



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

**AN ASSESSMENT OF PROCUREMENT PRACTICE
IN THE CASE OF BANK OF ABYSSINIA**

BY: SURAFEL MELAKU

JUNE, 2020

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SURAFEL MELAKU

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BY
SURAFEL MELAKU

APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Signature & Date

Advisor

Signature & Date

Mebrahtu L.Teklehaimanot

External Examiner

 20/08/20

Signature & Date

Internal Examiner

Signature & Date

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Worku Mekonnen (PHD). All sources of material 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 institutions for the purpose of earning any degree.

Name

St. Mary's University, Addis Ababa

Signature

July, 2020

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ACRONYMS

5R's	The right quality, The right quantity, The right place, The right price and The right time
BoA	Bank of Abyssinia
COK	Commercial Bank of Kenya
CIPS	Chartered Institute of procurement and supply
SPSS	Statistical Packages for Social Science
TI	Transparency International
UN	United nation
UNDP	United Nations Development Programme,
UNOPS	United Nations Office for Project Services Procurement

ABSTRACT

Procurement can be defined as the acquisition of goods or services. It is a process that involves two parties with different objectives who interact in a given market segment. procurement is the process by which goods and services are acquired and is the process of the two (or more) different contractual parties, who have different aims and objectives, interacting and agreeing on a contract within a given market sector. The purpose of this research paper is to assess the practices of procurement activates of bank of Abyssinia (BoA). To accomplish this study, primary & secondary data were gathered. Furthermore, the study used purposive or judgmental sampling technique due to the fact that this technique enables the researcher's experience to select the samples based on the necessity of their participation in the procurement practices. The data is collected through open and closed ended questioners & interviews. Accordingly, 120 (one hundred twenty) managerial employees of the bank were selected by the researcher and 97 (ninety seven) questioners were filled and collected. To analyze the research, descriptive method of data analysis were employed. The study brought about major findings and conclusions such as of coordination with internal users and suppliers and the process are not computerized system, it is affect the performance of the organization. The research finally recommends that, the bank must analyze the relationship with suppliers and buyers, must follow make or buy decisions, Must create coordination with user departments, as a department must prepare training and development to users and staffs, and Develop E-procurement system.

Key words: procurement practices, supplier evaluation and relationship and 5Rs

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CHAPTER ONE

1. INTRODUCTION

Under this chapter the researcher tried to introduce readers about background of the study, statement of the problem, objective of the study, significance of the study, scope/delimitation of the study and limitation of the study.

1.1. Background of the study

Procurement can be defined as the acquisition of goods or services. It is a process that involves two parties with different objectives who interact in a given market segment. On similar terms, Roberts and Wallace (2004), states that procurement is the process by which goods and services are acquired and is the process of the two (or more) different contractual parties, who have different aims and objectives, interacting and agreeing on a contract within a given market sector. Procurement is a very important function since it is the process by which the organization can attract and contract good quality services. This is important because good procurement leads to good suppliers and this in turn leads to increased performance and improved profitability. Kerzner (2009)

The role of procurement within global companies has changed dramatically over the past 25 years from that of simply buying goods and services to overseeing an integrated set of management functions. This brings new challenges and opportunities to procurement. Offshoring and the increased emphasis on specialization and fragmentation of production enhance the strategic character of procurement decisions. Increasingly, procurement decisions have become intertwined with strategic management in general. Ngotho, M. (2014)

Procurement expenditure, as a percentage of the total expenditure in service-oriented institutions such as banks, is estimated to be at approximately 80% of the total expenditure (Oppong D. ,2013). Since procurement constitutes such a large portion of the organizations' expenditure, it should be conducted according to the best practices to save costs, minimize waste and streamline operations in order to gain competitive

advantage (Comm and Mathaisel, 2008). However, the procurement function has traditionally been referred to as a nonstrategic function, often subordinated to finance in the public or service sectors, and therefore considered as a non-value-adding task (Rajab and Muchelule (2016).

According to Musanzikwe (2013), in most organizations procurement represents a very large proportion of the total spend and should be managed effectively to achieve optimum value. Therefore effective practice of project procurement management can significantly contribute to achieve the project objective in terms of cost, time and quality.

According to Kennedy and Kiarie (2015) procurement is an ever-growing means of conducting business in many industries around the world. Firms must maximize the use of procurement practice based decision in every aspect of the business, linking across all members of the supply chain, increasing the speed of information transfer, and reducing non-value adding tasks. Salish and Semanik (2007) also states, employing best practices in procurement ensures that the organization and ultimately the procurement professional make correct decisions. This means that an organization must develop plans that are in alignment with its goals and best interests.

The purpose of managing the procurement practices for realizing improvement in enterprise performance, it is necessary to improve the planning and management of activities such as materials planning, inventory management, capacity planning, and logistics (Chandra and Kumar, 2000) with suppliers and clients. The simultaneous integration of customer requirements, internal processes, and upstream supplier performance is commonly referred to as supply chain management (SCM). Procurement is an integrated approach beginning with planning and control of materials, logistics, services, and information stream from suppliers to manufacturers or service providers to the end client; it represents a most important change in business management practices (Ou et al., 2010).

Procurement practices cannot on their own improve efficiencies individually, since the efficiency can be achieved through the interaction of various procurement practices.

Kaufman (2002) point that, for effective performance, a comprehensive effort for improvement in all of procurement functions within a firm should be made, and, first of all, the focus of procurement practices should shift from functional and independent to general and integrative. This implies that the performance of each procurement practice should be evaluated depending on how the practice has a significant effect on the efficient integration of entire procurement processes, and thus, the successful achievement of procurement integration can be possible by the systematic utilization of various procurement practices. Bowersox (2009)

In the service sector, procurement works in a situation of progressively exceptional examination and quickened changes driven by innovation, program surveys, and open and political desires for service upgrades (Bolton, 2007). This is due to the size of the sector and the scope of its expenditure (Hugo and Badenhorst-Weiss, 2011).

Bank of Abyssinia the 3rd private bank in Ethiopia. The bank provide different domestic and international banking services. To facilitate the services to be effective procurement department has a big role. BOA follow a centralized procurement system. Under centralized purchasing purchases are made at one central point for the whole organization and material is issued to respective departments or jobs as and when needed. Centralized purchasing is suitable in cases where the organization runs one plant. It will bring about economies of purchasing and buying in small lots will avoid. Thus, in this study the researcher tires to assess the procurement practices at bank of Abyssinia.

1.2. Statement of the problem

Know a days a business activities is getting more obstacles and therefore firms have to maximize their business activates to stay competitive environments. As a result, managers need to emphasis all those practices that will maximize their ability one of the most vital factors for maximizing business activates is implementation of effective and efficient procurement and supply chain management practices (Chong and Ooi, 2008).

According to Weele Van J.A (2010) the procurement function covers activities aimed at determining the purchasing specifications based upon fitness for use, selecting

the best possible supplier and developing procedures and routines to be able to do so, preparing and conducting negotiations with suppliers in order to establish an agreement and to write up the legal contract, placing the order with the selected supplier or to develop efficient purchase order and handling routines, monitoring and control of the order to secure supply (expediting), follow up and evaluation.

Monczka et al. (2008) states that procurement management has limited resources available to manage the procurement process and must continuously work toward improved utilization of these resources. Limited resources include employees, working within the department, budgeted funds, time, information, and knowledge. Organizations are therefore constantly looking for people who have develop skills necessary to deal with the wide variety of tasks faced by procurement.

The study of Tewodros (2007) shows that there are various limitations that affecting the Procurement practice of institutions, such as the management is not giving sufficient emphasis for the procurement function, the member of procurement unit lacks skills and experience to meet the purchasing requirements, requisition forms are not properly designed, lack of comprehensive record for purchasing activities and the purchasing process is very long and involves some unnecessary steps in addition the peocurement process are not transparent.

Fikremariam Abebe (2017) also studied the same area of Procurement management practice in the Case of Bank of Abyssinia by using four the frame work shows the four process of project Procurement management (Plan procurement, Administer Procurement, Conduct procurement and Close procurement). Their study revealed that project plan procurement were the most related project Procurement management practice in Bank of Abyssinia.

The problems of the above-mentioned researchers are most of them are focused only in four and specific numbers of frameworks and they didn't give opportunity to the respondents in order to rank and identify which one is the major problem and which one is least and most of the researchers assessed only overall current procurement practices not only project procurement of the organization with the limited numbers of frameworks, while this study tried to assess both internal procurement practices and external relationships with the stakeholders of procurement practices.

In addition to the above-mentioned problem, based on the preliminary interview assessment with the BoA selected procurement staffs the following problems were identified as the major one which have influence on the procurement practices. Those are: more focus on short-term relationship with suppliers, E-procurement activates are not applied, the specification of Goods and services are not provide clearly and most goods are purchased from the supplier not maintained internally. Therefore, If the above problems are discovered in such type of mini interview, if there is a possibility to explore depth study on those problems can affect procurement practices there is a big chance to get some other problems in the case organization. Therefore, there is a need for investigating the actual condition of procurement practices in case of BoA

1.3. Research Questions

- How are the procurement practices undertaken on BoA
- What measure should be taken to enhance the procurement practices and the competitiveness of the bank regarding to procurement practices
- What are the ethical standard, internal control, and perception of the stakeholder towards the department?
- How to acquire the goods and services based on 5R^S

1.4. Objectives of the Study

1.4.1 General Objective

The general objective of this study is to assess procurement Practices in the case of bank of Abyssinia.

1.4.2 Specific Objectives

The study aims to achieve the following specific objectives

- ❖ To assess how are the procurement practices undertaken on BoA
- ❖ To examine what measure should be taken to enhance the procurement practices and the competitiveness of the bank regarding to procurement practices
- ❖ To identify what are the ethical standard, internal control, and perception of the stakeholder towards the department?

❖ To examine how to acquire the goods and services based on 5R^s

1.5 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
- Bid: -means a method in the procurement process extending from advertisement of or invitation to bid up to Signing of contract.
- Supplier relationship: the relationship b/n the buyers and supplier it can be long or short.

1.6. Significance of the study

The study were tries to build effective and efficient process of the procurement by analyzing the current activities in relation with the practical and scientific approach. As well Bank of Abyssinian can be used the findings and recommendations of the study as a feed back to improve the procurement support processes unit.

It will help other service giving organizations to learn from the strength and weakness of the Current practices of procurement and take their own remedy in time. On the other hand the significance of the study will be its contribution of reducing the knowledge Gap in the area of procurement of BOA. In addition this study can potential to be used as the foundation for future research.

1.7. Scope of the study

The scope of this study were be limited Bank of Abyssinia procurement department who are agreed to participate in this research. The research highly focus on the local procurement process, especially goods and services.

The target population for this study were limited to the procurement director, manager, senior procurement officer, procurement officer. Logistics (warehouse and inventory) and finance departments, marketing and selected user department. Moreover, there were absence of detail data result in reporting and internal auditing of the department activity. In addition, the research do not include the supplier response regarding the procurement process and do not include the foreign procurement process. Furthermore, the participant in this study were maybe respond to all or partial items on the survey dishonestly. Thus, any conclusions of the study emanate from the research finding needs emanate from the research finding needs to be interpret with some caveat due to the limitations of the study.

1.7. Limitation of the Study

The procurement practices function depend on external and internal factors such as competency of the procurement staff and support of the top management. An empirical evidence related to the study's topic in Ethiopia and specifically in the organization itself were difficult to find. Last but not least, some of the respondents were not willing to give their opinions in fearing of losing their positions for providing organizational information. Some of the respondents of the survey were also busy on their regular works, meetings and on frequent field missions. These problems were be overcome by provide enough time to the respondents and allow them to administer the questionnaire themselves. The researcher also assured the respondents that the research were only for academic purpose

1.8. Organization of the study

The study is mainly divided into five parts, which are the introduction, literature review, research methodology, results and discussions summary, conclusion and recommendations.

- The introduction part provides an overall view of the Procurement, which includes statement of the problem, basic research questions, objectives, significance, scope and definition of terms.

- Literature Review part provides the most important and relevant concepts about procurement Practices. Moreover, this part will explore previous research conducted on theoretical and empirical in this area.
- Research Methodology part will be deal with the detail research type, design and approach to gather primary and secondary data, the data collection tools/instruments as well as how the data will be compile, analyze and interpret will be present in this part..
- Results and discussions part will summarizes the results & findings of the study and interpret and discuss the findings in details. Here, the results of the empirical analysis will be extensively use.
- Summary, Conclusion and recommendations is the final part of the study that will present the summarize lessons of the analysis and possible recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Theoretical Review

2.1.1. Definition of Procurement

Procurement is the act of acquiring or buying goods and services. According to UNOPS Procurement is one aspect of supply chain management and its key goal is ensuring timely delivery of goods, services or works to the customer at the right time, price, quality, quantity and place in order to deliver best value for money (UNOPS,2014).

All procurement activity must achieve the following objective; to buy the right goods or services of the right quality in the proper quantity at the right time from the proper source at the right price.

