

ST. MARY'S UNIVERSITY COLLEGE
BUSINESS FACULTY
DEPARTMENT OF MANAGEMENT

An Assessment of Purchasing Practice In
Food for the Hungry/Ethiopia

By
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June 2011
SMUC
Addis Ababa

**AN ASSESMENT OF
PURCHASING PRACTICE IN FOOD FOR THE
HUNGRY/ETHIOPIA**

**By
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**A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT OF
MANAGEMENT
BUSINESS FACULTY
ST.MARY'S UNIVERSITY COLLEGE**

**IN PARTIAL FULFILLMENT OF THE RERUIREMENTS FOR THE
DEGREE OF BACHELOR OF ARTS IN MANAGEMENT**

**JUNE 2011
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ADDIS ABEBA**

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ACKNOWLEDGMENTS

First of all, Glory to God for the strength and help he gave me in everything I have been through. And I am grateful to the staff of Food for the Hungry Ethiopia for their cooperation and gave all the necessary information required to the study. Finally, I would like to express my deepest appreciation to my advisor Ato Merga Mekuria for his follow up and guidance and also to my family for everything they did in my life.

Table of Contents

Acknowledgements.....	
List of Tables	
Chapter One	
Introduction	
1.1 Background of the Study	1
1.2 Background of the Organization.....	2
1.3 Statement of the Problem.....	3
1.4 Objectives of the Study	5
1.4.1 General Objective of the study.....	5
1.4.2 Specific Objectives of the study.....	5
1.5 Research Questions	6
1.6 Significance of the Study.....	6
1.7 Delimitation of the Study	6
1.8 Research Design and Methodology.....	7
1.8.1 Research Design	7
1.8.2 Population and Sampling	7
1.8.3 Types of Data collected	7
1.8.4 Method of Data Collection.....	7
1.8.5 Data Analysis Techniques.....	7
1.9 Limitation of the study.....	8
1.10 Organization of the study.....	8
Chapter Two	
2. Review of Related Literature	9
2.2 Definition of Purchasing	9
2.3 Purchase Vs Procurement	11
2.4 Purchase Objectives	13
2.5 Types & Objectives of Purchasing	13
2.5.1 General Managerial Level Objective	13
2.5.2 Functional Level Objectives	15

2.5.3 Detail level Objectives	17
2.6 Types of Purchasing	17
2.7 Purchasing Roles	18
2.8 Purchasing Policy	19
2.9 Purchasing Procedures	20
2.10 Forms of Purchasing.....	22
2.10.1 Centralized.....	23
2.10.2 Decentralized.....	23
2.10.3 Centralized and Decentralized.....	24
Chapter Three	
3. Data Presentation Analysis & Interpretation	25
3.1 Introduction	25
3.2 Characteristics of Respondent.....	25
3.3 Analysis of Interview Result	34
Chapter Four	
4 Summary, Conclusion & recommendation	35
4.1 Summary	35
4.2 Conclusion	37
4.3 Recommendation.....	38
Bibliography.....	
Appendices	

List of Tables

Table 1 Gender	25
Table 2 Working Category	26
Table 3 Years of Service	26
Table 4 Issuing Period	27
Table 5 Time to Purchase.....	27
Table 6 Type of Material Purchase	27
Table 7 Detail Specification	28
Table 8 Budget Consideration	28
Table 9 Annual Purchase Plan	29
Table 10 Supplier Recommendation	29
Table 11 Facility	29
Table 12 Material Purchase	30
Table 13 Price Change	30
Table 14 Effect or Inflation	31
Table 15 Mechanism.....	31
Table 16 Measurement	31
Table 17 Delay	32
Table 18 Problem.....	32
Table 19 Purchasing Parameters	33
Table 20 Satisfaction	33

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- *<http://www.pearsoned.co.uk/>*

Appendices

St Mary University College
Faculty of Business
Department of Management

The Questionnaire is filled by employee of Food for the Hungry Ethiopia

Objective of the research: This questionnaire is designed to gather information about the purchasing practice go behind the organization Food for the Hungry Ethiopia. The information obtained will be used for the preparation of a senior paper for the partial fulfillment toward the degree program in management. Please note that your ideas, views and information in this regard are very valuable to our endeavor.

N.B. Please give your answer on the space provided & put tick mark in box corresponding to your response. (✓)

- No need of writing your name.
- You are kindly requested to answer all questions.
- You are very appreciated to spend your time to filling this questioner.

Part I

Gender Male Female

Your current position _____

Category of work

Senior Manager _____ Other Managerial _____ Custodial _____

Professional _____ Supervisory _____

Length of service in the organization

Less than two years _____ 2-5 years _____ 6-10 years _____

11-15 years _____ above 15 years _____

Part II

1. Does purchase requisition issued at the reorder point?

Yes No

2. If your answer is 'No' for question #1, do you have enough time to purchase the required item?

Yes No

3. What type of material you mostly purchase?

Goods

Service

4. On the issuance of purchase requisition are detail specifications given to purchasing department?

Yes No

5. Before approval of purchase requisition, does the budget considered?

Yes No

6. Is the annual purchasing plan put in place before on yearly consumption?

Yes No

6.1 If 'yes' to question no 6, do the annual plan be distributed to purchasing in department for efficiency?

Yes No

6.2 If 'No' to question no 6, by doing so less, does the company incurs extra cost by making the quality purchases?

Yes No

7. Is there supplier recommendation by the requester department?

Yes No

7.1 If 'yes' to question number 7, does the recommendation based on knowledge?

Yes No

7.2 If 'yes' to question number 7, does the supplied material meet the request specification?

Yes No

7.3 If 'yes' to question number 7, do you think that there will be personal benefit (corruption) by the requisitioning party?

Yes No

8. Does the purchasing department has the following facilities for their own to undertake their action effectively?

Vehicle Yes No

Assistant Yes No

9. What does the company frequently buy?

Local Material

Imported Material

10. Is there frequent purchasing price change due to inflation?

Yes No

10.1 If 'yes' to question number 10, does the inflation negatively affect your annual purchasing plan?

Yes No

10.2 Does the management of the company has tried to solve by taking protection?

Yes No

10.2.1 If yes to question number 10.2 which of the following protection measure is taken?

- Stock
- Subsidizing
- Substitute material
- Long term contract with supplier
- Other

11. Have the organization ever suffered from late supply from suppliers?

Yes No

11.1 If 'yes' to question number 11, which situation is mostly occurred?

- Force major
- Price inflation
- For the best advantage
- Problem at custom

12. Does the supplier provide?

- | | | |
|-------------------|------------------------------|-----------------------------|
| Right quality | <input type="checkbox"/> Yes | No <input type="checkbox"/> |
| Reasonable price | <input type="checkbox"/> Yes | No <input type="checkbox"/> |
| Required quantity | <input type="checkbox"/> Yes | No <input type="checkbox"/> |
| Right time | <input type="checkbox"/> Yes | No <input type="checkbox"/> |

13. Is the service provided by the purchasing department satisfying your need?

- Yes No

13.1 If 'No' to question number 13, please list any displeasure.

14. In your view, what are the area that purchasing department needs to work more to increase their efficiency.

15. What do you like most about purchasing department when performing their duties?

16. In the space provide below, please write any other comments you may have that are not addressed in the survey.

Thank You.

