The impact of financial aspect on procurement procedures in achieving sustainable public procurement: A case of Zanzibar urban services project

Asha Juma Ramadhan\textsuperscript{(a)} William Clifford Gomera\textsuperscript{(b)} *  
\textsuperscript{(a)} Masters Student, Procurement Department, Collage of Business Education (CBE), Dar Es Salaam, Tanzania \textsuperscript{(b)} Lecturer, Accountancy Department - Collage of Business Education (CBE), Dar Es Salaam, Tanzania

\begin{abstract}
The current study examined the impact of financial aspects in achieving sustainable public procurement at the Zanzibar Urban Services Project. To achieve this objective, the study used a questionnaire and documentary review checklist to collect data on identifying the impact of financial aspects on sustainable public procurement. The study used a case study design using Zanzibar Urban Services Project. Both primary and secondary data were collected through questionnaires and documentary reviews. The researcher employed the probability sampling technique specifically stratified sampling technique to sample 107 out of 133 individuals from the field and content analysis for documentary review. Descriptive analysis was used to analyse preliminary data and lastly multiple regression analysis models were used to measure the relationship among variables. Study results confirmed that there is a need of balancing between financial, social and environmental aspects which are argued to achieve sustainable public procurement.
\end{abstract}

\section*{Introduction}

Public procurement is an important aspect of today’s developing economy due to its consumption of the government budget, of which a certain percentage is either a development loan or a grant (Al Hammadi & Nawab, 2016). Therefore, due to budgetary constraints, most developing economies have put much emphasis on the financial aspect during procurement procedures instead of integrating other aspects that might lead to sustainable public procurement (Sindano, 2020). The attainment of sustainable public procurement is a primary goal for government entities (Gelderman, et. al., 2015). Tenders should be awarded and examined transparently, according to the economic, environmental and social impact (Bajjou & Chafi, 2020).

According to Al Hammadi and Nawab (2016), the lack of sustainable public procurement is a catastrophic event that results in disorder and even death. According to Al Hammadi and Nawab (ibid), a delay is defined as the amount of time it takes a supplier, contractor, or service provider to perform a work, measured in days, weeks, months or years. After the purchasing business and the contractors have agreed on a timeline, there is a time overrun.

Public procurement and disposal organizations (PDE\textsuperscript{'}) are fully aware of and understand sustainable public procurement. The procurement system, according to Mrope (2018), is the entire system that oversees the purchasing process. Scholars have identified four essential components in the procurement system that must be assessed for sustainable public procurement (Hsueh et al., 2020). There is, first and foremost, planning and budgeting (Basheka, 2009). The procurement cycle starts with identifying the project ahead of time and assigning enough cash to assure timely completion. The tendering procedures are the second factor to examine (Langseth, & Moe, 2022). This encompasses the full supplier and contractor selection process. The procurement department should have sufficient qualified staff at this point to conduct a thorough evaluation, negotiation, and selection of the best Bidder. The third stage,
which is tied to the selection process, is evaluation. The procurement and disposal unit evaluates the provider in terms of experience, competence, financial capability, and technological capacity before proposing the winner. To ensure project success, the assessment team's behaviour is crucial at every stage of the procurement process (Zavadskas et al., 2008).

Sustainable public procurement has been identified by multiple academics as one of the leading factors attracting concerns in the public sector (Bawole, & Adjei-Bamfo, 2020). Sustainable public procurement covers the legal framework, methods, and practices involved in the procurement cycle, including requirements analysis, supplier selection and evaluation, contract award and signing, and contract management. According to Eberhard, Kolker and Leigland (2014), the majority of African countries have established public procurement rules to guide their procurement of goods, services, and work; rather than minimizing procurement delays.

Tanzania is not exempted from sustainable public procurement (Kikwasi, 2012). The size of public procurement in an economy is measured based on its share in GDP and government expenditures (Larsen & Logan, 2018). One of the aspects of unsustainable public procurement is noncompliance behaviour in the completion of projects (Tukamuhabwa, 2012). According to CAG (2019), the number of public project delays has been steadily increasing since 2015. For example, the CAG uncovered unreported development project funding of TZS 131.5 billion in the 2015/2016 fiscal year, resulting in project delays. In the 2016/2017 fiscal year, 22 municipalities were audited for water sector development projects costing TZS 49.9 billion, while 10 councils were audited for road project delays totalling TZS 2.5 billion. Similarly, in the 2017/2018 and 2018/2019 fiscal years, CAG found delays in the development of projects worth more than TZS 63 billion and TZS 2.8 billion, respectively (Sindano, 2020).

Despite the World Bank's 2016 report on the proposed additional credit and restructuring for Zanzibar's urban services project (ZUSP), Zanzibar's weak procurement system is said to play a significant role in the sustainability of public projects (Alson, 2018). We can agree that the challenges facing public procurement procedures are widely studied, but as a researcher, we found limited information on the aspect of financial aspects of public procurement procedures in relation to sustainable public procurement.

Procurement practitioners, government and development partners have been struggling to improve the country's procurement system and ensure the achievement of sustainable public procurement. However, some challenges such as corruption, poor quality of goods and services, improper implementation of recommended service level agreements, unnecessary high operation costs and failure to attract and retain professionals impede its performance (Kanapinskas, Plytnikas, & Tvaronavičienė, 2014). To tackle the aforementioned challenges, numerous governments including Tanzania have adopted several procurement elements to improve the public procurement system that ultimately influences procurement performance together with added value for money in public sectors. Some of these elements consist of five elements: financial control in the procurement process, policymaking and management, authorization and appropriations, procurement regulations, and procurement functions in operations (Kikavets, 2022; Larsen, & Logan, 2018).

