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Project Paper (MS-100)

Sourcing Performance & its Challenges in NGOs Arena (The case of Save the Children Ethiopia)

Project paper submitted in partial fulfillment for the award of Master's Degree in Business Administration Specialized in Operations Management of Indira Gandhi National Open University.

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List of Tables

Acronyms

SCI-Save the Children International

SCE-Save the Children Ethiopia

PAT-Principal Agent Theory

TCA-Transaction Cost Analysis

NPT-Network Perspective Theory

RBV-Resource Based View

MBA-Masters in Business Administration

IGNOU- Indira Gandhi National Open University

IT- Information Technology

IS- Information System

CLM-Council of Logistics Management

NPD-New Product Development

SPSS-Statistical Package for Social Science

PAT- Principal Agent Theory

M-Mean

SR-supplier Relationship

NGO-Non Government Organization

PR- Purchase/Procurement/ Request

KPI- Key Performance Issue

TCA-Transaction Cost Analysis

Abstracts

Title*: Sourcing & its Challenges in NGOs Arena, the case of Save the Children Ethiopia*

Background: *nowadays, developmental & humanitarian organizations are facing huge challenges concerning the latest innovation of supply chain management & sourcing. Organizations are operating in an environment characterized by countless economic and political disruptions to their sources of supplies and services. In order to survive in these turbulent situations, these organizations must recurrently monitor their sourcing whether it really enabling program achieve intended outcomes in a manner that ensure accountability to the beneficiaries, stakeholders and donors.*

Objective: *The purpose of this study was critically assess the sourcing performance of Save the Children Ethiopia and the various predicaments/challenges facing the organization.*

Methodology*: Descriptive research design used. Under this stage, the study fulfills the objectives of descriptive research by getting an in-depth knowledge about sourcing performances practices within Save the Children Ethiopia and investigating the various major challenges facing Save the Children sourcing activities. 50 staffs working at national office were selected as sample of the study. Demographic questionnaire, Likert scale and interview were employed for collection of data.*

Result and conclusion*: The study found out that the sourcing performance of save the children was unsatisfactory and brought huge waste of time, effort and resources and contributed negatively for program operations. The study revealed outsourcing was affected by various factors, which includes improvement, contract management, supplier relationship management and rationalization of supply base.*

***Further research**: Further research can be done on sourcing performance in a different approach using additional variables like procurement plan, effective spend analysis, cost saving, supply chain risk management.*

***Keywords:** Sourcing, Operational Performance, Suppliers, Strategic Items. Supply Chain Management*

1 Contents

CHAPTER ONE

1. INTRODUCTION

1.1 Background

One of the most significant changes in the paradigm of modern business management is that individual businesses no longer compete as solely autonomous entities, but rather as supply chains. In this emerging competitive environment, the ultimate success of the business will depend on management's ability to integrate the organization's intricate network of business relationships (James, 1999).

Supply Chain has its roots from historical military campaigns. Before the term, was coined, the term used for management and movement of product and services was logistics. The development of logistic originally undertaken by the military in ancient times. For example, the Roman legions used a flexible system consisting of supplies, storage depots, and magazines (Britannica, 2009).

Supply Chain has become a potentially valuable way of securing competitive advantage and improving organizational performance since competition is no longer between organizations, but among supply chains (Lee, 2000).

On the other hand, from development intervention perspectives, sourcing is a critical element of program implementation, which, if not appropriately managed, may affect the program's ability to operate effectively and prevent the program from meeting commitments to both beneficiaries and donors (Shankar, 2001).

Getting the sourcing wrong means, there is a significant risk to beneficiaries, donors as well as to Save the Children's organizational reputations.

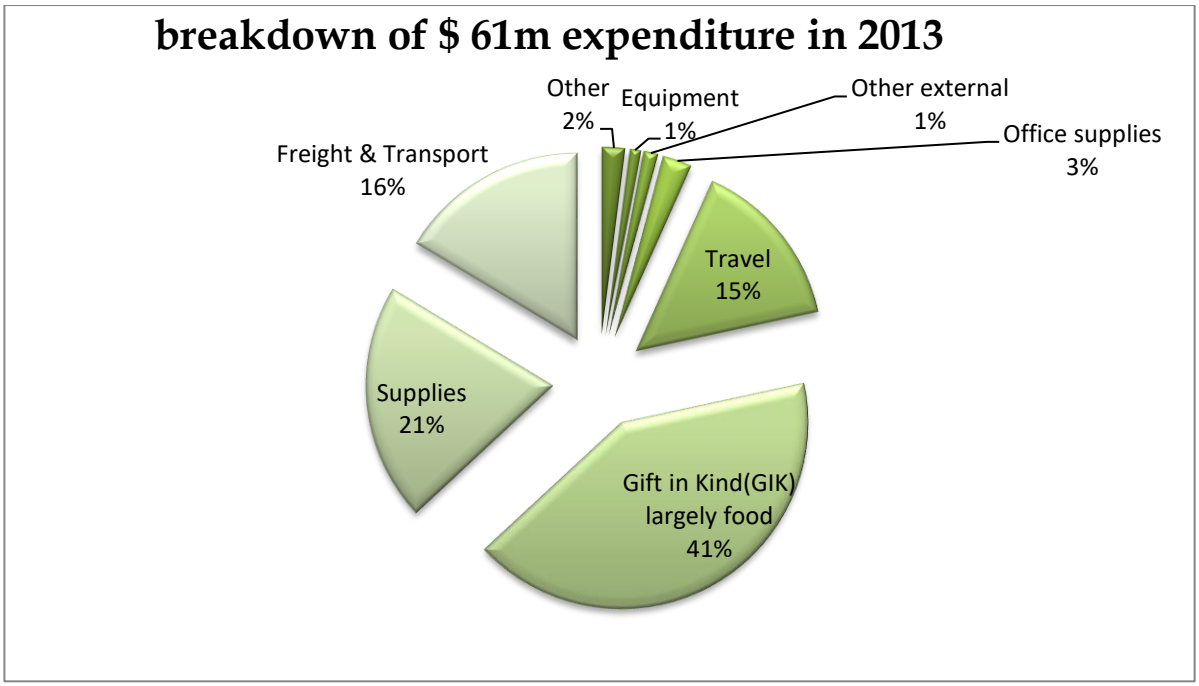
Sourcing assists an organization to compete in the dynamic flow of market. The purpose of Sourcing is to incorporate activities across and within organizations for providing the customer value (Lee, 2000). This also applicable in a similar manner to aid organizations, which stand for provision of services, support and policy dialogue & advocacy without any kind of payments.

1.2 Statement of the Problem

Save the Children International is the largest independent non-governmental organization operating in more than 120 countries across the globe (Save the Children International, 2016). Save the Children operates in Ethiopia in humanitarian and emergency relief as well as in a range of longer-term development initiatives for the most vulnerable children across the country. Its annual budget estimated to be $ 120 million in 2015 (Save the Children Ethiopia Country Office Annual Abstract, 2015).

A significant part of the annual budget includes Gift in Kind (GIK) mainly health, Nutrition supplies as well as Non-food items, and the greater budget share of most of the programmes goes to procurement/sourcing and logistics related activities. Thus, it is imperative that the country program requires a well-organized and efficient procurement/sourcing in place to accommodate all the internal and donor's requirements and compliances.

Likewise, as shown in the below pie chart, an estimated $ 61 million worth of goods, supplies, works and services has been passed through the supply chain system in the form of construction works, commodity freight & transport as well as in project goods and supplies in 2013 FY' alone.



Source: Save the Children Ethiopia, supply chain Plan, 2014

The 2013 sourcing data analysis shown, 3,708 purchase requests for goods, services, and supplies had been processed. Out of this, 51% (1,891) of the requests are below $ 100.00 each. In terms of value, this 51% represents only 1% of the overall procurement expenditures. This means that 51% of the procurement team effort exerted on only 1% of the value of spends which was just wasting time. This could happen for several reasons such as poor procurement planning whereby programs requested unplanned and reparative orders which otherwise could have been procured in an organized and in bulk. Besides, goods & services had been procured at higher acquisition and purchase costs. Had there been sourcing, there could have been managed and reduced costs in terms of money and time to the organization. Further to proper planning failure issues, 78% of purchases done in the various field offices without a strategic contract or framework agreements, which led the organization into inefficiency in terms of money and time. Unplanned purchases also limit the purchasers to source better options and make better purchase deals.

On the other hand, with increasingly humanitarian and developmental needs on the ground and fierce competition in securing grants from donors, having poor procurement/sourcing practices & performance would lead to failure to win donors' trust, create bad organizational reputation, and above all complete rejection by beneficiaries and government stakeholders. These days, aid organizations are pressured and facing ever-increasing demands for accountability and quality services. They have to deliver on their core mandates while at the same time facing budgetary constraints. Hence, to alleviate these challenges, it is mandatory to establish strong sourcing systems in place to improve operations and seeking greater efficiencies and in the long term to bring impact in the life of the beneficiaries.

One of the major areas that have been identified as having great potential to improve efficiencies and reduce costs of organizations' is sourcing and its practices. Robert, et al (1998) noted that Sourcing has become very important but there appears to be little research that is focus on sourcing. Sourcing coordinates and integrates the activities of supply chain members into a seamless process at a minimum cost (Yin, 2003).

Any inefficiency incurred by any of the supplier members can influence the performance of the whole system.

As far as the knowledge of the researcher is concerned, there was no empirical study conducted in the area of sourcing and its challenges, which incorporate upper and down streams on Non-Profit Organizations (NGOs) in Ethiopia particularly on Save the Children.

Therefore, the problems stated above motivated the researcher to identify and carried out study at Save the Children's sourcing and major challenges the organization is facing.

1.3 Research Questions

This study therefore pursed to respond the following basic questions:

- What are the procurement & sourcing practices of Save the Children Ethiopia Country Office?
- What impact does procurement & sourcing practices have on performance of program interventions & service delivery to beneficiaries, stakeholders, etc.?
- What are the major challenges regarding sourcing at Save the Children Ethiopia?

1.4 Objectives of the Study

The general objective of this study was to examine Sourcing Performance & its Challenges in Save the Children Ethiopia.

The study guided by the following specific objectives;

i. To examine procurement/sourcing practices and its performance used by Save the Children Ethiopia
ii. To assess the effectiveness of procurement/sourcing practices and its performance at Save the Children Ethiopia.
iii. To determine the impact of procurement/sourcing practices on the performance of Save the Children Ethiopia in its program interventions.
iv. To investigate the various predicaments experiencing by Save the Children Ethiopia Country Office in its effort of providing quality intervention to its beneficiaries, donors, local stakeholders in accountable manner with regard to effective and efficient procurement and sourcing practices.

1.5 Scope of the Study

This study delimited to investigating sourcing performances as well as its challenges at Save the Children Ethiopia country office at Addis Ababa. The study used descriptive survey methods.

1.6 Significances of the study

The researcher strongly believe that the findings from this study would be used by Save the Children's supply chain unit as an input to enhance the effectiveness of the sourcing so as to contribute to the quality provision of coordinated and timely humanitarian and development services for beneficiaries.

Moreover, the findings of the study would also serve as a stepping-stone for future researchers on the same or similar topics by suggesting areas that need further studies to be conduct. Finally, yet importantly, successful completion of the study would enable the researcher partially fulfill the requirements for the award of a Master's degree in Business Administration (MBA) specialized in Operations Management from IGNOU.

1.7 Limitations of the Study

The research believes such factors like shortage of time, & resources have affected the findings of the study.

1.8 Operational Definition of Terms

Terms that were the focal points of the research defined operationally.

Supply chain management - in this context, refers to all those activities, processes associated with procurement, sourcing, fleet management, maintenance as well as warehousing & stock management at Save the Children.

Sourcing performance – refers to the extent of meeting the standard or prescribed indicators of effectiveness, efficiency and beneficiaries' satisfaction with the services provided in relation to procurement practices.

Practice– refers to the way/custom of performing sourcing activities at Save the Children.

Challenge–factor or predicament that restricts/lags supply chain processes resulting delays, poor quality, high cost and beneficiaries' dissatisfaction.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Historical Development of Sourcing (supply chain)

Before the term supply chain was coined, the term used for management and movement of product and services was logistics. The development of logistics was originally undertaken by the military in ancient times (Britannica, 2009). Therefore, sourcing is driven from Logistics concept. The term sourcing was coined in, 1982 by Keith Oliver, a management consultant at Booz Allen Hamilton (Lee, 2000). Oliver used the term to develop a vision for tearing down functional silos that separated production, marketing, and distribution. As Lee stated the concept was enlarged upon efficiencies and mutual benefits associated with information sharing and decision coordinating to ups and downs.

