Evaluating and Identifying Strategies to Streamline Procurement Process in Sri Lankan Educational Institutes

Lahiru Wijethunga

University of Moratuwa, Sri Lanka

Pradeepa Jayaratne

University of Moratuwa, Sri Lanka

1. Introduction

Sri Lanka has a functional public procurement system based on National Procurement Guidelines 2006/7. The largest procurement value of the Government budget, which is Rs.167 billion - representing 30.0% of total procurement value, was implemented through the Ministry of Highways, Higher Education & Investment Promotion [1].

Sri Lankan public procurement faces inefficiencies, corruptions and wastages. Since education receives a considerable share of GDP of Sri Lanka there is the risk of inefficiency and insecurity. This focuses on the procurement strategies currently used by education institutes in Sri Lanka, and evaluates and makes recommendations to improve the procurement strategy for educational institutes.

Procurement is generally identified as the acquisition of goods and services. It's a business to business (B2B) transaction. In organisations, this purchasing is deploying their resources to procure their supplies [2]. Public procurement is the process in which government buys goods and services from suppliers to fulfil the needs of its citizens [3] [4].

Public procurement of Sri Lanka is governed by "The Government Procurement Guidelines, 2006". It was issued with the approval of Cabinet of Ministers with the objective of enhancing the transparency of the public procurement process. This has two components: Guidelines and Manuals [5] [6].

2. Research Methodology

This research is based on data collected from various sources at different stages. This includes secondary data collected from journals and government publications, existing literature, online data and primary data collected through structured interviews and unstructured interviews.

Snow ball sampling method was used where the questionnaire was sent to procurement/purchasing/supply departments of government universities. Stakeholders comprise bursars, senior assistant bursars, office staff those departments, main store officers, support staff, heads of departments and office assistants in academic departments. A questionnaire was sent to all stakeholders except external suppliers.

3. Results and Discussion

Eight main barriers prevailing in the process of procurement were identified through the literature survey. Eight solutions corresponding to the above-mentioned barriers were also identified. In the surveys done in e-procurement and related studies, researchers have found out 8main factors that affect the perception of the usefulness of e-procurement system.

Table3: Identified factors on Barriers, Solutions and User perceptions

Barriers	Solutions	User perception of E-Procurement
• Miscommunication • Lack of information • Lengthy manual procedures • Lack of knowledge of suppliers • Strict policies • Lack of visibility • Lack of performance assessment • Keeping the track of item usage	• Using a generic format • Create a real-time information platform • Switch to E Procurement system • Integration with suppliers • Use of E platform for flexibility • Use of E platform for visibility • Using KPI • Use computer system to store data	• Will increase competition • Will improve current procedure • Introduction to educational institutes are essential • Will make procedures transparent • Will reduce lead time • Will make procedures safe • Will reduce transaction cost • Will increase satisfaction of related parties

Respondents were analysed again based on their genders. Females account for 42.9% and males account for 57.1%, showing that there is no major gender imbalance in the system. Forecasting is very important in the procurement process, yet50% of procurement was done without using any forecasting techniques. 58% of the sample did not use any supplier assessment tool which represents a poor supplier relationship. While 67.9% use competitive bidding, 14.30% use blanket orders, 14.30% use ad-hoc purchasing and 3.6% use other methods as their purchasing strategy. When it comes to communication methods, 62.12% of the sample still use mail/post to contact the suppliers. 8.15% use fax, 15.28% use telephone, 13.25%

use email and 1.2% use other methods. This shows the reason for the exaggerated lead time.

2.1. Evaluating the current procurement process

From the data collected on actual and anticipated lead times for item categories, there is a significant difference between actual and anticipated lead time for all categories. The anticipated lead time is clearly less than the actual lead time.

The analysis shows that lead times are different from one item category to another. They even differ within the category according to respondent. This happens mainly because of the criticality of the item category to that institute or department.

3. Results of factor analysis

Collected data on barriers and solutions were reduced using factor reduction method. In the analysis of barriers, two components were able to explain 79.90% of variance. In the solution analysis, two components were able to explain 92.18% of variance. Identified barriers and solutions have a direct relationship. This relationship is summarised in the Table 2.

Table 2: Summary of Rotated Factor Analysis

Identified barrier		Corresponding solution	
Barrier category	Barrier	Solution category	Solution
Regulatory and policy framework	Lengthy manual procedures	Changing the current procurement mode	Switch in to E – Procurement system
	Strict policies		
Lack of supplier management	Lack of knowledge on suppliers	Using supplier management techniques	Integration with suppliers
	Lack of performance assessment		Using KPIs to assess the performance

4. Conclusion

According to the results of this analysis, the procurement process can be streamlined by removing manual procedures which take more time and required repetition in several stages. By switching to an electronic procurement system, the process can be made more transparent and flexible; thereby increasing the effectiveness and efficiency of procurement. Many countries practice E-procurement in their educational systems: Nigeria has excelled in its procurement process.

The success of a procurement system depends on the management of suppliers. This study clearly explains the lack of supplier management. Adopting a supplier management system can streamline the procurement process through reduced lead times, quality product and reduced percentage of rejects and reworks. Throughout this study the importance of managing the suppliers was highlighted. Proper supplier management techniques should be adopted by higher educational institutes.

5. References

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Keywords: supply chain management; e-procurement; public procurement; barriers in procurement; solutions for procurement