Interview Question

1. Who is the responsible party on purchasing goods and service overseeing and finalizing the purchase of goods & services in your organization?
2. What is your role on the organization purchasing process?
3. What are the factors hindering the purchasing in your organization?
4. What are the measures taken and mechanism to preserve those factors?
5. Does the purchasing section follow the written purchasing policy of the organization and standard purchasing procedures?
6. What are the things that challenge the purchasing department most not to be efficient?
7. How do you rate the purchasing department performance in the organization?

DECLARATION

I, the undersigned, declare that this senior research is my work and all sources of materials used in this senior research have been duly acknowledged.

Name: Selam Seifu

Signature: _____

Place: Addis Ababa

Date: June 22, 2011

ADVISOR'S APPROVAL

This senior research has been submitted for the examination with my approvals as the University College advisor.

Name: Merga Mekuria

Signature: _____

Date: June 22, 2011

Chapter One

Introduction

1.1 Background of the Study

Now a days purchasing is becoming more complex and professional for a firm but people understand that it is one of the main ingredient for a business like creation, capital, personnel, conversion and distribution to see the desired result. Purchasing is a key department to the existing business for the production, management and also responsible for outside manufacturing. Years ago, there is purchasing department everywhere but couldn't consider as a profession and give that much concern, (Dobler, 1996 18-19)

Purchasing is the acquisition or exchange of goods and service with the total responsibility to satisfy the user department needs and very important to support production with the frame work of organization policy, procedures and objectives. Purchasing is an essential business function that has the same contribution to meet the objective of the business like other business functions. It is a science and an art that needs professionals for the application and practice to guide the business for success. Without a successful purchasing it is unpredictable to achieve the set objective for the business exists, (Bhat, 2003, 466-469)

The survival of organization depends on the strategic purchasing because strategic purchasing pushes the business to extract attractive output or improve profit by reducing cost. These are the reasons that the researcher wants to investigate the practice of purchasing in Food for the Hungry Ethiopia.

In Food for the Hungry/Ethiopia, the supply of goods and services are handling in different sections. These are: online purchase, commodity purchase, head office purchase & project purchase. The study focused on the practice of purchasing in the Head Office of Food for the Hungry Ethiopia, which has important role in day today activities of head office, projects office and as well as donors in different countries.

1.2 Background of the Organization

Food for the Hungry is founded by Dr. Larry Ward who lives in America. Once upon a time in 1970's, he went to Asia to visit the people and some Asian countries were found in desperate situation in their living. Most of them was in hunger and unable to feed themselves. He came back to US and had a vision to the people in Bangladesh and other Asian countries. God gave him a vision and read a Bible of Psalm 146:7b saying: - "he upholds the cause of the oppressed and gave Food to the Hungry". With this main vision he started to collect funds and begun relief work in Asia. Since then, Food for the Hungry grows in over 40 countries in the world and currently the organization operates in many Asian and African countries. Its international office found in Bangkok, Thailand and Arizona, United States of America. (<http://www.fh.org>)

Food for the Hungry is a Christian, International Relief and Development Organization, founded in 1971 is incorporated in Geneva, Switzerland. Its vision is to work towards physical and spiritual hungers ending worldwide. This is done through holistic ministry, which means helping people with all their needs: physical, spiritual, and social. (<http://www.fh.org>)

In Ethiopia the organization started its operation in 1984/85 during severe drought in Northern part of Ethiopia specifically, in South Gondar Zone Simada, Lay Gayint and Tach Gayint where there is no road net work. Its operation was on small plane over 200,000 thousand people have been supported by Relief Program, (*FH/ Ethiopia Brochure, 2009*)

The donors are from many countries including personal donation, but Food for the Hungry gets most of the donation from USAID (United States Agency for International Development), CFGB (Canadian Food Gain Bank), and South Korea Government. Major programs executed are: - MYAP (Multi Year Assistance Program), CDP (Children Development Program), Health Program, Relief and Emergency Program, Food Security and Economic Growth Program, Education and others.

Objective of Food for the Hungry/Ethiopia

Any organization needs to have clearly specified objectives which help to perform the necessary activities to measure how effectively the organization is operating. According to a written document obtained from the Food for the Hungry Ethiopia, the objectives of the organization is working on the ending of physical and spiritual hungers worldwide.

Vision

“God called and we responded until physical and spiritual hungers ended worldwide.”
(FH/Ethiopia Brochure, 2009)”

Mission

As an international institution, the mission used all over the world is stated below “To walk with churches, leaders and families in overcoming all forms of human poverty by living in healthy relationship with God and his creation. Food for the Hungry embraces an intensely personal and biblical response to God’s call to end physical and spiritual hungers worldwide. This intentional walk with the poor mirrors God’s walk with each of us, recognizing our own brokenness and His transforming grace that brings out our God-given potential. (<http://www.fh.org>)

1.3 Statement of the Problem

Purchasing consists of actions taken to build and maintain desirable supplies with target quality and cost. Beyond simply supplying goods, service and also creating transactions, the goal of each and every purchaser has to be to retain and grow effective purchase procedure. Purchaser need to build strong effort by consistently delivering competent and superior value.

Growing & retaining supplies can’t be achieved unless organization tries to change its strategy to effective purchase procedures. Effective purchase procedures are steps to be followed by the purchasing department using the fundamental purchase procedures and organization purchase policy to acquire goods and service to satisfy the needs, in return for a long term profit. In this strategy, Purchaser doesn’t focus on one time profit rather they fight for life time profitability of

the firm. Effective purchase procedures demands management and other sections support for the common goal of the organization.

Purchasing department is working with almost the rest of others sections inside the organization and outsider firms. There are some factors that affect effective purchasing. To mention some of them:-

- Individual (buyers) personal interest
- Corruption
- Suppliers
- Time
- Inflation
- Lack of knowledge and others.

The above problems are the general challenges that most firms faces when they focus on the acquisition of goods and service and giving little emphasis to the standard purchase procedures.

Here are some of the reflections of poor purchase practice by Food for the Hungry/ Ethiopia

- Delay of items caused by, the requested department doesn't give detailed specification, the requested department doesn't consider their budget when approving to begin the purchase process and supplier's problem in delivering the items at the right price, time & place due to personal interest and current situation.
- The purchase department faces lack of yearly purchase plan and material request for long period of time forwarded from programs. This problem pushes not to purchase bulk items and lead the organization for unnecessary costs.