Supply chain is simply sequentially connected organizations and activities involved in creating and making a product available. Conversely, if one looks in the reverse direction at the same activities, supply chain can be viewed as a demand chain

2.2 Concepts & Definitions of Supply Chains

The traditional understanding of Sourcing is to leverage them to achieve the lowest initial purchase prices while assuring supply. Typical characteristics include multiple partners; partner evaluations based on purchase price; cost-based information bases; arms-length negotiations; formal short-term contracts; and centralized purchasing. Operating under these conditions encourages fierce competition among suppliers, often requiring playing one supplier against the others, and uses rewards or punishment based on performance. The fundamental assumption in this environment is that trading partners are interchangeable and that they will take advantage if they become too important. In addition, there is a belief that maximum competition, under discipline of a free market, promotes a healthy and vigorous supply base which is predicated on the "survival of the fittest" (Ensermu, 2015).

The term sourcing was first used in the 1980s and as such is a relatively new discipline within management theory with tools and concepts still being developed. According to Yin (2003) in last few years, the concept of sourcing has received increasing attention from academicians, consultants, and business managers alike. Furthermore, Yin (2003) identify as many organizations have begun to recognize that sourcing is the key to building sustainable competitive edge for their products and/or services in an increasingly crowded marketplace. As Shankar (2001) describe, the academic debate over the last 20 or more years contributed to develop the sourcing understanding and its relevance to firm strategy.

However, the concept of sourcing has been considered from different points of view in different bodies of literature such as purchasing and supply management, logistics and transportation, operations management, marketing, organizational theory, and management information systems (Shankar, 2001). Various theories have offered various insights on specific aspects or perspectives of sourcing, such as industrial organization and associated transaction cost analysis resource-based theory and its extension relational view theory competitive strategy and social–political perspective. In addition, those academic debates over the last years also produced a fragmented literature, lacking commonly accepted frameworks and clear constructs, undermining knowledge advancement (Shankar, 2001). Even though different things contribute for differences on the concepts of sourcing, different researchers tried to describe the concepts of sourcing as follows. Lee (2000) view the supply chain quite simply as a "process umbrella" under which products are developed and delivered to customers. From a structural viewpoint, they argue, the supply chain refers to the complex network of relationships that organizations maintain with trading partners to source, manufacture and deliver products. As Shankar (2001) described, sourcing is a concept, which its goal is to integrate both information and material flows seamlessly across the supply chain as an effective competitive weapon. Shankar (2001) also stated that sourcing applies to show the collaborative relationships of members of different echelons of the supply chain and refers

to common and agreed practices performed jointly by two or more organizations. In addition, according to (Medori and Steeple, 2000), sourcing includes managing supply and demand, sourcing raw materials and parts, manufacturing and assembly, warehousing and inventory tracking, order entry and order management, distribution across all channels, and delivery to the customer.

Generally, the sourcing concept used in the research in its essence assumes that firms set up alliances with members of the same chain (i.e., upward stream, supplier, and downward stream, customer) to improve its competitive advantage revealed by superior operational performance of all chain members.

Regarding definitions of sourcing, many definitions have also been used to explain the term. The frequency with which the term sourcing is used in today's environment would suggest that it is a well-understood concept accompanied by an accepted set of managerial practices. However, definitions of and approaches to sourcing vary substantially from organization to organization because it is influenced by many different fields and researchers defines sourcing as the simultaneous integration of customer requirements, internal requirements and upstream supplier performance. Council of Logistics Management (CLM) defines sourcing as the systemic, strategic coordination of the traditional business functions and tactics across these businesses functions within an organization and across businesses within the supply chain for the purposes of improving the long-term performance of the individual organizations and the supply chain as a whole. Sourcing has been defined to explicitly recognize the strategic nature of coordination between trading partners and to explain the dual purpose of sourcing: to improve the performance of an individual organization, and to improve the performance of the whole supply chain (Lee, 2000).

Supply chain by Encyclopedia, (2009) defined as a network of various organizations involved both through upstream and downstream linkages in different kinds of activities and processes. Meanwhile, Robert & Earnest (1998) summed up the many definitions of sourcing by various

authors and researchers as 'the task of integrating organizational units along a supply chain and coordinating materials, information and financial flows to fulfill (ultimate) customer demands with the aim of improving competitiveness of the supply chain as a whole'. Thus, in the end produce value whether in the form of products or services to the end user.

The key elements of supply chain and its management from these definitions are therefore the upstream parties, the downstream parties and the integration of all the organizations involved, together with the internal function of an organization itself. The upstream parties, as being described by Robert & Earnest (1998) consists of an organizations' functions, processes and network of suppliers while the downstream function on the other hand concerns the distribution channels, processes and functions where the product passes through to the end customer. Where external downstream and upstream functions are concerned, the managers involved in each upstream and downstream supplier, functions are responsible in making sure that the deliveries of products and services done as scheduled to their destinations. If there are cases where delays are inevitable, the managers are to ensure that the impact of the delays to the sourcing and the value it carries will be minimal.

In general, regarding the definition of sourcing, the researcher conceptualizes it as the strategic coordination of the traditional business functions (i.e., coordinating the firm/organization with the supplier and customer). In addition, the tactics across these businesses functions within an organization and across businesses within the supply chain for the purposes of improving short-term and long-term performance of the individual organizations and the supply chain as a whole.

2.3 Key Components of Sourcing

Robert & Earnest (1998) to help discussion they identified twelve areas of sourcing, from their own experience of teaching and researching Sourcing, from analysis of syllabus and research papers in supply chain, and from their discussions with managers. These twelve categories they identified and defined are: location, transportation and logistics, inventory

and forecasting, marketing and channel restructuring, sourcing a n d supplier management, information and electronic mediated environments, product design and new product introduction, service and after sales support, reverse logistics and green issues, outsourcing and strategic alliances, metrics and incentives, and global issues. So that when anyone think about sourcing should have to consider these issues.

2.4 Sourcing Practices/Measurements

Sourcing practices have been defined as a set of activities undertaken in an organization to promote effective management of its supply chain. Sourcing practices are multidimensional which affect the performance of partners in the supply chain. These sourcing practices were seen and discussed by different researchers from different perspectives. Donlon (1996) describes the evolution of sourcing practices, which include supplier partnership, outsourcing, cycle time compression, continuous process flow, and information technology sharing. Shankar (2001) use purchasing, quality, and customer relations to represent sourcing practices, in their empirical study. Yin, 2003 identify six aspects of sourcing practice through factor analysis: supply chain integration, information sharing, supply chains characteristics, customer service management, geographical proximity, and just in time capability. Robert & Earnest (1998) include in their list of sourcing practices concentration on core competencies, use of inter-organizational systems such as elimination of excess inventory levels by postponing customization toward the end of the supply chain. Robert & Earnest (1998) presented sourcing framework/practice that encompassed three dimensions: supply network structure, characterized by strong linkages between members, low levels of vertical integration, non-power based relationships; long-term relationships, managed with effective communication, cross- functional teams, and early supplier involvement in crucial projects, planning processes; and logistics integration. Robert & Earnest (1998) identify the practices of sourcing as including agreed vision and goals,

information sharing, risk and award sharing, cooperation, process integration, long-term relationship and agreed supply chain leadership.

Ensermu (2015), identify sourcing dimensions as it encompasses strategic supplier Partnership, developing trust and collaboration among supply chain partners as well as customers. Lean production is associated with continuous pursuit of improving the processes, a philosophy of eliminating all non-value adding activities and reducing waste within an organization. Postponement concept, involves the process of delaying final product configuration until the customer specifies the actual order requirement. Keeping products in semi-finished, would allow more flexibility and customization in completing the final products. In addition, enables an organization to respond more quickly to market demand and new technology and innovation. New technology and innovation refers to the application of the latest scientific or engineering discoveries to the design of operations and production processes insourcing.

Thus, the literature reveals sourcing practices from a variety of different perspectives with a common goal of ultimately improving organizational performance. In reviewing and consolidating the literature, five dimensions, including strategic supplier partnership, customer relationship, level of information sharing, quality of information sharing and internal lean practice, are selected for measuring sourcing practice. The five constructs cover upstream (strategic supplier partnership) and downstream (customer relationship) sides of as, information flow across a supply chain (level of information sharing and quality of information sharing), and internal lean practice (waste minimization). Even though the above dimensions capture the major aspects of sourcing practice cannot considered complete. Other factors, such as geographical proximity, structural aspect (Lee, 2000), cross-functional teams, logistics integration agreed vision and goals, and agreed supply chain leadership are identified in the literature. Though these factors are of great interest, they are not included due to the concerns regarding the length of the survey and the

parsimony of measurement instruments. The present study, therefore, proposes sourcing practices as a multi-dimensional concept.

2.4.1 Strategic Supplier Partnership

Strategic supplier partnership emphasizes direct relationship and long-term and encourages mutual planning and efforts to resolve problem. Supplier and organizations can work together more closely and eliminate useless time and effort. Effective partnerships with suppliers can be critical factor to guide sourcing also stated that in strategic supplier partnership, suppliers play more direct role in an organization's quality performance.

Through close bonded relationships, supply chain partners are more willing to share risks and reward and can maintain the relationship over a longer period. It is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing benefits. Such strategic partnerships are entered into to promote shared benefits among the parties and ongoing participation in one or more key strategic areas such as core raw materials, technology, products, and markets (Mwanjumwa & Simba, 2015).

Strategic partnerships with suppliers enable organizations to work more effectively with a few important suppliers who are willing to share responsibility for the success of the products. Suppliers participating early in the product-design process can offer more cost-effective design choices, help select the best components and technologies, and help in design assessment (Mwanjumwa & Simba, 2015). Strategically aligned organizations can work closely together and eliminate wasteful time and effort (Mwanjumwa & Simba, 2015) an effective supplier partnership can be a critical component of a leading-edge s. The main objective of strategic partnerships with suppliers is increasing the functional capability desired supplier. Therefore, strategically managed long-term relationship with supplier has positive impact on a firm's supplier performance (Mwanjumwa & Simba, 2015).

2.4.2 Customer Relationship

It encompasses the entire array of practices that are employed for managing customer complaints, building long-term relationships with customers, and improving customer satisfaction.

Shankar (2001) consider customer relationship management as an important component of sourcing practices. As pointed out by Shankar (2001), devoted relationships are the most sustainable advantage because of their essential barriers to competition. Focusing and maintaining the customer relationship will enable the organizations to be more responsive towards customers' needs and will result creating greater customer loyalty, repeat purchase and willing to pay premium prices for high quality product.

Besides, the main goals of sourcing are customer satisfaction and their loyalty as customer relationship management is an important component of Sourcing practices. The growth of mass customization and personalized service is leading to an era in which relationship management with customers is becoming crucial for corporate survival. Good relationship with supply chain members, including customers, are needed for successful implementation of sourcing programs. Close customer relationship allows an organization to differentiate its product from competitors, sustain customer loyalty, and dramatically extend the value it provides to its customers.

As discussed in lee, (2000), the main customer relationship goals are identifying new business opportunities, reduce missed opportunities, reducing customer defection, creating customer loyalty, improve customer service, improve organization appearance, reduce costs, and increase revenue. For this research purpose, customer relationship is conceptualized from the literature review and practicability in Ethiopia as the way of building long-term relation with customers through creating customer loyalty, reducing

defect products, improving customer services, reducing price/cost, managing customer complaints and working on improving customer satisfaction.

2.4.3 Level of Information Sharing

Information sharing refers to ability of enterprises to share knowledge and information with supply chain partners with effective and efficient manner. Information sharing in interactive system of supply chain includes information between direct partners and all network of supply chain. For effective and efficient use by partners is needed sharing information. The level of information sharing is closely linked with accountability and efficiency.

Furthermore, Mwanjumwa & Simba (2015) stated integration and coordination across supply chain could be well provided through information sharing. James (1999) considers sharing of information as one of five building blocks that characterize a solid supply chain relationship. According to him, supply chain partners who exchange information regularly can work as a single entity. Together, they can understand the needs of the end customer better and hence can respond to market change quicker.

Effective use of relevant and timely information by the entire functional element in the supply chain is considered as a competitive factor and distinctive (Ensermu, 2015). Failures can occur in case of information delays, shortage or distortion across the supply chain. In this study, supply chain information sharing is associated with the amount of information shared among supply chain partners in downstream and upstream side of the supply chain and the information intensity. In this study, information sharing in supply chain is conceptualized as the extent of sharing business knowledge formally or informally with supply chain partners. In addition, it is associated with the amount of information shared among supply chain partners in downstream and upstream side of the supply chain and the information intensity.

2.4.4 Quality of Information Sharing

Information quality includes an aspect such as accuracy, timeliness, adequacy and information exchanged credibility Shankar (2001). It appears that there is a built-in reluctance within organizations to give away more than minimal information (Berry et al.

1994) since information disclosure is perceived as a loss of power. Given these predispositions, ensuring the quality of the shared information becomes a critical aspect of effective sourcing (Yin 2003).

