



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF PURCHASING PRACTICE AND ITS
CHALLENGES IN THE CASE OF ETHIOPIAN CONSTRUCTION
WORKS CORPORATION**

**BY
ABERA URGESA MEGARSA**

**JUNE 2019
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**ATHESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTERS OF BUSINESS
ADMINISTRATION (MBA) IN GENERAL MANAGEMENT.**

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APPROVED BY BOARD OF EXAMINERES

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of advisor. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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June 2019

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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Signature

June 2019

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Acronyms and Abbreviations

ECWC- Ethiopian Construction Works Corporation.

PPA -Public Procurement Agency

CEO- Chief Executive Officer

RFQ -Request for Quotation

RFP -Request for Proposal

TAC -Technical Evaluation Committee

SBD - Standard Bidding Document

5R's - Right Quality, Right Quantity, Right Time, Right Source and Right Price

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Abstract

Purchasing is a means by which an organization acquire good and services in a scientific manner. In ECWC More than two third of the organization annual budget is spend through Purchasing. Every activity of the corporation is highly attached with the performance of procurement and property administration. Thus, failure of the purchasing activity has a direct impact on the failure of all other sectors performance. This study focused on the assessment of purchasing practice and its challenges in the case of ECWC. The purpose of the study was to assess the performance of procurement main department, the satisfaction level of the end users and the challenges that affect the practice of purchasing. For the accomplishment of this, the study was employed through descriptive designee in which the selection of respondents is carried out by using simple random sampling technique. 89 respondents are considered as a sample unit. Both primary and secondary data are used. For primary data, both structured and unstructured type questionnaires were prepared. The performance of the purchasing activity is poor. The workflow is too long and has bureaucratic nature which is not flexible for generation of new idea. The section or the department that is very responsible for the performance of procurement is not fully authorized to make decision in every purchasing stage and method. Besides, the qualification of the staff and training held is not well enough to fill the gap. The negotiation, specification and contract management are also too poor. However, some of the observed gaps should be filled. This needs commitment from leaders of the corporation to improve the purchasing practice and resolve challenges for sound purchasing performance.

Key words: Purchasing, procurement, right quality, right quantity, right price, right time, right source.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Purchasing is one of the major activities of all organization to function and run. Purchasing function covers the sourcing end of supply chain management interfacing with the delivery end of the suppliers, while the classical definition of purchasing is ‘to obtain materials and/or services of the right quality in the right quantity from the right source, deliver them to the right place at the right price. (Alijan, 1973:1-3).

Traditional research on purchasing practices was concerned with identifying the best selection ways of suppliers based on supply characteristics (Kraljic, 1983). This research helped shifting the focus of purchasing from supply management to supplier management. Bensaou, (1999) further recognized that the key role of purchasing lies in managing relationships, not only between buyers and suppliers but also in the wider supply chain network. Based on these contributions, marketing and supply chain scholars have examined developments in purchasing with reference to relationship management and supply chain networks respectively. With respect to measurement of purchasing performance, a recently developed framework helps us to a better awareness of how organizations relate to their supply markets (Lind green, Van Raaij, Vanhamme, and Johnston, 2013).

The standard statement of the overall objectives of the purchasing function is that it should obtain the right materials in the right quantity, for delivery at the right time and place from the right sources the right service (after and before sale) and the right price.

Efficiency procurements procedures has become one of the crucial factor for determining organization efficiency as inefficiently procurement procedures not only reducing organization profit margins but also impact on overall success of organizations. In this aspect procurement is considered to be of major strategic importance for organization successfulness. (Paul raj et al. 2006).

The Ethiopian Construction Works Corporations (ECWC) is one of the Public enterprise currently engaged in domestic and overseas construction, upgrading and maintenance of roads, bridges, works relating to dams, irrigations, hydropower generation, water supply systems sewerage systems drainage, deep water wells, reclamations, river diversions, construction of buildings, air fields, rail ways ports and other civil works. The corporation procurement unit is organized under the Corporate Resource Management and Support Service sector to supply the requested goods or service to the user department. Well designed procurement system allows the procurement unit to acquire the goods or services at the right time, price, source, quality and quantity. The user department will also step forward their activity for the achievement of the organizational goal without any interruption as they are acquiring the requested goods or services. Thus, in this study the researcher tries to assess the purchasing practice and its challenges at the ECWC.

1.2 Statement of the Problems

Public procurement systems are very weak and ineffective governance of the public sector is at the center of strong challenges (Thai, 2009). Moreover, in developing country, many procurement activities still suffer from neglect, lack of proper direction, poor coordination, slow with a number of bureaucracy, lack of open competition and transparency, lack of accessibility, differing levels of corruption and not having a cadre of trained and qualified procurement officer, who are capable to conduct and manage the procurement process in a professional, timely and cost effective manner (Wanyonyi, 2015). Mamiro, (2010), described on findings 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.

In Ethiopia, most project works are being affected due to the lack of effective procurement process, which is the main cause of insufficient service delivery in all public sectors (Anteneh, 2015).

According to Leenders et al. (1989), the essential steps in procurement procedure are; Recognition of need, Accurate description of desired commodity, Selection of possible source of supply, Analysis of bids, Preparation of the purchase order, Follow-up and expediting, Receipt and inspection of goods, Clearing the invoices and Payment and finally maintenance of records.

When the current practice of ECWC as compared with the above steps seems variation or lacks some of the steps. This basically explains the procurement steps followed in the corporation are lacks accurate description of desired commodity on time and Clearing the invoices and Payment takes longer period of time. This is the cause for supplier dissatisfaction (ECWC manuals)

ECWC is a public sector which is not free from the above-mentioned purchasing delaying problems or factors. The current Purchasing process of ECWC has been conducted by using the legal document of the corporation procurement manual and public procurement agency (PPA) directives. Many or almost all of the user sectors, departments or divisions raises or complain that they are not satisfied by the purchasing practice of the corporation, this is mainly because of the delay in delivery of good and services. The purchasing/procurement steps followed in the corporation are too long and inflexible, incomplete purchasing plan, lack of budget, lack of accurate description of desired goods or services on time are the problem. Since the corporation has undertaking different types of road, dam and building projects in different parts of the country, lack of efficient delivery of goods and services resulted in cost and schedule overrun of the corporation in general and the projects in particular and creates dissatisfaction from the clients. The above elaborated paragraph explains the statement of the problem that this study tries to assess.

1.3 Research Questions

The research questions are stipulated as below: -

1. Does ECWC follow the purchasing manuals at all stages of buying process?
2. What are the problems that hinder efficient purchasing practices in ECWC?

1.4 Objectives of the Study

1.4.1 The General Objective

The general objective of this study is to assess the purchasing practice and its challenges in the case of Ethiopian Construction Works Corporation with specific focus to head office.

1.4.2 Specific Objectives

The specific objectives of these studies are: -

- i. To evaluate whether ECWC follows all stages of buying process.
- ii. To identify the challenges of ECWC, when they buy various goods or services.
- iii. To suggest the scholarly recommendations to overcome the problems.

1.5 Significance of the Study

This study identified the reasons behind ECWC inefficient purchasing practices and the implications on accomplishment of project and district plan, although total mission of the corporation. It conducted a study which assesses the purchasing process and the related challenges providing the necessary information and direction to improve the existing purchasing practice. Moreover, the purpose of the research is expecting put into insight the effects of purchasing practice in the organization, furthermore through attaining the intending purpose the research anticipate the following benefit. First, to add the current existing knowledge in purchasing this contributes to the main department in developing knowledge regarding the effects of purchasing practice in the organizations. The findings of the study also will assist other organizations to utilize the best practices as suggested throughout this study. To ensure work improvements and lead to better utilization of resources in regard to improving processes for procurement and general organization performance. And finally, the findings shall provide useful information's in regard to policy makers for the same in view of taking necessary action address challenges facing procurement practitioners so as to bring about an easily implementable suggestions in this focused area of the study.

1.6 Scope of the study

The focus of this study was limited to the purchasing practice and its challenges in ECWC at head office Addis Ababa. Specifically, on the assessment of purchasing practice and its challenges such as purchasing procedures, purchasing plan and purchasing performance. The target population for this study was limited to the Deputy CEOs, Main departments, Departments and team leaders'

1.7 Limitation of the study

Although because of the budget constraint and inconsistency in a response as they would not finish all the questions in the required time. The results of the study cannot be fully accepted as

being completely relevant and applicable to all at project and district level. However, some degree of generalization might be addressed possible. ECWC procure different goods and services in bulk centrally and distributed to different sectors, projects and district.

1.8 Organization of the Study

This study has been organized in five chapters. Chapter one entail introduction, background of study, statement of problem, objectives of study, research questions, significant of the study, scope and Limitation of the study and Organization of the study. Chapter two covers literature review, chapter three covers research design and methodology; meanwhile chapter four is foresee to cover data analysis, presentation and interpretation. Chapter five is specifically for summary of the findings, discussions, conclusions and recommendations.

1.9 Definition of Terms and Concepts

Right Price: - purchased item with reasonable costing

Right Quantity: - purchasing of goods or items without less or more quantity delivery

Right Time: - Deliver the purchased item at the right time

Right Quality: - purchased item with the desired specification

Right Source: -purchase items from right supplier who has equal quality for money value

Efficiently: -The best procurement is simple and swift, producing positive results without protracted delays (Thai: 2009)

Bid: -means a method in the procurement process extending from advertisement of or invitation to bid up to Signing of contract.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

In this chapter, the researcher has reviewed relevant literatures which are in related with the title in the study area. The chapter includes concepts and ideas, practices of purchasing and organizational performance. Conceptual framework of the research and empirical evidences are also included.

