

## **Entrepreneurial Government: Causal Relationship between Transaction Costs and Value for Money**

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**Abstract:** *This paper examines the potential effects of Entrepreneurial Government on Transaction Costs and Value for Money in public procurement. In this survey design study, data were collected through administered questionnaires to public procuring entities while soliciting responses from a significant number of respondents. As the variables in this study have multiple relationships Confirmatory Factor Analysis (CFA), a subgroup of Structural Equation Model (SEM), was used to analyse the data. Preliminary results indicate that, there is a significant relationship between entrepreneurial governance in public procurement to transaction costs and value for money.*

**Keywords:** *Transaction Costs, Value for Money, and Entrepreneurial Government*

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### **1. INTRODUCTION**

The tension between value for money and affordability of public requirements is increased at the interface of exchange between the public and private sector. Public entities are under intense pressure to improve operations and deliver their services more efficiently and at fair least cost (Carristine, *et al.* (2007). However, common objectives of Public Procurement's value for money are to achieve maximum economy, efficiency and effectiveness in application of public funds. It was once noted by that the price the public sector will pay to a private firm for the public project realisation might not be the only cost to be considered because of existing significant costs incurred by both the firms and the authorities in complying with procurement rules (Pavel, 2005; EU Report, 2004).

Reducing the costs of exchange or Transaction Costs (TCs) in terms of *bounded rationality, opportunism, uncertainty, governance structure and asset specificity* and making efficiency savings can either support or undermine value for money. The focus here is on economy, efficiency and effectiveness, by producing savings from procurement transactions. This may have a significant impact on society and the attainment of government goals through freeing resources so as to provide for more or better quality (Mamiro, 2009; Bidne, 2012). On the other hand, however, purely price based procurement may have a negative impact if it results in poor quality goods, works or reduction in services. There is rare consultation on efficiency savings even within government and private sector, as savings targets are generally set by certain organs within government machineries.

The primary mission of a procuring entity and its overall strategies is delivering continuous improvement in value for money (VFM) of public requirements, based on whole life cycle cost and quality (Kalubanga and Kakwezi, 2013; Bidne, 2012). This must align with enhancement of competitiveness, transparency and integrity of all key Business Operators throughout the

procurement process. It is noteworthy that the major VFM principle requires comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle (whole of life costing). VFM is not about achieving lower initial cost but getting an optimum combination of whole life cost and quality.

According to the Kenya Public Procurement and Disposal Act (2005) public procurement decisions are made in a systematic and structured way according to established procedures. This means, public procurement compliance to public procurement law is mandatory and therefore limiting the entrepreneurial traits of flexibility, risk-taking, creativity and innovativeness. In Tanzania, *any procedural divergence is treated as misconduct or offense, and a person commits an offence who contravenes or fail to comply and on conviction he is liable to a fine or to imprisonment or to both such fine and imprisonment* (PPA 2011). With analysis pressed into service for the processes of internal and external evaluation, the public servant's decisions were increasingly subject to a regime in which even small failures were held up to public criticism and there was no corresponding reward for successes. Consequently, the public servant's environment is highly intolerant of error and conducive to the extreme avoidance of risk (Zampetakis and Moustakis, 2007).

Entrepreneurial Government (EG) occurs whenever a public servant is alert to and acts on potential savings opportunities, thus moving procurement system and structures in which the actor is embedded toward value for money. Studies of successful public entrepreneurs have revealed a large number of common traits, which include creativity and innovation; risk-taking; facilitating and synthesising, persuasiveness (Boyett, 1997; Ramamurti, 1986; Zerbinati and Souitaris, 2005).

Existence of inconsistency and ambiguity of objectives and goals are important factors in stimulating new forms of entrepreneurship in the public sector, encouraging flexibility and opening opportunities which may otherwise not have emerged (Saddler, 2000). Entrepreneurs forge creative and unpredictable solutions, often in the spaces between formal organisational structures and protocols, interpreting the 'discourse of enterprise in ways that make sense in terms of their particular circumstances and experiences' (Cohen and Musson, 2000). In this perspective, EG emerges, as an innovative role for delivering public service through harmonisation of TCs and VFM in public procurement.