Based on organization needs to review their information as a strategic asset and ensure that the information flows with minimum delay and distortion. In addition, Li et al. (2005) also notes that information shared must be accurate so that the best sourcing solution will be obtain. Effective use of relevant and timely information by all the functional elements in the supply chain is considered as a competitive factor and distinctive.

While information sharing is important, the significance of its impact on sourcing depends on information by all functional elements within the supply chain as a key competitive and distinguishing factor. The empirical findings of Shankar reveal that simplified material flow, including streamlining and making highly visible all information flow throughout the chain, is the key to an integrated and effective sourcing. Providing and transforms raw material to a product or service and delivers it to the customer is activities that is done in the supply chain. Overall planning of supply and demand, raw material procurement, production planning, inventory control, warehousing, distribution of products and management of information is activities in the supply chain.

Hence, manufacturing organization in the supply chain should be able to consider inventory demand and according to the number, products in stock identified a fraction number the product and do production planning. By determine production schedules, do raw material supply and the schedule of production, distribution of products as well is planned through

sharing quality information. The work of Shankar (2001), in which most of the indicators of information quality is adopted, does not incorporate completeness as the indicators of information quality which is the key for quality of information of the case organization.

Therefore, for the study, information quality is conceptualized as accuracy, timeliness, adequacy, information exchanged reliability and completeness.

2.4.5 Internal Lean Practices

Another Sourcing practices is the use of internal lean practices. Internal lean practices refer to consume less system resources uses with the same speed mass production and offers greater variety to customers. In other way James and James (1999) internal lean practices as Lean production associated with continuous pursuit of improving the processes, a philosophy of eliminating all non-value adding activities and reducing waste within an organization.

One of the fundamental ideas in internal lean practices is removed surplus James, (1999). The most famous of internal lean practices can be mentioned timely and lean produce. Production of lean and timely is production system that its aims are to optimize processes and production process by reducing waste and other inefficient factors.

2.5 supply chain Performances

Various empirical studies confirmed the theory that, sourcing practices considerably improve organization's performance. Moreover, the results specifically highlight that IT and information sharing significantly contributes to more performance measures than supplier and customer relationship practice.

The relationship between sourcing strategies and operational performance, lee (2000), observed the following sourcing related strategies. Significantly, overall product quality and overall customer service: namely; determination of customer's needs, reduction in response time and supplier delivery time, improvement of integration activities, trust

among supply chain members, communication of future needs, use of information sharing, and assistance of suppliers in just in time capability.

The supply chain performance is now increasingly perceived as critical means for attaining a competitive edge over other competitors. The traditional way of measuring performance based on cost alone has giving way to more innovative approach incorporating non-cost performance measures like quality, flexibility, time, and the need for customer satisfaction (James, 1999).

The driving force for sourcing performance is supply chain performance enablers: delivery speed, new product introduction, collaboration across enterprise boundary, data interchange, flexibility, and customer responsiveness. This in turn leads to a positive effect on the overall cost, lead-time, quality, and service level, overall capacity, which constitutes supply chain determinants. The current market situations require increasing service levels and quality in union with low cost and small lead times (James, 1999).

Sourcing performance is a two-dimensional definition, which consists of effectiveness & efficiency. Effectiveness is about 'doing the right things' & efficiency is about 'doing things right'. Supply chain effectiveness relates to the preference of the end-consumer & the sole indicator is consumer satisfaction. Therefore, customer satisfaction is coming from meeting customer requirements, fitness for use, continuous improvement, elimination of waste, customer support, and flexibility to meeting demands, design and engineering, quality assurance, inventory and many others.

2.6 The effect of SI on Operational Performance

Different organizations use financial performance as a key output measure of firm performance, but many studies conducted in supply chain described that, relying only on financial performance measures results for various limitations. This study, focus on operational performance to measure the benefits of supply chain Integration.

Internal integration can help functions to leverage each other's resources and capabilities to jointly design products, ensure product quality and reduce duplicated tasks, which allow speeding up product delivery processes, improving distribution process and reducing the obsolescence of inventory through accurate information about the demands and preferences of the customer.

Many studies conducted on the relationship between SI and operational performance reflects that an effective integration along the supply chain have an impact on the financial performance of an organization. For example, according to Shankar (2001) manufacturers that have higher degrees of supplier and customer integration obtain the highest performance improvements in terms of market share and profitability. We can indicate that operational performance plays a vital role in the relationship between supply chain Integration and financial performance.

A broader conceptualization and more effective business performance should include indicators of operational performance. This is mainly because non-financial measures can overcome the limitations of just using financial performance measures. There are many advantages of using non-financial measures, including the facts that nonfinancial measures are more timely than financial ones they are more measurable and precise, they are consistent with organization goals and strategies, and non-financial measures change and vary over time as market needs change and thus tend to be flexible (Medori & Steeple,2000).

While financial performance measures are more likely to reflect the assessment of a firm by factors outside of the firm's boundaries, operational measures reflect more directly to the efficiency and effectiveness of the operations within the firm. These categories of performance reflect competencies in specific areas of supply chain including cost, quality, and flexibility. They also mirror the two arguably most important dimensions of supply chain performance: efficiency, the ability to provide a service at a lowest possible cost,

and customer service, the ability to accommodate customers‟ special requests. Operational performance measure provides relatively direct indication of the efforts of the various supply chain theory. Some of the indicators of operational performance will be discuss below:

2.6.1. Cost

There are many indexes for improving operational performance of an organization. One of the basic is reduction of its cost. The basic reason behind is to minimize the cost for efficiency and effectiveness of strategies and policies. Proper cost management implies the optimal use of resources for the efficiency of organization to create value for customers. Due to this rationale, the satisfaction of customers and loyalty and long-lasting wealth for the organization will be create. Effective way of managing cost is the result of managing decisions.

2.6.2. Flexibility

Flexibility is expressed through the capability of a system to undertake proactive and reactive adaptation of settings to deal with uncertainties, which occur both internally, and externally uncertainty. In the supply chain, the main reason for flexibility is to increase the complexity of processes that adds value and to shorten the time of response to the demand of the customer. Into days business world the complexity of business process is rising, so businesses must be customer oriented. Companies can take different measures to improve their products and increase their flexibility and one of the measures is to outsource some of their products to other companies (Singh &Sharma, 2014). Flexibility described as the ability of a system of an organization in responding quickly to changes occurred both inside and outside the system. The final achievement in the performance of an organization is to gain competitive advantage and creating customers satisfaction.

2.6.3 Quality

Quality is highly related with the extent of communication among members of the s. At this point quality of communication is expressed based on the degree accuracy, adequacy, level of update, and completeness in the process of communication among partners of s. Quality of communication is inferred based on the system of information; outsourcing and other related organizational relationships are considered as key variables in the relationship along partners of s. In order to establish and maintain effective cooperation, the organization should strive to create a meaningful and high-level communication with supply chain partners to enhance the quality and involvement along the s. Quality of communications plays a pivotal role in integrating activities related to organizational system in which quality of effective communications aids to integrate sustainable s. The ultimate point is that, there is an acceptable relationship between quality of communication and supply chain integration in which the effect may be direct and indirect (Mwanjumwa G& Simba, 2015).

2.7 Theories of Sourcing

The study is based on four theories of sourcing namely; the principal-agent theory, transaction cost analysis theory, the network theory and the resource- based view theory.

2.7.1 The principal-agent theory (PAT)

The theory is based on the separation of ownership and control of economic activities between the agent and the principal. There are different agency problems that arise due to, difference in terms of information between the principal and the agent, conflicting objectives, differences in risk aversion, outcome uncertainty, behavior based on self-interest, and bounded rationality. The relationship between the principal and the agent is governed by the binding contract between the two parties, and the aim of the theory is to design a contract that can reduce potential agency problems. A contract that had the right

mix of behavioral and outcome-based incentives, which motivate the agent to act according to the interests of the principal, is considered as the "most efficient contract".

Insourcing, the issue of alignment of incentives is an important aspect. Mostly the concept of misalignment emanates from hidden actions or hidden information. However, to reduce misalignment, it is substantial to create contracts with supply chain partners that balance rewards and penalties (Ensermu, 2015). Contracts are used as governance and control mechanisms whilst incentives are provided for meeting the minimum expected standards of the Principle.

2.7.2 Transaction Cost Analysis (TCA)

The analysis provides a normative economic approach, which determines the boundaries of a firm and can be used to present efficiency as a motive for entering inters-organizational arrangements (Lee, 2000). An organization may minimize its total transaction costs by cooperating with external partners. From sourcing context, this question addressed as; what are the activities that should be performed within the boundary of each firm, and what are the activities that should be outsourced? The relationships of sourcing represented by the hybrid mode of governance between markets and hierarchies. The most influential attribute of the transaction is asset specificity (Ensermu, 2015). Transaction costs can be influenced by behavioral assumptions of bounded rationality and the risk of exposure to opportunistic behavior from a partner. Bounded rationality may arise from lack of sufficient information, limits in management perception or limitation of capacity to process information. There are different mechanisms to reduce the risk of opportunism that include safeguards and credible commitments such as long-term contracts, penalty clauses if a partner fails to fulfill the contract, equity sharing, and joint investments. According to Lee (2000), trust among parties should have to be based on "calculated risk" and not on simple personal trust between individuals.

In the analysis of the transaction, the cost has been used widely in make-or-buy decisions. For instance, outsourcing of logistics activities (James, 1999), buyer supplier relationships and restructuring of supply chains (James, 1999). TCA is a useful instrument to decide whether a transaction should be performed in the marketplace or in- house.

2.7.3 Network Perspective Theory

The performance of an organization depends both on how efficiently it cooperates with its direct partners, and on how well these partners cooperate with their own business partners. The theory is used to provide a basis for the analysis of concepts of reciprocity in cooperative relationships (James, 1999). Here, the continuous interaction of an organization with other players becomes an important factor in the development of new resources and the interaction combine the resources of two organizations to achieve more advantages than through individual efforts. Such a combination can be viewed as a quasi-organization (James, 1999). The value of a given resource is based on its combination with other resources, which is the basic reason for inter-organizational ties and makes more important than possessing resources. Thus, the structure of the supply chain is determined by the resource structure of an organization and becomes its motivating force. The basic contribution of network theory is to provide an understanding on the dynamics of inter-organizational relations by emphasizing the importance of "personal chemistry" between the parties, through building-up of trust based on positive long-term cooperative relations and the mutual adaptation of routines and systems through exchange processes. The parties gradually build up mutual trust through the social exchange processes. A network does not need an optimal equilibrium; rather it is in a constant state of movement and change. Links between firms in a network develop through two separate, but closely linked, types of interaction: exchange processes (information, goods and services, and social processes) and adaptation processes (personal, technical, legal, logistics, and administrative elements) (Ensermu, 2015).

2.7.4 The Resource-Based View (RBV)

Only a few studies used the resource-based view to the field in focus in order to get the sources of competitive advantage through sourcing or to analyze the structure of chains and industrial clusters. The RBV concerns with competitive advantages obtained through the possession of heterogeneous resources (financial, physical, human, technological, organizational, and reputational) and capabilities (combination of two or more resources) by an organization. These resources and capabilities hold the core competence of an organization and serve as a source of competitive advantage. The static stream of research focuses on attributes that contribute to the heterogeneity of resources and capabilities. The main barriers that may prevent competitors from imitating a firm's resources and capabilities include durability, transparency, transferability, and explicability. The more dynamic aspects of the RBV consider a firm's core competence to be its ability to react quickly to situational changes and build further competencies (Shankar (2001). Hence, a firm's competitiveness is associated with the configuration of resources and capabilities as the markets evolve. Efficiency may not only be explained in terms of productivity or operational measures, but also in terms of the opportunity to access another firm's core competencies through cooperative arrangements as an alternative to building such competencies in-house (Ensermu,2015).

The RBV is an implicit assumption in many supply chain decisions. Often, outsourcing decisions are based on the idea of focusing on core competencies and outsourcing complementary competencies to external partners. However, outsourcing of design, New Product Development (NPD), or software development is often a way to gain access to other supply members‟ core competencies through inter-organizational collaboration.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This chapter explores the research methodology used in carrying out the research study by describing the research process, research design, population and sampling, data collection approaches and instrument, and finally data analysis.

3.1 Research Methods

This study used descriptive research method using cross-sectional survey data. Thus, the research design has enabled researcher to conduct an extensive investigation of the sourcing and major challenges of supply chain activity in general and procurement practices used by Save the Children International Ethiopia, its efficiency and factors that affect its effectiveness.

Besides, the research used some descriptive statistics (i.e. Measure of central tendency such as; mean; and measures of spread: standard deviation), along with different inferential tools were used to elaborate the relationship and interactions between variables. That means the purpose of this research is to find out the underlying facts and /or actual circumstances existing within the Save the Children International Ethiopia office.

