



EVALUATING THE IMPACT OF NEGOTIATION TEAM COMPETENCY ON THE PERFORMANCE OF CONSTRUCTION PROCUREMENT CONTRACTS: INSIGHTS FROM DODOMA CITY COUNCIL

Rhobi Gibore MTEGETU

College of Business Education, Tanzania

Liberatus Cosmas GABAGAMBI

College of Business Education, Tanzania

Received: June 28, 2025

Accepted: Aug 24, 2025

Published: Dec 01, 2025

Abstract:

Negotiation has consequently improved the quality and quantity of goods, services, or works hence person's ability and skills to negotiation is crucial for both formal and informal business transactions. This study assessed the influence of negotiation team skills and competence on the performance of procurement contract. The study employed a cross-sectional research design where data were collected from Dodoma city employees which included; engineers, Procurement unit, user departments, persons involved in procurement contracts Negotiation and heads of departments. Interview; questionnaire and document review used for collecting qualitative and quantitative data. The analysis of qualitative data was through content analysis where themes and quotes established to respond to study objectives. Quantitative data were analyzed through descriptive and inferential statistics whereby results were presented using mean, SD, frequencies, percents and regression. The findings show that negotiation skills and competencies had a positive statistically significance to the performance of procurement contracts. The study reveals that for successful negotiation, the negotiation team must possess good communication skills, technical skills and contracting skills which helps effective procurement contract negotiation and result to good performance of procurement contracts. The study recommends for, procuring entities to equip selected negotiation team through training on negotiation knowledge, skills and attitude.

Keywords:

Competency, Negotiation Skills, Procurement Contract and Performance

1. Introduction

Negotiation is a strategic tool essential to achieving successful contract outcomes, and performance of any contract depends on the competence of the negotiation team. Due to the significant financial investment involved in procurement contracts, assessing the abilities of negotiation teams becomes a crucial area of focus (Benjamin, 2016). Despite this importance, challenges relating to competencies persist in the negotiation of procurement contracts, in the central and local government sectors (Theodore, 2014).

Over time, effective negotiation between suppliers, contractors, and procuring entity has come a very vital factor in strengthening procurement contract management. This is because negotiation competencies ensure procuring decisions and it serve best interests of the organization and contributes as essential factor in building a competitive advantage and value for money (Andrea, 2019). Many organizations today understand the need to develop strong negotiation team skills as a core competency in the negotiation process for achieving strategic goals.

Negotiation has increasingly become a central aspect of public procurement. With negotiation competencies organizations aims to reduce spending while maximizing contract performance and improving quality and service delivery. In absences of competent negotiation team, hiring professionals with strong negotiation skills becomes important for negotiating better terms with service providers (Benjamin, 2016).

Given the large public fund allocated to public procurement, assessing the competence of human personnel involved in negotiation is important for protecting public finance. For example, the World Bank (2018) highlighted that public procurement accounted for 29.8% of total government spending in OECD countries in 2015, and 29.1% in 2017. Focusing on developing countries, public procurement activities represent 50% or more of government expenditure which need competent personnel to oversee the process.

Negotiation skills and abilities are fundamental in business operations. Skilled negotiators are needed for sourcing, acquiring, and purchasing goods and services based on quality and value. (Msanga, 2020). Swai (2019) also underscored the importance of negotiation expertise in managing procurement contracts within Tanzania's public sector, and its critical role in procurement contract performance.

According to PPRA report, negotiations are a key factor in corporate success (PPRA, 2020). Furthermore, according to Ayantoinbo and Oguntola, (2018); appropriate bargaining is a strong procurement approach that contributes significantly to the achievement of procurement goals. By negotiating terms and conditions, you can prevent problems with project scope, schedule, delivery, and payment in the future. (John and Rose 2021; Ally & Mwakibinga, 2020; Baker and McKenzie, 2017).

The government United Republic of Tanzania recognized the importance of negotiation in purchasing contract management as a result of the public procurement Act of 2011 and its regulations 2013. The procurement law and regulation make it clear that negotiation is one of the essential components in purchasing contract management in the public sector (Mwagike & Chagalima, 2021). Despite the importance of negotiation in procurement contracts, procuring entity has not been taking negotiation process seriously.

