

Evaluating the Relationship Between Public Procurement Efficiency and Local Governance Quality in Basilan Local Government Units

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Abstract— Public procurement is a vital process for Local Government Units (LGUs), directly influencing the quality of governance through its impact on the delivery of public services and infrastructure. In Basilan, where governance challenges are particularly pronounced, the efficiency of public procurement practices is crucial for achieving transparency, accountability, and effective service delivery. This study evaluates the relationship between public procurement efficiency and governance quality in Basilan LGUs, focusing on how procurement practices contribute to overall governance outcomes. This quantitative research employs a cross-sectional survey design, gathering data from a stratified random sample of LGUs across Basilan. The study targeted key officials involved in procurement, including procurement officers, budget officers, and auditors, using a structured questionnaire to assess procurement efficiency and governance indicators. Secondary data, such as audit reports and governance performance assessments, were also utilized to provide a comprehensive analysis. Descriptive statistics were used to describe the current state of procurement practices, while correlation and regression analyses were applied to evaluate the relationship between procurement efficiency and governance quality. The findings indicate a strong positive correlation between efficient procurement practices and high governance quality in Basilan LGUs. LGUs with more efficient procurement processes tend to exhibit greater transparency and accountability, which are critical components of good governance. However, the study also highlights ongoing challenges, such as procedural inefficiencies and issues with regulatory compliance, which undermine governance quality in some LGUs. This research contributes to the understanding of the link between procurement efficiency and governance quality in decentralized government contexts. It underscores the need for continuous improvement in procurement processes to enhance governance in Basilan. Future research could further explore the long-term effects of procurement reforms on governance outcomes in similar settings.

Keywords— Accountability; local governance; procurement efficiency; public procurement.

I. INTRODUCTION

Public procurement plays a pivotal role in fostering sustainable development and enhancing public service delivery within local government units (LGUs). In the context of developing regions like Basilan, public procurement is not only essential for infrastructure development but also for providing essential services that support socio-economic progress. Despite its importance, public procurement in many developing areas is often fraught with inefficiencies,

irregularities, and governance challenges that undermine the quality and impact of services delivered to communities. This study seeks to evaluate the relationship between public procurement efficiency and the quality of local governance in Basilan's LGUs, shedding light on how procurement practices impact overall governance effectiveness.

Local governance quality, which includes accountability, transparency, and responsiveness, is often directly influenced by the efficiency and integrity of public procurement processes. When procurement systems function effectively, they contribute to better resource allocation, improved service delivery, and higher public trust in government institutions. Conversely, inefficient procurement processes can lead to wastage, delays, and mistrust, ultimately compromising the LGU's ability to address local needs effectively. Given Basilan's unique socio-political landscape, with its diverse population and developmental challenges, understanding this relationship is crucial for formulating policies that promote stronger governance through improved procurement practices.

The principle of transparency implies that information on public procurement should be readily accessible to the public as a whole or to its representatives in a clear, trustworthy, and structured manner (Kovacic, Marshall, Marx, and Raiff, 2006; OECD, 2007; Soreide, 2002). Transparency should concern all the information pertaining to public procurement processes and outcomes, such as general laws, regulations, judicial decisions, administrative rulings, procedures and policies on public procurement, statistics on procurement activities, and individual procedures and award decisions.

While procurement efficiency is increasingly recognized as vital for good governance, there is limited research examining this relationship within the Philippine Local Government Units (LGUs), particularly in Basilan. This research will explore the extent to which procurement efficiency correlates with governance outcomes in Basilan's LGUs. It will analyze procurement mechanisms, identify key factors that impact procurement performance, and assess how these factors influence the quality of local governance. By evaluating these relationships, this study aims to provide insights that can inform policy interventions, strengthen local governance, and ultimately contribute to more sustainable development outcomes in Basilan. Specifically, this study seeks to answer the following research questions:

1. What are the perceptions of the selected key officials involved in procurement regarding the efficiency of public procurement processes in Basilan’s Local Government Units, in terms of:
 - a. Streamline Process;
 - b. System of Accountability;
 - c. Competitiveness;
 - d. Transparency?
2. How does public procurement efficiency influences local governance quality in Basilan LGUs with a specific focus on transparency, accountability and public service delivery?
3. What are the challenges are currently faced by officials involved in procurement that may impact on the governance quality in Basilan Local Government Units (LGUs)?

This study is significant as it provides critical insights into the role of public procurement in enhancing governance quality in Local Government Units (LGUs) within the unique context of Basilan. Public procurement is a cornerstone of governance, directly affecting the efficiency, transparency, and accountability of public service delivery. By examining the relationship between procurement efficiency and governance outcomes, the study highlights the importance of improving procurement practices to address governance challenges in Basilan.