Scholars namely, Isroilov, et, al, (2020) propounded that the ability to achieve sustainable public procurement is to flourish internal elements of the procurement systems, the types of goods, services and capital access required, professionalism of the procurement workforce, staffing levels (i.e., the ratio of procurement practitioners to contract actions), procurement organizational structure such as the issue of centralization and decentralization, procurement regulations and guidelines, internal control, legislative oversight and financial discipline.

The Procurement Principles and Rules are based on the need to achieve economy, efficiency, transparency and accountability in both public and private sector operations. Controls in the procurement process are the proven way to achieve the fundamental principles of good procurement practice and procedures that are fairly applied in awarding public sector contracts for goods, works and services. Moreover, the financial elements in the procurement process make a foundation of accountability and encourage the cost-effective use of public funds.

Despite that numerous researchers have propounded the application of elements procurement practices to significantly lead to time and money savings and help ensure successful project implementation and operation (Bagaya, & Song, 2016; Basheka, 2009), there is still an information gap on how some of these elements results in sustainable public procurement aspects. The sustainable public procurement aspects are wider than time, money and implementation of the project, rather it considers the balance of economic, social and environmental dimensions (Okori, 2018). Encouraging sustainable public procurement is an important part of development (Andabaka, & Sertić, 2020). It is, therefore, important for researchers, practitioners, policymakers and other stakeholders to come together in establishing the roles of elements of the good procurement process in achieving sustainable public procurement (Andabaka, & Sertić, 2020). Scholars (i.e., Ahsan & Gunawan, 2010; Kagiri & Wainaina, 2017) propounded that the financial aspects of procurement procedures are one of the good elements of the procurement process. However, the impact of the financial aspect in achieving sustainable public procurement in developing countries such as Tanzania is of limited information. This paper examined, through Zanzibar Urban Project, the impact of the financial aspect of the procurement procedures in achieving sustainable public procurement.

Therefore, this study aimed to examine the impact of the financial aspect in achieving sustainable public procurement. To achieve the aforementioned objective the study is designed to provide an answer to the research question. **RQ What are the impact of the financial aspect of the procurement procedures in achieving sustainable public procurement?** By establishing the impact of the financial aspect of procurement procedures in achieving sustainable public procurement, the practitioners, policymakers, researchers...
and other procurement stakeholders will be able to ascertain the effect of over or under-emphasis on financial aspects during procurement procedures.

This section rationalising study on the impact of financial aspects in achieving sustainable public procurement at the Zanzibar Urban Services Project. In the following section, conceptual and theoretical studies have been reviewed. This study continues with research and methodology part and finally concludes with key points, implications and recommendations.

**Literature Review**

**Conceptual Review**

*Public Procurement Procedures*

Public procurement is among government functions that assist in attaining numerous goals. Hsueh et al. (2020) emphasized that if the procurement functions fail to deliver quality goods and services timely and economically, the performance of the government is likely to suffer. Moreover, Andabaka and Sertić (2020) argue that a good procurement procedure is one devoid of corruption, is financially controlled and is based on well-known procurement practices that promote efficiency and effectiveness, more importantly, it is the vehicle for better service delivery.

The procurement procedures have three main phases are divided into the planning and decision phase, bidding and award of the contract and contract implementation, monitoring and performance evaluation and closure phase. Every phase requires different financial actions to be taken.

The normal procedure for public sector procurement involves the steps such as notification of opportunities for tendering, prequalification where appropriate, an invitation to tender and issuance of tender documents, receipt of tenders, evaluation of tenders and contract award, and contract administration (Hsueh et al., 2020). The public procurement process is the foundation of public procurement which is addressed in the public procurement rules. The procurement principles, rules and regulations govern the management of public and private procurement, and also set the framework for a code of conduct for procurement practitioners and other stakeholders associated with the procurement process.

The extent of the process and specific procedures to be followed for each step will depend on the method of tendering that is used. Despite the extent of the procurement procedure, most entities use financial, time and human resources. Time and finances are resources that when consumed cannot be recycled. Therefore, its control is at an increasing rate (Ahsan & Gunawan, (2010). Bosch, Kemperman and Raes, (2012), commented that accountability, integrity, professionalism and control encourage the cost-effective use of public funds and the achievement of efficiency in procurement. As the procurement process includes an element of the law, risk management, politics, finance and accounting, every practitioner in each of the mentioned fields have a role in public procurement as their remit (Langseth & Moe, 2022). Lack of consensus can be found worldwide in procurement governance, as Hsueh et al., (2020) noted the procurement activities performed in public organizations do not attain economic effectiveness together with efficiency, especially in public sectors.

*Financial aspect in procurement procedures*

Finance is one of the important elements in procurement procedures. Almost 100 per cent of procurement activities need financial resources for implementation (Ahsan, & Gunawan, 2010; Kagiri, & Wainaina, 2017). Therefore, the financial aspect becomes an integral part of the procurement procedure. In Tanzania for example, procurement and finance are under one ministry, that is, the ministry of finance and development. Within the procurement process, the financial aspect is revealed during planning, tendering process, tender evaluation, implementation and contract finalization and evaluation (Isroilov, Abduganiyev & Ibragimov, 2020). In these regards at every stage, a specific aspect of finance is applied. In procurement planning, the aspect of financial planning is inevitable, in tender advertisement and evaluation, the aspect of prancing takes place, during implementation the financial control forms part of the procurement whereas, during contract evaluation, the aspect of value for money plays an important role (Bawole & Adjei-Bamfo, 2020).

