
Procurement Practices And Organizational Performance In The Public Sector. A Case Of National Water And Sewage Cooperation, Kampala

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ABSTRACT

According to Sollish and Semanik (2012), procurement refers to events handled by a company for proper management of the supply chain. Manufacturing organizations should readjust their procurement practices with the aim of enhancing efficiency and promoting environmental conservation. Interviews were conducted, data collected and analyzed and finally recommendations were made based on the results. This research focused on achieving efficiency and effectiveness within the procurement department so as to improve overall organizational performance. This study's objective was to determine how organizational performance is affected by procurement practices. Questionnaires were used as a form of data collection. The study population for this research were the finance and procurement employees of National Water and Sewage Cooperation, Kampala. This research embraced a descriptive design, which depicts participants in an accurate way; it describes the people who take part in the study. The research findings revealed that 80% of the population sampled were of the opinion that joint improvement activities positively influenced the operations of the organization, 20% disagreed with this. 57% believed sharing of information intensively but selectively increased organizational performance, while 43% disagreed. The study recommends the building of robust relationships with key suppliers to guarantee unfailing supply and quality of inputs. Manufacturing companies must assess where their greatest investments are made and the benefit procurement can bring to each category. After significant investments are made in machinery, equipment and facilities, the next largest investment should be made in inventories. This is where the organization can produce savings through more efficient production, better utilization of floor space, better service and products to customers.

Key words: procurement practices, organizational performance and public sector

Background of the Study

There are massive changes in the operating models and marketing strategies of public sector organizations (Wegulo et al., 2023). Purchasing has a major impact on how an organization achieves its goals. According to Leenders et al (2008), purchasing adds value to the organization (Christopher, Moses, Muhindo, & Komunda, 2022). Procurement practice is an area that can be improved to further contribute to organizational performance (Winny et al., 2023). Organizations tend to choose procurement practices they are

familiar with; they should instead choose those that are most appropriate and most beneficial to their organization's success (Winny et al., 2023). Narasimhan and Kim (2002) state that there is increased pressure to integrate purchasing. Purchasing integration links purchasing practices to organizational performance (Moses et al., 2023). Therefore, the direct link of operational and supply chain efficiency to organizational performance means that the adoption of purchasing practices is critical to organizational success. Consolidation of

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the entire procurement process leading to the implementation of procurement practices such as green purchasing, just in time (JIT) delivery, total quality management (TQM) and e-procurement is necessary to increase the overall performance of the organization. Streamlined purchasing systems lead to efficiency and increase trust among employees, customers, and organizational stakeholders (Oscar et al., 2023).

Moving away from traditional purchasing and transitioning to modern and more efficient purchasing practices leads to continuous improvement and benchmarking (Kazaara et al., 2023). Here, the organization is benchmarked against the leading organizations in its class.

Problem statement.

Public procurement should be deeply involved in the design and implementation of sustainable procurement policies, focusing on how environmental issues and issues related to other aspects of society and the economy can be integrated into the activities of the public procurement process (Wegulo et al., 2023). When defining organizational performance, it is important to consider a wide range of performance measures. Organizational performance should be measured from various perspectives; these include quality, efficiency, productivity, profitability and sustainability (Polycarp et al., 2023). Procurement practices should be viewed as part of organizational strategy. Purchasing should be involved in the process of budgeting, supplier selection and consolidation, environmental concern and quality and technological advancement issues (Ntirandekura & Friday, 2022). Stakeholders are increasingly demanding that organizations address and manage the environmental and social issues that affect their organization (Carter, 2011). Purchasing managers are in the best position because they can positively or negatively influence social and environmental performance through performance evaluation and supplier selection (Faridah et al., 2023). The National Water and Sewerage Cooperation plays a vital role in Uganda's economy by creating jobs for a large number of citizens. Therefore, the government should provide incentives for them to have a better and profitable working environment (Annet et al., 2023). These may include developing long-term working capital at subsidized interest rates and providing cheap raw materials for their manufacturing sector.

General Objective

The main objective of the study is to establish the effects of procurement practices on organizational performance within the public sector.