II. METHODS

This study adopts a mixed-method approach, integrating quantitative and qualitative methods to comprehensively evaluate the relationship between procurement efficiency and governance quality.

A cross-sectional survey was distributed to procurement officials, budget officers and auditors across LGUs in Basilan. A stratified random sampling approach was used, ensuring representation from different LGUs within the province. Seventy local government officials of Basilan involved in the procurement process were randomly selected to participate in the survey. The sample size was determined based on the population size and the desired level of precision. The primary data for this study was collected through a survey questionnaire which consisted of closed-ended questions designed to gather information on the respondents’ perceptions and experiences. The questionnaire was distributed and collected after completion.

The data collected through the survey questionnaire was analyzed using descriptive statistical methods. Responses to the closed-ended questions were examined using frequency distributions and percentages to identify trends and patterns in procurement practices and governance indicators.

The measurable variables for procurement efficiency are streamlined process, system of accountability, competitiveness and transparency, while governance quality will focus on transparency, accountability and public service delivery.

However, the study has certain limitations. One notable limitation is the sample size, which consisted of only seventy officials involved in the procurement process across LGUs in Basilan. While this provides valuable insights, it may not fully

represent the larger population of procurement stakeholders in the region. Additionally, there is a potential for response bias, as participants might have been inclined to provide socially desirable answers rather than candid responses, which could impact the accuracy of the findings. Future studies could address these limitations by expanding the sample size and employing methods to minimize response bias, such as incorporating anonymous surveys or triangulating responses with objective data sources.

III. RESULTS AND DISCUSSION

Gender
70 responses

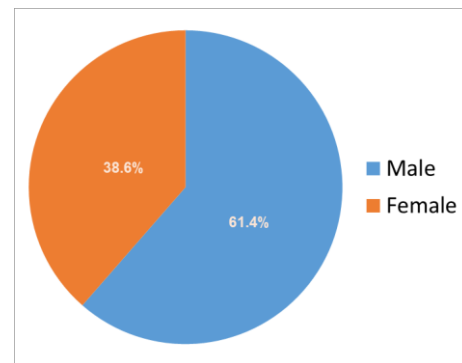


Figure 1. Gender Distribution

The results of the study show that majority of the respondents were male, with only 38.6% female.

Age
70 responses

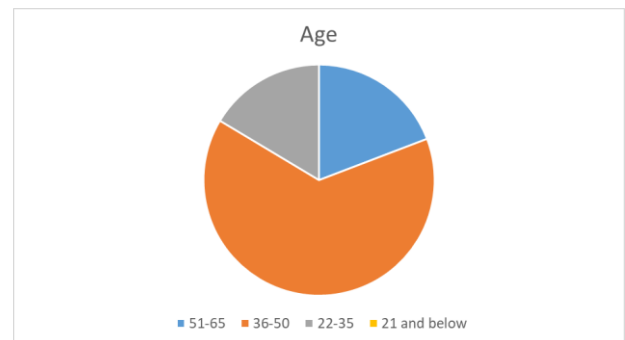


Figure 2. Age Distribution

The study revealed that the majority of respondents were in the age group of 36-50 years, accounting for 67.1% of the total sample. This indicates that a significant portion of the respondents are likely in their prime working years, with substantial professional experience and familiarity with organizational processes.

Additionally, 20% of the respondents fell within the 51-65 age group, representing senior professionals who may bring a wealth of experience and institutional knowledge to the table. This group likely holds leadership or advisory roles, contributing to strategic decision-making within their respective LGUs.

The remaining respondents, who were aged 22-35 years, constitute the youngest segment of the sample. While smaller in proportion, this group is critical for representing emerging perspectives, innovation, and adaptability within the workforce.

Position/Role in Procurement Process

70 responses

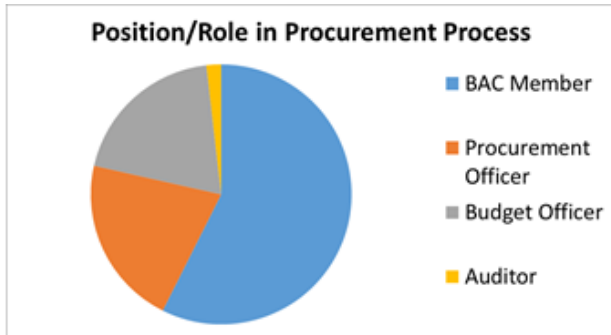


Figure 3. Position/Role in Procurement Process

A significant majority of the respondents (54.3%) are members of the Bids and Awards Committee (BAC). This indicates that most of the data is derived from individuals directly involved in overseeing procurement activities. Procurement officers involved in the study consist 20% of the respondents. This group represents individuals who manage the procurement operations, such as sourcing suppliers, preparing bid documents and ensuring compliance. Budget officers represented by 18.6% of the respondents in this study contribute insights into the allocation of financial resources for procurement projects. Auditors represent the smallest group (7.1%), with role in pre-procurement and post-procurement oversight, ensuring compliance with regulations.

