

# ST. MARY'S UNIVERSITY



**SCHOOL OF GRADUATE STUDIES  
DEPARTMENT OF PROJECT MANAGEMENT  
MBA PROGRAM**

**ASSESSMENT OF PROJECT PROCUREMENT PRACTICES IN PUBLIC  
INSTITUTION; CASE OF ENGINEERING DEPARTMENT AT AAIT, AAU**

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JULY, 2021

ADDIS ABABA, ETHIOPIA

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**APPROVED BY THE BOARD OF EXAMINERS**

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## DECLARATION

I declare that this thesis entitled “ASSESSMENT OF PROJECT PROCUREMENT PRACTICES IN PUBLIC INSTITUTION; CASE OF ENGINEERING DEPARTMENT AT AAIT, AAU” is my original work. This thesis has not been presented for any other university and is not concurrently submitted in candidature of any other degree, and that all sources of material used for the thesis have been duly acknowledged.

Candidate:

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

## **ENDORSEMENT**

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

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Advisor

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Signature

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## ABSTRACT

*The research tries to assess the practice of project procurement management; Effective procurement is used to assist the university in obtaining the required product at the best possible cost for the university. the objective of this research is to investigate the performance of procurement practice in the case of Addis Ababa University 5kilo campus. To precisely address these objective exploratory or causal research design was conducted to analyze the data from observation, questionnaires' and interviews. The sample taken from administration unit among them all population take from each department. The study assesses various independent variable that affect the procurement process directly. public procurement process, time, quality and cost effectiveness has a positive effect towards procurement capability and project successes, which is highly upgrading scholarly articles. Many developing country universities have developed these provide standardization of laboratory services and enhance international publication competence.*

Key word: Procurement, Public procurement management, procurement planning, procurement implementation, procurement monitoring and evaluation, engineering department.

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

The PMBOK defined project as “a temporary Endeavour undertaken to create a unique product, service or result”. [1] As a management the perspective of project is conceptualized as a transformation of inputs to outputs. Project management comprises of integration of the project activities with the project tasks to meet project objectives and venture target as the project moves in its life cycle. The planned and executive process is of continuous flow type, the performance of which is measured at aggregate terms. [2] The major objectives which are required to be met include performance, cost, and time goals, while at the same time avoiding the scope creep.

The project management aim is to deliver beneficial process which control the achievement of the project objectives. Any reasonable project manager certainly understands importance of planning a project well. Thus, creating procurement document, collecting and selecting an appropriately qualified supplier, and perform appropriate contract system are the necessary aspect of the project to takes in to account. Effectively managing the project improves stakeholders' confidence since this is more likely to lead to project goals being achieved. Managing project procurements and acquisitions requires the project manager to efficiently collaborate with the purchasing department on the process of planning and managing procurements.

Project Procurement management include the process required to acquire good and services, to attain project scope, from outside the performing organization, is one of the main PMBOK guide. This process is comprised of five stages including: initiating and planning, selecting, contract writing, monitoring, and closing and completing. This indicates that establishing consistent procurement policies and procedures enables public organizations to align its buying strategies to its long term goals and objectives.

According to Dobler and Burt procurement can be defined as “...the acquisition, whether under formal contract or otherwise, of goods, services and works from third parties by contracting authorities.” In addition, Adotévi defined procurement as: “the activity of assessing, buying and

receiving goods, works and services.” The process of procuring starts with the definition of what is to be procured (goods, services and/or works, quality), then is followed by how it should be etc...), then proceeds to perform the act of procuring that is finalized by a contract or an order, followed by a delivery and the subsequent payments to the supplier. Performance is defined by how “well” this process is conducted and how “good” the outcome is.

Public procurement in Ethiopia dates back to 1940s. According to a report prepared by the Ethiopian Procurement and Property Administration Agency, public procurement was started in 1940 EC. Further, according to Admasu Mamo, it was established to procure military equipment and supplies for soldiers. With the responsibility laid on the then Ministry of Finance; the procured materials were stored at the Ministry’s warehouse. According to the report, the improved procurement services were started in 1942 EC. In addition to military equipment’s, the Ministry of Finance was given the mandate to procure 2 stationeries and cars for organizations which are financed by the regular government budget. [3]

The current Ethiopian government, to ensure that public property, in which a significant amount of public money is invested, is utilized in such a manner as to enable the government derive maximum benefit therefrom and modernize the administration thereof, This Directive is issued by the Ministry of Finance and Economic Development Pursuant to Article 78/2 of the Ethiopian Federal Government Procurement and Property Administration Proclamation no 649/2009 and Article 19 of the definition of powers and duties of the Executive Organs of the Federal Government of Ethiopia Proclamation No 471/2005/6 (as amended).[4]

Although more than 90 % of public procurement follows competitive procedures, private sector participants in public procurement judge the system of limited fairness and efficiency. Clearly, in view of the magnitude of public procurement in Ethiopia, a sound and efficiently functioning procurement system is of vital importance to its economy

One of the major challenges in public procurement is ineffective planning. According to world bank country procurement assessment report, the reasons for the lack of procurement planning are the absence of understanding of the value of the procurement and proper enforcement of the rules relating to planning. According to PMBOK the Project Procurement Management processes include planning procurement, conducting procurements, controlling and closing Procurements.

Ethiopia's higher education sector has grown from two public universities to now a day to expands to 33. Addis Ababa university (AAU) is the first and the grown one among the public universities, which was established in 1950 with an initial name University College of Addis Ababa (UCAA), is the oldest and the largest higher learning institution in Ethiopia. In its long years of existence, the University has remained the leading center in teaching, research and community services in Ethiopia.

The Addis Ababa University (AAU) which was established in 1950, is led by a President who is assisted by four Vice Presidents and one Executive Director: Academic Vice President, Vice President for Research and Technology Transfer, Vice President for Administration and Student Services, Vice President for Institutional Development and the Executive Director of the College of Health Sciences (with the rank of Vice President).

At present the University has 10 colleges, 4 institutes that run both teaching and research, and 6 research institutes that predominantly conduct research. Within these academic units, there are 55 departments, 12 centers, 12 schools, and 2 teaching hospitals.

The Procurement Management Directorate of the university is under the Vice President of Administration and Student services. And the Procurement Management is responsible for Procurement of Goods and Services both from the local and international markets requested by the university end users and the Academic units under it.

To facilitate public operations government, allot the major share of the state budget on procurement. AAU control different useful projects and research area under each department. Service and Maintenance, infrastructure maintenance, laboratory equipment's (chemicals, machines...), advanced computer, library materials... so on. Thus, a project procurement management practice needs to consider these points in order to be effective and efficient, the university should cover all regulatory issues as much as possible in order to reduce the direct influences on the project success.

## **1.2 Background of Addis Ababa Institute of Technology**

The Addis Ababa Institute of Technology (AAiT) was called, before March 2010, the Faculty of Technology. The Faculty of Technology, in turn, had formerly been called the College of Engineering. That College of Engineering was established in 1953. It was housed in a set of buildings in the compound of the Technical School of Addis Ababa at Mexico Square. Initially, only a two- year programme of intermediate engineering studies was offered and students were subsequently sent abroad for the completion of the study leading to a BSc. Two years later, a four-year degree programme was introduced in Civil and Industrial Engineering, and the first BSc degrees were awarded to graduates in July 1958.

The College was expanded in 1959 to include instruction in Electrical and Mechanical Engineering. Industrial Engineering gradually phased out. The programme of study in other fields was extended to cover five years. In 1961, the College became a part of the Addis Ababa University. In 1965, the College of Engineering moved from the Technical School Compound to Arat Kilo Campus (Science Faculty) of the University. In 1969, the College finally moved to its present campus at Amis Kilo, between the Arat Kilo Campus and the Main Campus at Sidist Kilo. This campus has much better facilities than it ever had before, with space capacity for 600 students. The present campus is the result of a bilateral agreement between the Ethiopian Government and the Federal Republic of Germany. The Faculty of Technology has been transformed to the Addis Ababa Institute of Technology in March 2010.

## **1.3. Statement of the Problem**

Procurement management stands for the process of obtaining or buying goods or service. It is fundamental to projects success and all activities processed in the firm in order to obtain the product from the supplier as per the required specification. Government Organizations procurement enables purchasers to buy goods and services through the use of various facilities in a variety of forms.