In doing so procurement expertsthey must incorporate extrinsic cost considerations into decisions alongside the conventional procurement criteria of price (financial element) and quality, although in practice the sustainable impacts of a potential supplier's approach are often assessed as a form of quality consideration (Isroilov, Abduganiyev & Ibragimov, 2020). Despite the essential part of the financial aspects in the procurement process, there is a need to indicate the impact of financial issues in the procurement process in achieving sustainable public procurement.

The planning phase requires financial planning activities, the tendering phase requires financial evaluation, whereas, the implementation and closure phases require financial control and performance measure activities (Kikavets, 2022).

**Sustainable Public Procurement**

Sustainable public procurement aims to meet an organization’s needs for goods, services, works and utilities in a way that achieves value for money on a life-cycle basis while addressing equity principles for sustainable development, therefore benefiting societies and the environment across time and geographies (Dirgantara, & Hartono, 2022; Bagaya & Song, 2016; Basheka, 2009). Procurement
is considered sustainable when organizations meet their needs for goods, services, works and utilities in a way that achieves value for money and promotes positive outcomes not only for the organization itself but for the economy, environment and society (Okori, 2018). The sustainable procurement framework is also known as the triple bottom line, which is a business accounting framework.

Achievement of sustainable public procurement involves the measurement of economic, environmental and social dimensions but also an emphasis on the usage of digital technology (Walker, & Brammer, (2012). These dimensions are propounded to be the core determinant of sustainable development goal 12 (SDG12) on sustainable consumption, especially for government entities. Achieving a sustainable public procurement needs a procurement procedure to follow clear, transparent, social considerate, and compliant with laws, regulations and professional integrity (Isroilov, Abduganiyev, & Ibragimov, 2020).

Indeed, procurement practitioners have drawn attention to the fact that buying from smaller firms, locally, is an important aspect of sustainable procurement in the public sector (Dirgantara, & Hartono, 2022; Al Hammadi, et al, 2016). Moreover, ethics, culture, safety, diversity, inclusion, justice, human rights and environmental issues are listed as important aspects of sustainable public procurement beyond the triple line bottom. Sustainable procurement is used to ensure that purchasing reflects broader goals linked to resource efficiency, climate change, environmental concerns, social responsibility and economics.

**Environmental Dimension**

Environmental concerns are the dominant macro-level justification for sustainable procurement, born out of the growing 21st-century consensus that humanity is placing excessive demands on the available resources through unsustainable but well-established consumption patterns (Langseth & Moe, 2022; Ayodele, 2011). Sustainable procurement aims to promote conservation and responsible management of resources by using renewable or recycled materials and reducing waste wherever possible. Sustainable procurement also involves looking at production practices and making sure there are not any negative impacts on the environment such as pollution, biodiversity or loss of habitat (Ratshisusu, 2014).

This is a sufficiently influential issue that environment-centric procurement (green procurement) is sometimes what professionals are tempted to make stand-alone from sustainable procurement. The most straightforward justification for green procurement is a tool with which to address climate change, that it offers the broader capacity to mitigate over-exploitation of any scarce resources (Langseth & Moe, 2022). Green procurement introduces into the procurement process comparison between alternatives based on the criterion of their environmental impact (Hamdan, De Boer, & Baer, 2021). This comparison is extended to all stages of the procurement process, from the design stage to the tender evaluation and realization stages.

**Social Dimension**

Sustainable procurement is also used to address issues of social policy such as inclusiveness, equality, international labour standards and diversity targets, regeneration and integration (Trevisano-Lozano, 2021; Basheka, 2009). It addresses the needs of employment, care, welfare or other—groups including ethnic minorities children, the elderly, those with disabilities, adults lacking basic skills, and immigrant populations (Brahim, et al, 2014). The criteria for socially responsible procurement need to be applied to every stage of a supply chain In other words, from mining to assembly and distribution (Andabaka, & Sertić, 2020).

**Economic Dimension**

Often differences in the purchase price between a non-sustainable and sustainable alternative are negligible (Isroilov, Abduganiyev, & Ibragimov, 2020). Yet even where the sustainable option costs more upfront, savings of energy, water and waste over the lifetime of the product or service can provide significant financial savings (Li, Arditi & Wang, 2013). On a macroeconomic level, it can be argued that there are economic benefits in the form of efficiency gains from incorporating whole-life costing into decision-making. (Note: in contrast to most arguments from sustainable procurement proponents, these can be purely private benefits accruing by the procuring organization).

**Challenges facing sustainable public procurement**

**Lack of strong public procurement regulatory authority**

According to the Public Procurement and Disposal Act of 2016, the authority is in charge of overseeing procurement operations in Zanzibar's Procurement and Disposal of Entities. Unfortunately, the authority is not meeting its responsibilities under sections 5 (1), (2), and (3). This means that since the establishment of the Public Procurement and Disposal of Public Authority, the functions outlined in Section (5) have not been carried out to a considerable extent (Naluyima, Keefa & Kampumure, 2016). For example, the ZPPDA is responsible for publicly developing its guidelines, standard documents and standard specifications which serve as a crucial legal foundation for the PPDA's implementation and support (Prabarini, & Setiawan, 2022). Despite this, the PPDA has been in place for four years with no limitations on public procurement.