## **2. LITERATURE REVIEW**

### **2.1 Entrepreneurship in Public Sector**

Entrepreneurship is a discipline with an outcome of complex socio-economic, psychological, technological, legal and other factors. According to Peter Drucker (1964) entrepreneurship is defined as 'a systematic innovation, which consists in the purposeful and organized search for changes, and it is the systematic analysis of the opportunities such changes might offer for economic and social innovation.' Risk-taking, creativity and innovativeness are specific tools of an entrepreneur hence an effective entrepreneur converts a source into a resource. This means, entrepreneurs forge creative and unpredictable solutions, often in the spaces between formal organisational structures and protocols, often working 'outside of the box' and challenging the status quo (Exton, 2008).

According to Zampetakis and Moustakis (2007), a public entrepreneur is a person working in the public sector setting, who possesses an ability to create an energetic working environment in the working place and through a strategic vision for the organisation and a change orientation, performs a set of activities and practices, aimed at providing quality services for the citizen. In this paper, entrepreneurship is delineated to mean the manifest ability and willingness of individuals, on their own or in teams within public entity, to perceive and create new economic opportunities and to introduce their ideas in the public system in the face of governance structures, asset specificity, uncertainty, bounded rationality, opportunism, and other obstacles by making decisions on the use and application of resources in the public sector

Although successful entrepreneurs emerge from a variety of education, experience, culture, age, and gender backgrounds research studies indicate that most of them share certain personal attributes in different degrees including: self-confidence, originality, people-oriented, task-result-

oriented, future-oriented and risk taker. The entrepreneurial characteristics shown in Table 1 were identified from extensive research studies adopted from the East-West Center (1977).

**Table 1.** *Characteristic of Entrepreneurs*

Characteristic	Attribute
Self-Confidence	<ul style="list-style-type: none"> <li>• Confident</li> <li>• Independent, individualistic</li> <li>• Optimistic</li> <li>• Leadership, dynamic</li> </ul>
Originality	<ul style="list-style-type: none"> <li>• Innovative, creative</li> <li>• Resourceful</li> <li>• Initiative</li> <li>• Versatile, knowledgeable</li> </ul>
People-Oriented	<ul style="list-style-type: none"> <li>• Gets along well with others</li> <li>• Flexible</li> <li>• Responsive to suggestions/criticisms</li> </ul>
Task-Result-Oriented	<ul style="list-style-type: none"> <li>• Need for achievement</li> <li>• Savings-oriented</li> <li>• Persistent, perseverance, determine</li> <li>• Hard-worker, drive, energy</li> </ul>
Future-Oriented	<ul style="list-style-type: none"> <li>• Foresight</li> <li>• Perceptive</li> </ul>
Risk Taker	<ul style="list-style-type: none"> <li>• Risk-taking ability</li> <li>• Likes challenges</li> </ul>

Source: Adopted and modified from East-West Center (1977)

## **2.2 Interface between TCs and EG**

The budget constraints arising from current austerity – a tough economic environment leading to increased pressure on public services and limits on public sector funding – will compel not only the public Enterprises but also and Business Operators to look more closely at TCs and how TCs relate to a combination of whole life cost and quality. In essence, this increases the importance of achieving a balance between affordable public requirements and VFM. This balance requires not only consideration of the public spending and economic value of requirement but also identifying who benefits from the transaction as well as the optimal usage and appropriate placement in the spectrum of transaction.

Despite a broad array of achievements in public procurement reforms, the impact of transaction costs to public procurement needs a great scrutinisation and tracing its linkages to the major entrepreneurial traits of creativity, innovation and risk-taking not only during the acquisition of goods but also relative to works and services. It is mentioned in the UNDP (2008) report that Tanzania is undertaking a large number of transactions for procurement of small items resulting in high transaction costs relative to the actual price of the commodity (which is often low) though Pavel (2005) cautioned that by their (Transaction Costs) nature they are an analogy to friction in a physical system.

Existence of Transaction Costs have a tremendous and significant effect to the funds set aside for societal development and government budget thus impinging ambition of the government on fulfilling its responsibilities of delivering efficient and effective public services to its citizens. As it was rightly observed by Williamson (1979) not every transaction fits comfortably into the classical-contracting scheme. This position is supported but Coase (1937) by arguing that the world of zero transaction costs turns out to be as strange as a physical world would be without friction thus implying that although Transaction Costs are unavoidable they can become excessively high and can end up imposing an unnecessary burden on public and private sector actors.

