ELECTRONIC PROCUREMENT AND THE FATE OF PROCUREMENT PROFESSION IN TANZANIA

Introduction

The development of electronic technology in the world has affected the way in which organizations and individuals perform their functions in various sectors and professions. The activities of the procurement profession are among the activities of various professions that have been severally affected and/or influenced by the emergence and development of the electronic technology. The concept and practice of electronic procurement within the procurement function are pervasive due to existence of supportive and appropriate technology. Interestingly, scientists and innovators project more influence of electronic technology, particularly electronic systems, in shaping the undertaking of procurement activities. On the basis of this expectation, key stakeholders of the procurement profession in Tanzania—including the government, academic and professional institutions, regulatory bodies, public and private organizations, and individuals—are eager to understand what will be the future of the procurement profession given the fast evolutionary trend of electronic technology. To foreshadow the future picture in this area, a group of procurement stakeholders commissioned a study that will investigate and inform the fate of the procurement profession in the context of technological volatility.

Background and Problem

The concept of E-procurement has many different meanings ranging from shopping on the internet to collaborative initiatives taking place in virtual meetings. It includes web technology-based purchasing solutions aimed at simplifying commercial transactions within and between organizations and information technology solutions for ordering, logistics, and handling systems as well as for payment systems (Van Weele, 2010). Other scholars have simply presented e-procurement as "using Internet technology in the purchasing process" (de Boer, Harink, Heijboer, 2002:120). In Tanzania, the emergence of e-procurement is regarded as a relatively new concept/practice, and it has been adopted by procuring entities mostly within the past decade. Prior to the past decade, the adoption of e-procurement in the Country was almost non-existent.

Currently, not all functions or activities of the procurement profession are conducted electronically. But, as time lapses there is high possibility that all functions will be undertaken electronically. Theoretical models such as Technology Adoption Model (TAM) and Unified Theory of Acceptance and Use of Technology (UTAUT) convey the possibility of undertaking all organizational functions via electronic systems. Similarly, prior research beyond the procurement profession has also established that possibility. Given the fact that the application of electronic technology is expected to grow tremendously in the future, procurement researchers were expected conduct formal scientific inquiry to reveal the impact of technology adoption on the procurement profession. Since procurement researchers have not done so, there is huge vacuum in the procurement literature regarding the future of procurement profession status in the context of rapid technological development. The existence of such knowledge would be vital and necessary in various ways, but more so in guiding decisions related to designing and structuring procurement functions and activities.

Purpose of the Study

The overall purpose of this study is to conduct a scientific investigation that would lead to establishing the influence of electronic technology on the operational performance of the procurement profession in Tanzania. Specifically, the procurement stakeholders intend to understand the following three issues (i.) The current adoption level of electronic procurement in Tanzania organizations and prediction of adoption level in the next ten years, (ii.) Description of the types of procurement functions/activities that are currently handled through electronic systems (iii.) Determination of the impact of adoption of electronic procurement on the operational performance of the procurement functions.

Significance of the study

The group of stakeholders that commissioned the study expects that the research report to be produced will present in detail the significance of the study. Since the significance of this study is drawn from the principal findings, it is expected that the report shows clearly the significance relevant for the practice and for the theory.

The methodological approach of the study

The research team established that there are 12,350 procurement entities operating regally in the Country. To attain the purpose of the study, the research team opted to collect information from some of these procuring entities. They used mainly simple random and purposive sampling techniques to draw respondents in the sample. Simple random sampling was used to select the procuring entities to be included in the sample, while purposive sampling was used to select units of inquiry from the procuring entities. The study collected both secondary and primary data. The secondary data were collected from various public documentary sources while primary data were collected from selected procuring entities using questionnaires and short interviews. The study analyzed collected data using specific quantitative and qualitative techniques.

Principal Findings

The research team organized the main findings of the study according to the specific issues to be attained by the study. As such, there were three principal findings as follows: current and future adoption level of electronic procurement, types of procurement functions/activities mostly handled via electronic procurement, and the effect of e-procurement on procurement operational performance. With regard to the first finding, the study reveals that currently, e-procurement has been adopted by only 38% of the existing 12,350 procuring entities. Analysis of the intention of procuring entities that have not adopted or have adopted e-procurement partially shows that the adoption level could increase to 76% in the next ten years.

For the second finding, the study shows that the samples procuring entities perform six major functions using electronic approaches. These functions include:

(a) *E-ordering:* Focus on the process of creating and approving purchasing requisitions, placing the orders, and receiving the goods and services ordered using a software system based on internet technology.

(b)   ***Web-based ERP***: Web-based ERP is similar to e-ordering. The only difference is that in the case of web-based ERP, the goods and services ordered are product related.

(c)   ***E-sourcing:*** E-sourcing allows identifying new suppliers for a specific category of purchasing requirements using Internet technologies across spatial boundaries.

(d)   ***E-tendering:*** Refers to the process of sending RFI (Request for Information) and RFP (Request for Proposal) to suppliers and receiving their response using internet technologies. Often e-tendering is supported by an e-tendering system that can analyze the responses received from the suppliers.

(e)   ***E-reverse auction:*** enables the procuring entity to buy goods and services needed from the supplier with the lowest price or combination of lowest price and other conditions through internet technologies.

(f)   ***E-informing:*** This does not involve transactions, but it handles gathering and disseminating purchasing information both from the internal and external parties electronically.

The third finding presents the impact of e-procurement on the performance of procurement functions. The impact was established qualitatively by asking procuring entities whether there is a difference in performing the six functions before and after the adoption of e-procurement. Almost all procuring entities concur that after adopting e-procurement they are undertaking these functions more effectively and efficiently than it was before. This observation allows the study to infer that the adoption of e-procurement has greater positive impact on the operational performance of procurement functions.

Conclusion

Based on the findings, the study drew the following conclusions: First, although the adoption level of e-procurement is currently low, higher adoption level is expected in the future period. Second, undertaking procurement functions using electronic approaches is tied to increased performance of such functions. Third, some procurement functions and not others should be prioritized when thinking of adoption e-procurement. Overall, these conclusions suggest that each procuring entity should prepare to adopt e-procurement, and failure to do so may have serious operational and performance consequences.