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# Factors Affecting Procurement Performance of Public Higher Education Institutions: The Case of Jimma University

A Thesis Submitted to School of Graduate Studies of Jimma University in Partial Fulfillment of the Requirements for the Award of Degree of Masters of Business Administration (MBA)

> By: ZEGEYE BEKELE





JIMMA UNIVERSITY

COLLEGE OF BUSINESS & ECONOMICS

MBA PROGRAM

**JUNE, 2015** 

JIMMA, ETHIOPIA

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# JIMMA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS MBA PROGRAM

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Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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Co Advisor's Name

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#### **DECLARATION**

I hereby declare that this thesis entitled "Factors Affecting Procurement Performance of Public Higher Education Institutions (The Case of Jimma University)" has been carried out by me under the guidance and supervision of Mr. Reta Megerssa (MBA, PhD candidate) and Mr. Asefa Gerbi(MSc).

This thesis is original and has not been submitted for the award of any degree or diploma to any University or institutions.

Researcher's Name

Zegeye Bekele

Date

Signature

# DEDICATION

This dissertation is dedicated to the memory of my late Brother Kebish. Life had only just begun when you passed on. I pray that I live to fulfill the dreams and ways you shared me.

 $11^{th}$  May 2015

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#### **LIST OF ACRONYMS**

EPPA Ethiopia Procurement and Property Administration

CPAR Country Procurement assessment Review

ICT Information Communication Technology

MOE Ministry of Education

MOFED Ministry of Finance and Economic Development

OECD Organization Economic Cooperation Development

OGC Office of Government Commerce

PPA Public Procurement and Property Administration Agency

PPCC Public Procurement Capacity and Capability

ROI Return on Investment

SPSS Statistical Package of Social Science

USAID United States Agency for International Development

The same

#### **ABSTRACT**

Public procurement is a key tool to the overall achievements of development goals such as reducing poverty and providing health, infrastructure, education and other services hence immensely contribute to best utilization of public resources. The limited public resources should be properly managed to get the most out of these resources. Despite its importance, limited scientific research has been undertaken to examine the factors that influence procurement performance in public institutions in the case of higher public institutions. This study aimed to examine factors that affect procurement performance in public higher institutions a case of Jimma University. Specifically, the study sought to examine the variables procurement planning, resource allocations, staff competency, information technology, procurement process and procurement follow-up mechanisms that affect the performance of procurement. The study was conducted through a descriptive design of research. The study employed purposive sampling technique to select the respondents. The sample size of the study is 257 respondents from academic and administrative staffs who currently working at management position and have direct relationship with procurement activities. A structured questionnaire and interview as a data collection instrument were used. The field data was statistically analyzed using descriptive statistics and narrative summary analyses. Findings procurement planning, employee competency, Information technology, procurement process, procurement follow up mechanism and organizational structure are highly affect the performance of procurement function and resource allocation or budget allocation affect the procurement process at minimum level.

**Key Words:** Procurement Performance, procurement planning, employee competency, Information technology, procurement process, Organizational structure



#### CHAPTER ONE

#### INTRODUCTION

#### 1.1 Background of the study

Public procurement is a key tool to promote objectives of an economic, environmental and social nature gaining much attention globally over the past decades. In developing countries, it is one of the main instruments to the achievement of development goals such as reducing poverty and providing health, infrastructure, education and other services hence immensely contribute to best utilization of public resources. Procurement budgets in developing countries account for about 20 percent of government expenditure globally and many governments have embarked on reforms in their procurement systems to streamline and harmonize legal and institutional framework (Mlinga, 2009).

According to Abebe (2014) there are empirical evidences in Sub Saharan African Countries that out of the total public resources, procurement of goods, works and services account for about 70 percent of the total public expenditures. Likewise, he posited that the amount of procurement of goods and services in Ethiopia accounts more than 60 percent from the total public expenditure.

Improving the public procurement system will obviously impact substantially on the growing economy of Ethiopia which will result in budgetary savings and efficiency in government expenditures, thereby creating wealth and reducing poverty (Tesfahun, 2011).

According to World Bank CPAR (2002), even if the above rules and regulations have been enacted, successive review of the public procurement regimes in Ethiopia reveal a lot of short comings such as procurement laws and regulations are not based on recognized international models, absence of clearly defined central oversight and public bodies at all level, shortage of experienced management and procurement staffs, lack of transparency in the procurement processes, absence of procedures for modern form of procurement activities and unclear institutional and organizational arrangement required in the management of the public procurement process. It is in the light of these

challenges that the Federal Government of Ethiopia Procurement and Property Administration Proclamation No 649/2009 were enacted by parliament replacing the previous procurement laws.

The government is the main provider of essential services such as health, education, defense and infrastructure. This is done through procurement function, making it to be very important, and the sheer magnitude of procurement outlay has a great impact to the economy and needs to be well managed.

In a developed or developing country, employees who work on public procurement have and will face always many challenges. Some of them are lack of employee's competency in the area of procurement profession, using IT in procurement activities is very minimal, and preparing procurement plan is very poor. Each country has its own economic, social, cultural and political environment, and each country's public procurement experts face different types of challenges, or the same types of challenges but at different levels from their counterparts in other countries (Callender and Mathews, 2000).

Public procurement is an important function of government for several reasons. First, the sheer magnitude of procurement outlays has a great impact on the economy and needs to be well managed. Indeed, in all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP. Efficiently handling this size of procurement outlays has been a policy and management concern as well as a challenge for public procurement employees(Khi V. Thai, 2004).

Public Procurement procedures are also decision making processes. The procuring authority has to compare the proposals (submitted in response to a contract notice) against pre-set criteria and needs to choose one of them or reject all of them. The decision logic of procurement can be characterized as "One Winner" selection process from known alternatives, where the alternatives are compared at the same time using a previously determined, and unified criteria system. Procurement procedures are also group processes, and negotiations among the stakeholders is an essential part of completing the task (Thai, 2001).

The recognition of procurement as a critically important area in both public and private sectors has focused the attention on its effectiveness and efficiency. In a growing number of companies, cost effective procurement has become a matter of survival as purchased goods and services can account for big per cent of their budget. Similarly in the public sector, there is an ever-increasing demand for effectiveness and efficiency in the procurement process (Callender and Mathews, 2000).

Consequently, in most developing countries, the procurement function is transitioning from a clerical non-strategic unit to an effective socio-economic unit that is able to influence decisions and add value. Developing countries in one way or another have reformed their public procurement regulations. The reforms have not been limited to regulations only, but included public procurement process, methods, procurement organizational structure, and the workforce (Callender and Mathews, 2000).

Nonetheless, most developing countries are facing a problem of rapid changes in procurement requirements. The changes are impacting pressure on how the procurement function performs its internal and external processes and procedures in order to achieve its objectives. The ability to realize procurement goals is influenced by internal forces and external forces. Interactions between various elements, professionalism, staffing levels and budget resources, organizational structure whether centralized or decentralized, procurement regulations, rules, guidelines, and internal control policies, all need attention and influence the performance of the procurement function (Gattiker, and Carter, 2000).

The basic element involves in performing the procurement function are obtaining the proper equipment, material supplier and service in the right quality, in the right quantity, at the right price and from the right source in simple terms as Alijan described in his scholarly article for the issue at hand (Alijan, 1973).

Therefore, the focus this study was describing the procurement practices as how they were conducted and what kind of challenges had occurred and has been occurring during procurement process and the resultant procurement performance. In addition, it was attempted to identify draw backs of procurement on achieving the overall objective of the organization.

# 1.2 Background of the study Area

Jimma University, the national pioneer in community based education, where education and research are strongly interlinked with the community to address its socio-economic problems. The University is located in the southwestern part of Ethiopia, 354 km from Addis Ababa. Jimma University is one of the largest and comprehensive public research universities in the nation. It enjoys highest public reputation because of its innovative educational philosophy and successive competitive gains among the national higher learning intuitions excelling in education, research, community services and institutional transformation. Jimma University the 1<sup>st</sup> in budget allocated form the government among Ethiopian public higher education which administers 1, 650, 000, 00 birr allocated from the government through Ministry of finance and Economic development (MOFED). From this allocated government budget 70-80% of birr is used for procurement of goods and works. This shows that how the procurement and property administration of the University is running the government resources excluding other more than 100 long term and short term projects found in the University (JU website)

Currently, the University educates more than 43,000 students in 56 undergraduate and 103 postgraduate programs in regular, summer and distance education with more enrollments in the years to come. It has many national and international linkages and collaborations in the area of research, education and community service. Its innovative educational philosophy, staff commitment and motivation and availability of better research facility have helped the University in attracting partners (JU website)

#### 1.3 Statement of the Problem

The procurement function has become increasingly important over the past decades since purchasing and supply has become a major determinant of corporate success. Significant business pressure as a result of globalization, innovations, technological changes, cost pressure, and regulatory compliance has forced the procurement function to focus on cost reduction and attaining more value for money (Khi V. Thai, 2004).

The Procurement function usually takes large amounts of organizations' resources. Hence it is becoming an expensive undertaking for many organizations and if not properly done it can lead to significant regret (Chan & Lee, 2003).

Ethiopian procurement manual (2011) counsels that a procurement plan is an instrument for implementation of the budget and should be prepared by the user departments with a view to avoiding or minimizing excess votes in the entities' budgets and to ensure that procurements do not proceed unless there are funds to pay for them. This implies that all procurement plans must be well integrated into the budget process based on the indicative budget as appropriate and in compliance with the procurement law.

Mamiro (2010) found that indications which underscores these facts. He concluded that one of the major setbacks in public procurement is poor procurement planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of skills of procurement staff responsible for procurement in his research entitled the limping pillar in public Procurement.

Kakwezi and Nyeko, (2010) concluded in their findings that failure to establish performance of the procurement function can lead to irregular and biased decisions that have costly consequences to any public procuring entity.

During his internship program for two months at Jimma University, the student researcher have observed that there is a gap between what stakeholders need and what is actually performed. There have been a lot of complaints since the quality of goods purchased doesn't fit with the specification. There is also a big gap between purchase

request and delivery of items. These observed problems initiated student researcher to study factors affecting procurement performance of public higher education's institutions.

Additionally, as a student research was one of members the staff to Jimma University, it could be easily observed that there were instances of shortage of items, quality problems and/or mismatch of items requested with procured and delivered(wrong quality); excessively delayed purchases(wrong timing); and incurring additional costs as result of long duration of the purchase process. Furthermore, it has been becoming serious hurdle for the University teaching-learning process which is the major goal of the institution. Thus, the focus of this study was examining the relationship between procurement performance and factors such as procurement planning, resource allocations, staff competency, information technology, organizational structure; procurement follows-up mechanism and procurement process in Jimma University as one case among Ethiopian higher educational institutions.

Moreover, though there were a lot of international and local empirical studies on procurement and procurement performance, none of these studies focused on the influence of information technology, employee competency, organizational structure, procurement planning, resource allocation and procurement follow-up mechanism on procurement performance. Likewise, most of these studies have been conducted in other countries with varying contexts of demographics, economic, political and environmental factors and institutional settings than Ethiopian higher public education institutions. Hence their findings couldn't be generalized to the Ethiopian public higher education institutions as subject of the study. This study sought to fill this research gap by assessing the factors affecting procurement performance in government higher educational institution. To this end the investigation was attempt answering the following research questions.

# 1.3 Basic Research Questions

- 1. What are the trends of procurement process in Jimma University?
- 2. What employee competencies look like in procurement section of Jimma University?
- 3. Who are the parties involved in the procurement process?
- 4. What is the extent of IT utilization to procurement process?
- 5. How procurement section of Jimma University is structurally organized?
- 6. How is the trend of procurement planning in Jimma University?

# 1.4 Objective of the Study

#### 1.4.1 General Objective

The general objective of this study is to critically examine factors affecting the performance of procurement at higher education institutions and to examine the implication of the established procurement practice on organizational performance.

#### 1.4.2 Specific Objectives

To achieve the general objectives mentioned above the following specific objectives are set.

- 1. To assess the practices in the procurement process.
- 2. To find out how well the procurement department of University uses IT
- 3. To identify employees competencies that required for effective performance of procurement
- 4. To pinpoint the weaknesses and strengths of organizational structure of the University on the basis of procurement.
- 5. To identify methods that are useful to improve the procurement practice of the University
- 6. To assess trends of procurement planning.

# 1.5 Significance of the Study

This study is believed to help for the clear understanding of the challenges of procurement practice at Jimma University. The result of the study serves various purposes. Mainly public higher education institutions would benefit from it by using the information from the study to work on areas which are important to improve the performance of procurement process by applying the recommendations, which would help to save significant amount of public resource that otherwise, would be wasted. The student researcher has also gain the benefits of being acquainted with research skills in the endeavor and be honored MBA degree after successful completion of his study. Finally the study could encourage other researchers to conduct similar researches on the subjects under investigation.

# 1.6 Scope of the Study

The focus of this study was procurement practices of Jimma University. The respondents were employees at Management position from both academic and administration positions which include department heads, office coordinators (Coordinators of community based education and Post graduate programs, Registrars, Ethics officers), college deans, directors from all colleges; College of Medical Science, College of Natural Science, College of Law and Governance, College of Business and Economics, College of Educational Management and Behavioral Science, College of Agriculture and Veterinary Medicine and Jimma Institute of Technology and Administrative Process Teams which include, Finance Administration, Human Resource, Engineering and General Service, Procurement and Property Administrations were mainly included in this study. Besides, Jimma University Specialized Hospital, all projects undertook by Jimma University which have direct interaction with procurement section and other employees and all offices found in the structure of Jimma University which might be affected by procurement unit and could have information on the research area were covered in this study.

# 1.7 Limitations of the Study

It is obvious that adequate and reliable information is important to undertake any kind of study. However, the unwillingness and carelessness of some respondents while filling the questionnaires during data collection were considered as a major constraint to the study. The outcome of this study is based on sample from a single organization i.e. Jimma University. Due to constraints in terms of time and cost it was to consider samples from other universities. Therefore, it may be difficult to generalize the findings to other similar organizations. Nevertheless the result can shed some light on the nature of procurement activities among different units of the University. For the findings to be reliable more similar studies need to be replicated in similar other organizations. Another limitation of this study might be the descriptive method it employed for investigation. The other method may use more to pin point or trace factors having the most devastated effect or could be the most obstacles. Future research may look into this issue and could narrow the gap.

# 1.8. Organization of the Paper

This thesis attempts to explore the factors affecting procurement performance in Jimma University. Accordingly, the paper is organized in a way this the current chapter one deals with the introduction of the study, the subsequent chapter two presents the review of the related literature, chapter three presents the methodology, chapter four brings the data analysis and results of the findings and the last chapter, chapter five, deals with the Conclusion and Recommendation parts of the study under taken.