- Internal justification prepared by the requested department to favor suppliers as individual interest not based on criteria, even sometimes below the criteria. As per the purchasing policy justification should be approved by the approved by the country director only but most of the time it is not implemented.
- The purchase department faces shortage of facility and assistance like vehicle & person to assist the purchaser. As per the purchase policy there must be only one purchaser at head office.

1.4 Objectives of the Study

1.4.1 General Objective

In line with the above problems, the overall objective of the study was to assess the purchasing practice of Food for the Hungry/Ethiopia, so as to come up with recommendation that would be used to have a good purchase practice in the organization under consideration.

1.4.2 Specific Objectives

The specific objectives of the study are as follows:

- To assess the degree of frequency of delivery delay and its causes.
- To assess the causes of the absence of use of written (formal) purchase policy & procedure.
- To investigate factors that determines the success of purchase practice in Food for the Hungry/Ethiopia.
- To identify the type of purchasing the organization (Food for the Hungry/Ethiopia) use.
- To Assess whether Food for the Hungry/Ethiopia give emphasis to the 5R's (right quality, right quantity, right time, right place, right price)

1.5 Research Questions

- What does the degree of frequency of delivery delay look like?
- What are the major causes of the delays as it exist in Food for the Hungry/Ethiopia?
- What things forced the purchase department to do their job without the written purchase policy?
- What are the problems that challenge the successful purchasing practice of Food for the Hungry/Ethiopia?
- Which type of purchasing system does the firm use?
- Does the company give emphasis to the 5R (right quality, right quantity, right price, right time and place)?

1.6 Significance of the Study

Importance of the study will be more than for the firm. Some of the benefits of the study will be:-

- It encourages the management to understand the benefits of effective purchase procedures.
- It may be as base for future study on similar issue.
- It will open a door for purchasers who will read the research's output to know about the benefits & steps to be followed in effective purchasing procedure.

1.7 Delimitation of the Study

Even though it was too good to study the issue of all purchasing practices in Food for the Hungry/Ethiopia, due to many reasons and limitations like finance, time and others the study has focused on the practices of purchasing handle in the head office purchasing unit only.

1.8 Research Design & Methodology

1.8.1 Research Design

The research design used for this study is descriptive method.

1.8.2 Population & Sampling

The head office of Food for the Hungry/Ethiopia has now a total of 100 employee excluding temporary & foreign volunteers. From this, the study has focused on the 45% of the head office staff which are 45 employees. Because most of the purchase goes through head office and easy situation to assess the problem, the researcher used purposive sampling techniques to choose the respondents.

1.8.3 Types of Data Collected

To fully fill the objective of the study, the researcher used both primary and secondary data and also observation. The researcher used questioner and interview for the primary data and also purchase policy, monitoring & evaluation report, company's profile, brochures for the secondary data

1.8.4 Methods of Data Collection

The researcher has distributed questionnaire to employees at head office and it was the best alternative method for primary data collection and also interviewing some employee that are concerned with the job. Reviewing purchase policy, monitoring & evaluation report and other department reports were done for the study as a secondary data.

1.8.5 Data Analysis Method

The researcher used frequency count and percentage for analysis of data and presented in a statistical table.

1.9 Limitation of the Study

There were some constraints to limits the study like financial limitation, shortage of time and lack of experience is. The researcher could have achieved better results by inclusion of data from large sample for long period of time. But it was not possible because of the constraints indicated above.

1.10 Organization of the Study

The study has four chapters: - Chapter one consists of Background of the Study, Background of the Organization, Statement of the Problem, Objective of the Study, Basic Research Questions, Significance of the Study, Delimitation of the Study, Research Design and Methodology ,Limitation of the Study. Chapter two consists of Review of Related Literature. Chapter three includes Data Presentation, Analysis and Interpretation. The last chapter has Summary, Conclusion and Recommendation.

Chapter Two

2. Review of Related Literature

Purchasing is one of the basic functions common to all types of business enterprises. It is basic because no business can operate without it. Thus, the success of a business of a business enterprise depends on the purchasing executive as it does on the executives who administer the other function of business. In order to manage organizations effectively and efficiently every functions of the firm shall be given due considerations. Particularly those functions of the organization taking significant portion of the budget rather require preferential attention. Purchasing is one of the major functions of a given organization in most cases; more than 50% or organizations' budget is spent on purchase of materials and various services. Thus considerable attention given to purchasing would have bribe.

As we approached the twenty first century, the materials function will continue to assume increasing importance in the nations of the industrialized worlds. So, all managers should understand the general concepts and problems in purchasing and managing materials.

2.1 Definition of Purchasing

Basically, purchasing authority is a conferred authority along with a delegation of responsibility. The general principle is that authority should be commensurate with responsibility. Both these criteria are appraised and decided by the management as thought appropriate to the functional responsibility. Purchasing department rarely has any difficulty in exercising its authority and increasing its scope of responsibility in serving other facets of Materials management. Thus, constant liaison with production, engineering, stores, inspection and quality control, inventory, control, traffic, distribution, sales and accounting are all important features of this service aspect, (Dobler, 1996, 18-19)

Purchasing is both a science and an art. It is a science because there are certain basic principle of purchasing. The application of these principles, when put into practice, makes the art of purchasing an interesting job. Every purchaser should, therefore, acquaint himself with these basic principles and apply them to his job, (Datta, 2003, 54)

Purchasing implies the act of exchange of goods and services for money whereas procurement is a genuine term with a wider connection for the total responsibility of acquiring goods and services. In its narrow sense, purchasing' refers to merely to the act of buying an item at a price. In a broader sense, purchasing is a materials and development strategies required for the proper selection of materials and sources of supply, negotiating with supplies for best price terms, placing purchase orders, follow-up to ensure timely delivery, co-coordinating with other departments via, receiving, inwards inspection, stores and accounting (bills payable section.), (Bhat, 2003, 461-462)

The term 'Procurement ' is broader in its meaning and covers the duties performed by the purchasing department as well as such additional functions of materials supervision and management as inventory control , incoming material inspection and salvage operations, (Bhat, 2003, 461-462)

The purchasing function comprises the essencial activities associated with the acquisition of the materials, services and equipment used in the operation of an organization, (Dobler, 1996, 35)

Purchasing is the time taken to complete the standard activities of the purchasing cycle composes the lead time, which stated otherwise would read as the time that laps between the identification of a need and it's fulfillment, (Gopalakrishnan, 2004, 143)

In general purchasing can be defined as acquisition of required materials, services and equipment used in the operation of an organization. It is one of the basic functions common to all types of business enterprise. In order to fulfill the basic responsibility of optimizing company profit, all business function must into a unified whole. In most business organizations there is the purchasing department, and the department is a unit of a firm whose duties include some part or all of the purchasing function.