While transaction costs on the market may represent real economic opportunities for the entrepreneurial activity, imposed transaction costs are certainly explaining the manifestation of entrepreneurial activity in an inverse relation (Marinescu, 2012). The higher the transaction costs that are institutionally and administratively-bureaucratically imposed on the business

environment, the more entrepreneurial activity will be prejudiced (McMullen, *et al.*, 2008). Williamson (1985; 2010), however, identifies what he calls major factors that cause the emergence of Transactions Costs in economic activities and which can also be observed in Entrepreneurial Government and Value for Money in public procurement. These factors include bounded rationality, opportunism, uncertainty, governance structure and asset specificity.

Under that assumption, occurrence of Transaction Costs involves bounded rationality showing that human beings are unlikely to have the abilities or resources to consider every state-contingent result associated with a transaction that might arise. In this context opportunism shows how human beings act to further their own self-interests; uncertainty undertakes the disturbances to which the transactions are subjects; while asset specificity acts as the value of investments that would be lost in any alternative usage.

The features that characterise governance structures are administrative controls, incentive intensity, and contract law (Williamson 1991). According to Genugten (2008) administrative controls refer to instruments of control and accountability, while incentive intensity is the extent to which incentives are used and contract law is defined in terms of classical contract law (or dispute resolution by court), neoclassical contract law (or dispute settling by arbitration) and excuse doctrine and forbearance (or internal dispute settling). On this issue Williamson (2000) argued that in governance structures special attention is paid to institutional change and reforms at four levels, which are (i) social embeddedness, (ii) institutional environment, (iii) institutional arrangement and (iv) resource allocation and employment.

### 2.3 Balancing VFM and EG in Public Sector

As the quest of value for money attracted a new trend towards consciousness on public spending it resulted to the generation of new ideas on how to counterbalance the acerbating and inescapable bureaucratic government acquisitioning procedures. Therefore, consciousness is very important because efficient and effective public procurement systems are essential to the achievement of development goals (OECD, 2005). The Value for money principle requires comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle (whole of life costing). It is not about achieving the lower initial cost but getting optimum combination of whole life cost and quality.

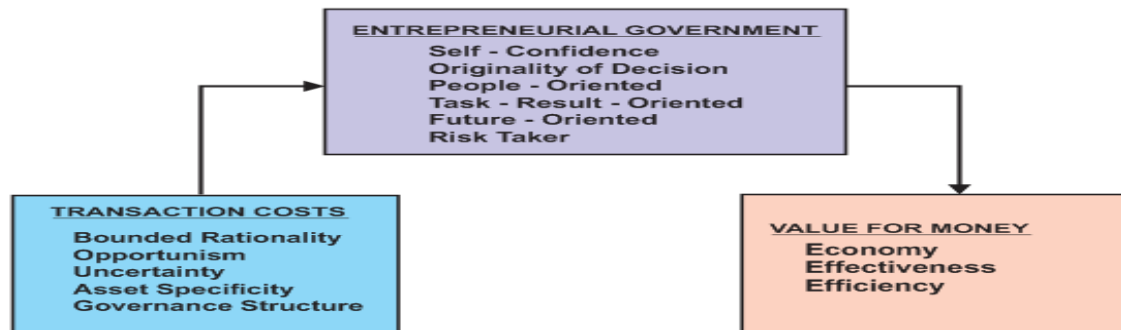
A government is an “institution” because it is normally responsible for setting up and enforcing “the rules of the game” (Fogel *et al.*, 2006). Institutions are the rules of the game in a society, or more formally, are the humanly devised constraints that shape human interaction (North, 1990). Formal rules, designed to facilitate exchange may not only increase transaction costs, but also are likely to affect individuals or groups in different ways. Parker (2007) offers an overview of the way in which the various aspects of excessive business regulation impose costs on entrepreneurs and hamper entrepreneurial activity. In such circumstances, however, public servants are required to *interpret* rules and to apply them to situations without precedent, often requiring the use of discretion, creativity and even innovation. This means that they have to act entrepreneurially.

The main effect of entrepreneurial function is market equilibration whereby in closing pockets of ignorance in the market, entrepreneurship always stimulates a tendency towards equilibrium (Foss and Klein 2012). When the government entrepreneur’s alertness discovers and identifies the savings opportunity in disequilibrium and acts entrepreneurially, the equilibration process is triggered. Equilibration is central to government entrepreneurship because it facilitates adjustment towards Transaction Costs savings opportunities, thereafter, signalling alertness in exploitation of Value for Money in public procurement. Identification of Transaction Costs savings opportunities occur only in disequilibrium because as Kirzner ((1973) argues, *in equilibrium there is no room for the entrepreneur*. Central to the public procurement process view is the conception of the value-creation activity as a contractual process among those parties transacting parties. Whereby, the public PE is a nexus of mutual contracts where equilibration occurs over time through a process of bargaining among the various Business Operators and public servants.