# 1.9 Operational Definitions and Concepts

**Procurement Performance** covers a number of quality and quantity-enhancing benchmarks, which narrows down *transaction costs*, *time spent*, and *the quality* and *quantity of goods* delivered. Based on their analysis,, procurement performance entails high returns on investment (ROI), reduced transactional costs, faster delivery of services and supplies, delivery of high quality purchases, and streamlined supply chains (Odhiambo&Kamau,2003).

Organizational Structure refers to the way that an organization arranges people and jobs so that its work can be performed and its goals can be met. It has formal procedures which are established to assign responsibilities for various functions. In an organization of any size or complexity, employees' responsibilities typically are defined by what they do, who they report to, and for managers, who reports to them decided upon these procedures.

**Procurement Planning** is an annual event integrates procurement proposal with the budget estimates in the context of long-term strategic development plans and multi-year demand planning. It is a critical element in the procurement process that is specifically designed to assure that funds are available for the procurement and the proper method of procurement is undertaken where the type of contract chosen ensured for its suitability for the particular procurement of goods, works, or services.

Employee Competencies are those required traits, skills or attributes of employees need to perform their jobs most effectively. It involves intellectual or know how about how to perform the functions of the job that includes industry knowledge, background and expertise; interpersonal or skills required to get along effectively with others include such things as the ability to listen non-defensively, and teamwork and customer service skills; leadership which are skills required to lead others basically supervisory and management positions; organizational or the ability to effectively organize and manage work and work-related activities; and self-management or ability to direct themselves toward the accomplishment of goals and specific work assignments

**Resource allocation** is the amount of budget allocated from the University for each work unit for the activity of procurement

**Procurement process** is each steps followed or undertaken to purchase any kind of items starting from the request of items till delivery of items.

**Procurement planning** is an annual event and the procurement plans must be approved together with the budget estimates in the context of long-term strategic development plans and multi-year demand planning. It involves careful attention to the choice of procurement method, the types of contract to be utilized, and the schedule for project implementation..

#### **CHAPTER TWO**

#### REVIEW OF THE RELATED LITERATURE

#### 2. 1 Theoretical Review of the Related Literatures.

# 2.1.1 Meaning of Procurement

Procurement is a process of identifying and obtaining goods and services. It includes sourcing, purchasing and covers all activities from identifying potential suppliers through to delivery from supplier to the users. It is favorable that the goods/services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality, quantity, time, and location. In the same token, public procurement system was the process in which public sector institutions acquire goods and services. Public procurement systems are highly centralized and in some instances state procurement boards govern procurement. Purchasing could be seen as the specific function associated with the actual buying of goods and services from suppliers (Manga, etal, (2008).

According to the Ethiopian Public Procurement Proclamation (No 649/2009), procurement means "obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means." From the above definitions, the overall tasks of procurement is to obtain goods, works, consultancy services and other services at the right quality, in the right quantity, from the right sources, at the right time, place and price to achieve an organizational objectives.

The public procurement process spans the whole life cycle from initial conception and definition of the needs through to the end of the useful life of an asset or the end of a contract. Before describing step-by-step how procurement should be planned and implemented by public bodies and supervised by the PPA, it is appropriate to establish why this topic is worthy of attention. This inquiry can be addressed by approaching it

from four linked perspectives. The basic procurement policy directions in which these perspectives are embodied in and governed are:

- To ensure that works, goods, and services needed by a public body are procured with due attention to economy and efficiency;
- To ensure that the funds are used for the planned works, goods, and services;
- To provide equal opportunity for all potential bidders and consultants to compete for a contract;
- To encourage development of domestic contractors and manufacturers in the Federal Democratic Republic of Ethiopia; and
- To ensure that the procurement process is transparent.

Procurement consists of the whole processes of acquiring goods and services and it starts with identification of needs and preparing the procurement plan and the procurement method. It also includes risk assessment, identification and evaluation of alternative solutions, contract award and management, receiving the procured property or obtaining the services and settling of payments (Getnet A., and Tilahun A, 2014).

#### 2.1.2 Role of Procurement

Procurement is a key activity in the supply chain. Procurement can significantly influence the overall success of an emergency response depending on how it is managed. In most organizations, procurement represents a very large proportion of the total spend and should be managed effectively to achieve optimum value. Procurement works like a pivot in the internal supply chain process turning around requests into actual products/commodities or services to fulfill the needs (Caldwell etal, 2009).

Procurement serves three levels of users and these are the internal customer, programs in response to emergencies and ongoing programs, and prepositioning of stocks, for both internal customers and program needs (Lewis and Roerich,2009). These specific objectives are explained;

- To buy quality materials, items and services economically from reliable sources;
- To ensure timely delivery through the selection of capable and efficient suppliers;

- To continuously locate, evaluate and develop economical and reliable supply sources;
- To identify the most reliable sources of supply through either open tender, multistage tendering (Pre-qualifying suppliers and retaining only those that are capable of meeting the organization's requirements; strategic sourcing) and limited tendering.
- To investigate the availability of new materials and monitor trends in market prices;
- To buy in accordance with organizations policies

There are three important principles of procurement. The first principle is transparency, which provides that all phases in the procurement process are fair and accurately documented. The second principle is that of accountability and it points out that there is need for accountability to financiers, who may require certain rules to be followed when using the money they have provided. Finally, there is the principle of efficiency and cost effectiveness and this principle is about meeting the 'six rights' of supply (right price, right time, right quantity, quality services, and delivery to the required places and from the most cost effective source) (Caldwell, 2009).

Procurement has an important role to play in organization should put in place effective systems of procurement to protect shareholders funds. The procurement function forms a key part of any management strategy. The particular features of procurement are the budgets involved, the frequency of activities and technical complexity of the functions. More recently as a function procurement has been complicated by the inclusion of 'manufacturing partnering' and by the acceptance that best value cannot be measured by price alone, but needs to take account of time, quality and sustainability (Shaw, 2010).

Procurement also plays a major role in manufacturing and trade, which can significantly influence a company's success. As a core function it is, however, subjected to the mega trends of the market. Its day to day existence is very much defined by growing procurement volumes due to greater concentration of business on core competences, globalization of procurement markets, growing market dynamics as well as the ever shorter product lifecycle. For a procurement organization to operate both efficiently and

effectively in such a complex environment useful structures need to be created and suitable instruments put to use. Information technology can have an important function in this regard. Used appropriately it can offer:

- Smoother and faster process flow,
- Efficient distribution of information,
- Decentralization of tasks and decisions,
- Increased transparency and better control,

Government officials and elected leaders have increasingly come to realize that public agencies must utilize ICT in order to enhance the procurement processes in the public sector. Faced with tight budgets and a retiring workforce, today's government agencies are operating in an environment defined by the need to 'do more with less'. Public authorities are expected to provide excellent service to their constituents in an effective and transparent manner, all the while working under constant resource constraints by adopting ICT (Hagén, and Zeed, 2005).

The role of the procurement function in organizations has received and continues to receive increasing attention as the years go by. Procurement enhances efficiency and competitiveness among other benefits but to realize these benefits, it is imperative to look at the strategic factors that affect the performance of the procurement function. Selection and maintaining competent suppliers is very essential in procurement. However, many factors affect a firm's ability to choose the right supplier. There is a need to identify the strategic supplier related factors and include them in the supplier selection criteria. Some of the factors firms consider include trust and commitment, adequate finance, quality, reliable delivery times, adequate logistic and technological capabilities (Cox, 1999).

#### 2.1.3 Procurement Performance

Procurement performance covers a number of quality and quantity-enhancing benchmarks, which narrows down transaction costs, time spent, and the quality and quantity of goods delivered. Based on their analysis on the performance of public procurement officers, procurement performance entails high returns on investment,

reduced transactional costs, faster delivery of services and supplies, delivery of high quality purchases, and streamlined supply chains (Odhiambo &Kamau, 2003).

Procurement performance in the modern world entails all successful ICT-powered procurement undertakings that deliver great value that can enhance the long-term socio-economic welfare of the target population, reduce greenhouse gas emissions, enhance community productivity, builds the target population's innovation capacity, and most importantly, fulfills the target population's day-to-day life interests (AwitiandBohnstedt, 2008).

Furthermore, Awiti (2008) and Odhiambo &Kamau (2003) in their analysis of the performance of several organizations' procurement departments in the business world found that best practices in procurement fall into two broad categories of transaction costs and the level of the utility of the goods procured. These are two critical areas given that during hard economic times organizations must consider every avenue for cutting costs in order to survive while at the same time acquiring the most adequate supplies that can cover their short-term and long-term production needs.

The procurement department plays an increasingly important role in achieving this strategic goal. This is because a purchasing officer in an organization is charged with responsibility of benchmarking all the target achievements within the organization while functioning at the same time as a key performance indicator for the control and allocation of key supplies. Arguably, procurement performance can be described as a sustainable competitive advantage builder in the sense that its flagship pillars are reduced transactional costs and faster delivery of quality supplies (Morita & Nakahara, 2004).

Procurement performance has to do with the proper management of procurement activities. The management of procurement activities narrows down to the basic functions of the HR departments of hiring best procurement management talent, subjecting this top talent to on-the-job training and development, rewarding and motivating this top talent through competitive salaries, benefits and career progression (Bianchi & Guidi, 2010).

Procurement accounts for a substantial portion of a firm's resources and time and in light of the highly competitive environment, it is necessary for every organization to maintain an efficient and effective procurement so as to cut administration costs and to keep abreast of the market conditions (Bohnstedt, 2008).

Procurement performance can be realized if organizations discard their trademark paper based procurement systems especially when procuring crucial materials that have a direct bearing on their overall competitive advantage. Organizations should graduate into ICT-powered procurement systems to keep a track of their suppliers so as to make the right procurement decisions whenever they require supplies (Mukhopadhyay & Kekre, 2002).

#### 2.1.4 Procurement Performance Indicators

According to the Organization Economic Cooperation Development (OECD) (2014)experience in working with public procurement shows that a sound procurement system includes:

- a) Procurement rules and procedures that are simple, clear and ensure access to procurement opportunities;
- b) Effective institutions to conduct procurement procedures and conclude, manage and monitor public contracts;
- c) Appropriate electronic tools;
- d) Suitable, in numbers and skills, human resources to plan and carry out procurement processes; and
- e) Competent contract management.

However, in February 2013, the Leading Practitioners on Public Procurement asked the OECD to help developing a set of indicators to measure the performance of public procurement systems and their evolution over time. And thus, four areas for the development of indicators were identified:

- 1. Efficiency of the public procurement cycle
- 2. Openness and transparency of the public procurement cycle
- 3. Professionalism of the public procurement workforce
- 4. Contract performance management

When we see them in detail the first set of key performance indicators for each involve:

#### Efficiency of the public procurement cycle:

- \* Use of contracting mechanisms
- \* Uptake of e-procurement
- \* Savings using framework agreements with second-stage competition
- \* Efficiency of the public procurement unit
- \* Public procurement award time

#### Openness and transparency of the public procurement cycle:

- \* Promoting competition: procurement procedure
- \* Promoting competition: number of bids
- \* Increasing the supplier base
- \* Transparency of public procurement information

#### Professionalism of the public procurement workforce:

- \* Number of public procurement officials according to the value and number of contracts and unsuccessful processes
- \* Level of trained public procurement officials

#### Contract performance management:

- \* Are suppliers delivering the right thing?
- \* Are suppliers delivering at the right moments?
- \* Are there delays in payment?

And all of these parameters were applied in different circumstances. Likewise the following table shows the performance indicators differently.

The following are Procurement Performance Indicators

| No | Indicator<br>Name              | How it Can Improve performance   | Description  | Performance<br>Category |
|----|--------------------------------|--|--|-------------------------|
| 1  | Product Price Variance         | Prices paid for focus goods are in alignment with international prices   | Percentage price variance between contract unit price and international                            | Cost                    |
|    |                                |  | unit price for focus products  |                         |
| 2  | Effective contract utilization | Efficient procurement mechanisms are being used  | Percentage by value of purchases made under simple purchase orders, annual contacts, and multiyear | Cost                    |
|    |                                |  | contracts  |                         |
| 3  | Expiration  Management         | Food supply chain practices are being used, including inventory management, demand management, and the timely supply of good | Annual dollar value of expired products or percentage value of expired products                    | Quality                 |
|    |                                | quality products   |  |                         |
| 4  | Supplier<br>Performance        | A) Supplier delivers the correct goods   | Percentage of orders in compliance with contract criteria  | Quality                 |
|    |                                | B) Supplier delivers foods on time   | Percentage of orders delivered on time   | Timeliness              |
| 5  | Procurement  Cycle Time        | There are no delays in executing procurements  | Percentage of procurements completed (placed) within standard time guidelines                      | Timeliness              |
| 6  | Payment processing time        | There are no delays in processing payments to suppliers  | Percentage of supplier payments made within the payment period called for in the contract          | Timeliness              |

**Source:** Procurement Performance Indicators to Strengthen the Procurement Process for Public Health Commodities, USAID | DELIVER PROJECT, Task Order 4, and January, 2013.

# 2.1.5 Procurement Management

Procurement management includes the processes to purchase or acquire the products, services, or results needed from outside the organization to perform the work. Procurement management also includes administering any contract issued by an outside organization (The Buyer) that is acquiring the organization from the performing organization (the seller), and administering contractual obligations placed on the organization by the contract (*George Belev, 2004*).

The effective procurement management should be acknowledge complexity, find the right skills and organize the work, develop a sound strategy, manage timetable effectively, follow sound bid evaluation method and develop a smart, fair contract. Effective procurement requires organized teamwork: authorities, responsibilities, schedule, and resources (*Eduardo Talero*, 2004).

# 2.1.6 Taking A Prospective view of Public Procurement: Emerging Trends

From a process-based towards a knowledge-based organization Procurement officials' role is shifting nowadays from a simple transactional role ("buy transaction") to a management role embracing the entire procurement process, from needs assessment to contract management and payment. In many countries, the procurement process has been delegated to departments and agencies while the central procurement authority has centralized more strategic functions such as the management of new technologies as well as the dissemination of knowledge and good practice. This could indicate an emerging trend to evolve from a process based to a knowledge-based procurement organization. Being less involved in the daily management, the organization focuses on knowledge sharing among departments and provides an enabling environment for achieving value for money. Survey results have confirmed that one of the most pervasive change factors for procurement is the use of new information and communication technologies. They have influenced policies and practices and revolutionized how goods and services are purchased. They have also become a central instrument for promoting transparency in

procurement and keeping procurement officials and contractors accountable. In particular they have provided easy and real-time access to information, new ways for interaction between bidders and government officials, and facilitated the monitoring and tracking of information on procurement (OECD, 2007).

#### 2.2 Empirical Review of the related literatures

Here it was made the link between what has been done previously and the current investigation in procurement related area.