The practice of procurement management reduces the failure of the project and the risk related to supply chain. There are risks in determining need and planning procurements, developing specifications, selecting the appropriate procurement methods, preparing solicitation documents and calling for offers, evaluation and selection of firms and individuals, negotiating the contract, and contract administration.

- The lack of a procurement plan in the studied project is strongly connected to lack of a developed time schedule and budget. As a result, the project has suffered large delays due to low priority given to development of procurement plan. This shows that project procurement management is not widely practiced. Therefore, this study tried to address the gap between theory of project procurement management and the actual practice in AAU.
- The aims to assess the procurement practices of government university sector projects, to examine the alignment of project procurement management knowledge area and the success of mini and major projects.

## **1.4. Research Questions**

- 1.4.1. What AAU's public procurement management and planning practice look like?
- 1.4.2. how does the existing practice compare with the standards?
- 1.4.3. What are the challenge that affect performance of procurement practice?

## **1.5. Objective of the Study**

### **1.5.1. General Objective**

The general objective of this study is to assess the project procurement practices on Addis Ababa University.

### **1.5.2. Specific Objectives**

The Specific Objectives are:

- To assesses Addis Ababa University project procurement management and planning practice in AAU.
- To analyze the existing procurement practice in Addis Ababa University with the standards.
- To identify the major challenge that affects to effectively implement these practices.

## **1.6. Significance of the Study**

At the end this paper will provides the following benefits for The Organization allow being aware of the strength and weakness of existing project procurement practices to take as input for future improvement plan.



the objective of the study was to investigate the effects of procurement processes on project execution and succession in Addis Ababa University, endeavoring to clarify further than the standard descriptions of this concept. Addis Ababa University held various project related with science and engineering. It identified the common procurement problems faced by project management companies. Moreover, it explored common reasons for poor project procurement in finding solutions to overcome these besetting and pervasive challenges; and lastly, this study examined the positive qualities of this concept and recommended ways to escalate their value and usefulness in practice. Therefore, this research will be valuable to those seeking improvements to strategic procurement. And for researchers It helps researcher to obtain experience in dealing with procurement practices. It also helps future researchers as a reference to do a research on the same subject or company.

### **1.7. Scope of the Study**

The fundamental scope of the study was on assessing project procurement management practices in public institution particularly in A.A.U 5 kilo engineering department. The researcher selected A.A.U as it usually engages huge internal capacity and system enhancement projects that entail repetitive and subsequent procurement practices. And also A.A.U institute is the largest engineering institute with better staff profile as compared the other thirty-two public universities in the nation.

### **1.8. Limitation of the study**

In addition to the common limitations such as time, and resources constraints, this preliminary study faced specific drawback such as;

- Work overload on staff in the procurement department limits the timely data collection process from experienced and senior staff.
- Difficulty to get feedback on the procurement department performance from suppliers' side. This is due to that the University procurement department does not have a suppliers list because each purchase is handled with open Bid procurement system according to the FDRE Public Procurement Law.
- The research focuses only the buyer side of the procurement system, it excludes the supplier perspective.

## **1.9. Organization of the study**

The study is organized in to Five Chapters. The first chapter will present information about the introductory part including background of the study and the organization, statement of the problem, research questions, objective of the study, and significance of the study, scope of the study and limitation of the study. The second chapter covers the review of related literatures that are both conceptual and theoretical literatures on the field of the study. The third chapter will explain the methodology of the study. The fourth chapter will focus on the data presentation, analysis and presentation of the findings and the last chapter forwards the summary, conclusion, recommendation, research limitations and directions for future research.

## **1.10 Operational Definition of Terms**

**Procurement:** stands for the process of obtaining or buying goods and services. It includes preparation and processing of a demand as well as the end receipt and approval of payment.

**Project Procurement Management:** encompasses the processes used for making sure project procurement is successful. It includes the processes necessary to get things and services needed for the project to run smoothly and achieve its objectives.

**Plan Procurement:** the process of documenting project procurement decisions, specifying the approach, and identifying potential sellers.

**Procurement Conducting:** In this process responses from various sellers are collected, an efficient seller is selected among them and finally, a contract is curated.

**Administer procurement:** is the process of managing procurement relationships, monitoring contract performance, and making changes and correction as needed.

**Procurement Control and Closing:** is to mean the procured relations are managed, their contract performance is thoroughly monitored, appropriate adjustments and changes are made and finally, the contracts are closed.

# CHAPTER TWO

## LITERATURE REVIEW

### 2.1. Conceptual Literature

**project management** Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements. Project management is accomplished through the appropriate application and integration of the project management processes identified for the project. Project management enables organizations to execute projects effectively and efficiently [14].

**procurement managements:** -Procurement can be defined as the acquisition of goods or services. It is a process that involves two parties with different objectives who interact in a given market segment. Procurement is the overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through to the end of a services' contract or the useful life of an asset. [14]. Procurement is a strategic, systematic process of ensuring that maximum value is delivered to the organization, through identification and selection of suitable and competent suppliers, negotiating, contracting, conducting supply market research, fostering supplier measurement and systems development.

Project Procurement Management Process the Project Management Body of Knowledge, breaks Project procurement management into four processes which are procurement planning, conducting procurement, administer procurement and closing procurement. The literature of this study basis on these four processes. [14].

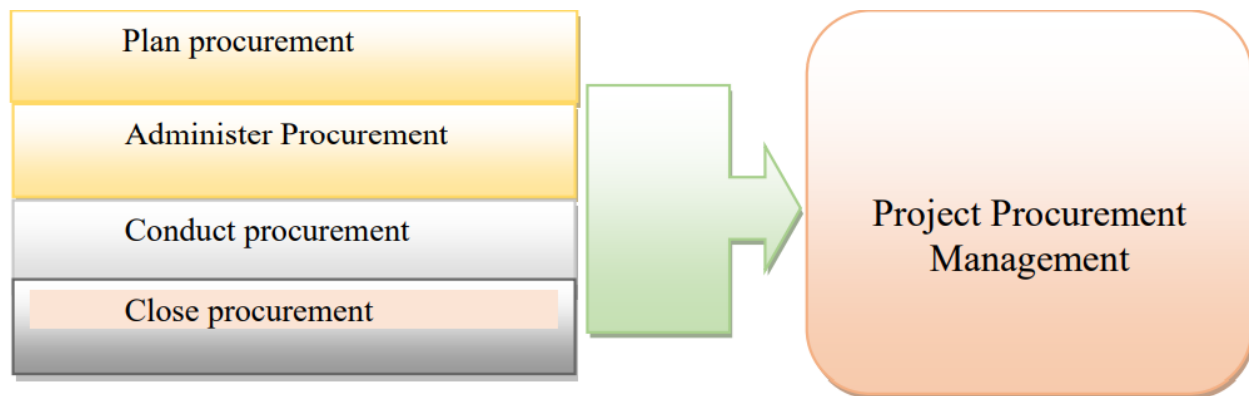
**plan procurement** is the process of documenting project procurement decisions, specifying the approach, and identifying potential sellers. It identifies those project needs which can best be met by acquiring products, services or results outside of the project organization [14].

**conduct procurement** is the process of obtaining sellers response, selecting a seller and awarding a contract. On major procurement items, the overall process of requesting responses from sellers and evaluating those responses can be repeated. A short list of qualified sellers can be established based on a preliminary proposal. [14].

**administer procurement** is the process of managing procurement relationships, monitoring contract performance, and making changes and correction as needed. Both the buyer and the seller will administer the procurement contract for similar purposes. Each must ensure that both parties meet their contractual obligations and that their own legal rights are protected. The administer contracts process ensures that the seller’s performance meets procurement requirements and that the buyer performs according to the terms of the legal contract. [14].

**close procurement** is the process of completing each project procurement. It supports the close project of phase process, since it involves verification that all work and deliverables were acceptable. The close procurements also involve administrative activities such as finalizing open claims, updating records to reflect final results and achieving such information for future use. Close procurements address each contract applicable to the project or a project phase. [14].