The efficiency and effectiveness of an organization based on the management and giving due consideration for every function of the firm in particular the function dealing with purchasing/procurement and supply system has paramount importance. Most organizations have spent a sizeable amount of their budget for purchasing goods and service. Due to this fact, purchasing is common activity in all types of business enterprise. It is imperative that these purchases are made following a uniform, systematic, efficient and cost-effective procedure, in accordance with existing documents of the organization.

2.1 Theoretical Review

2.1.1. Definitions of Terms

It is common to see people confusing the terms purchasing and procurement. On the other hand, some use terms like acquisition, public contract and supply management equivalently to procurement. According to (Dobler and Burt), purchasing comprises the essential activities associated with the acquisition of the materials, services and equipment used in the operation of an organization. Public procurement, on the other hand, comprises a wider range of supply activities than those included in the purchasing function. It typically includes a broadened view of the traditional buying role, with more buyer participation in related material services (Dobler and Burt: 1998). The terms purchasing and procurement are used interchangeable and also referring as material management, logistic, etc. It may therefore be helpful to start by clarifying some of these terms and concept.

I. Purchasing: - Defined as the activity responsible for getting the right material to the right place, at the right time, in the right quantity, at the right price (Herel, Encyclopedia: 994). The process by which an individual, a company (or other organization) contracts with third parties to obtain the

goods and services required to fulfill its business objectives in the most timely and cost-effective manner (Timothy: 2001).

II. Procurement: - According to Dobler and Burt (1998) procurement can be defined as "...the acquisition, whether under formal contract or other wise of goods, services and works from third parties by contracting authority. "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.

III. Right quality: - Quality is defined as simply 'fitness for purpose' or the British standard institution defines "the totality of features and characteristics of a production or service that bear on its ability to satisfy a given need" (Nair, 1990).

In meeting, this objective purchasing must select items, which have sufficiently quality to fit users' requirements and specifications. The term quality as used in the field of purchasing carries quite a different meaning than the meaning that we usually associated with this word.

In common usage, it refers to the excellent features of the subject, "The right quality is the suitable of an item for a given purpose" (Nair, 1990).

IV. Right quantity: - The right quantity is more relevant to the purchase of consumables or parts or assemblies for manufacturing than 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 how much to purchase is more important by the close relationship of purchases quantity and schedule use (Parson, 1982).

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

- The larger the quantity is the lower the unit price.
- The larger 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.

V. *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 factor 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 " (Parson, 1982).

VI. *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 without 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.

VII. *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 buy from traditional sources which may not be competitive

VIII. Supply chain Management: - According to Stephen Lemay, David J. Bloomberg, and Joe B. Hanna, SCM is: "The process of planning, organizing, and controlling the flow of materials and services from suppliers to end users/customers. This integrated approach incorporates suppliers, supply management, integrated logistics, and operation (manufacturing system) (Stephen, David and Hanna 2002) .

The survival of any business today is no longer solely dependent on its own ability to compete but rather on the ability to cooperate within the supply chain system. Supply chain management is a major concept for today's rapidly growing business organizations. The term supply chain is basically a group of independent organizations connected together through the products and services that they separately and/or jointly add value on in order to deliver them to the end consumer (Dawei L, 20011: 9). The seemingly independent relation between the organization and

organizations within the supply chain becomes ever more interdependent. Generally the supply chain management in any organization is influenced by strategic challenges that have long term or overall impact on the architecture and management of the supply chain varying from time to time. Business dimensions in market, technology, resource and time are the major challenges of supply chain.

When you manage a supply chain, you coordinate supply management, operations and integrated logistics into a flawless Pipeline to maintain continual flow of products or services to include all firms and sectors involved, from the raw materials source to the final product and delivery.

2.1.2 Public Procurement

Public procurement is the process of the acquisition, usually by means of a contractual arrangement after public competition, of goods, services, works and other supplies by the public entity. 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. The Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011, PP: 6). Public procurement is a process, which the governmental entity hiring or purchasing works, goods and services from other parties (Michael and Juanita, 2006).

2.1.3 Procurement Methods

The Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011, PP: 47) by quoting Proclamation Article 33: list the following methods of procurement. The following methods of procurement shall be used in public procurement:

- I. Bidding (tendering)
- II. Request for Quotations
- III. Request for Proposals
- IV. Restricted Bidding and
- V. Direct Procurement

The Federal Negarit Gazeta (2005, pp 2963) states that except as otherwise provided in this Proclamation, the procuring entity shall use open bidding method as the preferred procedure of procurement. Even though it is common that each method has its own advantage and drawback,

the Ethiopian government prefers the bidding method of purchasing especially; open bidding way to perceive the advantage gained by such method.

The Ethiopian Construction Works Corporation has a procurement directive that describes detail direction for the practice of procurement in head office, in all projects and district. There are different methods of purchasing applied to different situations where list of requirements are to be met.

The major methods of procurement derived from on the bases of Federal Public Procurement and Property Administration Agency used in the ECWC are as follows: -

- | | |
|---------------------------------------|---|
| 1. Open Tender /bidding/ | 6. Restricted bid |
| 2. Request for proposal | 7. Two Stage bid |
| 3. Request for quotation / Proforma / | 8. Direct purchase /single source supplier/ |
| 4. Reverse auction | 9. Pre-qualification Tender and |
| 5. Fixed price procurement | |

The selection criteria and detail description of each method of the purchasing process is stated as follows; -

2.1.3.1 Open Tender/ Bidding

According to Lysons and Farrington (2006, PP: 576) a purchasing procedure whereby potential suppliers are invited to make a firm and unequivocal offer of the price and terms on which they will supply specified goods or services, which, on acceptance, shall be the basis of a subsequent contract.

Types of bid

According to Lysons and Farrington (2006, PP: 576) tender are alienated in to five ways:

Open Tender: Prospective supplier are invited to compete for a contract advertised in the press or on the internet-the lowest tender generally being accepted, although the advertisers usually state that they are not bound to accept the lowest or any tender. Similarly, the Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011, PP: 41) sates that all interested firms bidders are given adequate notification of contract requirements and

all eligible bidders are given an equal opportunity to submit a tender. The public body must give sufficient public notification of bidding opportunities to potential bidders to determine their interest and prepare bid documents.

Selective Tender: Tenders invited from supplier on an approved list that have been previously vetted regarding their competence and financial standing.

Serial Tenders: Prospective suppliers are requested on either an open or a selective basis tender for an initial scheme on the basis that, subject to satisfactory performance and unforeseen financial contingencies, a program of work will be given to the successful contractor, the rates and prices for the first job being the basis for the rest program.

Negotiated tender: a tender is negotiated with only one supplier so that competition is eliminated. This type of contract is usual. In case of local authority, it would require the waiving of standard order.

Thus, generally from the above method of tendering the Ethiopian government and ECWC adopt only the two methods of tendering; open and restricted Tendering.

2.1.3.2 Two Stage Biding

According to public body may use Two-Stage Bidding Method for the procurement of large or complex contracts. In the First Stage, a public body shall invite through advertisement unpriced technical proposals on the basis of Bidding Documents which shall state the requirements of the public body in general terms and incorporate the necessary description and questionnaires and outline a conceptual design and/or specific performance requirements. A conceptual design would focus mainly upon the presentation of a functional design that provides potential bidders with basic technical information, e.g. stipulated performance specifications, outline technical specifications, visual, operational and economic details of the required procurement object.

2.1.3.3 Request for Quotation

The Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011, PP: 73) a public body may undertake procurement by means of a Request for

Quotations (RFQ) for the purchase of readily available, standard, off-the-shelf goods and related services and low value simple works or physical services.

The ECWC shall request quotations from many Bidders as practicable and shall obtain and compare at least three (3) quotations to establish the competitiveness of the quoted prices. Comparison of two (2) quotations is justified only when there is satisfactory evidence and suppliers put stamp of the company on purchase request considered as out of stock and also the price that the bidder quoted is market price.

A Public Body may carryout procurement by means of request for quotation with the authorization of the head of the Public Body or his representative without having to obtain the approval of the procurement endorsing committee if the value of such procurement falls within the threshold set forth below for each type of procurement:

1. For works, birr 250,000.00
2. For goods..... birr 100,000.00
3. For consultancy,birr 60,000.00
4. For servicesbirr 75,000.00

According to the ECWC procurement manual (004/2009, P: 24) the threshold amount to procure under request quotations method is:

1. For works, birr 50 million
2. For goods, birr 10 million
3. For consultancy,birr 10 million
4. For services,birr 10 million

2.1.3.4 Request for Proposal

The Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011, PP: 79) A Request for Proposals (RFP) shall be used by public bodies for procurement of consultancy services. Consultancy services mean a service of an intellectual and advisory nature provided by consultants using their professional skills to study, design, and organize specific projects, advice clients, conduct training and transfer knowledge.

2.1.3.5 Restricted Bidding

Prospective suppliers are invited to compete for a contract that advertising of which are restricted to appropriate technical journals or local newspapers. Likewise, the Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011, PP: 43) the total contract value of Procurement made by restricted bidding, in accordance with Article 49.2 of the Proclamation shall not exceed the following:

1. for procurement of works Birr 2,000,000.00
2. for procurement of goods Birr 500,000.00
3. for procurement of consultancy services Birr 300,000.00
4. for procurement of services Birr 400,000.00.

But according to the ECWC procurement manual (004/2009, P: 22) the threshold amount to procure under Restricted bidding is:

1. For procurement of works Birr 200 million.
2. For procurement of goods Birr 150 million.
3. For procurement of consultancy services Birr 20 million.
4. For procurement of services Birr 25 million.