Hudson Wafula (2014) conducted a research on procurement practices affecting Effective public projects Implementation in Kenya: A Case Study of Kenya Civil Aviation Authority The research study focused on to identify factors that influence successful public sector project implementation and best practices in public project implementation. The research tried to find out that the majority of the respondents held the view that most projects in Kenya did not finish on time and were completed at a cost higher than the originally envisaged contract cost. A high percentage answered that procurement is planning; contract monitoring & control, choice of procurement procedure and communication are important procurement practices in project implementation. The study also recommended that public organizations should be commended for the efforts and mechanisms put in place to achieve effective implementation of projects in order to meet their strategic objectives and fulfill their legal mandates, it is clearly imperative to put in place the following measures to re-enforce the existing mechanisms and practices: Public organizations should strive to strengthen their procurement planning and contract monitoring & control systems so as to ensure successful projects implementation. The research study doesn't touch the consequence of having unskilled manpower is not mentioned in the findings part. The roles of information technology, procurement process, resource allocation in effective project completion were not mentioned.

Similarly Stephen Gitau (2013) conducted a research on the determinants of Procurement Performance at the Ministry of Education (Kenya). The study focused on problems of the Ministry of Education (MOED) system of Kenya is in a bad state and the heavy investment is not yielding commensurate returns. There is urgent need to rethink the delivery of public education and this demands the attention of highest level of leadership, so as to make misappropriation of funds and questionable procurement processes a thing of the past. So, the research tried to find factors that influence the performance of procurement performance at ministry of education in Kenya. The study found out that performance of procurement in the MOED is largely influenced by the following determinants: stakeholders, resource dependency, leadership style and technology. The result of the study concludes that the magnitude of influence on procurement performance by stakeholders, resource dependency, leadership styles and technology is undoubtedly rife. Finally the researcher recommends Managers should be focused on mainly absorbing certain resources or expertise staff within the organization to overcome dependency on external resources. In this study the research didn't mention the role of procurement planning, organizational structure, procurement follow-up mechanisms and skilled manpower in facilitating the procurement activity in the study area.

Biruk Assefa (2006) conducted a research entitled evaluating the purchasing procedure in Ethiopian grain trade enterprise. The research paper—discusses problems impeding efficient purchasing practice in the organization. The main problems identified in the enterprise were poor quality of grain purchases, suppliers deceiving purchasers, continuous price fluctuations, unclear purchasing procedures and incompetent purchasing staff. The general objective of the paper was present to analyze the purchasing procedures and understanding the relationship between purchasing and other units of the organization. The research findings showed that the poor quality of grain is attributable to the fact that no technical specifications are given to purchasers and disloyal act of suppliers. The paper discusses unreliable suppliers are causes of inefficient purchasing since the enterprise has no permanent source of supply. Further the problem of unclear purchasing procedure was mentioned as a research finding. The study recommended developing a clear purchasing procedure for speedy purchasing process. Also

development of specification for purchases and training the purchasers on the application of specification is recommended. The consequence of having unskilled manpower is not mentioned in the findings part. The finding restated the existence of unclear purchasing procedure, which was predetermined in the statement of the problem but fails to discuss its implication on purchasing performance. However, the investigation gives viable information about not only the need to have purchasing procedure but also the importance of communicating it to the concerned staff to enhance efficient purchasing practice.

Ngwili Josephat and Dr. Susan (2013) were conducted a research on factors affecting efficiency of Procurement functions at the Public Institutions in Kenya ( A Case study of Supplies Branch Nairobi). The study established that existing legal framework and organizations culture affects the efficiency of the public procurement function. Factors like political influence, fairness in awarding procurement contracts, adherence in procedures, bureaucracy and corruption affect the efficiency of the public procurement function at the public institution in Kenya. From the findings the study concludes that staff competencies affect greatly the efficiency of procurement function. Hence, employees need to acquire core competencies like knowledge, skills, experience and abilities to enhance public procurement function efficiency in public institutions. The study also concluded that supplies Branch did not embrace modern technology in the procurement function. Hence it implies that those public institution in Kenya not using ICT in the procurement function do not benefit from its advantages of reduced cost of holding stock, reduced paper work, increases transaction effectiveness, increases quality of goods and services, reduced lead times and improved quality of decision making. The study also found out that proper procurement records management helps in giving authentic and reliable information and has an impact in procurement function efficiency.

Japheth Ocharo Kiage (2013) conducted a research on Factors Affecting Procurement Performance: A Case of Ministry of Energy, Kenya. The objective of this study was to investigate the factors affecting procurement performance a case of Ministry of Energy. This study looked at four independent variables (planning resource allocation, staff

competency and contract management) in procurement performance at the Ministry of Energy in Kenya Specifically the study sought to establish the impact of procurement planning on procurement performance; ascertain the influence of resource allocations on procurement performance; discern the impact of staff competency on procurement performance and finally reveal the extent to which contract management in the procurement cycle affects procurement performance. Finally the study concludes that Planning, resource allocation, staff competency and contract management positively affected procurement performance at the Ministry of Energy. The researcher recommends further research to investigate the other factors that affect procurement performance.

Tewodros Mesfin (2007) conducted a research on Evaluation of Purchasing Practice at Addis Ababa University college of Commerce. The research problems intend to clearly identify the causes of the inefficient purchasing activity of college of commerce and assessing its consequences. The research findings answered that the major areas of poor performance can be summarized as a shortage of qualified staff for the unit; very long purchasing process involving some unnecessary steps and parties; absence of systematic ways of expediting and follow up of the purchasing process; poor skill and experience to meet the purchasing requirements of the college, as a result of this wrong items are purchased creating waste of public resources. The study recommends the management should give proper emphasis for purchasing function and should give consideration for the following; assignment of qualified staff for purchasing; establishing systematic ways of expediting and follow up of the purchasing process; seeing ways to establish long term mutually benefiting relationship with reliable suppliers since this will reduce suppliers cheating problem and to a higher extent tackle low quality purchases and delayed deliveries; and the management should also device mechanism to motivate purchasers through recognizing and rewarding efficient purchases while making sure intentional inefficiencies would result in substantial accountability were raised by the researcher.

# 2.3 Legal Framework of Public Procurement in Ethiopia

Under civil Service Reform Program, the Expenditure Control and Management was launched in 1996 by the government of Ethiopia with the aim of improving the overall public financial management in Ethiopia. Public procurement was one component of the expenditure control and management. In 2009, the government of Ethiopia enacted Procurement and Property Administration Proclamation No 649/2009 and it has established the Public Procurement and Property Administration Agency (PPA) accountable to the Ministry of Finance and Economic Development to manage the public procurement activities.

Table 2 Legal Framework of Public Procurement in Ethiopia

| Ser. | LEGAL              | DETAILS   |
|------|--------------------|---|
| No   | FRAMEWORK          |   |
| 1    | Public Procurement | Provide a comprehensive legal regime to harmonize and             |
|      | proclamation No    | safeguard public procurement                                      |
|      | 649/2009           |   |
| 2    | Public Procurement | Provides practical guidance and step-by-step procedures for       |
|      | Manual             | Undertaking procurement in accordance with the proclamation.      |
| 3    | Standard Tender    | They comprise standard invitation and contract documents for      |
|      | Documents (STD)    | procurement of all values. There are separate standard tender     |
|      |                    | documents for goods, works and services                           |
| 4    | Public Procurement | They contain detailed rules and procedures for all aspects of the |
|      | Regulations        | procurement system, the operations of Public Procurement          |
|      |                    | Authority (PPA) and procurement entities and the conduct of       |
|      |                    | procurement activities.   |
| 5    | Guidelines         | Issued by the Public Procurement Authority (PPA) which            |
|      |                    | provides supplementary guidance on disposal, single source        |
|      |                    | procurement, margins of preference, framework contract            |
|      |                    | agreements, sustainable public procurement etc.                   |

Source: PPA Regulations (2010)

# 2.4 Conceptual Framework

According to the Federal Government of Ethiopia Procurement and Property Administration Proclamation No 649/2009, about 70-80% of the total public expenditure is accounted for procurement of goods, services and works. In sum, public procurement was seen as a key tool to the overall achievements of development goals such as reducing poverty and providing health, infrastructure, education and other services through its immense contribution to best utilization of public resources. The limited public resources should be properly managed to get the most out of these resources. Out of the total government resources, procurement of goods, services and works constitute a major share of public expenditure.

Through the scrutiny on the related literatures and comparison made with the theoretical, empirical and legal framework discussions we could understand and show the prevalent gap between theoretical discussions in procurement and what the practical aspect in public higher education's looks like. In summary, the theoretical and related literatures the public procurement have the following common problems in the area.

- 1 Poor use of Information Technology in Procurement process;
- 2 Lack of skilled manpower in the procurement related field;
- 3 Weak culture of preparing procurement planning;
- 4 Minimal top managements' attention for the procurement function;
- 5 Backward procurement procedures and manuals;
- 6 Quality give in due to focusing only on least price suppliers selection criteria; and bureaucratic red tapes and lengthy procurement process.

Which all of the public procurement the four legal frame works such as Public Procurement proclamation No 649/2009, Public Procurement Manual, Standard Tender Documents (STD), Public Procurement Regulations, and Guidelines Issued by the Public Procurement Authority (PPA) couldn't have solved yet. Here the study attempts to identify factors that affect procurement performance at the higher education institutions in the case of Jimma University up on this fact. The aspects of IT, employee competency, organizational structure, procurement planning, and resources allocation and procurement follow-up mechanism are the independent variables while procurement performance is the dependent variable.

The conceptual frame can be summarized in the following figure.

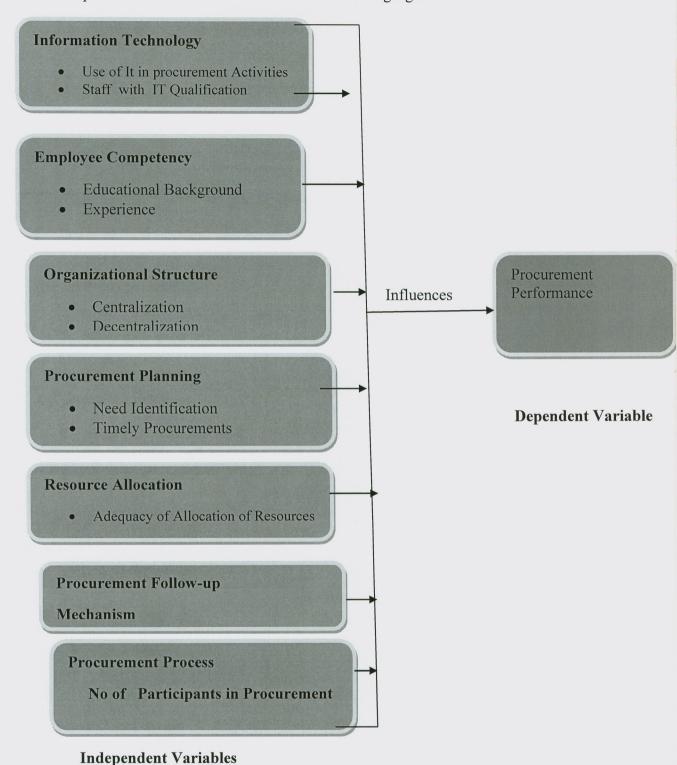


Figure 1 conceptual Framework of the Study Based on the Review of Literature.

## CHAPER THREE

### 3. METHODOLOGY OF THE STUDY

This section covers the following sub sections: the research design, the target population, sample design which contains sampling techniques, data collection instruments and data analysis and presentation technique.

## 3.1 Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004). Similarly, there are three types of research methods. These are quantitative, qualitative and mixed. Qualitative research mainly used to assess respondents attitudes, feelings and motivations whose findings are not obtained from quantifiable analysis while quantitative research involves mathematical analysis (Kothari, 2004).

Each method has its own strengths and weaknesses. Qualitative research may offers indepth information regarding the respondents feeling, emotions, motives and the like, which are difficult to obtain through quantitative methods and it is also relatively cheap (McDaniel and Rogers, 2000). However, it is highly dependent on the researcher's personal knowledge of the social context of where the data could be collected and his/her creative and investigative mindset. There is also high tendency for subjectivity as it typical use small sample size and doesn't provide clear cut answer (Bhattacherjee, 2012). On the contrary, Quantitative research lacks in offering deep insights as qualitative researcher and also it relatively needs more budget. Yet, it provides more reliable and informative data generating through rigorous and scientific manner.

The purpose of this study was to identify challenges facing procurement process through experience survey research design. In other word people who have had practical experience of the problem to be studied were surveyed. The method selected because it was deemed the most appropriate relating to the issue under investigation. However, descriptive design was used to study factors relating to the procurement problem for it requires deeper investigation.

# 3.2 Target Population

The target population for this study was employees working in different colleges, institutes, and administration offices of Jimma University. In addition, heads, officers and employees of procurement and property administrations office who are involved in procurement activity were also targeted.

# 3.3 Sample and Sampling Technique

Sampling as part of the statistical practice concerned with the selection of individual or observations intended to yield some knowledge about a population of concern, especially for the purposes of statistical inferences.

Mugenda (2003) recommended sample size of 30% of the total target population as acceptable. Sample was drawn from the list of employees of Jimma University who are currently working at management position like department heads at colleges, institutes, college deans, directors at different academic and administration offices are samples according to the recommended proportion. Hence, sample sizes of 257 employees who are currently working at different management levels were used.

Respondents were selected based on specific relevance to the study not their overall representativeness to the population. All of the respondents were staffs who directly or indirectly involved in the procurement process and have relationship procurement and property administration unit of the University with regard to the procurement activity.

# 3.4 Sample Size Determination

Table Showing Sample Distributions among Different Units of the Institution

| Se No | College/ Institute /Administration Unit      | Target Population | Sample Size |
|-------|--|-------------------|-------------|
| 1     | Administration Offices                       | 115               | 35          |
| 2     | College of Medical Science                   | 120               | 36          |
| 3     | College of Law and Governance                | 15                | 5           |
| 4     | College of Natural Science                   | 89                | 27          |
| 5     | Jimma Institute of Technology                | 115               | 35          |
| 6     | College of Agriculture & Veterinary Medicine | 178               | 54          |
| 7     | Jimma University Specialized Hospital        | 130               | 39          |
| 8     | College of Business & Economics              | 25                | 8           |
| 9     | College of Education & Behavioral Science    | 18                | 6           |
| 10    | Projects Owners at JU (VLIR,RAN,JUCAN)       | 38                | 12          |
|       | Total  | 843               | 257         |

Relatively proportional respondents were selected from each college and other sub units such as administration wing and projects. The detail allocation of the respondents was shown in the table above.

# 3.5 Data Type and Source

Both Secondary and primary data sources were used for this study. The primary data is considered as a new because collection is made for the first time hence, original in character (Kothari, 2004). Primary data was collected through survey questions and interview. Secondary data was extracted from documents such as public procurement manuals and reports of pervious researches.