While it has been argued that it is the interactions of entrepreneurs and their stakeholders which sustain and transform the nature of entrepreneurship, we need “practical knowledge” to better understand “the concrete ways in which entrepreneurs locate and exploit opportunities” (Swedberg, 2000). The entrepreneurial activity may be analysed only through an intrinsic, natural

connection with the institutional framework of economic freedom. Consequently, objective of public entrepreneurship is to fulfill the public interest rather than to pursue profit, and improved understanding can be gained with the idea that entrepreneurs perceive gaps between actual and potential performance, and are willing to invest resources to achieve novel objectives, even if possessing only limited control over these investments (Klein, *et al*, 2009). Essentially, the empirical approaches prove that the increase of economic freedom, by ameliorating the quality of the institutions and by reducing transaction costs that are imposed, stimulate the entrepreneurial activity and economic performance (Marinescu, 2012).

### 2.4 Conceptual Framework



**Figure1.** Conceptual Framework: Linkage between TC and MVP in Public Procurement

Source: Researcher's Own Construct

Figure 1 above outlines the relationships between (1) TCs, entrepreneurial and VFM dimensions of a public procurement system, and specify major components of each dimension. The TCs dimensions describe the context within which interaction between public servants and individuals in other Business Operators takes place. The dimensions can be divided into (1) human factors and (2) environmental factors. The key TCs variable influencing government entrepreneurial interaction with other individuals in public procurement transactions is bounded rationality. Because public servant decision behaviour is influenced by goal incomparability, local procedural preferences, integrated decisions on decision resources, decisions based on qualitative expectations, cautious optimism in the search for alternatives and the use of qualitative expectations and risk related goal variables. However such rational decisions of choices are likely to occur most frequently among people during economic exchange in public procurement system within the domain of opportunism.

Opportunism increases TCs because covert behaviours seeking unilateral gains are difficult to observe and verify hence the need for greater screening, negotiating, and monitoring. Also, opportunism symbolises a significant obstacle to fostering confidence in colleague cooperation, and the risk of opportunism escalates interparty conflicts. Opportunistic revelry in public procurement accomplishes their own task and emphasise their own interest resulting in a weakening foundation for partnership, which is crucial for strategic pact. In addition, opportunism increases difficulties in harmonisation and mistrust between parties to economic exchange, because joint payoff depends on the extent to which transacting parties can create synergies.

The environment of economic exchange being followed by compliance to rules and regulations (rules of the game) used to direct individuals and business partners interaction, are likely to have greater impact to entrepreneurial government servant and VFM. The major components of environmental factors include uncertainty, governance structure and asset specificity due to changes in the behaviours of business operators and government regulators. More complex and changing environment of public procurement market require public PEs to focus on economy and efficiency, producing savings from procurement, which may have an impact on society, and government goals by freeing resources to provide for more or better quality services to the public. This situation, in turn creates a greater need for entrepreneurial behaviour and VFM in public sector.

The two sets of TCs combine to influence the ways in which public servants structure and execute their interactions with colleagues within public PE and business operators. The EG interaction can be divided into (1) self-confidence, (2) originality, (3) people-oriented, (4) task-result-oriented, (5) future-oriented, (6) risk taker in managing TCs and VFM in public procurement. The self-confidence between public PEs and business operators will include confident, independent, individualistic, optimistic and leadership, dynamic. Self-confidence requires originality which is characterised by innovative, creative, resourceful, initiative, versatile and knowledgeable. People-oriented involves dimensions such as getting along well with others, flexibility, and responsiveness to suggestions/criticisms. EG requires public servants to be task-result-oriented in the form of need for achievement, savings-oriented, persistent, perseverance, determine, hard-worker, drive, and energy. A public servant is also required to be future-oriented in the sense of foresight and perception. In obtaining VFM and reducing TCs, a public servant is positioned as a risk taker with risk-taking ability and likes challenges.

The resultant of TCs reactions and EG dimensions when subjected to VFM forms three sets of outcome variables (1) economy (2) efficiency and (3) effectiveness. Economy (spending less) is concerned with minimizing the cost of inputs used for an activity having regard to appropriate quality. This means, the acquisition of resources in appropriate quality and quantity at minimum cost. Costs of inputs and relational reactants in specific transaction results into consideration of whole life costs of inputs or resources, reasonable level of administrative costs, sound administrative principles, practices, and implementation of policies and historical, current and future financial relate with service delivered (Kalubanga and Kakwezi, 2013; Mamiro, 2009).