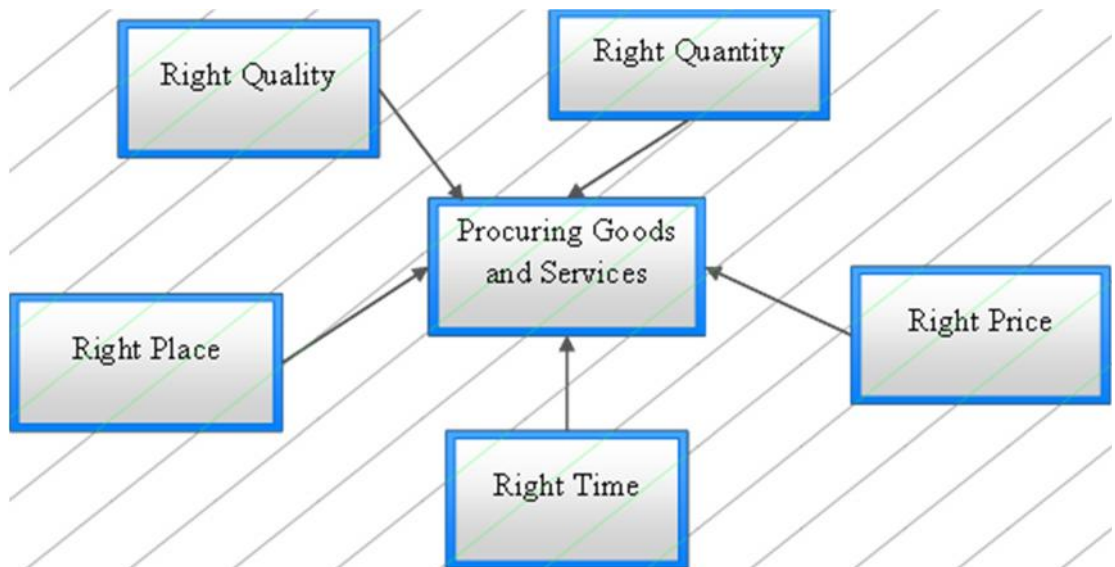


Figure 1: The right procurement system

Procurement management is a process to purchase or acquire the products, services such as simple office items to sophisticated high-tech equipment from outside the organization to perform the work. Procurement includes the entire gamut of business processes required to purchase goods and services. For any supply chain function, the most significant decision is whether to outsource (or offshore) the function or perform it in-house. The decision is an outcome of two factors (a) the additional supply chain

surplus (or system profit) generated through the outsourcing and (b) the level of additional risks from outsourcing (Rahul K Mitra, Amitava Sen and Rajneesh Verma, 2012).

A Procurement Management Process is a formal method by which products (goods or services) are acquired for a project from external suppliers. The process entails managing the ordering, receipt, review and approval of products from suppliers, as well as the overall management of supplier relationships to ensure continued customer service. A Procurement Management Process is used to ensure that all products acquired for the project are in accordance with the requirements set out by the Procurement Plan. This requires that the products are:

- Acquired within the correct timescales
- To the level of quality defined
- Within the budgeted cost identified.

Procurement is defined as the acquisition of goods and/or services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals, generally via a contract. Therefore, in order to research on the procurement strategy in an effective way, it is better to focus on competitive bid system and long term partnership in this study.

Management in any public and private organizations must understand the art of obtaining products and services. The United Nations viewed public procurement as an “overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services” contract or the useful life of an asset” (United Nations Development Programme, UNDP, 2007).

2.1.2. Types of procurement

Centralization and Decentralization are the two kinds of structures that can discover in the association, government, and the board and even in buying. Centralization of power implies the intensity of arranging and dynamic are solely in the hands of top administration. It implies the grouping of the considerable number of forces at the summit level. Then again, Decentralization alludes to the scattering of forces by from higher administration to operational level administration. It is the dispersion of power, at all the degrees of the executives.

2.1.2.1. Centralized procurement

Under brought together obtainment are made at one focal level for the entire association and material is given to separate divisions or employments as and when required. Brought together buying is appropriate in situations where the association runs one plant. It will achieve economies of buying and purchasing in little parcels will evade.

It guarantees steady purchasing strategies in future and buying powers are packed in the hands of one individual, the responsible for the buying office. This kind of buying is exceptionally useful in snappy execution of choices with respect to buying. It likewise guarantees mass purchasing which guarantees great costs. The staff prerequisites under this sort are restricted and masters in purchasing may name.

Incorporated buying is further useful to the merchants since their selling costs are decreased as they can without much of a stretch arrange and supply products to a solitary purchaser rather than an enormous number of purchasers. The most significant advantage which can draw from brought together purchasing is that it keeps the inventories in charge and checks the inefficient interest in materials and gear and so forth in this manner guaranteeing by and large economy in buying.

2.1.2.2. Decentralized purchasing?

Decentralized buying is only the opposite of unified buying. This is appropriate for associations running more than one plant. Under this sort, each plant has its buying specialists. As such, every office makes its buys. This additionally calls confined buying.

Decentralized buying is very adaptable and can rapidly alter following the prerequisites of a specific plant.

More consideration can pay by the departmental head on purchasing issues as he will convey the predetermined number of exercises in his specialty and he can consider answerable for the acquisition of merchandise and the general execution of the plant. The genuine disadvantage which rises up out of this sort is the absence of consistency in buying method in the association.

Simultaneously, consistency in costs can't guarantee and also, every departmental head may not have the bore of a specialist purchaser. This technique likewise represents the issues of coordination among different branches of the association and for the most part prompts spontaneous purchasing. In contrast with concentrated purchasing, this strategy includes a lesser economy in buying.

2.1.3. Planning of procurement

Why planning is required? Coulter and Robbins (2012) if four motivations to respond to the inquiry. Arranging offers headings to staff to accomplish hierarchical objectives effectively. It empowers to look forward, envision future change and ready to create viable reactions. Arranging limits wastage and gives facilitated endeavors to take out wastefulness. Arranging builds up objectives and proposals objectives fill in as a benchmark against which observing and controls will be attempted.

It infers that acquirement arranging is a coordinated methodology that guarantees obtainment exercises add to the accomplishment of undertaking results by being led in an ideal way and at a sensible expense. The majority of the reserve funds accomplished in acquisition are accomplished at the acquirement arranging cycle or stage (UN, 2012).

The essential capacity of obtainment arranging incorporate early arranging, planning and collecting of prerequisites to accomplish cost investment funds, proficient business activity, and increment esteem for cash. (Guyana: Procurement Planning Manual, 2010).

Lack of foresight and the board of the obtainment procedure which incorporate needs that are not very much recognized and evaluated, unreasonable spending plans and insufficiency of the abilities of staff answerable for acquisition are a portion of the significant mishaps in open acquirement (Mamiro, 2010). In this manner, the wasteful

utilization of assets can be produced from issues over the whole acquirement forms: from ID of requirements, sales and offer assessment, absence of straightforwardness and rivalry all the while, grant of agreements and helpless agreement management (Basheka, 2008)

2.1.3.1. Need identification in procurement planning stage

The first step in procurement planning is need acknowledgment and definition (UN, 2012; CIPS, 2012). The need, normally, happens because of absence of products, administrations as well as explicit capacities required by the open customers (Thai, 2009). The need evaluation is likewise the procedure of accurate recognizable proof and particular of requirements as far as amount and quality (Thai, 2009). It is a balanced need distinguishing proof considering utilities and money saving advantage examination (CIPS Course Book, 2012).

Need appraisal is an establishment for a compelling acquisition procedure to evade pointless speculation and acquirement of extra or less needs when contrasted with the real prerequisite (Mamiro, 2010). Thai (2009) clarifies that the necessity recognizable proof and examination is a basic capacity that distinguishes monetary amount, quality prerequisite, sensible value estimation and conveyance time and lead to choose the correct acquisition technique .All these capacities can straightforwardly dodge one-sided choices and superfluous task costs. (Thai, 2009). The necessities for the most part began from task or Program plans.

2.1.3.2. Requirement Definition

The second phase of procurement planning includes arrangement of particular to disclose the association's needs to providers (CIPS, 2012; Musanzikwa, 2013). Meaning of prerequisite beginnings when the need is recognized. It is an essential piece of arranging movement (UN, 2012; UNOPS, 2014). At the point when necessities got from the end client in various structures, the acquisition unit checks for its exactness and adjustment to standard particular to stay away from non-esteem adding or to guarantee that the detail decisively characterize the requirement for flexibly of good or administrations (Ndolo and Njagi 2014).

Determination fills in as a methods for correspondence to expected providers as particular, administration level understanding, contract terms which set out the commitments of provider and purchaser identified with the satisfaction of the detail, key execution markers or execution gauges that will be utilized to affirm that the necessities has been met satisfactorily(CIPS Official Course Book, 2012). It guarantees whether the obtainment need is adding to the accomplishment of the hierarchical key targets. Detail is an establishment for requesting, assessment, and agreement grant and agreement execution (UN, 2012; UNOPS, 2014).

Detail is the core of agreement between the provider and the getting association. It is, utilized as an exhibition observing apparatus to gauge whether legally binding execution address the getting association's issue palatable. The obligation regarding getting ready determinations dwells with the utilizing office. One of the horrible circles of debasement in acquisition process is giving one-sided detail that impacts the decision of obtainment technique and this ought to be kept away from at the acquirement wanting to accomplish an incentive for cash (Mamiro, 2010).

2.1.3.3. Cost Estimation and budgeting

The obtainment needs should be caught in a money related term which for the most part called financial plan dependent on current or cutting-edge the market appraisal to guarantee estimation of sensible spending plan. The motivation behind cost estimation is to perceive ahead of time what expenses are normal to analyze the real expense against it. This sum will be set in the acquirement arranging characterized as plan spending cost which ought to be endorsed (CIPS Official Course Book, 2012; Wambui.2010; Mamiro, 2010, UN, 2012, UN, 2012).

Obtainment work can't continue except if the spending plan is endorsed and affirmed accessibility of the reserve for the securing of the necessities. The evaluated cost fill in as observing and agreement execution against the real executed agreement incentive to guarantee the proficiency and viability of the acquisition the board work. One of the

misfortunes of acquirement work is that obtainment arranging is ridiculous necessity ID, determination and assessment models, and market appraisal and cost or spending estimation (Kiage, 2013).

2.1.3.4. Aggregating of Requirements in Procurement Management

As a rule, the yearly obtainment plan gets ready into two methodologies relying upon the suitability for the successful and proficient usage of the open reserve in procuring the products, works and administrations. As indicated by Jorge Lynch (2013), the Procurement Plan is the result of the obtainment arranging process. It tends to be produced for a specific necessity, a particular venture, or for various prerequisites for one or numerous substances in people in general or private divisions.

2.1.4. Specification of Goods and services

Determinations must be recognized from standard and code of training. As per Lysons and Farrington (2006) Specification resisted in three explanations as it is an announcement of the characteristics of item or administration, an announcement of necessities and an announcement of should be fulfilled by the obtainment of outside assets. A standard is a particular proposed for intermittent use. Standard contrast from particulars in that, while each standard is a determination, few out of every odd detail is a norm. Codes of training are less explicit than formal principles and give direction on the best acknowledged practice corresponding to designing and development and for activity, for example, establishment, support and administration arrangement.

Then again, Dobler and Burt (1997) expand how normalization diminish costs as the utilization of principles allows a firm to buy less things, in bigger amounts and at lower costs. Along these lines, less things are prepared and loaded. This lessens buying, accepting, examination and installment cost. Loading less things makes controlling inventories simpler and less exorbitant. Subsequently, the acquisition of normalize materials sets aside cash in four different ways: lower value, lower handling costs, lower stock, conveying cost, and less quality issues. Then again, the utilization of non-standard things, usually alluded to as "specials" quite often guarantees a firm of higher all out obtaining and conveying cost.

Baily and et al (2005) articulate two ways to deal with detail: execution and conformance. Execution particular is that an away from of the reason, capacity, application and execution expected of the provided material or administration is imparted, and the provider is permitted or urged to give a fitting item. Conformance particulars are the place the purchasing association sets down clear and unambiguous necessities that must be met. The determination is of the item, not the application. Determination is additionally utilized as one methods for correlation. According to Sollish and Somanik, (2005).for numerous organizations, costs are generally being the measurement that provider have been looked at on. There are numerous other provider attributes, for example, detail.

Sources of specification data Sollish & Somanik, (2005).there are three major sources from which specifications may be derived:

- 1. *Individual standards*:** it requires broad meeting among clients, designing, buying, quality control, providers, promoting, and perhaps, extreme purchasers. This implies the assignment is probably going to be difficult and costly.
- 2. *Standard specifications*:** these have been created because of a lot of understanding and study by both legislative and non-administrative organizations, and generous exertion has been extended in advancing them.
- 3. *Governmental standard*:** [it is just] to be certain that item bought meet government necessity.

2.1.5. Procurement Methods

2.1.5.1. Procurement Methods in Ethiopian

Open acquirement in Ethiopia is controlled by Ministry of Finance and Economic Development Public Procurement and Property Administration Agency, Act649/2009. The demonstration set The Public Procurement and Disposal of Public Assets Authority (PPDA) as the administrative body for open acquisition. The PPDA issues for example guidelines, organization lines, structures and standard offering archives which serve to open substances to follow the right strategy

The Ethiopian Federal Government obtainment and property organization announcement no 649/2009 article 33 (1) states six strategies for acquisition for open products and enterprises, viz. open offering, demand for proposition (RFP), two phase offering, confined offering, demand for citation and direct acquirement.

2.1.5.1.1. Open Bidding Method

Under open bidding technique, every intrigued firm bidders are given sufficient notice of agreement necessities and every single qualified bidder are given an equivalent chance to present a tender. The Open Bidding Method is the favored technique for acquirement of products, works and administrations (Consultancy and Non Consultancy), except if the edge levels or conditions identifying with a particular prerequisite make it increasingly suitable for one of the other obtainment strategies to be utilized.

2.1.5.1.2. Request for Proposals

A Request for Proposals (RFP) will be utilized by open bodies for procurement of consultancy services. Consultancy services mean a help of a scholarly and warning nature gave by advisors utilizing their expert abilities to study, plan, and compose explicit tasks, guidance customers, direct preparing and move information. The organizations will utilize the standard archives arranged and gave by the PPA for the Request for Expressions of Interest and the Request for Proposal (RFP).

2.1.5.1.3. Two-Stage Tendering

The bank industry may utilize Two-Stage Bidding Method for the acquirement of enormous or complex agreements. In the First Stage, an banking industry will welcome through promotion un priced specialized proposition based on Bidding Documents which will express the prerequisites of the open body when all is said in done terms and consolidate the fundamental depiction and polls and framework a theoretical structure or potentially explicit execution necessities. In the Second-Stage, the open body will overhaul the Bidding Documents and set out the nitty gritty assessment criteria for the Second-Stage offers. The bank industry will, where pertinent, gauge the full expense of the obtainment object during its valuable lifetime considering:

2.1.5.1.4. Restricted Bidding

The restricted bidding procedure is a two-stage system where bidders express their enthusiasm following production of an procurement notice, however just those welcomed by the organization may submit offers after a screening procedure. In this manner the limited method comprises of two unmistakable stages - choice of reasonable bidders and assessment of offers. At the main stage, the main criteria which might be utilized to choose forthcoming bidders are monetary and money related standing or specialized information or ability of completing a particular task.

