

***Factors Affecting Public Procurement performance: A study at  
Sheka Zone Finance and Economic Development Department.***

*A Thesis Submitted to the School of Graduate Studies of Jimma University  
Partial Fulfillment of the Award of the Degree of Masters of business  
Administration (MBA)*

By:

**SAMUEL AMEYA HAILE**



**JIMMA UNIVERSITY  
COLLEGE OF BUSINESS & ECONOMICS  
MBA PROGRAM**

**MAY 31, 2017  
JIMMA, Ethiopia**

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Under the Guidance of

**MR.RETA MEGERSA (PHD.CANDIDATES)**

And

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## DECLARATION

I hereby declare that this thesis entitled “*Factors Affecting of Public Procurement performance: A Study at Sheka Zone Finance and Economic Development Department.*”, has been Carried out by me under the guidance and supervision of MR.RETA MEGERSA (PHD.CANDIDATES) and MR.SEID HUSSEN

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The thesis is original and has not been submitted for the award of degree of diploma any university or instructions.

Researcher's Name

Date

Signature

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## **Abstract**

*This study is conducted on Factors Affecting of Public Procurement performance in Sheka Zone Finance Economic and Development Department. The main objective of this study is to determine factors affecting public procurement performance in Sheka Zone Finance economic and development department. The rationale of this study was to facilitate the annual budget purchasing activities and in order to satisfy stakeholders, serve the public in efficient and effective manner through understanding review of literatures and theoretical aspects. The result of pilot survey and literature reviewed that procurement planning, resource allocation, information technology and ethics are the major factors that affect procurement process. To determine whether these factors really affect procurement performance extensive study needed. Primary data was collected by interviewing top managers and questionnaires was addressed by the respondents from the public sectors, Procurement department, in two woreda and one town administration under the Sheka zone public organizations. Purposive sampling technique was used to select tow woreda and tow town from the zone; stratified sampling technique was used to select user sectors and by simple random sampling technique 247 respondents of sample size was determined. Data were analyzed both descriptive analysis and inferential analysis by using statistical package for social science (spss 20 version). The findings indicate that, there exists linear and positive significant relationship between independent variables and dependent variable. The independent variables have significant effect on public procurement performance with 76.2 percent. Recommendations to public financial organization that relese funds on a time. Employees update thier understanding of IT usage rate; improve professional ethics of honesty, accountability, and transparency, participating in provided training, customers identify the need on a time and suggestions for other researchers study should be on 23.8 percent countered factors, mainly on lengthy of prcuement procee and contract management.*

**Key words:** *Procurement performance, procurement planning, resource allocation, information technolgy, Ethics*

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## ACRONYMS/ABRIVATIONS

<b>PPDA</b>	Public Procurement and Disposal Authority
<b>NGO</b>	Non-government organization
<b>SZFEDD</b>	Sheka Zone finance and economic development
<b>PFM</b>	Public Financial Management
<b>SPSS</b>	Statistical Package for social science
<b>IS</b>	Information Systems
<b>EDI</b>	Electronic data information
<b>SNNPR</b>	Southern, Nations, Nationalities, and Peoples Regional
<b>BoFED</b>	Bureau of finance and economic development
<b>TTFEDO</b>	Tepi town administration financial and economic development office
<b>MWFEDO</b>	Masha Woreda financial and economic development office
<b>AWFEDO</b>	Andracha Woreda financial and economic development office
<b>FEDD</b>	Finance and economic development department
<b>FED</b>	Finance and economic development
<b>GDP</b>	Gross Domestic Product
<b>MOFED</b>	Ministry of Finance and Economic Development
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>PPA</b>	Public Procurement Agency
<b>GTP</b>	Growth and Transformation Plan
<b>PCSHR</b>	Public civil Service and Human Resource
<b>PP</b>	procurement performance
<b>PPP</b>	public procurement performance

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

Public procurement is the process by which host governments, including the Bank's Borrowers, buy the inputs for vital public-sector investments. Those investments, both in physical infrastructure and in strengthened institutional and human capacities, lay foundations for national development. The quality, timeliness, local appropriateness, and affordability of those procured inputs can largely determine whether the public investments will succeed or fail (WB Manual, 2001) According to Thai (2009), the challenge of the public procurement has two theoretical views, such as external and internal factors. Organizations procurement performance influenced by internal forces including, Professionalism, or quality of procurement workforce, Staffing levels (e.g., ratio of procurement practitioners to contract actions) and budget resources, Procurement organizational structure such as the issue of centralization vs. decentralization, Procurement regulations, rules and guidance and internal controls and legislative oversight. According to Thai (2009), External factors of the public procurement practitioners have always faced challenges imposed upon by a variety of environment factors including market, legal environment, political environment, organizational environment, and socio-economic and technological factors.

Standup challenge facing public top manager is matching the purchased products and equality in American Government (Okun 1975). This conflict is a challenge in public procurement performance, a field in which public top managers must balance the achievement of purchased goods and commodities and the need for fiscal efficiency. The global economy of competition in the private sector and managing and allocating budgets in the public sector, procurement process is becoming increasingly important. Over the last decade goods and service costs account for more than 60% of the total costs for most organizations (Degraeve, Roodhooft & van Doveren, 2005). In the public sector the total financial activities are estimated to be may be as great as 10-20% of the gross national product (Mori & Doni, 2010).

Within the African context, the public sector has been grappling with poverty and provision of effective services. The public sectors can apply the procurement operations to deliver more effectively to all stakeholders in particular that helps the employee could perform their duties by using those purchased commodities. “Public procurement in developing countries is said to account for up to 25 percent of their GDP. For a number of years the rate in developed countries has remained at around 10 percent” (Nyamongo, *et.al.*, 2015) as sighted by (Arrowsmith, 2010).

Empirically different researchers determine the identified factors that affect the procurement performance. According to (Kiage, 2013) the study conducted on Ministry of Energy in Nairobi – Kenya the major hindrances in public procurement performance is poor procurement planning. Resources allocations are examined under adequacy of allocation of resources budget reviews to cater for changes in the economic environment and tender award based on resources availability and confirmation. According to Kiprotich, et al.(2015), the study established in Kenya that staff competence plays a significant influence on the procurement performance, the information technology use in the public firms and quality management systems have great influence on procurement performance.

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 (2008) as sighted as Yirga (2011) 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, the Ministry of Finance was given the mandate to procure stationeries and cars for organizations which are financed by the regular government budget. Other public organizations didn’t like to be subordinated to the Ministry and they felt dominated. In addition, the ministry didn’t have skilled and qualified man power that it couldn’t perform its function efficiently and effectively as expected Yirga (2011).

## **1.2 Statement of the Problem**

Many procurement activities still suffer from neglect, lack of proper direction, poor coordination, slow with a lot of bureaucracy, lack of open competition and transparency, differing levels of corruption and poor management of the procurement performance in timely and cost effective manner (Sylvia et al, 2015).

As the study conducted on Ministry of Energy in Nairobi – Kenya by Kiage ( 2013) the major hindrances in public procurement process is poor procurement planning, resources allocation, staff competency and contract management has an effect on the procurement process. According to Getahun ( 2015) failure to go with the plan or working with the unsound plan, the plan was not transparent, and there was a gap to make corruption and malpractice due to piecemeal purchasing without market price assessment trend.

The rationale of this study was to facilitate the annual budget purchasing activities and in order to satisfy stakeholders, serve the public in efficient and effective manner through understanding review of literatures and theoretical aspects. Due to the repetitions of problems related with procurement planning, resource allocation, information technology, and ethics in different studies and in pilot survey the researcher motivated to undertake study on the effects of procurement planning, resource allocation, information technology and ethics on the performance of public procurement practice in the Sheka Zone finance economic and development department.

The interview conducted to the key informants and the pilot survey showed that there were problems related with procurement planning, resource allocation, information technology, and ethics in the study area and there was no research studied in the study area previously on the problems (ZFEDD, 2008). Therefore, it is better to conduct main research on procurement planning, resource allocation, information technology, and ethics effect on the public procurement performance in the study area.

## **1.3 Objectives of the Study**

### **1.3.1 General Objective**

The general objective of the study was to determine factors affecting procurement performance in financial and Economic Development Department of Sheka Zone.

### **1.3.2 Specific Objectives**

This study was guided by the following objectives:

- 1 To determine the effects of procurement planning on organizations procurement performance.
- 2 To examine the effects of Resource allocation on organization procurement performance.
- 3 To assess the effects of information technology on organizations procurement performance.
- 4 To determine the effect of ethics on organizations procurement performance.

### **1.3.3 Hypotheses**

The study required to test the following hypotheses:-

- 1 H1: Procurement planning has a significant effect on public procurement performance.
- 2 H2: Resource allocation is significantly affects public procurement performance.
- 3 H3: ICT has a significant effect on public procurement performance.
- 4 H4: Ethics is significantly affects public procurement performance.

## **1.4 Scope of the Research**

The study was conducted in South Nation Nationalities and Peoples region in Sheka Zone public financial organizations. Andracha woreda, Masha woreda, Tepi town administration, and Zonal center have chosen from the rest of the Woredas and town administrations. The study limited to the factors affecting procurement performance based on the variable, procurement planning, resource allocation, information technology, and ethics of honesty, accountability, and transparency of Sheka Zone public financial organization. For the purpose of this study those organizations were classified

into two: the user procurement public sectors (procured commodity user customers) and procuring entity (woreda finance and economic development office sector).

### **1.5 Significance of the Study**

This study can help for the clear understanding of the determinant factors of procurement performance of purchasing commodity on the SFEDD. Further through the detailed analysis of the paper discover and recommend possible solutions for effects of procurement performance in public organization, which would help to save significant amount of public resource and to operate their daily duties. The study is a useful input for further research on the area.

### **1.6 Organization of the Study**

This study critically assessed on the public procurement performance of public organizations in south nation nationalities of peoples region in SZFEDD. It consists five chapters. Each chapter has its own subunits. The first chapter deals with the background of the study, problem statement, objectives, scope, significance, limitation and its approach which followed by a review of the related literature in chapter two. The third chapter discusses the research design and methodology, whereas the fourth presents the data along with the analyses and interpretations. Finally, conclusions of major findings and recommendations were presented in the fifth chapter here is the end.

### **1.7 Limitation of the study**

Due to reason of financial insufficient, all the populations were not included in the study, which can affect the accuracy of the information. The researcher overcomes by applying different sampling technique, which can represent the rest populations. The study was faced lack of experience of the researcher, limitation in organized secondary data or the previous research in the study area. Probabilities of the minimum responses not returned, however, conducting mangers was difficult due to meeting.



# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2.1 Theoretical Concepts of Procurement**

Public Procurement is one of the major activities of public organization that mainly aimed to ensure timely delivery of goods, services or works to the customer at the right time, price, quality, quantity and place in order to deliver best value for money. Procurement processes are an identified set of accepted procurement activities that must be implemented consistently and appropriately to ensure that best value is achieved in the procurement of goods, services and works (Procurement manual 1, 2014).

According to Herel, Encyclopedia (1996:994) the Procurement definitions is “Procurement is the activity responsible for getting the right material to the right place, at the right time, in the right quantity, at the right price”.

Procurement is the responsibility of buying the kinds and quantities of materials authorized by the requisitions issued by procurement plan and other department of function requiring materials (Leenders, 1989). Procurement also sometimes be stated to as purchasing, buying, or sourcing of supplies, materials, and services through a procurement process in which are protected at the right quantity, quality, time, place, and cost price (Emmett & Sood, 2010).

Public procurement is a government function to purchase the goods and services needed to run the government and provide government services. A governmental entity can approach procurement and provision of service in two ways. It can buy the materials it needs from a vendor and then use its own personnel to provide the service; or can enter into a contract with a second party provider for the needed service. The second party might be another unit of government, a nonprofit organization, or a for profit firm that will provide both the materials and the service (Yirga, 2011).