# 3.6 Data Collection Techniques and Instrument

The primary data was collected using self-administered questionnaires and also through interview conducted with the head of procurement department. The researcher personally went to the target offices for distribution and collection of the questionnaire from the respondents. Additionally, the data collection covers all academic and administrative office of the University the researcher hired two data enumerators for assistance in distributing and collecting the questionnaire. They would also be given detail training regarding the purpose of the study and data needed. Moreover, the data collectors were hired only to assist the researcher and they will help in distributing and gathering the questionnaire under the personal supervision of the researcher.

The questionnaire constituted two parts; the first part aims at getting the personal information of respondents and it included questions regarding gender, age, occupation and educational status. The second and main section of the questionnaire was designed to collect data about the overall information related to factors affecting procurement performance of the organization and other supporting questions.

# 3.7 Methods of Data Processing and Analysis

There are three objectives in data analysis; getting a feel for the data, testing the goodness of the data, and answering the research question. Establishing the goodness of data lends credibility to all subsequent analysis and findings because it measures the reliability and the validity of the measures used in the study (Sekaraom (2003).

Having gathered, the data was checked adequately for reliability and clarification. The data was analyzed using quantitative techniques, whereby the findings would be presented in the form of frequency distribution tables and pie charts while qualitative techniques were incorporated in the study to facilitate description and explanation of the findings. The collected data were entered into a computer and analyzed by the researcher using Statistical Package for Social Sciences (SPSS Version 20).

# **CHAPTER FOUR**

## RESULTS AND DISCUSSION

#### Overview

The purpose of this study was to identify Factors Affecting Procurement Performance of higher public education institution (The Case of Jimma University) To achieve this purpose, data were collected from 251 respondents and the response rate is 98%. This commendable response rate was attributed to the data collection procedure, where the researcher personally administered questionnaires and waited for respondents to fill in, and picked the questionnaires once after had been fully filled. The response rate demonstrates a willingness of the respondents to participate in the study.

This Chapter presents the data analysis procedure and the findings based on the data obtained from the surveys. First, the overall demographic characteristics of the respondents are illustrated in detail. Then, the analysis is described using descriptive statistics to address the research questions and meet its objectives. Descriptive statistics were employed including frequencies and measures of central tendencies were employed. It was found that descriptive statistics are the most appropriate statistics, since the nature of the study objectives and questions is to identify factors affecting the performance of procurement rather than testing particular hypotheses.

# 4.1 Demographic characteristics of the respondents

This part of the analysis discusses about the general demographic characteristics of the sample respondents. To provide information about the respondent's age, sex, and educational background were included in the questionnaire due to their potential value to probe similarities or differences in the responses to various sections of the questionnaire. The information obtained from the questions contained in Section A is presented and discussed in table 1 below.

Table 1. EDUCATIONAL STATUS \* SEX \* SERVICE Cross tabulation

|         | Service   | Educational Status       | SI   | EX     | Total |
|---------|-----------|--------------------------|------|--------|-------|
| Ser. No | Years     | Educational Status       | Male | Female | Total |
| 1       | 0-5       | 2nd degree               | 9    | -      | 9     |
|         | 0.10      | 2nd degree               | 114  | 5      | 119   |
| 2       | 6-10      | PhD and above            | 12   | -      | 12    |
|         | 11.00     | 2nd degree               | 59   | -      | 59    |
| 3       | 11-20     | PhD and above            | 27   | -      | 27    |
|         |           | 1st degree               | 6    | -      | 6     |
|         | Above 21  | 2nd degree               | 11   | -      | 11    |
| 4       |           | PhD and above            | 8    | -      | 8     |
|         |           | Educational status total |      |        |       |
|         |           | 1st degree               | 6    | -      | 6     |
|         | Total 1-4 | 2nd degree               | 193  | 5      | 198   |
|         |           | PhD and above            | 47   | -      | 47    |
|         |           | Total                    | 246  | 5      | 251   |

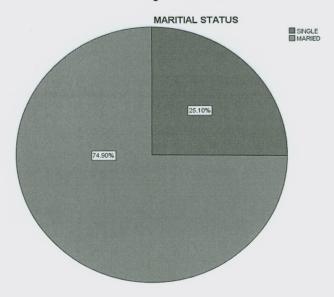
Source: Survey Data 2015

The data showed high variety among respondents in terms of gender. Only 5(2%) of the respondents were categorized as female while the rest 246(98%) were male. The study results revealed that 4% of the respondents fall between 20 and 30 years 74.9% of them fall between 31 and 40 years while 21 percent of the respondents are between 41 and 60 years of age. The majority of respondents at management position are middle age and elderly.

Table 2. Distribution of Sample size and sample frame by work unit

|       | Work Unit/Office                             | Frequency | Percent | Cumulative<br>Percent |
|-------|--|-----------|---------|-----------------------|
| Valid | Administration                               | 35        | 13.9    | 13.9                  |
|       | Projects                                     | 12        | 4.8     | 18.7                  |
|       | Hospital Staff                               | 36        | 14.3    | 33.1                  |
|       | Jimma Institute of Technology                | 35        | 13.9    | 47.0                  |
|       | College of Law & Governance                  | 5         | 2.0     | 49.0                  |
|       | College of Education & Behavioral Science    | 6         | 2.4     | 51.4                  |
|       | College of Natural Science                   | 27        | 10.8    | 62.2                  |
|       | College of Business & Economics              | 8         | 3.2     | 65.3                  |
|       | College of Medical Science                   | 36        | 14.3    | 79.7                  |
|       | College of Agriculture & Veterinary Medicine | 51        | 20.3    | 100.0                 |
|       | Total  | 251       | 100.0   |                       |

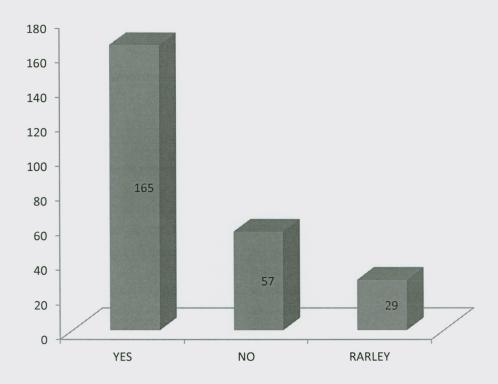
Figure 1 Marital Status of the respondents



In terms of marital status 188 (74.90%) the respondents are married while the rest 63 (25.10%) s are single.

# **4.2 Procurement Planning Trends**

Figure 2 Simplification of Procurement plan for procurement activity.



From the figure 2 above, the majority of the respondents 165 (65.70%) of them agreed that procurement plan is simplifying the procurement activity but 57 (22.70%) disagree and 29 (11.6%) answered that procurement plan rarely facilitates the procurement function. From this result, one can conclude that procurement plan can facilitate the procurement activity.

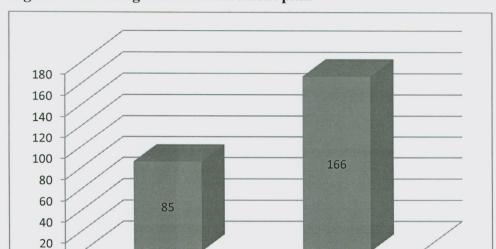


Figure 3 Training about Procurement plan

Yes

From the figure 3 above, only 85 (34%) of the respondents answered that they have taken training about procurement plan and the majority 166 (66%) of the respondents answered that they didn't take any training about procurement plan. So, from the above result one can easily conclude unless department or working units have knowledge about procurement planning knowledge it is difficult to prepare reliable procurement plan. The University is expected to work on it and culture of preparing procurement plan should be given due attention.

No

Table 3. Preparation of procurement plan

|       | Do you prepare and submit procurement plan to Procurement | Frequency | Percent | Valid<br>Percent | Cumulativ<br>e Percent |
|-------|---|-----------|---------|------------------|------------------------|
| Valid | Sometimes   | 232       | 92.4    | 92.4             | 92.4                   |
|       | Always  | 4         | 1.6     | 1.6              | 94.0                   |
|       | Not at all  | 15        | 6.0     | 6.0              | 100.0                  |
|       | Total   | 251       | 100.0   | 100.0            |                        |

The finding for the question illustrates poor culture in terms of planning procurement activities on timely bases. Only 4 respondents replied that they always have prepared procurement plan. This is insignificant. The majority, 232 (92.4%) responded that they did so sometimes. 15 (6%) of them replied that they did not prepare procurement plan at all.

Ethiopian procurement manual 2011 explained that procurement planning is a critical element in the procurement process. Many procurement problems arise at the time of selecting contractors or contract administration because of the failures of procurement planning at the outset. Proper procurement planning must be fully integrated with the strategic planning and budgeting process of the public administration. Procurement planning is specifically designed to assure that funds are available for the procurement, that the proper method of procurement is undertaken, and that the type of contract chosen will be suitable for the particular procurement of goods, works, or services.

Moreover, it is supported by Mamiro which points out that one of the major setbacks in public procurement is poor planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of the skills of staff responsible for procurement (Mamiro, 2010).

Table 4. Purchase Request made without Procurement plan.

|       | How often do you request material/<br>items /which are not in your<br>procurement plan? | Frequency | Percent | Cumulative<br>Percent |
|-------|---|-----------|---------|-----------------------|
| Valid | Sometimes   | 196       | 78.1    | 78.1                  |
|       | Always  | 10        | 4.0     | 82.1                  |
|       | Not at all  | 45        | 17.9    | 100.0                 |
|       | Total   | 251       | 100.0   |                       |

From the table 4 above, one can see that 78.10% of the respondents made purchase request items sometimes which are not found in their procurement plan and specification, 4% of the respondents replied that they always make a purchase request which is not found in their procurement plan and the rest 17.9% of them do not make at all purchase request items which are not found in procurement plan and specification. So, from the above information, one can conclude that requesting items which are not found in procurement plan have negatively affected the performance of procurement unit.

#### 4.3 IT Utilization of Procurement Process

Table 5. Utilization of IT to facilitate procurement process

|       | Does your organization use IT to facilitate procurement process? | Frequency | Percent | Cumulative<br>Percent |
|-------|--|-----------|---------|-----------------------|
| Valid | Always   | -         | -       | -                     |
|       | Sometimes  | 123       | 49.0    | 49.0                  |
|       | Not at all   | 81        | 32.3    | 81.3                  |
|       | I don't Know   | 47        | 18.7    | 100.0                 |
|       | Total  | 251       | 100.0   |                       |

The study results revealed that 123(49%) of the respondents answered that Jimma University procurement process team used IT sometimes to facilitate procurement process, 81 (32.3%) of the respondents answered that the procurement unit didn't use IT at all and the rest 47 (18.7%) of the respondents do not have the information about IT utilization of Procurement unit in their institution. So, from these result one can conclude that the information technology utilization in Jimma University is very weak.

Moreover, according to the research conducted by Hagén, &Zeed it is concluded that government officials and elected leaders have increasingly come to realize that public agencies must utilize ICT in order to enhance the procurement processes in the public sector.

Faced with tight budgets and a retiring workforce, today's government agencies are operating in an environment defined by the need to 'do more with less'. Public authorities are expected to provide excellent service to their constituents in an effective and transparent manner, all the while working under constant resource constraints by adopting ICT (Hagén and Zeed, 2005).

So, from this study one can conclude that public institutions specifically Jimma University was making little use of Information communication technology in their Public procurement function. Therefore, the study recommends that, Jimma University should automate some of the activities so that it can save time and energy. Institutions should embrace ICT for the purpose of enhancing efficiency, effectiveness and transparency.

Table 6. Skill of IT, Employees of Procurement Unit

|       | Do you think that employees of Procurement unit at you institution have the skill of Information Technology to facilitate procurement activities? | Freq. | Percent | Cumulative<br>Percent |
|-------|---|-------|---------|-----------------------|
| Valid | Yes   | 44    | 17.5    | 17.5                  |
|       | No  | 139   | 55.4    | 72.9                  |
|       | I Don't Know  | 68    | 27.1    | 100.0                 |
|       | Total   | 251   | 100.0   |                       |

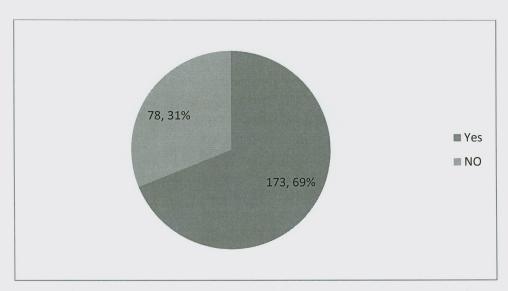
From the results described table 6 above, only 44 (17.5%) of the respondents replied that employees at procurement unit have the skill of information technology, 139 (55.4%) of the respondents replied that employees don't have the skill of information technology and 68 (27.1%) of the respondent replied they don't have information whether employees at procurement unit have skill of information technology or not. So, from the result reveled above the majority of employees at Jimma University procurement process unit have no skill of information technology. Today's organizations cannot compete and achieve their goals without the use of information technology.

Therefore, Procurement professionals should identify and implement technology that aides the procurement process and supports the overall strategy of the organization. The technology should create measureable results (linked to Return on Investment) including, reduced transaction costs, improved process efficiency, increased contract compliance, improved transparency, reduced cycle times and improved inventory costs. Technology can also increase supplier access to bid opportunities which can result in increased competition, diversity and inclusion of suppliers (Aberdeen, 2005).

So, the University should focus on how employees at procurement unit get skill of information technology and apply to their specific job by conducting the necessary training or hiring employees who have IT skills for procurement skills.

# 4.4 Budget/Resource/ allocation and Technique

Figure 4 Budgeted allocated for College/Institute/specific Unit/ for procurement purpose



As seen from the figure 4 above 173(68.9%) of the respondent have the budget allocated for procurement activity, the remaining i.e., 78 (31.10%) of the respondents replied that budget have not been allocated to their unit but they can make a purchase request when they seek purchase.

Table 7. Level of budget allocated for Procurement activity

|       | Level of budget allocated for Procurement activity | Frequency | Percent | Cumulative<br>Percent |
|-------|--|-----------|---------|-----------------------|
| Valid | Very Less  | 6         | 2.00    | 2.00                  |
|       | Inadequate   | 25        | 10.00   | 12.00                 |
|       | Adequate   | 220       | 88.00   | 100.00                |
| Total |  |           | 100.0   |                       |

From the results obtained table 7 above, 6 (2%) of the respondents answered the budget or resources allocated for procurement activity is very less, 25 (10%) of the respondents replied that the budget allocated is inadequate and the majority 220(88%) of the respondents responded that the budget allocated for procurement activity is adequate.

Budget is a document that aids management in planning, sourcing of funds and the execution of activities or projects. It facilitates service delivery to the people at the various levels of governance. It tries to compare budgeted plans with actual plans. It serves as a mirror as well as monitoring instrument of control. From the above result one can conclude that budget allocated for the activity of procurement is adequate.