Furthermore, the PPDA is not conducting any public procurement and disposal audits, as required by the 2016 Public Procurement and Disposal Act. These observations are sufficient to conclude that the ZPPDA is ineffective and represents one of Zanzibar's institutional impediments to public government implementation.
**Lack of adequate procurement profession**

Procurement professionals, according to Kikavets, (2022), have abilities derived from theoretical knowledge, competency-based examinations and tests, and extensive training and education. Professionalism is determined by the organization's staffing levels, expertise, skills, and human resource diversity (Kalinzi, 2014). As a result, a good procurement process necessitates the presence of adequate and staffed procurement specialists, as well as training and recognition from national and international procurement professional associations (Basheka, 2009). On the other hand, a lack of professionalism in the workplace has a negative impact on the performance, resulting in unnecessary delays and unethical actions (Andabaka & Sertić, 2020). Procurement professionals are in short supply at the PPDE in Zanzibar making it difficult to manage procurement responsibilities. The majority of procurement experts working in government agencies, for example, have insufficient education; the majority hold a certificate, but 95 per cent of them are not recognized by any professional bodies in Tanzania or overseas.

**Unethical practices in public procurement**

One of the world's largest challenges in public procurement is integrity because, the process of public contracting and tendering is a high-risk area for public procurement fraud (Bai, Sheng, & Li, 2016). Misusing the public procurement trust placed in them results in the illegal enrichment of public officials and/or those close to them (Basheka, 2008a). The cornerstone of ethical public procurement processes is integrity. Unethical procurement functions are the primary source of corruption, fraud, and other illegal activities, all of which add to the organization’s and government's burdens (Kariungi, 2014). Institutional integrity is critical in the prevention of public procurement malpractices (Al Hammadi, et al, 2016). Despite improvements to the legal and regulatory framework, such as the repeal of the Act and the establishment of the Zanzibar corruption agency, unethical activities such as favouritism, lack of accountability, and fraud have been mentioned to affect public procurement contracts in Zanzibar (WB, 2003).

**Lack of transparency in the procurement process**

Transparency refers to the ease with which significant stakeholders can obtain information regarding the public procurement process, including contract awards and some milestones on contract implementation by PPDEs (Andabaka, & Sertić, 2020). Lack of openness is a concern not only in Zanzibar but throughout Sub-Saharan Africa, as it prohibits external stakeholders from engaging in procurement processes conducted by procurement agencies. Lack of an appeal system, poor advertising of tender opportunities and ambiguous supplier selection criteria are also cited as causes of the lack of transparency in developing countries (WB, 2003).

**Lack of effective procurement planning**

One of the instruments that influence the timely completion of public projects, and vice versa, is a comprehensive and successful procurement plan (Basheka, 2009). Procurement planning, according to Kikavets, (2022), is the process of defining and integrating requirements and setting procurement deadlines, to have them as and when needed. Despite that every government entity is required to establish an annual procurement plan that details the projects to be completed, procurement methods, and financing sources for a certain fiscal year, only a small number of such organizations do so (Basheka, 2008).

**Ineffective tendering procedures**

The complete process of inviting bids, opening and evaluating tenders and awarding the contract to the winning bidder is referred to as tendering procedures (Flynn, & Davis, 2014). Similarly, Jafari (2017) lists several factors that contribute to inefficiencies in the bidding process, including unethical procurement expert behaviour and deception throughout the tendering process. The time it takes to analyse tenders, to award contracts and to approve contracts are factors that influence the bidding process. According to Andabaka and Sertić (2020), ineffective tendering is a predictor of project completion delays since tendering is a lengthy process that includes critical project milestones such as supplier selection and contract administration.

**Lack of effective contract management**

The rigorous and effective process of designing, executing and assessing contracts in order to improve operational and financial performance while minimizing risks is known as contract management (Rasheli, 2016). Poor contract administration and management leads to ineffective or poor contract management. Contract management ineffectiveness refers to the factors that lead to poor implementation of the pre-contract, execution and post-contract stages. Contract management inefficiency is caused by a lack of clear reporting lines during contract implementation, a poor description of roles and duties, late payment and inadequate risk management (Kariungi, 2014).

**Theoretical Review**

**Ethics-Based Theory**

The ethical-based theory was introduced by Fros, (1996), where he advocated for the procurement regulations to be adhered to by the procuring entities for better achievement of value for money. Ethics-based theories noted that multinational businesses have two types of obligations to refrain from corrupt practices. First, businesses must maintain market efficiency by leaving the entire market system open to change of immorality and illegitimacy (Lovett, Simmons & Kali, 1999). Second, firms are dependent for their success not only on the existence of a functioning market system but also on a state that facilitates market activity and maintains order and
stability (Branco & Rodrigues, 2006). Thus, organizations have an obligation not to undermine the legitimacy of the state by indulging in unethical practices (Van Wee & Roeser, 2013). This Ethics theory has become useful in this study because it emphasized the creation of controlling instruments such as codes of conduct, integrity pacts, and self-regulating rules and transparency which may help an organization to implement procurement principles in a good manner and sustainable public procurement.