In the public sector is critical to ensure appropriate products or services properly in procurement process and promote trust of the citizens by providing quality products or services with right price, facilitating delivery of time, at right place (Heller, 2013).

According to Dobler and Burt (1996), the purchasing functions comprise the essential activities associated with the acquisition of materials and services used in the operation of organization activities. The major types of activities are: - 1) coordination with user departments to identify purchase needs 2) discussions with sales representatives, 3) identification of potential suppliers, 4) the conduct of market studies for important materials, 5) negotiation with potential suppliers, 6) analysis of proposals 7) selection of suppliers 8) issuance of purchased orders, 9) administration of contracts and resolution of related problems and 10) maintenance of variety of purchasing records.

According to Dobler and Burt (1996), the procurement process or concept encompasses a wider range of supply activities than included in the purchasing function. And it typically includes a broadened view of the traditional buying role, with more buyer participation in related materials activities. Specific activities usually include in the process are:-1) Participation in the development of material and service requirement and their specifications, 2) conduct of materials studies and management of whole analysis activities, 3) conduct of more extensive material market studies, 4) *conduct of all purchasing activities*.

#### 4.1 Coordination with user departments to identify purchase needs

The need for a purchase typically originates in one of a firm operating departments or in its inventory control section. It is a stimulus for purchaser to initiate purchasing. The essential information which requisition should contain includes a description of the material; quantity, date required; estimated unit cost; the date; an authorized signature (Mesfin, 2007).

#### 4.2 Accurate description and desired commodity

The purchasing department verifies whether the requisition is appropriately full or not. According to Selamawit (2014) Procurements can be expected to buy exactly what the using departments or all the firms functional departments want. Since it is crucial to have an accurate description of the need of the goods, service or works which is requested by

the firms. The purchaser should question the specification if it appears that the organization might be served better through a modification (Yirga, 2011).

#### 4.3 Identification of potential suppliers

When the need has been established and precisely described, the buyer begins an investigation of the market to identify potential source of supply. The potential of the supplier can be described in the perspectives of the financial capabilities, location of the supplier from the organization, the technological factors, competency of the supplier, and uniqueness (Mwacharo, 2015). The routine items for which supplier relationship have already been developed by the purchased department which should be discussed by top management of the organization, investing may be required to select a good source on the other hand the purchase of high-value or new item may require extensive inquiry of potential suppliers to make a decision about the most needed supplier (Selamawit, 2014).

#### 4.4 The conduct of market studies for important materials,

Where market shortages exist in the commodity requested and a substitute is the only reasonable alternative. The current market conditions are different from the previous phenomena because now a day different environmental factors make the commodities and work style become differ from one supplier to another supplier. The inflation rate would affect the purchasing of goods and services in a public organization when it was not studied and implemented on a time. Since future market conditions play such a vital role, it makes sense to have a high degree of interaction between the purchasing and specifying conduct of market studies (Yirga, 2011).

#### 4.5 Negotiation with potential suppliers,

Negotiations is the stage where the purchaser organization and supplier to agree on the measures necessary to assure the success of the commodity and works. Negotiations are a process of sell and buy on both sides of the firms. During negotiations, the organizational purchasing department and the potential supplier discuss and finalize all procurement activities based an agreement (Bank, 2001). The procurer and supplier typically employ a good deal of time discussing the purchase of goods and services before the process begins. In these case negotiations the procurer can prompt the supplier's views about specifications of the unit prices, quality, delivery of time, and quantity for goods and

service, so that negotiations might be preferable to competitive suggesting. The negotiations in other ways may be cost plus contracting and negotiation is that procurers and contractors devote more time discussing on the tasks and smoothing out possible pitfalls before work begins (Tadelis and Bajari, 2006).

#### 4.6 Evaluation of bids

This stage includes the request for the procurement, and evaluation and decision of bids. Through different communication media all the potential suppliers or bidders should participate in the procurement process which can escape lack of competition and conflict of interest. Information of the advertise system in the bid official papers should include details of the product and service to be purchased, specifications, quantities, the timeframe for delivery, realistic closing dates and times, where to obtain documentation, where to submit tenders and a clear, complete and non-discriminatory description of the selection and award criteria. These cannot be altered after the closing date. Public sector institutions must have clear procedures for opening the tender box. To avoid operation of the bids received, this must be done before a public spectators and basic information disclosed and recorded in a register. They must also ensure that members of their bid evaluation committees and bid adjudication committees are familiar with and adhere to National Treasury norms and standards when evaluating and adjudicating bids. This is to ensure that there are no tendering stage violations (Tersary, 2015)

#### 4.7 Selection of suppliers:

Identifying and selecting suppliers are important responsibilities of the purchasing department. For routine items or those that have not been purchased before, a list of approved suppliers is kept. If the item has not been purchased before or there is no acceptable supplier on file, a search must be made. If the order is of small value or for standard items, a supplier can probably be found on the Internet, in a catalogue, trade journal, or directory (Tony *et al.*, 1991).

#### 4.8 Issuance of purchased orders

According to Tony *et al.*(1991) the goods are received, the receiving department inspects the goods to be sure the correct ones have been sent, are in the right quantity, and have

not been damaged in transit. Using its copy of the purchase order and the bill of lading supplied by the carrier, the receiving department then accepts the goods and writes up a receiving report noting any variance. A copy of the receiving report is then sent to the purchasing department noting any variance or discrepancy from the purchase order. If the order is considered complete, the receiving department closes out its copy of the purchase order and advises the purchasing department. If it is not, the purchase order is held open awaiting completion. If the goods have also been inspected by the quality control department, they, too, will advise the purchasing department whether the goods have been accepted or not.

#### 4.9 Administration of contracts and resolution of related problems

Contract administration protects the formal governance of the contract and any permitted changes to documentation during the life of the contract which ensures that the everyday aspects of making the contract run effectively and efficiently are taken care of (financial Union assistance of the European, 2011). According to Dobler and Burt (1996) contract administration is a sound of strength, opportunity and weakness, selection of the right source, a fair and reasonable price and aggressive management of the contract. The administration of the many service contracts can be a very challenging responsibility. The buyer needs to monitor and have a realistic degree of control over the suppliers performance crucial to success in this area is timely availability of accurate data including the contractors plan for performance and the contractors' actual progress.

#### 4.10 Maintenance of variety of purchasing records.

According to Dobler and Burt (1996) the record must document a rapid reconstruction of all significant considerations and agreements. Documentation in the procurement process started from the purchasing department with the receiving of a purchase need easements of requisition and continues with the selection of potential suppliers and their bids. Documentation of the actual negotiation must be adequate to allow someone other than the buyer to understand what was agreed to, how and why. The format for the negotiation document should contain the subject, introductory summary, particulars, procurement situation and negotiation summary.

## 5 Management of supplier quality

Suppliers for public procurement should be managed according their capabilities respective and regardless of how directed disciplines, supplier scoring/rating and as appropriate periodic auditing. Suppliers have a tremendous impact on the quality of the final component. When they provide goods, services or works their influence is so critical supplier management system for each activity to have a in place. In each quarter of the fiscal year when the purchased is occur, then the system shall include a function that tracks and reports on their supply base quality and delivery performance. Supplier shall be able to demonstrate that they manage their suppliers' issues through documented corrective actions and verification activities (Supplier Quality Assurance Manual, 2016).

## 6 Purchase of inbound transportation

An inbound transportation program reverses all this. Now the buyer owns the carrier relationship. Before the goods are ready to ship, the supplier sends the buyer the ship quantity, ship-from location, availability date, weight and other attributes. The buyer uses this "ready to ship" information to determine the routing, perform the optimization and select and tender to the carrier. The buyer then sends the routing instructions, pick-up date and carrier information back to the supplier so they can be ready to load the truck when it arrives (Sterling Commerce White Paper, 2010).

The theoretical accepts of cost price, quality, quantity, time and place in purchasing of goods or services are explained in different literatures. Such as,

**Price**-the term fair price is sometimes used to describe what should be paid for an item. A fair price is that it is the lowest price at which the item can be bought. However, there are other considerations, especially for repeat purchases where the buyer and seller want to establish a good working relationship.

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

In meeting, this objective purchasing must select items, which have sufficiently quality to fit user's requirements and specifications. The term quality as used in the field of

purchasing carries quite a different meaning than the meaning that we usually associated with this word. In common usage, it refers to the excellent features of the subject, "The right quality is the suitable of an item for a given purpose" (Nair, 1990).

**Quantity** -The right quantity is more relevant to the purchase of consumables or parts or assemblies for manufacturing than for project buying. Fulfilling these objectives will enable to provide a continuous and uninterrupted material at the minimum cost. In most organization the decision of how much to purchase is more important by the close relationship of purchases quantity and schedule use (Parson, 1982).

The larger the quantity is the lower the unit price, the higher the storage costs, the higher the risk of damage, the higher the cost of items in storage, the fewer orders that will be place and hence the lower the ordering cost.

**Time** -The delivery of the contracted item to the right place at the right time is an important procurement function. Proper buying enhances production schedules without loading warehouse with excessive inventory and also minimizes the unfavorable effects of price changes. In case of regularly used or procuring' items, right time may mean the time when the stock reaches the minimum level adhering the responsibility shared both by the purchasing unit, and the approving body.

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

**A budget** -is a basic tool in management. The accomplishment of organizational goals depends on purchased goods, service and works which are grasped through ppp.

## **2.2 Empirical Review**

This section reviews the existing empirical studies on factors affecting public procurement performanc. This chapter covers relations studies on; effect of procurement planning public procurement performance; effect of resource allocation public

procurement performance; effect of information technology public procurement performance; and effect of ethics ppp.

### **2.2.1 Procurement planning**

According to (Peter, 2014) procurement planning is the process used by public institutes to plan purchasing activity for a specific period. This is commonly accomplished during the budgeting process. According to Besheka (2008), Procurement planning is one of the primary functions of procurement with a potential to contribute to the success of public organization tasks and enhanced service delivery. It is a function that sets in motion the entire acquisition/procurement process of local governments. The first step in the procurement planning process in per annum is executed by purchasing departments are required to budget for staff, expenses, and purchases.

The ideals of planning suggest that procurement planning can be implemented in an atmosphere of complete coordination. A functions of procurement planning activities to answer the questions of what do you want to procure; when to procure it; where to procure them from; when the resources be available; the methods of procurement to be use; how timely procurement or failure will affect the user of the item(s); the procuring and disposing entity; efficient in the procurement process; and the people to be involved in the procurement (David and Rosemary, 2014)

According to (Joan, 2012)Procurement Planning requires the identification of what requirements to be obtained (which is the effect of Needs Assessment), how the organizations needs can best be met, the scope of the goods, or services required, what procurement strategies or methods to be deployed, and setting the time frames for the full procurement process. This sub part of the inquiry is concerned with developing a detailed plan for solving the needs situation and examining the depth of the need and potentially required resources. It indeed involves determining what needs to be procured, when, how and by whom. Needs Assessment is “a systematic process for determining and addressing the needs, or gaps between current conditions and desired conditions or wants. This is important in procurement; because it is an effective tool to identify appropriate solutions by clearly identifying the problem to ensure that finite resources.



### **2.2.2 Resources allocation**

According to PPRA(2007), the budget is submitted to the responsible financial organization for review and the final budget is scheduled to the Parliament for approval. The Public Financial Management Reform Programmed of Tanzania focuses on improving the financial management in the government including resource mobilization, budgeting and accounting. According to Burke and Modarresi (2000) as sighted in (Thogori and Mwangi, 2015), resource allocation occupies a leading place among the special tools of management employed to direct and control the affairs of large and multifarious organizations. A budget is a basic tool in public procurement performance. In this regard it serves as a tool future procurement process and controlling the use of scarce financial resources in the accomplishment of organizational goals. Interventions have made in Tanzania it possible for the government to eliminate budget deficit and to ensure fiscal stability resulting in higher economic growth and lower inflation. The integrated financial management system (IFMS) supported with information technology has helped to ensure that there is no commitment before budgetary approval (PPRA, 2007).