*Figure 1 CONSEPTUAL FRAMWORK*



(Source adopted from PMBOB, 2012)

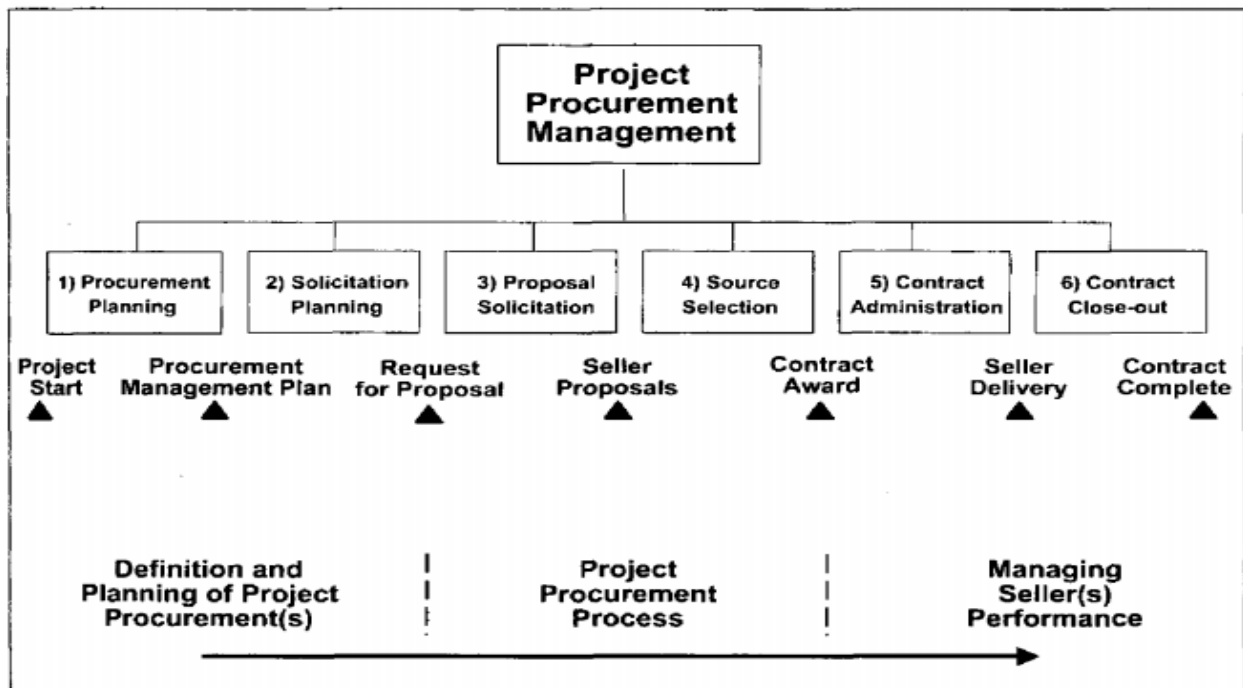
## 2.2. Theoretical Literature

**project management** The theory of project is provided by the transformation view on operations. In the transformation view, a project is conceptualized as a transformation of inputs to outputs. project management designed to make better use of existing resource by getting work to horizontally as well as vertically within the company [17]. Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements. Project management is accomplished through the appropriate application and integration of the project management processes identified for the project. project management will provide you

with the techniques required for managing engineering projects in an understandable format that passes beyond the conventional idea of developing schedule and project planning, by investigating various aspects of PM processes. You will receive in-depth and comprehensive knowledge in the crucial principles of Project Management. [5]

**public procurement management** plays a key role in contributing to the bottom line of any organization. public procurement is ‘the process whereby government bodies purchase from the market the goods, works and services that they need’. In the public sector, large amounts are spent on goods and services because of the sector’s gigantic size [16]. It is the major reason that the Ethiopian government introduced a number of manual on public procurement complaints procedure. Most of the legislations, including the Higher Education Act emerged from the Constitution of the federal Republic of Ethiopia, which insisted that the education system should be transformed and democratized in a manner that values human dignity, equality, human rights and freedom, non-racism and non-sexism. Public procurement pay attention to purchasing, hiring or obtaining by any contractual means of goods, construction works and services by the public sector.

*Figure 2 project Procurement Process*



Source Fleming Q. 2003

**plan procurement** is the development of procurement plan is the first step that states what to procure, when, and how. procurement planning begins at the start of a new project, includes the make or buy analysis, and ends with a published Procurement Management Plan [15]. Procurement Planning referred the process when Planning of project procurements is carried out. It involves creating procurement documents which describes these details.

Planning is an integral part of all elements of the management system and to be effective involves the design and development of suitable processes and establishes objectives that define the criteria for judging success or failure of the management system. In general procurement planning begin at the start of new project, includes the make or buy analysis and end with a published procurement management plan. [15]

To accomplish the procurement process, Plan procurement management uses as input of Project management plan, requirement documentation, risk register, activity resource requirements ,Project schedule, activity cost estimates, stakeholder register, enterprise environmental factors and organizational process assets and uses such tools & techniques :make-or-buy analysis, expert judgment, market research and meetings .The outputs that will be obtained consist procurement management plan, procurement statement of work, 12 procurement documents, source selection criteria , make-or-buy decisions, change requests and Project documents updates. [14]

### **Conduct Procurement**

Conduct procurements is the process of obtaining sellers response, selecting a seller and awarding a contract. On major procurement items, the overall process of requesting responses from sellers and evaluating those responses can be repeated. A short list of qualified sellers can be established based on a preliminary proposal. [14] The key benefit of this process is that it selects a qualified seller and implements the legal agreement for delivery. The end results of the process are the established agreements including formal contracts. The Inputs applied in conducting procurement are

- procurement management plan,
- procurement documents,
- source selection criteria,
- seller proposals,

- project documents,
- make-or-buy decisions,
- procurement statement of work and
- Organizational process assets.

One very effective method to implement a new project with smooth efficiency is to conduct a pre-project team-building training. [15]

### **administer procurement**

Administer procurements is the process of managing procurement relationships, monitoring contract performance, and making changes and correction as needed. Both the buyer and the seller will administer the procurement contract for similar purposes. Each must ensure that both parties meet their contractual obligations and that their own legal rights are protected. The administer contracts process ensures that the seller's performance meets procurement requirements and that the buyer performs according to the terms of the legal contract. (PMBOK,2012). In, the process of contract administration there are essentially two key missions for the project team: the continuous monitoring of seller performance, and the management of all changes to the seller's authorized baseline. Fleming (2003)

Moreover, (PMBOK, 2012) the administer procurement process reviews and documents how well a seller is performing or has performed based on the contract and establishes corrective actions when needed. This performance review may be used as a measure of the seller's competency for performing similar work on future projects. Also administer procurements includes managing any early termination of the contract work in accordance with termination clause of the contract.

**close procurement** a project phase is generally conclude and formally closed with a review of the deliverables to determine completeness and acceptance. a phase end review can have achieved the combined goal of obtaining authorizations to close the current phase and start the subsequent one. The end of phase represents a natural point to reassess the effort underway and to change or terminate the project if necessary. At project closure the following may occur; [19]

- obtain acceptance by the customer
- conduct post project or phase end review
- recording impact of tailoring to any process

- document lesson learned
- apply appropriate update to organizational process assets
- archive all relevant project document in project management as ad document
- close out procurement

### **2.3. Empirical Literature**

**project management** nearly in 2010 f. waqas and N. shazia conducted empirical research in Pakistan to first identify success criteria factors. Secondly desirable and undesirable effects faced by the project personnel while working on the project. The findings in the present study have empirically ranked the real world criteria used by project personnel to judge the project success. From this study, it may be concluded that besides the traditional measure of iron triangle, other criteria may be used by organization and project personnel to judge project success. The findings suggest that project success criteria variables do not act independently rather they are dependent upon one another and should be treated as one set to measure project success thus supporting the findings. [17]

public procurement managements in 2016 public procurement and admiration research conducted in Nigeria. This study falls under the survey research typology. Data were sourced basically from secondary sources; Content analysis was adopted as the instrument for data analysis. the purpose is to examine the bottlenecks and principles of public procurement on national development and Identify the role of public procurement practices on national development. the finding and Results from this study revealed that the existence of multiple procurement guidelines and procedures, overt emphasis on procurement of manpower, the fear of vigilance, poor/quality training and lack of centralized data sharing facility etc. were the challenges and problems of effective public procurement practices in Nigeria. This study therefore recommended that, there is need to either have qualified staff handling procurement or to provide adequate professional training to convert the procurement officials into procurement managers. [18]



The research conducted in 2017 by Fikremariam Abebe in Addis Ababa specifically in banks that assess the procurement practice. The researcher has used descriptive research method. The data collection tools were questionnaires and interview. As the main objective of the study is to assess the practice of project procurement management in Bank of Abyssinia, the following conclusions were drawn based on the findings and data analysis of the research. The study finding showed project schedule is not taken into account when preparing the procurement plan this implies the resource needed for each project activity is not planned early and not available for use ahead of commencing project activity. This adversely affects the project delivery time. Also the result revealed that make or buy analysis is not performed which means lack of sufficient information to determine which project or service is going to be outsourced or performed by the bank itself.