Table 8 Problem faced due to budget shortage for procurement activity for your

specific unit

|       | Have you faced a problem due to budget shortage for procurement activity in your unit? | Frequency | Percent | Cumulative<br>Percent |
|-------|--|-----------|---------|-----------------------|
| Valid | Yes  | 73        | 29.1    | 29.1                  |
|       | No   | 178       | 70.9    | 100.0                 |
|       | Total  | 251       | 100.0   |                       |

From the table 8 above, findings, 73 (29.10%) of the respondents answered Yes, there is shortage of budget for their specific department and the majority 178(79.9%) of the respondents answered No, there is no shortage of budget. So, from this finding one can conclude that resource allocation is not a problem of procurement performance

On the contrary according to research conducted by Jennifer M Kilonzo **results** showed that resources allocated to public financial sector were not enough and resource allocation affected procurement performance. The research also recommended that public entities try and balance resource allocation and even allocate more funds to departments in charge of procurement since cost cutting and efficiency measures implemented at the procurement level will affect all the other departments in the organization (Jennifer M Kilonzo, 2014). But, the result of resource allocation obtained from this study is not consistent with the literature review of the study.

Table 9. Resource allocation Technique

|       | Do you think that the resource allocation of your institutions is based on real evidence and data? |           |         | Cumulative |
|-------|--|-----------|---------|------------|
|       |  | Frequency | Percent | Percent    |
| Valid | YES  | 80        | 32.00   | 32.00      |
|       | NO   | 171       | 68.00   | 100.00     |
|       | Total  | 251       | 100.0   |            |

From the table 9 above findings, 80(32%) of the respondents answered that the resource allocation method for procurement activity is based on relevant evidence and data the majority, 171(68%) of the respondents reveled that resource allocation is not based on real evidence and data. So, from this result one can conclude that Jimma University budget allocation method should be revised and allocation should be based on the real data of each department. i.e. number of staffs, number of students and programs, nature of the course offered and etc.

#### 4.5 Employee competency at procurement unit

Table 10 Level of Employee competency in skill and work experience at

|       | How do you rate the level of competency in skill and work experience of employee of procurement staff? |           |         | Cumulative |
|-------|--|-----------|---------|------------|
|       | work experience of employee of producement starr.  | Frequency | Percent | Percent    |
| Valid | Poor   | 83        | 33.1    | 33.1       |
|       | Inadequate   | 158       | 62.9    | 96.0       |
|       | Adequate   | 10        | 4.0     | 100.0      |
|       | Total  | 251       | 100.0   | ,          |

According to Hudson (2008), the procurement function has undergone marked changes which have made it necessary to identify and develop competencies of procurement officers as they rise to a more strategic role. However, the competency profile of procurement officers has been described as being too narrow and excluding potentially good performers. Procurement officers continue to be considered simply as 'order placers' in public procurement rather than value adding individuals, as shown by their level in the hierarchy defined by the public procurement directives. Thus, it matters less

whether a procurement officer has the required competencies to perform the job effectively or to cope more effectively with the challenges and demands of their work. Procurement officers have lost confidence in their work and can neither control nor influence their work outcomes, leading to poor performance of procurement.

On the contrary the findings of this study revealed that 83(33.10%) of the respondents replied that the level of employee competence in skill and work experience is poor, the majority 158(62.9%) of the respondents answered that it is inadequate and the rest only 10 (4%) of the respondents answered that the skill and work experience of employees at procurement units is adequate. So, from the result above, one can conclude that the majority of the respondents answered that the level of competency of employees is poor and inadequate which accounts 86% and which can have significance impact on the performance of procurement at Jimma University.

Table 11 The Relevance of Educational background of employees at Procurement unit Related to procurement activity

|       | Do you think that employees at Procurement unit of your Institution have the relevant Education background |       |         | Cumulative |
|-------|--|-------|---------|------------|
|       | related to Procurement?  | Freq. | Percent | Percent    |
| Valid | YES  | 48    | 19.00   | 19.00      |
|       | NO   | 203   | 81.00   | 100.00     |
|       | Total  | 251   | 100.0   |            |

Procurement professionals play an important role in the overall achievement of the mission of the government by providing essential market and commodity information to the end users on specifications, alternative goods or services, pricing, procurement lead times and availability. In addition, procurement professionals provide advice and assistance during the preparation of the purchase descriptions, statements of requirement, and statements of work that form part of the requisition (J.W.E Masterman, 1992).

For complex requirements, a procurement professional provide help and guidance with the establishment of evaluation criteria, and is very much the key player during the supplier selection phase, managing the solicitation, evaluation and negotiation/contracting activities. Ultimately, procurement staffs should plan and responsible for the integrity of this process to ensure that the specifications are as open and conducive to effective competition as possible; that the sourcing and solicitation process is as fair and transparent as possible; that evaluations and negotiations are conducted equitably and consistently; and that any resulting contracts adequately protect the interests of the public agency. So, to do these tasks effectively and efficiently employees at procurement unit are expected to have relevant educational background from different disciplines. But according to the data obtained from the unit almost 95% of employees at procurement unit are from the same educational background.

From the table 11 above, 33 (13.10 %) of the respondents answered that employees at procurement staff have the relevant education. The majority 203(80.9%) of the respondents replied that employees at procurement unit do not have the relevant educational background and 15 (6%) of the respondents answered that employees at procurement unit have partial educational background related to the procurement activity.

Table 12 Managerial capability of employees at Procurement unit who are at management level

| How do you rate the managerial capability of employees at |           |         | Cumulative |
|---|-----------|---------|------------|
| Procurement unit who are at management level              | Frequency | Percent | Percent    |
| Poor  | 58        | 23.1    | 23.1       |
| Inadequate  | 187       | 74.5    | 97.6       |
| Adequate  | 6         | 2.4     | 100.0      |
| Total   | 251       | 100.0   |            |

Successful public procurement requires procurement officers to exercise high levels of professionalism when making procurement decisions. All management level functions should be carried out by persons with proper skills, knowledge, and attitudes. Having effective, efficient employee competency will provide solutions to the procurement problems and competent staff would ensure that items services are procured as and when the need is expected (Bohnstedt, 2008).

If incompetent staffs are ineffective and inefficient they are poorly contributing performance for the institution. Effective and efficient procurement process can only be achieved by proper planning by competent staff (Japheth Ocharo Kiage ,2013).

From the table above, 58 (23.10) of the respondents answered that the procurement staffs are poor in managerial capacity, 187 (74.50%) of them answered that the managerial capability is inadequate and only 6 (2.4%) of them answered that the managerial capacity of employees at procurement unit of Jimma University is adequate. So, this result reveals that the managerial capability of procurement staff affect procurement performance both for procurement unit and to the whole Jimma University function.

Table 13 Basic Employee competency related to procurement activity.

| Employee competency Questions  | Mean   | Std. Deviation | Variance |
|--|--------|----------------|----------|
| Procurement Staffs have recognized professional procurement qualifications or competency   | 2.5697 | .76819         | .590     |
| Procurement staffs has skills to procure complex or special items                          | 2.5458 | .57349         | .329     |
| Procurement staffs have the ability to understand users need                               | 2.0398 | .44543         | .198     |
| Procurement staffs have the ability to understand users need, supply markets and suppliers | 2.1793 | .89204         | .796     |
| Procurement staffs have the ability to negotiate with users and suppliers                  | 2.7610 | .69183         | .479     |
| Valid N (list wise) (251)  |        |                |          |

1=Strongly Disagree, 2= Disagree 3 =Neutral, 4= Agree and 5=Strongly Agree

From the descriptive statistics table 13 above respondents answered that for the questions asked whether Procurement Staffs have recognized professional procurement qualifications or competency, Procurement staffs has skills to procure complex or special items, Procurement staffs have the ability to understand users need, supply markets and suppliers, Procurement staffs have the ability to negotiate with users and suppliers, the average mean score is 2.5697, 2.5458,2.0398,2.1793 1nd 2.7710 respectively. So, from the result above from the 5 basic questions only two of them score average mark which is above 2.5 out of 5. So, one can easily conclude that employee competency of employees at Jimma University procurement process team is poor.

Table 14 Educational background of Procurement staff of Jimma University

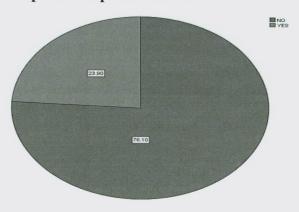
| 1 | MBA in Corporate Management         | 1  |
|---|-------------------------------------|----|
| 2 | BA Degree Business Management       | 22 |
| 3 | BA Degree in Information Technology | 2  |
| 4 | BA Degree Sociology & Social Work   | 1  |
| 5 | Diploma in Secretarial Science      | 2  |
| 6 | Diploma in Business Management      | 4  |
| 8 | 12 Grade comp.                      | 7  |
| 9 | Less than 12 Grade                  | 3  |
|   | Total                               | 42 |

At the moment, based on the information obtained the function has about 42 employees having different levels of education but almost from the same discipline According to the information obtained from the procurement unit turnover ratio is high on yearly basis. This is mainly attributed to lack of clear retention strategy which in turn contributed to low level of motivation and moral among the staffs. From the table 14 above one can observe that though the numbers of qualified staffs are fairly high most of them come from more or less similar educational background. In other word it seems there are lacks of relevant qualified personnel for procurement in purchasing and logistics management

# 4.6 Organizational Structure of Procurement unit

The structure of Jimma University Procurement & Property Administration Process team was developed based on the restructure of Business Process Re-engineering /BPR/ by the University which is directly accountable for Vice president for Administration & student affairs and by president chronologically. The basic principle for the team is to provide the maximum need of customer in terms of material supply & services with regard to procurement of goods, Works & Consultancy service & non- Consultancy services and Property Administration in line with the Ethiopian Federal Government Procurement and Property Administration Proclamation 649/2009,Federal Government Procurement Implementation Directives 649/2009Procurement Manuals, Standard Bid Document Prepared by the Federal Democratic Republic of Ethiopian Public Procurement and Property Administration Agency. Except Jimma University specialized hospital and college of agriculture and veterinary medicine which have the right to purchase the two kinds of purchase which are purchase made by invitation for quotation /Performa invoice/ which have threshold of birr 100,000. The rest colleges, institutes and projects are expected to send their request to the central procurement process unit.

Figure 5 .Organization of separate unit responsible for procurement activity in respective department/unit.



As shown in above figure 60 (23.9%) of the respondents answered that they have a separate unit responsible for procurement activity and the majority 191 (76.10%) of the respondents answered that they don't have a separate unit for procurement activity. So, one can easily conclude that the procurement function of Jimma University is highly centralized. This implies that for every routine activity users of the University is expected to use the central procurement unit and which may take a longer time to deliver items requested.

Table 15 Centralization of Procurement Unit

|       | Do you think that procurement process activities are over centralized | Frequency | Percent | Cumulative<br>Percent |
|-------|---|-----------|---------|-----------------------|
| Valid | Strongly Disagree   | 10        | 4.0     | 4.0                   |
|       | Disagree  | 15        | 6.0     | 10.0                  |
|       | Neutral   | 76        | 30.3    | 40.2                  |
|       | Agree   | 66        | 26.3    | 66.5                  |
|       | Strongly Agree  | 84        | 33.5    | 100.0                 |
|       | Total   | 251       | 100.0   |                       |

Too much centralization is impractical in large organization having various functional units and with a number of colleges and large number of students and high budget. It is difficult to communicate managerial decisions to different operating levels in the management hierarchy. Top level managers cannot effectively supervise and control all the activities of the organization. In centralization, top managers are overburdened with authority and responsibility while managing each and every activity of the organization. He/she cannot devote sufficient time in other major issues. It tends to decrease efficiency of the organization.

In centralization, top level managers devote maximum time in taking routine decisions like in our case they have to approve all the small and large procurement activities. Therefore, they cannot devote more time in non-programmed decisions (Kasaya, 2013).

In many organizations, the procurement process has been delegated to departments and agencies while the central procurement authority has centralized more strategic functions such as the management of new technologies as well as the dissemination of knowledge and good practice. This could indicate an emerging trend to evolve from a process based to a knowledge-based procurement organization (OECD, 2007).

From the table 15 above, 10 (4%) of the respondents strongly disagree with statement that procurement activity is centralized, 15 (6%) of the respondents disagree, 76 (30.3%) are neutral, 66 (26.3%) agree and 84(33.5%) of the respondents strongly agree with statement that procurement activity is centralized. So, from the result one can conclude that 150 (69.80%) of the respondents responded that the procurement activity of Jimma University is centralized. This will have a negative effect on the long term performance of the organization and teaching learning process as well.

Table 16 Practice of procurement process team with regard to 5R's of Purchasing

Descriptive Statistics

| Does procurement process team is                | N          | Minimum | Maximum | Mean   | Std. Deviation | Variance |
|---|------------|---------|---------|--------|----------------|----------|
| working well on the basis of 5R's of Purchasing |            |         |         |        |                |          |
| Right Time                                      | 251        | 1.00    | 3.00    | 1.8327 | .56204         | .316     |
| Right Quality                                   | 251        | 1.00    | 4.00    | 2.0478 | .71394         | .510     |
| Right Source                                    | 251        | 2.00    | 4.00    | 2.6932 | .66145         | .438     |
| Right Price                                     | 251        | 2.00    | 4.00    | 3.6255 | .64124         | .411     |
| Right Quantity                                  | 251<br>251 | 2.00    | 5.00    | 3.8446 | .69553         | .484     |
| Valid N (list wise                              |            |         |         |        |                |          |

As indicated in the above descriptive statistics table, Jimma University procurement process team is working at the right time with mean value of 1.8327, at the right quality with a man value of 2.0478, from the right source with a mean value of 2.6932, at the right price and with a mean value of 3.6255, at the right quantity with a mean 3.8446.

So, from the result above, one can conclude that the procurement process team is working badly especially in timely delivery and quality of materials purchased which is below average point. From the five performance indicators, of procurement Jimma University procurement process is working well with regard to procuring with right quantity.

It is favorable that the goods and services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and with specified amount.