The financial and economic tasks are concentrated operational through the administrative process that comprises four major interrelated phases of work (Premchand, 2004). First an allocation system under which expenditure is controlled by release of funds is put in place. Secondly there is supervision of the acquisition of goods and services to ensure value for the money spent. Thirdly an accounting system that records organizations' transactions and provides a framework for an analysis of their implications is implemented. The final phase involves a reporting system that permits a periodic appraisal of the actual implementation of policies.

Budget implementation is public expenditure policy and therefore the manner in which public expenditure is managed will definitely effect on the implementation of the budget (Premchand, 2005). Effective Public Financial Management (PFM) systems are required to maximize the efficient use of resources, create the highest level of transparency and accountability in government finances and to ensure long-term economic success. Recent literature emphasized the importance of sound PFM systems to service delivery, poverty

reduction and the achievement of the millennium development goals (MDGs) (Pretorius & Pretorius, 2008). Various reasons such as delay in release of funds, stringent donor conditions and lengthy procurement procedures have been used to explain the variances (Glennard and Maina, 2007), in their study concluded that the gap between allocated funds and actual expenditures in the context of donor funds is largely due to a slow release of funds and poor procurement system, which causes delays in spending.

### **2.2.3 Information Technology**

According to (Barsemoi *et al.*, 2014) technology is the change or integration of means of processing a product or service from what is perceived not be a good version to a better one. It is also change of system or way of operation from inefficient or manual to automatic operations. The use of Information Systems (IS) within the purchasing activities has increased rapidly since mid to late 1990s (Simchi-Levi, *et al.*, 2003). One of the most common benefits is that the traditional activities that moved goods from seller to buyer such as transactional, facilitation and logistical activities can be performed with higher efficiency and with a better time approach (Morris, *et al.*, 2002). Further, when companies use integration through IS they can be able to act more globally since the IS shrinks the world of the market and improves the access of information. Another important benefit is that the costs involved in procurement can be lowered. Further, multiple buyers and sellers brings together by the use of integrated IS. Shevchenko (2005) also addresses the value of information sharing that becomes greater with the use of IS in the relationship. IS provides opportunities for partnership in e.g. web-based teamwork, projects preparations and collaboration of complementary businesses. Further, IS can be seen as the glue that efficiently binds organizations or departments together (Weinberg, *et al.*, 2007). A generic form of electronic relationship between two companies is electronic data information (EDI). Hill & Ferguson (1989) define EDI as the structured and computer-readable business data transfer among and inside companies, needless of rekeying between different business software applications. Historically, EDI was the means of data transfer between two parties, avoiding a large share of paperwork as well as mistakes.

Albrecht, *et al.* (2005) suggests EDI for efficient pair-wise relationships, where automatic replenishment can be used. The main advantage of this method is having standard frameworks that play the role of a basis for easy transaction of practical business data, linking two firms. EDI helps to reduce time delays, wages and employee costs, errors, safety stocks (total inventory levels), as well as uncertainties in order transfer time, processing and payment (Hill, *et al.*, 1989).

#### **2.2.4 Ethics**

According to (Wee, 2002) as sighted in (Saul, C., 2013) ethics are the moral principles or values that guide officials in all aspects of their work. Ethical behavior is important in public procurement process as it involves the expenditure of public money, and is subject to public scrutiny. Ethical behavior can also reduce the cost of managing risks associated with honesty or deceiving goods, and other improper behavior; and enhance confidence in public administration. Ethical behavior encompasses the concepts of transparency, deception and accountability. Good management of public procurement process should find areas of potential ethics obstacles, and address them ahead of time so employees distinguish what follows to duck (Eshleman. A, 2002).

Accountability is administration's obligation to show effectiveness in carrying out procurement process goals and producing the types of services that the public wants and needs (Summers, 2002). Ethical behavior supports accountability in a procurement performance and gives suppliers confidence to participate in the Government market place. Lack of accountability creates opportunities for corruption. According to (Brinkerhoff, DW., 2004) the identified three key components of accountability includes the measurement of goals and results, the justification or explanation of those results to internal or external monitors, and punishment or sanctions for non-performance or corrupt behavior.

Transparency is the ability of stakeholders to know and understand the actual means and processes by which suppliers and customers are defined, awarded and managed. It promotes fair and equal treatment of bidders. According to (OECD, 2007), transparency has been recognized as a key condition for promoting honesty and preventing corruption in public procurement. Regular observations of procurement processes can be done to

ensure correctness is being considered and achieved (Amos and Weathington, 2008). According to (IAPWG, 2006) transparency supports Good procurement planning is essential to optimize the contribution of the procurement purpose towards achieving the overall goals of the organization. According to OECD (2009), the Principles provide a policy instrument for enhancing honesty in the entire public procurement process. They take a holistic view by addressing various risks to integrity, from needs assessment, through the award stage, contract management and up to final payment. Finally enhancing transparency, accountability and honesty in public procurement performance are fully part of an efficient and effective management of public resource (OECD, 2009).

Conclusions of the empirical review that most of the effect of the public procurement process indicated by potential factors in different countries study area. According to Besheka (2008), Procurement planning is one of the primary functions of procurement with a potential to contribute to the success of public organization tasks and enhanced service delivery. According to Thogori and Mwangi (2015), resource allocation occupies a leading place among the special tools of management employed to direct and control the affairs of large and multifarious organizations. A budget is a basic tool in public procurement process. In this regard it serves as a tool future procurement process and controlling the use of scarce financial resources in the accomplishment of organizational goals. According to (Barsemoi *et al.*, 2014), technology is the change or integration of means of processing a product or service from what is perceived not be a good version to a better one. Enhancing transparency, accountability and honesty in public procurement process are fully part of an efficient and effective management of public resource (OECD, 2009).

## 2.3 Conceptual frame work

The study was attempt to build factors that affect public procurement performance in an organization. The aspects of procurement planning, resource allocation, information technology, and ethics are the independent variables while procurement performance is the dependent variable.

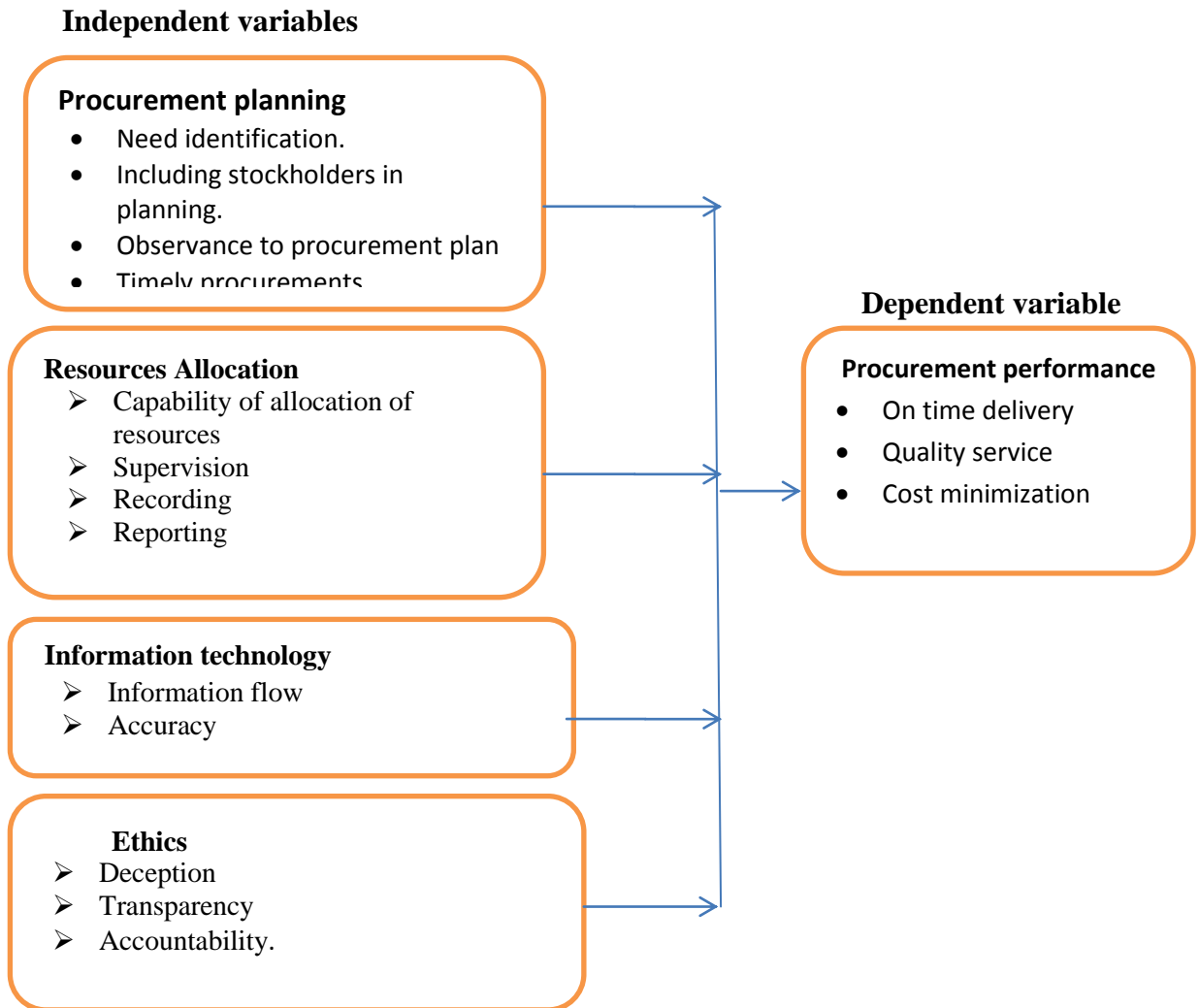


Figure 1: Self Conceptual Frame work.

# **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter presents the research methodology that was applied in this study. It comprises the area of study, the research approach, research design that includes research method, sources of the research, sample and sampling technique, data gathering instruments, its procedure and data analysis, validity and reliability, as well as, the ethical issues followed in conducting this study were included.

### **3.2 Area of the Study**

Sheka Zone is one of the 14 zones and 4 special Woredas found in Southern, Nations, Nationalities, and Peoples Regional (SNNPR) state. Geographically, the total area of the Sheka zone is 2,388 square Km and located at 7.12 - 7.89 latitude and 35.24 - 37.90 longitude BoFED (2004). Sheka Zone is now divided into 3 Woredas (Masha Woreda, Andracha Woreda, Yeki Woreda, and two town administration (Tepi town Administration, and Masha town Administration) (SZFEDD, 2008). Sheka Zone is located south west of the capital Addis Ababa about 696 km distance. Being an administrative capital of Sheka Zone provides a base for many public institutions that operate in the zone. The most of the expenditures of the Sheka Zone performed under the financial offices and zonal center. From these expenses the purchasing goods and services through the procurement had been taken to operate their organizational activities for the purpose to achieve the fiscal year goal.

### **3.3 Research Design**

The formidable problem that follows the task of defining the research problem is the preparation of the design of the research project, popularly known as the “research design”. A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research conducted; it constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2004). The study describes the existing procurement factors and the effect

procurement performance. Both descriptive and explanatory research type; and qualitative and quantitative approach were employed for the study.

### **3.3 Target population**

Sheka Zone Finance and economic development department has three (3) Woredas and two (2) town administration. So, the selected financial organizations were Andracha Woreda, Masha Woreda, Tepi town administrations and the Zonal center itself or Sheka Zone FEDD, the selected sectors from each woreda were seven in a number and the total populations for the suck of this study is 639 (PCSHR, 2016).