**Conceptual Framework**

A conceptual framework is a scheme or analytical tool that connects exogenous and endogenous factors and operationalizes them to meet the study goals (Eriksson & Westerberg, 2011). Figure 1 depicts the study's conceptual framework, which was modified from Levy (1996). The framework includes a dependent variable (sustainable public procurement) and an independent variable (financial aspects of procurement procedures). Since the financial aspect is applied through the procurement procedure, the testing variable (procurement procedures) was included in the conceptual framework.

![Conceptual Framework](image)

**Figure 1: Conceptual Framework**

**Research and Methodology**

**Research Design**

The study used a case study research design because case studies are an appropriate method for providing information for validating statistical tests and hypotheses, and case studies are the preferred method for assessing the causal relationship between the constructs (Kothari, 2012; Creswell & Creswell, 2017).

The study was carried out in Zanzibar Urban Services Project. The study selected Zanzibar because, it currently prepares to implement the Public Procurement and Disposal of Public Assets Act of 2016, which went into effect in 2017/2018 and is expected to be implemented in 2020. Furthermore, the main author is more familiar with the organization, and data collection was much easier and more accurate.

**Study Population**

The sample size was convenient for a researcher to handle and viable for the study objective and targeted population. According to Anderson, Kelley and Maxwell (2017), the target population is a group of individuals, objects, cases, organizations, or events with specific traits, characteristics, or attributes to research. The target population included all employees from all sectors of the Ministry of Finance and Planning, who are directly involved in procurement and contract administration. The targeted departments had a total population of 153 employees.

**Sample Size**

According to Barzola-Quiquia et al. (2008), a general rule of thumb authorizes the sample size to be used in the study should be 30 per cent of the total population. Therefore, the study applied a general rule of thumb to determine a sample size that was 70 per cent of the total population. The sample size used in the study was 107 respondents as summarized in Table 1.
Table 1: Sample size determination

<table>
<thead>
<tr>
<th>Categories</th>
<th>Target population</th>
<th>Formula</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive member</td>
<td>25</td>
<td>(70/100) *25</td>
<td>18</td>
</tr>
<tr>
<td>Strategic planning officer</td>
<td>3</td>
<td>(70/100) *25</td>
<td>2</td>
</tr>
<tr>
<td>PMU</td>
<td>15</td>
<td>(70/100) *25</td>
<td>11</td>
</tr>
<tr>
<td>Tender Board</td>
<td>15</td>
<td>(70/100) *25</td>
<td>10</td>
</tr>
<tr>
<td>Store unit</td>
<td>10</td>
<td>(70/100) *25</td>
<td>7</td>
</tr>
<tr>
<td>Finance department</td>
<td>20</td>
<td>(70/100) *25</td>
<td>14</td>
</tr>
<tr>
<td>User department</td>
<td>55</td>
<td>(70/100) *25</td>
<td>38</td>
</tr>
<tr>
<td>Auditors</td>
<td>10</td>
<td>(70/100) *25</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>153</td>
<td></td>
<td>107</td>
</tr>
</tbody>
</table>

Data Collection and analysis

The study is based on both secondary and primary data; primary data were collected through the use of questionnaires (Nardi, 2018). The secondary data were obtained from written documents and various financial guidelines, financial plans and financial performance reports. Data analysis helps to identify the statistical patterns and relationships between variables that are used in the research, that is, the financial aspect of procurement procedures and sustainable public procurement. After the Data have been collected, edited, classified, coded, and tabulated to facilitate the quantitative analysis using Statistical Package for Social Science (SPSS).

Research Ethics

The ethical question is important at various phases of the research process. To assure ethical assurance in the data collection process, the researcher requested a letter of recommendation from the Postgraduate Studies, CBE to assist in data gathering and abide by the ethical guidelines (Malhotra, 2010).

Furthermore, the researcher was requested by the Ministry of Finance and Planning in Zanzibar to submit the internal memo letter to all procuring organizations involved in this study. Nonetheless, before giving the respondents the questionnaire or performing the interview, the researchers informed them that their responses would be kept private. These stringent precautions ensured that ethical considerations are considered throughout the data collection process in this investigation.

Findings

The study objective was to determine the Impact of the Financial aspect on Procurement Procedures in achieving Sustainable Public Procurement at the Zanzibar Urban Services Project. The researcher collected the respondent’s opinion regarding the current practices of sustainable public procurement and their opinion on the impact of the financial aspect on achieving sustainable public procurement.

Current practices of sustainable public procurement

Here the researcher wishes to understand the general picture of the extent of sustainable public procurement practices at the Zanzibar Urban Services Project. To collect the information the researchers distributed a 5-point Likert scale questionnaire to the respondent. The five-point liker scale 5 – Very High, 4 – High, 3 – Moderate, 2 – Low and 1 – Very Low was used in this aspect. Table 1 shows the respondents’ current practices and understanding of the dimensions, components and aspects of sustainable procurement.