3.2 Data Sources

To address the objectives and questions of this study, the researcher used both primary and secondary data sources, through the instrumentalism of different methodologies, i.e., questionnaire and interview. In relation to this, the researcher used primary data gathered through questionnaire and interview.

As per the study plot the targeted population is Save the Children International staffs; specifically, designated employees in supply chain and program positions (managers) and above, i.e., procurement Officers, Operation Managers, Logistics, and supply chain officer, etc. This is because, as far as the knowledge of the researcher is concerned, the above-

mentioned section, department and unit heads are those responsible for discharging and monitoring the entire supply chain activities of the organization

The source of secondary data for this research is annual supply chain report, program operation report, and various journals have been used for the study.

a) Sampling Techniques

Even though sourcing is necessary for both businesses oriented and non-governmental service organizations, this study was targeted on Save the Children International Ethiopia, which is a humanitarian, and development organization.

Furthermore, the exact sample units of respondents were considered from organization's management and employees based on judgmental/non-probability sampling technique. Purposive sampling technique was used to interview managers who are directly related to the topic under investigation. The researcher preferred convenience sampling to contact the customers and staffs who are located at a long distance with using the Save the Children's official mail /Outlook/. This is due to its difficulty to address the whole staffs and customers since Save the Children has offices across all parts of Ethiopia.

Hence, to determine the sample size the researcher preferred to use a method developed by Carvalho (1984), as cited in Yin 2003).

Table 3.1 Sample Size Determination

Population Size	***Sample size***		
	Low	***Medium***	***High***
51-90	**5**	**13**	**20**
91-150	**8**	**20**	**32**
151-280	**13**	**32**	**50**
281-500	**20**	**50**	**80**
501-1,200	**32**	**80**	**125**
1,201-3,200	**50**	**125**	**200**
3,021-10,000	**80**	**200**	**315**
10,001-35,000	**125**	**315**	**500**
35,001-150,000	**200**	**500**	**800**

Table 3.2 Sample Size Determination for the study

Departments	*Population of each Department*	*Sample size of each Department*
Program Operations	**30**	**6**
Hubs	**12**	**5**
Logistics	**63**	**18**
National programs	**141**	**25**
Procurement	**7**	**6**
Support Team	**219**	**-**
Total	**472**	**60**

The total numbers of SCI (Save the Children International Ethiopia) employees at Addis Ababa are 479. However, out of these staffs, 219 are engaged in support and technical activity, which does not contribute to the case under study. Therefore, from the remaining 253 employees 60 were considered as a sample respondent as per the Malhora Naresh's sample determination method, considering the heterogeneity of sample respondents based on position within the organization. In addition to this, an interview was held with management bodies of the Organization.

Based in suppliers list at the case organization, the researcher used a sample size of 10 suppliers as a sample unit by taking into consideration the time and its manageability. The interview was made on the place and time convenience for the suppliers. Researcher interviewed 10 suppliers within five days with the help of researcher administered interview question.

b) Data Collection Instruments

In business research, the most common method of generating primary data is the survey. A survey method involves studies that are normally quantitative and endeavor to provide a broad overview (Mouton, 2001). In other words, a survey design provides a quantitative or numerical explanation of trends, attitudes or views of a population, by studying a sample of that population (Yin, 2003).

Data for this study obtained from primary & secondary sources. The primary data collected using a structured questionnaire. Close-ended questionnaire in 5-point Likert sales used to collect data from the sample respondents. The questionnaire has five rating scales ranging from 1- strongly disagree to 5- strongly agree. Data gathered through questionnaires is simple and clear to analyses and it allows for tabulation of responses and quantitatively analyzes certain factors.

The questionnaire comprises of closed-ended questions. It is subdivided into four sections; the first part sought general information about the employee respondent. The second part focused on the Practice of sourcing by the organization. The third part contained questions aimed at assessing the challenges that affect the supply chain department in general and the procurement process and the last part focused on the assessment and contribution of supply chain department for the successful completion of projects.

In order to obtain sufficient information, the researcher has used personal interview by management bodies of the case organization and suppliers. Research issues like awareness, practices of sourcing, training strategic view and suppliers view of the case organization were addressed through interviews, which are difficult to obtain through questionnaire in as much detailed as required.

The secondary data collected and analyzed from supply chain department annual report, Program operation report, and various journals. A total of 50 questioners were distributed for SCI employee respondents.

c) Method of Data Analysis

As it was mentioned earlier both inferential and descriptive statistics such as Statistical Package for Social Science (SPSS) was applied. Within the inferential method, to put the numerically found result of the study in the understandable way the study further used descriptive statistic method of data and result summarization or presentation. Descriptive

statistics; the measure of central tendency, measures of spread, Pearson correlation and, regression analysis were applied.

Besides, in order to put the qualitative data in an understandable way, the overall qualitative data of the study was presented in a narrative analysis approach. This approach helped in presenting fragmented data of the research in brief and summarized manner.

By applying these statistical tools, the study has pointed up the practice and challenge of sourcing activity in general and procurement practices at Save the Children International Ethiopia current perspectives. Also identified bottlenecks and potential areas of improvement.

d) Piloting

The study was conducted through the instrumentalism of different data gathering tools (i.e., questionnaire and interview). Questionnaires were distributed to participants I n person. From the 60 questionnaires distributed to the designated respondents, 53 were collected and three were not correctly filled.

Hence, what the researcher could use is only 50 questionnaires. This makes the overall response rate about 83.3%. This is a good response rate based on Fowler (2002) a 75 percent response rate is considered adequate.

Table 3.3 Reliability of Items

Dimension	Cronbach's Alpha	No. of Items
Sourcing practice		
Suppliers and customers relationship	0.891	7
Internal operation practices	0.88	10
Information technology	0.892	7
Information sharing practice	0.891	4
Training practices	0.89	5
Challenges of supply change		
S structure & staff capacity	0.893	4
Internal control & monitoring	0.89	5
Costs	0.895	5

Planning	0.894	5
Service quality	0.893	7
Assessment of supply chain department contributions on program interventions &project accomplishment		
Price cost	0.894	3
Operation quality	0.893	4
Delivery dependability	0.892	5
Timeliness of service	0.893	4
Service quality	0.892	7

***Source**: Survey Finding, 2018*

Moreover, to evaluate the internal consistency of the item used in the data collection tool, Cronbach's Alpha issued. According to George and Mallery (2003), chron bach's Alpha is an indicator of degree of internal consistency of sales. The higher the coefficient the higher degree of consistency denotes ;>0.9-Excellent,>0.8-Good,>0.7-Acceptable,>0.6-Questionable,>0.5Poor, <0.5Unacceptable.

Therefore, as shown in the table below, the result of the reliability test revealed that the items in the questionnaire exhibited Chron bach Alpha rate more than enough to be called consistent or acceptable.

As clearly shown in the above table, all the scales used to measure the dimensions of this study schedule calculated alpha values that range from the lowest value of 0.88 to the highest value of 0.896

e) Ethical Consideration

During data collection, the purpose of the study explained to each of the respondents. They have been informed about the anonymity of their identity as well as the information they provide will be kept confidential. Similarly, they have been informed that, they can withdraw from the research process at any time and in respect of these name of the selected employees were not disclosed and kept confidential.

CHAPTER FOUR
4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Demographic Information of Respondents

The demographic profile of the sample respondents presented and analyzed below. The purpose of assessing respondents work experience and education level of the respondents' is that, when the respondents are more experienced and educated they have better opportunity to understand the case and give better response than else. On the other hand, information like age and sex has been considered as irrelevant to this study by the researcher and hence is omitted from demographic data.

A total of 60 questionnaires were distributed and 50 appropriately filled questionnaires were collected. Therefore, the overall response rate is 83.3%. The collected data were analyzed with the Statistical Package for Social Science (SPSS version 20). The following table presents frequency statistics of demographic variables.

About educational qualification, 56 % of the participants were BA or BS degree holders and 44 % were MA or MS degree holders. Based on this educational status of respondents one can infer that the respondents are academically capable of assessing the theory vs. practice on Save the Children International Ethiopia.

Table 4.1 Respondents' Educational Qualification

Educational Qualification	f	%	Valid %	Cumulative %
First Degree	28	56.0	56.0	56.0
Second Degree and above	22	44.0	44.0	100.0
Total	50	100.0	100.0	

***Source**: Survey Finding, 2018*

According to the response, the respondents provide relevant and reliable information needed for the study and they are fit in line with the response of the questionnaire.

Table 4.2 Respondents' Years of Service in the Organization

Under 2 years	9	18.0	18.0	18.0
2-5 Years	28	56.0	56.0	74.0
6-10 Years	11	22.0	22.0	96.0
Over 10 Years	2	4.0	4.0	100.0
Total	50	100.0	100.0	

***Source**: Survey Finding, 2018*

In relation to service year in the organization, 18% of respondents served the organization Under 2 years, 56% of respondents 2-5 Years, 22% for 6-10 Years and 4% Over 10 Years. This implies that in total more than 82% of the respondents have more than 2 years of work experience within Save the Children International Ethiopia and it is sufficient to judge and give views. This is because when the respondents are more and more experienced within the organization they have better opportunity to know more and more about the organization.

Table 4.3 Respondents' Job Title

Job title	f	%	Valid %	Cumulative %
Officer	21	42.0	42.0	42.0
Coordinator	9	18.0	18.0	60.0
Manager	18	36.0	36.0	96.0
Deputy and Director	2	4.0	4.0	100.0
Total	50	100.0	100.0	

***Source**: Survey Finding, 2018*

Concerning the job status of the respondents, as we can simply infer from the above table; majority of the respondents 42% were Officers who have been engaged directly to the technical work of different sections followed by Managers 36% another sensitive group who manages and lead the overall direction of sourcing and program departments.

Table 4.4 Respondents' Departments of Respondents

Departments of Respondents		f	%	Valid %	Cumulative %
	Program Operations	4	8	8	8
	Hubs	3	6	6	14
	Logistics	19	38	38	52
	National programs	20	40	40	92
	Procurement	4	8	8	100
	Total	50	100	100	

***Source**: Survey Finding, 2018*

Additional to that there are small groups of coordinators 18% and members of senior Management team, Deputy and Director of Supply chain department 4%. Four respondents (8%) are from Program Operations, three respondents (6%) of them are from hub/field offices representatives, 23 of respondents (46%) are from Supply Chain department/Logistic, procurement, store and fleet/, and 20 respondents (40%) are from National Programs. This implies the fact that all the respondents are directly and indirectly involved in the operations of Sourcing of their firm and hence, their information can be considered as reliable and relevant for the study.

4.2 Descriptive Analysis

Descriptive statistics were used to summarize the basic features of data sets through measures of central tendency and dispersion. Descriptive statistics allow the researcher to describe variables numerically (Saunders et al., 2001). Means and standard deviations were the descriptive statistics used in the current study. The mean or average is a measure of central tendency that offers a general picture of the data without unnecessarily covering one with each of the observations in the dataset. The mean of respondents in each dimension of the practice and challenge of sourcing activity in Save the Children Ethiopia suggest that, the average amount that each dimension has positive or negative response of respondents. The mean statistical values of the items were based on the 5-point Likert scale and will be illustrated through the following assumptions. If the mean (M) schedule is below 0-2 it

implies that the respondents‟ disagree with the statement and considered as poor performance, if the mean score is equal to 2.1-3 it indicates that the respondents‟ prefer to stay Neutral, and finally if the mean score is above 3.1- it implies that the respondents‟ agree with the statement. Accordingly, the mean schedules have been computed for all the three sourcing dimensions that includes sourcing practice, assessment of procurement on program interventions, challenges of supply change on the research of all the items under each dimension. The average mean result of each schedule integration dimension together with their respective variables separately presented, analyzed and interpreted as follows.

4.2.1 Sourcing Practices

As it has indicated on various literatures, the most common sourcing practices are supplier and customer relationship, internal operation, information sharing, information technology and training. This study focused on Save the Children International Ethiopia's sourcing practices from these five perspectives. For each practice, different variables were developed and measured based on their mean and group mean values.

I. Responses in suppliers and customers relationship (SR)

According to Sunil, (2004) the most commonly known characteristics of suppliers and customers relationships are: joint product planning, cooperativeness, frequent meeting, and others. To measure Save the Children's orientation concerning the SR seven items were developed by the researcher. Table 4.5 below indicates the extent of relationship that exists between suppliers, Customers and Save the Children International Ethiopia. Accordingly, the group means of suppliers and customers' relationship is 2.8, which is average/moderate performance with respect to the overall measures taken into consideration. Joint planning with major suppliers and customers, shows the mean value of 1.54, and 2.12 respectively. These mean values imply that Save the Children has poor relationship with its customers and suppliers particularly, on joint planning. In line to this analysis, James (1999) states that

customer relationships include the complete range of practices that are employed for building long-term relationships with customers & improving customer satisfaction.