Negotiation has been very crucial for determining appropriate price of the items and services to be purchased (Mochoge, 2017; John & Rose, 2021); numerous multilateral and regional trade negotiations agreements have been constrained with negotiation challenges in Tanzania (Kweka & Mboya, 2004). Economic pressure, time pressure and powerful suppliers are among of challenges facing negotiation in procurement, Kawina, 2018 revealed that among the key drawbacks to procurement is corruption; management asked to cut costs and increase efficiencies as results organization put more pressure to their negotiators (Wen, 2018).

Given the critical role negotiation plays in managing public procurement contracts, procuring entities are argued to prioritize and enhance their employees' negotiation skills. The study has revealed that only a small number of staff possess formal training and education in negotiation techniques, while the most rely on perception, personal struggle or past successes to carry out negotiations approach (Kongsong, 2017).

Negotiation being regarded is a key element in procurement contracts, which involves discussions on timelines, quality standards, specifications and cost that if not properly controlled can directly affect contract outcomes. However, despite its importance, negotiation team competencies remain less considered in procurement processes. As a result, many procuring entity and officers fails to observe essential negotiation steps before finalizing agreements. As noted by CAG (2019/20), that negotiations are often conducted without taking into account the expertise of the individuals on the negotiation team.

Furthermore, there has been prolonged negotiation processes which results into failure to reach an agreement and leading to project delays or cancellations. It was reported that, in certain institutions, negotiations have been handled by the head of the Procurement Management Unit (PMU) rather than the Accounting Officer or their designated representative, as required (CAG, 2020/21; PPRA, 2020/21).

On top of that, delays in the execution of construction contracts, inadequate contract documentation, poor selection practices, and procurement carried out without tender board approval have been the main issues with regard to procurement operations. If these terms had been previously negotiated, the issue would have been resolved. (Matambula & Makayi, 2014, CAG, 2016/2017), the choice of technically unqualified bidders has been linked to project delays (Stephen, 2018). Mrope (2018) asserts that procurement contracts performance requires knowledgeable procurement staffs who are conversant with policies and guidelines governing procurement procedures inside the procuring institutions.

The government of Tanzania carrying out many development projects especially in Dodoma city for the purpose of developing the capital city and supporting the shifting of the government city to Dodoma Region. (URT, 2022). These development projects include construction of buildings for government town, 500 billion costs of roads construction, bus stand, government buildings, Msalato airport, SGR railway construction and health central in the government city which costs 4.5 billion (URT, 2019). Thus, the government has been allocating a large amount of

money for procurement of goods, works and services in support of development projects in Dodoma city. The researcher conducted this research to see if the Dodoma city and the government has negotiation team with negotiation competence and skills to perform its work and bring positive results including value for money and contracts performance in general.

2. Methodology

The study applied mixed approach, incorporating both qualitative and quantitative methods. Data was gathered using interviews and review of documentary materials for obtaining qualitative data. The research reviewed documents such as procurement journals, CAG and PPRA reports, as well as policies, rules, and laws regulating procurement operations in Tanzania. Closed-ended questions were utilized to collect information from Dodoma city council staff regarding their knowledge on the skills and competencies required by procurement negotiating team for the performance of procured construction development projects. Additionally, quantitative data was gathered using an open-ended questionnaire. This paper used a cross-sectional research design. This design was adopted by the researcher because they are used to collect different information in single point at a time.

This methods and tools enabled the researcher to collect data from Dodoma city council because of new construction projects both completed and ongoing by assessing the required negotiation competencies among the negotiation team. The Controller and Auditor General (CAG) has reported that numerous public procurement entities continue to exhibit significant deficiencies in their procurement processes, where negotiation being noted as area of great concern. The study involved employees who are responsible for managing contracts and the procurement process.

Respondents used for this study came from the engineering department, user departments, and the Procurement Management Unit (PMU). The sampled participants included engineers, PMU staff, heads of departments, and negotiation team members. To ensure a representative subset, the study combined purposive sampling where the selection of individuals based on their specific roles and areas of expertise. With simple random sampling other employees were evenly represented involving the rest of the workforce considering their age and gender.

Purposive sampling targeted the use of staff connected to procurement process like members of the negotiation team for the purpose of ensuring that key perspectives were included, while simple random sampling allowed all remaining Dodoma City employees an equal chance of selection, aiming at minimizing bias and enhancing representativeness.