Table 2: Current practices of sustainable procurement in the Zanzibar Urban Services Project

<table>
<thead>
<tr>
<th>Statement of Measure</th>
<th>Very %</th>
<th>High %</th>
<th>Moderate %</th>
<th>Low %</th>
<th>Very Low %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current balancing between economic, social and environmental dimensions</td>
<td>7</td>
<td>11</td>
<td>16</td>
<td>35</td>
<td>31</td>
</tr>
<tr>
<td>Currently, the economic dimension is prioritized over the non-economic.</td>
<td>36</td>
<td>34</td>
<td>6</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Understanding the role of the financial aspect in achieving sustainable procurement</td>
<td>35</td>
<td>33</td>
<td>5</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>Understanding the role of the Social dimension in sustainable procurement</td>
<td>21</td>
<td>19</td>
<td>13</td>
<td>19</td>
<td>28</td>
</tr>
<tr>
<td>Understanding of the Environmental dimension of sustainable procurement</td>
<td>19</td>
<td>31</td>
<td>14</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>The current emphasis on financial aspects aims to attain sustainable procurement</td>
<td>31</td>
<td>25</td>
<td>13</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Currently, environmental criteria are given priority over financial criteria</td>
<td>12</td>
<td>18</td>
<td>19</td>
<td>23</td>
<td>28</td>
</tr>
<tr>
<td>Currently inclusion of Environmental experts in procurement procedures</td>
<td>6</td>
<td>9</td>
<td>11</td>
<td>20</td>
<td>54</td>
</tr>
<tr>
<td>Currently inclusion of financial experts in procurement procedures</td>
<td>56</td>
<td>22</td>
<td>17</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Need to balance financial aspects with the social and environmental dimension</td>
<td>40</td>
<td>32</td>
<td>19</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Field Data, (2022)
Impact of Financial aspect in achieving sustainable public procurement

The study measured the respondents’ opinions on the impact of the financial aspect of procurement procedures in achieving sustainable public procurement. A 5 Likert scale questionnaire was distributed to respondents. The 5-point Likert scale degrees were 5 – Strong Agree, 4 – Agree, 3 – Neutral, 2 – Disagree and 1 – Strongly disagree.

Table 3: Impact of Financial aspects of procurement procedures in achieving sustainable public procurement

<table>
<thead>
<tr>
<th>Challenges facing procurement procedures</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The low emphasis on social and economic dimensions in procurement procedures negatively affects sustainable public procurement</td>
<td>3.27</td>
<td>0.74</td>
</tr>
<tr>
<td>The current public procurement prioritizes the economic dimension over the non-economic</td>
<td>3.30</td>
<td>0.82</td>
</tr>
<tr>
<td>Lack of priority on financial aspects of procurement procedures hindering the attainment of sustainable public procurement</td>
<td>3.32</td>
<td>1.12</td>
</tr>
<tr>
<td>Social sustainability is negatively affected by over-emphasis on financial aspects from the early stages of the procurement process</td>
<td>3.12</td>
<td>1.24</td>
</tr>
<tr>
<td>The environmental dimension is negatively affected by over-emphasis on the financial aspect</td>
<td>3.35</td>
<td>1.02</td>
</tr>
<tr>
<td>It is impossible to attain sustainable public procurement without emphasizing the financial aspect of the procurement procedure</td>
<td>4.01</td>
<td>0.95</td>
</tr>
<tr>
<td>During procurement planning, the environmental criteria are given priority over financial criteria</td>
<td>2.14</td>
<td>1.26</td>
</tr>
<tr>
<td>Environmental expert is forming part of the tender board of the organization</td>
<td>2.12</td>
<td>0.87</td>
</tr>
<tr>
<td>The financial expert is forming part of the tender board of the organization</td>
<td>3.79</td>
<td>0.56</td>
</tr>
<tr>
<td>Public sectors procurement should balance between financial aspects and social and environmental dimension</td>
<td>4.02</td>
<td>0.54</td>
</tr>
</tbody>
</table>

Source: Field Data, (2022)

According to the findings from Table 3, many respondents agreed that the financial aspect of procurement procedures is highly emphasised in public procurement procedures. The responses to the statement to justify the argument have resulted in the following aspects; The statement that the current public procurement procedure prioritizes the economic dimension over non-economic resulted in a mean of 3.30, and a std of 0.82. The statement that the environmental expert is forming part of the tender board of the organisation resulted in a lower mean of 2.12, and a std of 0.87. On the part of financial expert inclusion, the statement that the financial expert is forming part of the tender board of the organisation resulted in a mean of 3.79, and a std of 0.56. Lastly, the statement on the current over-emphasis on financial aspects of procurement procedures based on the argument of power toward the attainment of sustainable public procurement resulted in a mean of 3.32, and a std of 1.12.

Moreover, the researchers wanted to measure the respondents’ views on the over-emphasis on the financial aspects of procurement procedures in the attainment of sustainable public procurement. Respondents indicated that financial aspects form a large contribution towards the achievement of sustainable public procurement. Moreover, the statement that it is impossible to attain sustainable public procurement without emphasizing the financial aspect of the procurement procedure resulted in a mean of 4.01, and a std of 0.95. This indicates that the respondents agreed that the financial aspect of public procurement procedures has an impact on sustainable public procurement. However, the statement that low emphasis on social and economic dimensions in procurement procedures negatively affects sustainable public procurement resulted in a mean of 3.27, and a std of 0.74.

The last aspect, the researchers wanted to find out the respondents’ view on whether over-emphasis on the financial aspect has a negative impact on the environmental and social dimension of sustainable public procurement. The responses on this aspect indicated that over-emphasis on the financial aspect results in undermining the environmental and social dimensions. The statement that the emphasis on the social dimension is negatively affected by over-emphasis on financial aspects from the early stages of the procurement process resulted in a mean of 3.12 and a std of 1.24. Also, a statement that emphasis on the Environmental dimension was negatively affected by over-emphasis on the financial aspect resulted in a mean of 3.35 and a std of 1.02. Furthermore, the statement that during procurement planning, the environmental criteria are given priority over financial criteria resulted in a mean of 2.14, and a std of 1.26. Lastly, the statement that public sector procurement should balance between financial aspects and social and environmental dimensions resulted in a mean of 4.02 and a std. 0.54.