### **3.4 Sampling size and Sampling Technique**

Judgmental sampling technic was used to select one town administrations, two Woredas and Zonal center. The main reason to apply the judgmental sampling technique in this study was in order to minimize the population because to save a time and minimize different expenses. Additionally the functions of the selected woreda and town administration can replace the activities of non-selected woreda, since they have the same internal organizational structures in Sheka zone public organizations. The most reasons for the Judgmental sampling technique was the factors identified through the pilot survey majorly indicated beside of those organizations. Particularly those selected Woredas are Masha Woreda financial and economic development office (MWFEDO) and Andracha Woreda financial and economic development office (AWFEDO). Finally the Sheka Zone finance and economic development department was selected. The stratified sampling technique was used to select each sector from those Woredas, town administration and Zonal center. The total number of sample size of the study determined by probable sampling and the number of respondents selected from each stratum based on simple random sampling. This study used a simplified formula provided by Yamane (1967) as sighted (Glenn D.Israel, 2003) in order to determine the required sample size at 95% confidence level, degree of variability = 0.5 and with the level of precision = 5%.

$$n = \frac{N}{1+N(e^2)} = \frac{639}{1+639(0.0025)} = \frac{639}{1+1.5975} = \frac{639}{2.7} = \underline{247}$$

Where n = number of sample, N = total population, e = error tolerance.

In stratified sampling after identifying the sample size using the above equation the researcher used to allocate the estimated sample size to the strata method of proportional allocation. It was used when the size of the sample from a given strata were proportional to the size of the strata. That was in the proportional allocation, a small sample taken from a small strata and large sample taken from a large strata and the sample size in each strata was fixed by multiplying with simple random probability of 247/639 or 0.386 each populations of the strata. This is illustrated in the following table 1.

N1 = Sheka zone FEDD, N2 =Andracha woreda FED office, N3 =Masha woreda FED office, N4 = Tepi Town administration FED office.

Table 1: Sample size determination

NO.	Sector/Department	Number of respondents from FEDO									
		ZEFDD		AWFEDO		MWFEDO		TTFEDO		Total sample	
		Total	Sample size	Total	Sample size	Total	Sample size	Total	Sample size	Total	Sample size
1	Administration sector	42	16	10	4	31	12	17	7	100	39
2	Trade and industry	25	10	13	4	0	0	34	13	72	27
3	FEDO	58	22	30	12	35	13	35	14	158	61
4	Education office	25	10	17	7	14	5	12	5	68	28
5	Water and energy	24	9	11	4	13	5	8	3	56	21
6	Revenue and tax administration	26	10	18	7	14	5	30	12	88	34
7	Agriculture	39	15	28	11	30	12	0	0	97	37
8	Total populations	239	<b>92</b>	127	<b>49</b>	137	<b>52</b>	136	54	639	<b>247</b>

Source: 2016 annual report of Sheka public civil service and human resource department.

### 3.5 Data Type and Source of data

According to (Kothari, C.R, 2003) , the data collected for any research is from primary source or secondary source to conduct the study. Both closed ended questions were used in the study. The researcher gathered all the required data from sample of respondents. The researcher used data collection tools such as personal interview, and addressed



questionnaire. For the purpose of this study, primary data comprises responses obtained through addressed questionnaires and interview administrators to target respondents in the study. Generally, researcher collected the data from the published materials such as book, internet, manuals, and Journals.

### **3.6 Validity and Reliability test**

A pilot study conducted to refine the methodology and test questionnaire before administering the final phase. Questionnaires was tested on potential respondents to make the data collecting instruments objective, relevant, suitable to the problem and reliable as recommended by John Adams *et al.* (2007). Issues raised by respondents were corrected and questionnaires were refined. Besides, proper detection by an advisor was also taken to ensure validity of the instruments. Finally, the improved version of the questionnaires were printed, duplicated and dispatched.

The relevant data collected on the factors of the PPP that can better indicate the relationship between factors and the effect of ppp. Moreover, to have valid conclusion, inferential statistical model used to test the relationship between the variables. In this study each statement rated on a 5 point likert response scale which includes strongly disagree, disagree, neutral, agree and strongly agree. Based on this, an internal consistency reliability test conducted in SZFEDD with a sample of FEDO with 30 respondents and the Cronbach's alpha coefficient found as 0.808, which is highly reliable. Typically an alpha value of 0.80 or higher is taken as a good indication of reliability, although others suggest that it is acceptable if it is 0.67 or above (Cohen *et al.*, 2007). Since, instruments were developed based on research questions and objectives; it was possible to collect necessary data from respondents.

### **3.7 Method of Data Analysis**

After the collection of data the researcher desired to analysis and interprets the necessary information collected from respondents. The analysis and interpretation was based on the respondent's responses and state by simple and clear sentences to express the category and types of qualitative data whereas statistical or quantitative data was mainly expressed by using table and percentage.

In the study, the data was collected through questionnaires was coded, cleaned and computed using the Statistical Package (SPSS version 20). The quantitative data was reduced to descriptive statistics such as frequency, mean and percentages. First, multi-co linearity was tested on the independent variables to ascertain whether there is the problem of multi-co linearity. To explore possible strengths and direction of relationships of the independent variables effects of dependent variables analyzed by using multiple linear regression model.

### **3.8 Ethical issues in Research**

A researcher was guided by the principle of voluntary consent where the respondents willingly participate in research. Participation in research was voluntary and subjects are at liberty to withdraw from the study at any time without any consequences. The researcher was required to communicate this to the respondents before the start of the study. The researcher through the trained assistants ensured that all respondents fully understood all the details pertaining to the study. No respondent was forced to take part in the study but this was done voluntarily.

# CHAPTER FOUR

## DATA ANALYSIS, PRESENTATION AND INTERPRETATION

### 4.1 Introduction

This chapter reports the major findings of the study which were collected using addressed questionnaires that targeted the employees of seven sectors of Administration, Trade and industry, FED, Education, Water and energy, Revenue and Agriculture; from Zonal center, Andracha woreda, Masha woreda and Tepi Town in the Sheka zone southern nation nationalities of people region /SNNPR/ in Ethiopian Country. Data was analyzed separately for each set of questionnaires for each authority and presented in the form of frequency distribution tables, descriptive statistics and multiple linear regressions.

### 4.2 Response Rate

Table 2: Respondents work place

	Frequency of addressed	Frequency of collected	Percent of returned	Remained	Returned Percent
Valid					
Zonal center	92	88	95.65	4	4.35
Andracha woreda	49	47	95.92	2	4.08
Masha woreda	52	49	94.23	3	5.77
Tepi town	54	51	94.44	3	5.56
Total	247	235	95.14	12	4.85

In the above table 2 out of 247 questionnaires which were given out to the respondents, 235(95.1%) were filled and returned but 12(4.85%) remained. The response rate of all the questionnaires were addressed in different areas according to the sample size. Such as: - to the zonal center of the Sheka zone 92 questionnaires were addressed, 88(95.65%) were returned and 4(4.35%) were remained. To the Andracha woreda 49 questionnaires were distributed to the respondents, 47(95.92%) were filled and 2(4.08%) were not returned. To the Masha Woreda 52 questionnaires were distributed to the respondents, 49(94.23%) were filled and 3(5.77%) were not returned. Finally in Tepi town 54 questionnaires were distributed to the respondents, 51(94.44%) were filled and 3(5.56%) were not returned.

### **4.3 Demographic Characteristics of the Respondents**

These demographic characteristics of the respondents were discussed on sex, age, work position, the level of education, and work experience of respondents.

The respondent's rates of male are 79.6% of and the 20.4% are female. This indicates majority of respondents in each sector were male. The 26.8% of the respondents were aged between 20 and 29 years, 40.9 % were aged between 30 and 39 years, 23.4% were aged between 40 and 49 years and 8.9% were aged between 50 years and above. The 6.8% of the respondents were top management of the organization and 93.2% were head of the department. The 0.9% of the respondents had attained certificate and below, 11.1% a Diploma, 85.5% First degree and 2.6% masters and more. The respondents who had worked for less than 5 years were 13.6%. The respondents who had worked for 6-10 years were 40.9%. The respondents who had worked for 11-15 years and over 16 years and above were 21.7% and 23.8% respectively.

### **4.4 Analysis of independent variables**

The stakeholders were asked to indicate the agreements in extent to which those factors describe the public procurement performance in SZFEDD, on five Likert scales (1= Strongly Disagree, 2 = Disagree, 3 = neutral, 4 = Agree and 5 = Strongly Agree). Accordingly, the percentile Value of agreement on the defined scale of the respondent response rate the discussion was made to analysis the exisitance of factors on PPP. The findings were analyzed by using below with particular table and figure.

#### **4.4.1 The Assesment of Procurement planning on pp.**

According to Besheka (2008), Procurement planning is one of the primary functions of procurement with a potential to contribute to the success of public organization tasks and enhanced service delivery. The objective of this study is to assess the procurement planning on procurement performance in financial and Economic Development Department of Sheka Zone. The findings are illustrated in below table 8 and figure 5.

In the below table 3 the results of the study indicate that the statement *Properly all employees of the organization participate in procurement planning*, 12.3% of the

respondents agreed with strongly disagree, 31.5% of the respondents agreed with disagree, 9.4% of the respondent agreed with neutral, 37.0% of the respondent agreed with agree and, 9.8% of the respondent agreed with disagree. This indicates that the majority respondent represented with 37.0% believes that properly all employees of the organization participate in procurement planning.

Table 3: Agreement rate on procurement plan.

	<b>Agreement</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Stakeholders periodically identify needs to establish procurement plan.	strongly disagree	36	15.3	15.3	15.3
	Disagree	130	55.3	55.3	70.6
	Neutral	17	7.2	7.2	77.9
	Agree	29	12.3	12.3	90.2
	Strongly agree	23	9.8	9.8	100.0
	Total	235	100.0	100.0	
Properly all employees of the organization participate in procurement planning.	strongly disagree	29	12.3	12.3	12.3
	Disagree	74	31.5	31.5	43.8
	Neutral	22	9.4	9.4	53.2
	Agree	87	37.0	37.0	90.2
	Strongly agree	23	9.8	9.8	100.0
	Total	235	100.0	100.0	
The organizations communicate the procurement plan on time according to the procurement plan	strongly disagree	28	11.9	11.9	11.9
	Disagree	138	58.7	58.7	70.6
	Neutral	24	10.2	10.2	80.9
	Agree	29	12.3	12.3	93.2
	Strongly agree	16	6.8	6.8	100.0
	Total	235	100.0	100.0	
Organizations check the procured goods match with specification.	strongly disagree	27	11.5	11.5	11.5
	Disagree	107	45.5	45.5	57.0
	Neutral	25	10.6	10.6	67.7
	Agree	64	27.2	27.2	94.9

The findings from the above table 3 indicate that on the statement of the Procurement planning that stakeholders periodically identify needs to establish procurement plan

15.3% of the respondents agreed with strongly disagree, 55.3% of the respondents agreed with disagree, 7.2% of the respondent agreed with neutral, 12.3% of the respondent agreed with agree and, 9.8% of the respondent agreed with strongly agree. According to (Joan, 2012) Procurement Planning requires the identification of what requirements to be obtained (which is the effect of Needs Assessment), how the organizations need be best met, the scope of the goods, or services required. Thus the majority of the respondent at 55.3% believes that the Stakeholders periodically identify needs to establish procurement plan has a limitations on public procurement plan with a great extent.

In the above table 3 the findings of the factor procurement planning statements that *the organization communicates the procurement plan on time according to procurement plan*, 11.9% of the respondents agreed with strongly disagree, 58.7% of the respondents agreed with disagree, 10.2% of the respondent agreed with neutral, 12.3% of the respondent agreed with agree and, 6.8% of the respondent agreed with strongly agree. The inflation rate would affect the purchasing of goods and services in a public organization when it was not studied and implemented on a time. Since future market conditions play such a vital role, it makes sense to have a high degree of interaction between the purchasing and specifying conduct of market studies (Yirga, 2011). Thus the majority respondent represented with disagree of 58.7% shows that the organization communicate the procurement plan on time has a great extent gap on ppp.