Efficiency (spending well) dimension involves an assessment of productivity or what is being received (service) for what is put in (cost). This examines the relationship between inputs and outputs which will influence assessment of productivity in relation to amount of cost, assessment of amount received (service) in relation to amount of cost, optimum utilisation of human, financial and other resources, examination of information systems, performance measures and monitoring arrangements and procedures, remedying identified deficiencies and working to same or similar outcomes but using different pathways to achieve intended outcomes (Kalubanga and Kakwezi, 2013; Smith, 2009).

Finally, effectiveness (spending wisely) dimension involves qualitative and quantitative measures of increase or decrease in outcomes that show that a procurement activity is effective in delivering its intended objectives (Kalubanga and Kakwezi, 2013; Mamiro, 2009). The effect of framework reactant of this dimension will result in service elements to achieve positive impact from a strategic and user perspective, cost elements to achieve positive impact from a strategic and user perspective, expected performance to achieve intended objectives and actual impact of tasks to relate with the intended impact.

### **3. SAMPLING AND DATA COLLECTION**

A cross sectional mail survey with structured questions was administered to a random sample of 169 public procurement servants. A questionnaire, with a covering letter explaining the purpose of the survey, assuring confidentiality of the respondent and providing directions for the completion of the questionnaire, was addressed to the different public procuring servants involved in procurement activities. A total of 169 completed questionnaires were received and retained. The sample consisted of 59 per cent males aged between 25 and 60 years. Almost 70 per cent of the respondents have a university degree and 22 per cent hold departmental supervisory positions. The sample included public procurement servants with a variety of jobs: senior executive staff, administrative staff, engineers, information technology staff and clerical staff.

### **4. RESEARCH FINDINGS AND ANALYSIS**

#### **4.1 Correlation Analysis**

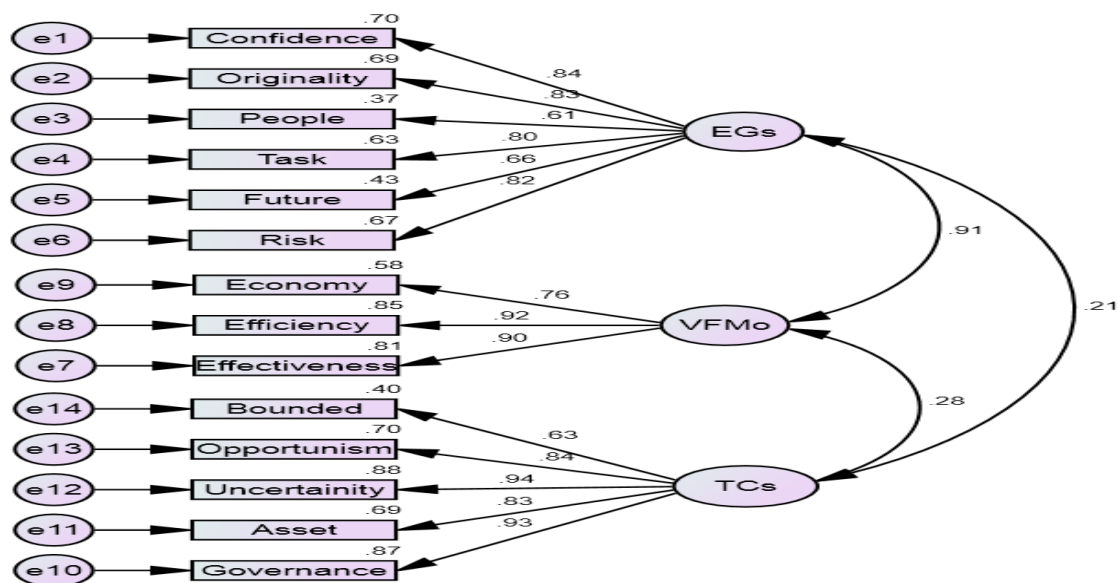
The propositions were examined through the use of simple correlation analysis for several reasons. First, propositions represent statements of association between three construct. Though it is possible to suggest causal relationships for these propositions, there are reasons to believe that causation may be circular or mutual among some of them. Also, given that many of the propositions have not been tested thoroughly in previous studies, a simple correlation analysis

was deemed most appropriate for this kind of preliminary study. One could argue that the use of multiple one-way correlations is likely to result in some spurious yet significant correlations. It is also possible that some correlations in which there is underlying relationship will not yield a significant correlation, especially when imperfect measures are used, because these correlations reflect conservative estimates of the underlying between construct.

