findings contradict Mrope's (2018) findings, which revealed that individuals who broke the professional code of ethics faced disciplinary action. In general, the findings support those of Osei-Tutu *et al.* (2014), who found a lack of openness and accountability in the procurement system in Ghana's construction industry.

### 3.4.4 Procurement function performance

The ratings of state corporations' procurement functions are summarized in Table 7



Table 7: Procurement function performance

Statement	Min	Max	Mean	Std. Dev.
On-time delivery of purchased goods/services	1	5	3.35	1.202
Because of the efficiency, high-quality goods are produced.	1	5	3.53	1.029
The user departments have made very few complaints.	1	5	3.32	1.104
Damages and squandering have been eliminated.	1	5	3.41	1.005
The procurement process can be made more cost-effective.	1	5	3.4	1.099

Five distinct parameters were used to evaluate the procurement function's performance. These items were quantified using the Likert scale, which ranged from 1 to 5. Each item was assigned a score between one and five, with one being the smallest and five being the highest. As shown in Table 7, all items received the same mean score of 3.4, with effective goods scoring the highest at 3.53 and user department complaints scoring the lowest at 3.32. This finding contradicts Kirai and Kwasira's (2016) findings that the organization did not supply high-quality goods and that the procurement function was inefficient in terms of cost savings.

The study's findings are consistent with agency theory, which emphasizes the conflict of interest that occurs when the principle and agent carry out their agreement (Jensen and Meckling, 1976). Each party seeks to maximize their interests, according to the concept. To mitigate the risk of a conflict of interest, the principal establishes a code of ethics and conduct as one of the monitoring mechanisms for ensuring that the agent adheres to it while performing the procurement function (Panda & Leepsa 2017). It is believed that when an agent adheres to the code of ethics, he or she will perform procurement functions appropriately, including proper procurement planning, method selection, tender evaluation, contract award, and contract management, all of which will ensure that the organization's procurement objectives are met.

### 3.5 Inferential Statistics

#### 3.5.1 ANOVA F test

The ANOVA F test was used to determine whether the total model fit met the required levels of statistical criteria. The Anova test results are shown in Table 8.

Table 8: ANOVA

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	70.373	3	23.458	32.523	.000 <sup>b</sup>
	Residual	170.937	237	.721		
	Total	241.310	240			

a. Dependent Variable: Procurement performance

b. Predictors: (Constant), Code of ethics, Transparency Accountability,

According to Table 8, the overall model fit is excellent, as evidenced by the p-value for the regression model F test is less than the cutoff point p-value (0.05) at the 95 % confidence level. As a result, the model is extremely significant in demonstrating that when the three independent variables of ethical code, transparency, and accountability are combined, the three independent variables predict procurement function performance.

#### 3.5.2 Regression Model

The model summary was examined as shown in Table 9.



*Table 9: Model summary*

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.540 <sup>a</sup>	.292	.283	.84927

a. Predictors: (Constant), Code of ethics, Lack of Accountability, Lack of Transparency  
 b. Dependent Variable: Procurement performance

The adjusted R squared value was 0.292, indicating that codes of ethics, a lack of accountability, and lack of transparency account for approximately 29.2 percent of the variation in procurement function performance at parastatal enterprises. The remaining 70.8 percent difference in procurement function performance could be explained by non-modelled variables.

### 3.5.3 Regression of the Model Result

The study's objective was to ascertain how codes of conduct, a lack of transparency, and a lack of accountability affected procurement function performance. The results are summarized in Table 10.

*Table 10: Regression Model Result*

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	5.431	.169		32.092	.000
	Code of ethics	.025	.139	.021	.179	.858
	Lack of transparency	-.350	.133	-.283	-2.637	.009
	Lack of accountability	-.372	.164	-.298	-2.265	.024

a. Dependent Variable: Procurement performance

The coefficient for the code of ethics is 0.25 (p-value = 0.858). This implies that for every unit increase in the procurement code of ethics, the performance of the procurement function improves by 0.25. Lack of transparency had a coefficient of -0.350 (p-value = 0.009), indicating that for every unit increase in lack of transparency, procurement function performance declines by 0.35. Additionally, the coefficient of lack of accountability was -0.372 (p=0.24), indicating that for every unit increase in lack of accountability, procurement function performance declines by 0.37. While the code of ethics had a positive effect on procurement function performance, a lack of transparency and accountability harmed state corporation procurement function performance. The regression equation below summarizes this.

$$\text{Procurement function performance (Y)} = 5.431 + .025X_1 - 0.350 X_2 - 0.372 X_3 + \epsilon;$$

## 4.0 CONCLUSION AND RECOMMENDATIONS

### 4.1 Conclusion

According to the research results, a code of ethics has a positive effect on the performance of the procurement function, whereas a lack of transparency and accountability has a negative effect. This means that as the procurement function's code of ethics improves, its performance improves as well, and vice versa. On the other hand, a lack of transparency and accountability will result in a reduction in the performance of the procurement function, and vice versa.

### 4.2 Implication

#### 4.2.1 Theoretical Implication



In the Tanzanian context, the study has added to the Principal Agency theory by demonstrating how goal conflict among procurement practitioners affects procurement function performance. Procurement practitioners, by pursuing their interests without adhering to a code of ethics that promotes openness and accountability as a monitoring system, contribute to the misappropriation of public funds, as described by theory. As a result, procurement practitioners should avoid conflicts of interest when conducting procurement activities to ensure that organizational objectives are met.

#### 4.2.2 Practical Implication

The presence of a conflict of interest among procurement officers when performing the procurement job hurts the organization's ability to acquire good value for money from the goods and services that they acquire. As a result, the procurement entities were unable to accomplish their goals.

#### 4.2.3 Social implications

Conflicts of interest among procurement officers lead to corruption and theft of public funds, preventing the organization and society from providing important services like water, health care, and improved education.

### 4.3 Recommendations

According to the study's findings, codes of ethics and conduct appear to influence procurement function performance, and management should ensure that all procurement practitioners are familiar with such codes. Also, transparency is emphasized as a vital aspect in ensuring that suppliers are treated fairly and equally. As a result, management must guarantee that all elements necessary for ensuring procurement transparency are met in compliance with current procurement laws. All practitioners involved in the procurement process should be held accountable and every wrongdoer should be held accountable for their transgressions.

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