Procurement performance has been described as the degree of achievement of certain effort or undertaking. It relates to the prescribed goals or objectives which form the project parameters. It is all about meeting or exceeding stake holders' needs and expectations from a project. It invariably involves placing consideration on following major procurement elements i.e. time, cost, quality, quantity and source (Faisal S. Aldhfayan, 2008)

Table 17 Reason for Principals not delegating some of the procurement activities to subordinates

**Descriptive Statistics** 

| Descriptive Statistics                    |     |         |         |        |                |          |  |  |  |
|---|-----|---------|---------|--------|----------------|----------|--|--|--|
| Reason for not delegating subordinates    | N   | Minimum | Maximum | Mean   | Std. Deviation | Variance |  |  |  |
| Lack of Confidence in subordinates/Ab,ex) | 199 | 1.00    | 5.00    | 4.0653 | .78544         | .617     |  |  |  |
| Unwillingness of Principals to delegate   | 199 | 2.00    | 5.00    | 2.6482 | .95181         | .906     |  |  |  |
| Principals fear of Losing power           | 199 | 2.00    | 5.00    | 2.4975 | .90383         | .817     |  |  |  |
| Principals lacks mgt function & Process   | 199 | 1.00    | 5.00    | 2.4926 | .94066         | .885     |  |  |  |
| Desire to Dominate subordinates           | 199 | 2.00    | 5.00    | 2.4422 | .97205         | .945     |  |  |  |
| Valid N (list wise)                       | 199 |         |         |        |                |          |  |  |  |

From the result descriptive statistics above principals doesn't not delegate subordinates due to lack of confidence in subordinates resulted a mean value of 4.0653, unwillingness of the principals to delegate resulted a mean value of 2.6482, principals fear of losing their power resulted a mean value of 2.4975, principals lacks management function and process resulted a mean value of 2.4926 and principals desire to dominate subordinates resulted a mean value of 2.4422. So, from the result one can conclude that the reason for not delegating subordinates is lack of confidence in subordinates ability and experience and unwilling of principals to delegate were among the main reason followed by others.

Employees can be empowered by having more autonomy to make their own decisions, giving them a sense of importance and making them feel as if they have more input in the direction of the organization. It also allows them to make better use of the knowledge and experience they have gained and implement some of their own ideas. Delegating some of the tasks to subordinates will minimize some of the burden of daily business operations off the business owner and subordinates can get experienced and can develop confidence.

# 4.7 Procurement follow-up Mechanism

Table 18. Availability of Procurement follow-up system

**Descriptive Statistics** 

|                       | N   | Minimum | Maximum | Mean   | Std. Deviation | Variance |  |  |
|-----------------------|-----|---------|---------|--------|----------------|----------|--|--|
| Procurement follow up | 251 | 1.00    | 2.33    | 1.3758 | .31967         | .102     |  |  |
| Mechanism             | 231 | 1.00    | 2.33    | 1.3730 | .51907         | .102     |  |  |
| Valid N (list wise)   | 251 |         |         |        |                |          |  |  |

From the result obtained above the average mean score whether there is a procurement follow up mechanism in procurement process or not the result showed that the average mean score of 1.3758 out of 3 points which is below average. So, one can conclude that the procurement follow-up mechanism in procurement process team of Jimma University is very weak. So, the procurement function is expected to work on how the information about items requested is forwarded to users of the University. This can be by automating the activities of the procurement unit and entering the procurement data to the automated system can give information easily to the user's as well as to the procurement unit it is processing.

Table 19. Average time it takes you to receive an item you requested

|       | What is the average time it takes you to receive an item you requested? | Frequency | Percent | Cumulative<br>Percent |
|-------|---|-----------|---------|-----------------------|
| Valid | 1-2 WEEKS   | 10        | 4.0     | 4.0                   |
|       | 1-2 MONTHS  | 15        | 6.0     | 10.0                  |
|       | 3-4 MONTHS  | 15        | 6.0     | 15.9                  |
|       | 5-6 MONTHS  | 45        | 17.9    | 33.9                  |
|       | 7-8 MONTHS  | 8         | 3.2     | 37.1                  |
|       | GREATER THAN 9 MONTHS   | 158       | 62.9    | 100.0                 |
|       | Total   | 251       | 100.0   |                       |

On-time delivery is the ability of any organization to meet the customers' requirements and deliver the products or services to the users on time. Perhaps time is one of the most important issues customers are concerned about. Those businesses that do not value time in their order taking process do not tend to succeed. This is a fact, because customers want every order to be delivered according to their time and this is what every organization has to make sure that they achieve.

As seen from the table 19 above, the average time taken to receive an item they requested is 10 (4%) of the respondents answered that they can receive within 1-2 weeks, 15(6%) of the respondents replied they can receive within 3 to 4 months, 45(17.9) of the respondents replied that can receive within 5 to 6 months, 8 (3.2%) of the respondents replied that they can receive within 7 to 8 months and the rest and the majority of the respondents 158 (62.9%) answered that they can receive an item they requested with in more than 9 months. This result showed that how the procurement process of Jimma University takes a long time to deliver items requested. And hence time is one of the performance indicator of procurement performance one can easily conclude that the performance of procurement process is poor in this regard.

Table 20 Presence of purchasing items different from user's request/Specification/

|       | Are there instances that the purchasing unit purchased items for you, which are different from your request/Specification? | Frequency | Percent | Cumulative Percent |
|-------|--|-----------|---------|--------------------|
| Valid | Yes  | 213       | 85.00   | 85.00              |
|       | No   | 38        | 15.00   | 100.00             |
|       | Total  | 251       | 100.00  |                    |

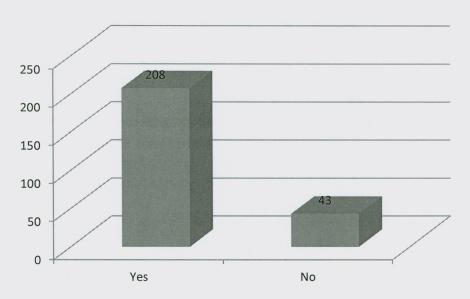
According to C.L. Butch Otter (2010) specification refers to a description of the characteristics of a commodity or service required or desired. Specifically, it is defined as the explicit requirement furnished with a solicitation upon which a purchase orders or contract is to be based. Specifications set forth the characteristics of the property and services to be purchased so as to enable the vendor to determine and understand that which is to be supplied. This information may be in the form of a description of the physical, functional, or performance characteristics, a reference brand name or both. It may include a description of any requirement for inspecting, testing, or preparing a material, equipment, supplies, or service for delivery. Specifications may be incorporated by reference and/or through attachment to the solicitation.

From the result table 20 above, the majority, 213 (85%) of the respondents answered that materials purchased by the procurement unit is different from users request based on the specification. This indicated that users are not satisfied unless their request matches with purchased items and the quality of materials purchased is not appropriate.

Specifications are one of the most important elements of the purchasing process. The preparation of good specifications is probably the most difficult function in the process. Inadequate or poorly written specifications are the cause of many bidder challenges and can considerably delay the purchasing process. The procurement unit has final responsibility for specifications issued as part of formal invitation to bids or request for Proposals (C.L. Butch Otter, 2010).

#### 4.8 Parties involved in Procurement Process

Figure 6 Users wait too much time to receive items requested due to lengthy procurement process



As result indicated in figure 5 above, the majority, 208 (83%) of the respondent reveled that it takes too long time to receive items requested due to the lengthy procurement process and the rest 43 (17%) respondents answered that it doesn't take too long time to receive items requested due to the lengthy procurement process.

Moreover, as data obtained through interview made with the head of procurement and property administration unit of the University there are five different types of procurement s each having particular situations to be applied and list of requirements to be met while being applied. These types of purchases are guided by according to Federal Government of Ethiopia Procurement and Property Administration Proclamation No 649/2009 manual.

The types of purchases are:

- 1. Open bid
- 2. Restricted Bid
- 3. Closed bid
- 4. Purchase made by invitation for quotation /Performa invoice/
- 5. Purchase from a single supplier

- 1. **Open bid is a** type of purchase, which is applied with the following requirements: The invitation for bid must be announced on the media and published on newspaper. The announcement must clearly state important information like the procuring institute name, location, the items to be purchased, where and when to collect and return bid documents, the bid bond amount, the time and place for the auction to take place etc.
- 2. **Procurement made through invitation for interest This** type of procurement is used for Procurement of consultant services. The process involves: first, announcement would be made for suppliers to present their terms of references and show their interest; then a standard format developed by purchasing agency will be used to guide those suppliers who showed interest to participate in the auction.
- 3. Closed bid A type of procurement which invites only selected suppliers to participate in the auction.
- **4. Procurement made through invitation for quotation of price /Performa invoice/** In this type of procurement, first the purchasers collect at least three quotations for price /perform invoice/ from different suppliers in a sealed envelop then envelop will be opened by the purchasing head and, the one quoted the least price will be selected.

### 5. Procurement made from a single supplier

This type of procurements are made when the followings are satisfied

- When there already exists a contractual agreement to supply items, and additional supply of not more than 25% of the original purchase is required, and when the additional procurement is needed with in six months period of the conclusion of the original purchase.
- When the supplier is the only one to supply the spare parts of the equipment's used by the purchaser
- When the supplier is the only manufacturer of the item

The procurement process has 23 steps, which includes:

- (1) Recognition of need from different unit like colleges, institute and other functional offices in the University
- (2) Availability of budget will be checked
- (3) Identification of detailed requirements;
- (4) Development of specifications;

- (5) Preparation of purchase requisitions by top management
- (6) Approval of requisitions;
- (7) Selection of procurement method;
- (8) Preparation of bidding documents;
- (9) Pre-qualification of bidders;
- (10) Preparation of Invitation of bids;
- (11) Receipt and opening of bids;
- (12) Technical Evaluation by different professionals.
- (13) Evaluation of technical and Financial by procurement team
- (14) Approval by endorsing committee.
- (15) Approval of bids by University president
- (16) Award of Tender by the procurement unit head
- (17) Negotiation of Tender by the supplier
- (18) Signing of Contract with supplier
- (19) Receiving and inspection of goods delivered by the supplier;
- (20) Certification of supplier invoices;
- (21) Payment for suppliers
- (22) Materials dispatched to users of the University
- (23) Closing of procurement file is the final step

As answered above the procurement process is too lengthy and passes through different offices and it would take too long to receive items requested by users. So, one can easily conclude that how the procurement process is too long and this can create dissatisfaction among users of the University.

Table 21 Reason for procurement unit to purchases items which are different from user's request

| Reason for procurement unit purchases             | Yes         | No       | Missing | Total      |
|---|-------------|----------|---------|------------|
| items which are different users request           |             |          |         |            |
| Unclear specification of items on the purchase    | 170 (67.7)% | 66(26.3) | 15(6%)  | 251 (100%) |
| request   |             |          |         |            |
| Purchasers lack of knowledge to identify the item | 197 (78.5%) | 39(15.5% | 15(6%)  | 251(100%   |
| Suppliers don't have the item s requested.        | 10 (4%)     | 126(90%) | 15(6%   | 251(100%)  |

Preparing a good specification of materials to be purchased will make the process short and the quality of materials can be checked according to the specification requested by the user. If there is a problem on the specification, the probability of delay and buying poor quality materials is high. Procurement staffs are expected to have knowledge about items they are going to purchase and they have to clearly identify them.

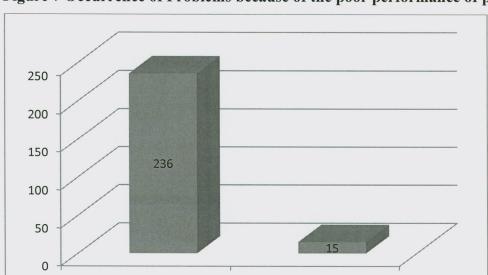
As indicated in table 21above, the majority, 170 (67.7) of the respondents answered that the reason for purchasing items which are different is from the specification due to un clear speciation, 197(78.5%) of the respondents revealed that the reason is that purchasers lacks knowledge to identify items requested and 10 (4%) of the respondents reveled that suppliers don't have the items requested. So, from this result, one can conclude that unclear specification of items and lack of purchaser's knowledge are the two main reasons for procurement of items which are different from user's request.

Table 22 Ordered Factor variables based on means (High mean indicates high impact)

#### **Descriptive Statistics**

|  | N   | Minimum | Maximum | Mean   | Std. Deviation | Variance |
|--|-----|---------|---------|--------|----------------|----------|
| Lengthy Procurement process                | 251 | 4.00    | 5.00    | 4.7610 | .42735         | .183     |
| Poor Planning Culture among users          | 251 | 4.00    | 5.00    | 4.6653 | .47281         | .224     |
| Lack of Employee Competency                | 251 | 3.00    | 5.00    | 4.6096 | .52816         | .279     |
| Full Centralization of Procurement Process | 251 | 4.00    | 5.00    | 4.5538 | .49809         | .248     |
| Lack of Procurement follow up              | 251 | 1.00    | 5.00    | 4.5339 | .78093         | .610     |
| Un Efficient use of IT                     | 251 | 3.00    | 5.00    | 4.1394 | .67563         | .456     |
| Lack of Resource Allocation                | 251 | 1.00    | 5.00    | 2.2231 | .86604         | .750     |
| Valid N (list wise)                        | 251 |         |         |        |                |          |

As indicated table 22 above respondents rate the impact of lengthy procurement process 1<sup>st</sup> with a mean value of 4.7610, poor procurement planning culture among users ranked 2<sup>nd</sup>, lack of employee competency (skill and experience,) 3<sup>rd</sup>, full centralization of procurement process 4<sup>th</sup>, lack of procurement follow up 5<sup>th</sup>, inefficient utilization of information technology 6 and lastly lack of resource allocation with a mean value of 2.2231. So, from the result above, one can conclude that except the 7<sup>th</sup> variable all the 6 factors do perfectly have impact on the performance of procurement and are consistent with the empirical literature review.



YES

Figure 7 Occurrence of Problems because of the poor performance of procurement

As indicated in the figure 7 above 236 (94%) of the respondents are facing a problem due to the poor performance of procurement unit of their institution and the rest 15 (6%) of the respondents answered that they didn't encountered any problem due to the poor performance of procurement unit. So, one can easily conclude that how the users of the procurement unit are highly affected by the performance of the unit.

NO

Table 23 Problems/incidence/ encountered due to poor performance of Procurement.

|       |  | Frequency | Percent | Cumulative<br>Percent |
|-------|--|-----------|---------|-----------------------|
| Valid | Distortion in all teaching & research undertakings | 84        | 33      | 33                    |
|       | Price are high but quality is low                  | 20        | 9       | 42                    |
|       | Quality of Practical Education is Violated         | 96        | 38      | 80                    |
|       | There is no problem occurred                       | 51        | 20      | 100                   |
| Total |  | 251       | 100     |                       |

Respondents answered some of the problems encountered as a result of poor procurement performance. From the results above, 84 (33%) of the respondents replied poor procurement performance distort teaching and research undertaking, 20 (9%) of the respondents answered that poor procurement performance resulted the purchase of high price and low quality materials and 96 (38%) of the respondents answered that quality of practical education is violated due to poor performance of procurement.

## CHAPER FIVE

# 5. SUMMARY, IMPLICATIONS, CONCLUSIONS AND RECOMMENDATIONS

# 5.1 Summary of the Findings

Procurement function plays a key support role in the operations of public higher education institutions. The process must be well thought through action plans which are not static. The main purpose of the study was to identify factors affecting Procurement performance at public higher education's in the case of Jimma University. The study was conducted through descriptive design with a target population of 251 respondents at Jimma University who come from different colleges, institution and administration units. Primary and secondary data were used using structured questionnaire. The seven independent variables, *Lengthy Procurement process* (Mean= 4.7610), *Poor Planning Culture* (Mean= 4.5538), *Lack of Procurement follow up* (Mean= 4.5339), *Un efficient use of Information Technology* (Mean= 4.1394) and *Lack of Resource Allocation* (Mean= 2.2231) were found factors affecting procurement performance in Ethiopian higher public education institutions. However, the most important factors identified by respondents were procurement process, poor procurement planning and employee competency followed by others.

