

## FACTORS AFFECTING TO HINDER THE PERFORMANCE OF PROJECT RELATED PROCUREMENT PROCESS IN SABARAGAMUWA UNIVERSITY OF SRI LANKA

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### ABSTRACT

The term procurement has become very crucial in the contemporary world. Procurement is the act of making the right product or service available to the right person at the right time at the right price in the right place. Procurement implication can impact on the overall cost of carrying out the decision in any organization. However, the preliminary observations revealed that most of the government and semi-governmental organizations in Sri Lanka are experiencing poor performance in their procurement process and wasting lots of resources including time and public money. In this context, this study has been conducted to identify the factors affecting to hinder the performance of the procurement process in Sabaragamuwa University of Sri Lanka (SUSL). The main purpose of this study is to identify the factors affecting to hinder the performance of the procurement process in Sabaragamuwa University of Sri Lanka and to provide recommendations to enhance the procurement practices in public procurement processes in Sri Lanka. This study is mainly based on the primary data which has been collected through in-depth interviews followed by a semi-structured questionnaire. The sample size is 50 including Procurement officers, Administrative officers related to the procurement in the University, Project Coordinators and Activity Coordinators, Project Assistants, and other officers related to the projects which are going on within the Sabaragamuwa University of Sri Lanka. Data has been collected using convenience and random sampling methods and analyzed descriptively. As the main findings of this study, it was revealed that lack of resources, lack of knowledge regarding government procurement process, lack of staff, poor coordination, deficiencies in the monitoring process, and bureaucracy as the factors affecting to hinder the performance of the procurement process in Sabaragamuwa University of Sri Lanka. Further, recommendations for increasing the level of procurement practices and the way of increasing efficiency while eliminating delays has also been provided in each stage of procurement.

**Keywords:** *bureaucracy, efficiency, public procurement*

## **1. INTRODUCTION**

Procurement is the process of finding and agreeing to terms and acquiring goods, services, or works from an external source via a tendering or competitive bidding process. Generally, procurement refers making buying decisions under the condition of scarcity. Procurement is a crucial function for both public and private sector organizations. In private sector procurement is viewed as a strategic function which helps to improve the organizational profitability. In public sector, the goal of procurement is to award cost effective contracts to qualified suppliers, contractors, and service providers to support national and local in accordance with established public procurement rules. The procurement function has become increasingly important over the past decades since purchasing and supply has become a major determinant of corporate success. Significant business pressure as a result of globalization, innovations, technological changes, cost pressure, and regulatory compliance has forced the procurement function to focus on cost reduction and attaining more value for money (Thai, 2004). The procurement function usually takes large amounts of organizations' resources. Hence it is becoming an expensive undertaking for many organizations and if not properly done it can lead to significant regret (Chan & Lee, 2003). Therefore, procurement is something which contributes to the national development. Almost all the government and semi-governmental organizations are using procurement process to acquire the goods, works, and services that need to function of their organizations. But, the available literature evidenced that there are some drawbacks of public procurement and it shows less progress. For an instance, some faculties at SUSL have also been alarmed that due to the less progress of the development project. In this context, this study has been conducted to identify the factors affecting to hinder the progress of procurement process at Sabaragamuwa University of Sri Lanka. Pilot study also evidenced that Sabaragamuwa University has not yet been reached at higher progress in relation to procurement activities. Having identified the factors affecting to hinder the progress of procurement activities at Sabaragamuwa University, as per the sub objective of this study it will provide recommendations to enhance the progress of the procurement activities at Sabaragamuwa University of Sri Lanka.

## **2. LITERATURE REVIEW**

### ***2.1. Procurement***

Procurement is referred to as acquisition of goods, services, capabilities, and knowledge required by businesses, from the right source, the right quality, in the right quantity, at the right price, and at the right time to maintain and manage a company's primary and support activities (Giunipero et al., 2006; Hines, 2006; Porter, 1998; Triantafillou, 2007; Van, 2000) According to Mangan et al. (2008), procurement is a process of identifying and obtaining goods and

services. It includes sourcing, purchasing, and covers all activities from identifying potential suppliers to delivery to the beneficiary. Therefore, simply procurement can be defined as make the correct buying decisions under the constraint of scarcity.

## ***2.2. Factors Affecting the Performance of the Public Procurement***

Jones and George (2009) noted that bureaucratic mechanisms are controlled by a comprehensive system of formal rules and standard operating procedures that shape and regulates the behavior of divisions, functions, and individuals. Banda (2009) stated that many organizations lack competent staffs with the proper knowledge for good procurement process management. He further noted that authorities should give a greater emphasis on developing competence to adopt best practices more widely. Smith and Conway (1993) identified seven key success factors which influence procurement, namely: a clear procurement strategy, effective management information and control systems, development of expertise, a role in corporate management, an entrepreneurial and proactive approach, co-ordination and focused efforts. Staff Competency in Procurement Process Armstrong and Baron (1995) explain that competency is the application of knowledge and skills, performance delivery, and the behavior required to get things done very well. Besides competency indicates adequacy of knowledge and skills that enable someone to act in various situations (Aketch & Karanja, 2013). According to Russell (2004), absence of adequate knowledge in procurement matters, may end up with serious consequences including breaches of codes of conduct. Evaluation of suppliers before selecting them can significantly improve the performance of the procurement function in carrying out its mandate (Martin, 2004).

## **3. METHODOLOGY**

This study is mainly based on the primary data which has been collected through in-depth interviews followed by a semi structured questionnaire. The sample size is 50 including Procurement officers, Administrative officers related to the procurement in the university, Project Coordinators and Activity Coordinators, Project Assistants, and other officers related to the projects which are going on within the Sabaragamuwa University of Sri Lanka. Data has been collected using random sampling method and analyzed descriptively.