2.1.5.1.5. Request for Quotations

Request for Quotations Method, an open body may attempt acquirement by methods for a Request for Quotations (RFQ) for the acquisition of promptly accessible, standard, off-the-rack merchandise and related administrations and low worth straightforward works or physical services.

2.1.5.1.6. Direct Procurement

Open competitive procedures, for instance, welcoming statements, tenders, or recommendations from more than one vender – won't be appropriate for all acquisition by an open substance. In certain cases, an open element may acquire legitimately from a provider. In choosing to adopt this strategy, an open element should consider the worth and danger of the buy just as the result that it plans from the obtainment. Direct procurement strategy, it will set up a depiction of its needs and any extraordinary prerequisites concerning quality, amount, terms and times of conveyance. The organization will, in any case, request a citation from a solitary bidder legitimately and a short time later will be allowed to haggle with the chose sole bidder. There is no prerequisite for Direct Procurement to be publicized, nor is there a requirement for a bid security.

2.1.6. Make or Buy decisions

As indicated by Peter Baily and et al (2005) some exigency is the typical explanation behind audit, and some basic purposes behind settle on or purchases choice at the lower level are:

- Deterioration in a current provider's quality execution
- Delivery disappointment or helpless assistance in a current source
- Large cost increment
- Volume change; a lot bigger or littler amount prerequisite for things concerned.
- Pressure to decrease costs
- Desire to focus inner assets on territories of uncommon skill.
- Need for plan mystery.
- Import replacement

On the other hand, Dobler Lee and Burt (1998) the make or purchase issue ought to be tended to for every single new thing which can be either bought or created in house. Each activity discharge and each buy demand infers a choice to make or to purchase. Buying and flexibly the board assumes a key job in the make or purchase process by giving data on the cost, quality, and accessibility of things

2.1.7. Supplier Evaluation

Sollish and Somanik, (2005).elaborate how to assess the source in the assessment of potential source endeavor to address two key inquiries

1. Is this seller equipped for providing the purchaser"s necessities acceptably in both the short and long haul?
2. Is this merchant spur to flexibly these prerequisites in the manner that buyer expects in the short and long haul?

The main inquiry can be to a great extent replied on a specialized premise. The second tests the human side. Then again Baily and et al (2005) provider can be surveyed with the accompanying boundary

Past execution: - it is utilized for provider choice when things are purchased in huge amounts structure a few supplies. Purchasers utilize this data not exclusively to give

more business to better providers, and to eliminate deficient providers, yet in addition to ask powerless providers to improve their exhibition.

Notoriety: - experienced purchasers develop a great deal of market information, which they add to by conversing with associates, salesmen and purchasers in other association.

Visit and evaluation: - it includes a visit to the provider so as to make an appraisal of value capacity, quality control staff, buying staff or an interdepartmental group may take the visit. Outsider affirmation: - Third gathering confirmation is the term utilized for visit and examinations made by some free body-neither the main party, or purchaser, nor the subsequent party, or vender the consequences of which are then distributed or made accessible to customers or supporters as a declaration of value appraisal.

Assessment of test item: - it is the conveyance of palatable products by the provider and their acknowledgment by the client, in this way finishing the exchange once installment has been made.

2.1.8. Quality of Goods and Delivery

2.1.8.1. Timely Delivery of Goods

The conveyance of the contracted thing to the opportune spot at the ideal time is additionally a significant capacity of acquirement capacities. Legitimate buying upgrades conveyance plans without stacking distribution center with exorbitant stock and limits the negative impacts of value changes and stock outs. If there should be an occurrence of routinely utilized or obtained things, perfect time may mean when the stock arrives at the base level clinging to the duty shared both by the buying unit and the favoring body. The buy activity should be started when the material compasses to its pre-chosen reordering level. The reordering level is chosen the premise of the pace of utilization and the lead time. It ought to be settled based on the likelihood of greatest occasional utilization and most extreme lead time. As stock holding is straightforwardly related with the lead time, endeavors ought to be coordinated towards the decrease of the lead time so that conveying expenses can be diminished to the base (Javier et al., 2010).

2.1.8.2. Quality of Goods or Services

Quality has become a key weapon being utilized by organizations. Go with great quality tends to have piece of the overall industry over its rivals. Many assembling organizations have understood the significance of value. There are various methods of characterizing quality. A few people see quality as execution to norms; others see it as addressing the client's needs or fulfilling the clients. So as to guarantee absolute quality in assembling, the meaning of value should be characterized from clients' points of view. Right Quality is characterized as basically 'qualification for reason' or the British standard establishment characterizes as "the entirety of highlights and attributes of a creation or administration that bear on its capacity to fulfill a given need Nair (1990).The term quality as utilized in the field of buying conveys a significant distinctive importance to the implying that we for the most part connected with this word. In like manner use, it alludes to the amazing highlights of the subject, "The correct quality is the appropriate of a thing for a given reason Nair (1990).

2.1.9. Supplier relationship management

As indicated by a meaning of [McCue, C. P. what's more, Johnson, B. R. 2010] Supplier Relationship Management (likewise called Vendor Relationship Management) is a lot of standards, procedures, and apparatuses that can help associations to amplify relationship esteem with providers and limit hazard and the board of overhead through the whole provider relationship life cycle (McCue, C. P. furthermore, Johnson, B. R. 2010). Provider Relationship Management has two perspectives, which are:

1. Clear duty between the provider and the purchaser
2. The goal of comprehension, concurring, and at whatever point conceivable, systematizing the associations between them (CIPS, 2012).

Relationship is facilitated in to two headings. These are provider relationship and client relationship. Provider relationship the board is the procedure that characterizes how an organization collaborates with its providers. As the name proposes, this is an identical representation of client relationship the board. Similarly as an organization needs to create associations with its clients, it needs to encourage associations with its providers.

Provider connections assume a significant job in acquisition and flexibly chain the executives. There are three significant reasonable ideal models in obtainment research (Brammer and Walker, 2011): the partner (Preston and Donaldson, 1999), the force reliance (Cox, 1999), and the asset based points of view (Barney, 1991). These three calculated ideal models center around the organization's relationship with its outside entertainers (Srivastava, 2007).

As per Herrmann and Hodgson (Choy et al. 2002), SRM can be viewed as a procedure by which an organization oversees favored providers and finds new ones while decreasing costs, making acquisition repeatable and unsurprising, pooling purchaser experience and abusing associations. SRM can be likewise comprehended as a procedure that can both catch and make an incentive in the association. Rather than seeing SRM as the domain of obtainment, business chiefs ought to be resolved to execute SRM system into training by being liable for key provider connections.

2.1.10. E-procurement

Lysons and Farrington(2006)characterize E-obtainment by alluding, is utilizing the web to work the value-based part of demanding, approving, requesting, accepting, and installment process for the necessary help or item. Moreover, Benton (2007) express that [E-Procurement] will likewise prompt higher conditional precision and cost decrease for the whole flexibly chain. Rushton, Croucher and Baker (2006) examined the significance of E-acquisition as online closeouts where pre-qualified bidders contend to win agreements or purchase resources; sending and getting of reports, for example, buy orders, bills of stacking, RFQ solicitations and conveyance affirmations and the utilization of online indexes.

As per Croom and Brandon-Jones (2007), "e-acquirement is the way toward buying merchandise and enterprises electronically." The different phases of open obtainment where electronic acquisition strategy can be applied incorporate, distinguishing merchants or providers, setting requests and appearance of products. E-acquisition assists with improving the effectiveness of the buy procedure and decline the cost engaged with conventional buying. The majority of the desk work is restricted, along

these lines cutting the expense and time required receiving rewards regularly to the tune of a large number of bidders.

Croom and Brandon-Jones additionally clarify that, E-obtainment is generally utilized in buying little and more affordable things. The customary methodology is as yet favored for more costly items, for example, complex designing apparatus. Be that as it may, organizations are progressively perceiving the advantages of internet sourcing. Online merchandise acquisition encourages associations to portray out streamlined designs for dealing with the gracefully chain. E-obtainment not just sets aside cash the improvement of the entire procedure. The streamlined plans can be imparted rapidly to the providers in this manner diminishing expense and wastages generally associated with the flexibly chain. The benefit of E-acquisition incorporate a decrease of overhead, for example, buying specialists, compelling control of inventories, and the general improvement the business cycle.

E-acquisition can restrict the open doors for defilement via computerizing systems and lessening the measure of watchfulness practiced by acquirement authorities and their own contact with private part agents. E-acquirement can build the quantity of providers and the measure of rivalry by making access simpler and essentially improving straightforwardness by unifying all data identified with the acquisition procedure in an openly accessible web-based interface (TI, 2014)

Open e-acquirement has been characterized as the utilization of data and correspondence innovation, for example, web/online framework by governments in directing their obtainment relationship with bidders for the procurement of merchandise, works, administrations and other counseling administrations required by the open parts (Davila,Gupta and Palmer, 2003; Leipold et al., 2004). It has been characterized as a between hierarchical data framework, which automatizes any piece of the acquirement procedure so as to improve effectiveness, quality, and straightforwardness in government obtainment (Vaidya, 2007). As of now there are various kinds of e-acquirement frameworks accessible in the market, for example, e-advertise, e-MRO, e-sourcing, e-

offering, e-requesting and e-trade (De Boer et al. 2002). Each kind of framework is worked for particular reason and has its own particular usefulness and qualities.

Usage of open e-obtainment innovation assumes an indispensable job to diminish debasement in open acquisition. The most significant saw against debasement components of open e-acquirement innovation are: constant access acquisition data, robotization of obtainment framework, more finish out in the open offering, diminishes human obstruction out in the open offering, straightforwardness, effectiveness, quality, and responsibility in open obtainment. Created nations have just executed and rehearsed e-acquisition in broad daylight and private levels. For instance, Singapore, Australia, New Zealand, UK, USA, Denmark, and Japan, have just emerged open e-acquirement and got many saw advantages of e-obtainment.

Execution in broad daylight and private parts. With regards to creating nations, reception of e-acquisition in government level is in a starter stage. A portion of the creating countries' governments as of now have e-obtainment and others are in a directing stage. A few governments have a place of "keep a watch out" for e-acquisition execution (Neupane et al., 2012). As indicated by Neupane et al. (2012) the most widely recognized kinds of E-acquisition framework are introduced in the table below.

Table 2.1. Types of E-procurement system

E-procurement system	Description
e-Informing	Gathering and distributing purchasing information both from and to internal and external parties using internet
e-Sourcing	Process of identifying new suppliers for specific categories of purchasing requirements using internet technology.
e-Tendering	The process of sending requests for information and prices to suppliers and receiving the response using internet
e-Reverse auctioning	Internet based reverse auction technology which focuses on the price of the goods and services auctioned.

e-MRO and web based ERP	The process of creating and approving purchasing requisitions, placing purchase orders and receiving the goods or services ordered via a software system based on internet technology, e-MRO deals with indirect items
e-ordering	The use of Internet to facilitate operational purchasing process, including ordering (requisitioning), order
e-Market+955s	E-markets are meeting venues for component suppliers and purchasers, who use exchange mechanism to electronically
e-Intelligence	Management information system with spend analysis tools
e-Contract Management	The use of information technology for improving the efficiency and effectiveness of contracting processes of

Achterstraat (2011) shows, twelve Anti-defilement elements of open e-acquirement innovation for diminishing debasement in open acquisition an) Avoid pointless buy/venture, b) Real time get to data or ongoing offering, c) Automation of obtainment process, d) Increase rivalry among the bidders or providers, e) Reduce human mediation in offering process, f) Decrease human intercession in offering process, g) Standardization order (More consistency in Procurement stage), h) Monitoring and following application, I) Efficient and secure record transmission, j) Managerial control and cooperation, k) Transparency and responsibility, l) Make an acquirement procedure quicker and simpler, m) Obtain the best quality/value proportion

2.1.11. Transparency of Procurement

Transparency are the ethical standards or qualities that direct authorities in all parts of their work. Transparency conduct envelops the ideas of trustworthiness, uprightness, integrity, industriousness, decency, trust and regard. Moral conduct incorporates staying away from irreconcilable circumstances, and not utilizing a person's position (Wee, 2002).

Transparency conduct bolsters receptiveness and responsibility in acquisition with the outcome that providers believe in taking an interest in the Government commercial center. It likewise diminishes the expense of overseeing dangers and improves trust in policy implementation. Moral conduct is significant in open acquisition as it includes the use of open cash, and is dependent upon open investigation. Open authorities ought to consistently carry on morally and reasonably in their business endeavors. Transparency conduct bolsters receptiveness and responsibility in an acquirement procedure and gives providers certainty to take an interest in the Government commercial center. Moral conduct can likewise diminish the expense of overseeing dangers related with extortion, burglary, debasement, and other ill-advised conduct; and upgrade trust in policy implementation (Karanja and Mugo, 2010).

2.1.11.1. Corruption measurement tools

As per the UNDP client manual for debasement estimation; the accompanying five markers are utilized to quantify defilement (UNDP, 2008)

Target Indicators: Indicators built from undisputed realities. Run of the mill models may incorporate the presence of against defilement laws or the subsidizing got by the counter debasement office.

Observation based Indicators: Indicators dependent on the sentiments and view of defilement in a given nation among residents and specialists.

Experience-based Indicators: These pointers measure citizens' or firms' genuine encounters with defilement, for example, regardless of whether they have been offered or whether they have given a pay off

Intermediary Indicators: Buoyed by the conviction that defilement is difficult to quantify experimentally, intermediary pointers evaluate debasement in a roundabout way by accumulating the same number of "voices" and signals of defilement, or by estimating its inverse: against defilement, great administration and open responsibility components.