Specific Objectives

Purchasing is no longer a process but a strategic function in the organization, reducing costs and achieving maximum savings for the organization. Organizations should always benchmark themselves against “best in class” and implement continuous improvement in their processes (W. Paul & Kazaara, 2023). Some of the procurement practices that organizations can engage in include: green procurement commitment, on-time delivery commitment, total quality management commitment and e-procurement. Organizations must expand their view of productivity from a predictable company-oriented view to a dual company-customer perspective (K. Paul et al., 2023).

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1. To establish how supplier selection procedures affect organizational performance within the public sector in Uganda.
2. To analyze the effects of buyer-supplier relationships on organizational performance within the public sector in Uganda.
3. To evaluate the role of e-procurement on organizational performance within the public sector in Uganda.

Literature Review

Procurement practices are strategic functions that work to improve the organization's profitability, pinpoint better suppliers and save on raw material costs (Polycarp et al., 2023). Implementation of lean procurement among small and medium sized enterprises also improves organizational performance (Christopher, Moses, Muhindo, & Nturanabo, 2022). Establishing the relationship between organizational performance and procurement best practice can be measured through customer satisfaction, efficiency and effectiveness, quality, profitability and market share (Kazaara & Christopher, 2023). Customer demands in the supply chain are increasingly becoming more complicated. Procurement must be proactive to adapt to these changes and seize future opportunities before the competition a lean purchasing process must be developed to stay ahead of the competition.

Methodology

Descriptive research was used in this study. Descriptive research is research that attempts to gather facts from a population so as to establish the existing status of the respondents in regards to the variables, Mugenda and Mugenda (2003). A design study is the culmination of a chain of resolutions by a researcher regarding how the research was performed. This study addresses effects of procurement practices on organizational performance. This is the precise population on which data is needed and in this case they are members of staff from the **Supply Chain Department**; Procurement section, Operations Planning and Logistics, Stores, Weighbridge and the staff from the **Finance Department**; Corporate performance (regulates purchases against budget) and Payables section (pays suppliers) at National Water and Sewage Cooperation, Kampala.

Table 1 Target Population

Category	Target population	Percentage
Procurement officers	15	13
Operations Planning and Logistics	13	12
Stores	59	53
Weighbridge	11	10
Corporate performance	3	3
Payables section	10	9
TOTAL	111	100

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Source: Author (2020)

The sample selected was more than 50% of the entire population and therefore ample for the study. This technique has a high statistical accuracy which saves on time and resources. This technique uses the same sampling proportion for each division irrespective of the diversities in population size of the divisions.

Table 2: Sampling Design

Category	Target Population	Sample size	Percentage
Procurement officers	15	8	53
Operations Planning and Logistics	13	7	54
Stores	59	30	51
Weighbridge	11	6	55
Corporate performance	3	2	67
Payables section	10	5	50
TOTAL	111	58	