# 5.2 Implication of the Study

The results of this study have some managerial implication for Jimma University at large and to procurement administration office in particular. The study has found the entire seven variables procurement process, poor procurement planning and employee competency as the most important factors affecting procurement activities in the University. Thus managers at different level primarily need to work on these factors to mitigate their effect eventually to improve work performance of the procurement unit. Then other factors need to be tackled once the three main factors given due attention at first hand.

#### 5.3 Conclusion

The analysis of both primary and secondary sources revealed that the procurement and property administration unit of Jimma University has been working under poor performance and providing inefficient services that failed to meet organizational goals and objectives of University. The major areas of poor performance are summarized as follows:

- Culture of preparing annual procurement plan among users of the University was found very poor. This directly affects the performance of procurement. Planning is a process that consists of many steps and the bottom line is that planning is not concerned with future decisions but rather with the future impact of decisions made today. The results further revealed that the departments prepared annual procurement plans and that the procurement plans were prepared and the goals set participatory. Procurement plans therefore influence procurement performance in the sense that they provide focused and efficient utilization of available resources, help in budgeting and planning and therefore with adequate provision of budgets due to procurement plans, performance is assured.
- The findings of the study concluded that staff competencies at procurement unit affect greatly the efficiency of procurement function at Jimma University. Hence employees need to acquire core competencies like knowledge, skills, experience and abilities to enhance public procurement function efficiency in public institutions in Ethiopia. The main problem of having unskilled and un experienced staff is that the turnover rate of skilled and experienced staff is high in public institution due to low salary and benefit.
- The majority of the respondents further answered that budget allocation technique for procurement activity is based on relevant evidence, appropriate and enough amounts. So, the impact off budget allocation in procurement performance at Jimma University is minimal or have no impact in its performance
- The study sought to examine how information communication technology influences the procurement performance in Jimma University. The study identified that the majority of the respondents answered t the level of IT skills

among staffs at Jimma University procurement unit influenced procurement performance to a very high extent. The respondents strongly agreed that most of the personnel who were employed in the procurement department were not properly trained and lacked skills required to run the procurement processes using information technology.

- The procurement process involves several steps which are very lengthy and a sequence of non-value adding cyclical activities. Some of the steps are redundant and because of this purchases are often time consuming. Lack of automation in supply chain system resulted in a number of issues such as poor quality of goods, inability to prepare right specifications, delay in delivery of items, and lack of follow up. Due to these factors it takes too long to receive items requested.
- The study researcher sought to examine the procurement follow up mechanism. The result of this study identified that there is no way of procurement follow up mechanisms. So, absence of procurement follows up mechanism result in delay in delivery of items and will yield customer satisfaction or users of the procurement unit.
- The study researcher sought to examine the organizational structure of procurement activity. As indicated in the result and discussion section the activity of procurement process in Jimma University centralized.
- The study researcher sought to examine whether goods are purchased in accordance with specification or not. But the result showed that 78.10% of the respondents answered that items are purchased which are not found in specification. But, specifications are one of the most important elements of the purchasing process. The preparation of good specifications is probably the most difficult but very important task in the process. Inadequate or poorly written specifications are the cause of many bidder challenges and can considerably delay the procurement process.
- A more systematic and organized record filling system is absent. All the contract information should have been kept in the same complete procurement file including approved procurement plan. The recording system at Procurement process Team lacks approved plan. According to OECD (2007) accurate written

records of the different stages of the procedure are essential to maintain transparency, provide an audit trail of procurement decisions for controls, serve as the official record in cases of administrative or judicial challenge and provide an opportunity for citizens to monitor the use of public funds. Agencies need procedures in place to ensure that procurement decisions are well documented, justifiable and substantiated in accordance with relevant laws and policies in order to promote accountability.

- The Legal Framework of Public Procurement of Ethiopia which is prepared for all
  federal public institutions have some limitations. The birr amount or threshold for
  the types of purchase should be revised taking in to account the current situation
  of the time value of money.
- Based on the results obtained from interview made from the head of procurement unit as
  well as employees the top managements overall support and attention is very minimal
  taking in to the account that procurement process is an easy task.
- According to the five R's of purchasing (at the right time, from the right source, at the right price, at the right quality, right quantity) Jimma University procurement unit is working well in terms of purchasing right quantity.
- The study sought to examine that the reason for top management of the University for not delegating some of the activities of procurement to lower level or department is lack of Confidence in subordinate's ability and experience is identified to be the main reason.

#### 5.4 Recommendation

Based on the findings, the following recommendations are forwarded by the researcher:-

- Public organizations should be commended for the efforts and mechanisms put in
  place to achieve effective implementation of their tasks in order to meet their
  strategic objectives and fulfill their legal mandates, it is clearly imperative to put
  in place the following measures to re-enforce the existing mechanisms and
  practices:
- Public organizations should strive to strengthen their procurement plan and make a good culture so as to ensure successful implementation of their organizational plan and to achieve their organizational goals and objectives. And procurement plan must be fully integrated with the strategic plan and budget of the public administration. Procurement plan is specifically designed to assure that funds are available for the procurement, that the proper method of procurement is undertaken, and that the type of contract chosen will be suitable for the particular procurement of goods, works, or services. Since the results of the data processed disclosed poor planning culture by the users, top level managers should urge the users to plan what they want to be performed the next budget year. Awareness creation forum should be prepared and at the same time, Short term training with regard to as to how to plan should be organized. In addition, Integration among procurement and property administration and other work processes should be strengthened.
- The study identified that Jimma University does not use of information communication technology in procurement function. Therefore, the study recommends that higher public institutions should automate their systems automated. IT should embrace Information Communication Technology for the purpose of enhancing efficiency, effectiveness and transparency. The institution should also adopt using electronic systems to manage internal operations such as inventory management and control.

- The procurement procedure is too long and has about 23 steps in it. Therefore, the University should revise the procurement procedure and should avoid redundant steps.
- The study researcher sought to examine the organizational structure of procurement activity. The findings show that it is highly centralized. Therefore, higher educations should both centralized and decentralized structure by decentralizing some routine and repetitive procurement activities to different functions and to strengthen their human power, so that they can easily procure items which are of low cost items but very crucial to the learning teaching process.
- To improve the performance of procurement function at Jimma University it needs the adopting of information technology and enhancing the employee competency, skill and experience and decentralizing of noncomplex procurement activities to all colleges and institutes. The central procurement and property administration is inefficient and complainants from different work units increase from time to time. Hence, the center should focus only on procurement of bulk purchase which if properly done can add value while minor procurement should be decentralized.
- Once minor procurement when comes to the center does not add value can be decentralized, internal controlling or supervision mechanisms should be installed.
- Regarding employee competency, the result of the study showed that there is a shortage of qualified and experienced employee. The top management should develop retention mechanism of existing qualified and to attract qualified employees.
- There should be full information about stock items which are frequently requested. Every item should not be purchased when the need come from any users of the University. This exposes to additional costs if rush order is there or interruption of work because of long lead time. So, it is better to have full information about what is available stock and which items should be ordered based on the information obtained from the stock card holder as well as procurement plan.

- The University top management should also device mechanism to motivate qualified staffs by adopting different motivating factors such as through recognizing and rewarding efficient employees while making sure intentional inefficiencies would result in substantial accountability.
- The Legal Framework of Public Procurement of n Ethiopia is prepared for all federal public institutions besides its important it has also some limitation. Because the legal frame work doesn't take in to account the nature of each and every public organization. Hence, higher educations are expected to excel in education, research, community services and institutional transformation special emphasis should be given and the legal framework should be flexible and some special consideration should be give to these institutions.

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## **Appendix**

Dear respondents: I am a post graduate student at Jimma University college of Business and Economics. This questionnaire is designed to gather information for the research entitled "Factors Affecting Procurement Performance of Public Higher Education Institutions" The Case of Jimma University. The research is conducted in partial fulfillment of Master of Business Administration (MBA) degree and the information taken from you is used only for academic purpose. Your cooperation is a valuable input for the research findings. So, please provide your genuine opinion.

#### Section 1: Background information.

|    | 1. Background miormation.  |
|----|--|
| 1. | Your College/Institute/Admn. office/Project  |
|    | Name   |
| 2. | Your current position: Academic Staff & management position Administrative Staff & at management Position Academic Staff Administrative Employee |
| 3. | Your age falls in?   |
|    | 1. 20-30 years of age 2. 31-40 years of age 3. 41-60 years of age  |
| 4. | Sex  1. Male  2. Female  |
| 5. | Marital Status   |
|    | 1 Single e 2 Married 3 Widowed 4 Divorced  |
| 6. | Education qualification  |
|    | 1. 1 <sup>st</sup> Degree  2. 2 <sup>nd</sup> Degree  3. PhD or Above  |
| 7. | Your total years of service in your Institution  1. 0-5 Years  2. 6-10  3. 11-20  4. Beyond 21 years   |

## **Section II main Research Questions**

to

to

## Part one: Questions Forwarded to both Academic & Administrative Employees

|     | 1.   | Procurem      | ent Plan  |
|-----|------|---------------|---|
| 1.1 | Do   | you think th  | at Procurement plan can facilitate procurement activity according |
|     | usei | r need?       |   |
|     | 1.   | Yes           |   |
|     | 2.   | No            |   |
|     | 3.   | Rarely        |   |
| 1.2 | Do   | you prepare   | and submit procurement plan with full specification and submit    |
|     | pro  | curement uni  | t of the University on time?                                      |
|     | 1)   | Yes           |   |
|     | 2)   | No            |   |
|     | 3)   | Rarely        |   |
| 1.3 | If   | Yes, Do you   | made purchase request items which are not found in your plan?     |
|     | 1)   | Sometimes     |   |
|     | 2)   | Always        |   |
|     | 3)   | Not at all    |   |
| 1.4 | Do   | the material  | s procured matches with your plan and specification?              |
|     | 1) § | Sometimes     |   |
|     | 2) / | Always        |   |
|     | 3) 1 | Not at all    |   |
| 1.5 | Har  | ve you ever t | aken training about how to prepare procurement training?          |
|     | 1)   | Yes           |   |
|     | 2)   | No            |   |
| 2.  | Use  | of Inform     | ation Technology  |
| 2.1 | Do   | you think th  | at It can contribute to facilitate Procurement process?           |

1.Yes

2. No

|    | 4. Employee competency  |
|----|---|
|    | 4.1 How do you rate the level of competency in skill and work experience of employee of |
|    | procurement staff?  |
|    | 1. Poor   |
|    | 2. Inadequate   |
| 3. | Adequate  |
|    | 4.2 Do you think that employees at Procurement unit of your Institution have the        |
|    | relevant Education background related to Procurement?                                   |
|    | 1. Yes  |
|    | 2. No   |
|    | 4.3 How do you rate the managerial capability of employees at Procurement unit          |
|    | who are at management level?  |
|    | 1. Poor   |
|    | 2. Inadequate   |
|    | 3. Adequate   |
|    | 4.4 How much you agree with the following statement concerning Employee                 |
|    | competency at procurement Department  |

| Ser<br>No | Items related to Employee Competency   | Strongly<br>Agree | Agree | Neutral | Disagree | Strongly<br>Disagree |
|-----------|--|-------------------|-------|---------|----------|----------------------|
| 4.4.1     | Procurement Staffs have recognized professional procurement qualifications or competency                                 |                   |       |         |          |                      |
| 4.4.2.    | Procurement staffs have skills to procure complex or special items   |                   |       |         |          |                      |
| 4.4.3     | Procurement staffs have the ability to understand users need, supply markets and suppliers                               |                   |       |         |          |                      |
| 4.4.4     | Procurement staffs have the ability to negotiate with users and suppliers  |                   |       |         |          |                      |
| 4.4.5     | Procurement staffs have ability to apply public procurement principles and prepare tender and contract documents on time |                   |       |         |          |                      |

# Organizational structure

| 5.             | 1 Is there unit that is responsible for /administration unit? | or procuremen     | t in your | /college/Ins  | titute        |           |
|----------------|---|-------------------|-----------|---------------|---------------|-----------|
| 5.             | 1.Yes   |                   | unction s | separately of | organized a   | s a team  |
|                | without being mixed with other?                               | )                 |           |               |               |           |
|                | 1.Yes   |                   |           |               |               |           |
| 5.             | 3 How do agree the activities of P                            | rocurement at     | your inst | itute are ov  | er centraliz  | red?      |
|                | 1. Strongly Disagree  |                   |           |               |               |           |
|                | 2. Disagree e   |                   |           |               |               |           |
|                | 3. Neutral  |                   |           |               |               |           |
|                | 4. Agree  |                   |           |               |               |           |
|                | 5. Strongly Agree   |                   |           |               |               |           |
| 5.             | 4 Do you think that Procurement uni                           | t of your institu | tion is d | oing well wi  | ith regard to | o FR's of |
|                | purchasing?   |                   |           | _             |               |           |
|                | 1) Right quality 1) Yes                                       |                   |           | 2) No         | Neutra        | 1 🔲       |
|                | 2) Right quantity 1) Yes                                      | 3                 |           | 2) No         | Neutra        |           |
|                | 3) Right price 1) Yes   |                   |           | 2) No         | Neutra        |           |
|                | 4) Right source 1) Ye   |                   |           | 2) No         | Neutra        |           |
| ~              | 5) Right time 1) Yes  |                   |           | 2) No         | Neutra        |           |
|                | .5. How do you rate the perfor                                | -                 | curemen   | t and prop    | erty admir    | nstration |
|                | unction based on Five rights of Pur                           |                   | <b>T</b>  |               | TT: 1         | X7 XX 1   |
| Ser            | Procurement performance                                       | Very Low          | Low       | Average       | High          | Very High |
| No             | Rating with regard to 5 R's                                   |                   |           |               |               |           |
| 5.5.1          | With Right Quality  |                   |           |               |               |           |
| 5.5.2          | At Right Time   |                   |           |               |               |           |
| 5.5.3          | At Right Price  |                   |           |               |               |           |
|                |   |                   |           |               |               |           |
| 5.5.4<br>5.5.5 | From the Right Source   |                   |           |               |               |           |

| Delegation of authority and participation of sta                      | aff in decisio | n-making p  | process       |              |          |
|---|----------------|-------------|---------------|--------------|----------|
| 5.5 Do principals of your institution delegate                        | authority to   | subordinat  | tes activitie | s related to |          |
| procurement?  |                |             |               |              |          |
| Yes   |                |             |               |              |          |
| No  |                |             |               |              |          |
| Partially   |                |             |               |              |          |
| 5.6 If "Yes", what is the extent of the principals'                   | control over   | it?         |               |              |          |
| a. High   |                |             |               |              |          |
| b. Average  |                |             |               |              |          |
| c. Low  |                |             |               |              |          |
| d. No response  |                |             |               |              |          |
|   |                |             |               |              |          |
| 5.8 If no to Question no 5.6 why do you thin                          | nk for the R   | eason?      |               |              |          |
|   |                |             |               | T            | Ta: .    |
| Reason for Principals not to delegate authority to                    | Strongly       | Agree       | Neutral       | Disagree     | Strongly |
| subordinates  | Agree          |             |               |              | Disagree |
| Fear of losing their Power  |                |             |               |              |          |
| Unwillingness of the Principals to delegate authority                 |                |             |               |              |          |
| Lack of confidence in subordinates (Ability,                          |                |             |               |              |          |
| Lack of Experience and etc  |                |             |               |              |          |
| Lack of ability of Principals about management functions and process. |                |             |               |              |          |
| Desire to dominate subordinates                                       |                |             |               |              |          |
| Others reasons / Specify if any                                       |                |             |               |              |          |
|   |                |             |               |              |          |
| 6. Procurement Follow up Mechanis                                     | m.             |             |               |              |          |
| 6.1 Do you think that there is procurement for                        | ollow-up sy    | stem in voi | ır Institutio | n?           |          |
| 1) Yes  |                |             |               |              |          |
| 2) No   |                |             |               |              |          |
| ,   |                |             |               |              |          |
| 3) Partially  |                |             | 10            |              |          |
| 6.2 Were there instances that the items you re                        | equested nev   | ver purchas | sed'?         |              |          |
| 1) Yes  |                |             |               |              |          |
| 2) No   |                |             |               |              |          |
|   |                |             |               |              |          |