Favorable to Poor and Gender-Sensitive Indicators: A supportive of helpless marker requires an attention on those living in destitution, and a sexual orientation touchy pointer catches the various encounters and interests of ladies and men. Such markers are

valuable to follow the conceivably various effects that the instruments and procedures of administration have on various social gatherings.

Arrangement Fraud Office (SFO) additionally utilized in its report; debasement pointers are nevertheless not restricted to the follows:

- Abnormal money installments.
- Pressure applied for installments to be made direly or in front of calendar.
- Private gatherings with open temporary workers or organizations wanting to delicate for contracts
- Lavish endowments being gotten.
- Individual never goes on vacation regardless of whether sick, or occasions, or demands managing explicit contractual workers him/herself
- Making startling or irrational choices tolerating activities or agreements
- Unusually smooth procedure of situations where individual doesn't have the normal degree of information or mastery
- Abusing choice procedure or assigned forces in explicit cases.
- Agreeing contracts not great for the association either with terms or timespan.
- Unexplained inclination for specific temporary workers during offering period.
- Avoidance of autonomous minds offering or contracting forms.
- Raising barriers around specific roles or departments which are key in the tendering/contracting process.
- Bypassing normal tendering/contractors" procedure.
- Invoices being agreed in excess of contract without reasonable cause.
- Missing documents or records regarding meetings or decisions.
- Company procedures or guidelines not being followed.
- The payment of or making funds available for high value expenses or school fees etc on behalf of others.

2.2. Empirical Study

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

responsible for procurement. When planning is properly conceived and implemented, it can serve as an important mechanism for extracting, distributing and allocating resources (James, 2004).

Planning generally enhances the gathering, evaluating and interpreting of essential data and information in order to produce knowledge relevant to good policy making. In many African countries, planning has not arrived at the level of achieving the aims described because of problems related to human and technical capacities and financial resources (Basheka, 2004). Lamming and Hampson (1996) argue that, the purchasing function is beginning to play an important role in the future strategy of businesses and will need to have policy in place that can cope with a range of issues, many of which closely affect the environment. Lloyd, R. E. (2004).

Abass Haji Abdalla, 2014 affirms as there is a combination between the obtainment procedure and its adequacy on the acquisition work in dependent on opportune conveyed of the things and the nature of the gaining of things by and large. Additionally, there is an extraordinary coordination between the acquirement action and its adequacy of the acquisition work. This implies when the entire procedure of obtainment action is overseen positively there are less test in the acquirement action. That as well as when there are viable obtainment forms in the bank the presentation of the acquisition work, the targets which are among are opportune conveyed, acceptable nature of materials, great administrations and conveying appropriate amount of item.

Compton (2007), recommends that compelling execution of bank acquirement techniques incredibly relies upon the degree of representatives' preparation since absence of expert prepared staff on obtainment capacities restricts the capacity of the associations to grasp acquisition best practices through benchmarking. Charles (2009) asserts that absence of expert preparing is a key hindrance to upkeep of significant level of polished methodology in the execution of acquirement in development firms

Nantege (2011) explored the impact of obtainment the board on the money related execution of banks in Uganda with a contextual investigation of FINA Bank Uganda Ltd. Explicitly the investigation explored acquisition arranging, controls and observing

and how they influenced the exhibition of banks. It was conjectured in the examination that acquisition arranging, controls and observing decidedly influence the exhibition of banks. The key discoveries of the investigation demonstrated that the three obtainment the executives qualities for example Obtainment arranging, controls and observing emphatically influenced the presentation of the bank. This was on the grounds that there were noteworthy connections that were built up from the examination between these factors and the monetary exhibition of the bank.

Yonas (2014) led an examination on acquisition procedure of Addis Ababa Water and Sewerage Authority. The examination utilized clear research structure and quantitative and subjective information investigation. The discoveries of the examination indicated that the authority has no any acquirement system and approach. Therefore, the specialist suggested that ranking directors ought to shield the office staff from the misperceptions of the obtainment office and help the division to maintain a strategic distance from the defilement procedure with minimal unfriendly impact. The division with the contribution of the ranking director should reexamine the acquirement procedure and avoid the superfluous stage and bureaucratic strides to make the association material stream viable. In addition, the inner controlling framework ought to be reexamined to be more essentially

Yirga (2011) led an examination on open acquisition changes in Ethiopia. The goals of the investigation were giving a superior understanding about the difficulties and possibilities of the open acquirement framework and survey the nature and arrangement of open obtainment rehearses and the fundamental factors that impede open acquisition exercises in Ethiopia. The investigation was structured as distinct unstructured meetings have been led with various partners. Furthermore, the analyst utilizes distinctive auxiliary information. Thus, the aftereffects of this investigation indicated that a huge accomplishment has been made in transforming the Federal Governments acquirement framework. Proposals in the investigation are recommended including fortifying the limit of the Public Procurement Agency's workforce, making the enactment increasingly exhaustive; work with various partners like the common society associations and the media on protecting straightforwardness and battling debasement.

2.3. Conceptual Framework

As indicated by Bogdan and Biklen (2003) a theoretical system is a fundamental structure that comprises of certain theoretical squares which speak to the observational, the test and the systematic/artificially parts of a procedure or framework being considered. The interconnection of these squares finishes the structure for certain normal results. A variable is a quantifiable trademark that expect various qualities among subjects. Autonomous Variables are changes that happen in a trial that are straightforwardly brought about by the experimenter.

The exploration endeavors to set up evaluation of obtainment rehearses at BoA. The parts of Assessment of acquirement execution, west minimization, provider relationship and obtainment straightforwardness of the work performed acquisition rehearses are the autonomous factors while acquirement execution as far as acquisition execution, west minimization, provider relationship, and obtainment straightforwardness are the reliant variable. The conceptual can be summarized in figure 2.2

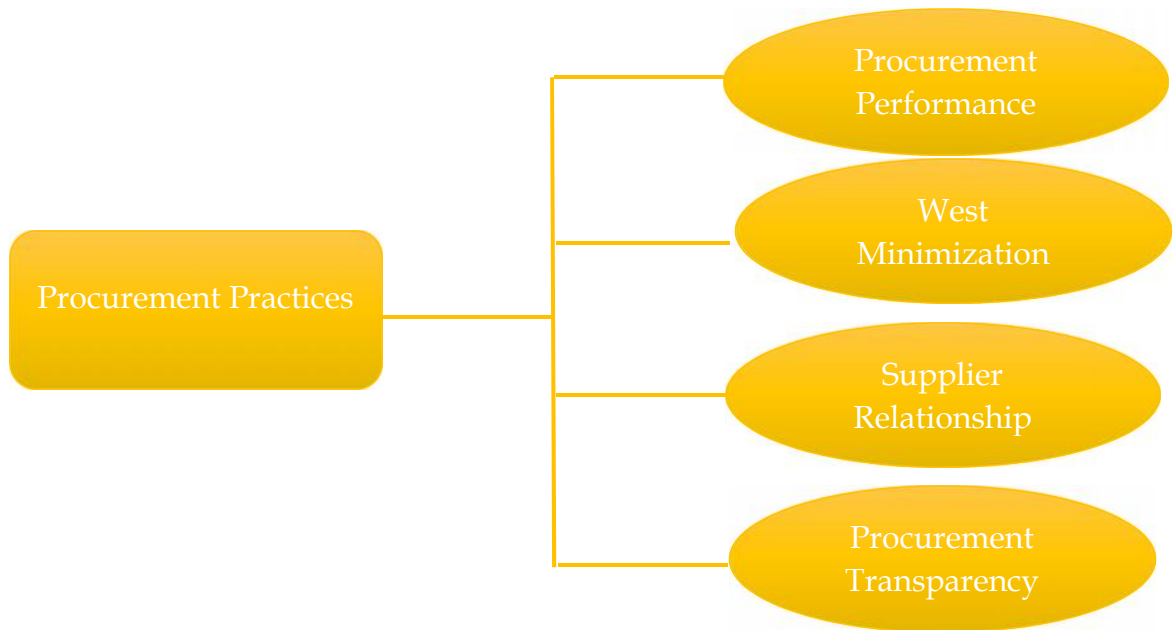


Figure 2.2 conceptual frameworks of the study

CHAPTER-THREE

3. RESEARCH DESIGN AND METHODOLOGY

The research methodology describes the means used to collect data to address central research questions enumerated. The following part outlines the research design, the research method, the population under study, the sampling procedure, and the method that was used to collect data. The reliability and validity of the research instrument are addressed. Ethical considerations pertaining to the research are also discussed.

3.1 Research Design

A research design were shows the master plan for collect and analyze the required data by specify the methods and procedures that going to be used. For this study to collect the necessary data both primary and secondary data sources was used and both qualitative and quantitative data types were collected.

The study were descriptive research design to describe the result and findings of the study. This were relevant that it enable the researcher to gather data form single population. Kothari (2004) stated descriptive research focuses on explaining the characteristics of a particular individual, group or situation. Robert Kipkemboi Chemjor (2015), also says the objective of descriptive research is describing an accurate profile of a person, events or situations. Thus, the objective and nature of this research relevantly fall under descriptive research design.

3.2 Research Approach

Kothari (2004), “Quantitative research is based on the measurement of quantity or amount and applicable to phenomena that can be expressed in terms of quantity”. Qualitative research is fundamentally interpretive; this means that the researcher an interpretation of the data. This includes developing description of an individual setting, analyzing data for themes or categories, and finally making an interpretation or drawing conclusions about its meaning. This study used a mixed approach that is combination of qualitative and quantitative approach.

3.3 Population

The study were conducted on Bank of Abyssinia procurement department. This is because the department spent significant portion of the organization budget and preliminary survey shows that the product purchased through the authority has many problem. The procurement department and related staffs at Head Office & branch office are consider to make the research. The data therefore, will be collect from the right people who should be included in the research.

Table 3.1 Distribution of sample population

No.	Departments	No. of employee
1	Top and middle management	10
2	Procurement department	25
3	Finance and account	10
4	Marketing	20
5	Administration and logistics	20
6	Technical/ user departments	35
	Total	120

3.4 Sampling Technique

For the purpose of this study, the sampling technique prefer to be used a purposive sampling method from non-probability technique to gather data both from questionnaires and interview.

Purposive sampling is selected based on the knowledge of the population and the purpose of the study. The subjects are selected based on some characteristics, Kothari, (2004). For the purpose of this study were, the out of the total population of the company which fulfills the research purpose is at headquarter, the sample draw from headquarter from the whole sourcing and facility employee, it is because the headquarter it has a great experience in the area of procurement practices most of the goods and services of purchases. The number of employees relevant to the research objectives is 120 who work in six sections. 100% of the subject i.e. 120 is taken from the procurement and related departments.

Therefore, the choice of Purposive sampling, sometimes referred as judgmental by the researcher enabled to have adequate representation of all groups can be ensured.

3.5 Data sources and Data Collection Instruments

In order to achieve the study objectives the researcher were used both primary and secondary data.

3.5.1 Primary data source

To get the required information and data for this study, Primary data were collect through well-structured questionnaire, semi structured interview and observation were used. It also include close ended and open ended questions. This instrument of data collection is quite popular, particularly in case of big enquiries Kothari, (2004).

3.5.2 Secondary Data Source

The secondary data were collected from the company's work processes, Company's reports, policies, procedures, forms, other documents and also from different literatures on the area.

3.6 Data Collection Instrument

In advance prepared semi- structure interview and structure questioner were ready in English. After official permission were secure from concern officials, interview and or questioner were conducted in order to collected the required data from respondents in a face to face interview sessions arrange with the schedules of the respondents. Secondary data were also collected from reports, manuals

3.7 Validity and Reliability

Reliability and validity address issues about the quality of the data and appropriation of the methods used in carrying out the research.

3.7.1 Validity

Validity refers to the extent to which an instrument measures what is supposed to measure. Data need not only to be reliable but also true and accurate. If a measurement is valid, it is also reliable (Joppe 2000). In order to ensure validity and reliability, the questioner was composed of carefully constructed questions to avoid ambiguity and also to enable to answer all the research questions.

3.7.2 Reliability

Reliability refers to the consistence, stability, or dependability of the data. A reliable measurement is one that if repeated a second time gives the same results as it did the first time. If the results are different, then the measurement is unreliable (Mugenda & Mugenda 2008). Before distributing all questioners, a pilot test was conducted with 15 questioners during the development stage to ensure the internal consistency of the instrument. The result indicated that the internal consistency is rated as 0.846 as measured by Cronbach's alpha coefficient which shows that the instrument is consistent enough. After confirming the validity of the instrument the same instrument is used for all respondents.

3.8. Methods of Data Analysis

After collecting and sorting the relevant data using the data collection tools, quantitative responses are sorted, coded, computed, and analyzed. The collected data were subject to edition, classifying, coding and encoding to computer and an appropriate analysis was generated in tabular, percentage and or graphic form.

The data were entered, cleaned and analyzed using SPSS software, which stands for Statistical Package for Social Science version 20 and used other important

and supporting, tools for analyzing the data. The appropriate statistical analyses such as frequencies and descriptive analysis were used according to respective objectives and descriptions.

In the process of data analysis, data in the Likert's scale was processed by reducing it to the ordinal level. This was done by combining all Strongly Agree , Agree , Neutral , Disagree and Strongly Disagree . The rating so recorded was assigned rating values ranging from 5 to 1 respectively.

Finally, the analyzed data is presented using tables, charts and the data were enhanced using the logical link between the research problems, theoretical background and the results.

3.9. Ethical consideration

Data collection were undertake after permission is obtain from the concern body. Study participants were asked for verbal consent before being asked for any information and written and inform verbal consent were obtain from every study participant. The objectives of the study were explained for every participant and they were asked to give information only after they give their consent. No person obliged to participate in the study without his/her consent. The information provide by each respondent were keep confidential. Study subjects were fully authorize to withdraw from the study at any time of their involvement. Interview of the study subjects were made in a way to maintain their privacy. Moreover, any information that can be perceive as spoiling the goodwill and the reputation of the company under study is were not included the report of the study.