The purchasing function is usually performed economically and efficiently by a specialized Centralized purchasing Department, directed by a skilled purchasing manager But the Purchasing function does not have to be performed in such a manner. In practice it is sometimes performed by any member of different executives on department.

2.2 Purchase Vs Procurement

The term procurement has its background with the formation of early governments. Today, it is widely used by the armed forces to define one of several supply functions involved in logistic activities. Government defined procurement as the entire process by which all classes of resources (people, material, facilities, and services) for a particular project are obtained. Basically purchasing and procurement are the same. However, procurement concept encompasses a wider range of supply activities than does purchasing function and it's typically includes a broader view of the traditional buying role, with more buyer participation in related materials activities.

Specific activities usually included are:-

- i. Participation in the development of material service requirement and their specification.
- ii. Conducting materials studies and management of value analysis activities. Here, value analysis is represents a potentially powerful set of tools, which can be used by management in controlling materials costs. The fundamental objective is the procurement of materials representing the "best buy" in terms of the functions to be performed the two general tools are design analysis of the required product part on materials and cost analysis.

- iii. Conducting supply market research.
- iv. Management supplier's negotiations.
- v. Administrating purchase contracts.
- vi. Managing supplier quality
- vii. Buying of inbound transportation
- viii. Management of investment recovery activities (i.e. Salvage of surplus and scarp), (Dobler, 1996, 35)

The purchasing function comprises the essential activities associated with the acquisition of the materials, services and equipments used in the operation of an organization. In the broader sense, the functions and responsibilities include the following: -

- Obtain the right quality and quantity of materials at the right price and time so that production will not be hampered. This is the first and for most competitive price.
- See the purchase are made at the most competitive price.
- See the funds are utilized on pruchase4s with the utmost discretion.
- Cost reduction this can be achieved not only by competitive buying and negotiation but also by techniques such as standardization, value analysis etc.
- See that purchases are made only against authorized purchase requisitions and proper sanctions.
- See if material intended can b manufactured in the plant by utilizing spare capacity.
- Deal with the suppliers regarding shortages, rejections, etc reported by the stores.
- Inform stock control of any charges in the delivery time and the most economic quantities.
- In the case of delay in obtaining supplies against any purchase requisition keep the department concerned informed of progress.
- Suggest latest and more economical materials for use by the manufacturing department. This could be done because of its contracts with outside source of supply.
- See the supplier's invoices are promptly paid by the accounts department.
- In many companies, the purchase section also handles the disposal of surplus stock and scrap. Because of its better knowledge of market conditions and of the dealers.

Thus in essence, procurement tends to be boarder and more proactive, with some focus on strategic matters, as compared with the typical implementation of the purchasing concept, (Dobler, 1996, 35-36)

2.3 Purchasing Objectives

Establishing the purchasing requirements is an operational function in any business with physical stock supplies. Purchasing activities involve sourcing and obtaining supplies as well as paying for them. Many forms of business activity require some kind of stock supplies. Stock supplies required could include raw materials, component parts, trading stock or job materials. The purchasing objectives and the management aim for the purchasing function should be to obtain the best possible supply terms. Because the major concern in negotiating supply terms is the cost of supplies, your main purchasing objective should be measured in the average gross profit margin. The gross profit margin is calculated as the percentage of gross profit made on the sale of the stock item. It measures how cheaply you purchase stock supplies. The objectives of purchasing can be viewed from three levels including: general managerial level objectives, functional/operational level objectives and detail level objectives, (Dobler, 1996, 41)

2.4 Types and Objectives of Purchasing

2.4.1 General Managerial Level Objective

Purchasing plays a crucial role in the material cycle, because it is in charge of the input stage up to consumption in manufacturing. The efficiency of the purchase cycle is reflected by the Japanese slogan “we live by sale, but make our profits by purchase” the process of purchasing can’t start ticking, unless the purchaser knows what is to be bought. He or she should know the quality specifications, quantity required, timing of requirement and the place where to deliver the items, (P.Gopalakrishnan, 2004, 143)

From the top managerial perspective, purchasing has the following objectives, which can be explained in terms of the 6R’s of purchasing.

I. **Right Quality:** - Quality is defined as simply “fitness for purpose” of the British Standard Institution defines “the totality of features and characteristics of production or service that bear on its ability a given need” In meeting, this objective purchasing must select items, which have sufficient quality to fit users requirement and specifications, the term quality as used in the field of purchasing carries quite a different meaning that we usually associate with this word. In common usage, it refers to the excellent feature of the subject “The right quality is the suitable of an item for a given purpose”, (Bhat, 2003, 466)

II. **Right Quantity:** - The right quantity is more relevant to the purchase consumables or parts or assemblies for manufacturing that for project buying fulfilling these objectives will enable to provide a continuous and uninterrupted material at the minimum cost. In most organization the decision of the how much purchase is more important by the close relationship of purchase quantity a san schedule use.

The decision of how much to acquire follows clarification of what is acquired therefore before making decision considering factors that complicate that quantity decision are essential, including:

- The larger the quantity is the lower the unity price
- The large the quantity the higher the storage costs
- The larger the quantity is the higher the risk of damage
- The larger the quantity the higher the cost of items in storage
- The larger the quantity the fewer orders that will be place and hence the lower the ordering cost, (Bhat, 2003, 466-667)

III. **Right Price:** - A traditional purchasing objective is to obtain the lowest possible purchase price. However, the common practice is to obtain the best life cycle price or the lowest total acquisition cost. “The factors that affect the price of items are quality and quantity required urgency of requirements, demand and supply of materials in the market, whether there is room for competition or not, whether the past business relationship was good or not strained”, (Bhat, 2003, 466)

IV. **Right Time:** - The delivery of the contracted item to the right place at the right time is an important procurement function. Proper buying enhances production schedules with our loading warehouse with excessive inventory and also minimizes the unfavorable effects of price changes. In case of regularly used or procuring items, right time may mean the time when the stock reaches the minimum level adhering the responsibility shared both by the purchasing unit, and the approving body, (Bhat, 2003, 467)

V. **Right Place:** - this means right place of delivery. Every purchase contracts in addition to time of delivery must clearly state the place of delivery, (Bhat, 2003, 467)

VI. **Right Supplier:** - The right source is fundamental component or the major purchasing objectives. Basic information about the number and location of potential suppliers, the nature of products, prices charged and forecasts of the economic condition can be acquired if we are to analyze the supply market effectively rather than simply to buy from traditional sources which may not be competitive, (Bhat, 2003, 467)

But there are problems faced by the purchasing unit emending securing right and permanent source of supply. The first problem is identifying potential source of supply, then selecting the right reliable supplier is also challenging. The most difficult challenge is to secure long-term relationship with the right supplier because of the dynamic nature of the business environment and continuous attempt of businesses to make better profit relations with the right suppliers might not last long. Hence periodic revision of the status of the relationship and making the necessary amendments in agreements in required.