Table 4.5 Suppliers and Customers Relationship Practice of Sourcing

Suppliers and customers relationship	N	Mean	Std. Deviation
Joint planning with suppliers	50	1.54	.862
The level of cooperativeness with suppliers	50	3.00	.969
customers delivery adherence requirement	50	2.92	.695
Compliance with customer's delivery in- full requirements	50	3.32	.935
Compliance customer's delivery on time requirements	50	3.75	.935
The level of cooperativeness with customers	50	3.12	.328
Joint planning with major customers	50	2.12	.718
Valid N (leastwise)	50		

Source: Survey Finding, 2018

Whereas compliance with customers' delivery in full requirement and Compliance with Customers' delivery on time requirements represents mean values of 3.32 and 3,75. This implies the organization is performing moderately and is not meeting the full requirements of the customers as per their desire. Also, customers/programs and projects/ are not fully satisfied in getting the amount and kind of product/service they required. From the items used for customers and supplier's relationship, suppliers ' delivery adherence to requirements and the level of cooperativeness with customers represents mean value of 2.92 and 3.12. This implies as of the other variables, supply chain department's activity is not meeting customer's desire and as witnessed by other variable there is a visible gap to projects need an actual organization performance.

The impaired supplier, delivery adherence requirement has a negative contribution on successful implementation of projects. Since supply chain department is the only provider for their input need, this implies that the customers/projects / are more dependent on full quantity and timely delivery of their requirement. So that, this can adds pressure on the project leadership to meet its requirement by government and community members. The current performance of the organization to meet this dimension is moderate. If Save the

Children International Ethiopia is not in a position to improve this and other supplier and customer relationship practices, without any doubt the organization programs and projects' will meet tough challenges in implementing projects as per the donors' requirement and need of government and community as well.

II. Responses on Internal Operation

One of the starting points to make the environment favorable for integration with the external partners is internal operation. Table 4.6 illustrates that ten items were used to see the extent of the internal operation of Save the Children International Ethiopia. The mean value of respondents' reveals that the extent of service process automation, management know-how regarding sourcing effectiveness, extent of automated quality control is 1.92, 1.32 and 1.92, respectively. These mean values are the lowest from the category and it implies management know-how with regard to factors contributing positively to improved internal operations is very poor. Process automation regarding order and production or service is taken as a key step for speedy response of programs.

On the other hand, variables that need critical follow-up and immediate action like, the extent of innovation in service process, the extent of continuous and instantaneous service improvement and flexible service system to market change have shown a moderate mean value of 2.52, 2.60 and 2.12 respectively. Up- to- datedness of service has a mean value of 2.32, which implies the concern given to update the system following timely changes is very limited. Efficient utilization of resources pattern has a mean value of 2.52, which can be inferred, as a moderate practice since one of the primary objective of procurement department, had to facilitate effective and. efficient use of organizational resources. In addition, the intention of efficiency is to minimize overall cost of production, wastage of materials, time and effort, which ultimately ensures productivity and profitability.

Finally, flexibility of service to handle order/request pattern and internal logistics flow are the highest mean value from the internal operation dimension, which are 2.92 and 2.72

respectively. Even though it has highest Mean value with respect to other variables and internal operation dimension, the flexibility of service to handle order pattern clearly reveals that there are problems prohibiting flexibility to handle these changes with market instantly in fact, the projects preferences and the market environments are changing very rapidly over time. This change enforces organization to adopt flexibility to meet the changing market and order patterns.

To make an internal operation effective and efficient, logistics flow plays an important role. Thus, the current performance of Save the Children international Ethiopia in product and service improvement is moderate hence needs improvement to meet the operational performance with this regard.

Based on the overall analysis of Save the Children International Ethiopia internal operation practice, the researcher concludes that it is moderate with group mean of 2.72. According to (Shankar 2001) internal operation is the most critical factor to measure organization's potential to go for external integration. This writer states that companies should be internally efficient and effective before embarking on external integration. However, this is not sufficient and needs improvement because of the internal operations is criticality for creating integration or relationship with external participants or internal partners.

Table 4.6 Internal Operation Practice of SOURCING

Internal Operation Practices	N	Mean	Std. Deviation
Up- to- datedness of service	50	2.32	0.471
Flexibility of service to handle order/request pattern	50	2.92	0.566
The extent of service process automation	50	1.92	0.566
The extent of innovation in service process	50	2.52	0.505
The extent of continuous and instantaneous service improvement	50	2.6	0.505
Management know-how regarding procurement process efficiency	50	1.32	0.471
Flexible service system to market change	50	2.12	0.328
Efficient utilization of resources	50	2.52	0.814
Extent of automated quality control	50	1.92	0.695
Internal logistics flow	50	2.72	1.415
Valid N (leastwise)	50		

Source: Survey Finding, 2018

III. Responses on Information Sharing

According to some literatures, information is a cart and horse that is driven by sourcing in order to meet the required resources at the right time, and at the right place, seamless and instantaneous information flow should exist across the value chain. With respect to the above theoretical justification, this study tried to investigate the practices of information sharing among the sourcing participants of Save the Children International Ethiopia. Accordingly, the researcher used seven items related to information sharing practice. Table 4.7 below indicates, the mean value of each items and group mean that can generalize the information sharing practice of the case organization with its up and down-stream supply chain partners.

Table 4.7 Information Sharing Practice of SOURCING

Information Sharing Practice	N	Mean	Std. Deviation
Procurement Forecast information sharing with internal customers	50	2.02	0.869
Procurement Forecast information sharing with suppliers	50	2.12	0.824
Other service related information sharing with suppliers	50	2.52	0.505
Other service related information sharing by internal customers	50	3.12	0.328
Quality & Adequacy of information sharing throughout the s	50	1.82	0.784
Overall efforts of Inter-organizational information coordination	50	1.92	0.695
Sense of trust along the supply chain department	50	1.72	0.784

Source: Survey Finding, 2018

According to the respondents pattern the highest and lowest mean are schedule on other service related information sharing by internal customers and sense of trust along the supply chain unit 3.12 and 1.72 respectively. One can infer based on this result that service related information sharing in Save the Children International Ethiopia is recognized positively by respondents and is serving well against all odds of the same but other variables on the dimension on the other hand, the procurement forecast information sharing with suppliers' schedule mean value of 2.52. This implies that the case organization has poor information sharing practice with its suppliers particularly on procurement forecast. The overall effort of inter-organizational coordination and information sharing has a mean value of 1.92

Insourcing, information sharing is another important practice that should have to be given due attention in order to make the sourcing robust. Because, when there is distortion, inadequacy and lack of accuracy in information flow within the sourcing partners, it will negatively affect the sourcing participants. The mean value of the respondents on adequacy and quality of information sharing throughout the sourcing implies that, there is weak information sharing among the sourcing partners and it is not sufficient and it lacks accuracy.

According to Lee (2000) poor information, sharing between partners in sourcing will lead to many serious problems such as high inventory level, high demand uncertainty, inaccurate forecasts, low resource utilization, and high production cost.

Furthermore, to the above theory, many studies have reported that information sharing can bring many benefits to both suppliers and buyers, such as inventory reduction, and reduced manufacturing costs.

From the above presented data, the researcher can conclude that the information sharing practice between Save the Children International Ethiopia and its customers is poor. This is based on the mean value obtained with respect to sales forecast information sharing with schedule 2.18.

Therefore, based on the analysis, empirical study and the current (21^{th}) century real practice and importance of information sharing and its impacts on any kind of organization, the result is not sufficient to create effectiveness and efficiency in sourcing activities.

IV. Responses on Information Technology

Nowadays, since IT is involved in every step of operation in each organization, therefore it is not surprising that organizations' sourcing supported by adopting IT. Lee (2000) makes the comment that the advances in IT systems have given opportunities for organizations to transform the way they manage their business.

As table 4.8 reveals that, four items were used to measure IT application of the Save the Children International Ethiopia. Out of four items developed to see the extent of IT application in Save the Children International Ethiopia supply chain unit, and all the items schedule the mean value approximate under 2.5, which is poor technology usage. The level of IT-based automated request from customers 2.12, the level of IT-based automated ordering to major suppliers 2.21, up-to-datedness of IT technologies throughout the sourcing 2.43 and the adequacy of IT systems throughout the sourcing 2.32 respectively.

Table 4.8 Information technology Practice

Information technology	N	Mean	Std. Deviation
The level of IT-based automated request from customers	50	2.12	0.328
The level of IT-based automated ordering to major suppliers	50	2.21	0.454
Availability of IT technologies throughout the supply chain unit.	50	2.43	0.454
The adequacy of IT systems throughout the supply chain unit	50	2.32	0.471
Valid N (leastwise)	50		

Source: Survey Finding, 2018

Generally, the groups mean value of sourcing practice from IT perspective is 2.27, which is interpreted, as there is poor IT application practice across Save the Children International. Currently, many NGO are using integrated information systems to manage their business activities. To share information there should be an up-to dated IT and integrated information system, which can connect all functional units of the organization and its external participants.

Therefore, based on the mean value of each items, group mean and interviews, the sourcing practice of IT in the Save the Children International Ethiopia supply chain unit, is poor and conveys that a lot should be done to bring about change in the IT system.

V. Responses on Training Practice

Effective sourcing requires managers to understand dynamic and ability to use information based tools. Lee (2000) argues that information visibility throughout will bring significant impact if companies do not have a capability to utilize the information in effective ways. Hence, companies need to consider the skills requirements and education when integrating their value-adding activities with their partners.

Table 4.9 Training practices of Sourcing

Training practices	N	Mean	Std. Deviation
Adequacy of training and development for management	50	1.72	0.454
Employees training in supply chain concepts & management	50	1.37	0.471
The overall adequacy of employee's training	50	1.55	0.473
Provision of diversified skill training to employees	50	1.38	0.471
Giving training to downstream supply chain members	50	1.32	0.471
Valid N (leastwise)	50		

Source: Survey Finding, 2018

Table 4.9 above shows five items developed to investigate the training practice of KFS's. Even if the training practice is considered as one of sourcing practices, with exception of the first item i.e., adequacy of training and development for management, which schedule mean value of 1.72, the remaining mean values of other items, is less than 1.55 including the group mean. The group mean schedule 1.47, which is the least mean value, even compared with other sourcing practices group mean values.

This clearly implies that, there is a great problem with the human resource management or the operation directorate area, which controls supply chain department of the case origination. It is a fact that whatever the extent of information technology, information sharing and other sourcing practices is applied; without continuous and updated training system and committed human resource it is nothing. Even though the organization is filed by highly educated staffs these all needs refresher and various skill trainings.

One can assume if it continues in such a way the organization will be at risk in the future to achieve its vision and objective in fulfilling the need of projects and programs accordingly.

In addition to the responses obtained through the questionnaire, there is an interview conducted with human resource manager at the country office. According to his response still now, there is no well-organized training program within the organization to the employees

and managers. There is a standard training session provided for new staffs, but those who have been in office are not getting refresher training. Even when some invitations come from support office in abroad and other local training institutions, simply some managers or employees have been sent to the training without consideration of the relevancy of the trainee to the organization's real problem. There is no established criterion to evaluate and prepare employees and leaders for the training that fits, concern them. Also due to the nature of the organization structure, which is a project based, and low and unstructured payment scale when it compared with other international NGO's, many skilled employees are leaving the organization.

Furthermore, regarding supplier's relationship with the case organization interview conducted. According to their response, they replied that as they do not have such strong relationship with Save the Children except, that they called for bid process and so on. With regard to procured materials, sometimes, the organization collects the goods timely but not always. There is no direct information relationship, between the suppliers and the case organization, unless there is ongoing bid process. Most of suppliers compliant comes from payment and it is not fast as much as they expected or promised by procurement officers.

Not almost all suppliers due to low information and relationship are in a position to take or share risk with Save the Children Ethiopia.

If the case organization would not take actions to solve such poor practice and related problems, it creates negative consequences on its supply chain unit's ability to meet its objective.

4.2.2 Sourcing Challenge

As it stated on the first chapter of this study, one of the general objective is to examine sourcing management challenges that affect the full implantation at the Save the Children International. In case of NGO arena encompasses all activities associated with the transfer

/movement of goods or providing of service / from planning along with projects and program on their procurement plan until they reach the end user. However, to accomplish this task it needs the integration of all who involved in the sourcing. When this integration or collaboration does not exist, it affects the supply chain departments' performance and creates challenge.

Many researchers have also found that best sourcing performer's schedules well on the area of organizational structure, staff capacity, and internal control, cost reduction, service quality and planning. In order to measure the actual situation and level of implementation on the above measuring points questioner was developed in consultation with three-member staff of logistic supply chain department /one from each category of staffs, officers, coordinators and from managers/presented to respondents. The questioner study focused on Save the Children International Ethiopia's challenges of supply change from these five perspectives. For each practice, different variables were developed and measured based on their mean and group mean values.