The results of the statements Organizations check the procured goods match with specification of the factor procurement planning indicate as, 11.5% of the respondents agreed with strongly disagree, 45.5% of the respondents agreed with disagree, 10.6% of the respondent agreed with neutral, 27.2% of the respondent agreed with agree and, 5.1% of the respondent agreed with strongly agree. According to Tony et al(1991), the goods are received, the receiving department inspects the goods to be sure the correct ones have been sent, are in the right quantity, right price and the right quality. Thus the majority respondents agreement on agree represented with 45.5% shows that the Organizations check the procured goods match with specification has a great extent in ppp.

According to the interview conducted with planning department indicates that most of the implementation of the procurement plan on a time has a gap which makes the inflation rate become increase, the activities in user sectors was delayed.

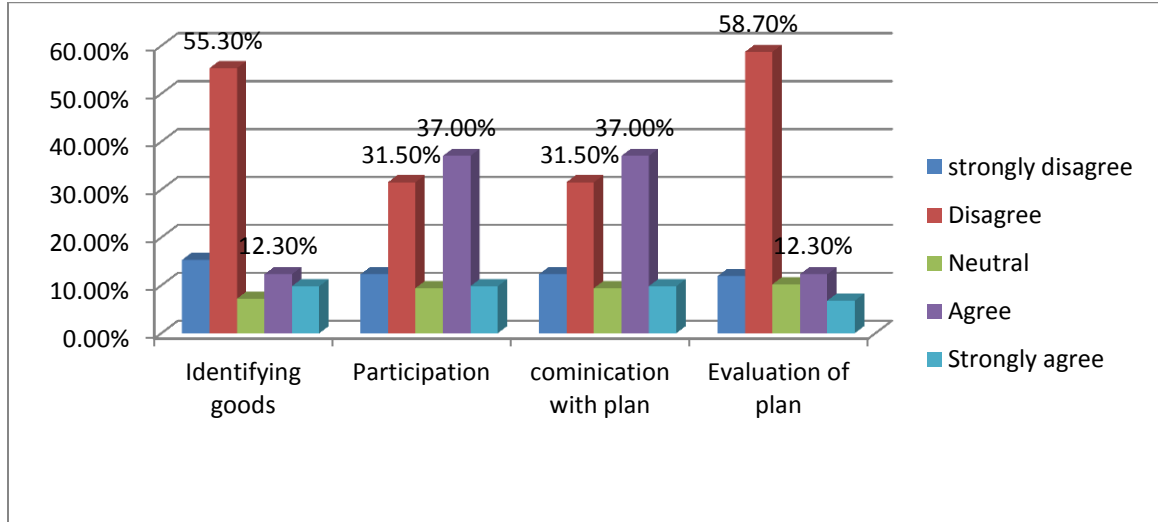


Figure 2:Procurement plan

#### 4.4.2 The assesment of resource allocation on ppp.

The assesment of resource allocation on ppp was examined using various statements relating to resource allocation.

In the below table 4, the findings on the resource allocation statement shows, the *expenditure is controlled by release of funds on a time*, 12.8% of the respondent strongly disagree with the statement, 54.0% of the respondent disagree with the statement, 11.1% of the respondent neutral with the statement, 13.2% of the respondent agree with the statement and 8.9% of the respondent strongly agree. According to (Premchand, 2004), an allocation system under which expenses is controlled by release of funds is put in place. Thus the most respondent agreement rate on disagree indicates that the most of the finance and economic develop department organizations loss their budget due to the delayed release of funds or uncontrolled release of funds on a time has agap in ppp.

In the below table 4 the results of the statement, all the purchased goods and services had supervised in each period of the resource allocation indicate as, 17.0% of the respondents answer with strongly disagree, 55.3% of the respondents agreed with disagree, 10.6% of

the respondent agreed with neutral, 10.6% of the respondent agreed with agree and, 6.4% of the respondent agreed with strongly agree. Thus the majority respondents agreement on disagree indicated with 55.3% shows that periodically unsupervised purchased goods and services has a limitation on the public procurement performance with a great extent.

Table 4: Response rate on resource allocation

Resource allocation	Agreement	Frequency	Percent	Valid Percent	Cumulative Percent
The expenditure is controlled by release of funds on a time.	strongly disagree	30	12.8	12.8	12.8
	Disagree	127	54.0	54.0	66.8
	Neutral	26	11.1	11.1	77.9
	Agree	31	13.2	13.2	91.1
	Strongly agree	21	8.9	8.9	100.0
	Total	235	100.0	100.0	
All the purchased goods and services had supervised in each period.	strongly disagree	40	17.0	17.0	17.0
	Disagree	130	55.3	55.3	72.3
	Neutral	25	10.6	10.6	83.0
	Agree	25	10.6	10.6	93.6
	Strongly agree	15	6.4	6.4	100.0
	Total	235	100.0	100.0	
An organization has accounting system that records transactions and provides a framework for procurement process.	strongly disagree	24	10.2	10.2	10.2
	Disagree	93	39.6	39.6	49.8
	Neutral	29	12.3	12.3	62.1
	Agree	78	33.2	33.2	95.3
	Strongly agree	11	4.7	4.7	100.0
	Total	235	100.0	100.0	
Organizations are competent in resource allocation	strongly disagree	24	10.2	10.2	10.2
	Disagree	93	39.6	39.6	49.8
	Neutral	29	12.3	12.3	62.1
	Agree	78	33.2	33.2	95.3
	Strongly agree	11	4.7	4.7	100.0
	Total	235	100.0	100.0	

In the above table 4 the results of the statements *an organization has accounting system that records transactions and provides a framework* for resource allocation indicate as, 10.2% of the respondents agreed with strongly disagree, 39.6% of the respondents agreed



with disagree, 12.3% of the respondents agreed with neutral, 33.2% of the respondent agreed with agree and, 4.7% of the respondent agreed with strongly agree. According to Dobler and Burt (1996) the record must document a rapid reconstruction of all significant considerations and agreements that started from the purchasing department with the receiving of a purchase need easements of requisition and continues with the selection of potential suppliers and their bids. This indicates that the majority respondent's agreement on a great extent represented with 54.5% shows that an organizations accounting system that records transactions has a gap to be a framework for procurement has a gap in public procurement performance.

According to interview conducted with budget planning department mostly indicates that there was a gap between release of funds and procurement plan time budget. There were limitations of knowledge, skill and technics of employees in observation, recording and reporting the previous resource allocation systems of procurement performance.

#### **4.4.3 The assesment of information technology on pp**

According to (Barsemoi et al., 2014) technology is the change or integration of means of processing a product or service from what is perceived not be a good version to a better one. The assess information technology on procurement performance in financial and Economic Development Department of Sheka Zone.

The findings in the below figure 3 indicate as the factor information technology statements that the organization has integrated information technology in its procurement process, 12.8% of the respondents agreed with strongly disagree, 29.4% of the respondents agreed with disagree, 8.9% of the respondent agreed with neutral, 39.1% of the respondent agreed with agree and , 9.8% of the respondent agreed with strongly agree. According to (Morris, et al., 2002), when organizations use integration through IS they can be able to act more globally, since the IS shrinks the world of the market and improves the access of information. Therefore, that the majority respondents represented with agree of 39.1% shows that the most financial and economic development organizations were integrated with information technology in their PPP.

In the below figure 3 the findings indicate that on all the employees effectively use the Information Technology in information flow for stakeholders in procurement process 9.4% of the respondents agreed with strongly disagree, 54.5% of the respondents agreed with disagree, 12.8% of the respondent agreed with neutral, 14.9% of the respondent agreed with agree and, 8.5% of the respondent agreed with strongly agree. Professionals in purchasing and supply management have faced a communication gap and technical problem (Cooper, Farank & Kemp, 2000); and this will appear in any sector. This indicates that the majority of the respondent at 54.3% of an extent which more of the employees have limitations on using the Information Technology in effective flow of information for stakeholders in public procurement performance.

In the below figure 3 indicates the statements that *Organization uses information technology to obtain right goods on a time*, 11.5% of the respondent strongly disagree with the statement, 58.3% of the respondent disagree with the statement, 14.9% of the respondent neutral with the statement, 10.2% of the respondent agree with the statement and 5.1% of the respondent strongly agree. One of the most common benefits is that the old-style activities that moved goods from seller to buyer such as transactional, facilitation and logistical activities can be performed with higher efficiency and with a better time approach (Morris, et al., 2002). The findings show that at 58.3% of the respondent agreement on a great extent indicates the most financial economic and development Organization have restriction on applying information technology to obtain right goods on a time in the public procurement performance.

The findings below figure 3, indicate that on Information Technology has enhanced smooth coordination across the suppliers and organization in public procurement performance, 16.6% of the respondents agreed with strongly disagree, 50.6% of the respondents agreed with disagree, 14.5% of the respondent agreed with neutral, 11.1% of the respondent agreed with agree and, 7.2% of the respondent agreed with strongly agree. Albrecht, et al. (2005) suggests EDI for efficient pair-wise relationships, where automatic replenishment can be used. The main advantage of this method is having standard frameworks that play the role of a basis for easy transaction of the procurement data, linking two firms. Therefore the majority of the respondent at 50.6% of agreed with

great extent which most of the financial economic and development organizations have a gap in effectively using the Information Technology in order to enhance smooth coordination across the suppliers and organization in public procurement process.

In the below figure 3 indicates the result of the statement that *the organizations use IT in procurement process to minimize miscellaneous expense* shows that 10.2% of the respondents strongly disagree with the statement, 39.6% of the respondents disagree with the statement, 12.3% of the respondent neutral with the statement, 33.2% of the respondents agree with the statement and 4.7% of the respondents strongly agree. Benefits of integration through different IS solutions are many e.g. improved business performance, increased revenues and reduced costs (Garcia-Dastugue, et al., 2003). Thus the most response rate on disagree indicates as there was miscellaneous expense in the organizations because of the gap of information technology in their ppp.

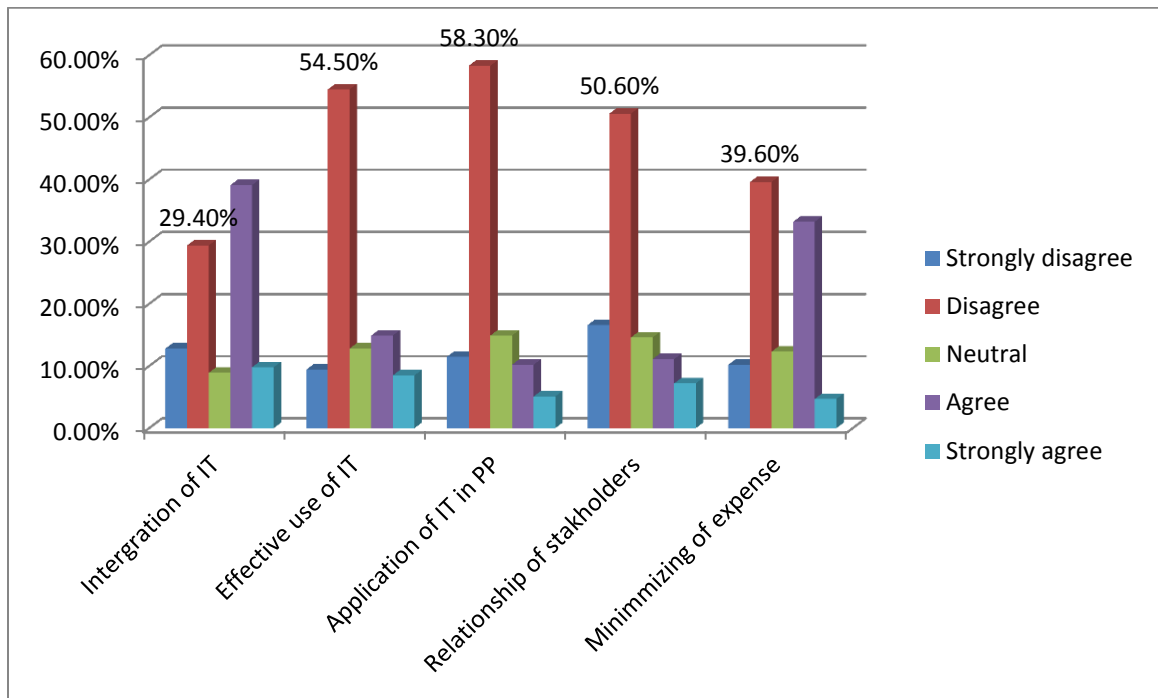


Figure 3: Information technology

According to interview conducted with information technology department indicates as there was a gap on application of information technology in in information flow for stakeholders, to obtain right goods on a time, to make smooth coordination across the suppliers and organization, and to minimize miscellaneous expense in pp.