## **2.4. Synthesis Literature**

Policies are important in any organization as they provide principles and procedures or guidelines that should be followed when carrying out certain activities

**public procurement managements** the purchasing of goods and services by the public sector through structured procedures, i.e. public procurement, represents an important force of market demand and typically accounts for a substantial proportion of government expenditures and GDP. procurement performance starts from purchasing efficiency and effectiveness in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity.

**plan procurement** Ensure that the annual procurement plan prepared by the procurement unit of a Public Body takes into account the following points: - That the identified procurement needs of the Public Body are in harmony with its work program, that there is no other better alternative to procurement to satisfy each need, that the procurement plan is prepared in such a way as to enable bulk purchase, that other special requirements arising from the nature of the Public Body are addressed.

the bidding document prepared by the procurement unit satisfies the following requirements: -

- That it is in conformity with the standard bidding document prepared by the Agency for each type of procurement.

- That the technical specification complies with the conditions stipulated in the Proclamation & this Directive.
- That the evaluation criteria are non-discriminatory, transparent and achievable.
- That it contains all the necessary forms and conditions which the proclamation and this directive require to be stated depending on the type of the procurement, and other matters of fundamental importance.

Any Public Body and other entities accountable to such Public Body shall be required to prepare a procurement plan supported by action plan enabling them to execute in due time, the procurement necessary to implement their work program. The procurement plan shall be prepared in such a way as to enable the attainment of the following objectives: -

- To ensure compliance with principles of public procurement stated in article 5 of the Proclamation.
- To achieve the work program of the Public Body.
- To ensure economy and efficiency in the operation of the Public Body by discouraging piecemeal purchase.
- Exercise prudence and make the necessary preparation to forestall problems that might be encountered in the execution of procurement.

**administer procurement** is the process of managing procurement relations, monitoring contract performance and making changes and correction as needed. The administrator procurement ensures that the seller performance meets procurement requirement and that the buyer performance according to the term of the legal contract.

Administrative procurements include application of the appropriate project management process to the contractual relationship and integration of the output from the process into the overall management of the project. It also has financial management component that involves monitoring payment to the seller. this ensures that payment terms define within the contract are met and the seller compensations linked to the seller progress as defined in the contract. The process reviews and documents how well seller is performing or has performed based on the contract and established corrective action when needed. Administrative procurement include managing an early termination of the contracted work in accordance with the termination clause of the contract. [19]

**conduct procurement** organizational structure is an enterprise environmental factor which can affect the availability of the resource and influence how project is conducted. Conduct procurement is the main process of obtaining seller responses, selecting a seller and awarding a contract. elements of the organizational assets can influence the conduct procurements process but not limited to listing of prospective and previously qualified seller and information on relevant past experience with seller.

Bidder conference, proposal evaluation techniques, independent estimates, expert judgment, advertising, internet search, procurement negotiation provided as tools and techniques in conduct procurement. Plan risk management is the process of defining how to conduct risk management activities for a project. [19]

### **Close Procurement**

Public bodies have to ensure that the performance of a procurement contract is completed with the terms and conditions of such contract being complied with and other transactions incidental to such contract being finalized. This involves ensuring that: -

The supplier has delivered the works, goods, consultancy or other services to be supplied under the contract, Proper follow up is maintained and appropriate decision is taken in regard to securities and warranties, For all payments made to the suppliers, the corresponding obligations owed by such suppliers to the Public Body are satisfied and all payments due to the suppliers under the contract are effected, All rights of the Public Body arising from the contract and involving third parties such as Insurance companies, transporters, custom Authority, transistors, Banks are satisfied and the Public Body has performed its obligation towards such third parties, The Public Body shall settle pending accounts with the suppliers and third parties involved in the performance of the contract.

To close the contract all procurement documentation is collected, indexed and filed. Information on the contract schedule, scope, quality and cost performance along with all contract change documentation, payment records and inspection result as cataloged. the buyer authorized procurement administrator, provides the seller with formal notice that the contract has been completed.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

The chapter involves the methodology that has been used in the research study. The study comprises the research approach, research strategies, research design, research techniques, target population, sampling techniques, sampling unit, data collection tools, data analysis data presentation, limitation of the study, expected outcome of the study, organization of the paper, and ethical consideration along with an appropriate justification.

#### **3.1. Research Approach**

The method and design decide based on the subject being investigated and the nature of the research question can determine the research methodology. Thus, in these study mixed method of research approaches used. Mixed research approach is an approach to inquiry that combines or associates both qualitative and quantitative forms. It involves qualitative approaches and quantitative approaches. the approach helps the researcher answer questions that cannot be answered using only qualitative or qualitative methods alone. Mixed methods provide a more complete picture by noting trends and generalizations as well as in-depth knowledge of participants' perspectives.

Qualitative research is means for exploring and understanding the meaning individuals or group as describe to social or human problem. The process research involves emerging question and procedures, data typically collected in the participating setting, data analysis inductively building from particulars to general themes, and the researcher making interpretation of meaning of the data. The approach directed in accordance with the methodology because this approach reinforces an understanding and interpretation of meanings as well as intentions understanding human interaction.

The Quantitative data obtained from the questionnaire survey is organized, coded and categorized using the regression analysis; which facilitates analysis and the presentation of the statistical outcomes. Regression analysis gives information on the relationship between a response (dependent) variable and one or more (predictor) independent variables to the extent that 26 information is contained in the data. The goal of regression analysis is to express the response

variable as a function of the predictor variables. The duality of fit and the accuracy of conclusion depend on the data used. Research design selected by the researcher to predict reasonable research problem by relating suitable and appropriate method and techniques. The study was used descriptive research approach.

### **3.2. Study Population**

The total population, target population, and the sample were determined through grouping strata. The data were taken from Addis Ababa university. As the entire population has difficulty to carry out the research study, to select a target population from total population, the study was used stratified sampling and systematic sampling for the sample of planning experts, processes owners, head offices and the procurement management unit, by considering they have a key role in the subject matter.

### **3.3. Sampling Method and Size**

A sample frame is a list of all items where a representative sample has been taken for the intended research. In this research sampling frame was the list of selective two categories groups of employees from the total population. The group include procurement units such as planning expertise who deal with the preparation of various planning based on their role in each different departments. The group carry out the whole process of the pre-preparation plan. and its population of Administration department. Procurement unit systematic sampling department heads and professors, managerial and non-managerial follow up activities. finally, procurement management units of the zone who deals with approvals of all planning of procurement activities of the sectors. To keep reliability, relevance, and accuracy of data collection.

### **3.4. Data Collection Method**

According to Ranjit Kumar 3rd edition research methodology, there are two major approaches to gathering information about a situation, person, problem or phenomenon. When you undertake a research study, in most situations, we were need to collect the required information; however, sometimes the information required is already available and need only be extracted. Based upon these broad approaches to information gathering, data can be categorized as: A) Primary data; B) Secondary data

### **3.4.1. Primary Data Sources**

As tool of primary data were collected throughout questionnaires and interview. Questionnaire was closed-ended and open-ended designed respondents rated scale. The study analyzes employed questionnaire these selective target population strata such as planning experts, processes owners, head offices, and procurement unit. total of 129 respondents were selected from the total population. And those whom followed by finance and economic cooperation offices budget, management, and implementation performance auditors. In case of collected data though questionnaires and interview researcher was selected among the four sectors target population groups through appropriate and systematic method to achieve the required goal of the study.

### **3.4.2. Secondary Data Source**

Sources Secondary data were collected from ministry of higher educational institute, public procurement plan report, procurement plan unit, documents, articles, different reports and Audit performance of 2011/2012 and 2012/2013, the data emanated from the procurement unit of the article, audit report & journals.

