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ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS | RESEARCH ARTICLE

Supplier development and public procurement performance: Does contract management difficulty matter?

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Abstract: This paper investigates the relationship between supplier development and procurement performance in the public sector. Furthermore, the paper examines the moderating role of contract management difficulty on the relationship between supplier development and procurement performance. Using cross-sectional data collected from 179 public procuring entities, the main findings of the study are two-fold. Firstly, the relationship between supplier development and procurement performance in public sector is positive and significant ($\beta = 0.2343$ and $p = 0.0014$). Also, contract management difficulty negatively and significantly moderates the relationship between supplier development and procurement performance ($\beta = -0.1447$ and $p = 0.0190$). In this aspect, the influence of supplier development on procurement performance is negatively affected by contract management difficulties. The study contributes to the supplier management, procurement performance, and contract management literature by providing empirical evidence on the role of supplier development on procurement performance in developing countries like Tanzania. Also, the conditional effects of contract management difficulty on the relationship between supplier development and procurement performance matter. The study's findings have important implications for procurement practitioners in the public sector and policy makers.

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PUBLIC INTEREST STATEMENT

For a long time, academics and practitioners have been concerned about the public procurement performance. This is due to a reported public outcry over public-sector procurement outcomes. Given the importance of suppliers in procurement activities, this study investigates the role of developing suppliers in ensuring that public-sector organizations improve their performance by receiving goods and services that meet their specified requirements. The study discovered that the difficulties that public organizations face when managing procurement contracts have a negative impact on the role of developing suppliers in improving procurement performance. In this way, organizations with a low level of contract management difficulty are more likely to have good procurement performance than those with a high level of contract management difficulty.