2.4.2 Functional Level Objectives

The operational (functional) level perspective probes more deeply to develop a set of statements that provide practical and useful targets for decision-making purpose. This perspective contains eight basic objectives, (Dobler, 1996, 42-44)

1. To support company operations with uninterrupted flow of material and services.
2. To purchase competitively

It involves keeping abreast of the forces of supply and demand and regulates prices and availability of materials in the market place. It also involves understanding of the suppliers cost structure and then negotiate price and service arrangement that are fair relative to the suppliers actual cost.

3. To keep inventory and inventory loss of at a practical minimum.

Maintaining a large inventory is one way to achieve objective one, but it is also costly, hence the supply management job is to achieve a reasonable balance between the level of inventory required to support operations and the cost of carrying the inventory.

4. To buy wisely

Buying wisely involves a continual search for better values that yield the best combination of quality, service and price relative to buyers' need. It may also involve coordinating and reconciling user's need with supplier's capabilities, to achieve optimal values considering both issues.

5. To achieve maximum integration with the other department of the firm it is essential to understand the major needs of their using departments, so that these needs can be translated in to materials support actions. The most common types of support actions are forecasting future prices and business conditions, performing Economic make or buy analysis etc.

6. To handle the purchasing and supplies management function proactively. In a Professional, cost effective manner, Management should expect the preceding the above objective to be achieved in a professional manner are a cost that is appropriate with their value to the organization.

7. To develop effective and reliable sources of supply.

Cooperative suppliers those are willing to work with a buyer to help solve the Buying organizations problems and to minimize its materials related costs are Valuable resources.

8. To develop good relationship with potential suppliers community and good continuing relationship with potential suppliers.

The achievements of the preceding objective on a continuing relationship are maintained, (Dobler, 1996, 42-44)

2.4.3 Detail Level Objectives

At this precise strategic buying plan are formulated. The focus is on the detailed objectives that are developed when precise buying plans are made for each of the major categories of material the firm uses in its operation. These objectives are

Produced from the second level objective and are applied to fulfill the specific needs associated with each type of purchase, (Dobler, 1996, 44-45)

The precise set of objectives for each material typically varies because the usage requirement, the operating conditions and the markets in which each material is purchased usually are different. These objectives focus on points like quality, sourcing, pricing, production and inventory planning, (Dobler, 1996, 44-45)

2.5 Types of Purchasing

Purchasing in the business world is two, and these are:-

- 1 Purchasing for resale:- this type of function is performed primarily by merchants.
- 2 Purchasing for consumption or conversion: - Person who buy material for consumption or conversion are called Industrial buyer, (Dobler, 1998, 18)

2.6 Purchasing Roles

i. The roles of purchasing in business management are observed from different angles: - First, as a function of business; second as one of the basic elements required to accomplish productive work, and third, as the department responsible for outside manufacturing, (Dobler, 1998, 19 -24)

1. Purchasing as a function of business

Purchasing functions are basic functions common to all types of business enterprise. These functions are basic because no business can operate without them. All businesses are administered or managed by coordinating and integrating the following six functions:-

- a) Creation: the idea or design function usually based on research.
- b) Finance: the capital acquisition and financial planning and control function.
- c) Personnel the human resources and labor relations function.
- d) Purchasing: the acquisition of required materials, service and equipment
- e) Converting: the transformation of materials into economic goods and services.
- f) Distribution: the marketing and selling of goods and services produced.

By its nature purchase is a basic and integral part of business management for business to be successful, all its individual parts must be successful, all its individual parts must be successful, it is impossible for an organization to achieve its full potential without a successful purchasing activity. This does not imply that all purchasing departments are of equal importance to the success of their companies. They are not, their importance varies widely. The importance of any individual business function within a specific organization is dependent upon a number of factors such as the type of business goals, and economic circumstances.

2. Purchasing as one of the basic elements required to accomplish productive work.

Purchasing deals with one of the five M's (Machines, men, materials, money and management), which is important to accomplish the goal of developing and manufacturing of products. Materials

are the lifeblood of industry (i.e. no industrial organization can operate without them). As both the complexity of materials and the volume of production skyrocketed, materials become a much larger element of cost.

3. Purchasing as a Department responsible for outside manufacturing

Materials which go in to a typical company's product can originate from either of two sources i.e.

- ii. Production department which converts raw materials into process parts.
- iii. Purchasing department which is not only purchasing raw materials that the production department converts into processed parts, but it is also purchase finished processed parts. Thus, the purchasing department has the responsibility and authority to schedule the delivery of outside production. The parts made by the production department are combined in assembly with the part bought by purchasing department to make the company's final products, (Dobler, 1998, 19 - 24)

2.7 Purchasing Policy

“A policy is statement that describes in very general terms may intend course of action”

After the fundamental objectives of an activity are established, policies are developed to serve as general guidelines in making operation decisions that channel actions toward achievement of objectives. To facilitate this process, a set of operating procedures is subsequently developed that details the specifications to be taken to get the job done, (Dobler, 1996, 45)

Purchasing policy places the authority and responsibility for purchasing in the purchasing Department. Every transaction between a buyer and seller involving the transfer of Property is a contract. From the beginning to the completion of transaction between a buyer and seller many problems are involved and paper handling of these and the administering of the business' features connected with them are vital factors in the successful operation of the company. For this reasons, the authority and responsibility of purchasing rests with the purchasing department, (Bhat, 2003, 273-274)

The purchasing department is responsible to establish and administer purchasing policies. Institute reports necessary to permit analysis of purchasing performance, negotiate and approve term contracts, analyze prices, paid for materials and generally define how to obtain saving and to co-ordinate purchasing procedures.

2.8 Purchasing Procedures

Procedures used in completing a total transaction normally vary among different types of purchases and in different organizations. However, purchasing procedures refers to the way in which a purchase transaction is carried through from its inception to its conclusion. A purchasing proceeding usually begins with an investigation of new suppliers can be made for renegotiation contract with existing suppliers.

The general cycle of activities in purchasing most operating a materials and suppliers is fairly standardized. The following steps constitute the typical purchasing procedures, (Dobler, 1998, 62)

1. Organizing of purchase requisition

i. The need for a purchase typically originates in one of a firm operating departments of in its inventory control section or it may be from users or stores section. It is a stimulus for purchaser to initiate purchasing. The essential information which requisition should contain includes a description of the material; quantity, dare required; estimated unit cost; the date; an authorized signature, (Dobler, 1996, 89)

2. Verification of purchase requisition

The purchasing department verifies whether the requisition is appropriately filled or not.