**4.2 Findings from Respondents**

The first objective states that there is a causal link between Transaction Costs and Value for Money with Entrepreneurial Government in public procurement. Figure 2 indicates different correlation matrices testing this hypothesis. Value for Money and Entrepreneurial Government correlations are significant and nine correlations are significant at the 0.5 alpha levels for a two-tailed test. Further, Value for Money and Entrepreneurial Government correlations are above 0.5 alpha levels for a two-tailed test showing strong degree of significant association among the study relationships and hence providing support for presented propositions.

Most of the propositions represent association between three constructs, Transaction Costs and Value for Money with Entrepreneurial Government. Figure 2 indicates the correlations used to test each of propositions involving sum scales. In these propositions, most of them are supported by the data based on public procurement servants’ perceptions on Transaction Costs, Value for Money and Entrepreneurial Government.



**Figure2.** Correlation of Transaction Costs and Value for Money with Entrepreneurial Government in Public Procurement

As called for by research analysis Confirmatory Factor Analysis (CFA), a subgroup of Structural Equation Model (SEM) tests each dimension of Entrepreneurial Government, Transaction Costs and Value for Money in public procurement, for diagnostic purposes. The results as presented in Figure 2 indicate that the scale of Value for Money of a specific procurement activity is influenced by the Transaction Costs and Entrepreneurial Government. Figure 2 indicates that the effect of correlation of Entrepreneurial Government dimensions to Value for Money is always statistically significant, while the effect of Transaction Costs dimensions to Entrepreneurial Government and Value for Money dimensions is always statistically insignificant.

Hence, an increase in the Entrepreneurial Government in public procurement some procuring entities raises level of Value for Money. Interpreting Entrepreneurial Government as a proxy for acquisition of government requirements, one may argue that a public procuring entity with more Entrepreneurial Government skills is likely to diffuse economy, efficiency and effectiveness ideas more successfully. The positive main effect of Entrepreneurial Government on Value for Money dimensions may reflect the economic discipline financial markets impose on governments, which has contributed to optimum *utilisation of scarce budgetary resources*, better management practices, and stronger property rights institutions.

While, negative correlation effect may capture the dramatic increase in Transaction Costs dimensions distort structure of transaction exchange swiftly between public procuring entities and business operators, which at times leads to *adverse utilisation of scarce budgetary resources, possibility of financial collapse and devastating socio-political outcomes*. Indirectly, then, this result support the claim that the increase in Transaction Costs, stimulate room for the public entrepreneur, a public servant, who is alerted and acts on potential savings opportunities, thus moving procurement system and structures towards levelled transaction equilibrium and value for money.

### 4.3 Discussion

Factor analyses are facilitated if conducted with standardized variables; therefore, scale scores were standardized and z-scores served as variables in the CFA. CFAs were performed using AMOS, a causal modelling programme. The primary task in testing confirmatory factor analytic models is to determine the goodness of fit between the hypothesized model and the sampled data. The adequacy of model fit was evaluated using the Normed Fit Index (NFI), the Comparative Fit Index (CFI), the Chi-Square Minimal Degrees of Freedom (CMIN/DF), Akaike Information Criterion (AIC), Expected Cross Validation Index (ECVI) and Root Mean Square Error of Approximation (RMSEA).

Both the NFI and the CFI range from 0 to 1.00, with a value greater than 0.90 being generally taken to indicate an acceptable fit to the data. These two fit indices are based on a comparison of the hypothesized model with the null model (i.e., all correlations among the variables are zero).

The NFI has been shown to underestimate fit in small samples. The CFI, on the other hand, was designed the take sample size into account. Therefore, the CFI should be the primary index used when evaluating model fit. An additional index that should be taken into account is RMSEA. Whereas previous indices discussed are considered goodness-of-fit indices, RMSEA is a 'badness of fit' index because a value of zero (0) indicates perfect fit. This index is a population-based index and therefore, relatively insensitive to sample size. RMSEA values below 0.10 may be considered good and the lower the better.