CHAPTER FOUR

4. RESEARCH FINDING AND DISCUSSION

Research Findings and Presentation

This section presents the research findings, data analysis, presentation and interpretation of the findings. The data presented includes response rate, background information of the respondents and a presentation of findings against each individual objectives of the study. The data analyzed and presentation was based on the responses to the items in the questionnaires and interview done. Descriptive statistics are also used in analyzing the findings of this research project.

4.1 Response from Questioners

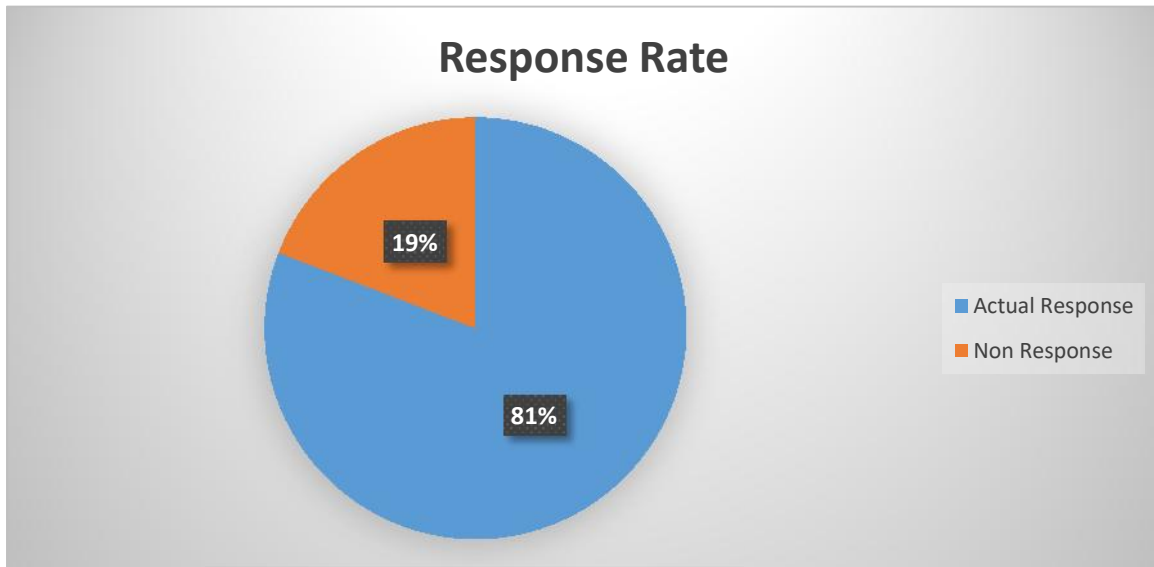
4.1.1 Response Rate

In order to conduct this research a total of 120 questionnaires were distributed to the targeted 120 respondents of Bank of Abyssinia which are located only in A.A. Out of 120 questionnaires 97 were completely filled and returned. The remaining 23 questionnaires are not returned. The analysis is done on the 80.83% of response rate which is very good enough to make a conclusion and recommendation. Therefore, 19.17% of targeted respondents did not participate in this study. This information was statistically analyzed and summarized in the frequency and percentage table 4.1 below:

Table 4. 1 Response Rate

Respondent's	Frequency	Percentage (%)
Actual response	97	80.8333
Non response	23	19.17
Total	120	100

Source: Analysis of Survey data 2020, using SPSS20



Pie chart 1- Response Rate

4.1.2 Profile of Respondents

In this section, the researcher analyzed and discussed general 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. Many of these variables are gender, educational level, years of experience and current position to provide background information about the respondents to the reader and have no impact on the factors of the study.

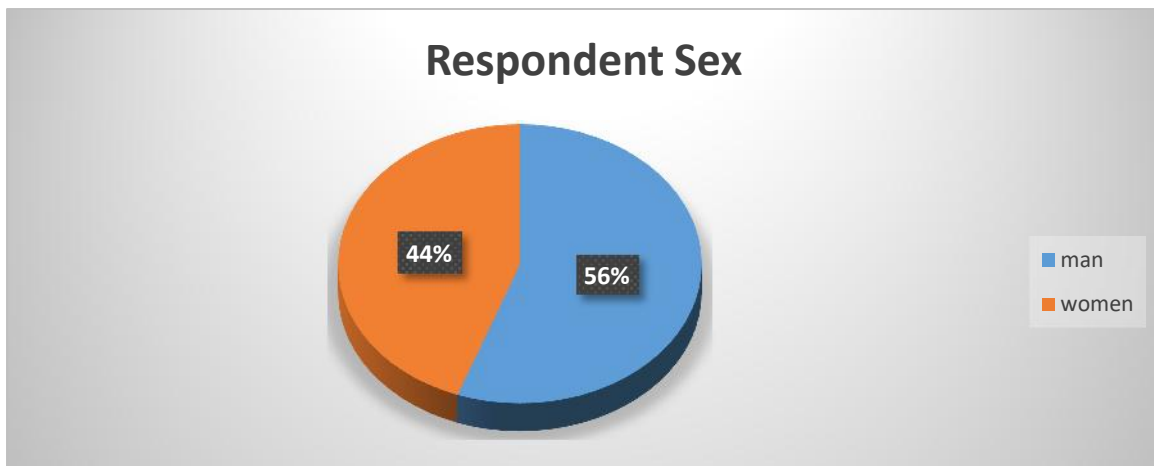
Table 4. 2 Profile of Respondents

Gender	Frequency	Percent	Cumulative Percent
Female	43	44.4	44.4
Male	54	55.6	
Total	97	100.0	
Respondents position	Frequency	Percent	Cumulative Percent
Junior officer	28	28.86	28.86
Officer	40	41.24	70.1
Senior officer	18	18.56	88.66
Department head	11	11.34	100.0

Total			
Education level	Frequency	Percent	Cumulative Percent
Certificate			-
Diploma	9	2.3	2.3
Degree	70	82.6	84.9
Master's Degree & above			100.0
Total	97	100.0	
Work Experience	Frequency	Percent	Cumulative Percent
less than 2 years	28	28.86	28.86
2-5 years	40	41.24	70.1
6-10 years	18	18.56	88.66
over 10 years	11	11.34	100.0
Total	97	100.0	
Department	Frequency	Percent	Cumulative Percent
Procurement	25	25.77	25.77
Finance and account	10	10.31	36.08
Marketing	16	16.49	52.57
Administration and logistics	20	20.62	73.19
User departments	26	26.81	100
Total	97	100.0	

Source: Analysis of Survey data 2020, using SPSS20

According to the findings as presented in Table 4.2, majority of the respondents were male. The male respondents were 54 representing 55.6% whereas; the female respondents were 43 representing 44.4% of the total respondents. This reveals that, the staffs employed in the study a more representation of the male in procurement related activities.



The study sought to establish the position of the respondent hold in their organization and the results revealed that 28.86% of the respondent were junior procurement officer they are working 2 years' experience and below, 41.24 of the respondent were procurement officer they are working 4 years' experience in the positions, 18.56% of the respondents were senior procurement officer they working in the position 6 years and above experiences and 11.34% of the respondents were head of department unit they are 10 years and above years of experiences This implies that the majority were able with adequate knowledge. Thus, it is clear that the experienced and educated respondents could understand the effects of evaluation on procurement performance and give sufficient and correct information that could contribute through the validity of the study.

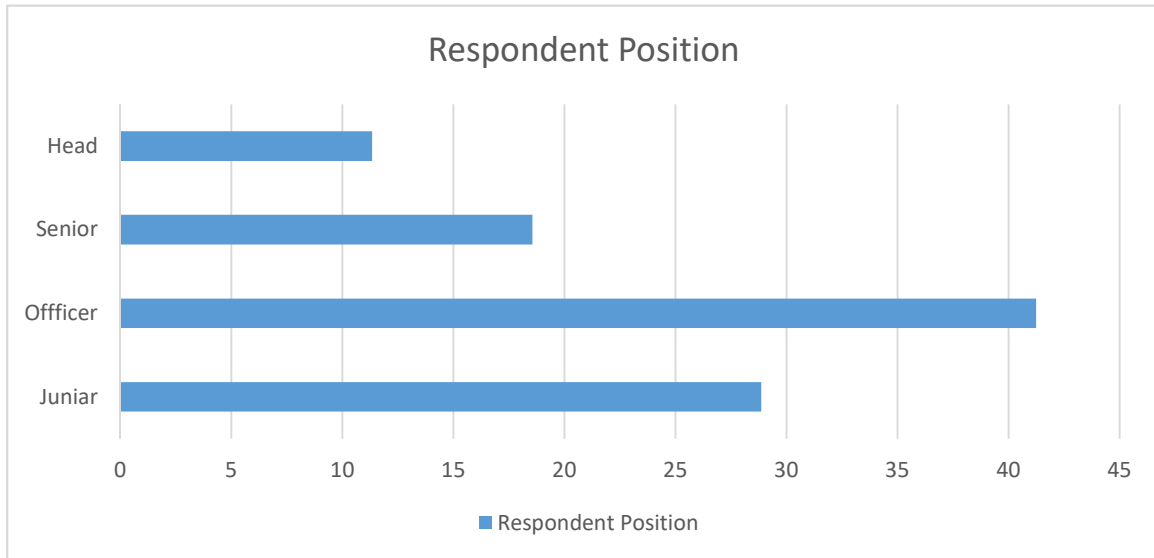


Chart 2 Respondent Positions

The respondents were asked to show their highest attained education level. The study revealed that majority of the respondents 82.6% participated in this research were degree holders, while 15.1% of respondents had attained their education up to Master's Degree & above and 2.3% of the respondents had achieved diploma level. None had a certificate level. These findings implied that most of the respondents were qualified to understand the nature of the study problem. The figure also indicates that the questionnaire is completed by professional staffs and expected to give valuable response.

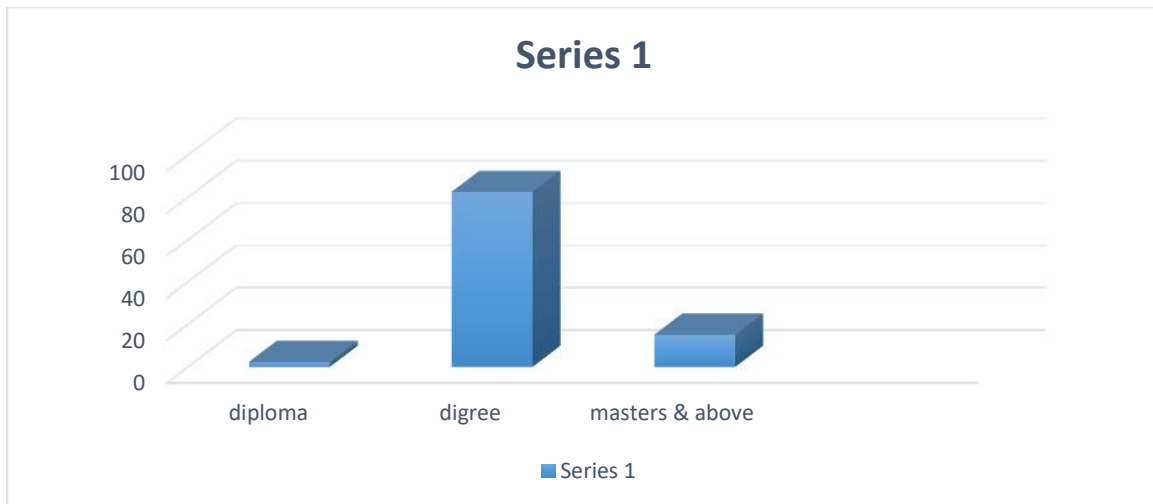


Chart 2: Educational Level

As it is shown in table 4.2 above, from the total valid respondents, 28.86% of the respondents have less than 2 years of work experience, 41.24% of the respondents have 2-5 years of work experience and 18.56% respondents have experience of 6-10 and 11.34% of them have above 10 years" experience. The data tells about most of respondents (around 41.24%) have more than two years" experience and from this figure we understand that the information obtained from them is reliable or dependable since they have good know-how and experience about the concept of Procurement practices of the organization.

According to the findings as presented in Table 4.2. Shows that procurement, finances and account, and Administration and Logistics departments respond 100% of the questioners based on the sample size. From the total valid respondents, 25.77% of the respondents from procurement department, 10.31% of the respondent from finances and account, 16.49 of the respondent are marketing department, 20.62 of the respondent are from administration and logistics and 26.81 of the respondent that means more of the respondent from different user departments in the organizations.

4.1.3 Procurement Planning

Procurement planning is the requirement or the demands of future needs to acquire goods and services. According to the Procurement directives of BoA each sector of the bank has to submit their next year procurement planning (demands of goods and services)

to the procurement department of the bank. This planning document of each sector has to reveal the type of goods & services, the quantity, clear define of the needs specification and lead-time.

Procurement plan should be proactive, failure to request the required goods or services will bring to cost based schedule over run of the project. It is also a means for under-utilization of the budget. To ensure the competitiveness of the current performance with the directives the questioner forwarded to the sample respondents those includes 5 issues. Based on the questioner the response provide their answer on the question sheet and the answer analysis based on tabulated as follows.

Table 4.3 Response summary on procurement

No	Questions	Scale				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	End users adequately plan their budget for the procurement of goods or services that are going to be procured.	0	36	20	41	0
		0	37.11%	20.62%	42.27%	0
2	In BoA procurement plan prepared through the involvement and participating of all end users	0	41	25	20	3
		0	47%	28%	22%	3
3	End users provide clear specification for the purchasing of goods and services that are going to be procured.	5	39	28	15	2
		6%	44%	31%	17%	2%
4	End users are raised their purchasing need on time and according to their plan	5	38	24	18	4
		6%	43%	27%	20%	4%

	Procurement department					
	Delivers training based on the problem identified and assessment of inquiries.	10	35	8	27	9
5		11%	40%	9%	30%	10%

Source: Analysis of Survey data 2020, using SPSS20

Table 4.3 shows the percentage and distribution of the respondents reply for procurement planning major tackles. 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 4.3 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, 36% of the respondents replied disagree, 20 % the respondents replied neutral, 41% of the respondents replied agree. This shows that 41% of the respondents agreed that end users plan their budget for the acquiring of goods or services going to be acquire but not fully adequate or effectively.