On the other side purposive sampling, involved heads of departments who were purposefully chosen because of their roles and obligations in managing procurement contracts and contracts negotiation team. The criteria for selection based on individual knowledge, skill and attitude/behavior of employees and negotiation team involved in projects procurement contracts in Dodoma city.

Bashir and Azeem (2008) emphasize that no single method is enough to collect accurate and reliable data the methods complement each other. To ensure data accuracy and integrity on the construction project performance, this study employed different data collection strategies; including interviews, questionnaires, and document review.

The study involved two senior staff members who were selected from four departments and interviewed at their convenience. The researcher developed interview guide used for data collection and responses were recorded using phones and, notebooks and statement made categorized into to themes. From field data were collected and analyzed into themes depending on their similarities for the purpose of creating meaningful text. Thus, qualitative data on communication skills, technical skills and contracting skills of the negotiation team were analyzed thematically and by content analysis. Data were coded and categorized into themes and interpreted into meaningful narratives.

Quantitative data collected and analyzed using SPSS, and applied multiple regression to assess how negotiation competencies impact construction procurement contract performance. Results were presented through charts, frequencies, and percentages that aligned with the study's objectives. These measurement assessments were conducted to evaluate the reliability of the instruments. Thus, according to Tavakol & Dennick (2011) for reliability measurement are vital in modern research to validate the dependability and accuracy of evaluation tools.

Reliability test was conducted to demonstrates the degree to which data are biased or not, hence ensuring consistency (Mohajan, 2017). But also, validity of data was measured to ensure the degree to which the response meet the intended objectives of the study. (Heale & Twycross, 2015).

3. Finding and Discussion

This section discusses responses on the ability of the negotiation teams to carry out procurement contract negotiation. Data from interviews, questionnaire and documentary were presented and discussed through descriptive and inferential statistics. The collected information conveys general and specific responses regarding the required negotiation team's skills for procurement contract performance. The extent to which the negotiation team's expertise affects the performance of the procurement contract is demonstrated using inferential statistics.

Table 1. includes descriptive information like mean and standard deviation, displays the results.

Table 1: Descriptive statistics on the competence and skills of negotiation team

Statements	N	Mean	Std. Deviation
Communication skills enhance negotiation team to perform in the previous year's contact	67	3.97	1.267
Negotiation team need a contracting skill to help the attainment of organization goal	67	4.09	1.111
Technical skills are very important in attaining better performance in construction project	67	4.40	1.115
Valid N (listwise)	67		

3.1. Negotiation team communication skills

According to the findings in descriptive table above, most respondents reported (Mean = 3.97, SD = 1.267) felt that the negotiation team's communication skills significantly improve the negotiation and discussion of procurement contract performance in last year's. This suggests employees in Dodoma City Council's particularly negotiators possess strong communication abilities, contributing to more effective procurement negotiations. These results align with Oppong (2020), who found that successful bargaining relies heavily on clear communication. Similarly, Mwakibinga (2022) highlighted that soft skills such as communication, integrity, creativity and techniques are vital in negotiations. These abilities foster trust and help participants understand diverse perspectives, which in turn improves both the quality and quantity of goods, services, and works secured by procuring entity.

The findings were also supported by interviewee responses that;

"Any procurement must realize value for money since the power of communication is a critical aspect in determining how effectively negotiations will proceed. Money has been saved a number of times due to good communication. For instance, ability to communicate effectively during negotiations resulted in saving of more money in Dodoma City Council's procurement for construction projects, design, supply, and installation of ICT facilities and machines." The effective and successful negotiation in the development projects depends on the freedom of the negotiation team which not influenced by external pressure, personal interest and political interest.

3.2. Negotiation Team Contracting Skill

The presented results reveal that negotiation team contracting skills where the (Mean= 4.09, SD= 1.111) imply that negotiation team needed contracting skills during negotiations in order to achieve the organization goals and result into procurement contract performance. The negotiating team's expertise in contract management enables procuring entities to meet their goals and enhances overall project outcomes. This response aligns with Ally & Mwakibinga (2022), who emphasize that strong negotiation capabilities are critical not only in informal business discussions but more important to formal transactions such as setting terms for procurement of works, leases, sales, service agreements, and other legal contracts.

The negotiation team need to have ability to understand the terms, conditions and clauses used in the procurement documents and their implication in the performance of procurement contracts. Also, the team must be equipped with skills to integrate contractual terms and legal requirement provided under the procurement law and regulations for proper management of the contract.