## **3.5. Data Processing and Analysis**

The study presents the data by using SPSS, excel, percentage, tables, and, text, and the origination of the study area.

## **3.6. Ethical Consideration**

As a result, to secure the consensus of the research, the study communicated the details and the aims of the study. And the researcher stated to the participants that they have to participate in the research willingly. Moreover, the researcher ensured to the respondents were not to disclose their names, position and personal information.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents the data analysis of the study data were collected through questionnaire and semi structured interview. The data has been analyzed using descriptive statistics. To examine the collected data with that of the objective set for this research, Statistical procedures were carried out using SPSS software version 20 which enables to enter data and perform descriptive analysis. the output of the analysis is presented using frequency and table.

#### 4.1 Response Rate

The Primary data collected through questionnaires consisted 39 items. The questionnaires were distributed to 39 individuals who are assigned on procurement activity and to individuals that participated on project procurement. An interview has also been conducted with the procurement manager to have more insight regarding the practice of project Procurement management. All respondents have completed and returned the questionnaires that made the response rate 100%

#### 4.2 General Information of respondents

This section consists of information that describes characteristics of respondents such as educational level, overall work experience and experiences related to procurement. The responses of the respondents and the implications are presented hereunder.

*Table 4. 1 General Information of Respondents*

		Experience			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BELOW 2 YEAR	3	7.7	7.7	7.7
	3-5 YEAR	18	46.2	46.2	53.8
	6-10 YEAR	18	46.2	46.2	100.0
	Total	39	100.0	100.0	

Education level					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	DEGREE	33	84.6	84.6	84.6
	DIPLOMA	1	2.6	2.6	87.2
	MSC	4	10.3	10.3	97.4
	POST GRADUATE	1	2.6	2.6	100.0
	Total	39	100.0	100.0	

*source own survey, 2021*

As can be seen in the above table, Regarding the educational level of the respondents, 59.3% of the respondents hold a first degree, 29.6% hold a second degree, and 11.1% hold diploma. This implies that information was collected from respondents who have wider academic knowledge area.

The findings depicted on table 4-1 indicates that most of the respondents have work experience between 11 to 15 years. Regarding the respondents’ experience on procurement activity, 33.3 % responded they have 3 to 5 years and 29.6% have above 5 years’ experience. This implies that respondents are experienced enough to give appropriate answer concerning the study.



### 4.3. Plan Procurement

The following table depicts the response result regarding the existence of well-defined process for acquiring procurement.

*Table 4. 2 Process For Acquiring Goods or Services*

There is well defined Process for acquiring goods or services				
	Frequency	%	Valid %	Cumulative %
DSIAGREE	3	7.7	7.7	7.7
NEUTRAL	18	46.2	46.2	53.8
AGREE	12	30.8	30.8	84.6
STRONGLY AGREE	6	15.4	15.4	100.0
Total	39	100.0	100.0	

		PP1
N	Valid	39
	Missing	0
Mean		3.5385
Std. Deviation		.85367
Sum		138.00

*source own survey, 2021*

As shown on the above table, 46.2% of the respondents has neutral response and 30.8% agree and 15.4% strongly agree on the existence of well-defined process for acquiring goods or services needed. Whereas, 3% respondents are disagreeing if it exists. This indicates that well defined process for acquiring goods or service needed is in place.

*Table 4. 3 Project Procurement Plan Preparation*

procurement plan is prepared for project procurement				
	Frequency	%	Valid %	Cumulative %
NEUTRAL	8	20.5	20.5	20.5
AGREE	19	48.7	48.7	69.2
STRONGLY AGREE	12	30.8	30.8	100.0
Total	39	100.0	100.0	

N		PP2
N	Valid	39
	Missing	0
Mean		4.1026
Std. Deviation		.71800
Sum		160.00

*source own survey, 2021*

As indicated on the table 4-3, respondents agree (48.7 %) and strongly agree 30.8 % while 20.5 % are neutral on a procurement planning is performed. This implies that large number of respondents

agree that procurement planning is prepared for project procurement. This result supports the interview response obtained from the procurement manager revealed that annual procurement plan is prepared to set budget based on the procurement needs in AAU.

*Table 4. 4 Issues Considered When Preparing Procurement 1*

<b>Require documentation</b>					
		Frequency	Percent	Valid Percent	Cumulative %
Valid	NEUTRAL	7	17.9	17.9	17.9
	AGREE	20	51.3	51.3	69.2
	STRONGLY AGREE	12	30.8	30.8	100.0
	Total	39	100.0	100.0	

<b>Risk related contract decision</b>					
		Frequency	Percent	Valid Percent	Cumulative %
Valid	STRONGLY DISAGREE	5	12.8	12.8	12.8
	DSIAGREE	8	20.5	20.5	33.3
	NEUTRAL	13	33.3	33.3	66.7
	AGREE	7	17.9	17.9	84.6
	STRONGLY AGREE	6	15.4	15.4	100.0
	Total	39	100.0	100.0	

<b>Activity resource requirement</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	5	12.8	12.8	12.8
	DSIAGREE	8	20.5	20.5	33.3
	NEUTRAL	13	33.3	33.3	66.7
	AGREE	7	17.9	17.9	84.6
	STRONGLY AGREE	6	15.4	15.4	100.0
	Total	39	100.0	100.0	

*source own survey, 2021*

		PP31	PP32	PP33
N	Valid	39	39	39
	Missing	0	0	0
Mean		4.1282	3.0256	3.0256
Std. Deviation		.69508	1.24578	1.24578
Sum		161.00	118.00	118.00

From the findings shown in table 4-4, 51.3% of respondents agree, 30.8 % strongly agree, 17.9 % are neutral on consideration of requirement documentation to prepare procurement plan. Regarding risk related contract decisions, 17.9% agree,15.4% strongly agree and 33.3% neutral while 20.5 % disagree and 12.8% strongly agree this shows risk contract decision not well designed. Looking at the other element, activity resource requirement, 17.9% agree,15.4% strongly agree and 33.3% neutral while 20.5 % disagree and 12.8% strongly agree The result indicates requirement documentation, risk related contract decisions and activity resource requirements are taken into account when preparing procurement plan.

*Table 4. 5 Issues Consider Preparing Procurement Practice 2*

<b>project schedule</b>					
		Frequency	%	Valid %	Cumulative %
Valid	STRONGLY DISAGREE	3	7.7	7.7	7.7
	DSIAGREE	6	15.4	15.4	23.1
	NEUTRAL	15	38.5	38.5	61.5
	AGREE	7	17.9	17.9	79.5
	STRONGLY AGREE	8	20.5	20.5	100.0
	Total	39	100.0	100.0	

		PP4
N	Valid	39
	Missing	0
Mean		3.2821
Std. Deviation		1.19095
Sum		128.00

Activity cost estimate					
		Frequency	%	Valid %	Cumulative %
Valid	STRONGLY DISAGREE	3	7.7	7.7	7.7
	DSIAGREE	6	15.4	15.4	23.1
	NEUTRAL	15	38.5	38.5	61.5
	AGREE	7	17.9	17.9	79.5
	STRONGLY AGREE	8	20.5	20.5	100.0
	Total	39	100.0	100.0	

		PP5
N	Valid	39
	Missing	0
Mean		3.1282
Std. Deviation		.80064
Sum		122.00

Organizational process assets					
		Frequency	%	Valid %	Cumulative %
Valid	STRONGLY DISAGREE	3	7.7	7.7	7.7
	DSIAGREE	6	15.4	15.4	23.1
	NEUTRAL	15	38.5	38.5	61.5
	AGREE	7	17.9	17.9	79.5
	STRONGLY AGREE	8	20.5	20.5	100.0
	Total	39	100.0	100.0	

		PP6
N	Valid	39
	Missing	0
Mean		3.2821
Std. Deviation		1.19095
Sum		128.00

source own survey, 2021

The findings in table 4-5 shows, 17.9% agree,20.5% strongly agree and 38.5% neutral while 15.4 % disagree and 7.7% strongly agree that project schedule is considered when preparing procurement planning. Regarding activity estimate17.9% agree,20.5% strongly agree and 38.5% neutral while 15.4 % disagree and 7.7% strongly agree that organizational process assets are taken into account. This implies greater number of respondents expressed their agreement on the consideration of activity estimate and organizational process asset while respondent’s disagreement is low on consideration of project schedule the mean value of which is only 3.1. It implies that project deliverable time to accomplish project activity are not taken into consideration if resources needed for each project activity are not timely procured the project will be behind the schedule.