2.1.3.6 Direct Procurement

The public body shall, in the first place, ask for a quotation from a single bidder directly and afterwards shall be free to negotiate with the selected sole bidder. There is no requirement for Direct Procurement to be advertised, nor is there a need for a bid security. According to (Benton 2007, pp 150-151) the major arguments in favor of single sourcing are that with the certainty of large volumes the supplier can enjoy lower costs per unit and increased cooperation and communication to produce win-win relationship between the buyer and seller.

Then again, Fearon and England (,1992 pp 257) discussed how the purchasing unit relay with a single source by enumerating

1. Prior commitment, a successful past relationship, or an ongoing long-term contract with a preferred vendor might prevent even the possibility of splitting the order.
2. The supplier may be the exclusive owner of certain essential patent or process and, therefore be the only possible source.

3. Concentrating purchase may make possible certain discounts or lower freight rates that could not be had otherwise.
4. When all orders are placed with one supplier, deliveries may be more easily scheduled.
5. Effective supplier management may require considerable resources and time.

For the reverse auction, fixed price and Pre-qualification method of tender the corporation does not adopted or exercised frequently.

2.2. Principles of Public Procurement

There are a number of principles described under public procurement that can be shared or exercised commonly. These principles are implemented through various means of legal and regulatory rules on conducting public procurement procedures. According to (Arrow, S. 2010) there is eight Objectives (Principles) to be meet in Public Procurement.

2.2.1 Acquisition Efficiency /Value for Money/

All procurement system is to successfully require the goods, works or services concerned on the best possible terms. This is often referred to as value for money or efficiency or economic efficiency. Obtaining value for money in requiring the goods, works or services needed to carry out the government's activities. This objective can be seen to in have three aspects. -

- Ensuring the goods, works or services acquired are suitable.
- Concluding an arrangement to score what is needed on the best possible terms and
- Ensuring contractor ability to provide on the agreed terms. It has often been said that this is the primary goal of most procurement systems.

2.2.2 Integrity /Avoiding Corruption and Conflict of Interest/

Integrity refers to the idea that procurement should be carried out without any influence of corruption. This occurs in various forms of collusion between government and bidders; among them; awarding contracts:

- On the basis of bribes
- To firms in which one has a payroll interest and relationship,

- To political supporters the government will not obtain the benefit of the most competitive offer that would be put forward a fair competition. Here the government should integrate this corruption in doing so with fair competition and transparent system of procurement (Arrow, S. 2010).

2.2.3 Accountability

The third objective is to ensure accountability in the sense that the system provides means for interested parties to establish whether the government is meeting its objectives. It's or means to achieve many of the objectives of a procurement system, including value for money and integrity. Its OC separated objective of the procurement system governments may accept costs to accountability mechanisms, even if these accountability mechanisms do not produce (Arrow, S. 2010).

2.2.4 Equal Opportunities and Treatment of Supplies

It's important to realize that the concept of equal treatment in the public procurement may take on two different roles. The first is equal treatment which may serve simply as a means to achieve other objectives of the public procurement system, such as value for money in obtaining goods, works and services, preventing corruption and opening up markets to competition. Secondly, however, in addition to serving a means to support other procurement objectives, equal treatment may also serve as an objective of the procurement process in its own right (Arrow, S. 2010).

2.2.5 Fair Treatment of Supplies

It allows supplier to put its case before being debarred or excluded from procurement can improve the quality of debarment decisions and perhaps thus avoid unjustified debarment of a firm that could provide the best value for money; whilst requiring that supplies are to be given reasons for decisions against them can help improve both the quality of decisions and supplier monitoring of the procurement process (Arrow, S. 2010).

2.3 Procurement Procedures

Shaw (2010) points out that the procurement process can be wrapped into three steps. These are need identification, planning and specification of goods or services required, and sourcing, awarding, and supplier management to facilitate timely delivery.

2.3.1 Need Identification

Procurement is done to desire to accomplish a specific task. Given that resources are always scarce, the task to be accomplished should be important to an organization (Nakamura, 2004)

2.3.2 Planning and Specification of Goods or Services Required

Once the needs have been identified, the procurement department should develop or communicate a plan on how to deliver the service or goods required. The plan must be developed in collaboration with the other functions within the organization, so that it is integrated into the organization's strategy and therefore provided for adequately (Shaw, 2010). To be able to purchase the right goods or services, the specifications of what the organization needs must be clear. These specifications are used to communicate to the supplier what is needed and what should be supplied. It is therefore important to have clear, precise and accurate specifications. Most organizations have standard specifications for the most regularly procured items and services such as medical and construction (Shaw, 2010. Thai, Araujo, Carter and Callender

2005) provide that a specification is a detailed description of the design, the service, or materials. It describes in detail the requirements to which the supplies or services must conform. The basic requirement of a good specification is to clearly identify the service or product to stakeholders. The specifications must be clear to all parties. That is the user, procurement and the supplier. Factors to consider in specifying a product include physical attributes, technical specification, and intended use (Thai et al, 2005).

2.3.3 Sourcing, Awarding and Supplier Management

Hinson and McCue (2004) say that sourcing is the process of identifying sources of supply that can meet the organization's immediate and future requirements for goods and services. The sourcing process adopted will depend on the situation and on the time available to carry out

sourcing. For instance, in a sudden on-set emergency the need to respond quickly to the emergency will mean there will be limited time to gather sourcing information and approve suppliers; therefore, an organization may make use of existing suppliers.

Steps in the Sourcing Process

- I. Market Enquiry: - the process of inviting and evaluating tenders or quotations will vary depending upon an organization's own internal procedures.
- II. Evaluation and Awarding: - The evaluation of tenders and awarding of contracts to suppliers is an important phase of the procurement process (Maurer, 2004). It is the process that determines the actual quality, reliability, delivery, etc. of the goods and services.

The procurement department coordinates the following

- Analyzing and evaluating the bids against set criteria, specification requirements and presenting the analysis to an procurement appointed committee
- Verification of supplier capability and quality control/ assurance processes
- Reviewing product inspection results where necessary
- Verification of technical evaluation reports where applicable
- Negotiates with vendors where it is recommended by the committee
- Placing orders and expediting the delivery.

2.3.4 Placing Orders and Contracting

After evaluating and awarding of tender, the next step in the process involves placing orders for the goods or services with the supplier or establishing contracts which need to be sent to suppliers. In emergency situations the approval levels and limits are adjusted, based on an approved process, to speed up the process of acquiring goods and services. Under normal circumstances, the approval processes may be more elaborate. The orders establish contractual relationships between the organization and the supplier (Shaw, 2010)

2.3.5 Progressing /Expediting

Once the order is placed and the supplier has confirmed receipt and agreed to the contract terms and conditions, the role and the amount of work that staff in procurement have to undertake will be affected by the performance of the suppliers (Bovis, 2007). It is necessary therefore, for the procurement staff to monitor the progress of orders and the performance of the suppliers. The continuous monitoring enables the organization to pick out break-down points in the system and quickly identify solutions (Shaw, 2010).

2.3.6 Delivery and Return

Lewis and Roehrich (2009) argue that procurement only facilitates delivery through expediting for timely delivery and trouble-shooting returns. The physical receipt and inspection of goods takes place at the delivery point. In addition, whoever is responsible for accepting delivery and inspecting the goods should understand the procedure to follow in the event that there are any problems or discrepancies. For certain goods or commodities an independent inspection company may be used to check the quality of the goods (Shaw, 2010).

2.3.7 Payment

When goods or services are received and accepted into stock, procurement then facilitates payment of the supplier by providing necessary documentation to Finance Department. Orders are normally generated in procurement, as the goods are delivered in the warehouses and transported to final distribution points; additional documents are generated in the process to support transactions. All these documents are finally consolidated to support vendor payments (Shaw, 2010).

2.3.8 Records of Procurement Documents

According to the proclamation (2009), public bodies shall have to maintain records and documents regarding their public procurement, the record shall include that following: -

- A brief description of the procurement;
- The invitation to bid;
- The name and addresses of suppliers that submitted bids;

- The evaluation criteria stipulated and a summary of the evaluation and comparison of bids;
- Information on the proceeding of any decision rendered where a complaint against a procurement process is lodged;
- The ground for using a procurement procedure other than open bidding;

2.4 Training

Training in Procurement improves and imparts knowledge and required skills to staff performance also enable the staff to be prepared for future challenges such as changes in legislatives, regulations as well as technological in procurement industry. Furthermore, through training concerned staff grows in their career and expertise.

Trained employees normally make the best use of available resources and enable working with confidence with minimum supervision from their superior's. Skilled staffs are the most important and valuable assets of any organization, in view that without skillful workforce any technology or practice is absolutely not bring any positive result in organization due to deficiency of technical know-how. As business became competitive better trainings apart from enhancing organization performance shall also enable organization win competition from opponents on the same industry, good trained staff enable organization gain competitive advantage.

Unfortunately, the majority of governmental, private organization and international organizations are not recognizing the importance of training to increase their employee's productivity and when the economy slows or when profits decline, many organizations first seek to cuts in their training budgets (McGill, 2007). In regard to procurement related functions a person or an office/team whom are not conversant with required regulation will have a negative contribution to organization growth as procurement industry is among of fast changing professionalism hence acquiring of new skills is paramount for better performance.

2.5 Record Keeping

Record keeping is one of crucial elements in facilitating efficiency procurement functions. This function can be performed either traditional means (paperwork-based applications) or electronically in view of analyzing the previous decision made for awarding, performance or

termination of underperforming tender. Through record keeping the lesson learned, good practices as well as mistakes done in the past can be analyzed for future and continual improvements; learning process is a continual endeavor so as record keeping for procurement. In 2016 the finding of internal audit report shows that poorly record keeping for procurement of different materials in the organization.