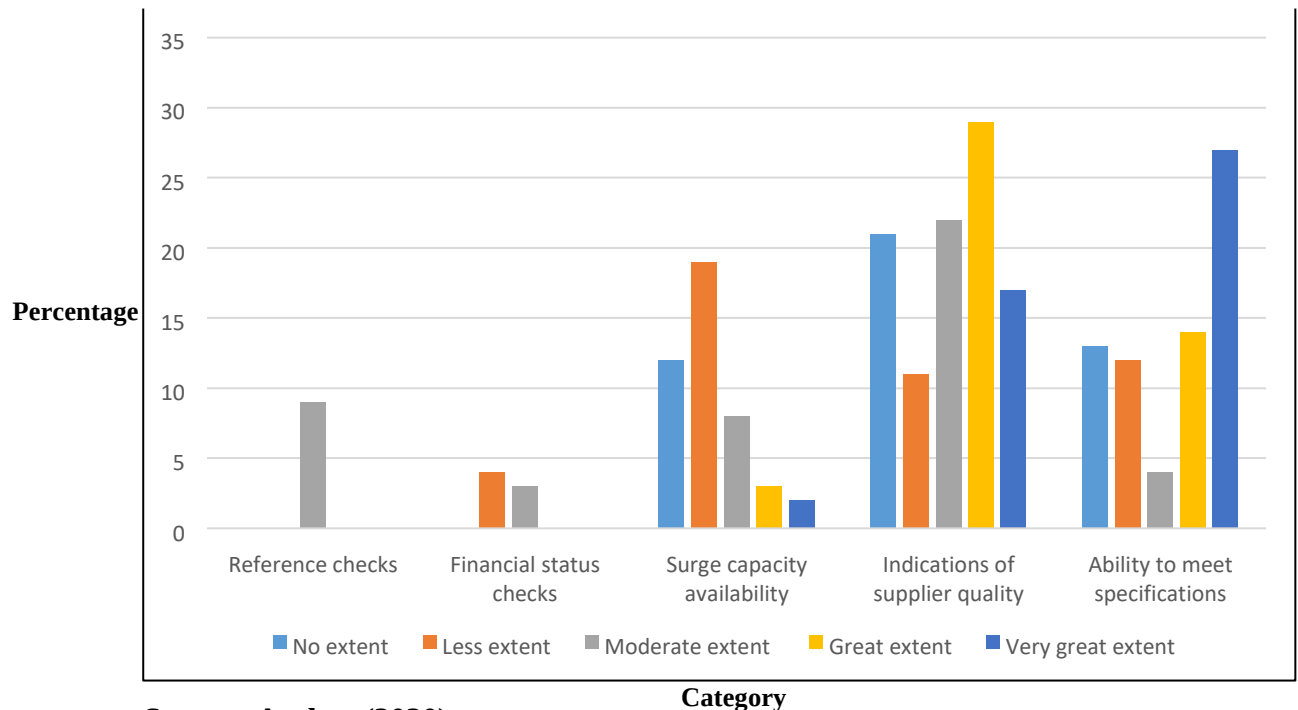
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Primary and secondary data was gathered. Primary data was collected using unstructured questionnaire with closed and open-ended questions which was have five sections; background information, supplier selection procedures, buyer-supplier relationships, organizational capacity and lastly ethical practices. Structured and unstructured questions save on time and are easier to analyse. Questionnaires are efficient, cheap and easy to be administered. Secondary data was collected from company publications and annual reports.

Data was analyzed inform of tables, frequencies and percentages using SPSS (Nelson, Christopher, & Milton, 2022).

RESULTS

Effects of supplier selection procedures on organizational performance within the public sector in



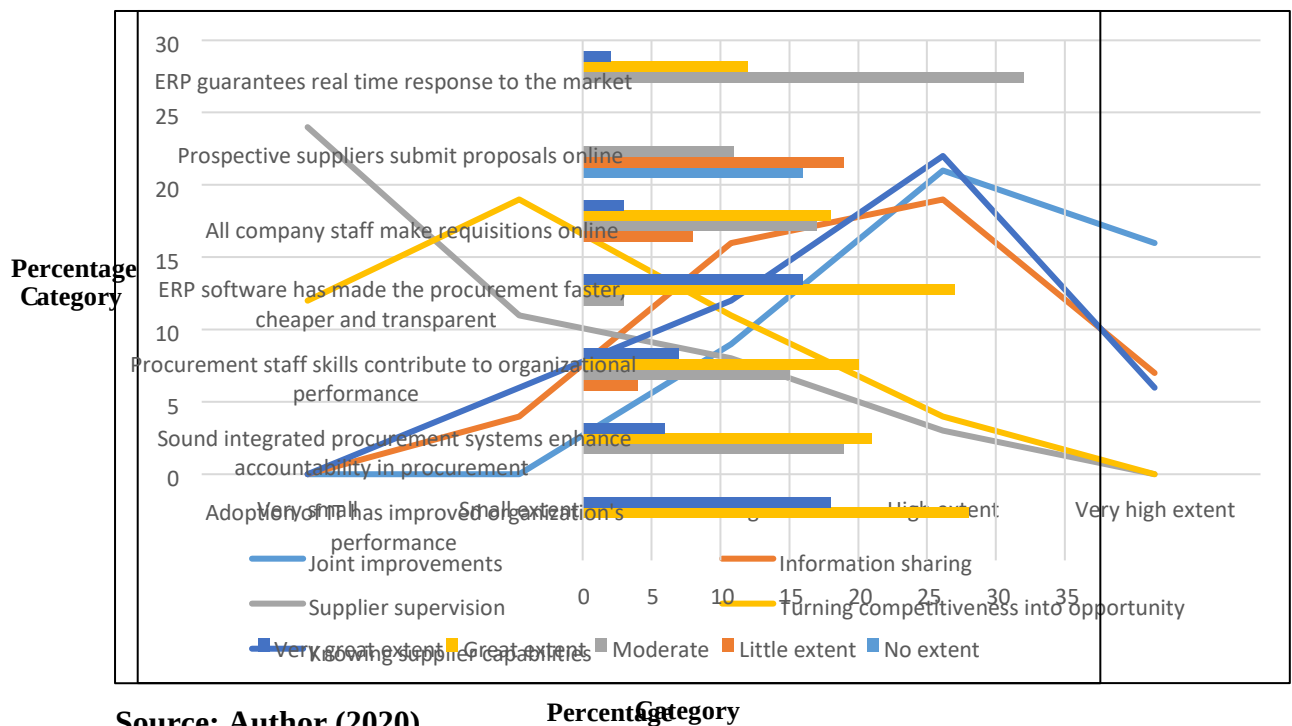
Source: Author (2020)