None of the respondent replied that strongly disagree procurement plan prepared through the involvement and participating of all end users , 47 % of the respondent replied that disagree , 28% of the respondent replied neutral , 22 % of the respondent replied agree and 3 % of the respondent replied strongly agree. From this data, BoA does not have the practice of procurement planning through the involvement and participating of end users. About 6% 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, 44% of the respondent replied disagree, 31% of the respondent replied neutral , 17 % of the respondent replied agree and 2 % of the respondent replied strongly agree. The researcher analyzed that more of the respondent response indicate disagree end users provide unclear specification for the procuring of goods and services that are going to be purchased. Most of the time the Financial institutes 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 6% of the respondent replied that strongly disagree end users are raised their purchasing need on time and according to their plan, 43% of the respondent replied disagree, 27% of the respondent replied neutral, 20% of the respondent replied agree and 4% of the respondent replied strongly agree. The researcher concludes that this indicates that almost more than half of the respondents replied between strongly disagree and disagree in BoA 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. The researcher analyzed that more than half of the respondent replied disagree Procurement 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.

4.1.4 Procurement procedure

The study sought to know the extent to which the given activities related to procurement procedure related to organizational procurement performance.

4.1.4.1 Organized procurement procedures on Procurement practices

The extent to which the respondents agreed with the given statement concerning procurement procedure related to procurement performance in the BoA was investigated. Data in Table 4.4 was analyzed using a likert scale where 1=Strongly Disagree, 2=Disagree, 3=moderately agree, 4= Agree and 5= strongly agree. Data was presented in frequency, and percentage.

Table 4.4 Procurement procedure affecting procurement performances

No.	VARIABLES	Frequency and Percentage				
		5	4	3	2	1
1	BoA apply appropriate procurement methods	0	12 (12.37%)	17 (17.53%)	64 (65.98)	4 (4.12)
2	Procurement staff are qualified and experienced to handle procurement process	0	0	12 (12.37%)	72 (74.23%)	13 (13.40%)
3	BoA has effective monitoring and auditing procurement practices.	1 (1.03%)	16 (16.49)	49 (50.52%)	28 (28.87%)	3 (3.09)
4	Deployment of procurement staff based on their skill, capability	0	12 (12.37%)	10 (10.31)	57 (58.76%)	18 (18.56%)

Source: Analysis of Survey data 2020, using SPSS20.

According to the study the table 4.4 shows that majority of the respondents strongly agreed or agreed that their organization apply appropriate procurement methods by 65.98 %. BoA are apply proper procurement methods in the organization it is important to create well work environment and work system.

The same time respondents are asked the extent to which they agree with the statement procurement staff are qualified and experienced to handle procurement process. The majority numbers of respondents (74.23 %) have agreed that procurement staff are qualified and experienced to handle procurement process and it's important to solve the problem when it is happen or to speck one word.

Furthermore, the respondent view also sought to disclose whether there is effective monitoring and auditing in their organization. The researcher highlighted that 50.52 % of the respondents neutral that there is effective monitoring and auditing in their organization respectively. If we have plan must create the strong evaluation methods but

the finding cannot speak certainly to have evaluation and monitoring methods.

Finally, respondent were also asked whether organization deploys procurement staff based on their skills, competence and abilities and its effect on procurement performance. Surprisingly, 58.76% of respondents are agreed by the statement that the institution deploys procurement staff based on skills, competence and abilities. This is important it indicates that the right person in the right position. The organization can be competent in the market based on its man power.

Generally BoA apply appropriate procurement methods in good way. The procurement department staff are qualified, and capability of the employees to handle the procurement practices. But there is no effective monitoring and auditing procurement practices. In other way deployment of procurement staff based on their skill and capability are good.

4.1.5 Timely Delivery of Goods and Service

The study sought to know the extent to which the given activities related to timely delivery of goods and service affect organizational procurement practices.

4.1.5.1 Timely delivery of goods and service on Procurement practices

The extent to which the respondents agreed with the given statement concerning timely delivery of goods and services procurement practices in the Bank of Abyssinia was investigated. Data in Table 4.5 was analyzed using a Likert scale where 1=Strongly Disagree, 2=Disagree, 3=moderately agree, 4= Agree and 5= strongly agree. Data was presented in frequency, and percentage

Table 4.5 Timely delivery of items and services of procurement practices

No	VARIABLES	Frequency and Percentage				
		5	4	3	2	1
1	The procurement department Lead times expected are	15 (15.46%)	12 (12.37%)	55 (56.7%)	13 (42.9)	2 (4.8%)

2	The procurement department has put controlling or evaluating mechanism to		62 (63.92%)	24 (24.74%)	10 (10.31%)	1 (1.03%)
3	Delivery time of the procured items before the agreement or delay of delivery may leads the			23 (23.71%)	59 (60.83%)	15 (15.46%)
4	Procurement department focuses on Right timely	...	16 (16.49%)	26 (26.80%)	51 (52.58%)	4 (4.13%)

Source: Analysis of Survey data 2020, using SPSS20.

The study sought to establish the degree to which respondents agreed to various statements regarding timely delivery of goods and service in their organization based on procurement practices. According to the study majority of the respondents agreed by the statement that the procurement department lead times expected are effectively the majority of the respondent are natural this shows that the BoA lead time are medium levels.

In the other question the procurement department has controlling or evaluating mechanism to ensure timely delivery of requisitions the majority of the respondent (63.92%) answered that disagreed. BoA has no parameters to evaluate or control the deliver time. It has Owen effect on the procurement performance b/c one of the procurement objective is right time all activities are related to time if the delivery of the product affect the competitiveness of the organization in the banking industry therefore time delivery is major task of procurement departmen

The thread question is that Delivery time of the procured items before the agreement or delay of delivery may leads the procuring organization to incur additional cost .the majority of the respondent (60.83%) are agreed. Boa has a delivery time of the procured items before the agreement or delay of delivery May leads the procuring entities to incur additional cost. This shows that in bank of Abyssinia procurement performance is affected by early or late delivery of items procured which incurs additional cost.

The fourth question Procurement department focuses on Right timely delivery. The majority respondent (52.58%) respond that agree that BoA focuses on right time but when

we see the second question there is no parameters to control the delivery time this means controversial b/c procurement department must focus on when think the delivery time must also think about controlling and evaluating methods.

Generally according to the findings of the study, it is revealed that majority of the respondents agreed that timely delivery of goods and service affect procurement activities of bank of Abyssinia

4.1.6 Quality

The researcher also sought to find out the extent quality of goods and services affects procurement performance.

4.1.6.1 Quality Of goods and service on procurement practices

In this section the researcher presents various aspects touching on quality of goods and services and how it influences procurement Practices at BoA. The findings are based on a 5-point Likert scale and are depicted in Table 4.6. The finding revealed that majority of the respondents disagreed by all statements that the organization has a quality and competence inspection team that monitors quality, organizations has reduced quality complaint, quality of goods and service procured by procurement department is based on requirement of each departments, organization ensures consistent product quality, and supplier evaluation is periodically undertaken to ensure good quality of the goods and services.

Table 4.6: Quality of Goods and Services on procurement practices

No.	VARIABLES	Frequency and Percentage				
		5	4	3	2	1
1	The BoA has a quality and competence inspection	...		35 (36.08%)	42 (43.3%)	20 (20.62%)
2	BoA has reduced quality complaint	...	18 (18.56%)	21 (21.65%)	49 (50.51%)	9 (9.28%)

3	Quality of goods and service procured by procurement department is based on requirement of department.	...		3 (3.09%)	36 (37.12%)	58 (59.79)
4	Supplier evaluation is periodically undertaken to ensure good quality of the goods and services.	...	1 (1.03%)	18 (18.56%)	59 (60.82%)	19 (19.59%)

Source: Analysis of Survey data 2020, using SPSS20.

The first question was The BoA has a quality and competence inspection . more of respondent (43.3%) agreed that BoA has quality inspection methods. Quality inspected to get good product or serves to provide quality customer services b/c BoA is financial institutes the competition is high but when to win the market must provide quality services it must be the icon of the organization. Inspection is an activity such as measuring, examining, testing or gauging one or more characteristics of a product and comparing the result with specified requirements in order to established whether conformity is achieved for each characteristics

The second question are BoA has reduced quality complaint. More of the respondent (50.51%) agreed that BoA has reduce the quality defect by inspecting the materials strictly before enter in to the BoA warehouse. complaint can be raised in manufacturing or packing related complaints related to product, including any complaints involving the possible failure of such product to meet any of the specifications or any dissatisfaction with design, packing or labeling of the product.

The third question was Quality of goods and service procured by procurement department is based on requirement of department. More of the respondent (59.79%) answered that strongly agreed about the quality or specification came from user department. This user department can be operation, marketing, finance, facility department or other. The user provide their requisition in detail what type of material they needed with right quantity. Sometime user department can be inspector when the product purchased.

The fourth questions about product quality was Supplier evaluation is periodically

undertaken to ensure good quality of the goods and services. More of the respondent (60.82%) answered that agreed to BoA has one of the supplier evaluation criteria is quality of the product or services. BoA is financial institutes provides domestics and international banking services. In Ethiopian market there are many financial services those are competitors of BoA. Based on that BoA must provide good quality banking services to the customers based on that procurement department must provide good quality of Goods and services for maximize the ability or performances of the organizations.

4.1.7 Costs of the Goods and Services

The study sought to know the extent to which the given statements related to cost of goods and service affect organizational procurement practices. The cost of goods and services refers to the direct cost of acquiring the goods and the other indirect cost it can be labor and related cost.

4.1.7.1 Cost of goods and service on procurement practices

Table 4.7 Cost of Goods and services with Procurement practices

No	Variables	Frequency				
		1	2	3	4	5
1	Prices of procurement of goods and services are too low related to the market		11 11.34%	18 18.56%	68 70.10%	
2	Cost of items Purchased is fair based on the market prices		7 7.22%	8 8.25%	72 74.23%	10 10.31%

Source: Analysis of Survey data 2020, using SPSS20.

Table 4.7 shows the percentage and distribution of the respondents reply for procurement practices related to cost based. 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 process of procurement are too low related with the market pries, 11.34 % of the respondents replied disagree, 18.56 % the respondents replied neutral, 70.10% of the respondents replied agree. This shows that 70.10% of the respondents agreed that purchasing or acquisition pries of the goods and services are too low based on the market that means the organization takes pries advantage and when procure the product in bulk they can get pries discount .

The second question are the cost of items purchased is fair based on the market. the respondent respond the answer 7.22 % of the respondents replied disagree, 8.25 % the respondents replied neutral, 74.23% of the respondents replied agree , and 10.31 of the respondent replied strongly agree. 74.23% of the respondent are agree the cost of items purchased on fair this shows that the organization takes cost advantage related or compare with the market.

4.1.8 Waste minimization and supplier relationship

The researcher sought to identify Procurement practices based on waste minimization and supplier relationship in Bank of Abyssinia. To achieve this objectives respondent were asked using a likert scale where 1=Strongly Disagree, 2=Disagree, 3=moderately agree, 4= Agree and 5= strongly agree as shown in table.

4.1.8.1 Operational efficiency based on waste minimization and supplier relationship.

Table 4.8 Maximization of resource utilization, Minimization of waste of inputs in procurement practices.

1	Minimization of waste	1	2	3	4	5
1.1	My organization delivery quality service to their customers by minimizing waste of inputs			22 22.7%	64 66%	11 11.3%
1.2	My organization minimizes frequently purchase in one items (redundancy buying)	46 47.4%	23 23.7%	20 20.62 %	8 8.2%	
1.3	BoA Reduced internal costs based on make or buy	55 56.7%	21 21.65	10 10.31	1 1.03	

Source: Analysis of Survey data 2020, using SPSS20.

Table 4.8 shows the percentage and distribution of the respondents reply for procurement practices related to cost based. 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 4.8 above.

The 1st question based on the above table 4.8 shows that most of the respondent respond that 66% are agreed to that BoA delivery services to their customer by minimizing waste of input. It is important to be minimize the waste to be competent to the market and vital to maximize the profit of the organization. In other way the waste minimization is important to deliver or provide good customer services and to create good well for the BoA.

The second questions. BoA minimizes frequently purchase in one items. Based on the above table 4.8 shows that most respondent that means 47.4% are answered that strongly disagree about BoA mostly purchase one items frequently that shows Procurement department had some gaps or coordination with other department b/c repurchase have a disadvantage those are discount advantage, fuel cost, and man power cost and others.

The 3rd question is that BoA Reduced internal costs based on make or buy decision. Based on the above table 4.8 shows that most respondent (56.7%) of the question answered that

disagreed that means BoA not follow make or buy process or not maintained the materials. It had a disadvantage or cost to purchase new items than to make. The major objectives of make or buy decision is minimizing the cost and maximize the profit of the organization.

Table 4.9 supplier relationship of procurement practices

2	Supplier Relationship Management	1	2	3	4	5
2.1	My organization create long term relationship with supplier		55 56.7%	26 26.8%	16 16.5%	
2.2	My organization treat or look suppliers as a partner of BoA		46 47.4%	34 35.1%	17 17.5%	
2.3	Most Supplier gives advance or credit services to BoA	7 7.2%	49 50.5%	32 33%	9 9.3%	
2.4	Most suppliers Deliver their product in to BoA warehouse	1 1.03%	61 62.9%	32 33%	3 3.1%	

Source: Analysis of Survey data 2020, using SPSS20.

Table 4.9 shows the percentage and distribution of the respondents reply for procurement practices related to supplier relationship. 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 4.9 above. None of the respondent replied that strongly disagree process of procurement are too low related with the waste minimization

The 1st questions is that BoA create long term relationship with supplier. Based on the above table 4.9 shows that most respondent are (56.7%) disagreed about the questions. BoA don't have long-term- relationship with suppliers. It has Owen impact on the organizational performance it will create stock out cost problem, it can be long delivery time. Today business environment has become more dynamic with more demanding

customer and intense market competition. The benefit of long-term relationship organizations can Trust-building with positive impact on business process and organization can save different costs those are stock out cost, warehouse cost, carrying cost and other.