#### **4.4.4 The assesment of ethics on procurement performance**

According to Wee (2002) ethics are the moral principles or values that guide officials in all aspects of their work. Ethical behavior of this study encompasses that the concepts of transparency, deception and accountability. The effect of ethics on procurement process in financial and Economic Development Department of Sheka Zone was determined using five statements.

In the below table 5 indicates as the findings of the factor ethics statements that *the Stakeholders in the procurement process have understood the professional ethics of honesty, accountability, and transparency*, 11.5% of the respondents agreed with strongly disagree, 53.2% of the respondents agreed with disagree, 13.6% of the respondent agreed with neutral, 13.6% of the respondent agreed with a agree and, 9.4% of the respondent agreed with strongly agree. This indicates that the majority of respondent represented with disagree of 53.2% shows that there is a knowledge gap of the professional ethics of honesty, accountability, and transparency for the Stakeholders who participated in PPP.

In the below table 5 the findings of the statement *Goods on the procurement plan purchased honestly* indicate that in procurement process, 14.0% of the respondents agreed with strongly disagree, 45.1% of the respondents agreed with disagree, 11.1% of the respondent agreed with neutral, 20.4% of the respondent agreed with agree and 9.4% of the respondent agreed with strongly agree. Supplier shall be able to demonstrate that they manage their suppliers' issues through documented corrective actions and verification activities (Supplier Quality Assurance Manual, 2016). This indicates that the majority of the respondents at 45.1% of a great extent which there was deception on purchased goods relative to its procurement plan in public procurement performance.

Table 5: Response rate on ethics

	Agreement	Frequency	Percent	Valid Percent	Cumulative Percent
Stakeholders in the procurement process have understood the professional ethics of honesty, accountability, and transparency	strongly disagree	27	11.5	11.5	11.5
	Disagree	125	53.2	53.2	64.7
	Neutral	32	13.6	13.6	78.3
	Agree	29	12.3	12.3	90.6
	Strongly agree	22	9.4	9.4	
	Total	235	100.0	100.0	
Goods on the procurement plan purchased honestly.	strongly disagree	33	14.0	14.0	14.0
	Disagree	106	45.1	45.1	59.1
	Neutral	26	11.1	11.1	70.2
	Agree	48	20.4	20.4	90.6
	Strongly agree	22	9.4	9.4	100.0
	Total	235	100.0	100.0	
The procurement processes have transparency in each activity of purchasing commodities.	strongly disagree	27	11.5	11.5	11.5
	Disagree	89	37.9	37.9	49.4
	Neutral	28	11.9	11.9	61.3
	Agree	73	31.1	31.1	92.3
	Strongly agree	18	7.7	7.7	
	Total	235	100.0	100.0	
The organization purchasing committees have distinguished the correctness of purchased with its quantity, quality and its price carefully.	strongly disagree	29	12.3	12.3	12.3
	Disagree	128	54.5	54.5	66.8
	Neutral	28	11.9	11.9	78.7
	Agree	33	14.0	14.0	92.8
	Strongly agree	17	7.2	7.2	100.0
	Total	235	100.0	100.0	

In the above table 5 the result of the statement *the procurement processes have transparency in each activity of purchasing commodities*, 11.5% of the respondent strongly disagree with the statement, 37.9% of the respondent disagree with the statement, 11.9% of the respondent neutral with the statement, 31.1% of the respondent agree with the statement and 7.7% of the respondent strongly agree. The finding show that at 37.9% of the respondent's agreement on disagree indicates there is a gap of transparency in each activity of purchasing commodities with a great extent in the ppp.

In the above table 5 indicates as the result of the statement that the organization purchasing committees have distinguished the correctness of purchased with its quantity, quality and its price carefully shows that 12.3% of the respondents strongly disagree with the statement, 54.5% of the respondents disagree with the statement, 11.9% of the respondent neutral with the statement, 14.0% of the respondents agree with the statement and 7.2% of the respondents strongly agree. Accountability is administration's obligation to show effectiveness in carrying out procurement process goals and producing the types of services that the public wants and needs (summers, 2002). Thus the most response rate on disagree indicates as purchasing committees have communication gap of the accountability on distinguishing procured commodities in ppp.

According to the ethics department the interview result indicates that there was a gap on understanding in professional ethics of accountability, transparency and honesty. And also there was a limitation of assuring the procured goods or services accountably.

#### **4.4.5 The Assessment procurement performance**

Public Procurement is one of the major activities of public organization that mainly aimed to ensure timely delivery of goods, services or works to the customer at the right time, price, quality, quantity and place in order to deliver best value for money. Since it was determined using numerous statements relating to public procurement performance required to assess how the respondents agree with the statements.

In the below table 6, the result of the statement that Organization purchased goods or services of right quantity shows that 12.8% of the respondents strongly disagree with the statement, 54.0% of the respondents disagree with the statement, 11.5% of the respondent neutral with the statement, 11.5% of the respondents agree with the statement and 10.2% of the respondents strongly agree. Thus the most response rate of 54.0%.on disagree indicates as the quantity of purchased goods were not mutch with spesifications.

In the below table 6, the result of the statement that Organization purchased right goods or services at reasonable price shows that 17.0% response rate on strongly disagree, 55.3% response rates ob disagree, 10.6% response rates on neutral, 10.6% response rates on agree and 6.4% response rates on strongly agree. Thus the majority of respondents

response rate on disagree indicates as an Organization purchased right goods or services at reasonable price has a limitations with a great extent at 56.2%. The public sector promotes trust of the citizens by providing quality products or services with right price (Heller, 2013).

Table 6: Respondent rate on procurement performance

	Agreement	Frequency	Percent	Valid Percent	Cumulative Percent
Organization purchased goods or services of right quantity.	strongly disagree	30	12.8	12.8	12.8
	Disagree	127	54.0	54.0	66.8
	Neutral	27	11.5	11.5	78.3
	Agree	27	11.5	11.5	89.8
	Strongly agree	24	10.2	10.2	100.0
	Total	235	100.0	100.0	
Organization efficiently perform its purchasing activities according to procurement plan	strongly disagree	24	10.2	10.2	10.2
	Disagree	93	39.6	39.6	49.8
	Neutral	29	12.3	12.3	62.1
	Agree	78	33.2	33.2	95.3
	Strongly agree	11	4.7	4.7	100.0
	Total	235	100.0	100.0	
Organization purchased right goods or services at reasonable price.	strongly disagree	40	17.0	17.0	17.0
	Disagree	130	55.3	55.3	72.3
	Neutral	25	10.6	10.6	83.0
	Agree	25	10.6	10.6	93.6
	Strongly agree	15	6.4	6.4	100.0
	Total	235	100.0	100.0	
The purchased goods or services delivered on a time.	strongly disagree	20	8.5	8.5	8.5
	Disagree	127	54.0	54.0	62.6
	Neutral	39	16.6	16.6	79.1
	Agree	28	11.9	11.9	91.1
	Strongly agree	21	8.9	8.9	100.0
	Total	235	100.0	100.0	

In the above table 6, the findings of the statements that the purchased goods or services delivered on a time, 8.5% of the respondents agreed with strongly disagree, 54.0% of the respondents agreed with disagree, 16.6% of the respondent agreed with neutral, 11.9% of

the respondent agreed with a little extent and, 8.9% of the respondent agreed with strongly agree. This indicates that the majority of respondent represented with disagree of 54.0%, the purchased goods or services delivery was delayed with a great extent.

The result of the statement that Organization efficiently performs its purchasing activities according to procurement plan, 10.2% of the respondents agreed with strongly disagree, 39.6% of the respondents agreed with disagree, 12.3% of the respondent agreed with neutral, 11.5% of the respondent agreed with a little extent and 33.2% of the respondents agreed with strongly agree. This indicates that the majority of respondent represented with disagree of 39.6%, the efficiency of procurement according to its procurement plan has a gap with a great extent.

According to interview conducted with user departments indicate that there was a gap in obtaining quality goods or services, cost minimization, procured goods or services with its quantity at a right price, purchased commodities on a time delivery.

#### **4.5 Comparison of Factors**

Even though, all the ethics, information technology, resource allocation and procurement plan have a contribution on the public procurement performance, this does not necessarily mean that all factors have equal contribution. The following table 14 clearly compares the overall gap of all key factors discussed in detail above.

In the below Figure 4, above the findings indicate as the factors percentile rate of the agreement is mostly less on resource allocation and ethics with extent response of disagree. Thus ethics and staff competency factors have the contributions to the public procurement process followed by procurement plan, information technology, and resource allocation factors. In another words, the result shows that ethics and resource allocation factors are the two major factors that have contributions on the PPP.



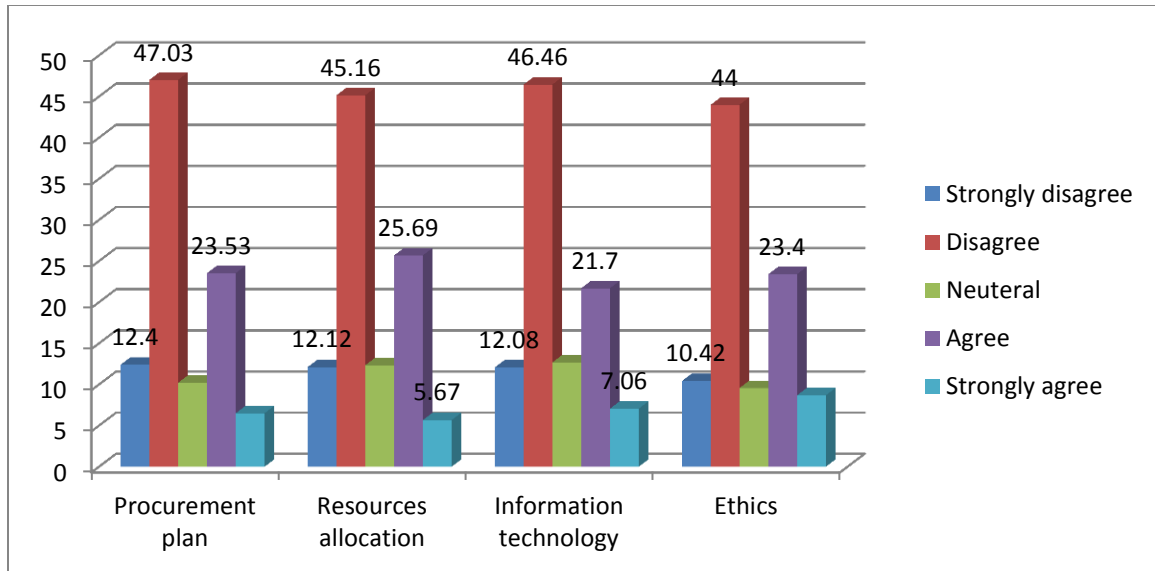


Figure 4: The comparison of factors

#### 4.6 Results of Inferential Statistics

For the purpose of evaluating the objectives of the study, Pearson’s Product Moment Correlation Coefficient and regression analyses were performed. With the aid of these statistical techniques, conclusions are drawn with regard to the sample and decisions are made with respect to the research hypothesis.