Ser

No

5.8.1

5.8.2

5.8.3

5.8.4

5.8.5

| 6.3 If yes were you informed why they will not be purchased on time?        |
|---|
| 1) Yes  |
| 2) No   |
| 3) Partially  |
|   |
| 7. Procurement Process.   |
| 7.1 Do you make purchase request?   |
| 1) Yes  |
| 2) No   |
| 7.2 If yes how often do you fill purchase requisition?                      |
| 1) At least once in a month   |
| 2) At least once in a quarter   |
| 3) At least twice a year  |
| 4) Once in a year   |
| 5) Others   |
| 7.3 Which items do you request mostly?                                      |
| 1) Education and duplication materials                                      |
| 2) Stationeries and office supplies   |
| 3) Computers and accessories  |
| 4) Sanitary supplies  |
| 5) All  |
| 6) Others   |
| 7.4 What is the average time it takes you to receive an item you requested? |
| 1) 1-2 weeks  |
| 2) 1-2 months   |
| 3) 3-4 Months   |
| 4) 5-6 Months   |
| 5) 7-8 Months   |
| 6) 9-10 Months  |
| 7) >10 Months   |
| Other Specify   |

| <b>7.5</b> Are there instances that the purchasing unit purchased items for you, which are different from your request? |
|---|
| 1) Yes  |
| 2) No   |
| 7.6 If yes, what do you think would be the reason?  |
| 7.6.1 Unclear specification of items on the purchase request  |
| 1) Yes  |
| 2) No   |
| 7.6.2 Purchasers lack of knowledge to identify the item   |
| 1) Yes  |
| 2) No   |
| 7.6.3 Suppliers don't have the item   |
| 1) Yes  |
| 2) No   |
| Others  |
| 7.6.4 Do you think it takes too long to receive the items you requested?  |
| 1) Yes  |
| 2) No   |
| 7.7 If you answered is yes for question 7.6.4 what do you think the reason is?  |

| Ser   | The Reason to take too long to receive           | Strongly | Agree | Neutral | Disagree | Strongly |
|-------|--|----------|-------|---------|----------|----------|
| No    | item requested is                                | Agree    |       |         |          | Disagree |
| 7.7.1 | Lengthy procurement process                      |          |       |         |          |          |
| 7.7.2 | Lack of employee competency (Skill & Experience) |          |       |         |          |          |
| 7.7.3 | Poor planning culture among users of University  |          |       |         |          |          |
| 7.7.4 | Lack of resource allocation (Budget Allocation)  |          |       |         |          |          |
| 7.7.6 | Un efficient use of information Technology       |          |       |         |          |          |
| 7.7.6 | Full centralization of procurement activities    |          |       |         |          |          |
| 7.7.7 | Lack of Procurement Follow-up Mechanism          |          |       |         |          |          |

#### **Procurement Performance Indicators**

How do you rate the performance of procurement and property administration function in respective of the following procurement performance indicators? (Make X)

| Ser | Procurement process   | Strongly | Agree | Neutral | Disagree | Strongly |
|-----|-----------------------|----------|-------|---------|----------|----------|
| No  | team Purchases goods  | Agree    |       |         |          | Disagree |
| 8.1 | With Right Quality    |          |       |         |          |          |
| 8.2 | At Right Time         |          |       |         |          |          |
| 8.3 | At Right Price        |          |       |         |          |          |
| 8.4 | From the Right Source |          |       |         |          |          |
| 8.5 | Right Quantity        |          |       |         |          |          |

1. How do you rate the following activities their impact on the performance of procurement activities of the University in the order of their impact.

| Ser No | Variable which have impact on procurement performance | Rank (1-7) |
|--------|---|------------|
| 9.1    | Lengthy procurement process                           |            |
| 9.2    | Lack of employee competency (Skill & Experience)      |            |
| 9.3.   | Poor planning culture among users of University       |            |
| 9.4    | Lack of resource allocation (Budget Allocation)       |            |
| 9.5.   | Un efficient use of information Technology            |            |
| 9.6    | Full centralization of procurement activities         |            |
| 9.7    | Lack of Procurement Follow-up Mechanism               | -          |

| 10. Have    | you     | encountered | any | problem | because | of | the | poor | performance | of |
|-------------|---------|-------------|-----|---------|---------|----|-----|------|-------------|----|
| purch       | asingʻ  | ?           |     |         |         |    |     |      |             |    |
| 1) Y        | es      |             |     |         |         |    |     |      |             |    |
| 2) No       | 0       |             |     |         |         |    |     |      |             |    |
| 10.1. If ye | es, ple | ease write  |     |         |         |    |     |      |             |    |
| A. Th       | e inci  | dence       |     |         |         |    |     |      |             |    |
|             |         |             |     |         |         |    |     |      |             |    |
|             |         |             |     |         |         |    |     |      |             |    |
|             | a. Tl   | ne Result   |     |         |         |    |     |      |             |    |

| 11. In wh | at ways does procurement delay affect your Institution and working unit? |
|-----------|--|
|           |  |
|           |  |
|           |  |
| 12. Menti | on your opinion regarding improvement in procurement process at your     |
|           | ation to deliver materials timely according to users need.               |
| 1.        |  |
| 2.        |  |
|           |  |
|           |  |
|           |  |
|           |  |
| 7         |  |

Thank You Very Much for your Kind Cooperation

# Part Two:- Interview Questions forwarded to Procurement Section Head

## **General Questions**

| 1. | What are different types of purchases do you have?                            |
|----|---|
|    |   |
| 2. | What are the fundamental documents guiding your purchasing process?           |
| 3. | What are the basic objectives of the purchasing function?                     |
|    |   |
| 4. | What are the steps involved in the purchasing process?                        |
|    |   |
| T  | he procurement function   |
| 1) | Do you think your procurement procedure in the determination of manpower      |
|    | requirements such as recruitment, selection, placement, induction, follow-up, |
|    | transfers, layoff, discharge and separation are strictly followed?            |
|    | Yes   |
|    | No  |
|    | Sometimes   |
|    | If your response for question #1 above is "No" or "Sometimes" what is your    |
|    | justification?  |

| ) In what ways does procurement de | n what ways does procurement delay affect your University? |              |           |                |  |  |  |  |  |
|------------------------------------|--|--------------|-----------|----------------|--|--|--|--|--|
| A) Excessive overhead              |  |              |           |                |  |  |  |  |  |
| B) Delayed distribution time       |  |              |           |                |  |  |  |  |  |
| C) Disruption of flow of work      |  |              |           |                |  |  |  |  |  |
| D) General dissatisfaction         |  |              |           |                |  |  |  |  |  |
| E) Other                           |  |              |           |                |  |  |  |  |  |
| (specify)                          |  |              |           |                |  |  |  |  |  |
|                                    |  |              |           |                |  |  |  |  |  |
|                                    |  |              |           |                |  |  |  |  |  |
| Yes If Yes please specify          |  |              |           |                |  |  |  |  |  |
| No.                                |  |              |           |                |  |  |  |  |  |
| 4. Are there instances users con   | mplaint  | about the    | following | <b>;</b> :     |  |  |  |  |  |
| a. Late purchases                  | Yes  |              | No        |                |  |  |  |  |  |
| b. Wrong quality items             | Yes  |              | No        |                |  |  |  |  |  |
| c. Wrong quantity of items         | Yes  |              | No        |                |  |  |  |  |  |
| d. Wrong sourcing of items         | Yes  |              | No        |                |  |  |  |  |  |
|                                    |  |              | No        |                |  |  |  |  |  |
| e. Wrong pricing of items          |  |              |           |                |  |  |  |  |  |
| 5. Which of the complaints d       | irectly  | attributable | to your   | inefficiency's |  |  |  |  |  |
| 6. Which of the complaints of      | lirectly   | attributabl  | e to the  | managemen      |  |  |  |  |  |
| problem?                           |  |              |           |                |  |  |  |  |  |
| 7. Which of the complaints         | directly   | attributab   | ole to us | ers problem?   |  |  |  |  |  |

|  | 8.    | Which of the complaints directly attributable to suppliers' problem?              |  |  |  |  |  |
|--|-------|---|--|--|--|--|--|
|  | 9.    | Which of the complaints directly attributable to the Procurement process problem? |  |  |  |  |  |
| Pa   | rt '  | Three"- Interviews Questions forwarded to employees of                            |  |  |  |  |  |
| pr   | ocur  | ement staff   |  |  |  |  |  |
| 1.   | Do y  | our think that your supervisor  |  |  |  |  |  |
|  | a) (  | Considers individual behavioral difference?                                       |  |  |  |  |  |
|  | b) (  | Considers you to be slave to organizational rules and regulations?                |  |  |  |  |  |
|  | c) I  | s work oriented or people oriented?   |  |  |  |  |  |
|  | d) (  | Other specify   |  |  |  |  |  |
| 2.   |       | our opinion what do you thing is the real causes for procurement delay in your    |  |  |  |  |  |
| University? Is it organizational causes such as dissatisfaction with the jol |       |   |  |  |  |  |  |
|  |       | supervisor or absence of attendance incentives or personal such as health         |  |  |  |  |  |
|  |       | tion, Family situation of problem of transportation?                              |  |  |  |  |  |
|  | Yes   |   |  |  |  |  |  |
|  | No    |   |  |  |  |  |  |
| 3.   | Are   | e you paid enough for the work you perform? If "yes" in what ways and if "No"     |  |  |  |  |  |
|  |       | e your reasons  |  |  |  |  |  |
|  | Yes   |   |  |  |  |  |  |
|  |       | ,   |  |  |  |  |  |
|  | No    |   |  |  |  |  |  |
| 4.   | Do y  | you feel overworked? What are the statues of equipment you are working with       |  |  |  |  |  |
|  | curre | ently? Are you comfortable with the tools and equipment you are operation?        |  |  |  |  |  |
|  | Yes   |   |  |  |  |  |  |
|  | No    |   |  |  |  |  |  |
|  |       |   |  |  |  |  |  |
|  |       |   |  |  |  |  |  |

| 5.   | How do :  | you f  | eel ab  | out your Univ   | ersity? Are | you proud of             | your         | it?          |             |
|------|-----------|--------|---------|-----------------|-------------|--------------------------|--------------|--------------|-------------|
| 7    | Yes       |        |         |                 |             |                          |              |              |             |
| 1    | No _      |        |         |                 |             |                          |              |              |             |
| 6. I | Do you th | ink y  | our ei  | nterprise offer | s appropria | ite opportuniti          | es for       | advanceme    | ent?        |
| ,    | Yes [     |        |         |                 |             |                          |              |              |             |
| 1    | No [      |        | Į.      |                 |             |                          |              |              |             |
| 7.   | . Which   | of the | e FIVI  | E RIGHT of p    | urchasing   | right quality,           | right o      | uantity, rig | ght price,  |
|      |           |        |         |                 |             | ould have ser            |              |              |             |
|      | 8         |        | 8       |                 |             |                          |              | 1            |             |
| 8.   | Which o   | f the  | FIVE    | RIGHT of pr     | ocurement   | [right quality           | —<br>, right | quantity, r  | ight price, |
|      | right tim | e and  | l right | source] if wel  | l met woul  | d have satisfa           | ctory 1      | reward?      |             |
|      |           |        |         | •               |             |                          | •            |              |             |
| 9.   | Do you t  | hink   | the m   | anagement ev    | aluates voi | ur performanc            | e base       | d the FIVF   | ERIGHTS     |
|      | of purcha |        |         | 8               |             | <b>F</b>                 |              |              |             |
|      | or purem  | B      | •       |                 |             |                          |              |              |             |
| 10.  | Are there | e inst | ances   | users complain  | nt about th | e following:             |              |              |             |
|      | a. Lat    | e pur  | chases  | S               | Ye          | S                        | N            | lo 🗌         |             |
|      | b. Wr     | ong o  | quality | items           | Yes         |                          | N            | lo 🔲         |             |
|      | c. Wr     | ong c  | quantit | y of items      | Yes         |                          | N            | Io           |             |
|      | d. Wr     | ong s  | sourcii | ng of items     | Yes         |                          | N            | 10 <u> </u>  |             |
|      | e. Wr     | ong p  | oricing | of items        | Yes         |                          | N            | lo L         |             |
| 11.  | Which     | of     | the     | complaints      | directly    | attributable             | to           | your ine     | efficiency? |
| 12.  | Which     | of     | the     | complaints      | directly    | attributable             | to           | the ma       | anagement   |
| 12   | problem'  |        | 41      | 1 . ! 4         | J:41        | -44w <sup>1</sup> l4-l-1 |              |              |             |
| 13.  | Which     | of     | the     | complaints      | directly    | attributable             | e to         | user's       | problem?    |
| 14.  | Which     | of     | the     | complaints      | directly    | attributable             | to s         | suppliers'   | problem?    |
|      |           |        |         |                 |             |                          |              |              |             |
| 15.  |           |        | comp    | olaints direct  | ly attribut | able to the Pi           | ocure        | ment proc    | ess         |
|      | problem   | 1?     |         |                 |             |                          |              |              |             |
|      |           |        |         |                 |             |                          |              |              |             |



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