Uganda.

Figure 1 Effects of supplier selection procedures on organizational performance

From the analysis in figure 1 above 86% of the respondents agree that indications of supplier quality play a big role in the selection of suppliers, 14% did not agree with this statement. 88% of the respondents believed the ability to meet specifications was a major factor in the selection of suppliers (Wegulo et al., 2023), 12% of the respondents were of the contrary opinion. 91% of the respondents believed financial status checks were not important when selecting suppliers, 9% believed this is an important requirement when selecting suppliers. 89% of the respondents were of the opinion that supplier's ability to bring in extra deliveries on short notice was trivial, 11% believed this to be an important factor (Isaac et al., 2023).

Effects of buyer-supplier relationships on organizational performance of government owned institutions.



Source: Author (2020)

Percentage Category

Figure 2 Effects of buyer-supplier relationship on organizational performance

Source: Author (2020)

The research findings above revealed that 80% of the population sampled were of the opinion that joint improvement activities positively influenced the operations of the organization, 20% disagreed with this (Christopher, Moses, Muhindo, & Muhammad, 2022). 57% believed sharing of information intensively but selectively increased organizational performance, while 43% disagreed. 76% of the respondents disagreed that supervising suppliers impacts positively on organizational performance, only 24% agreed with this statement. 33% of the respondents believed the organization turned supplier rivalry into opportunity, 67% of the respondents did not believe this statement to be true (Nelson, Christopher, Teddy, et al., 2022). 61% of the respondents believed the organization understood how suppliers work and 39% did not believe this statement to be true.

Effects of procurement on organizational performance of publicly owned enterprises in Uganda

The study sought to know how organizational capacity impacts and enhances procurement. The respondents indicated to what extent the following procurement practices contributed to organizational performance. The results were as follows;

Figure 3 Effects of Procurement Procedures on Organizational Capacity

From the analysis in figure 3 above 93% of the respondents agree that ERP has made procurement faster, cheaper and transparent; while 7% disagree with this statement. 59% of the respondents also agree that integrated procurement systems enhance accountability and improve organizational performance while 41% of the respondents do not agree this statement to be true. Regarding the making of requisitions online, 54% of the