2.6 Challenges in Public Procurement

Krol (2012) indicated that the current economic crisis puts pressure on governments to cut spending and reduce deficits. With public procurement often accounting for 10-15 percent of a country's GDP and for up to 65 percent of public sector budgets, governments are faced with the challenge to keep adding maximum value while at the same time rigorously reduce their spending. This implies that many government organizations need to shift from a budget driven to a value driven way of thinking and acting, but this also means that there is an important role for the procurement function to fulfill. The public procurement function, however, is faced with a number of challenges such as:

- Procurement is organized around contracts rather than commodities. There are peak moments when contracts are about to expire, but there is no continuous process to manage internal and supply market developments and opportunities.
- Procurement does not feel it is responsible for the operational procurement processes; there is no focus on managing the end-to-end process and closing the procurement loop.
- The fear for negative publicity has led to a growing emphasis on the legal aspects of the tendering process.
- Procurement acts in a reactive way and is often not involved until the specifications have been defined.
- Procurement is seen as an operational department and not perceived as an advisor or partner of the business.

According to Thai (2001), there are also external factors public procurement practitioners have always faced challenges imposed upon by a variety of environment factors including market, legal environment, political environment, organizational environment, and socio-economic and other environmental factors.

Market factor: Market conditions have a great influence on public procurement practitioners' effort to maximize competition. Moreover, the market determines whether or not socio-economic

Objectives of procurement are accomplished, whether or not a governmental entity can fulfill its needs; the timeliness of fulfillment; and the quality and costs of purchased goods, services and capital assets. As there are different levels of economic growth among countries in the world, market conditions are very favorable in industrialized countries, while they may be unfavorable in developing countries

Political environment: In a democracy many individuals, groups, and organizations in the private sector including trade associations, professional associations, and business firms or companies (commonly known as interest groups) are actively involved in all aspects of the public procurement system. Having various interests, objectives and beliefs, interest groups are involved in the public procurement system in several ways such as lobbying legislative bodies to pass or alter procurement statutes, influencing implementation of these statutes, and influencing budget authorization and appropriations processes. Normally, a government program that is eventually adopted is a compromise among different views of interest groups, policy makers and management. In this democratic environment, there are cases of a strong coalition of policy makers, bureaucrats and interest groups in their effort to get their programs adopted. Social, economic and other environmental force: While some countries impose social policies on their public procurement practices (such as a policy placing a fair proportion of government acquisitions with woman/minority-owned small business, or economically disadvantaged areas), most governmental entities -be it a developed or developing country or federal, state, and local governments- use their large procurement outlays for economic stabilization or development purposes by preferring national or local firms over firms from other countries or other geographic locations. Public procurement practitioners may be in a favorable economic environment or market (with many competing tenderers in their country or local areas) or an unfavorable economic environment (where competition hardly exists). This environment would have a great impact on their practices as they may face an imperfect competitive market.

Organizational structure: Organizational structure may be very simple or very complicated, depending on the size of government organization. Most state and large local governments have procurement divisions either within their finance or administrative services departments; and very

few departments, except perhaps transportation or public works departments, have a procurement function or officer.

2.7 Empirical Literature

This part presents the assessment of research papers written in purchasing area. The papers were selected below are because of their similarity with the study in the assessment of the purchasing practices and its challenges of organization. The researchers tried to find out the gaps which exist in the purchasing process that hinders the effectiveness of its procedures with the common objective of examining the steps involved in the purchasing process and make feasible recommendations and improve the purchasing practice and procedure.

2. 7.1 Purchasing Practice Problems in Addis Modjo Edible Oil Factory (Tewodros, 2006)

A senior essay prepared by Tewodros Walelgne and presented to Addis Ababa University College of Commerce procurement and Supplies management department.

The paper presents a list of problems which badly influence the company's purchasing performance. The major challenges are continuous price fluctuations in the supply market, shortage of raw materials, poor quality purchases, delayed purchases and unreliable suppliers. To address the above stated problems the researcher developed research objectives, which are analyzing the effects of purchasing on organizational performance and its process and learn about source of supply. The research findings shows that the absence of permanent suppliers is related to unreliable source of supply, which is bringing poor quality purchases, the existence of weak relationship between purchasing and other departments together with unskilled purchasing staff is delaying the purchasing process, the least price selection criteria the company is currently using are bringing poor quality materials. Based on the analysis made the paper recommends solutions assumed to improve the challenges. The researcher proposes further research on the area to come up with viable solutions. Besides this, employing skilled manpower, and establishing permanent source of supply are recommended.

2.7.2 Evaluating the Purchasing Procedure in Ethiopian Grain Trade Enterprise (Biruk, 2006)

The second senior essay presented by Biruk Assefa and presented to Addis Ababa University college of Commerce procurement and supplies management department.

The paper discusses the problems hindering the efficient purchasing practice in the organization.

The main problems in the enterprise were poor quality of grain purchases because of suppliers deceiving purchasers, continuous price fluctuations, unclear purchasing procedures and incompetent purchasing staff. The paper presents a general research objective analyzing the purchasing procedures and understanding the relationship between purchasing and other units of the organization. The research findings show 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 is mentioned as a research finding. Thus developing a clear purchasing procedure is recommended for speedy purchasing process. Also, development of specification for purchases and training the purchasers on the application of specification is recommended. Although the problem of unreliable and disloyal suppliers is presented as the critical problem possible ways of solving this problem are not suggested.

2.7.3 Purchasing Management in Commercial Printing Enterprise (Getachew, 2006)

The third research paper prepared by Getachew Zeleke and presented to Addis Ababa University College of Commerce purchasing department.

The discussion of the research problems states the occurrence of poor quality and delayed purchases critical hindrances on the effective purchasing performance. Further the minimum attention given by management for the function expedites the problem. The research objectives include analyzing the purchasing procedure, exploring management support and organizational

structure and identifying the effects of organizational structure on purchasing performance. Additionally, learning how purchases are being accelerated and finding out about the purchasing plan of the organization are mentioned as research objectives. The paper details a number of findings, which explain the reason behind the critical problems. This includes that there is no sound and strong relationship with suppliers, purchases are not properly planned, implemented and expedited, the absence of clear specification of items. Feasible recommendations were given by the researchers to improve the purchasing performance. Consequently, the need for improved and strong relationship with suppliers is suggested. Besides this, the management is suggested to have effective plan and follow up system for purchasing. Further the paper proposes that the order processing system should be revised to meet current purchasing needs. Even though the findings show wrong purchases resulted from lack of clear specifications, the paper didn't propose on the importance of having specifications.

2.7.4 Evaluation of Procurement Process the case of Addis Ababa Water and Sewerage Authority (Yonas, 2014)

The last but not the least research paper prepared by Yonas Dubale presented to Addis Ababa University College of Business and Economics Department of Public Administration and Development Management.

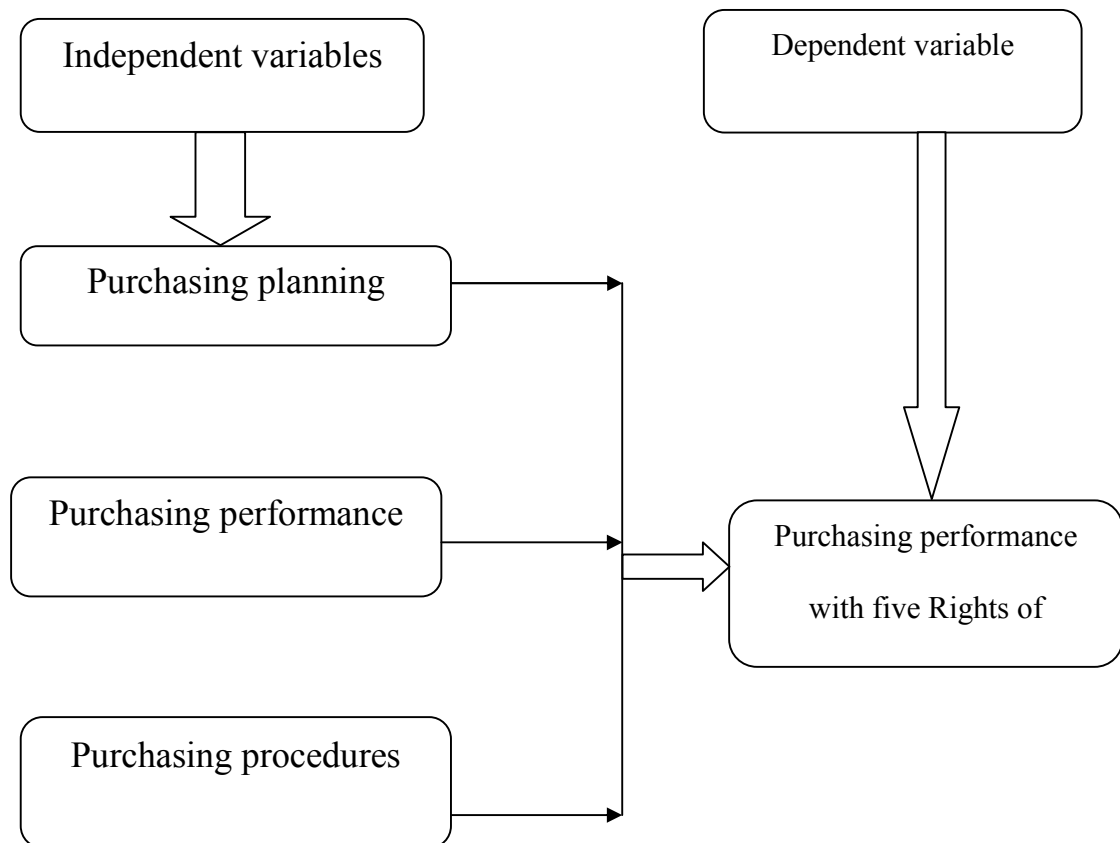
The findings of the study showed that the authority has no any procurement strategy and policy. As a result, the researcher recommended that senior managers should protect the department staff from the misperceptions of the procurement department and assist the department to avoid the corruption process with little adverse effect. The department with the involvement of the senior manager should revise the procurement process and evade the unnecessary stage and bureaucratic steps to make the organization material flow effective. Moreover, the internal controlling system should be revised to be more in effect.