3.3. Technical Skills Required by Negotiation Team

With regard to technical skills required by negotiation team most respondents reveled the mean = 4.40, SD = 1.115 and agreed that technical skills are vital for enhancing procurement contract performance, particularly in construction projects. The results concede to Coursera (2023) who argued that, technical skills refer to the specialized expertise and knowledge required to carry out specific tasks and operate tools or software effectively in real-world contexts

Therefore, in order to for a procuring entity to benefit from a contract technical skills are required during the negotiating process and to the implementation stage. Negotiators are supposed to employ active listening, questioning techniques, and effective communication techniques.

The formation of a negotiation team by procuring entity must consider professionalism and individual expertise depending on the nature and type of projects or contracts. For example, in construction project negation team requires experts from engineering, law, accountancy, project managers and business analyst and other depending on the requires specialization.

Also, this section reports inferential statistics examining how the negotiation team's skills influence procurement contract performance. It includes a model summary, Analysis of Variance (ANOVA), and the regression coefficients. The R^2 value reflects the proportion of variance in contract performance that can be explained by the team's negotiation skills

Table 2: Competence and skills of negotiation team on contract performance

Variables	Coefficient	Beta	t	Sig.
Skills	0.962	0.833	12.145	0.000
R Square	0.694			
Adjusted R Square	0.689			
df	1,65			
F	147.492			
Sig.	0.000			

The Adjusted R-square reflects statistical adjustments based solely on the negotiation team's skills. The findings in Table 2 were derived by incorporating the negotiation team's skills into the linear regression model. The model's R-square value of 69.4% indicates a strong fit, while the Adjusted R-square value of 68.9% suggests that these skills significantly influence procurement contract performance.

To evaluate the overall significance of the regression model, the ANOVA F-statistic was calculated after including the negotiation skills variable. The resulting p-value of 0.000 well below the 0.05 significance level confirms that the negotiation team's skills have a substantial effect on procurement contract outcomes. As a result, the use of a linear regression model is justified, and it can be concluded that negotiation skills effectively predict contract performance.

These findings are consistent with Swai (2019), who emphasized that procurement negotiators must possess specific competencies. Swai used confirmatory factor analysis to support the claim that planning, communication, listening, and persuasion skills are essential for successful procurement negotiations.

4. Summary of the Findings

The results reveals that respondents (Mean = 3.97, SD = 1.267) which is interprets that communication skills significantly contributed to the negotiation team's strong contract performance. Additionally, a large number of participants with (Mean = 4.09, SD = 1.111) agreed that possessing contracting skills is essential during negotiations to support the achievement of organizational goals. Moreover, the majority (Mean = 4.40, SD = 1.115) emphasized the importance of technical skills in improving performance, particularly in construction projects. On the analytical side, linear regression results showed a p-value of 0.000 well below the 0.05 threshold indicating a statistically significant impact of negotiation team skills on procurement contract performance.

5. Conclusion

There is a clear need for competent procurement officers and skilled professionals in the field of negotiation to play negotiation roles in procurements contracts. Individuals with negotiation competencies must effectively apply their knowledge, abilities, and attitudes to facilitate achievement of institutional goals. In public sector organizations, having persons with strong negotiation capabilities is essential for developing and implementing strategies that drive successful procurement and project outcomes.