How long does it typically take from publication of the Invitation to Bid (ITB) to the awarding of the contract in your LGU?

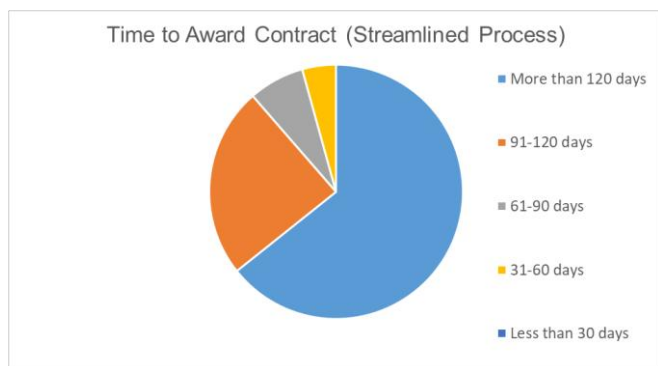


Figure 4. Survey Question 1

The majority of the procurement contracts (64.3%) take over 120 days to be awarded. This suggests potential bottlenecks in the procurement process, such as lengthy deliberations, compliance checks or administrative delays.

Nearly a quarter (24.3%) of contracts fall within moderate delayed range. While closer to acceptable limits, this still exceeds best practice benchmarks for streamlined procurement.

A small fraction (7.1%) of the contracts are awarded within 31-60 days. This indicates some cases where procurement processes may operate more efficiently, possibly due to simpler project scopes or efficient procurement planning.

The absence (0%) of contracts awarded in less than 30 days underscores the challenges LGUs face in achieving genuinely streamlined procurement. This could reflect systemic issues such as bureaucratic red tape, poor procurement planning or lack of capacity among LGU procurement teams.

How frequently does your LGU conduct internal or external audits of procurement processes to ensure accountability?

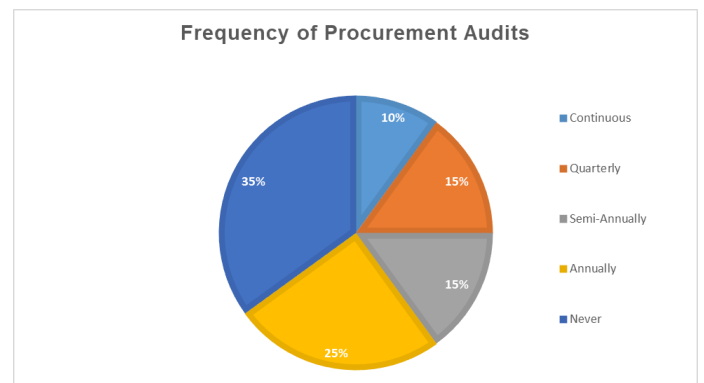


Figure 5. Survey Question 2

A significant portion (35%) of the respondents indicated that their LGU do not conduct internal or external audits for procurement. This points to a serious gap in accountability and transparency, which could lead to inefficiencies, mismanagement or even corruption.

About a quarter (25%) of the respondents reported that their LGU s conduct procurement audits once a year. While this demonstrates some effort to ensure accountability, an annual audit may not be sufficient to promptly identify and address potential issues, particularly in fast-changing circumstances.

Fifteen percent (15%) of the respondents noted that their LGUs conduct audits twice a year. This approach suggests a more proactive effort to monitor procurement activities while maintaining balance between oversight and available resources.

Another 15% stated that audits are conducted quarterly. This level of frequency reflects a stronger commitment to regular monitoring, allowing for quicker identification and resolution of issues in procurement process.

A smaller percentage (10%) of respondents indicated that their LGU conduct continuous audits. This practice represents the most rigorous level of oversight, ensuring real-time accountability and minimizing risks by promoting consistent adherence to procurement regulations.

How often do procurement opportunities in your LGU receive multiple bids from qualified bidders?

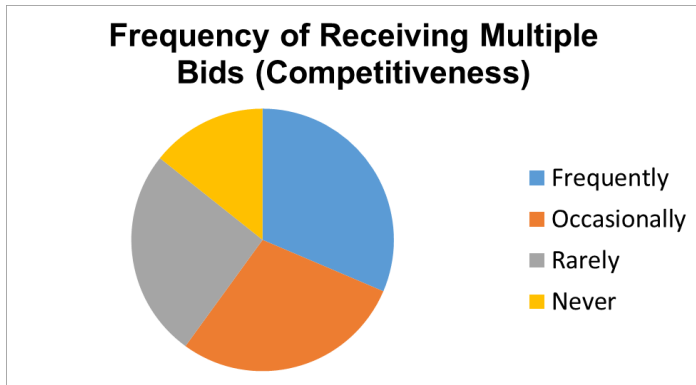


Figure 6. Survey Question 3

The data indicates a mixed response regarding the frequency of multiple bids for procurement opportunities in LGUs. A significant portion of the respondents (31.4%) reported that multiple bids are received frequently, suggesting that competitiveness is somehow established in certain instances. However, 28.6 % indicated it occurs only occasionally and another 25.7% said it happens rarely. Notably, 14.3% stated that multiple bids are never received, highlighting potential barriers to competition or challenges in attracting qualified bidders in some areas.