2.8 Conceptual Framework

According to Bogdan and Biklen (2003) a conceptual framework is a basic structure that consists of certain abstract blocks which represent the observational, the experimental and the

analytical/synthetically aspects of a process or system being conceived. The interconnection of these blocks completes the framework for certain expected outcomes. A variable is a measurable characteristic that assumes different values among subjects. Independent Variables are changes that occur in an experiment that are directly caused by the experimenter. The independent variables in this study are purchasing planning, purchasing procedures and purchasing performance. Purchasing performance is a function of several variables is presented in dependent variable. Both independent and dependent variable are depicted in figure 2.1 below:

Figure 2.1 Conceptual Framework



Source: this model is adapted and modified from Kiage, J. O. (2013)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 The Research Approach

In order to capture the best of both qualitative and quantitative data, the research is constructed based on mixed method research approach. The researcher also intended to examine detail assessment of purchasing practices and its challenges in the corporation. The advantage of using mixed methods is that it enables to triangulate and support the data and result collected by questionnaire (Greener, 2008 and Saunders et.al, 2007).

The primary technique for collecting the primary quantitative data used a self-developed questionnaire containing self assessment items measured on the 5-point Likert type of scale strongly disagree, disagree, neutral, agree, strongly agree and qualitative data collected through open-ended questions. For this study an interview was conducted from six deputy CEOs. The qualitative approach in the study focused on detailing the results of the quantitative phase and describing its challenges in depth.

3.2 Research Design

According to Kothari (2004), a research design is the plan and structure of investigating so conceived as to obtain answers to research questions. A research design functions as the research blueprint for measurement and analysis of data (Creswell, 2003). The design is used for analyzing the major part of the research project such as the samples, measurement of variables, treatments or controls, and methods of assignment work, all these elements try to address the key research questions. Jackson (1994), through understanding educational research argues that all research is partly descriptive in nature, insofar as the descriptive aspect defines and describes the researchers who, what, when, where, why, and how, which are exactly some of the questions raised in the study. It also intended to describe observations as it exists. In this aspect descriptive research design has been used as it is suitable for the study. The descriptive research design also saving both time and money.

3.3 Target Population

The whole set of the universe from which a sample taken is called the population (Saunders et al, 2007). Target population refers to the larger population to which the researcher ultimately would like to generalize the results of the study (Mugenda, 2003). The population of this research was focused on Chief Executive Officer, Water Infrastructure Construction Sector, Transport Infrastructure Construction Sector, Dam and Irrigation Net work development Management Sector, Corporate Resource Management and Support Service Sector, Construction Equipment and Machinery Management Sector and Building technology Construction Sector as the unit of investigation of this study focused on ECWC located in Addis Ababa. Those who have the right and mandate to initiate purchase request and when the goods and services delivered becomes end user.

3.4 Sample Size and Technique

Determining sample size is very complex as it depends on other factors such as margins for errors, degree of certainty and statistical technique (Corbetta, 2003). A general rule, one can say that the sample must be of an optimum size i.e., it should neither be excessively large nor too small (Kothari, 2004). The data was collected from ECWC head office. Therefore, the researcher was select 89 sample sizes that are the right and mandate in purchasing process.

According to Kothari (2004), emphasized that when the universe is a small one, it is no use resorting to a sample survey. When all items are covered, no element of chance is left, and highest accuracy is obtained. In order to select sample from target population the researcher preferred to use stratified sampling technique due to its convenience to take sample from each heterogeneous sectors, it ensures each sub group with in the population recives proper representation with in the sample and also observe the relationship(s) between sectors. Thus, the researcher divided in to seven strata and use stratified random sampling method so as to select the samples from total population. Which includes all higher, middle and first line level leaders in the corporation which directly and indirectly influenced by the practice of purchasing. This is because the delivery of goods and services play the major role in the accomplishment of their annual working plans and determine their successes as well as failure.

3.5 Data Collection Method and Pilot Test

The overall aim of the study was the assessment of purchasing practice and its challenges in the case of ECWC. The data collection instrument/tools for collecting the primary quantitative data used a self-developed questionnaire containing self assessment items measured on the 5-point Likert type of scale. This are strongly disagree, disagree, neutral, agree, strongly agree and qualitative data collected through open-ended questions questionnaires were distributed to respondents, including a contingency to compensate for invalid and uncollected questionnaires. The questionnaires were administered using a drop and pick later method. For this study an interview was conducted from deputy CEO.

A pilot test was conducted using questionnaires and administered to respondents from ECWC at head office. The proposed questionnaires were clearly in view of enabling collection of desired information.

3.6 Sources of Data

There are two types of data, namely primary and secondary data. Researcher might use either both or one of the types of data depends on the research type and data collect by researcher (Saunders et.al, 2007). For this research, researcher used both primary and secondary data:

3.6.1 Primary Data Sources

For this research purpose primary data was collected through standardize questionnaire and interview. Primary data are originated by a researcher for the specific purpose of addressing the problem at hand (Malhotra and Birks, 2006).

3.6.2 Secondary Data Sources

Secondary data are books, manuals, directives, proclamation, annual reports and other related articles were used. This secondary data used as reference and guide the focus of clarify research question.

3.7 Ethical Consideration

Each discipline should have its own ethical guidelines regarding the treatment of human research participants (Vanderstoep and Johnston, 2009). Research ethics deal with how we treat those who participate in our studies and how we handle the data after we collect them. The researcher kept privacy (that left any personal questions), anonymity (protecting the identity of specific individuals from being known) and confidentiality or keeps the information confidential (Saunders et.al, 2007). Accordingly, the questionnaire will distribute to voluntary participants and will have a clear introduction and instruction parts regarding the purpose of the research.

3.8 Data Analysis and Presentation

According to Kombo and Tromp (2011), data analysis procedure includes the process of packaging the collected information putting in order and structuring its main components in a way that the findings can be easily and effectively communicated. After the pilot test is done before analysis, all the questionnaires were checked for reliability and verification. Editing, coding and tabulation were carried out. Descriptive statistics was done, and the results presented in numbers and percentages. Further findings were also presented in tables and figures or numbers.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The main objective of this research was to assess purchasing practice and its challenges in the case of ECWC. In this regard, this chapter presents the results and findings of the study as collected from the sample population. The questionnaire was designed in line with the objectives of the study. To assure quality of data gathered, likert type questions were included whereby respondents indicated the level of agreement to which the variables were practiced in a five-point likert scale and open-ended questionnaire. Coded responses were entered into Excell for data analysis. The data have been presented by tabulation, and some figures. The chapter covers respondents' general information based on demographic information and findings based on how the research questions/objectives shows the assesment of purchasing practice and its challenges in the case of ECWC and the results are presented and interpreted.

4.2. Demographics Data

In this section, the researcher analyzed and discussed demographic information of the respondents which are relevant to the study was summarized on the tables here below and the frequencies and percentages are calculated and described.

4.2.1. Questioners Response Rate

The total respondents included in the sample were 89. All of the respondents are found in the head office of ECWC in Addis Ababa. A total of 89 respondents were properly filled and returned the questioner which represents about 100% rate of return.

Table 4.1 Response Rate

Response Rate	Frequency	Percentage
Responded	89	100
Not responded	0	0
Total	89	100

Source: survey result (2019)

4.2.2 Age of Respondents

The age of the respondents is summarized as follows.

Table 4.2 Age response Rate

Age	Frequency	Percentage
20-29 years	11	12
30-39 years	35	40
40-49 years	26	29
above 50 years	17	19
Total	89	100

Source: Survey Result (2019)

4.2.3 Educational Level of Respondents

The education level of the respondents is summarized in the table 4.3 here below.

Table 4.3 Educationnal status of respondent

Educational Level	Frequency	Percentage
BA/BSC	60	68
MA/MSC	29	32
Diploma	0	0
Certificate	0	0
Total	89	100

Source: Survey Result (2019)

The level of education of the respondents shows that none of them diploma and certificate, 60 % who were the majority are first degree holders and 32% were second degree holders. This shows that the respondents are well educated and could understand and respond to the questionnaire.

4.2.4 Work experience of Respondents

Table 4.4Work experience of Respondents

Work experience	Frequency	Percentage
5 & less than 5 years	5	7
6-10 years	10	11
11-15 years	27	30
Over 15 years	47	52
Total	89	100

Source: Survey Result (2019)

As it is shown in table 4.4 above, from the total valid respondents, 7 % (5 respondents) of them have five and below five years of experience, 11% (10 respondents) have six toten years work experience, 30% (27 respondents) have eleven to fifty yearsof work experience and the rest 52% (47 respondents) of them have above fifty years of work experience. In general, it can be seen that from the above figure the majority of the respondents has more than 5 years of working experience.From this figure we can conclude that the information obtained from them is reliable or dependable since they have good know-how and experience about the concept of purchasing practice in the corporation.

4.2.5 Position of Respondents

The table 4.5. below categorizes the distribution and frequency of respondents according to their position in the ECWC.