3. Evaluation and selection of the supplier.

As soon as the need has been established and precisely describe, the buyer begins an investigation of the market to identify potential source of supply. In the case of routine items for which supplier relationship have already been developed, little additional investing may be required to select a good source on the other hand the purchase of high-value or new item may require lengthy investigation of potential suppliers to make a decision about the most desirable supplier.

4. Preparation of purchase order

Once a supplier has been selected the purchasing department prepares and issues a serially numbered purchase order. In most cases the purchase order becomes a legal contract document. For this and other reason the buyer in preparing and forwarding the order should take great care.

5. Follow-up

Also called expending, purchasing bear's full responsibility for an order until the material is received and accepted. When there is a reasonable chance that the supplier may not stay on schedule important orders with critical delivery date should receive active follow – up attention. There may be a need to speed up (expedite) or even delay (de-expedite) delivery if the buyer timing requirements undergo unexpected changes.

6. Receiving and Inspection

The supplier ships materials with the packing slip, which itemizes and describes the contents of the shipments. The receiving clerk uses this packing slip in conjunction with his/her copy of the purchase order to inspect call inspection committee to inspect materials and prepare goods receiving report for the accepting materials and for rejection materials also prepare rejection report and inform for suppliers on time in order to take corrective action to verify that the correct materials has been received.

7. Payment

The typical procedure involved is a simultaneous of the purchase order, the receiving report and the invoice. By checking the receiving report against the purchase order, the purchaser determines whether the quantity and type of material ordered was in fact received. Then comparing the invoice with the purchase order and received.

8. Evaluating the purchasing performance

Purchases need to evaluate whether the material purchase from the supplier have satisfied the need of the users. This evaluation will help whether to consider the supplier next time. The specific procedures employed by each should be designed to meet the unique needs of the firm. Properly designed procedures should accomplish four objectives. These are:-

- ii. Fulfill each task satisfactorily with minimum of time, effort and proper work.
- iii. Effectively communicates and coordinate the efforts of one work group with another.
- iv. Minimize overlapping effort and group conflicts.
- v. Permit effective management by exception, (Dobler, 1996, 89)

2.9 Forms of Purchasing Organization

There are three ways in which responsibility for purchasing is organized:-

- a) Centralized Purchasing
- b) De-centralized Purchasing
- c) Centralized –Decentralized Purchasing, (Bhat, 2003: 484-485)

2.9.1 Centralized Purchasing

Responsibility for purchasing function should be centralized whenever it can be done without sacrificing the efficiency due to restriction of local initiative. The advantages of centralization are:

- i) Undivided responsibility,
- ii) Consistent purchasing policies
- iii) High degree of purchasing power.

With centralized purchasing, all purchase records are kept in one place and under supervision and control, which facilitates easier compiling and consulting the records.

Centralized purchasing is thus more effective for taking action to meet changing market conditions.

Centralization aids in the standardization of specifications and tends toward lower inventory investments. The order quantities on vendors will be high resulting in lower purchase prices. Usually any organization having a single location must adopt centralizing purchasing as a rule.

In case of organization's having multiple plants, centralization must consider factors such as geographical location of plants, similarity of products produced, type of materials forming the bulk of purchases, special market situations relating to large volume materials, location of suppliers etc, (Bhat, 2003, 484-485)

2.9.2 Decentralized Purchasing

When manufacturing plants are widely dispersed geographically and manufacture different products having different material requirements, decentralized purchasing is better than centralized purchasing. In such case each manufacturing plant will have its own purchasing department. The purchasing manager directly reports to the chief executive of the plant or to the general manager (materials management). But the individual purchase departments of various

plants will have functional relationship with director (materials management) at the corporate management level. The corporate director for materials management will establish and enforce general purchasing policies and procedures for all the purchase departments of different plants of the organization, (Bhat, 2003, 484-485)

2.9.3 Centralized-Decentralized Purchasing

Many firms operating several plants whose geographical locations may not be too widely scattered and whose product and material requirements many over a large number of similar parts and materials used in common and in large quantities, may adopt centralized-decentralized purchasing approach.

A general purchasing department may be setup to establish general purchasing policies and to do actual buying of common parts and materials and also to supervise and direct the work of local purchasing departments which are set up a each plant, (Bhat, 2003, 484-485)

Chapter Three

3. Data Presentation, Analysis and Interpretation

3.1 Introduction

This chapter deals with presentation, analysis and interpretation of the collected data and contains duty of Food for the Hungry/Ethiopia. It will be discussed on the purchasing practice and activities related with it. The information presented in this chapter is obtained through both primary and secondary source of data.

The primary data were collected through direct personal interview, using questionnaire and observation. The secondary data were collected from the record documents, various written sources such as journals, publications, magazines, company's profile bulletin, research finding and other related written materials.

3.2 Characteristics of Respondent

A questionnaire has been disseminated to 45 employee of Food for the Hungry/Ethiopia who are working in various positions and has direct or indirect link with organizational purchasing activities. All filled questionnaires were correctly returned to the researcher.

Table 1: Gender of the respondents.

Item	Response	Frequency	%
Sex	Female	17	37.7
	Male	28	62.3
	Total	45	100

As it is shown in table 1, the number of male employee (62.3%) is greater than female one (37%), which implies there is still unbalances of gender mix in this organization.

Table 2: position and working category of the respondents.

Category	Frequency	%
Senior Managers	5	11.1
Other managerial	13	28.8
Supervisory	17	37.7
Professionals	7	15.5
Custodial	3	6.6
Total	45	100%

Among the respondents, 37.7% were supervisors, these shows as the organization has been engaged in the development work number supervisors are working in different levels of organizational hierarchy, and this indicates that all the respondents were well experienced and can provide reliable information and also other managerial consists of 28%.

Table 3: Work experience of the respondent in the organization.

Item	Response	Frequency	%
Years of service	less than 2 years	8	17.7
	2 to 5 years	17	37.7
	6 to 10 years	10	22.2
	11 to 15 years	7	15.5
	more than 15 years	3	6.6
	Total	45	100

As shown in the above table 3, the work experience which respondents stayed with the organization vary and it is shown that 37% of the respondent has worked with the organization between 2 to 5 years, 22.2% of the respondents has worked 6 to 10 years, 17.7% of respondent stayed less than two years, respondent worked 11-15 years is 15.5% and employee worked more than 15 years is 6.6%. This shows most of the employee has been working for 2-5 years with the organization.

Table 4: Reorder point that purchase requisition issued.

Item	Response	Frequency	%
Does purchase requisition issued at the reorder point?	Yes	37	82.2
	No	8	17.8
	Total	45	100

This table 4 shows that, respondents which agree purchase requisition issued at the reorder point accounts 82.2% and respondent accounts 17.8%, the organization don't use purchase requisition reorder point which indicates that the organization has good organizational structure that helps to facilitate purchase requisition process and designation of reorder points.