References

- Ackah, M. R. A. (2016). Assessing the Effectiveness of Negotiation in the Procurement of Goods and Services in a Manufacturing Industry. *Dama International Journal of Researchers*, 1(2), 01–13.
- Ally, H., & Mwakibinga, F. (2022). Effects of Negotiation Planning on Procurement Efficiency: A Case the Ministry of Finance and Planning.
- Apuke, O. D. (2017). Quantitative research methods a synopsis approach.
- Aspers, P., & Corte, U. (2019, February 27). What is qualitative in qualitative research. *Qualitative sociology*.
- Benjamin, D. (2016). *Purchasing Principles and Management*. London: Pitman.
- Census. (2012). *Tanzania National Census*. Dar es Salaam: National Statistics Agency.
- Changalima, I. A., Ismail, I. J., & Mchopa, A. D. (2021). A review of the forms, rationale, and challenges of supplier development in public procurement: lessons for public buyers in Tanzania. *Future Business Journal*, 7(1), 63.
- Chimwani, B.I., Iravo, M.A., & Tirimba, O.A. (2014). Factors influencing procurement performance in the Kenyan public sector: case study of the state law office. *International Journal of Innovation and Applied Studies*, 9(4): 1626.
- Connor, K., Arnold, J., & Burris, E. (2005). Negotiators' Bargaining Histories and Their Effects on Future Negotiation Performance.
- Dhillon, M. (2022). *Pre-contract Phase of Legal Agreement*. London : Contractpod Technologies Limited.
- Elijah, E.A., & Athumani, H.I. (2020). The influence of staff competency on performance of procurement management units in Tanzanian training institutions. *Internatiional Journal of Economics, Commerce and Management*, 8(12): 372-384.
- GEM. (2015). *Importance of contracts in the construction industry*. Mumbai: GEM Engserv Private Ltd.
- Gichuhi, M. (2016). An examination of the effect of access to government procurement opportunities programme on performance of youth owned enterprises in Nairobi County in Kenya. *Strathmore University*. Nairobi.
- Gligor, D., Newman, C., & Kashmiri, S. (2021). Does your skin color matter in buyer-seller negotiations? The implications of being a Black salesperson. *Journal of the Academy of Marketing Science*, 1-25.
- Johnson, B., & Christensen, L. (2017). *Educational Research: Qualitative, Quantitative and Mixed Approaches*. London: SAGE Publishers.
- Kavanagh, P. (2016). A case for negotiated performance-based contracting rather than competitive tendering in government public transport (bus) service procurement. *Research in Transportation Economics*, 59, 313-322.
- Komakech, R. A. (2016). Public procurement in developing countries: Objectives, principles and required professional skills. *Public Policy and Administration Research*, 6(8), 20-29.
- Kongsong, Y. (2017). *Purchasing and Supply Chain Management*. London: FT Prentice Hall.
- Manso, P. F., & Nikas, A. (2016). The application of post tender negotiation procedure: a public sector procurement perspective in UK. *International Journal of Information Systems and Project Management*, 4(2), 23-39.
- Mertens, D. (2009). *Transformative research and evaluation*. New York: Guilford.

- Movius. (2008). The Effectiveness of Negotiation Training. *Negotiation Journal*.
- Msanga, R. H. (2020). Effect of Procurement Procedures on Performance of Public
- Mwagike, L. R., & Changalima, I. A. (2022). Procurement professionals' perceptions of skills and attributes of procurement negotiators: a cross-sectional survey in Tanzania. *International Journal of Public Sector Management*, 35 (1), 94-109.
- Ozor, N., & Nyambane, A. (2020). Embracing Open Contracting in Africa: Case Studies from Kenya, Tanzania, Uganda, Malawi, Zambia, South Africa, Ghana, Nigeria, Senegal and Cote d'Ivoire.
- O'Connor, K. M., Arnold, J. A., & Burris, E. R. (2005). Negotiators' Bargaining Histories and Their Effects on Future Negotiation Performance. *Journal of Applied Psychology*, 90 (2): 350. Projects: The Case of Road Construction in Temeke Municipality in Tanzania (Doctoral dissertation, The Open University of Tanzania).
- Rasheli, G. A. (2016). Procurement contract management in the local government authorities (LGAs) in Tanzania: A transaction cost approach. *International Journal of Public Sector Management*, 29(6), 545-564.
- Raymong, A. (2019). The Role of Negotiation Skills in Purchasing Contract Management in the Public Sector in Tanzania. Mzumbe University, Morogoro.
- Savolainen, T., Ivakko, E., & Ikonen, M. (2017). Trust development in workplace relations during change: A multi-level analysis of narratives from leaders and followers. *Academic Conferences* (pp. 16-17). Johannesburg, South Africa: Publishing International Ltd.
- Shonk, K. (2023). Women and Negotiation: Narrowing the Gender Gap in Negotiation. *Business Negotiation*. Harvard Law School.
- Small, D., Gelfand, M., Babcock, L., & Gettman, H. (2007). Who goes to the bargaining table? The influence of gender and framing on the initiation of negotiation.
- Swai, A. (2019). The Role of Negotiation Skills in Purchasing Contract Management in the Public Sector in Tanzania. A Case of Public Service Social Security Fund (PSSSF) (Doctoral dissertation, Mzumbe University).