Table 4.5Postion of Respondent

Position	Frequency	Percentage
Deputy CEO	6	7
Main department head	6	7
Departement head	30	33
Team leader	47	53
Total	89	100

Source: Survey Result (2019)

As it is shown in table 4.5 above, from the total valid respondents 7% (6 respondents) of them were working in deputy CEO, 7% (6 respondent) Main department head, 33% (30) respondent working in Department head and 53% (47 respondents) working in Team leaders. All of the respondents which were 100% are in the managerial position which have the authority to make decisions respective of their work. This position enables them to easily understand the current practice of the research topic more easily than others. This implies that their working position associated with their experience and educational background made the respondents to easily understand the problems in purchasing and related activities, give sufficient and correct information that could contribute to the validity of this research.

4.2.6 Respondents on Sectors

Table 4.6 Respondents on Sectors

Sector	Frequency	Percentage
Under Chief Executive Officer	21	24
Water Infrastructure Construction Sector	10	11
Transport Infrastructure Construction Sector	12	13
Dam and Irrigation Net work development Management Sector	8	9
Corporate Resource Management and Support Service Sector	23	26
Construction Equipment and Machinery Management Sector	9	10
Building technology Construction Sector	6	7
Total	89	100

Source: Survey Result (2019)

4.3 Purchasing Planning

Purchasing planning is the requirement or the demands of future needs to procure goods and services. According to the purchasing directives of ECWC each sector of the corporation has to submit their next year purchasing planning (demands of goods and services) to the purchasing department of the corporation. This planning document of each sector has to reveal the type of goods & services, the quantity, clear specification and delivery schedule. Purchasing plan should be proactive, failure to request the required goods or services will bring to cost schedule over run

of the project. It is also a means for under-utilization of the budget. To ensure the compatibility of the current performance with the directives the questioner forwarded to the sample respondents those includes 5 issues. Based on the questioner the response of the respondent tabulated as follows.

Table 4.7 Response summary on purchasing planning

No	Questions		Scale				
			Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	End users adequately plan their budget for the purchasing of goods or services that are going to be procured.	Frequency	0	25	6	49	9
		Percentage	0	28	7	55	10
2	In ECWC Purchasing plan prepared through the involvement and participating of all end users	Frequency	0	41	25	20	3
		Percentage	0	47	28	22	3
3	End users provide clear specification for the purchasing of goods and services that are going to be procured.	Frequency	5	39	28	15	2
		Percentage	6	44	31	17	2
4	End users are raised their purchasing need on time and according to their plan	Frequency	5	38	24	18	4
		Percentage	6	43	27	20	4
5	Purchasing department delivers training based on the problem identified and assessment of inquiries.	Frequency	10	35	8	27	9
		Percentage	11	40	9	30	10

Source: Survey Result (2019)

Table 4.7 shows the percentage and distribution of the respondents reply for purchasing planning major tacles. It is taken in to account that numbers 1, 2, 3, 4 and 5 represent strongly disagree, disagree, neutral, agree and strongly agree respectively. The subsequent analyses were conducted based on table 4.7 above. None of the respondent replied that strongly disagree end users

adequately plan their budget for the purchasing of goods or services that are going to be procured, 22 % of the respondents replied disagree, 8 % the respondents replied neutral, 59% of the respondents replied agree and 11 % the respondents replied strongly agree .This shows that more than half of the respondents agreed that end users plan their budget for the purchasing of goods or services going to be procured but not fully adequate or effectively.

None of the respondent replied that strongly disagree Purchasing plan prepared through the involvement and participating of all end users , 45 % of the respondent replied that disagree , 32 % of the respondent replied neutral , 19 % of the respondent replied agree and 4 % of the respondent replied strongly agree. From this data, ECWC does not have the practice of purchasing planning through the involvement and participating of end users. About 3% of the respondents replied that strongly disagree end users provide clear specification for the purchasing of goods and services that are going to be procured, 51% of the respondent replied disagree, 29% of the respondent replied neutral , 16 % of the respondent replied agree and 1 % of the respondent replied strongly agree. This shows that half of the respondent response indicate disagree end users provide unclear specification for the purchasing of goods and services that are going to be procured. Most of the time the corporation to request the clarification from supplier those who participating in the bid. This result impact on the lead time of the purchasing process to long and is not procured goods or services as per the schedule.

About 14% of the respondent replied that strongly disagree end users are raised their purchasing need on time and according to their plan, 49% of the respondent replied disagree, 2% of the respondent replied neutral , 23 % of the respondent replied agree and 11 % of the respondent replied strongly agree . This indicates that almost more than half of the respondents replied between strongly disagree and disagree in ECWC end users are not raised their need on time.

Finally 10 % of the respondent replied that strongly disagree Purchasing department delivers training based on the problem identified and assessment of inquiries, 57% of the respondent replied disagree, none of the respondent replied neutral , 25 % of the respondent replied agree and 8 % of the respondent replied strongly agree. This shows that more than half of the respondent replied disagree Purchasing department delivers training based on the problem identified and assessment of inquiries. Training is a crucial activity for the organization to build up the skill manpower actively to carry out the job. If training is not prepared based on the need and problem

identified it is not meet the mission or objective of the corporation. In addition to this for consecutive two years the training is delivered with the same agenda, no need identification and assessment of inquiries. All this problem directly affect the overall operation of the corporation.

Agreeably Mamiro (2010) in his findings underscores these facts and concludes 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.

4.4 Purchasing Performance Evaluation

This part of the research tries to assess the performance of ECWC with the most common parameter of purchasing goods or service with right quality, at right time, at right price, from the right place or source and with right quantity. Based on the purchasing directives of ECWC each goods or services that has procured shall meet relevant quality that to satisfy a given need, right quantity based on the requested amount, obtained the lowest possible purchase price that fit with the specification, delivery of goods and services at the right time based on schedule of end users and from the right source. To guarantee the current performance of purchasing activity five related questioners are forwarded to the sample respondents. Based on the questioners are the responses of the respondent tabulated as

Table 4.8 Performance of the ECWC in terms of purchasing with the 5R's

S.No	Items		Very Poor	Poor	Neither good Nor Poor	Good	Very Good
1	With Right Quality	Frequency	0	54	5	25	5
		%	0	60	6	28	6
2	At Right Time	Frequency	6	51	6	22	4
		%	7	57	7	25	5
3	At Right Price	Frequency	1	16	13	49	10
		%	1	18	15	55	11
4	With Right Quantity	Frequency	0	5	3	53	28
		%	0	6	3	60	31
5	From the Right Source	Frequency	0	9	10	40	30
		%	0	10	11	45	34

Source: Survey Result (2019)

According to the above Table 4.8 it shows that none of the respondent replied that very poor performance in purchasing of right quality, 60% of the respondents reply poor, 6% of the respondent reply neither good nor poor, 28% of the respondent reply good and 6% of respondent reply very good. From the above data many of the respondent unhappy or poor performance with the purchasing of quality of the goods or services by the corporation. Moreover, as per the researcher observation, enormous amount of procured material are stored in the corporation store especially those which are purchased by request for quotation method of purchasing. The right material and economic use of the resource is critical for the corporation to deliver its service to the public. Because of more than 64% of the corporation budget is spent for the purpose of purchasing goods and services. This implies that give a great attention to the quality of the material for intended purpose.

For the procuring of materials with the right time, 7 % of respondents reply very poor and neither good nor poor performance, 57% of respondent replied poor, 25 % respondents reply good and 5% respondents reply that very good. This data implies that almost more than half of the respondent replied purchases the requested materials with the right time are poor. According to the corporation, the main reason for the delay of purchasing is that most of suppliers engaged into a contract of purchase with having minimum level or no stock of material. After the contractual agreement, supplier they may need additional time to supply the material. This result cost over run and delay of the project plan or progress. Thus, it is possible to understand that the time taken to procure the material is too long. Since each setor achieve their goal with the supplied material, the delay of supplying the material makes them not to achieve as per their own time plan.

The above table 4.8 also shows that 1% of the respondents replied very poor purchasing activity carried out at right price, 18% of respondent replied poor, 15% of respondent replied Neither good nor poor, 55% of respondent replied good and 11% of respondent replied very good. This show that the corporation has good progress in purchasing of goods or services at right price. More than three fourth of the respondents reply indifferent between good and very good which is 91 % of purchasing activity carried out with the right quantity, none of the respondent reply very poor and 6 % of the respondent reply poor the main department is not purchase with the right quantity of goods and services requested by end users. Generally from the above data the corporation has no significant problem regarding the purchase of right quantity.

Finally none of the respondent replied that very poor performance in purchasing of goods or services from the right source or place, 10 % replied poor, 11 % replied neither good nor poor, 45 % replied good and 34 % replied very good. The procurement team leader also assume that the procuring process tries to address every range of supplier and suggest that it is fair in addressing the right source. Thus, it is possible to understand that the department has no significant problem regarding procuring the right source. But it needs further investigation regarding the purchasing of goods or services from the right source especially for purchasing of goods or services by request for quotation method.

4.5 Purchasing Procedures

Purchasing encompasses the process of acquiring items and/or services. It begins when an organization or end users has identified a need and decided on its purchasing requirement. Procurement continues through the processes of risk assessment, seeking and evaluating alternative solutions, contract award, delivery of payment for the property and/or services and, where relevant the ongoing management of a contract and consideration of options related to the contract (Waters 2004).

According to the corporation manuals the purchasing work flows or stages described as follows Recognition of need, Accurate description of desired commodity, Preparation of standard bid document (SBD) , Send draft bidding document to procurement committee for review and approval , Float the advertisement invitation to tender , Selling and opening of the bidding document , Preparation and approval of preliminary evaluation , Assigning of technical evaluation committee and carry out technical evaluation (TAC) , Send the technical evaluation report to procurement committee for review and approval , Notify the result of the technical evaluation to the successful and unsuccessful , Notify the result of the combined technical and financial evaluation to the successful and unsuccessful or Preparation of the purchase order, Signing of the contract agreement , Delivery of goods/services or works , Receipt and inspection of goods, Clearing the invoices and Payment and finally maintenance of records . To check the current activity of the corporation on purchasing procedures 11 related questioner forwarded to the sample respondents. Based on the questioner the response of the respondents tabulated as follows.