Table 4. 6 Make or Buy Analysis

<b>Make or buy analysis done to determine project procurement</b>						
		Frequency	%	Valid %	Cumulative %	
Valid	NEUTRAL	26	66.7	66.7	66.7	
	AGREE	10	25.6	25.6	92.3	
	STRONGLY AGREE	3	7.7	7.7	100.0	
	Total	39	100.0	100.0		

		PP7
N	Valid	39
	Missing	0
Mean		3.4103
Std. Deviation		.63734
Sum		133.00

As depicted in the table 4-6, 25.6 % of the respondents agree and 7.7% strongly agree whereas 66.7 % are neutral, the analysis shows make or buy analysis is done to determine project procurement. the 39 mean score of the responses was 3.41 which indicates that there was a low level of agreement on the questionnaire statement by respondents. This implies some projects could be outsourced that can be performed internally by the institution itself.

As shown below in the table 4-7, majority of the respondents (51.3%) neutral and 25.6% agree on expert judgment is used to develop project planning whereas 10.3 % are strongly disagree and the rest 5.1 % disagree. The finding supports the interview response with the procurement manager that there is a practice to establish a committee or involve a person who has expertise knowledge on particular project to prepare a procurement plan for a non-standard type of procurement. This implies that evaluation of proposal is accomplished by teams who have knowledge on the areas specified in the procurement document

Table 4. 7 Expert Judgment

Expert judgment is used to develop procurement planning					
		Frequency	%	Valid %	Cumulative %
Valid	STRONGLY DISAGREE	4	10.3	10.3	10.3
	DSIAGREE	2	5.1	5.1	15.4
	NEUTRAL	20	51.3	51.3	66.7
	AGREE	10	25.6	25.6	92.3
	STRONGLY AGREE	3	7.7	7.7	100.0
	Total	39	100.0	100.0	

		PP8
N	Valid	39
	Missing	0
Mean		3.1538
Std. Deviation		1.01407
Sum		123.00

source own survey, 2021

Table 4. 8 Market Research

Market research is done as an input for procurement planning					
		Freq	%	Valid %	Cumulative %
Valid	STRONGLY DISAGREE	4	10.3	10.3	10.3
	DSIAGREE	2	5.1	5.1	15.4
	NEUTRAL	20	51.3	51.3	66.7
	AGREE	10	25.6	25.6	92.3
	STRONGLY AGREE	3	7.7	7.7	100.0
	Total	39	100.0	100.0	

		PP9
Valid		39
Missing		0
Mean		3.1538
Std. Deviation		1.01407
Sum		123.00

source own survey, 2021

the result of the study as depicted in the above table indicates respondents 25.6% agree and strongly agree 7.7% and 5.1 disagree and 10.3 strongly disagree and neutral responses has the highest percent 51.3% respectively that market research is done as input for procurement planning. The finding is in agreement with the AAU’s procurement policy that requires to carry out market research for procurements of the AAU.

*Table 4. 9 Timeframe For Delivery*

Planning define time frame is set for delivery or execution of needed goods or service					
		Frequency	%	Valid %	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

		PP10
N	Valid	39
	Missing	0
Mean		3.6923
Std. Deviation		.83205
Sum		144.00

*source own survey, 2021*

As shown in the table, 23.1% of the respondents agree and 23.1 % strongly agree that defined time frame is set for delivery or execution of needed goods upon setting planning. However, 53.8 % of the respondent’s neutral the time frame is set. The result implies that there is a practice of setting time frame for delivery when planning is done.

Table 4-10 depicts the response obtained for the question presented to respondents if procurement statement of work is developed. Majority of the respondents (53.8%) neutral and strongly agree and agree are (23.1%). From the result of the study it can be concluded that there is a practice of developing procurement statement of work.

Table 4. 10 Procurement Statement of Work

Procurement statement of work is developed					
		Frequency	%	Valid %	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

		PP11
N	Valid	39
	Missing	0
Mean		3.6923
Std. Deviation		.83205
Sum		144.00

source own survey, 2021

Table 4. 11 Evaluation Criteria

Evaluation criteria					
		Frequency	%	Valid %	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

		Pp12
N	Valid	39
	Missing	0
Mean		3.6923
Std. Deviation		.83205
Sum		144.00

source own survey, 2021

The result indicates that the institution develops evaluation criteria for rating vendor proposal.



## 4.5 Conduct Procurement

Table 4. 12 Conducting Bidder Conference

<b>Bidder conference is conducted prior to submittal bid or proposal</b>							
		Frequency	%	Valid %	Cumulative %		
Valid	AGREE	21	53.8	53.8	53.8	CP1	
	STRONGLY DISAGREE	18	46.2	46.2	100.0	Valid	39
	AGREE					Missing	0
	Total	39	100.0	100.0		Mean	4.4615
						Std. Deviation	.50504
						Sum	174.00

source own survey, 2021

From the findings shown in table 4-13, few numbers of respondents (22.2%) agreed whereas 25.9% disagreed while majority (51.9%) neither agreed nor disagreed with the statement that Bidder conference is conducted prior to submittal of bid or proposal. The finding indicates slightly higher number of respondents disagreed that pre meeting is conducted with prospective sellers. PMBOK (2012) urge to have meeting prior to submittal of a bid or proposal to ensure all prospective sellers have a clear and common understanding of both technical and contractual requirements of the procurement and to response questions raised by the potential sellers.

Table 4. 13 Evaluation Review Process

<b>There is well defined formal evaluation review process in the procurement policy</b>							
		Frequency	%	Valid %	Cumulative %		
Valid	STRONGLY DISAGREE	5	12.8	12.8	12.8	CP2	
	DSIAGREE	9	23.1	23.1	35.9	N	Valid
	NEUTRAL	7	17.9	17.9	53.8		Missing
	AGREE	9	23.1	23.1	76.9	Mean	3.2051
	STRONGLY AGREE	9	23.1	23.1	100.0	Std. Deviation	1.37992
	Total	39	100.0	100.0		Sum	125.00

source own survey, 2021

As shown in the above table majority of respondents (23.1%) agree, 23.1% strongly agree and 23.1% disagree, 12.8% strongly disagree, while 17.9% are neutral on the existence of formal evaluation review process in the procurement policy. also assures result of the findings that the procurement committee present its evaluation result for approval either to the vice president or the president based on the procurement.

Table 4. 14 Seller Selection

Evaluation committees make seller selection based on weighted criteria					
		Frequency	%	Valid %	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

		CP3
N	Valid	39
	Missing	0
Mean		3.6923
Std. Deviation		.83205
Sum		144.00

source own survey, 2021

The finding indicated on the table 4-15 shows that 23.1 % of the respondents agree and 23.1 % strongly agree whereas 53.8% are neutral if the evaluation committees make seller selection based on weight criteria. The response result agrees with the Procurement policy of the public institution that urges performing seller selection based on pre-established weighed criteria for the type of procurement.

Table 4. 15 Vendor Selection Criteria

past performance of seller					
		Frequency	Percent	Valid %	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

Financial capability					
		Frequency	%	Valid %	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

Technical capability					
		Frequency	%	Valid %	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100. 0	100.0	

*source own survey, 2021*

		CP41	CP42	CP43
N	Valid	39	39	39
	Missing	0	0	0
Mean		3.6923	3.6923	3.6923
Std. Deviation		.83205	.83205	.83205
Sum		144.00	144.00	144.00

The above table depicts the response for the question presented to respondents regarding elements which vendor selection criteria consider other than price. Respondents that 23.1 % of the respondents agree and 23.1 % strongly agree whereas 53.8% are neutral that it considers past performance of seller, 36 financial capability and technical capability respectively. Also the respondents that 23.1 % of the respondents agree and 23.1 % strongly agree whereas 53.8% are neutral if selection criteria consider past performance of sellers, financial and technical capability whereas, 3.7% disagree consideration of financial capacity and about technical capability. Based

on the response result it can be said that the vendor selection criteria consider past performance, financial and technical capability.