How often are procurement information made publicly available in your LGU?

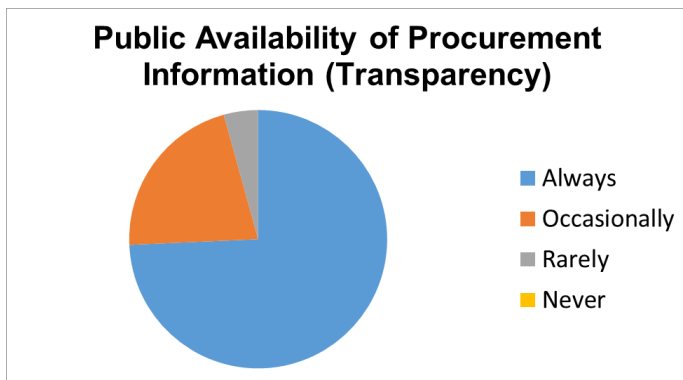


Figure 7. Survey Question 4

The data reflects a strong commitment to transparency in procurement processes within the LGU.

A significant majority of respondents (74.3%) indicated that procurement information is always made publicly available, demonstrating adherence to open governance principles.

Meanwhile, 21.4% stated that this occurs only occasionally, suggesting room for improvement in consistently providing public access to information.

A small percentage (4.3%) reported that procurement information is rarely shared, which may point to isolated issues or gaps in practice. Notably, none of the respondents indicated that procurement information is never made available, highlighting a baseline level of transparency across the LGU.

IV. SUMMARY OF FINDINGS

The examination of procurement contracts within Local Government Units (LGUs) uncovers notable inefficiencies and accountability gaps that hinder the effectiveness of the procurement process. Specifically, the data indicates that 64.3% of contracts take more than 120 days to be awarded, suggesting systemic challenges such as bureaucratic delays, insufficient procurement planning, and inadequate capacity among procurement teams. Moreover, the absence of contracts awarded in under 30 days highlights significant barriers to achieving an efficient procurement system.

The assessment of procurement audits reveals a concerning deficiency in oversight. Approximately 35% of respondents indicated that their LGUs do not conduct internal or external audits. While some LGUs engage in audits annually or semi-annually, these intervals may prove insufficient for timely identification of issues, particularly in rapidly changing environments. Regular audits are essential, as they play a critical role in fostering accountability and transparency in procurement practices.

The findings regarding competitive bidding are mixed, with a considerable number of respondents noting infrequent receipt of multiple bids. This raises questions about the existing barriers to competition and the difficulties in attracting qualified bidders, which may adversely affect the quality of services obtained.

On a positive note, the data reveals a strong commitment to transparency, as 74.3% of respondents reported that procurement information is routinely made publicly accessible. This dedication to open governance is a promising sign for building trust and accountability within the procurement framework.

V. RECOMMENDATIONS

Streamlining Procurement Processes: It is essential for LGUs to conduct a comprehensive review of their procurement procedures to identify and remediate bottlenecks. The adoption of best practice guidelines and automation tools may facilitate reduced delays and enhanced efficiency.

Increasing Audit Frequency and Rigor: LGUs are encouraged to raise the frequency of their audits to at least semi-annual or quarterly intervals to ensure that procurement issues are identified and resolved in a timely manner. Implementing continuous auditing mechanisms could further strengthen accountability.

Enhancing Competitiveness Among Bidders:

LGUs should develop strategies to improve competition, such as outreach initiatives targeting prospective bidders and streamlining the bidding process. Clearly defining qualifications and effectively promoting procurement opportunities can cultivate a more competitive bidding landscape.

Encouraging Transparency and Public Participation: Despite generally high levels of transparency, LGUs must ensure that procurement information is not only available but also accessible and comprehensible to the general public. Engaging community members and stakeholders in the procurement

process can enhance trust and accountability.

Investing in Training for Procurement Personnel: Prioritizing the training and development of procurement teams can help rectify systemic deficiencies while fostering a culture that adheres to procurement regulations.

By implementing these recommendations, LGUs can enhance the efficiency of their procurement processes, bolster accountability, and ultimately promote improved governance and public service delivery in their respective regions.

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