## **4. DATA ANALYSIS & RESULTS**

According to this study following factors could be identified as the factors caused to hinder the performance of the procurement process in SUSL.

Lack of resources was the very first factor revealed from the respondents. Here the 'resources' indicate proper place to stay, printer, scanner, computer, telephone, fax facilities, and stationaries require to the office. Most of the faculties in SUSL are engaging with development projects in their faculties.

There are some projects related to the research activities as well. The procurement process is there for purchasing goods which require to the faculty, adding new buildings to the faculty premises, refurbishments, carpeting, and various minor constructions and consultancy services. However, to engage with these activities the officer who has been assigning these duties will basically require a proper place to work. But, the issue with SUSL is some Project Assistants have to stay and work in the department itself where the project is carried out. All the assistant lecturers, demonstrators and non-academics working at the department also stay in the same place and it is very difficult to concentrate on the work staying such a busy environment. This situation will be caused to work inefficiencies and dissatisfaction towards the work. Most probably this messy situation will lead errors in the works as well. There is an office in all the universities to coordinate projects related to the university. In SUSL only that centralized body has been provided all the necessary facilities to perform. But, the project Assistants who have been recruited under faculties have not been provided such facilities to work. Even after a year of recruitment the project assistants have to share resources from dean's office or some other department. The worst case is some project assistants don't like to make such requests based on their personalities. Sometimes the officers also may not like such requests as it will interrupt to their works as well. According to some respondents when they request such facilities they tend to release negative feedback towards the person who requests the resources. Although some people have the ability to bear such comments there are some people get really annoyed or disappointed due to such inconveniences. Some project assistants are using their resources because of the reluctance of request resources from another party interrupting to their office works as well.

Another reason to hinder the performance of procurement activities is the lack of knowledge regarding the government procurement process. There are lots of guidelines and procedures to follow related to government procurement. But, there are only a few officers at the top level have specialized in these guidelines. There are some officers who have zero experience in procurement but working imitating the processes. Even though it will be practicing wrong practice there are only a few to notice that. As an example, there are some circumstances the whole procurement process was delayed about one year because of malpractice. At the same time, nearly half of the procurement out of all procurements have been re-invited wasting time, resources, and energy of all the parties engage with these wrong processes. Therefore, the officers who are engaging with procurement at university must possess specialized knowledge regarding procurement to increase the performance of the process.

Lack of carder is another issue. As stated by the respondents, the inadequate staff to function procurement activities has become a considerable problem at SUSL. According to the idea of the centralized office which is coordinating all the

development projects at the SUSL, the available carder is not sufficient at all. The single employee has to perform multiple jobs which has necessarily perform by separate individuals due to lack of staff. This situation may lead to overtire the same employees while emotionally exhausting them. Any of the tasks will not be properly managed due to such reasons.

Poor coordination can also be regarded as a core factor that hinders the progress of the procurement at SUSL. According to the respondents' view, the majority of the project coordinators are failed to well coordinate the project that they are leading due to academic works load. But, there are some coordinators handle all the activities well, while timely reaching the progress targets.

Deficiencies in the monitoring process are also cause for less performance in procurement activities. As a fundamental function of management process monitoring is vital to ensure that whether the project activities timely meet the project objectives, quality, and budget targets. Generally, key procurement monitoring activities may include performance reporting and review, audits, record management systems, and payment systems. Although these things are practicing by SUSL, they are more outcome-oriented rather being effective. They are really working on repeating the process but less progress because of not being strategic.

Bureaucracy is also caused to less progress in procurement. The term, bureaucracy is an administrative terminology and it indicates the structure and set of rules that control the activities of people that work for large organizations and government. It is characterized by standardized procedure, formal division of responsibility, hierarchy, and impersonal relationships. Bureaucracy can clearly visible at SUSL. The administrative officers are too strict with the rules and procedures. It is good strict to the rules and regulations because it may reduce malpractices and corruption within the system. But, over strict to the rules may also reduce the performance. As an example, if a certain officer at top-level gets leave for a week whole the works stuck until certain officer report to the work. There is no procedure or there is no action taken so far to reduce this delay occurred due to a single officer.

## **6. CONCLUSION & RECOMMENDATIONS**

As the main findings of this study, it was revealed that lack of resources, lack of knowledge regarding government procurement process, lack of staff, poor coordination, deficiencies in the monitoring process, and bureaucracy as the factors affecting to hinder the performance of the procurement process in Sabaragamuwa University of Sri Lanka. The results of this study have some managerial implications for Sabaragamuwa University of Sri Lanka.

It is necessary to arrange the required resources and facilitates to work before recruiting the carder.

It is worthwhile that staff be adequately trained in order to boost the skills and competency levels required by staff involved in the procurement process.

Recruit more staff and allocate one employee to handle only one or two faculty's procurement will be more effective.

An appreciation and rewarding system will encourage employees to work and employees will be motivated while the inefficient employees can learn from them.

Respondents suggested that giving proper training to the Project Coordinators and Activity Coordinators will also help to increase the performance of the procurement process at SUSL.

Being flexible with procedures rather than too much strict to rules and regulations will increase employee satisfaction towards the work, reduce delays, and increase efficiency.

Having a strong monitoring mechanism to timely and properly monitor the procurement activities will also improve the efficiency of the procurement process.

It is recommended that adequate resources be allocated and the resource frequently reviewed to fit with the changing environment in order to make the procurement performance more effective and efficient.

Regarding employee competency, the result of the study showed that there is a shortage of qualified and experienced employees. The top management should develop a retention mechanism of existing qualified and to attract qualified employees.

The study recommends that higher public institutions should make their systems automated. IT should embrace Information Communication Technology for the purpose of enhancing efficiency, effectiveness and transparency.

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