Table 4.9 Purchasing Procedures

Questions		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Tender evaluation conducted according to predetermined set criteria in the bid document	Frequency	0	0	4	72	13
	Percent	0	0	4	81	15
Procured items are tested and inspected accordingly at the time of delivery	Frequency	0	3	31	48	7
	Percent	0	3	35	54	8
Contract management is conducted according to the bidding and contract document terms and conditions	Frequency	0	34	28	21	6
	Percent	0	38	31	24	7
Non-compliance with procedures and regulations or unethical behavior is a challenge for effective purchasing.	Frequency	0	31	8	42	8
	Percent	0	35	9	47	9
Endorsing committees give due attention in carrying out their duty properly and where necessary take corrective measures.	Frequency	0	40	8	34	7
	Percent	0	45	9	38	8
Tenders are awarded within the tender validity period	Frequency	0	55	9	18	7
	Percent	0	62	10	20	8
There is monitoring mechanism to ensure that goods supplied, or service is rendered within the time to agree.	Frequency	4	39	10	34	2
	Percent	5	44	11	38	2
Professionalism or quality of purchasing workforce is a challenge of purchasing practice	Frequency	2	13	9	57	8
	Percent	2	15	10	64	9
Proper follow up is maintained and appropriate decision is taken in regard to securities and warranties	Frequency	4	46	9	30	0
	Percent	5	52	10	33	0
Purchasing and Finance Department facilitates payment of the supplier by providing necessary documentation based on lead time.	Frequency	8	47	4	30	0
	Percent	9	53	4	34	0
The procurement manual is the best and flexible to purchase the goods, services and works on time or to carry out effective purchasing activity	Frequency	1	8	4	48	28
	Percent	1	9	4	54	32

Source: Survey Result (2019)

Table 4.9 shows that the percentage and distribution of the respondents reply for purchasing procedures and performance. It is taken in to account that numbers 1, 2, 3, 4 and 5 represent for strongly disagree, disagree, neutral, agree and strongly agree respectively. The subsequent analyses were conducted based on table 4.9 above. About none of the respondents strongly disagree that tender evaluation conducted according to predetermined set criteria in the bid document, none of the respondents disagree, 4% of the respondents neutral, 81% of the respondents agree and 15 % of the respondent strongly agree. This shows that more than half of the respondents agreed that Tender evaluation conducted according to predetermined set criteria in the bid document.

Also about none of the respondents strongly disagree that, procured items are tested and inspected accordingly at the time of delivery, 3 % of the respondents disagree, 35 % of the respondents neutral, 54% of the respondents agree and 8 % of the respondent strongly agree. This shows that half of the respondents agreed that in ECWC procured items are tested and inspected accordingly at the time of delivery. But not small number of respondent replied their response on neutral, this shows that the corporation still do better in tested and inspected goods or services at the time of delivery. About none of the respondents strongly disagree that contract management is conducted according to the bidding and contract document terms and conditions, 38 % of the respondents disagree, 31% of the respondents neutral, 24 % of the respondents agree and 7 % of the respondent strongly agree. This shows majority of the respondents disagreed and neutral Contract management is conducted according to the bidding and contract document terms and conditions. Because of this most of the project does not accomplish as per contract agreement and also delay of items to procured. This indicates that Contract management is not conducted according to the bidding and contract document terms and conditions.

From the above data also about none of the respondents strongly disagree in ECWC bidders non compliance with procedures and regulations is a challenge for effective purchasing, 35 % of the respondents disagree, 9 % of the respondents neutral, 47 % of the respondents agree and 9 % of the respondent strongly agree. This shows that less than half of the respondents agree that noncompliance with procedure and regulation a challenge for effective purchasing. This indicates that complaints are not handled and treated as per rule and regulation of the corporation by procurement and property administration main department. Also about none of the respondents

strongly disagree endorsing committees give due attention in carrying out their duty properly and where necessary take corrective action, 45 % of respondent disagree, 9% neutral, 38% agree and 8% strongly agree. This shows that endorsing committees does not properly carry out their duties. This leads to delay of purchasing process especially in national and foreign method of purchasing to approve the bid document for purchasing of different goods or services through open bid. None of the respondent replied that strongly disagree tenders are awarded within the tender validity period, 62 % of the respondent replied disagree, 10 % of the respondent replied neutral, 20 % of the respondent replied agree and 8 % of the respondent replied strongly agree. This shows that most of the respondent to agree tender does not awarded within the tender validity period. The problem is to expose the main department to cancellation of the bid, increased costs and bureaucratic systems of purchasing process.

About 5 % of the respondent replied that strongly disagree there is monitoring mechanism to ensure that goods supplied or service is rendered within the time to agree, 44 % of the respondent replied disagree, 11% of the respondent replied neutral, 38 % of the respondent replied agree and 2% of the respondent replied strongly agree. This shows that most of the respondents disagreed that main department does not have adequately monitoring mechanism to ensure goods supplied or service is rendered within the time to agree, this short coming to interrupt the purchasing procedure and performance. 2 % of the respondent replied that strongly disagree professionalism or quality of purchasing work force is a challenge of purchasing practice, 15 % of the respondent replied disagree, 10 % of the respondent replied neutral, 64 % of the respondent replied agree and 9 % of the respondent replied strongly agree. From this data we assume that more than half of the respondent replied professionalism or quality of purchasing work force is a challenge of purchasing practice for main department. This highly affects the overall activity of the corporation because of the procurement and property administration main department the backbone of the corporation to supply the need of end users effectively.

Based on table 4.9 above 5 % of the respondent replied that strongly disagree proper follow up is maintained and appropriate decisions is taken in regard to securities and warranties, 52 % of respondent replied disagree, 10 % of respondent replied neutral, 33% of respondent replied agree and none of the respondent replied strongly disagree. From this response we analyze that suppliers securities and warranties does not properly hand over and appropriate decision is given

according to the contract agreement. Additionally the foreign and national team leader assume that the supplier's securities and warranties can expire without taking any action. About 9 % of respondent replied that strongly disagree Purchasing and Finance department facilitates payment of the supplier's by providing necessary documentation based on lead time, 53 % of the respondent replied disagree, 4 % of the respondent replied neutral, 34 % of the respondent replied agree and none of the respondent replied strongly agree. This shows that more than half of the respondent disagree that there is a problem between Purchasing and Finance department to facilitate payment of the supplier's by providing necessary documentation based on lead time. Because of budget constraint and in proper handling of supplier's document the payment does not deliver according to the lead time and weak bondage between both main departments. From the respondent based on the above data 1 % replied that strongly disagree the procurement manual is the best and flexible to purchase the goods, services and works on time or to carry out effective purchasing activity, 9 % of the respondent replied disagree, 4 % of the respondent replied neutral, 54 % of the respondent replied agree and 32 % of the respondent replied strongly agree. Finally the result shows that more than 50 % of the respondent the procurement manual is the best and flexible to carry out the purchasing process effectively.

Finally, there are additional information mentioned under qualitative interview on purchasing of planning, performance and procedures. This are; -

- Commitment of the staff, this is basically arises from the amalgamation of the corporation from three different independent organization. The management of ECWC did not give attention in changing the mind set of the employees during the amalgamation. This means every employee of three independent organizations is mentally unwilling to accept the rules and regulation of the ECWC and seeking their previous organization.
- The working environment and incentives of their previous organization were better than the current ECWC.
- The process is too long; This resulted in frequent bidding of the same goods or services
- The organizational location by itself contributes for the delay of purchasing process. The corporation has 5 working areas in different parts of Addis Ababa. Head office is in gurd shoal, Transport sector, supply and property administration division found at Mexico, Construction and building sector is at kality and Transport sector maintenance located at

pissa. The location of these different sectors leads to wastes end users working time. That is to request the purchase of some item the end user let say from head office gurd shoal has to move Mexico to authorize the purchase request. This is because the supply and property administration department office is in Mexico, although ware house at kality.

- Lack of budget and shortage of foreign currency is critical problem to purchase different types of capital goods or services. Since it is managed by Ethiopian government national bank of Ethiopia and out side the control of the ECWC has significantly affected the project performance.
- Delegation of authorities improves decisions making processes. The corporation is huge public enterprise. Delegation of authority not only to deputy CEO but also to other officials is a crucial factor to facilitate the process. Delegation reduces the amount of time in working process, Increase the belongingness for the officials and improves the leader's boosts their responsibility and accountability. There is no delegating mechanism. This problem by it self affects the purchasing process.
- Since it is the corruption suceptable area of activity, it can not be free from unethical issues.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter summarizes detailed conclusions with the possible recommendation. Conclusions are drawn based on the obtained results on the data presentation and analysis. Finally, the researcher recommendations for future research that may be importance are put forward.

5.2 Summary

The purpose of this study was to assess the Purchasing practice and its challenges in the case of ECWC. The activity of the corporation was evaluated through different sector and user department satisfaction level, perception of the purchasing and property administration main department performance. Most of the demographic characteristics of the respondents are capable of showing the required data. Based on the quantitative and qualitative data analysis, discussion of results with respect to the basic question, the following are the summary of major findings of the research;

5.2.1 Purchasing Planning

From the findings, majority of respondents indicated that purchasing plans in the main department impacted directly on purchasing performance. This study found out the goods/services or works not being procured on time because the work programs affected by purchasing planning i.e. incomplete purchasing plan and urgent/unplanned purchasing requisitions are influence the purchasing performance of ECWC.