##### 4.7.1 Pearson's Product Moment Correlation Coefficient

In this study Pearson’s Product Moment Correlation Coefficient was used to determine whether there is significant relationship between Procurement plan, Resource allocation, Information technology, ethics and the dependent variable with public procurement performance. The following section presents the results of Pearson’s Correlation on the relationship between independent variables and dependent variable. The table below indicates that the correlation coefficients for the relationships between procurement performance and its independent variables are linear and positive substantial correlation coefficients.

Table 7: The relationship between independent variables and pp.

		Procurement process(Y)
Procurement process Y	Pearson Correlation Sig. (2-tailed) N	1  235
Procurement plan(X1)	Pearson Correlation Sig. (2-tailed) N	.772** .000 235
Resource allocation(X2)	Pearson Correlation Sig. (2-tailed) N	.739** .000 235
Information technology(X3)	Pearson Correlation Sig. (2-tailed) N	.602** .000 235
Ethics(X4)	Pearson Correlation Sig. (2-tailed) N	.677** .000 235

As it is clearly indicated in the above table 7, a Substantial positive relationship was found between procurement plan and procurement performance ( $r = .772$ ,  $p < .01$ ); resource allocation and procurement performance ( $r = .739$ ,  $p < 0.01$ ); IT and procurement performance ( $r = .602$ ,  $p < .01$ ); ethics and procurement performance ( $r = .677$ ,  $p < .01$ ), which are statistically significant at 99% confidence level. This implies that at a 1% level of significance it was discovered that the procurement plan and resource allocation plays a significant role in determining the effect of public procurement performance in SZFEDD.

#### 4.7.2 Correlation in independent variables

In the below table 8 shows that there was a Substantial positive correlation between Procurement plan and resource allocation with  $r = 0.768$ ,  $p$  (two tailed)  $< .01$  level. There was a positive moderate correlation between procurement plan and information technology with approximated  $r = 0.572$ ; ethics with  $r = 0.540$ ,  $p$  (two tailed)  $< .01$ . Procurement plan was significantly correlated ethics,  $r = 0.673$ ,  $p$  (two tailed)  $< .01$  level. Resource allocation has a fair or a moderate correlation with information technology with  $r = 0.455$  and ethics with  $r = 0.420$ ,  $p$  (two tailed)  $< .01$  level. Finally there was a fair or a

moderate positive correlation between information technology and ethics with  $r = 0.427$ ,  $p$  (two tailed)  $< .01$ .

Table 8: Correlation analysis

		Y	X1	X2	X3	X4
Y	Pearson Correlation	1	.772**	.739**	.602**	.677**
	Sig. (2-tailed)		.000	.000	.000	.000
	N		235	235	235	235
X1	Pearson Correlation		1	.768**	.572**	.541**
	Sig. (2-tailed)			.000	.000	.000
	N			235	235	235
X2	Pearson Correlation			1	.455**	.420**
	Sig. (2-tailed)				.000	.000
	N				235	235
X3	Pearson Correlation				1	.427**
	Sig. (2-tailed)					.000
	N					235
X4	Pearson Correlation					1
	Sig. (2-tailed)					
	N					

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### 4.7.3 Multicollinearity, linearity and normality test

The table in annex shows that tolerance value is greater than 0.1 and the VIF value is less than 10. Therefore there was Multi-collinearity between the staff competency, procurement planning, resource allocation, information technology and ethics were dependent from each other.

Residuals are the differences between the observed and predicted responses. The residual scatterplots allow as to check: *Normality*: the residuals were normally distributed about the predicted responses; According to (Douglas A.,*et.al.*, 2006) the empirical rule for asymmetrical, bell-shaped frequency distribution approximately 68% of the observations will lie within  $\pm 1$  standard deviation of the mean; about 95% of the observation will lie within  $\pm 2$  standard deviation of the mean; and mainly all 99.7% will lie between  $\pm 3$  standard deviations of the mean. Since in the figure 11 Regression standardize residuals

indicate that the bell shape curve represents as 95% of the observation lies between +2 with standard deviation and with zero deviation of mean from the mean.

According to Field, A.(2005) the regression analysis to establish significance of the relation should be accepted. Thus study further recognized out regression analysis to establish the significance of the relationship between independent variable (procurement planning, resource allocation, information technology and ethics) and dependent variable public procurement performance. As presented in below Figure 12, all the plots are in the first quadrante and the line of best of fit indicates an estimate line that is increasingly positively upwards. This therefore shows that there is a positive linear relationship between independent variables and procurement performance.

#### **4.8 Results of multiple linear Regressions model analysis**

For the purposes of determining the extent to which the descriptive variables explain the change in the explained variable, regression analysis was waged to determine the effects of the independent variable on dependent variable.

##### **4.8.1 Regression model**

A regression analysis of the model was done with independent variables being Procurement plan(X1), Resource allocation (X2), Information technology (X3) and Ethics (X4) while the dependent variable (Y) was implementation of public procurement performance in Sheka zone finance and economic development department.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.873 <sup>a</sup>	.762	.757	.33573

In the above table 9 indicates that the value of correlation coefficient between the predictors (Procurement plan, Resource allocation, Information technology and Ethics) and the dependent variable (public procurement performance) is 0.873. The table 9 above, R Square 76.2% indicates that the total variability in the public procurement performance in the Sheka Zone finance and economic development department is

explained by Procurement plan, Resource allocation, IT and Ethics. This indicates that 23.8% of the variation in purchasing activities accounted for other factors. The adjusted *R* square 75.70% gives us some idea of how well our model generalizes. The difference of the *R*-square and adjusted *R*-square (0.762 - 0.757) is 0.005 (about 0.5%). This reduction means that if the model were derived from the population rather than a sample, it would account for approximately 0.5% less variance in the outcome.

Table 10: ANOVA analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82.823	4	20.706	183.698	.000 <sup>b</sup>
	Residual	25.925	230	.113		
	Total	108.748	234			

a. Dependent Variable: public procurement performance

b. Predictors: (Constant), Ethics, Resource allocation, procurement plan and IT.

In the above ANOVA table 10 shows that the computed *F*-statistic is 183.69, with an observed significance level of less than .01. Hence, the hypothesis that the linear relationship between the predictor variables (Ethics, Resource allocation, procurement plan, information technology) and dependent variable (public procurement performance) is not excluded. Thus the model is statistically significance in predicting how Procurement plan, Resource allocation, IT and Ethics affect the public procurement performance.

## 4.8.2 Coefficient determination

Table 11: Coefficients of determination

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.353	.122		-2.891	.004
Procurement plan	.226	.057	.226	3.962	.000
Resource allocation	.328	.048	.346	6.891	.000
Information technology	.209	.049	.172	4.312	.000
Ethics	.365	.042	.336	8.643	.000

In the above table 11 shows as the estimates of the multiple regressions of public procurement performance against its variables for the sample of SZFEDD zonal center, AWFEDO, MWFEDO and TTFEDO. The hypothesis which states that the Ethics, Resource allocation, procurement plan, and information technology aimed at SZFEDD is significantly affect the public procurement performance is tested at a 1% level of significance, it was discovered that the factors aimed at SZFEDD has significant effect in determining public procurement performance. In the above table 19, the relationship between the four factors and public procurement performance can be comprehended as:

$$Y = - 0.353 + 0.226X_1 + 0.328X_2 + 0.209X_3 + 0.365X_4$$

Where Y = Dependent Variable public procurement performance.

X<sub>1</sub> = Procurement plan ,

X<sub>2</sub> = Resource allocation ,

X<sub>3</sub> = Information technology

X<sub>4</sub> = Ethics.

According to the regression equation established above, taking all factors (Procurement plan, Resource allocation, Information technology, and ethics) into constant at zero, the public procurement performance in SFEDD will be - 0.353. The datafindings analyzed also showed that taking all other independent variables at zero, a unit change a unit change in procurement plan will lead to a 0. 226 change in public procurement performance in SFEDD; a unit change in resource allocation will lead to a 0.328 change in public procurement performance in SZFEDD; a unit change in information technology will lead to a .209 change in public procurement performance in SFEDD and a unit change in ethics will lead to a 0.365 change in public procurement performance in SFEDD, thus the most significant factor are ethics and resource allocations significantly affect the procurement performance in SFEDD.

# **CHAPTER FIVE**

## **CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

In this chapter the conclusions and recommendations are discussed. For clarity purpose, the conclusions are based on the research objectives of the study. Based on the findings of the study recommendations are made to public financial organizations, to employees and customers served through the FEDD and recommendations for other researchers.

### **5.2 Conclusions**

This investigation was conducted in Sheka Zone Finance and economic development department with the major determined of the factors affecting the public procurement performance in Zonal center, MWFEDO, AWFEDO and TTFEDO. Specifically, the study attempted to determine the effect of procurement planning, to examine the effect of Resource allocation, to assess the effect of information communication technology and to determine the effect of ethics on procurement process FEDD. Based on the objectives and findings of this study, different factors were identified as responsible for determining the Public procurement performance in SZFEDD. To give conclusion for these factors, the study was determined with the highest and lowest percentage value of response rate of strongly agrees, agree, neutral, disagree and disagree. Also, the researcher focused on multiple linear regressions to identify the major factors affecting the public procurement performance in SZFEDD.

As the findings of contributors profile indicates, female's participation in addressed questions response is 20.4 percent compared with males. The age of participants mostly fall between 30 and 39 years demonstrating 40.9 percent. Most of respondent's educational qualification is in first degree level indicating 85.5 percent. Most participants work position indicates that was lower management level and department head demonstrating 93.2 percent. Respondents experience year indicate that most of them have 6-10 years of experiences demonstrating 40.9 percent.

Procurement planning from the findings indicates that identification of needs made by Stakeholders or customers has a gap on procurement plan with 55.3%, the majority

respondent represented with disagree of 58.7% shows that there is communication gap between an organization and the procurement plan on time, the Organizations check the procured goods match with specification has a limitation with 45.5%, the procurement plan have transparency gap for all stakeholders with 41.3%, the top managers of the organizations has a limitation on monitoring the procurement plan with 37.9% of agreement on disagree. Therefore, the highest gap of the procurement plan is the communication of procurement plan on a time with agreement rate of 58.7% disagreement. But there is a participation of employees in procurement planning with response rate 37.0% agreement on a great extent. There is a positive relationship between procurement planning and the pp. From the findings of multiple linear regressions, a unit variation in procurement plan will lead to a 0.226 variation in the public pp. Finally, Procurement planning is significantly affects the public procurement performance.

The findings on the resource allocation shows that, the most respondent agreement rate on disagree that losing budget due to the delayed release of funds or uncontrolled release of funds on a time with 54.0%, there was a gap on periodical supervision on purchased goods and services with 55.3%, an organizations accounting system that records transactions has a gap to be a framework for procurement with 54.5%, an organizations reporting system has a limitation in order to permit an implementations with 56.2%, the employees have the skill or knowledge gap in order to be a competent in resource allocation with 39.6% and there was a gap of application of information technology on resource allocation with 38.3%, thus the effect of resource allocation was determined with highest response rate 56.2% that an organizations reporting system has a limitation in order to permit an implementations and the gap of application of information technology on resource allocation with 38.3% agreement of disagree that affects public procurement process in SZFEDD. From this study, there is a significant relationship between resource allocation and the procurement performance. From the linear regression model above, a unit change in resource allocation will lead to a 0.328 change in the public procurement performance.

The result indicate that IT was analyzed with the most respondent agreement rate on disagree that the employees have limitations on using the IT in effective flow of



information for stakeholders with 54.5%, FEDO have restriction on applying IT to obtain right goods on a time with 58.3%, there was a gap in effective use the IT in order to enhance smooth coordination across the suppliers and organization with 50.6%, there was miscellaneous expense incurred due to the gap of IT with 39.6% agreement on disagree. In addition to this there was a little extent effect of integration of IT in FEDO represented with agrees of 39.1% in public procurement process of SZFEDD. This study was explained according to Morris, *et al.*, (2002) that one of the most common benefits of IT is the traditional activities moved goods from seller to buyer such as transactional, facilitation and logistical activities can be performed with higher efficiency and with a better time approach. From the regression model, there is a significant relationship between information communication and the ppp. From the results, a unit change in information communication will lead to a 0.209 change in the ppp.