Regression analysis

The regression analysis was carried out to define how the independent variables influenced the dependent variable. Regression analysis is used to analyse the relationship between the dependent variable and the predictor variable (Kothari, 2014). In this study, the independent variable is the financial aspect of procurement procedures and the dependent variable is sustainable public procurement (Hair et., al, 2017). The regression model analysis of this study is shown in Table 4.
the financial criteria were arising. The overwhelmingly financial option does not necessarily mean low costs and low capital investment aspects have previously been claimed to increase procurement efficiency that needs attention. Here financial criteria bring a major barrier to considering the sustainable decision for procurement. The impact of paying attention to the financial aspect is revealed in the phases of procurement procedures. During planning, funding and resource allocation bring a major barrier to considering the sustainable decision for procurement. Here financial criteria pressurise implementation of projects much emphasis has currently been on financial aspects putting insufficient attention to other social and environmental dimensions. The financial consideration is found to take high attention by integrating budget, financial controlling and contract auditing as important tasks in today’s procurement procedures (Kovaleva, 2020). Moreover, the increased financial risks and economic interactions in procurement procedures result in the amplification of financial consideration among procurement system actors. As a result, this demands procurement systems to regulate financial risks which have notably evolved as proclaimed by Kovaleva, (2020).

Moreover, the findings confirmed that despite that procurement procedures are designed to ensure effective and efficient implementation of projects, much emphasis has currently been on financial aspects putting insufficient attention to other social and environmentally sustainable dimensions. The financial consideration is found to take high attention by integrating budget, financial control, audit and value for money aspects in the procurement process. The findings are in line with the findings in a study by Kikavets, (2022), which shows the importance of financial aspects being balanced with other attributes such as laws and regulations, and political, social and environmental aspects.

### Impact of Financial aspect on procurement procedures in achieving sustainable public procurement

Because the concept of a scarce resource is highly considered in all phases of procurement procedures, the budgeting aspect is not necessarily mean low costs and low capital investment are prioritized during procurement procedures and organizations are reluctant to incur additional costs even if will lead to achieving sustainability. This is contrary to the best practice that a sustainable option does not necessarily mean low costs and low capital investment (Kariungi, 2014).

In other perspectives, it is argued that social and environmental dimensions are considered secondary objectives to the achievement of the economic dimension whose main driver is the financial aspect. The findings confirmed that focusing on the financial aspects results in more emphasis on the economic dimension of the procurement procedure and under-emphasis on the social and environmental dimension may lead to a higher cost than optimal gain. These are in line with the findings reported in a study by McCue, Prier, and Swanson (2015), which pioneered the five dilemmas in public procurement.

The findings confirmed that the current procurement procedures have an over-emphasis on financial aspects during the procurement procedures. The findings confirmed that Zanzibar urban services projects were considering financial aspects in every stage of procurement over other sustainable dimensions. The financial aspect was confirmed to be prioritised because at every phase of the procurement in these projects from planning to finalisation, the financial criteria were arising. The overwhelmingly financial consideration in procurement procedures is based on its contribution towards the achievement of sustainable public procurement. The confirmed overemphasis on the financial aspect has previously been claimed to increase procurement efficiency that needs attention. Here financial criteria bring a major barrier to considering the sustainable decision for procurement. Here financial criteria pressurise implementation of projects much emphasis has currently been on financial aspects putting insufficient attention to other social and environmental dimensions. The financial consideration is found to take high attention by integrating budget, financial controlling and contract auditing as important tasks in today’s procurement procedures (Kovaleva, 2020). Moreover, the increased financial risks and economic interactions in procurement procedures result in the amplification of financial consideration among procurement system actors. As a result, this demands procurement systems to regulate financial risks which have notably evolved as proclaimed by Kovaleva, (2020).

### Discussion

The findings confirmed that the current procurement procedures have an over-emphasis on financial aspects during the procurement procedures. The findings confirmed that Zanzibar urban services projects were considering financial aspects in every stage of procurement over other sustainable dimensions. The financial aspect was confirmed to be prioritised because at every phase of the procurement in these projects from planning to finalisation, the financial criteria were arising. The overwhelmingly financial consideration in procurement procedures is based on its contribution towards the achievement of sustainable public procurement. The confirmed overemphasis on the financial aspect has previously been claimed to increase procurement efficiency that needs attention. Here financial criteria bring a major barrier to considering the sustainable decision for procurement. Here financial criteria pressurise implementation of projects much emphasis has currently been on financial aspects putting insufficient attention to other social and environmental dimensions. The financial consideration is found to take high attention by integrating budget, financial controlling and contract auditing as important tasks in today’s procurement procedures (Kovaleva, 2020). Moreover, the increased financial risks and economic interactions in procurement procedures result in the amplification of financial consideration among procurement system actors. As a result, this demands procurement systems to regulate financial risks which have notably evolved as proclaimed by Kovaleva, (2020).