These comparisons led to the conclusion that the primary model of interest fit the data well – both in its own right and in comparison to the alternative models (e.g., its CFI, NFI, and GFI values were high, its SRMR and RMSEA values were low, and its AIC value was lower than the other models' AIC values). The researchers interpreted these findings as evidence that their primary hypothesized model was the best representation of the actual structure of responses to the in-group identification scale.

**Table 1.** Goodness-of-Fit Index

Model	CMIN	NFI	CFI	NCP	FMIN	RMSEA	AIC	ECVI	HOELTER
Default Model	115.110	0.780	.635	41.110	2.878	0.118	205.110	5.128	.01
Saturated Model	.000	1.000	.000	.000	.000	-	238.000	5.950	37
Independence Model	522.596	.000	.000	417.596	13.065	0.315	550.596	13.765	11

After testing of hypothesis it was discovered that there is relationships between three constructs, Transaction Costs and Value for Money with Entrepreneurial Government as presented in figure 1 above. Figure 3 shows correlation coefficients for TCs and VFM dimensions (efficiency, effectiveness and economy). The correlation coefficient shows 0.32, 0.15 and 0.30 alpha level for a two-tailed test. These values indicates that correlation is significant at 0.5 alpha level for a two-tailed test and implies that there is an insignificant relationship between TCs and VFM dimensions because the results values of 0.32, 0.15 and 0.30 are below 0.5 alpha level for a two-tailed test ( $p < 0.5$ ). The findings indicate that inference about the associations between dimensions and TCs concept is generally similar to those obtained in figure 2 above.



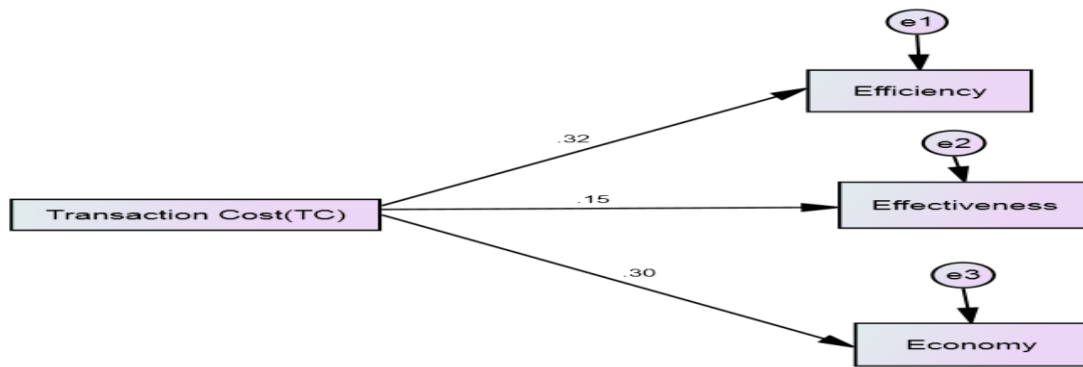


Figure 3. Correlation of Transaction Costs and Value for Money Dimensions

Figure 4 shows correlation coefficients for TCs, EG and VFM dimensions (efficiency, effectiveness and economy). However, the application of EGs calibrates efficiency, effectiveness and economy on the TCs and VFM relationships. The correlation coefficient of efficiency, effectiveness and economy shows 0.76, 0.76 and 0.70 alpha level for a two-tailed test ( $p < 0.5$ ) respectively. This implies that there is significant relationship between TCs and VFM dimensions because of significantly in figure1 above, because the results values are above 0.5 alpha levels for a two-tailed test.

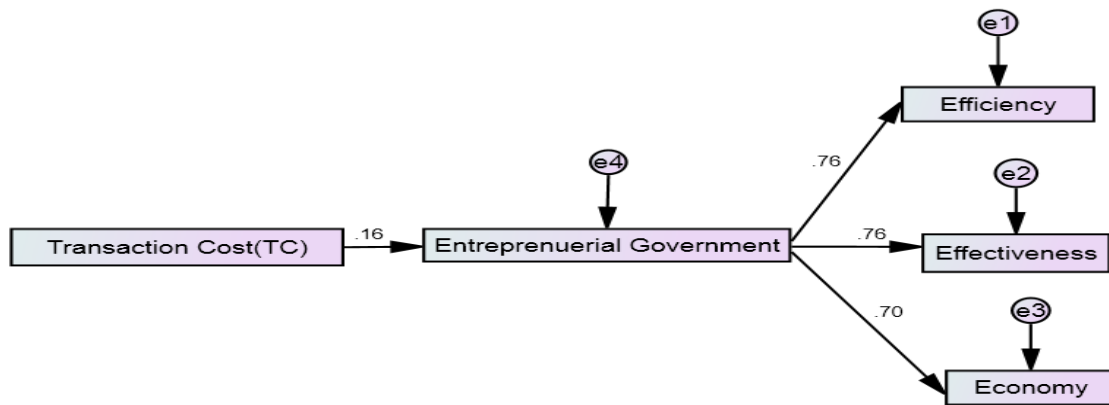


Figure 4. Correlation of Transaction Costs, Entrepreneurial Government and Value for Money Dimensions