VI. Response on Sourcing Cost

Effective sourcing has become a potentially valuable way of securing competitive advantage and improving organizational performance by reducing operation cost since competition is no longer between organizations, but among us (Lee, 2000).

Sourcing is a critical element of program implementation, which, if not appropriately managed, may affect the program's ability by incurring more cost than necessary to operate effectively and prevent the program from meeting commitments to both beneficiaries and donors (Shankar, 2001).

4.2.3 Contribution of Procurement on Program Interventions

Procurement is one of the major activities of Save the Children in supply chain unit, with high expenditure costs. It is also highly important to maintain the organization input to provide its basic service to its beneficiaries at large. Helmsing (1995)

Procurement will not only make an impact on the overall performance of the organization, but also on the competitive advantage of the organization. As indicated on various literatures, the most common sourcing practices are supplier and customer relationship, internal operation, information sharing, information technology and training (Perry and Sohal 2000; Lazarovic et al., 2007). Effective implementation of these practices are supposed to improve the organization's competitive advantage using the price/cost, the operation quality, the delivery dependability, the timeliness of service, and quality of service.

Sourcing has a pivotal impact for both humanitarian and development programs; resources are mostly used to procure goods, works or services critical to the achievement of the organization objectives (Lee, 2000). As mentioned in chapter one, the objective of this research is to study to what extent-sourcing impacts bring about on program interventions & service delivery to programs and projects.

To evaluate the service of supply chain department with respect to sourcing and its contribution toward programs and project implementation on the main questioner section III was developed.

The intention of this part of questioner is to evaluate the procurement service and either the sourcing implementation practices have improved the procurement practice based on the price/cost, the operation quality, the delivery dependability, the timeliness of service, and quality of service.

VII. Response on Price and Cost

Table 4.10 Price and cost

Price and cost	N	Mean	Std. Deviation
We can have our need with market prices or lower than market price	50	2.34	0.47
Our procurement size/quantity/ is increased due to the price reduction, gain by bargaining advantage in total price.	50	2.42	0.484
We run our operation with less cost due to supply chain unit ability to choose the right Suppliers	50	2.36	0.471
Group mean		2.37	

Source: Survey Finding, 2018

Table 4.10 contains the results of price and cost related response of respondents. As per the first question "We are able to have our need with market prices or lower than market price" schedule a mean of 2.34 the list from the price and cost category. This can infer as the price and the associated cost that projects are expending for is not fair according to respondents. Respondents believe that, due to the high cost of materials and service they are not able to increase the size and quality of what they ordered. This is inferred from the second question "Our procurement size/quantity/ is increased due to the price reduction, gain by bargaining advantage in total price", which schedule mean of 2.42. Furthermore, "We run our operation with less cost supply chain unit' ability to choose the right suppliers" schedule a mean value of 2.36 which implies and agree with the above other statements that respondents are not feeling that the price and associated cost for service and materials requested at procurement unit is not fair.

VIII. Response on Operation Quality

The quality of operation in sourcing in general and in procurement directly impacts goods and service quality and the overall competitiveness of an organization. For this reason, quality control in the sourcing is critical for maintaining a competitive edge in the market

and reducing operating costs. Without quality control, waste becomes prevalent beyond a tolerable amount.

Further, nowadays the NGO industry prefers those who are highly competitive organization in all aspect of operation since the resources become scarce from time to time.

As the below table demonstrates the questioner used four questions to measure the operation quality of the case organization. In response to the first two questions "Our supply chain department procurement priority is based on quality" and "material and service procured for our project/program is highly relevant". Schedule moderate mean of, 2.75 & 2.47 respectively. The first question is about the general priority of the procurement unit and the second was about quality of materials and service that the unit is providing for its customers. Both implies that the organization priority and output on quality is not as per the expectation of its customers.

Furthermore, the third variable "Procured materials are inspect for quality by professionals before distribution "schedule mean of 2.52. With further discussion with budget holders even though the organization has an inspection system for procured materials, it does not encompass technical professions like medical and engineering etc.

Table 4.11 Operation Quality

Operation Quality	N	Mean	Std. Deviation
In my organization procurement, priority is based on quality.	50	2.75	0.534
Material and service procured for our project/program is highly relevant.	50	2.47	0.481
Procured materials are inspect for quality by professionals before distribution.	50	2.52	0.505
Supply chain department has a working system, to solve issues and complains, arise regarding procurement quality for programs or projects	50	2.92	0.566
Group mean		**2.67**	

Source: Survey Finding, 2018

Finally, the question "supply chain department has a working system, to solve issues and complains, arise regarding procurement quality for programs or projects" schedule a mean of

2.92 still moderate but the highest among group variables in operation quality. The overall group means of the operation quality is about 2.67 still a moderate, which needs improvement.

IX. Response on Delivery Dependability

Currently there are about 104 active humanitarian projects working on different set objectives at Save the Children Ethiopia country office with total budget of 140 million USD. Historical evidence shows that 60% of this budget expended on various service and material input purchase. The only department that avail the service and materials to these projects is the central supply chain department with its units. In other means, the entire 104 projects should depend on successful implementation of supply chain plan to achieve their objective. This is true because the output of supply chain department is an input for other projects.

Due to these facts, the researcher tried to asses to what extent supply chain is trustworthy and dependable in the eyes of projects and programs.

Table 4.12 Delivery dependability

Delivery dependability	N	Mean	Std. Deviation
We are able to get the kind of materials and services needed	50	3.164	0.644
We are able to get the request of our programs or projects on time.	50	2.27	0.438
We can rely on the service of supply chain delivery performance.	50	2.754	0.534
Time to solve Programs or projects complaints is short.	50	2.92	0.566
Programs or projects order processing time is short.	50	2.32	0.471
Group mean		2.69	

Source: Survey Finding, 2018

As the above table 4.12 shows, the variable that measures projects trust to supply chain department that they get their general request, “We are able to get the materials and services needed for our projects” schedule mean of 3.16. Given that, when it comes to the next

variable that measures their request for on time delivery, “We are able to get the request of our programs or projects on time” it declined to moderate mean score of 2.27. Based on this and the next variable, which measures the trust they can give to supply chain department for delivery of their request as per their plan, “We can rely on the service of supply chain delivery performance” with mean score of 2.75. Further to the above, the problem-solving capacity of the department and the lead-time to process projects order in view of respondents are with a mean of 2.92 & 2.32 respectively.

Sourcing is a set of approaches that efficiently integrate and coordinate the materials, information and financial flows across the goods and services supplied, in the right quantities, to the right locations, and at the right time, in the most cost-efficient way, while satisfying customer requirements (Hugo, et.al, 2011).

All the above variables of the delivery dependability group schedule a moderate mean score of 2.69. This can be inferred that, even though the supply chain department may deliver their request, but the timeliness of the delivery, the lead time for processing projects request and the complaint solving mechanism of the department is not favorable for the projects leadership.

X. Response on Timeliness of Service

The below table 4.13 contains the respondents result on the timelines of service that supply chain department is offering to program and projects. Accordingly, the first variable “supply chain department works constantly on improved processes that shorten lead time” schedule a poor mean of 1.92 this reflects that the department initiative to improve lead-time and process is not felt or could not be seen by respondents.

Table 4.13 Timeliness of service

Timeliness of service	N	Mean	Std. Deviation
Our supply chain department delivers requested items as per the time schedule	50	1.92	0.853
Our lead time is lower than industry average	50	2.32	0.471
We are introducing new process that shorten lead time	50	2.52	0.505
We have a special program on process for urgently needed items	50	2.46	0.481
Group mean		2.31	

Source: Survey Finding, 2018

Additionally, the next variable "our supply chain department deliver requested items as per the time schedule" scores of mean of 2.32 that shows low responsiveness of supply chain department for projects complaint. Furthermore, the lead-time set by department as it seen on the other group /dependability/ here also respondents believes not fair and prolonged one. Finally, it's obvious that very detail incident cannot be anticipated on the procurement planning time, so there might occur some urgent process that needs intervention on the middle of pre-planned orders and process. Due to this, respondents were asked to what extent the supply chain department is accommodating their request. Accordingly, variable "we have a special program or process for urgently needed items" schedule a mean of 2.46 that shows that supply chain department is not accommodating such urgent cases in a way that projects needed.

The overall group mean of 2.31 is low and the timeliness of service that supply chain department is giving in term of service and material procurement is inadequate as per respondents' view.

CHAPTER FIVE

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter, an attempt is made to give a summary of the research findings, conclusions, recommendation and suggestion for further research.

5.1 Summary of Findings

From data analysis in chapter four, the study summarized the major research findings as follows:

The purpose of this study is to assess NGO's arena- Save the Children International Ethiopia positioning towards its sourcing performance & challenges and how this influenced the capacity of projects on their successful accomplishment of their objectives. Save the Children Ethiopia's orientation of sourcing was evaluated through five sourcing practices and other five variables used to determine the challenges of the procurement process, which is the main activity of the supply chain department. In addition, the contribution of supply chain department in providing procurement service for projects and programs for successful completion was examined through project leadership satisfaction level that is the goal of an effectively managed supply chain unit.

5.1.1 Practice of Sourcing at Save the Children Ethiopia

According to the quantitative and qualitative data analysis, results with respect to the basic research questions, the following are the summary of major findings of this study. The overall sourcing of Save the Children Ethiopia is moderate which needs severe readjustment to meet the organization goal that is characterized by less joint planning with suppliers and customers. The analysis and interview with management bodies has verified the prevalence of these characters of traditional relationship.

Regarding internal operation, interview analysis conveys that, there is poor management know-how regarding procurement process effectiveness and the extent of service process

automation, moderate flexible service process system for handling requests pattern and market change, and internal logistic flow. Moderately the cases organization is weak in innovation of new service process, efficient resource utilization, and up-to datedness of service process.

Information sharing practices of sourcing in the case organization is generally moderate. But then again there is close to poor result on the following three areas, Adequacy and quality of information sharing, Inter-organizational information sharing and sense of trust along the supply chain department as all supply chain below mean of 2.

Concerning information technology, the quantitative and qualitative analysis indicated that, moderate in all four areas but the limited resources and capabilities of IT & IS tools within the case organization that is 2.27 groups mean. Sourcing practice from training perspective of Save the Children Ethiopia office is the poorest in respect to other practices that revealed mean value of 1.47. The overall training practice performance shows very poor than expected. This adversely affects the effectiveness of sourcing.

5.1.2 Challenges of procurement at Save the Children Ethiopia office

Among the five areas of possible challenges of sourcing selected for the case organization, the first was structure and staff capacity. In addition, the identified problems were the absence of formal staff development plan with dedicated budget and staffs' inadequate and very limited understanding of the organization's strategy which both schedule mean of under 2.

The second category, internal control and monitoring schedule score low mean on the area of having sufficient staffs to keep segregation of duty at the workplace with a mean score of 1.72.

Under the third category, the major problem has been identified as materials to be transferred to region at central warehouse stay for a long period and the transfer process is slow.

The fourth and fifth categories of challenge, planning and service quality, have been found moderate which still needs close and thought follow-up with adjustments and changes on the departments process.

5.1.3 Contribution of supply chain in procurement service

The contribution of supply chain in providing procurement service and either the sourcing implementation practices have improved or assisted the procurement practice based on the price/cost, the operation quality, the delivery dependability, the timeliness of service, and quality of service have been assessed as shown below.

Table 5.1 Supply Chain department contributions on program interventions & project accomplishment

Assessment of Supply chain department contributions on program interventions &project accomplishment	Group mean
Price Cost	2.37
Operation Quality	2.67
Delivery dependability	2.69
Timeliness of service	2.31
Service Quality	2.61

The fact that shall be noted here is the existence of the supply chain department to support and facilitate the overall activities listed under each measuring variable. Nevertheless, the results found in actual assessment is almost under mean 3, which can be inferred as, the support or the existence of supply chain department is not felt in the respondent's community and the whole customers.

Project leadership is complaining that the cost associated with the procurement service they are getting from the supply chain department is high and expensive, the timeliness plus

quality of the service is questionable. Due to these challenges, they are not able to meet some of the project objectives in time.

With respect to acceptable standard and expected practice of sourcing the actual practice at Save the Children Ethiopia office, both qualitative and quantitative analysis revealed that, the organizations effectiveness and efficiency in meeting customers' requirement is poor, ineffective in handling customers compliant and customers were dissatisfied with most parts of the organization's supply chain management and practice.

5.2 Conclusions

Based on the results of the study obtained and summary of findings the following conclusions are given.