### Current Practises of Sustainable procurement

Table 4 shows that R square is 70.4 per cent, this value indicates that the financial aspect of procurement procedures explains 70.4 per cent of the variation in achieving sustainable public procurement. According to the findings of the study, the independent variable is the financial aspects of procurement procedures while the unexplained 29.4 per cent variance is the result of other variables not in the model.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.859*</td>
<td>.704</td>
<td>.695</td>
<td>.14416</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), financial aspects of procurement procedures, sustainable public procurement

**Source:** Field Data, (2022)

Table 4 shows that R square is 70.4 per cent, this value indicates that the financial aspect of procurement procedures explains 70.4 per cent of the variation in achieving sustainable public procurement. According to the findings of the study, the independent variable is the financial aspects of procurement procedures while the unexplained 29.4 per cent variance is the result of other variables not in the model.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5.230</td>
<td>3</td>
<td>1.743</td>
<td>83.891</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>2.203</td>
<td>40</td>
<td>.021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7.433</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Independent Variable: Financial aspects of procurement procedures

b. Predictors: (Constant), sustainable public procurement

**Source:** Field Data (2022)

From Table 5, the ANOVA results predicted the dependent variable by illustrating how regression best fits the model. The result showed that the significance probability value of p=0.000 of the regression model was less than the level of significance of 0.01 at a 95 per cent confidence level which indicates that the model was significant.

### Table 5: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5.230</td>
<td>3</td>
<td>1.743</td>
<td>83.891</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>2.203</td>
<td>40</td>
<td>.021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7.433</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), sustainable public procurement

**Source:** Field Data (2022)

From Table 5, the ANOVA results predicted the dependent variable by illustrating how regression best fits the model. The result showed that the significance probability value of p=0.000 of the regression model was less than the level of significance of 0.01 at a 95 per cent confidence level which indicates that the model was significant.

### Table 4: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.859*</td>
<td>.704</td>
<td>.695</td>
<td>.14416</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), financial aspects of procurement procedures, sustainable public procurement

**Source:** Field Data (2022)

Table 4 shows that R square is 70.4 per cent, this value indicates that the financial aspect of procurement procedures explains 70.4 per cent of the variation in achieving sustainable public procurement. According to the findings of the study, the independent variable is the financial aspects of procurement procedures while the unexplained 29.4 per cent variance is the result of other variables not in the model.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5.230</td>
<td>3</td>
<td>1.743</td>
<td>83.891</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>2.203</td>
<td>40</td>
<td>.021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7.433</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Independent Variable: Financial aspects of procurement procedures

b. Predictors: (Constant), sustainable public procurement

**Source:** Field Data (2022)

From Table 5, the ANOVA results predicted the dependent variable by illustrating how regression best fits the model. The result showed that the significance probability value of p=0.000 of the regression model was less than the level of significance of 0.01 at a 95 per cent confidence level which indicates that the model was significant.
decision makers when considering lower prices rather than the best sustainable options. Moreover, during the implementation, contractors are frequently facing financial limitations based on the work requirement and the available funds, this mostly results in undertaking sustainable processes and implementation of the contract. During the evaluation, the financial indicators are easy to be identified, even if other indicators are taken to account still economic dimension is seen to take a large proportion of concluding whether the project is sustainable.

This paper confirms the need of balancing the financial aspects of the procurement procedure. Moreover, the findings confirmed that giving high priority to the financial aspect undermined the social and environmental dimension of sustainability. The social and environmental issues were not forecasted during the planning stage of procurement. The procurement procedures should involve rules that sustainable procurement sometimes does not necessary means high cost or investment rather it needs innovative design and technology of massive support at low consumption. In addition to the mentioned cost increase, the project resulted in even more expensive due to more than half.

The findings confirm the importance of considering sustainability’s three dimensions need to be jointly rather than separately as independent one from. Focusing on the financial aspect whilst overlooking social sustainability aspects can undermine the former by increasing costs rather than optimizing savings.

Conclusions

The study concludes that the financial aspects of procurement procedures have a significant impact on the achievement of sustainable public procurements in a variety of ways. In this regard procuring entities and tenderers are encouraged to ensure they adhere to financial regulations, standards and principles during the procurement process. However, the study observed a precaution of strictly considering financial aspects because it can bring a trade-off between financial planning, controls and performance measures on one side and the sustainable procurement indicators, that is, economic, environmental and social aspects on the other side. This study attracts further research to broaden the conclusion on the extent other aspects apart from financial aspects derive from sustainable public procurement

Acknowledgments

Authors acknowledge the contributions of the College of business Education for initiating the study and allow the study to be conducted. Moreover we acknowledge the contribution of Zanzibar Urban Services Project for accepting to host researcher and facilitate data collection process.

Author Contributions: Methodology, formal analysis, resources, investigation and writing—original draft preparation - Asha Juma Ramadhani; and Conceptualization, validation; writing-review and editing – William Clifford Gomera

Funding: This research was personal funding

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data presented in this study are available on request from the first author. The data are not publicly available due to restrictions.

Conflicts of Interest: The authors declare no conflict of interest.

References


Maxwell, J. A. (2012). Qualitative research design: An interactive approach” (41), Sage publications.

Publisher’s Note: SSBFNET stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.

© 2022 by the authors. Licensee SSBFNET, Istanbul, Turkey. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (http://creativecommons.org/licenses/by/4.0/).
International Journal of Research in Business and Social Science (2147-4478) by SSBFNET is licensed under a Creative Commons Attribution 4.0 International License.