5.2.2 Purchasing Performance

Therefore, from the above result, we can summarize that the purchasing performance is very poor in carried out with the right time and below average with the right quality and from the right source of procuring goods or services, but it is better performance in at right time and with right quantity . Goods or services are appropriate, and they are procured at the best possible cost to meet the needs of the end users or to feet the entended purpose in terms of with right quality, with right quantity, at right time, at right price and from the right source.

5.2.3 Purchasing Procedures

From the findings, majority of respondents indicated that purchasing procedures have a great impact on purchasing performance. The results have shown that contract management, non compliance with procedures and regulations, tender is not awarded within the tender validity period, lack of commitment endorsing committees in carrying out their duty has significant role in purchasing procedures in ECWC. The study found out also there was poor monitoring mechanism to ensure goods supplied or service rendered within the time to agree, in appropriate handling and controlling of securities and warranties, inefficiency of facilitating payment of supplier because of budget constraint and weak handling of documentation both in finance and procurement main department. Finally challenge of quality purchasing workforce can interrupt the purchasing procedures in the system. This is also confirmed by Thai (2001), Inflexible and bureaucratic systems of procurement contribute to unacceptable contract delays, increased costs, and potential for manipulation of contract public expenditure is slow, ineffective, expensive and often corrupt.

In general purchasing planning, procedures and performance can effectively carry out for accomplishment of the target of the corporation.

5.3 Conclusion

The main aim of the research was the assessment of purchasing practice and its challenges in the case of ECWC. To achieve the objectives of the study, a survey of the available literature that was undertaken is presented in Chapter two in detail. The chapter therefore provides the theoretical grounding that forms the foundation of the research overall system. Based on the literature review, the empirical data are presented in chapter three. Thus, the researcher tries to conclude the following main points,

- Purchasing planning is one of the most important steps in the purchasing cycle. The purchasing plan is expected to list all the requirements that are under the responsibility of the main department and that are expected to be procured over a period of time. According to the research result purchasing plan is not fully prepared and the plan is failed short to be presented based on the standard and on appropriate time.

- The corporation performs well enough in the area of purchasing the right quantity, at right price and from right source or supplier. However, poor performance in the area of procuring with the right quality and at right time.
- The corporation procurement main department training is takes place spontaneously. There are no need assessment inquiries before the training has carried out. It is not presented based on understanding the knowledge gap. Most of the time, it is done to present the government procurement policy, procurement method, and related issue.
- A precise specification of the physical characteristics, quality, or desired outcomes of a commodity, works and service to be procured should be formulated as accurately and precisely, which a supplier must be able to produce or deliver to be considered for award of a contract .The study revealed that there is a problem in preparing clarified and complete specifications.
- The purchasing workforce so important to the work of the corporation. The research result clear that there is lack of skilled manpower in the procurement and property administration main department of the corporation because of low salary scale with compare to other related organization and the current market salary scale.
- Effective managing contracts can lead to significant cost savings and efficiency of the purchasing process and reduce the risk of poor contract performance. This research showed that there is weak contract management due to contract administration procedure which is not transparent.
- In general, the study concludes that ineffective purchasing planning; performance and procedures can put great impact on the operation of the corporation.

5.4 Recommendation for the Corporation

Based on the above major finding of the following recommendation has been forwarded for ECWC to improve its purchasing performance.

- There is poor planning process when they perform procuring of goods or services: the ECWC shall prepare on time with complete information by end users. In addition, different sectors, main departments and departments shall also minimized urgent/unplanned

requisitions. ECWC should strengthen and ensure successful implementation of their organizational plan and to achieve their goals and objectives. Purchasing plan must be fully integrated with the strategic plan and budget of the corporation. Purchasing plan is specifically designed to assure that funds are available for the purchasing of goods, works or services, which are proper method of purchasing is undertaken.

- Purchasing procedures also a challenge in purchasing activities: Administrative procedures evaluate the entire purchasing procedures in order to identify service delivery point of breakdown with a view to re-engineer the purchasing process. The contract management procedures should be improved to increase the performance level of purchasing process by reducing delays in finance process and delivery of goods, works or services by improving contract management procedures. The purchasing process should be administered by qualified and experienced purchasing professionals.
- The corporation should enhance its employee's competence as a way of achieving service delivery as a means of improving purchasing performance. This can be achieved by creating awareness through short and long term trainings with collaboration of Human resource development division by identifying the need, problem and skill gap of the employee's in entire purchasing process. For the success of the contracts under execution, the management of corporation should ensure that proper mechanisms for purchasing performance such as adequate monitoring and evaluation of purchasing performance are put in place with the input of purchasing personnel and the user department with progress reports that helps to take corrective action.
- Creating a purchasing workforce with the right skills and capabilities leads to sound purchasing activities. The corporation needs to retain skilled personnel by revising their salary scale, development of an effective monitoring and evaluation tool, and the creation of incentive programs to motivate good performance.
- Delegation of authority can not clearly define in ECWC: The operating decisions in a decentralized setting tend to be of higher quality. Decisions should be more appropriate, timely and quickly because they are made nearest to the points of the problem, information and actions. Decisions should also be democratic and acceptable as these are made by the

people who are responsible for implementing them. Soit is better to decentralize their decision-making authority to reduce the burden and facilitate purchasing processes for effective and efficient use of scarce resources.

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APPENDICES

Appendix -A

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTERS OF BUSINESS ADMINISTRATION IN GENERAL MANAGEMENT

Questioner prepared for respondents under the assessment of purchasing practice and its challenges in the case of Ethiopian Construction Works Corporation /ECWC/.

Dear Respected Respondents

My name is Abera Urgesa and I am carrying out an academic research on assessment of purchasing Practice and its challenges in the case of Ethiopian Construction Works Corporation /ECWC/. The information you provide is used for research purpose only, and will be kept confidential at all level. I appreciate taking your time to complete the survey and kindly request you to remember that the quality of this work is completely dependent up on your frank opinions. Please consider each statement carefully before you give it an evaluation. If you have any query, please do not hesitate to contact me. I am available at your convenience through Tel. 0911-18-63-53/ 0909-92-17-88. Instruction: -

Please put tick mark (√) on your choice(s).

No need to mention your name (anonymous)

Part I: Demographic data/ Respondent Profile/

Please indicate your gender: Male Female

Age of respondents (year): 20-29 30-39 40-49 50 and above

Level of education: Certificate Diploma BA/BSC MA/MSc

Job title.....

Work Experience: Less than 5 6-10 years 11-15 years Over 15 years

Name of the sector your department belongs to?.....

Part II: Purchasing planning

2. What is your level of agreement with the following statements that relate to the practice of Purchasing planning of different sectors, main departments and departments on purchasing performance in ECWC?

S. No	Purchasing planning and related questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
2.1	End users adequately plan their budget for the purchasing of goods or services that are going to be procured.					
2.2	In ECWC Purchasing plan prepared through the involvement and participating of all end users.					
2.3	End users provide clear specification for the purchasing of goods and services that are going to be procured.					
2.4	End users are raised their purchasing need on time and according to their plan					
2.5	Purchasing department delivers training based on the problem identified and assessment of inquiries.					

Is there any additional planning activity that has to be raised? Please mention your own

.....

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Part III: purchasing performance evaluation related questions

3. How do you evaluate the ECWC Purchasing performance based on five rights (5 R's) of Purchasing?

S. No	Purchasing performance Rating with regard to 5 R's	Very poor	Poor	Neither good nor poor	Good	Very good
3.1	With Right Quality					
3.2	At Right Time					
3.3	At Right Price					
3.4	With Right Quantity					
3.5	From the Right Source					

Part Four: Purchasing procedures

4. To what extent do you agree purchasing procedures affects purchasing performance in ECWC?

S. No	Purchasing procedures related questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4.1	Tender evaluation conducted according to predetermined set criteria in the bid document					
4.2	Procured items are tested and inspected accordingly at the time of delivery					
4.3	Contract management is conducted according to the bidding and contract document terms and conditions					
4.4	Non compliance with procedures and regulations or unethical behavior is a challenge for effective purchasing.					

4.5	Endorsing committees give due attention in carrying out their duty properly and where necessary take corrective measures.					
4.6	Tenders are awarded within the tender validity period					
4.7	There is monitoring mechanism to ensure that goods supplied or service is rendered within the time to agree.					
4.8	Professionalism or quality of purchasing workforce is a challenge of purchasing practice					
4.9	Proper follow up is maintained and appropriate decision is taken in regard to securities and warranties					
4.10	Purchasing and Finance Department facilitates payment of the supplier by providing necessary documentation based on lead time.					
4.11	The procurement manual is the best and flexible to purchase the goods, services and works on time or to carry out effective purchasing activity.					

Is there any additional purchasing procedure that has to be raised? Please mention your own

.....

.....

Thank you very much

Appendix -B

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

MASTERS OF BUSINESS ADMINISTRATION IN GENERAL MANAGEMENT

Questioner prepared for respondents under the assessment of purchasing practice and its challenges in the case of Ethiopian Construction Works Corporation /ECWC/.

Unstructured Interview guide for Deputy CEO Staff

1. Position _____
2. Qualification _____
3. Training you take related to the task (Purchasing/ Procurement) _____
4. What are the major challenges in purchasing process?
5. From the problem at what extent the shortage of foreign currency influences purchasing plan in the ECWC?
6. Does adequate monitoring and evaluation of purchasing performance carried out in ECWC?
7. Do you think decentralization of authorities through delegation improves decision processes cycles in purchasing process?
How it facilitate?
How it delays?
8. Is there any delegating mechanism for lower level officers?
9. Do you think an Ethical issue affects Purchasing process in ECWC?
10. In your experience, what are the most effective methods that ensuring an appropriate Purchasing method that can be verified in the terms of the 5 R's?

Thank you very much