The conclusion of this study in the case organization's orientation towards sourcing is traditional that lacks substantial indicators of an integrated, efficient and effective sourcing. In addition, the quantitative analysis of the organization's suppliers and customers' relationship group mean is moderate that is 2.82. Therefore, this cannot ensure customer and suppliers satisfaction with respect to customer service. Based on qualitative and quantitative analysis the investigator comes up with conclusion that, since sourcing practices have direct impact on customers' service, the case organization's orientation towards customers and suppliers' relationship to deliver customer satisfaction is poor.

The primary reason mentioned for poor level of suppliers' and customers' relationship is the internal operations that have direct effect on the organization's ability (potential) to embark on external integration. In other words, its effect is clearly reflected on projects and programs not getting what they need when they need it, long lead time, and poor complaints management, poor service process automation, poor management know-how regarding effectiveness that could respond to the challenge the department has and customer's preference.

From sourcing practices, the case organization has a problem on training and IT practices. These two practices play a decisive role for creating effective and efficient sourcing. Poor IT facilities lead to poor information sharing and poor information sharing practices makes a sourcing ineffective. On the other hand, sourcing need effective internal operation for creating integration with external partners. For making internal operation effective, the human resource is a critical factor and to have skilled, committed, and capable employees and managers, to utilize resources effectively and efficiently training plays a significant role. So far, the case organization's training practice to make both employees and managers competent is lowermost out of the five sourcing practices. Therefore, the case organization's shortcoming in training and IT leads to poor/ weak integration both in internal and external partners.

The sourcing main concept is creating a relationship with other partners through the supply chain to provide products and services to satisfy customers. The relationship of the case organization, with its customers and suppliers is not strong. Joint planning with customers and suppliers is poor and when it comes to other variables like, the level of cooperativeness with suppliers, suppliers' delivery adherence requirement, compliance with customers' delivery in- full requirements, compliance customers' delivery on time requirements, the level of cooperativeness with customers are moderate. Therefore, this relationship shows the relationship between Save the Children Ethiopia's supply chain participants are traditional, that is buy-sale relationship.

The organization has been affected by the performance of logistic unit in implementation of procurement policy and practice as a result Save the Children had faced challenges by extra delay in the process of procurement. Specifications problems were also one of the major causes of delays. The procurement unit performs well enough in purchasing the right quantity. However, the department enacts poor performance in procuring with the right price, quality and time. The procurement staffs were suffered with burden of workloads. The

placement of procurement procedure for staffs may help to enforce errors from lack of knowledge for some procedures. However, the inadequate internal control system regarding segregation of duty increases vulnerability to fraud and corruption.

Since the lion share of the budget is expended on various inputs procurement, the overall support and facilitation currently coming from the supply chain department are poor and leadership of programs and projects are not satisfied with the level of output they are getting from supply chain department.

5.3 Recommendations

The following practical recommendations are forwarded based on the findings and conclusions reached.

- Save the Children Ethiopia office, is suggested to enhance the all-round capabilities of the supply chain department in terms the variables that are raised in this study. As per researcher's personal review and noted from employees the management is responsible for the smooth operation of the supply chain unit. To do so, its structure should be reviewed and additional mandate must be obtained to strength department competencies.
- The demand signal is the fundamental core input and its excellence will determine the overall effectiveness of the operations. Therefore, to provide better insight into the spectrum of performance it is recommended that the "accuracy of assessment" be considered as a standard measure (KPI) in performance.
- It would also be relevant to emphasize that the effectiveness of the existing structure itself depends on the organization's ability to capitalize on its' major advantage, which essentially is that it promotes the use and development of local talent. In this regard, it is recommended that supply chain unit establishes and maintains close relationships with the HR unit to ensure a robust recruitment system is in place (ensuring the right people

are at the right places), and to ensure training needs are identified, aligned with job positions, prioritized, and met in a timely manner.

- It is recommended that immediate action is taken through the deployment of a "task force" composed of skilled staff from central office to the field offices for establishing preapproved suppliers, and long-term agreements with suppliers in the local market.
- The organization should use its financial and human resource capabilities to build an automated customer and supplier management platform that helps to minimize lead-time and facilitate information sharing. The current information technology practice of the case organization is needy and affects effective communication and integration of data within the organization. The case Organization should improve and invest in IT facilities to enhance information sharing both internally and externally. This can be done through existing IT specialists or outsourcing.
- The human resource is the essential factor that performs all activities to make sourcing effective and efficient. At the current situation the NGO marketing passing through intense competition, organization preferences based on efficiency and everything is changing rapidly. Therefore, this change enforces Save the Children to change their strategies, scope, and operations. Out of these changes, having skilled, agile, and the lean workforce is the one. Therefore, that, Save the Children Ethiopia Office should work hard to retain those skilled human resources and minimize turnover. The researcher recommended that the case organization should prepare need based training programs for its employees and managers to enable them to be competent, dependable and responsive as a result which advances the internal operating system to meet the intended objective. This can be done through internal human resource and or through creating a relationship with training institutions.
- To ensure efficient and effective internal control and monitoring system is in place, the foremost measure that will need to be taken to undertake a review of inventory of

available staff and their respective duties. To fill existing gaps in a manner ensuring that one individual is not responsible for the entire process would put the individual or organization at risk (e.g. initiating an order, receiving goods, and making a payment to the supplier). Consequently, it would be recommended that a formal system of carrying out scheduled visits to field hubs/offices be established and implemented. This should be followed by the development of reports after field-visits outlining clear action plans with progress to be monitored. Additional measures, that are recommended include ensuring staff in supply chain, Finance, Internal Audit, HR are sufficiently trained and are aware of their roles and responsibilities. Ensuring all award information, including information on donor compliance requirements is disseminated to relevant staff at the inception of the award; and finally, to monitor compliance through regular checks (at least quarterly) particularly for high-risk awards.

- Whereas it can be said that the existing structure meets service requirements within present constraints i.e. staff capacity and availability of resources, data and facts gathered from analysis indicate that this comes with substantially high costs. Specifically, these are costs of transportation, inventory, warehousing, and material handling arising from purchases made by the central office for (on behalf of) hub/field offices. It would ,therefore, be recommended for the organization to consider investing more in building the capacity of supply units at hub/field offices level as this would significantly improve core supplies availability and response times; also, would greatly reduce costs, and allow for better utilization of resources.
- To strengthen relationships between program and supply chain, it would be strongly recommended that a formal system for the planning and communication process be established in a manner that promotes integration from the aspects of time (when things happen) and geography (where it is happening). As well, staff roles and responsibilities

in the planning and communication process need to be clearly defined to ensure accountability is established within the organization and within operations as well.

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INDRAGANDHI NATIONAL OPEN UNIVERSITY

QUESTIONNAIRE TO BE FILLED BY EMPLOYEES OF SAVE THE CHILDREN

Dear respondents, the purpose of this questionnaire is to gather data on **"Sourcing Performance & its Challenges in NGOs Arena- the Save the Children Ethiopia".** The study is purely for academic purpose and thus not affects you in any case. So, your genuine, frank and timely response is vital for successfulness of the study. Furthermore, I assure you that the data collected will be treated with a very high degree of confidentiality. Therefore, I kindly request you to respond to each items of the question very carefully.

General Instructions

- There is no need of writing your name
- Where answer options are available, please tick (√) in the appropriate box for part I and circle for your response to each statements of part II.

Thank you for scarifying your precious time in advance!

Yibeltal Walelign

PART I: Demographic Information

1. Educational Qualification:

Grade 10 completed ☐ Grade 12 completed ☐ Certificate ☐

☐ College diploma ☐ First Degree ☐ Second Degree and above ☐

Other ☐

2. Job Title

Director/deputy director ☐ Manager ☐ Coordinator ☐ Officer ☐

Other ☐

3. Years Stayed At The Organization:

Under 2 years ☐ 2–5 years ☐ 6–10 years ☐ over 10 year ☐

4. Your department/work unit _____

Part II: Profile for Sourcing Practices

Using the following Rating Scales under the columns, ‘‘**circle** only one number from the given numbers in the box after reading the variable on the left hand.’’ For this questioner **Supplier** is external organization or people who supply a particular service/commodity to Save the Children office. Customer is various programs, projects or offices that get the service of Save the Children’s supply chain/logistics department.

The numbers represent 1- Very Low, 2-Low, 3-Average, 4-High and 5 -Very High

S/N	Variables	Rating Scale				
A.	**Suppliers and customers relationship**					
1	Joint planning with suppliers	1	2	3	4	5
2	The level of cooperativeness with suppliers	1	2	3	4	5
3	Customer’s delivery adherence requirement	1	2	3	4	5
4	Compliance with customer’s delivery in- full requirements	1	2	3	4	5
5	Compliance customer’s delivery on time requirements	1	2	3	4	5
6	The level of cooperativeness with customers	1	2	3	4	5
7	Joint planning with major customers	1	2	3	4	5
B	**Internal Operation Practices**					
1	Up- to- datedness of service	1	2	3	4	5
2	Flexibility of service to handle order/request pattern	1	2	3	4	5
3	The extent of service process automation	1	2	3	4	5
4	The extent of innovation in service process	1	2	3	4	5
5	The extent of continuous & instantaneous service improvement	1	2	3	4	5
6	Management know-how regarding procurement process effectiveness	1	2	3	4	5
7	Flexible service system to market change	1	2	3	4	5
8	Efficient utilization of resources	1	2	3	4	5
9	Extent of automated quality control	1	2	3	4	5
10	Internal logistics flow	1	2	3	4	5
C	**Information Sharing Practices**					
1	Procurement Forecast information sharing with internal customers	1	2	3	4	5
2	Procurement Forecast information sharing with suppliers	1	2	3	4	5
3	Other service related information sharing with suppliers	1	2	3	4	5
4	Other service related information sharing by customers	1	2	3	4	5
5	Quality & adequacy of information sharing throughout the supply chain	1	2	3	4	5
6	Overall efforts of Inter-organizational information sharing	1	2	3	4	5
7	Sense of trust along the procurement/Supply chain department/ department	1	2	3	4	5
D	**Information technology**					
1	The level of IT-based automated request from customers	1	2	3	4	5
2	The level of IT-based automated ordering to major suppliers	1	2	3	4	5
3	Availability of IT system throughout the supply chain unit	1	2	3	4	5
4	The adequacy of IT systems throughout the supply chain	1	2	3	4	5
E	**Training practices**					
1	Adequacy of training and development for management	1	2	3	4	5

2	Employees training in supply chain concepts & management	1	2	3	4	5
3	The overall adequacy of employee's training	1	2	3	4	5
4	Provision of diversified skill training to employees	1	2	3	4	5
5	Giving training to downstream Supply chain members	1	2	3	4	5

Part III: Impacts of Sourcing on Performance of Program Interventions & Service Delivery

Using the following Rating Scales under the columns, circle only one number from the given numbers in the box after reading the variable on the left hand.

The numbers represent: 1 strongly disagree, 2 Disagree 3 Neutral, 4 Agree, 5 strongly agree & 6 Not applicable

Price/cost: the amount of money paid by the organization to the supplier in exchange for any product and service.							
1.	We are able to have our need with prices as low or lower than market price	1	2	3	4	5	6
2.	Our procurement size is increasing in total price.	1	2	3	4	5	6
3.	We run our operation with less cost year to year	1	2	3	4	5	6
Quality: An organization is capable of procuring and delivering product, services with good quality and performance that creates higher value for programs and projects							
1.	In my organization procurement, priority is based on quality.	1	2	3	4	5	6
2.	Material and service procured for our project/program is highly relevant.	1	2	3	4	5	6
4.	Procured materials are inspect for quality by professionals before distribution.	1	2	3	4	5	6
5	We have a working system, to handle complains, arising in the process of procurement	1	2	3	4	5	6
Delivery dependability: Projects/Programs trust/dependability on department service the type and volume of materials or service required by programs /projects							
1.	We are able to get the kind of materials and services needed.	1	2	3	4	5	6
2.	We are able to get the request of our programs or projects order on time.	1	2	3	4	5	6

3.	We can rely on the service of supply chain delivery performance	1	2	3	4	5	6
4.	Time to solve Programs or projects complaints is short.	1	2	3	4	5	6
5.	Programs or projects order processing time is short.	1	2	3	4	5	6
Timeliness service offered by supply chain department: Supply Chain departments' ability to deliver service on time required.							
1.	Our supply chain department deliver requests to Programs or projects as needed	1	2	3	4	5	6
2.	Our lead time is lower than industry average	1	2	3	4	5	6
3.	Supply chain department works constantly on improved processes that shorten lead-time.	1	2	3	4	5	6
4.	We have a special program or process for urgently needed items	1	2	3	4	5	6

General comment:

_____

_____

_____

_____

Thank you!