*Table 4. 16 Negotiation with Seller*

<b>Negotiation is made with seller prior to signing contract to reach mutual agreement</b>					
		Frequency	%	Valid %	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

		CP5
N	Valid	39
	Missing	0
Mean		3.6923
Std. Deviation		.83205
Sum		144.00

*source own survey, 2021*

From the findings shown in table 4-17, respondents indicate that that 23.1 % of the respondents agree and 23.1 % strongly agree whereas 53.8% are neutral with the statement that negotiation is made with seller prior to signing contract to reach mutual agreement between seller and buyer. This result shows majority of the respondents are in agreement with making negotiation with seller before signing contract.

*Table 4. 17 Procurement Contact*

<b>After seller selection process complete a procurement contract is awarded to the selected seller</b>					
		Frequency	%	Valid %	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

		CP6
N	Valid	39
	Missing	0
Mean		3.6923
Std. Deviation		.83205
Sum		144.00

*source own survey, 2021*

Result of the above table indicates that most of the respondents that 23.1 % of the respondents agree and 23.1 % strongly agree whereas 53.8% are neutral that contract is awarded to the selected seller after selection process is being completed.

## 4.6 Administer Procurement

Table 4. 18 Contract Administration

<b>contract administration is made to ensure seller's performance meets contractual requirements</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

source own survey, 2021

As can be seen from the above table, 55.6% of the respondents agree and 7.4% strongly agree that contract administration is made to ensure seller's performance meets contractual requirements while 3.7% disagree and 33.3% are uncertain. The result of the interview held with the procurement manager also indicated that performance of seller is regularly monitored and ensure its implementation in line with the procurement contractual agreement.

Table 4. 19 Performance Progress Review

<b>Regular review is made to evaluate seller's performance progress</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

source own survey, 2021

In response to the question whether regular review is made to evaluate seller's performance progress, 44.4% of the respondents agree and 3.7% strongly agree the other respondents are uncertain and disagree by 37% and 14.8% respectively. The result with mean value of 3.37

indicates majority of respondents were not agreed with statement of the questionnaire. This shows there is limited practice of regular reviewing performance progress.

*Table 4. 20 Payment to Supplier*

<b>payment to supplier is made after ensuring payment terms met and progress of work accomplished</b>					
		Frequency	Percent	Valid Percent	Cumulative %
Valid	DSIAGREE	8	20.5	20.5	20.5
	NEUTRAL	13	33.3	33.3	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

*source own survey, 2021*

The above table displays the result of respondents for the question about payment to supplier. Most of them agree 63% and strongly agree 18.5% on payment to supplier is made after ensuring payment terms met and progress of work accomplished. The remaining respondents 3.7% disagree and 14.8% are uncertain. The result of the interview with the procurement manager also indicated that prior to effecting payment to supplier, report on progress of the accomplished work is obtained and ensure the performance is done in accordance with the procurement contract agreement.

*Table 4. 21 Inspection and Auditing*

<b>Inspection and audit are conducted to verify compliance in the seller's work process or deliverable</b>					
		Frequency	Percent	Valid Percent	Cumulative %
Valid	STRONGLY DISAGREE	6	15.4	15.4	15.4
	DSIAGREE	7	17.9	17.9	33.3
	NEUTRAL	10	25.6	25.6	59.0
	AGREE	7	17.9	17.9	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

*source own survey, 2021*

The above table shows the responses given by participant of the study to the question if inspection and audit are conducted to verify compliance in the seller’s work process or deliverable. 37% agree and 3.7 % strongly agree but the remaining responses are uncertain (40.7%); disagree (11.1%) and strongly disagree (7.4%). This implies inspection and auditing is not used as a means to verify works or deliverables.

*Table 4. 22 Procurement Contract Amendment*

<b>Procurement contract can be amended at any time by mutual consent of buyer and seller</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	2	5.1	5.1	5.1
	DSIAGREE	7	17.9	17.9	23.1
	NEUTRAL	18	46.2	46.2	69.2
	AGREE	6	15.4	15.4	84.6
	STRONGLY AGREE	6	15.4	15.4	100.0
	Total	39	100.0	100.0	

*source own survey, 2021*

As depicted in the table above, 55.6% of the respondents agree and 3.7% strongly agree, while other 33.3% respondents are uncertain ,7.4% disagree and 3.7% strongly disagree respectively about the possibility of amending the procurement contract with the mutual consent of both buyer and seller.

		AP1	AP2	AP3	AP4	AP5
N	Valid	39	39	39	39	39
	Missing	0	0	0	0	0
Mean		3.6923	3.6923	3.4872	3.1538	3.1795
Std. Deviation		.83205	.83205	1.07292	1.38675	1.07292
Sum		144.00	144.00	136.00	123.00	124.00

## 4.7 Close Procurement

Table 4. 23 Procurement Contract Closeout Process

All projects are using a standardize procurement contract close out process					
		Frequency	Percent	Valid Percent	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	

*source own survey, 2021*

As shown on the above table most of the respondents are in agreement (51.9 % agree and 3.7 % strongly agree) While others 37% uncertain and 7.4% disagree if all projects are using a standardized procurement contract close out process. The finding is also in agreement with interview response made with the procurement manager stating that the procurement contract of a project is said to be closed when the goods or deliverables of the project are received.

Table 4. 24 Work and Deliverable Acceptable

upon closing procurement it is verified that all works and deliverables are acceptable					
		Frequency	Percent	Valid Percent	Cumulative %
Valid	NEUTRAL	21	53.8	53.8	53.8
	AGREE	9	23.1	23.1	76.9
	STRONGLY AGREE	9	23.1	23.1	100.0
	Total	39	100.0	100.0	



Statistics			
		CLP1	CLP2
N	Valid	39	39
	Missing	0	0
Mean		3.6923	3.6923
Std. Deviation		.83205	.83205
Sum		144.00	144.00

As it can be seen from the table 4-25, most of the respondents are in agreement of carrying out verification for all works and deliverables being acceptable upon closing procurement. The result shows 59.3% agree, 3.7% strongly disagree, 29.6% uncertain and 7.4% disagree. The response given by the procurement manger also confirms the existence of formal closing procedure as report is received from expert in case of service type project like system development to verify all procurement requirements are delivered and completed.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This final chapter highlights the summary of finding; conclusion drawn from the analysis and recommendation suggested based on findings of the study that will help to improve project procurement management practice of Bank of Abyssinia.

#### **5.2 Summary of the findings**

A successful project requires careful planning, implementation and control throughout the process to achieve the accurate result for the project. For the researcher, good planning, accurate implementation and evaluation are essential in order to achieve a timely and satisfactory outcome for the scientific publication and teaching and learning process, and to ensure a financial profit. To ensure the successful implementation of projects there should be an effective teamwork and collaboration between all procurement teams and technical expertise. To ensure proper procurement practice in AAiT the employee should be empowered in decision-making, employees should take technical training to insure staff qualification, improve communication.

The result of the study indicates that the AAU prepares plan for project procurement. the finding is supported by small number of respondents expressed their agreement and the interview response by procurement manager also revealed that annual budget plan is prepared in accordance with procurement needs. Respondents agreed that when procurement plan is prepared, elements are taken into consideration including: requirement documentation, risk related contract decision, activity resource requirement, activity cost estimate, and organizational process assets. However, less consideration is given to project schedule as well as make or buy analysis is not done adequately.

The finding shows procurement decision is done without having enough information about the time when resources for the project activity are needed and lack information to determine what projects or services will be acquired from outsource or will be performed internally by the institution itself. These suggest that the procurement practice units should aware on the need and importance of procurement management practice in collaboration with technical expertise, it has helped the engineering department to gain insight and understanding the real world. thus, Engineering education is incomplete without laboratory practice.

The findings from the result indicate that there is formal evaluation review process and seller selection is carried out based on pre-established weighed criteria prior to contract award. Respondents also agreed that the selection criteria consider elements other than price including past performance of seller, financial and technical capability. However slightly higher number of respondents disagree on the practice that bidder conference is conducted prior to submittal of bid or proposal.

Conducting pre meeting is helpful to ensure all prospective sellers have a clear and common understanding of both technical and contractual requirements of the procurement and to response questions raised by the potential sellers. Concerning the practice of procurement contract administration, the result reveals that regular review is not carried out to evaluate procurement performance progress of vendor. Also conducting inspection and audit is not commonly practiced to verify seller's work process or deliverable which indicates there is poor monitoring and controlling to assure work is done as per terms specified in the procurement contract.