The second question is BoA treat or look suppliers as a partner of BoA. Based on the above table 4.9 shows that Most of the respondent (47.4%) are disagreed about the question. B/c BoA don't treat suppliers as a partner it is also has own impact in the organizational performance. In privies year's supplier and buyers haven't best relationship beyond the transaction most of the relationship was focused on getting the lowest price and good deliver. It is create zero-sum game. Know a days a relationship based on transparency and collaboration allows both parties to grow together. Supplier are the backbone of the organization if the organization treat as a partner can get different benefits those are improve your risk management, enhance stability, operational resilience, uncover hidden opportunities, and business continuity.

The third questions is Most Supplier gives advance or credit services to BoA? Based on the above table 4.9 shows that Most of the respondent (50.5%) are disagreed about the question. B/c based on the response the researcher analyzed that most supplier don't give credit services. It is the impact of supplier relationships. Credit services is important for buyers b/c can get Goods and services easily, can avoid stock out cost, can provide uninterrupted flow of materials and services to the work, and others.

The fourth question is most suppliers deliver their product in to BoA warehouse. Based on the above table 4.9 shows that Most of the respondent (62.9) are disagreed about the questions. B/c based on the response the researcher analyzed that most suppliers are not deliver their product to BoA warehouse. It is also the effect of supplier relationship. If supplier deliver their product buyer can save different cost and can get different benefits. Those are can save fuel cost, manpower cost, time cost and others.

4.1.9 Procurement Transparency

The study sought to know the extent to which the given activities to procurement practices related to organizational procurement transparency.

4.1.9.1 Organized procurement practices on Procurement transparency

The extent to which the respondents agreed with the given statement concerning procurement procedure related to procurement transparency in the BoA was investigated. Data in Table 4.6 was analyzed using “YES or “NO” answer with the following areas of statements. Data was presented in frequency, and percentage and Analyzed by different charts.

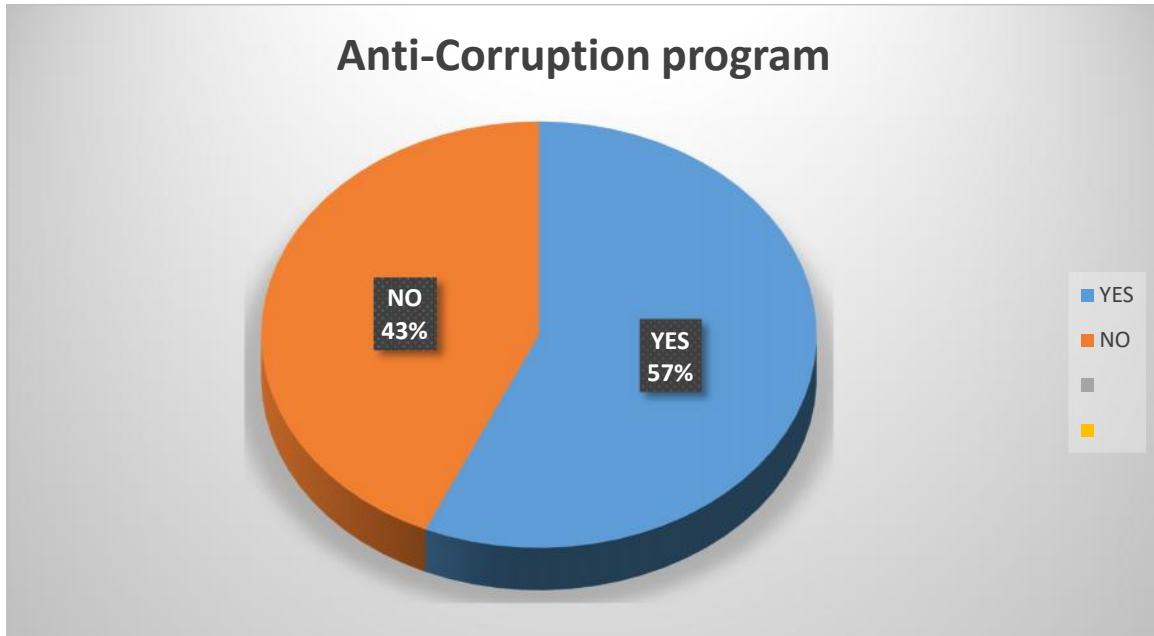
Table 4.10 Procurement practices related to procurement transparency

S.No.	4. Statements related to transparency	Yes	No
4.1	BoA has anti-corruption program or system to protect the organization good well	55 56.7%	42 43.3%
4.2	BoA has a system exist that define pre-qualification which Specify the use of pass/fail for application of qualification criteria.	53 54.6%	44 45.4%
4.3	Information on procurement is easily accessible in media of wide circulation and availability and is centralized at a	67 69.07%	30 30.93%
4.4	BoA use E-procurement system to reduce corruption by Making a procurement process faster and easier.	28 28.9	69 71.1

Source: Analysis of Survey data 2020, using SPSS20

Table 4.10 shows the percentage and distribution of the respondents reply for procurement related to transparency. Procurement the major department to focuses to transparency or corruptions. The department major activities acquiring of Goods and services from the right supplier, in the right time with right pries. It is taken in to account that the answer gives by Yes or No question. The subsequent analyses were conducted based on table 4.10 above.

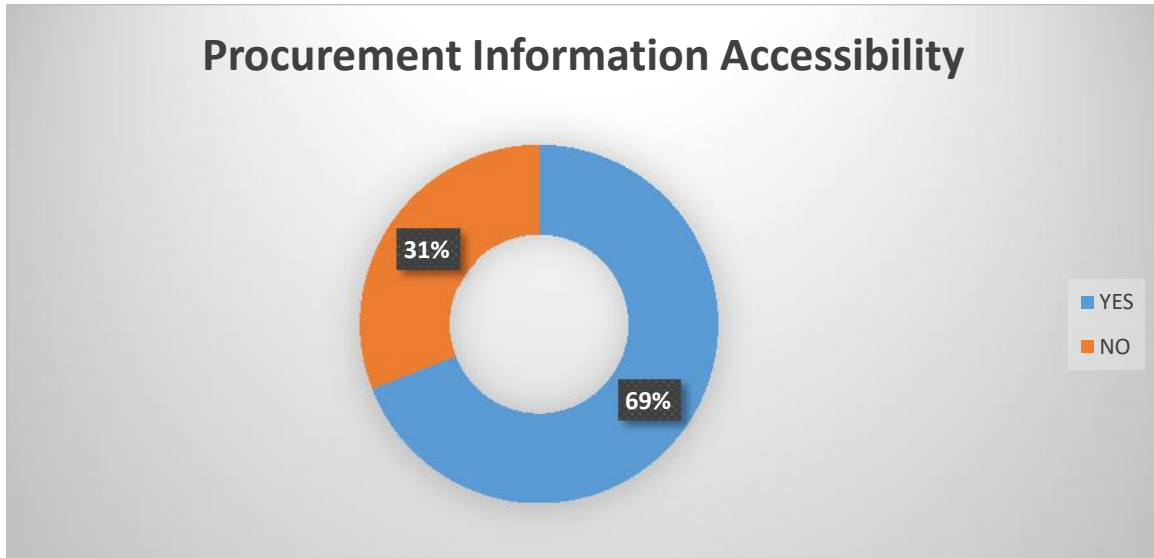
Based on the first question BoA has anti-corruption program or system to protect the organization good well but more of the respondent (**56.7%**) of are Answered **Yes** BoA has Anti-corruption program. This researcher shows that based on the response BoA can get right supplier from Right quantity, with Right quality based on Right pries therefore BoA can achieve the goal of the organization based on organization plan or strategy can create transparency for other stakeholders.



Pie chart 1: Anti-corruption program in BoA

The second question are BoA has a system exist that define pre-qualification which Specify the use of pass/fail for application of qualification criteria based on the question most of the respondent (**54.6%**) answered that **Yes**. The researcher define that based on the answer BoA the organization has requalification criteria the criteria can be Quality, Quantity, supplier capacity, delivery time, pries and others parameters. Therefore BoA can be cost effective and can maximize efficiency of the organization b/c the organization can save many things.

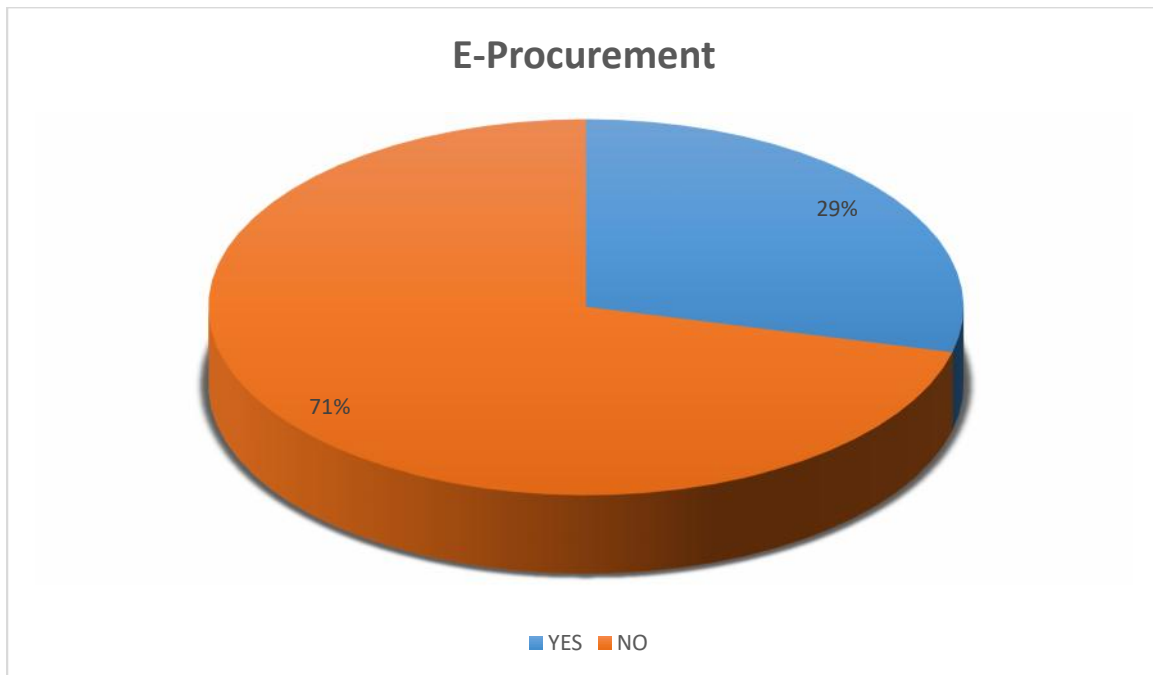
The third question BoA Information on procurement is easily accessible in media of wide circulation and availability and is centralized at a common place. More of the respondent (**69.07%**) answered that **Yes**. The researcher analyzed that BoA has a good information transmission way but that is computerized but when the organization need to purchased bulk material the information transfer by newspapers to eligible suppliers. When the evaluation method is open for every supplier and can to know how to evaluate and rank based on the performance and pries they provided. Generally the information can easily assess by newspapers or from procurement departments.



Pie chart 2 Procurement information Accessibility

The fourth question are BoA use E-procurement system to reduce corruption by making a procurement process faster and easier. The respondent that more of the respondent (**90.7**) answered **No** BoA don't have E-procurement system. The researcher Analyzed that E-procurement refers to the electronic integration and management of all procurement activities including purchase request, authorization, ordering, delivery and payment between a purchaser and a supplier.

E-procurement, also known as electronic purchasing or supplier exchange, is the business-to-business, business-to-consumer or business-to-government purchase and sale of products and services through the Internet and other information and networking systems. E-Procurement important to create good transparency and avoiding the corruptions.



Pie chart-3 E-procurement Availability to avoid corruption

4.2 Response from Interview

4.2.1 An interview Made to Directors Procurement department

❖ What type of procurement mechanisms the organization follows (centralized and decentralize)

Bank of Abyssinia most of the time follow centralized procurement methods. B/c BoA is financial institute's different branches and departments must focuses on their goal and objectives. But every branches and departments has the right to purchase non fixed materials for example. Different stationary materials, printing items, some maintenance services based on their limits. But different branches and departments cannot purchased Fixed materials and beyond their limits. Procurement department acquire different materials from different suppliers for organizational uses for example Furniture's, ATM, POS, Electronic materials, installation services, stationary materials, cars, software's and others Procure the Goods and services in Bulk.

❖ What types of procurement methods mostly used in BoA?

Bank of Abyssinia allow different procurement methods those are

1. Single sources
2. Request for proposal

3. Request for Quotation
4. Two stage Tendering
5. Open Tender
6. Restricted Bid

Procurement department mostly utilize Open Tender it can be local or international bid b/c BoA procure different materials in bulk based on that it need big suppliers to give the access. The other one to get discount from the materials, to avoid again and again purchases for one items, To avoid market fluctuation in Ethiopian market prices are vary time to time , to get delivery services, and to get enough quantity based on BoA needs.

❖ **What are the major challenges in procurement process?**

The major challenges of procurement activities are getting right supplier and right quality Goods and services. B/c most of the time our relationships with suppliers are short the reason are they are not reliable and don't think long term partnership with BoA as a snap shoot. The other one is getting right quality materials many materials are not meet BoA requirements that's way different materials purchase in international tenders. Banking services has different competitors in the market BoA is one of the competitor bank in the market therefore organizations are must provide good and quality customer to compete in the market that is the challenge and headaches of procurement departments is that to get creating long- term relationship with suppliers and getting good Quality if Goods and services.

❖ **Based on the procurement practices how to create relationship with supplier? And why?**

Most of the time procurement practices most of the time BoA has short term relationship with suppliers. BoA think that suppliers are the backbone for every organizations, but the challenging part is to get right suppliers. BoA are lost different advantages on lack of reliable supplier those are Credits services, avoiding Tide-ups, delivery services, difficult of know the lead time that means start from requisition raised up to Delivery Time is long. The result is it create stock out cost and other costs.