Table 5: Having enough time to purchase the required items.

Item	Response	Frequency	%
Do you have enough time to purchase the required item?	Yes	40	88.8
	No	5	11.2
	Total	45	100

In the above table 5 shown that most of the employee believes that the organization has enough time to purchase the demanding items which account 88.8% of the respondents. On other hand 11.2% of the respondent think that there is a problem on the requisition made and prompt delivery of items which is demanding for the office use and rehabilitation programmed discharge.

Table 6: Types of material that the organization mostly purchases.

Item	Response	Frequency	%
What type of material you mostly purchase?	Goods	28	62.2
	Services	17	37.8
	Total	45	100

The above table 6 shows, out of 45 respondents 62.2% believe mostly the organization purchase are goods but around 37.8% would think that most of the organization purchase budget goes to buying services, in the hope that services are must at any stage in both head office and every intricate of project sites.

Table 7: Detail specification given to the purchasing department.

Item	Response	Frequency	%
On the issuance of purchase requisition are detail specifications given to purchasing department?	Yes	15	33.3
	No	30	66.7
	Total	45	100

It is clearly shown that in the table 7 above and it has been confirmed by some respondents accounts 33.3% are agreed that detail specifications don't given to purchasing department but most of the respondents which accounts 66.7%, whenever the organization requested for purchases items, the detail specification has not been given to the purchasing department in which the supplier will be selected in accordance with the bid procedures, this goes because request department gets lack of knowledge about goods and service.

Table 8: Budget consideration before approval of purchase.

Item	Response	Frequency	%
Before approval of purchase requisition, does the budget considered?	Yes	39	86.7
	No	6	13.3
	Total	45	100

As it is stated about in the table 8, most of the respondents (86.7%) reply that the purchase requisition mostly consider the budget allotted for the approval. In divergent, 6 of the respondents (13.3%) would not agree that the organization is considering the budget before making a decision for purchase request.

Table 9: Readiness of the annual purchasing plan before yearly consumption.

Item	Response	Frequency	%
Is the annual purchasing plan put in place before on yearly consumption?	Yes	14	31.1
	No	431	68.9
	Total	45	100

As it is shown in the above table 9, a number of respondents 14(31.1%) deem that the organization give priority to the yearly office consumption before rushing to make purchasing, more over the yearly plan is ready before to start the new budget year. And in the other hand a number of respondents which account 31(68.9%) respond as the annual purchasing plan not put in a place before yearly consumption.

Table 10: Supplier recommendation by the purchase requester department.

Item	Response	Frequency	%
Is there supplier recommendation by the requester department?	Yes	40	88.9
	No	5	11.2
	Total	45	100

In the above table 10, most of the respondents 40(88.9%) reply as there is suppliers recommendation when the request is made by the department and 11.2% of the respondents do not deem on it.

Table 11 Facilities given to the purchasing department.

Item	Response	No.	Yes	%	
				No	Yes
Does the purchasing department has the following facilities for their own to undertake their action effectively?	Vehicle	45	0	100	0
	Assistant	38	7	84.5	15.5
	Total	45	45	100	100

As it is seen in the above table 11, the organization has a vehicle facility in which the purchasing department undertakes transportation of goods purchased but there is no vehicle which is dedicated to the purchasing department and whenever the department need they will be supplied considering other work. In the other hand 38 (84.5%) respondents are not happy with the assistance being given to the purchasing department and respondent 15.5% are agreed that assistance given to the purchase department.

Table: 12: The Company that frequently purchases.

Item	Response	Frequency	%
What does the company frequently buy?	Local material	29	64.4
	Imported material	16	35.6
	Total	45	100

According to the respondents shown in the above table 12, most of the purchasing made by the organization is from the local market which accounts 29(64.4%). But still there are respondents 16(35.6%) who suppose the organization manages a number of purchases from abroad and importing product through transit.

Table 13: Price change due to inflation.

Item	Response	Frequency	%
Is there frequent purchasing price change due to inflation?	Yes	45	100
	No	0	0
	Total	45	100

Regarding the price inflation as it is shown in the table above all the respondent 45(100%) reply that as there is frequent price changes due the inflation. And it is believed that the change in price would exert considerable impact on the purchasing process of the organization.

Table 14: The annual purchasing plan affected due to inflation.

Item	Response	Frequency	%
Does the inflation negatively affect your annual purchasing plan?	Yes	41	91.1
	No	4	8.9
	Total	45	100

In the above table 14, it is clearly shown that most of the respondent, which account 41(91.1%), suppose that the inflation has affected the organizational annual purchase plan in the other hand this has been diverged by 4(8.9%) of the respondents who has participated in this research study.

Table 15: Management act on the problem.

Item	Response	Frequency	%
Does the management of the company has tried to solve by taking protection?	Yes	43	95.5
	No	2	4.5
	Total	45	100

As it is shown in the above table 15, most of the respondents 43(95.5%) suppose that the organization has tried to solve factors of inflation and they think protective measure has been taken. Whereas a few think which about 2 (4.5%), the organization has not tried to solve and take protective mechanism on factors of inflation.

Table 16: Measures that are taken by the management.

Item	Response	Frequency	%
Which of the following protection measure is taken?	ty	29	64.4
	idizing	9	20
	stitute Material	5	11.1
	g term contract with	2	4.4
	lier	2	4.4
rs	45	100	

As it is shown in the above table 16, respondent 29(64.4%) deemed that the organization take protective measures by safety as most of the purchased goods will be kept in the store, in which the organization protect the inflation. According to the respondent subsidizing take 9(20%), subsidizing has taken 5(11.1%) and making a long term contract with supplier account 2(4.4%).

Table 17: Organization suffered from late supply from suppliers.

Item	Response	Frequency	%
Have the organization ever suffered from late supply from suppliers?	Yes	10	22.6
	No	35	77.4
	Total	45	100

In any does supplier and buyers relationship there would be a sort of inconsistencies in which the supplier could not deliver product and service promptly. As it is shown in the above table 18, 10(22.6) of the respondents has experienced suffering for late delivery of products and services but still most 77.4% believe that the relationship between the supplier and the purchasers has been not destructive yet.

Table 18: Problems mostly occurred regarding the suppliers.

Item	Response	Frequency	%
Which situation is mostly occurred?	Force majeure	6	13.3
	Price inflation	28	62.2
	Supplier's best advantage	10	22.2
	Other Problem	1	2.2
	Total	45	100

In the above table 18, most of the respondents answer supposes that the problems that usually occur is a price inflation which is versioned 28(62.2%) of the respondents and suppliers best advantages account 10(22.2%), force majeure has been revealed as 6(13.3%) of the total respondents. On the other hand 1(2.2%) respondent replied that there is other problem.