As the deep assessment shows there were lack of auditing and fellow up, delay of technical evaluation and clarity problems of procurement guidelines. As the result, they have been impact on the procurement plan and implementation effectiveness evaluation. This implies that, there is procurement planning and implementation effectiveness evaluation gap in the procuring organizations. As consequence, the evaluation of procurement plan and implementation effectiveness was very poor in the case organization. Moreover, all the independent variables affect the dependent variable strongly and positively.

The findings indicate that projects are using a standardized procurement contract close out process. The interview response with procurement manager also revealed that the procurement contract is closed when the goods or deliverables of the project are received. The results of the study also indicate that verification is done to ensure all works and deliverables are acceptable.

### **5.3 Conclusions**

As the main objective of the study is to assess the practice of project procurement management in AAU, the following conclusions were drawn based on the findings and data analysis of the research.

The study finding showed project schedule is not taken into account when preparing the procurement plan this implies the resource needed for each project activity is not planned early and not available for use ahead of commencing project activity. This adversely affects the project delivery time. Also the result revealed that make or buy analysis is not performed which means lack of sufficient information to determine which project or service is going to be outsourced or performed by the institution itself.

In conducting procurement process, there is no practice of pre-bid meetings with prospective sellers or vendors prior to submittal of bid or proposal. Such meeting is conducted to ensure all prospective sellers to have a clear and common understanding of the procurement both technical and contractual requirements. Consequently, it is impossible to achieve the objective of no bidder receive preferential treatment. Regarding the practice of administering procurement, the result reveals performance of vendor is not regularly reviewed. The implication is that it creates difficulty: to measure the status, to assure execution is being done in accordance with terms agreed upon and to verify vendor discharge contract obligation.

In addition, inspection and audit is not conducted to verify compliance in the seller's work process or deliverable. From such 46 result it can conclude that purchased goods or services are not inspected to verify receiving the right quality which needs to be checked prior to making payment.

### **5.4 Recommendations**

The study looks various independent variable that affect the procurement process directly. public procurement process, time, quality and cost effectiveness has a positive effect towards procurement capability and project successes which is improvement of scholarly articles. The researcher recommends future research to investigate, to assess and address the exact implication of these area in the university in detail and in depth. To improve the major gap of the study is:

- to investigate regular training to the project manager, to procurement units and staff, to boost the knowledge research in every project.

- To have employee who collaborate both procurement management and engineering technical expertise. Or to train the employs how to prepare material and machineries specification. Both fields need better understanding to make accurate decision in the process.
- The institution shall consider the project schedule detail to identify when the resources for each project activity are needed. Planning the procurement early helps to have available resource before the activity commences. This contributes completion of the project as per the schedule.
- The bank shall conduct make or buy analysis to determine the projects or services that will be outsourced or that can be performed by internal employees like system related projects. The information obtained from the analysis enables to make a cost benefit decision for the advantage of the AAU.
- When conducting procurement, pre meeting conference should be facilitated that give chance for prospective vendors to have common understanding of the procurement requirement and enables to clarify any questions they might raise.
- The institution needs to make regular review and monitor procurement progress through performance report to determine level of work progress and to ensure performance meets requirements as stipulated in the procurement contract and to take timely corrective action on any deviation.
- Conducting inspection and auditing is very important to verify works or deliverables done as per the work specification. This can be carried out by forming inspection and audit team comprised from employees of the AAU who have expertise knowledge of that particular type of procurement

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## **QUESTIONNAIRE**

**st. marry University**

**Master of Arts in Project Management**

**Dear Participants:**

My name is Mariamawit Kassahun; I am a MA student in Project Management at St. marry University. As part of my MA project work, I am studying the project procurement

management practices in Ethiopian steel industry Projects.

I kindly request you to participate on this research study by completing the attached questionnaire. In order to ensure that all information will remain confidential please do not include your name. As well I sincerely request you to respond to the questions as honestly as possible and return the completed questionnaires.

Knowing that your time is valuable please, please take few minutes of your time to complete the questionnaire. Thank you very much for your time and assistance in my educational endeavors.

### Questionnaire

#### General Instruction and information:

- The questionnaire has close-ended questions, please indicate the extent to which

you agree or disagree with the following statements by placing a circle on the number which most accurately reflects your opinion.

- Please answer all the questions. There is no right or wrong answer. Assuring you that all responses will be used only as an input for this study.

#### General Information

##### 1. Current Education Level:

- PhD and above \_\_\_\_\_
- Degree \_\_\_\_\_
- Diploma \_\_\_\_\_
- Postgraduate \_\_\_\_\_
- others, please specify, \_\_\_\_\_

##### 2. Years of work experience:

- Below 2 years \_\_\_\_\_
- 3-5 Years \_\_\_\_\_
- 6-10Years \_\_\_\_\_
- 11-15 Years \_\_\_\_\_
- \*Above 15 Years \_\_\_\_\_

##### 3. Your Current responsibility:

- AAU procurement directorate
- Procurement Team leader
- Senior Procurement officer
- Project Team Member
- Department head
- Lecturer
- Student
- Social work community
- employee
- Other Please specify

##### 4. For how many years have you worked on issues related with procurement?


- Below 1 year \_\_\_\_\_

- 1-3 Years\_\_\_\_\_
- 3-5Years\_\_\_\_\_
- Above 5 Years\_\_\_\_\_

 PLAN PROCURMENT

No.	Question	Strongly disagree	disagree	uncertain	agree	Strongly agree
1	there is well defined process for acquiring goods or services needed.					
2	Procurement plan, that details what is to be procured, specification needed, schedule for acquisition, is prepared for project procurements					
3	The following issues are taken into account while preparing procurement plan:					
	• Requirement documentation (important information about project requirement)					
	• Risk related contract decision (insurance, bidding and other items appropriate)					
	• Activity Resource Requirement (information on specific needs such as people, equipment or location)					
	• Project Schedule (information on required timeline or mandated deliverable needs)					
	• Activity cost estimate (to evaluate the reasonableness of bids or proposals)					

	<ul style="list-style-type: none"> <li>Organizational process assets (formal procurement policies, procedures and guideline)</li> </ul>					
4	Make or buy analysis is done to determine a project work is accomplished by project team or purchase from outside source.					
5	Expert judgment (technical, legal and business expertise) is used to develop procurement planning					
6	Market research is done and taken as an input for procurement planning.					
7	Procurement Statement of Work (SOW) is developed that describes details of procurement item like: specification, quantity desired, quality levels.					
8	While planning, defined time frame is set for delivery or execution of needed goods or service.					
9	request For Proposal is prepared for non-standard and high cost products and services.					
10	A clear evaluation criterion is developed to rate or score vendor proposals.					

 Conduct procurement

No.	Question	Strongly disagree	disagree	uncertain	agree	Strongly agree
1	Bidder conference is conducted prior to submittal bid or proposal to ensure all prospective sellers have clear and common understanding of the procurement.					

2	There is well defined formal evaluation review process in the procurement policy.					
3	Evaluation committees make seller selection based on weight criteria prior to procurement contract award					
4	The selection criteria considers the following elements other than price: <ul style="list-style-type: none"> <li>• Past performance of seller</li> <li>• Financial capability</li> <li>• Technical capability.</li> </ul>					
5	Negotiation is made with seller prior to signing the contract to reach mutual agreement					
6	After seller selection process complete, a procurement contract is awarded to the selected seller.					

 ADMINSTER PROCURMENT

No.	Question	Strongly disagree	disagree	uncertain	agree	Strongly agree
1	Contract administration is made to ensure seller's performance meets contractual requirements					
2	Regular review is made to evaluate seller's performance progress.					
3	Payment to supplier is made after ensuring payment terms defined in the contract are met and progress of work accomplished.					
4	Inspection and audit are conducted to verify compliance in the seller's work processes or deliverable.					
5	Procurement contract can be amended at any time by mutual consent and negotiation between buyer and seller.					

 CLOSE PROCURMENT

No.	Question	Strongly disagree	disagree	uncertain	agree	Strongly agree
1	All projects are using a standardized procurement contract close-out process.					
2	Upon closing procurements, it is verified that all works and deliverables are acceptable					

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**END**  
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