Finally the findings on the ethics indicates that there was a knowledge gap of the professional ethics of honesty, accountability, and transparency for the Stakeholders with 53.2%, there was deception on purchased goods with 45.1% and there was a gap of transparency with 37.9%, purchasing committees have knowledge gap of the on distinguishing procured commodities with its quantity, quality and its price carefully with 54.5% response rate in SZFEDD public procurement performance. From the coefficient determination above, there is a significant relationship between ethics and the public procurement performance. From the findings of this study, a unit variation in ethics will lead to a 0.365 variations in the public procurement performance.

### **5.3 Recommendations**

The major factors identified in the public procurement performance are suggested for employees, customers and ED organizations in the public procurement in SZFEDD.

In the Procurement planning customers identify their needs and continue their participation in the procurement planning in order to facilitate procurement performance. The organizations communicate the procurement plan on time, check the procured goods match with specification, be transparent with all stakeholders and the top managers improve monitoring the procurement plan in order to obtain the right goods with right quality, right quantity at reasonable price on a time.

The organizations improve the budget release of funds on a time, periodical supervise on purchased goods and services, accounting system that records transactions being framework, reporting system to permit an implementations and applications of information technology on resource allocation.

The organizations admit the integration of IT in ppp and improve the application of IT in information flow for stakeholders, enhance usage rate of IT to make smooth coordination across the suppliers and minimize miscellaneous expense through IT in order to make effective procurement process in SZFEDD.

Finally the employees should improve understanding on the professional ethics of honesty, accountability, and transparency, purchasing committees should improve accountability on distinguishing of procured commodities with its quantity, quality and its price and stakeholders including supplier should improve deception of purchased goods in order to satisfy their customer in ppp in SZFEDD.

#### **5.4 Suggestions**

Thus remaining 22.5% of the variation in purchasing process accounted for other factors should be studied by other researchers. As the comment of the respondents from the interview the lengthy of public procurement process and contract management mainly should include in the further study.

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## **Annex I**

### **Questions were conducted**

I conducted Interview Questions to Collect Data on the SZFEDD the Public Procurement process My name is Samuel Ameya, candidate for Masters in business administration. I am doing a research entitled factors affecting public procurement performance in Sheka zone finance and economic development department. I designed few questions about the activities of the SZFEDD public procurement performance. These questions meant for respondents background information. I therefore kindly appreciate for your time and I hope your frank and straight forward responses for the following questions.

#### **Section 1:- Background information**

Please put a tick (x) mark corresponding to your response

1. Gender :- Female  Male
2. Age:- 20 – 29 , 30 – 39 , 40 – 49 , 50 & above
3. Work Position:- Top Management Level , Lower Management Level
4. Education level :- Certificate or less  Diploma  First Degree  Masters & more
5. Working Experience:-Less than 5  years 6-10 Years 11-15years 16 years and above

## **Annex II**

### **Interview questions**

#### **Section 1:-These questions meant procurement planning detriments on ppp.**

1. Do organizations have annual procurement Plan?
2. Do employees have identified needs on time to develop procurement plan? If no why?
3. How do employees participate in procurement planning?
4. Do organizations have observed procurement plan implementation on a time? If yes are its advantages for the organization.
5. What is the effect of delayed procurement plan on the organization?

**Section 2:- These questions meant for resource allocation on ppp.**

- 1 Do all your purchasing departments' have adequate knowledge, skill and techniques to allocate the resources? If no why?
- 2 How organizations employees have controlled releasing of funds in procurement performance?
- 3 How the employees supervise to ensure the acquisition of goods or services?
- 4 Do you believe employees' record purchased goods or services? If yes what is reason?
- 5 Do organizations use reported document for the implementation of the procurement performance?
- 6 Do you have any opinion about resource allocation? You can explain any way.....

**Section 3: - These questions meant for IT on PPP.**

- 1 Is organization integrated with information technology in its procurement performance?
- 2 Do employees effectively use the Information Technology in information flow for stakeholders in procurement performance?
- 3 Does Organization use information technology to obtain right goods on a time?
- 4 Does information Technology application make smooth coordination across the suppliers and organization?
- 5 Does the organization use IT in procurement process to minimize miscellaneous expense?

**Section 4:- These questions meant for ethics on procurement performance.**

1. Do all your organizations purchasing department have professional ethics issue. If yes or no explain it.
2. Have organizations obtain the expected goods from the suppliers? If no what is the reason?
3. How does the purchasing department have procured goods or services transparently?
4. Do you believe that all the purchasing departments are accountable for their procurement activities? If yes or no explain it.



5. How do employees assure the procured goods or services?
6. Do you have any opinion about the effect of ethics? You can explain any way.....

**Section 6:- These questions meant for procurement process.**

1. How does an organization efficiently obtain quality goods or services?
2. What are the organizations main reasons for success or failure of procurement process?
3. How does organizations effectively use procurement plan to minimize inflation rate?
4. Do you believe the organizations procured goods or services with its quantity at a right price? If no explain it.
5. Do you obtain purchased commodities on a time? If yes or no explain it.
6. Do you have any opinion about the procurement process? You can explain any way.....

**Annex III  
Self-administered questions**

Dear respondent please! Put your choice by circling 1 for Strongly disagree, 2 for disagree, 3 for neutral, 4 for Agree, 5 for strongly agree.

**Section 1:- The questions of procurement planning was addressed by respondent**

No		strongly agree	Agree	Neutral	disagree	Strongly disagree
<b>2</b>	<b>The questions of procurement planning</b>	<b>(5)</b>	<b>(4)</b>	<b>(3)</b>	<b>(2)</b>	<b>(1)</b>
2.1	Stakeholders periodically identify needs to establish procurement plan.					
2.2	Properly all employees of the organization participate in procurement planning.					
2.3	The organization Performs procurement on time according to procurement plan.					
2.4	Organizations check the procured goods match with specification.					
2.5	The procurement plan has transparency for all stakeholders.					
2.6	Top managers of the organizations monitor the procurement plan.					

**Section 2:- The questions of resource allocation was addressed by respondent**

No.		strongly agree	Agree	Neutral	disagree	Strongly disagree
<b>3</b>	<b>The questions of resource allocation</b>	<b>(5)</b>	<b>(4)</b>	<b>(3)</b>	<b>(2)</b>	<b>(1)</b>
3.1	The expenditure is controlled by release of funds.					
3.2	All the purchased goods and services had supervised in each period.					
3.3	An organizations has accounting system that records' transactions and provides a framework for procurement process					
3.4	An organizations reporting a system always permits the periodic implementations of the procurement system.					
3.5	Organizations are competent in resource allocation					
3.6	All resource allocation systems are supported by information technology					

**Section 3:- The questions of information were addressed by respondent.**

No.		strongly agree	Agree	Neutral	disagree	Strongly disagree
<b>4</b>	<b>The questions of information</b>	<b>(5)</b>	<b>(4)</b>	<b>(3)</b>	<b>(2)</b>	<b>(1)</b>
4.1	The organization has integrated information technology in its procurement process					
4.2	All the employees effectively use the Information Technology in information flow for stakeholders in procurement process.					
4.3	Organization uses information technology to obtain right goods on a time.					
4.4	Information Technology has enhanced smooth coordination across the suppliers and organization.					
4.5	The organizations use IT in procurement process to minimize miscellaneous expense					

**Section 4:- The questions of ethics were addressed by respondent.**

No.		Strongly disagree	disagree	Neutral	Agree	strongly agree
5	<b>The questions of ethics</b>	(1)	(2)	(3)	(4)	(5)
5.1	All the stakeholders in the procurement process have understood the professional ethics of honesty, accountability, and transparency.					
5.2	All the goods on the procurement plan purchased honesty.					
5.3	The procurement processes have full transparency in each activity of purchasing commodities.					
5.4	The employees are competently accountable in procurement process.					
5.5	The organization purchasing committees have distinguished the correctness of purchased with its quantity, quality and its price carefully.					

**Section 5:- The questions of ppp was addressed by respondent**

No.		Strongly disagree	disagree	Neutral	Agree	strongly agree
6	<b>The questions of Procurement process</b>	(1)	(2)	(3)	(4)	(5)
6.1	Organizations purchased goods or services are expected right quantity.					
6.3	The purchased goods or services are from right source.					
6.4	Organization purchased right goods or services at right price.					
6.5	The purchased goods or services organizations are delivered on a time.					

## Attachment

Table: Collinearity diagnoses

		Tolerance	VIF
1	(Constant)		
	Staff competency	.238	4.203
	Procurement plan	.281	3.561
	Resource allocation	.297	3.371
	Information technology	.633	1.579
	Ethics	.656	1.524

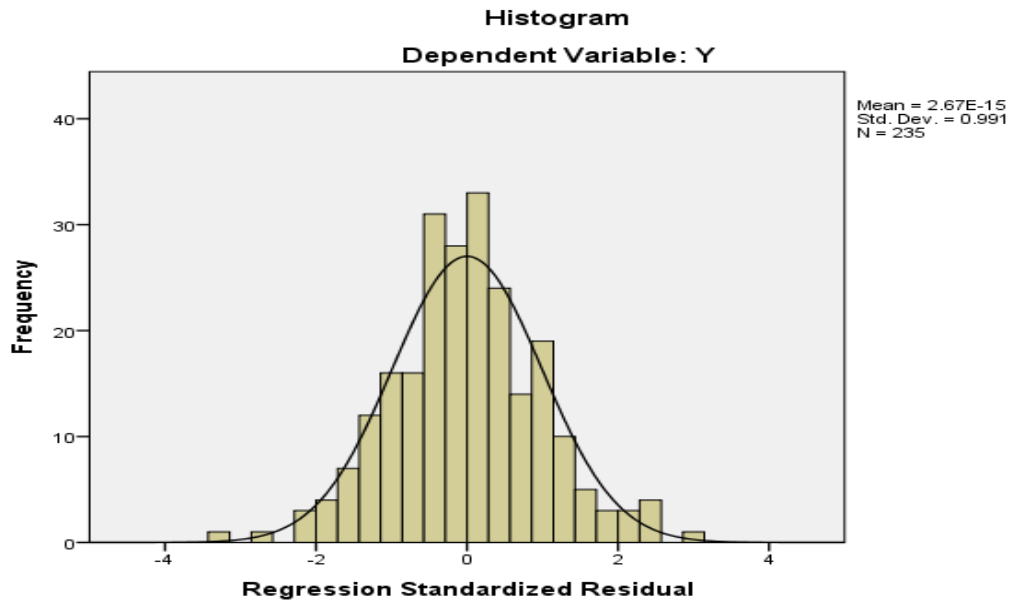


Figure: Regression standardize residuals

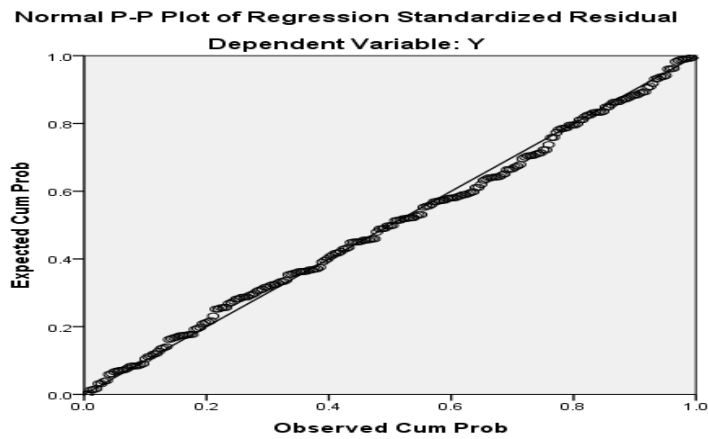


Figure: Regression Model on independent variable Vs procurement performance.