## 5. CONCLUSION

Not only is there a continuing debate on the relevant of potential effects of Transaction Costs and Value for Money in public procurement management field but also there is increasing demand for reducing Transaction Costs and for public servants to adopt the Entrepreneurial Government attitude in ensuring an optimum utilisation of scarce budgetary resources. In this context we have presented evidence that would support such an argument with a view of equilibrating Transaction Costs and Value for Money in public procurement.

It is a fact that Entrepreneurial Government attitude needs to be adopted because in optimising Transaction Costs when procuring works, service or goods it will have an impact over the full life of the procurement contract rather than minimising initial prices. Therefore, introducing Entrepreneurial Government into public procurement practices ensures continuous improvements of cost and quality throughout its durations.

In general, this study provides the wider benefit to public procurement system through enhanced performance by eliminating non-adding value activities throughout public procurement processes which will enables government entrepreneur’s alertness to discovers and identifies the savings opportunity in transaction disequilibrium and acts entrepreneurially in public procurement processes. Some other direct benefits include theoretical contribution and practical contributions of the research.

In this study the theory of planned behaviour was applied to public procurement practices and tested with Transaction Costs, Value for Money and Entrepreneurial Government. The findings

support a further development of the theory of planned behaviour applied to Entrepreneurial Government. Therefore, the results provide evidence of introducing Entrepreneurial Government into public procurement practices ensures continuous improvements of cost and quality throughout its durations.

Getting an increased level or quality of service at the same cost, avoiding unnecessary procurement, ensuring that user needs are met but not exceeded, specifying the procurement requirement in output terms so that business operators can recommend cost effective and innovative solutions to meet that need, sharpening the approach to negotiations to ensure good deals are obtained from the business operators.

Since public procurement rules and regulations are in the form of bureaucratic rules can't deal with any *level of unpredictability procurement market dynamics*, Entrepreneurial Government ideologies emerge as a means of coping with new situations and of regulating discretionary powers, control and co-ordination which are varying and sometimes contradictory. Therefore improve public procurement operational practice through Entrepreneurial Government, will improve Value for Money and reduces Transaction Costs that inherently improves performance in public spending.

In particular the paper asks whether potential synthesis between Transaction Costs, Entrepreneurial Government and Value for Money dimensions can enhance understanding of how the interplay between regulatory structure, public servants and public procurement practice contributes to the reduction of Transaction Costs. The stipulated dimensions were analysed to focus on reducing the risk and Transaction Costs associated with governance structure, asset specificity, uncertainty, bounded rationality, opportunism, and other obstacles, by making decisions on location and form in the use and application of resources in public sector.

Existing studies show that literature and knowledge on Transaction Costs, Value for Money and Entrepreneurial Government is still limited, and that studies carried out on this subject have substantial limitations. In developing countries there are no effectual methodologies and frameworks for Transaction Costs, Value for Money and Entrepreneurial Government. Future studies in the area should focus on designing and or developing methodologies and frameworks for Transaction Costs, Value for Money and Entrepreneurial Government since these have solid limited attention. Moreover, empirical study linking evidence from dimensions of Transaction Costs, Value for Money and Entrepreneurial Government within the context of public procurement process should be carried out.

The effects of time, socio-cultural values, experience and education on entrepreneurial intention and its antecedents are of great interest for public procurement research and practitioners because these areas relate to effectiveness and resource utilisation. Thus, they merit further in-depth research. With length or duration of public entrepreneurial practices in Transaction Costs, Value for Money and Entrepreneurial Government, two additional questions seem to be appropriate for further examination. First, there is a difference between intensity and duration of Transaction Costs, Value for Money and Entrepreneurial Government in public procurement. Is there a difference in impact depending on the intensity of entrepreneurial practices in public procurement? Secondly, what is the impact of over-analysis or over-practice of entrepreneurial practices in public procurement?

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