Table 19: Suppliers item quality, price, quantity and right time.

Item	Response			
	No		Yes	
	Frequency	%	Frequency	%
Right quality	4	8.9	41	91.1
Reasonable price	21	46.7	24	53.3
Required quantity	8	17.8	37	82.2
Right time	31	68.9	14	31.1
Right Place	39	86.7	6	13.3
Total	45	100	45	100

It is shown on table 19, most of the respondents 41(91.1 %) and 37(82.2%) are happy with the supplier delivery of goods and services with the required quality and quantity respectively and averagely with the price reliability that accounts 24(53.3%). But still there are a number of respondents 14(31.1%) and 6 (13.3%) questioned the imbalance between the prompt delivery of goods & service and supplier transport facility.

Table 20: Service satisfaction provide by purchasing department.

Item	Response	Frequency	%
Is the service provided by the purchasing department satisfying your need?	Yes	36	80
	No	9	20
	Total	45	100

Based on the above table 20, 36 of the respondents (80%) are satisfied on the service rendered by the purchasing department, some 9(20%) still complain on the performance, logic and procedures of the organization's purchasing practice.

3.3.1 Analysis of Interview Results

Interview has been conducted with the, Finance Director, Logistic & General Service Head, Purchaser, one coordinator and Project Manager of the organization to gather information about the purchasing practice of Food for Hungry/Ethiopia. According to the written policy, the purchasing department of the organization is responsible for buying products, services or equipment at the best rate. The purchasing department of an organization is responsible for overseeing and finalizing the purchase of products, services or others to enhance the functionality of tools of the organization.

Regarding to the purchasing of goods and services from time to time, many factors affect the purchasing process the main one is the price inflation, as it is learnt from the purchaser, the organization uses different mechanism to resolve the factors which hindered with regards to the price inflation. To mention some, safety or having material in store, subsidizing some of the departmental budget to be the best of organizational out and making a long term contract with the supplier are some of the measures that have been taken so far. But still safety of material has been confirmed as the best tools to minimize the booming inflation.

Finally the organization used different types of purchasing procedure, but there still inconsistency mostly occurred regarding the suppliers best interest and force majeure due to this and that factors sometimes the organization started to use the local product which will be more convenient in terms price and the desired service.

CHAPTER FOUR

4. Summary, Conclusion and Recommendation

4.1 Summary

In any does government or non-government organization, especially for non-profit organization choosing the best purchasing modalities would be indispensable to manages the budget allowed for a given project life and the facial year as a whole. One of the key components that Food for Hungry/Ethiopia sounds and most of the purchasing process is being conducted depending on the projects that run by the organization. As any organization, Food for Hungry/Ethiopia has problems on its purchasing practice. The aim of this research paper is to explore and assess the gap in the purchasing practice of the organization and what has been stated on the literature review of this paper. The study was conducted by taking a group of employees who worked in the organization, by employing purposive selection technique. To assess the gap, 45 questionnaires were collected by making "statement of the problem" as base. Thus based on the findings, conclusions and Recommendations are drawn the next section of this chapter.

- The majority of male respondents constitute 62.3% of the total respondents.
- Concerning service year, employees who have been working in the organization from 2-5 years constitute 37.7%.
- Quite significant respondents who believe the organization uses purchase requisition reorder point constitute 82.2% of the total respondents.
- Most of the respondents who believe the organization has enough time to purchase items are 88.8%.
- Out of the total respondents, 62.2% believe most of the organization purchase is goods.
- Significant number of the respondents (66.7%) of the respondent said organization requester doesn't give detail specification for the purchased items.
- Majority of the respondents who believe that purchase requisition approved mostly considering the budget allotted for the facial year which constitutes 86.7%.
- Among the total respondents, 68.9% of the respondents deemed that the organization give priority to the yearly plan to the purchase department.

- Most of respondents who replied as there is supplier's recommendation when the request is made by the department 88.9%.
- All respondents who are not happy with vehicle facility and also most of the respondent 84.5% are not happy with the assistance being given to the purchasing department during the purchasing process.
- Regarding to purchasing made by the organization majority of the respondents who believe that purchase is from the local market constitute 64.4% of the total respondents.
- Concerning to inflation all of the respondents respond that there are frequent price changes due the inflation.
- Most respondents who believe that the inflation affected the organizational annual purchase plan are 91.1%.
- Majority of respondent accounts 95.5%belived that the organization is trying to solve factors of inflation.
- Almost all respondents 95.5% suppose that the organization has tried to solve factors of inflation through by safety.
- The highest percent of respondent are happy with quality and quantity of the required items..
- Most of the time problem occurred in the organization in relation to purchasing is highly caused by price inflation.
- Out of the total respondents, 80% are satisfied on the service rendered by the purchasing department.

4.2 Conclusions

Based on the summary, the researcher has concluded about Food for Hungry Ethiopia's purchasing practice as follows:-

- Concerning the frequency of delivery delay it could fairly be concluded that the opinion comes from two groups, request department and suppliers, on the side of the requester there is a lack of giving detail specification to the purchase department and approving the request department & approving the request material without considering the budget. And also the other problem is come from the supplier, which is inconsistency of price, delivery time and place.
- As the above analysis shows clearly that the request department doesn't forward the yearly purchase plan to the purchasing department for efficiency.
- In the organization purchasing practice supplier recommendation is adapted with a lot of reason like lack of knowledge, personal interest and purchase the required material without approving the responsible party and without the purchase policy of Food for the Hungry Ethiopia.
- According to the analysis all respondent are not happy with the Vehicle arrangement given to the purchase department and most of the respondent reply assistant to the purchase department is not satisfactory.

4.3. Recommendation

- Therefore it should be the responsibility of both the requesting department & the purchasing department to agree on the specification of the requested material. For items that might be difficult to determine their specification, it is advisable to first consult with its end user or with a technical person who might have a good knowledge about it. However this procedure must be done prior to the price quotation inquiry.
- Food for the Hungry/Ethiopia should also develop a control mechanism whereby every purchase request must be checked against its available budget prior to preparation for price inquiry.
- The organization has to develop a mechanism to choose loyal suppliers should keep list of its loyal suppliers and use a selected supplier's purchase process whereby only those listed as loyal suppliers with a proven record of good practice for consistency in their price, quality of items, strict delivery time and so on. Food for the Hungry/Ethiopia should also keep updating this list to include or exclude suppliers as deemed necessary.
- Food for the Hungry/Ethiopia should have a strict policy on preparing a yearly purchase plan as part of the annual operational plan. By doing this, the organization benefits from a collective purchasing and also saves enormous time & cost of executing the purchase process.
- Food for the Hungry/Ethiopia should recognize the importance of purchase department for the overall success of the organization and give due attention to the capacity building of its purchase staff and capacitate the department with the required resources.