❖ **Does adequate monitoring and evaluation of procurement performance carried out in BoA?**

The performance of procurement department evaluate based on 5Rs those are right quality, right quantity, Right sources, Right services and Right prices. The monitoring of procurement performance are based on plan and practices, procurement department has the Five years strategic plan based on the organization strategic plan and it has annual plan for one years. PD monitor and evaluate the annual plan with in quarterly. PD evaluate what is achieved or not and asks that what is the reason or obstacles to unachieved the plan in addition to that evaluate how to perform with in the quarter.

The last evaluation step is evaluate different stakeholders those are District managers, different Department managers Directors and Vice president.

❖ **Is there any delegating mechanism for lower level officers?**

Procurement department has different levels of positions starts from junior procurement officer, procurement Officer, sinner procurement officers, Manger and Directors. Procurement department has three managers those are Contract department, Evaluation department, specification and inspection department, all this departments have different officer and all departments managed by Director Level. Every employee has duty and responsibility in the organizations.

Procurement officer has different power and responsibility those are prepare the specification of the Goods and services, making market research, prepare bid /tender documents and evaluate, invite different eligible suppliers, evaluate the suppliers documents they provided and evaluate financial and technical, prepare award letter and provide to the winner supplier.

In purchase decision Different levels has the right to give permeation to purchase the Goods and services. Those are

- Manager-Specification and inspection.....up to-50,000 birr
- Director- procurement department.....50,000-200,000 birr
- Committee one.....200,00-2,000,000 birr
- Committee two.....2,000,000-above

❖ **Do you think an Ethical issue affects Procurement process in BoA?**

Yes it is affect in privies years. BoA rotate employees before one years and half Procurement department is one of them. Before changing procurement department don't have a good name b/c Procure planned and unnecessary materials and there is tide-up of capitals in the warehouse of BoA and the materials are deprecate. But know a days. BoA has a good name with in the departments and the employees has a good salary to avoid the cheating activates in their mind.

❖ **How to evaluate and select suppliers from competitors?**

In procurement activities the challenging part is selecting the right sources or suppliers. In Ethiopian market difficult to get right suppliers, right quality, right services, right pries and other. BoA select suppliers based on two steps most of the time. The first one Technical the second part financial, the technical part evaluated by user department based on their specification or inspection departments, After knowing the winner Supplier in financial part the next step is evaluate based on pries they provided. The final step adding the sum of Technical and financial result and select the highest then provide the award letter

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter presents a summary of the major findings, conclusions and recommendations made to help and improve the procurement practices on BoA based on the objectives of the study.

5.1 Summary of Major Findings

The purpose of this study was to assess the bank of Abyssinia practical procurement activities. BOA examined through different department satisfaction levels, perceptions and the procurement unit performance different units and respondents are capable of sharing the required data. Based on the quantitative and qualitative data analysis, discussion of results with respects to the basic question, the following are the summary of major finding of the study

- ❖ The finding indicate that BoA follow Centralized procurement method. Most of the users are provide unclear specification for acquiring goods and services and the users are not raised their need based on the plan but if when they provide clear specification Procurement department are acquire /purchased quality of goods and services based on the user requirements.
- ❖ Procurement department can't deliver training based on the problem identified and assessment of inquiries but it has proper procurement methods in the organization in addition it has proper procurement manual.
- ❖ Based on the finding Make or buy decision are not applied most of goods and services came from outside of the organization or by procuring and many goods are stocked on the warehouse without function.
- ❖ The staff are qualified and experienced to handle procurement process and the BOA deploys procurement staff based on skills competence and abilities.
- ❖ It has no controlling or evaluating mechanism to ensure timely delivery of goods and services.it is a big problem and has effect on the procurement performance in addition BoA focused on right time delivery but don't have own parameters to evaluate the delivery time but focused on the right time of delivery to avoid miscellaneous costs related with delivery time to be competent in the competition market.

- ❖ BOA has a quality and competence inspection when deliver the goods and services, and quality compliance in the organization. It is also reduce the quality defect by inspecting the goods and services strictly before enter in to BoA warehouse.
- ❖ BoA evaluate the supplier based on quality, capability, delivery period and prices to get good product or services but it has no long-term- relationship with suppliers. BoA don't treat suppliers as a partner with the organization and the most supplier don't give credit services for BoA and not deliver their product to BoA warehouse.
- ❖ BoA has Anti-corruption program. This researcher shows that based on the response BoA can get right supplier from Right quantity, Right quality by Right pries. It has requalification criteria. The criteria can be Quality, Quantity, supplier capacity, delivery time, pries and others parameters.
- ❖ The research indicate that BoA has a good information transmission way but that is computerized but when the organization need to purchased bulk material the information transfer by newspapers to eligible suppliers. When the evaluation method is open for every supplier and can to know how to evaluate and rank based on the performance and pries they provided. Generally the information can easily assess by newspapers or from procurement departments.
- ❖ The findings indicate that BoA don't have E-procurement system and procurement activities managed by manually those are the purchase requisition, request for quotations, bid documents, purchase orders and supplier evaluation.

5.2 Conclusion of the Findings

Procurement is one of the most important (back bone) of the organization. The practices of procurement in BoA are some practices are the quality assurance. Based on the above findings, the study concluded that. Procurement performance (Procurement plan, Procurement /purchasing of goods and services based on 5R's), transparency, supplier relationship management and waste minimization were the major procurement activates being practiced in BoA. Based on the practices the researcher conclude the following

As the findings from responds show, BoA follow centralized procurement methods based on that to be procure different goods and services follow six procurement methods. The

researcher conclude that the integration of user department with the procurement department in planning stage the users plan don't have time frame it is difficult to prepare accurate, achievable and measurable plan.

As the findings from responds show, the staff of procurement department are qualified and capable to perform the work. It will maximize the performance of the organization. BoA procure goods and services based on users specification and the quality assured or evaluate by users or expertise but BoA don't have the measurement of delivery time based on that it will affect the performance of the organization to replaces the goods and services it has stock out cost fuel and other related costs.

As the findings from responds show, mostly purchase one items frequently that shows Procurement department had some gaps or coordination with other department b/c repurchase have a disadvantage those are discount advantage, fuel cost, and man power cost and others. BoA not follow make or buy process or not maintained the materials. It had a disadvantage or cost to purchase new items than to make. The major objectives of make or buy decision is minimizing the cost and maximize the profit of the organization. Based on that BoA can't minimize the cost.

As the findings from responds show, BoA don't have long-term- relationship with suppliers. It has Owen impact on the organizational performance it will create stock out cost problem, it can be long delivery time. Today business environment has become more dynamic with more demanding customer and intense market competition. BoA don't treat suppliers as a partner it is also has own impact in the organizational performance. In privies year's supplier and buyers haven't best relationship beyond the transaction most of the relationship was focused on getting the lowest price and good deliver. It is create zero-sum game.

BoA the organization has requalification criteria the criteria can be Quality, Quantity, supplier capacity, delivery time, pries and others parameters. Therefore BoA can be cost effective and can maximize efficiency of the organization b/c the organization can save many things. BoA has a good information transmission way but that is computerized but when the organization need to purchased bulk material the information transfer by newspapers to eligible suppliers. When the evaluation method is open for every supplier and can to know how to evaluate and rank based on the performance and pries they provided. Generally the information can easily assess by newspapers or from procurement

departments.

BoA don't have E-procurement system. E-procurement refers to the electronic integration and management of all procurement activities including purchase request, authorization, ordering, delivery and payment between a purchaser and a supplier.

5.3 Recommendations

As a result of these study findings, the researcher put forward the following recommendation

- The procurement plan must be participatory with user departments and the user should be provide clear specification of goods and services for procurement department. Because it is important to prepare good plan, to minimize the acquisition cost and effort of procurement officers will minimize different costs.
- The researcher recommended that BoA should be crate long term relationship with supplies and must treat as a partner to get benefits and to create win-win concept. In another way BoA can get competitive advantage to provide uninterrupted flow of materials in the working environment
- BoA must follow make or buy strategy to minimize the cost of the new material then the cost of maintenance but the purchase of new material must be if the purchase cost of new material then maintenance.
- Procurement department should be prepared the training and development to the staffs and user departments to create conducive working environment.
- BoA must focuses on supplier evaluation and auditing because it is important step to select the best supplier based on 5R'S the deliver time also must be focused to provide continuous flow of goods and services to customers.
- BoA must develop the E-procurement system because as an organization must create a collaboration with electric methods start from purchase request, authorization, ordering, delivery and payment thorough computerized system it is important to minimize paper work, maximize the efficiency and effectiveness of the organization.

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Appendix

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION IN GENERAL

Questionnaire to be filled by Respondents

Dear respondent,

This questionnaire is designed by a graduate student from St. Mary University to conduct a study in partial fulfillment of a master's degree program in Business Administration. As part of the requirement for the award of the degree, I am expected to undertake a research study on Assessment of procurement practices on Bank of Abyssinia. I'm therefore, seeking your assistance to fill the questionnaires attached. The attached questionnaire will take about twenty minutes to complete. Kindly answer all the questions.

The outcome of this study will enhance knowledge on procurement practices on BoA. Participation in this study is voluntary, and all who participate will remain anonymous. Your name is not needed. All information offered will be treated confidentially, and the results will be presented in such a way that no individuals may be recognized.

Thank you in advance for the available information you are sharing and the precious time you are going to spend for this purpose

If you have any enquiry please don't hesitate to contact the researcher on:

Email sura.9477@gmail.com

Phone: 09 20 71 78 74 (Surafel Melaku)

SECTION A: General Information about the respondent

Instruction: Please indicate your response by putting () mark in the appropriate box provided.

1. Sex Female Male

2. Age: 25 or below 26-35 36-45 46 or
above

3. Highest Educational Level:

 Diploma and below MA/MCS and above

 First Degree

4. Your current position?

 Manager Senior Officer

 Team leader junior officer

5. Indicate the number of years you have worked in this organization.

 0-3 years 4 – 6 years 7- 9 years 10-12 years Over 12
years

SECTION B: Procurement Performance

Instruction: Kindly indicate the degree to which you agree with the following statements concerning the Factors that affect procurement performance in your organization.

Rate using a scale of 1 to 5 where 1 is Strongly disagree, 2 is Disagree, 3 is Moderately, 4 is Agree and 5 is Strongly agree.

S.N	Statement	1	2	3	4	5
1	Purchasing planning					
1.1	End users adequately plan their budget for the purchasing of goods or services that are going to be					
1.2	My organization Purchasing plan prepared through the involvement and participating of all end users.					
1.3	End users provide clear specification for the procurement of goods and services that are going to be					
1.4.	End users are raised their purchasing need on time and					
1.5	Procurement department Delivers training based on the problem identified and assessment of inquiries.					
2	Organized Procurement procedures					
2.1	BoA apply appropriate procurement methods					
2.2	Procurement staff are qualified and experienced to					
2.3	BoA has effective monitoring and auditing					
2.4	Deployment of procurement staff based on their					
3.	Timely delivery of goods and service	1	2	3	4	5
3.1	The procurement department Lead times expected are					
3.2	The procurement department has put controlling or evaluating mechanism to ensure timely delivery of					
3.3	Delivery time of the procured items before the agreement or delay of delivery may leads the procuring					
3.4	Procurement department focuses on Right timely					
4	Quality					
4.1	BoA has a quality and competence inspection					
4.2	BoA has reduced quality complaint					
4.3	Quality of goods and service procured by procurement department is based on requirement of department.					
4.4	Supplier evaluation is periodically undertaken to ensure good quality of the goods and services.					
5	Cost					

5.1	Prices of procurement of goods and services are too low related to the market					
5.2	Cost of items Purchased is fair based on the market					

SECTION- C: Operational efficiency Based on waste minimization and supplier relationship

Instruction: Kindly indicate the extent to which you agree with the following statements concerning the operational efficiency based on waste minimization and relationships of the organization with supplier. Rate using a scale of 1 to 5 where 1 is Strongly disagree, 2 is Disagree, 3 is Moderately, 4 is Agree and 5 is Strongly agree.

1	Minimization of waste	1	2	3	4	5
1.1	My organization delivery quality service to their customers by minimizing waste of inputs					
1.2	My organization minimizes frequently purchase in one items (redundancy buying)					
1.3	BoA Reduced internal costs based on make or buy					
2	Reduced internal costs based on make or buy					
2.1	My organization delivers services to its customers in the most cost-effective					
2	Supplier Relationship Management	1	2	3	4	5
2.1	My organization create long term relationship					
2.2	My organization treat or look suppliers as a					
2.3	Most Supplier gives advance or credit services to					
2.4	Most suppliers Deliver their product in to BoA					

SECTION- D: Statements related to transparency related questions

Instruction: What are the procurement practices related to transparency of activates at BoA? Please provide “YES or “NO” answer with the following areas of statements. Mark “X” for each line in the column)

SNo	4. Statements related to transparency	Yes	No
4.1	BoA has anti-corruption program or system to protect the organization good well		
4.2	BoA has a system exist that define pre-qualification which Specify the use of pass/fail for application of		
4.3	Information on procurement is easily accessible in media of wide circulation and availability and is		
4.4	BoA use E-procurement system to reduce corruption by Making a procurement process faster and easier.		

Additional comment on, corruption on BoA procurement.

ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION IN GENERAL
MANAGEMENT

Questioner prepared for respondents under the Assessment of Procurement practice in the case of Bank of Abyssinia /BoA/.

Semi structured Interview guide for Deputy BoA Directors

- ❖ What type of procurement mechanisms the organization follows (centralized and decentralize) why?
- ❖ What types of procurement methods mostly used in BoA?
- ❖ What are the major challenges in procurement process?
- ❖ Based on the procurement practices how to create relationship with supplier? And why?
- ❖ Does adequate monitoring and evaluation of procurement performance carried out in BoA?
- ❖ Is there any delegating mechanism for lower level officers?
- ❖ Do you think an Ethical issue affects Procurement process in BoA?
- ❖ How to evaluate and select suppliers from competitors?

Thank you very much