2017

Sourcing Performance & its Challenges in NGOs Arena

(The case of Save the Children Ethiopia)

A Master's Thesis Project Proposal for Partial Fulfillment of the Requirements of the Degree of Master in Business Administration Specialized in Operations Management

Submitted to School of Management Studies

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2 Contents

CHAPTER ONE

INTRODUCTION

1.1. Background

One of the most significant changes in the paradigm of modern business management is that individual businesses no longer compete as solely autonomous entities, but rather as supply chains. In this emerging competitive environment, the ultimate success of the business will depend on management's ability to integrate the company's intricate network of business relationships (James, 1999).

Sourcing and supply chain management has its roots from historical military campaigns. Before the term, supply chain was coined, the term used for management and movement of product and services was logistics. The development of logistics was originally undertaken by the military in ancient times. For example, the Roman legions used a flexible system consisting of supplies, storage depots, and magazines (Britannica, 2009).

Sourcing has become a potentially valuable way of securing competitive advantage and improving organizational performance since competition is no longer between organizations, but among supply chains (Lee, 2000).

On the other hand, from development intervention perspectives, sourcing is a critical element of program implementation, which, if not appropriately managed, may affect the program's ability to operate effectively and prevent the program from meeting commitments to both beneficiaries and donors (Shankar, 2001).

Getting the sourcing wrong means, there is a significant risk to beneficiaries, donors as well as to Save the Children's organizational reputations.

Sourcing assists an organization to compete in the dynamic flow of market. The purpose of Sourcing is to incorporate activities across and within organizations for providing the customer value (Lee, 2000). This also applicable in a similar manner to aid organizations, which stand for provision of services, support and policy dialogue & advocacy without any kind of payments.

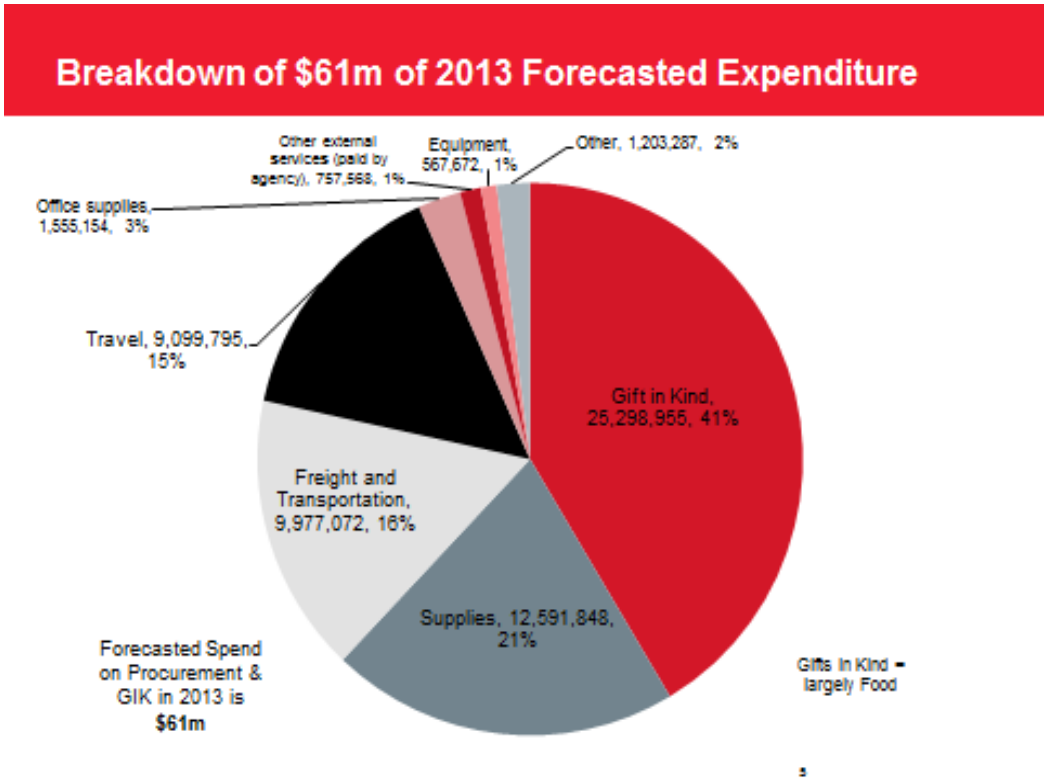
1.2. Statement of the Problem

Save the Children International is the largest independent non-governmental organization operating in more than 120 countries across the globe (Save the Children International, 2016).

Save the Children operates in Ethiopia in humanitarian and emergency relief as well as in a range of longer-term development initiatives for the most vulnerable children across the country. Its annual budget estimated to be $ 120 million in 2015 (Save the Children Ethiopia Country Office Annual Abstract, 2015).

A significant part of the annual budget includes Gift in Kind (GIK) mainly health, Nutrition supplies as well as Non-food items, and the grater budget share of most of the programmes goes to procurement/sourcing and logistics related activities. Thus, it is imperative that the country program requires a well-organized and efficient procurement/sourcing in place to accommodate all the internal and donor's requirements and compliances.

Likewise, as shown in the below pie chart, an estimated $ 61 million worth of goods, supplies, works and services has been passed through the supply chain system in the form of construction works, commodity freight & transport as well as in project goods and supplies in 2013 FY' alone.



As data from 2013 procurement analysis show, 3,708 purchase requests for goods, works and supplies had been processed. Out of this, 51% (1,891) of the requests are below $ 100.00 each. In terms of value, this 51% represents only 1% of the overall procurement expenditures. This means that 51% of the procurement team effort exerted on only 1% of value of spends which was just wasting of time. This could happen for several reasons such as poor procurement planning whereby programs requested unplanned and reparative orders which otherwise could have been procured in an organized and in bulk. Besides, goods & services had been procured at higher acquisition and purchase costs. Had there been a good sourcing plan, bulk or framework purchases could have been managed and reduced costs in terms of money and time to the organization. Further to proper planning failure issues, 78% of purchases done in the various field offices without strategic contract or framework agreements, which led the organization into inefficiency in terms of money and time.

Unplanned purchases also limit the purchasers to source better options and make better purchase deals.

On the other hand, with increasingly humanitarian and developmental needs on the ground and fierce competition in securing grants from donors, having poor procurement/sourcing practices & performance would lead to failure to win donors' trust, create bad organizational reputation, and above all complete rejection by beneficiaries and government stakeholders. These days, aid organizations are pressured and facing ever-increasing demands for accountability and quality services. They have to deliver on their core mandates while at the same time facing budgetary constraints. Hence, to alleviate these challenges, it is mandatory to establish strong sourcing systems in place to improve operations and seeking greater efficiencies and in the long term to bring impact in the life of the beneficiaries.

One of the major areas that has been identified as having great potential to improve efficiencies and reduce costs of organizations' is sourcing performance and its practices. Robert, et al (1998) noted that Sourcing has become very important but there appears to be little research that is focus on sourcing performance. Supply chain management coordinates and integrates the activities of supply chain members into a seamless process at a minimum cost (Yin, 2003).

Any inefficiency incurred by any of the supplier members can influence the performance of the whole chain. This is because the inefficiencies are translated into increased costs.

As far as the knowledge of the researcher is concerned, there is no empirical study that is conducted in the area of sourcing performance and its challenges, which incorporate upper and down streams on Non-Profit Organizations (NGOs) in Ethiopia particularly on Save the Children.

The problems stated above motivates the researcher to identify and do study at Save the Children's sourcing performance and its challenges.

1.3. Research Questions

This study therefore seeks to answer the following questions:

- What are the procurement & sourcing practices of Save the Children Ethiopia Country Office?
- What impact does procurement & sourcing practices have on performance of program interventions & service delivery to beneficiaries, stakeholders, etc.?
- What are the major challenges regarding procurement & sourcing at Save the Children Ethiopia?

1.4. Objectives of the Study

The general objective of this study is to examine Sourcing, Performance & its Challenges in Save the Children Ethiopia.

The study will be guided by the following specific objectives;

i. To examine procurement/sourcing practices and its performance used by Save the Children Ethiopia
ii. To assess the effectiveness of procurement/sourcing practices and its performance at Save the Children Ethiopia.
iii. To determine the impact of procurement/sourcing practices on the performance of Save the Children Ethiopia in its program interventions.
iv. To investigate the various predicaments experiencing by Save the Children Ethiopia Country Office in its effort of providing quality intervention to its beneficiaries, donors, local stakeholders in accountable manner with regard to effective and efficient procurement and sourcing.

1.5. Scope of the Study

This study will be delimited to investigating procurement/sourcing practices, performances as well as its challenges at Save the Children Ethiopia country office at Addis Ababa. The study will use descriptive survey methods.

1.6. Significances of the study

The researcher believes that the findings from this study will be used by Save the Children's Supply Chain Division as an input to enhance the effectiveness of the sourcing management practices to contribute to the quality provision of coordinated and timely humanitarian and development services for beneficiaries.

Contribute to narrow the gap in the literature on the generalization of the causal relationship between SCM practices and performance.

Moreover, the findings of the study will also serve as a stepping-stone for future researchers on the same or similar topics by suggesting areas that need further studies to be conducted. Finally, yet importantly, successful completion of the study will enable the researcher to partially fulfill the requirements for the award of a Master's degree in Business Administration (MBA) from IGNOU.

1.7. Limitations of the Study

The researcher expects factors such as shortage of time, & resources would affect the findings of this study.

1.8. Operational Definition of Terms

Terms that are going to be the focal points of the research need to be defined operationally.

Supply chain management - in this context, SCM refers to all those activities, processes associated with procurement, sourcing, fleet management, maintenance as well as warehousing & stock management at Save the Children.

Performance– refers to the extent of meeting the standard or prescribed indicators of effectiveness, efficiency and beneficiaries' satisfaction with the services provided.

Practice– refers to the way/custom of performing supply chain management activities at Save the Children.

Challenge–factor or predicament that restricts/lags supply chain processes resulting delays, poor quality, high cost and beneficiaries' dissatisfaction.

2. Research Methodology

This part of the proposal presents the type of research design that is going to be employed; area of the study, population of the study, sample of the study, sample size & sampling techniques that will

be used to select respondents, types of data and, methods to be used for collecting data, and data management and analysis techniques to be employed as well as how the reliability and validity of instruments are going to be ensured.

2.1 Research Design

This study will use descriptive research design using cross sectional survey data. This research design will enable the researcher to conduct an extensive investigation of the procurement/sourcing practices used by Save the Children, its efficiency and factors that affect its effectiveness.

2.2 Area of the Study

This study will be conducted at Save the Children Ethiopia Country Office situated in Addis Ababa. Since the researcher is one of an employee of this organization, it will be easy to get first-hand evidence as the respondents are work colleagues.

2.3 Survey Population

In this study, the population consist all staffs of Save the Children who have linkage in one way or another with Supply Chain Division at country office level and staffs in the four hub offices residing at Addis Ababa Office.

2.4 Sample, Sample Size and Sampling Techniques

Stratified multi stage sampling technique will be employed to select a sample size of 75 respondents out of roughly 479 employees found at Save the Children Addis Ababa Office. The sample size was obtained by using the following formula.

$$n = \frac{z^2 . p . q . N}{}$$

$$e^2 \ (N - 1) + z^2 \cdot p \cdot q$$

n = Sample size

N = 479 (Population of SCI Ethiopia staffs at Addis Ababa).

e = .05 (constant)

z = 1.96 (for the confidence level of 95%)

p = 16% (0.16), q = 70% (1 – 0.16 = 0.7)

2.5 Data Collection Methods

The study will use both primary and secondary data. Secondary data sources such as relevant project documents, supply chain manuals, plans, performance indicators, formats, reports, purchase requests, track records will be utilized to present the facts and to substantiate the arguments. Documentary review analysis will be used to extract information and historical trends on the supply chain management used by Save the Children. Document analysis offers the investigator with past records and information regarding supply chain management practices at Save the Children.

On the other hand, in collecting primary data, guided interview for selected officials and questionnaire for expert staffs will be employed. The questionnaire will contain both structured and unstructured items.

2.6 Data Management and Analysis Procedure

Data and information that will be collected for this study will be summarized in order to suit for processing using Software Package for Social Science (SPSS). The findings of the research study will be organized and the data will be presented in the form of words, numbers and percentages by using tables, pie charts, histograms and graphs.

2.7 Data Reliability and Validity

To ensure the reliability and validity of data to be collected, a pilot study will be conducted. The reliability results will be calculated using Cron back alpha to be at least 0.7. Items either will be improved or deleted based on the results. The validity will be checked using experts' judgment whether the instruments would measure the purpose intended to measure.

2.8 Ethical Considerations

During data collection, the purpose of the study will be explained to each of the respondents. They will be informed about the anonymity of their identify as well as the information they provide will be kept confidential. Similarly, they will be informed that, they can withdraw from the research process at any time. Hence, data will be collected after getting verbal consent from each of the respondents.

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