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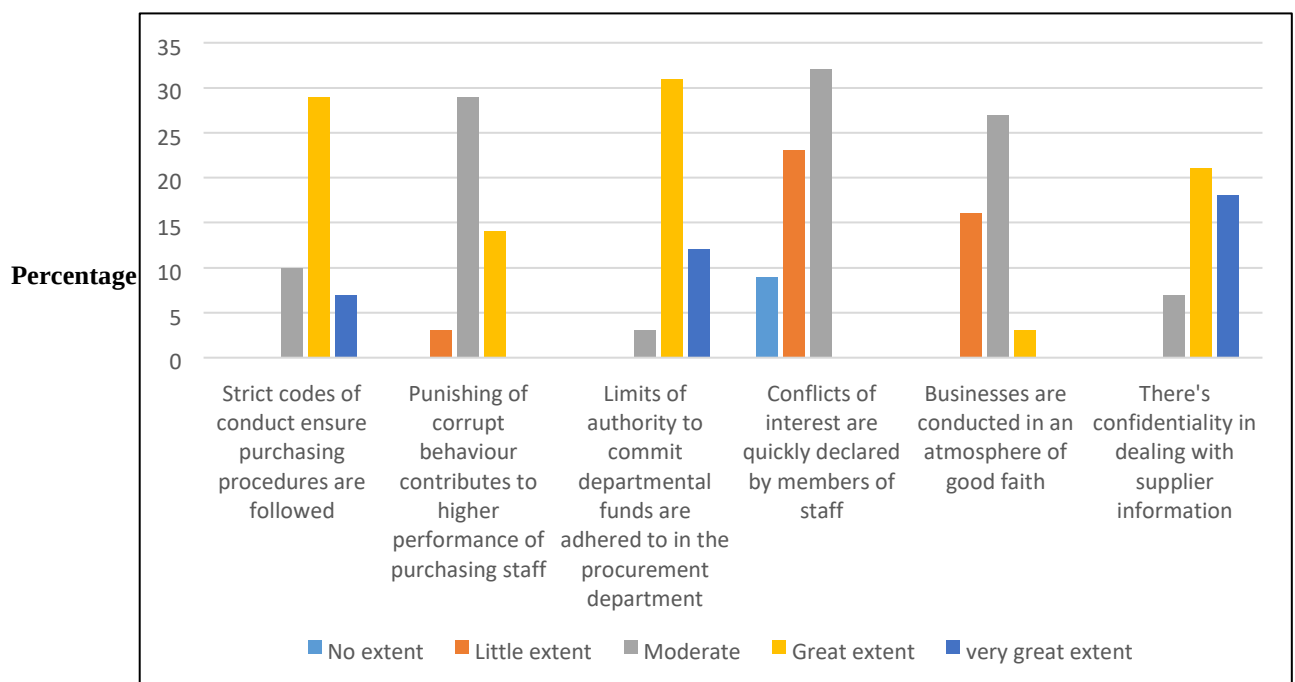
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respondents do not agree all the organization's staff follow this procedure, 46% on the other hand are of the affirmative (Mark et al., 2023).

24% of the respondents are of the opinion that prospective suppliers use the online platform to submit their proposals, while 76% of the respondents disagreed with this statement. On the issue of real time response to the market through the use of ERP, 60% of the respondents did not believe ERP contributed to this while 40% believed ERP has made great steps towards the achievement of this (Frank et al., 2023).

Impact of ethical practices on procurement procedures

Ethical practices in procurement involve transparency, accountability, fairness and proactively. Accountability



Source: Author (2020)

Category

constitutes a central pillar of every public procurement system. Transparency in public procurement means information must be available to all stakeholders, and fairness means decision making should be unbiased and all bids considered on the basis of their compliance with the terms of the requested documents.

Figure 4 Impact of ethical practices on procurement procedures

The study results illustrated in the figure above show that 78% of the population sampled agree that strict codes of conduct ensure purchasing procedures are followed, 22% disagree with the statement (Christopher, Komunda, & Milton, 2022). 30% of the respondents believe that punishing corrupt behaviour increases staff performance, 70% don't believe this to be true. 93% believe limits of authority are adhered to (Tasha et al., 2023), 7% believe limits of authority are not adhered to. In regards to conflict of interest, 30% of respondents concur that they are declared and 70% believe they are not declared. 7% of respondents agree that businesses are done in good faith,

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but 93% believe there is no good faith when conducting businesses (Winny et al., 2023). When dealing with supplier information 85% of respondents believe confidentiality is key, 15% disagree with this statement.

Conclusions

The research brought to light the connection between procurement procedures and the performance of an organization. Proper structures and systems in procurement ensured transparency, accountability, reduced costs and improved quality and specifications. Continuity of the workforce greatly contributed to organizational performance. More than 50 percent of the members of staff in procurement have worked in the organization for more than 5 years. This level of staff retention means waste is able to be minimized and resources are used to their optimum through increased knowledge gained over the long duration. More training on technology acceptance and use is still needed for the members of staff. Continuous improvement of skills especially in the Information Technology field should be promoted as the industry is very dynamic.

Recommendations

The company's website should be revived and updated with current information. Suppliers should be communicated to using the company's website and their responses received in the same manner to ensure competitiveness, coverage of a large number of potential suppliers, transparency in the procurement process and consistency in the way specifications are received. An in-house department with competent professionals dealing specifically in employee training should be created. This was in turn save on costs incurred from outsourcing and enable members of staff access training at any time from individuals they can relate to.

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