

***Factors Affecting Perception of Procurement Works towards
Procurement of Public Organization: The Case of Oromia Special
Zone Surrounding Fin-Finne Bureau of Finance and Economic
Development
Addis Ababa***

*A thesis Submitted to the School of Graduate studies of Jimma University in
Partial Fulfillment of the Requirements for the Award of the Degree of Master of
Arts in Project Management and Finance*

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**JUNE, 2020
Addis Ababa, Ethiopia**

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TOWARDS PROCUREMENT OF PUBLIC ORGANIZATION: THE CASE OF
OROMIA SPECIAL ZONE SURROUNDING FIN-FINNE BUREAU OF FINANCE
AND ECONOMIC DEVELOPMENT ADDIS ABABA*

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DECLARATION

I, Mekonnen Kuma Chali, declare that this thesis is my original work and prepared on under the guidance of Kenenisa Lemi (Ph.D, Associate Professor) & Mr. Beyene Yosef (MA). All sources of materials used for this thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or full to any other higher learning institutions for the purpose of earning any degree.

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CERTIFICATE

We certify that the Research Report entitled “Factors Affecting Perception of Procurement Works towards Procurement of Public sectors. The Case of Oromia Special Zone Surrounding Fin-Fine Bureau of Finance and economic development’ was done by Mr. Mekonnen Kuma for the partial fulfilment of Master’s Degree under our Supervision.

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ACRONYMS

BoFEC: - Bureau of Oromia Finance and Economic Cooperation

CIPS: - Chartered Institute of Purchasing and Supply

BFED: -Bureau of Finance and Economic Development

GDP: - Growth Domestic Product

GNP: - Growth National Product

UIT: - Utilization of Information Technology

KPIs: - Key Performance Indicators

MoFED: - Ministry of Finance and Economic Development

OECD: - Organization for European Cooperation and Development

OSZSFFEC: - Oromia Special Zone Surrounding Finfinne Finance and Economic Cooperation

PBC: - Performance Based Contracts

SBDs: - Standard Bidding Documents

SPSS: - Statistical Package for Social Science

UNCITRAL: - United Nations Commission on International Trade Law

VfM: - Value for Money

WTO: - World Trade Organization

ABSTRACT

This study analyzed the factors affecting Perception of Procurement Works towards Procurement of a public sector considering Oromia Special Zone Surrounding Finfinnee Bureau of Finance and Economic Development (OSZSFBFED). The research purpose was to establish how procurement planning, procurement procedures, utilization of ICT and staff competency (independent variables) affect Perception of Procurement Works towards Procurement (dependent variable) of the BFED. The hypothesis of the study was the procurement factors (independent variables) affect the Perception of Procurement Works towards Procurement (dependent variable) of BFED. The literature review introduced theoretical literature, conceptual framework and empirical literature. The researcher used descriptive and explanatory research design. The researcher distributed 92 questionnaires and 46(50%) were filled and returned but because of the widespread effect of Corona virus (COVID-19), the rest questionnaires were unable to be collected. The study employed both quantitative and qualitative data analysis and analyzed by use of Statistical Package of Social Sciences (SPSS) to generate information, which was presented using tables, charts, frequencies and percentages. Moreover, the researcher used both Pearson correlation and multiple regressions analysis to determine relationship between and among the variables. The study recommended that public entities should embrace procurement planning, procurement procedures, staff competency, and utilization of ICT so as to improve Perception of Procurement Works towards Procurement.

Key words: Procurement planning, procurement procedure, staff competency, and utilization of ICT and Perception of procurement.

CHAPTER ONE

1. INTRODUCTION

This chapter presents an overview of the study. It outlines key issues while introducing the kind of the problem that a study is going to undertake. It provides clarifications on the background of the study, statement of the problem, objectives and research questions, as well as significance of the study.

1.1. Background of the Study

Public procurement, or the purchase of goods, works or services by public institutions, accounts for more than 30 percent of GDP in developing countries and 10 percent to 15 percent in developed countries, according to the International Trade Centre. It also accounts for a large percentage of government expenditures, in some countries covering more than half of government spending. Its economic significance is evident. The processes involved in procurement can reveal more about its significance as a means of economic empowerment and an agent for development (Doyeun, 2016).

According to Journal of Governance and Regulation (2014), Public procurement is central to government service delivery as it often involves large sums of money. The Organization for European Co-operation and Development (OECD) has estimated that public procurement can account for up to 5% of gross domestic product in developing countries and averages about 20% of public expenditure. According to Calendar and Mathews (2000) public procurement officials around the globe control spending that is equivalent to 10% to 30% of GNP in any given year.

World Bank (2011) stated that procurement has a major impact on Development as, resources are mostly used to procure goods, works or services critical to the achievement of a project development objective, Public procurement represents 10 to 20% of the GDP of a country and opportunities for fraud & corruption affect the achievement of the project development objectives.

Procurement starts with the assessment of needs and identification of projects. Once the planning and budgeting is done, the tendering phase opens opportunities for companies and individuals to submit bids to supply the needed goods, works or services. Bids are evaluated, and contracts are awarded. Contracts must then be executed and payments are made (Doyeun, 2016).

Public procurement is the use of public funds by a procuring entity to acquire goods, services

and works (World Bank, 1995). According to Makori (2011) due to the multiplicity of functions they have to achieve, public procurement systems are inherently complex and dynamic.

Procurement faces several challenges especially due to the legal framework, market structure and the political environment that procurers face, thus achieving efficacy in public procurement is an ambitious task (Thai, 2004). In developing countries, public procurement is increasingly recognized as essential in service delivery (Basheka and Bisangabasaija, 2010), and it accounts for a high proportion of total expenditure. There is therefore the need for accountability and transparency due to the large amount of money involved in government procurement and also due to the fact that such money comes from the general public (Hui et al., 2011). To promote effective supply chain management a set of activities need to be undertaken known as procurement practices. (Sollish & Semanik, 2012).

According to public procurement and asset disposal Act (2015) procurement is the acquisition by purchase, rental, lease, hire purchase, license, tenancy, franchise, or by any other contractual means of any type of works, assets, services or goods including livestock or any combination and includes advisory, planning and processing in the supply chain system.

The procurement function has not been given the recognition it deserves in developing countries in most public entities, regardless of the effort by the partners like the World Bank, the International Trade Organization, the United Nations Conference on Trade and Development, the World Trade Organization and, others. This could be deliberate or sheer ignorance on the value the procurement function could contribute to any organization (Telgen, Zomer, & de Boer, 1997). While functions like Human Resource (HR) and Finance can have their performance measured, this is not the case with the procurement function. The failure to establish performance of the procurement function has led to irregular and biased decisions that have costly consequences to every entity.

The need to have coherent methods of performance of the procurement function in public entities, particularly in developing countries, has never been as sound as it is now. Delaying will worsen the already deteriorating performance, loss of professionals, and organizations will continue incurring unnecessary costs (DCD/DAC, 2003). However, it is

important that appropriate performances are implemented. It should not be any performance. The issue of basing on financial performance and neglecting or ignoring non-financial performance is not helping the procurement function because only partial performance is considered (Lardenoije, Van Raaij, & Van Weele, 2005). Effective and efficient procurement systems and collaborative relationships are essential to the achievement of organizational goals, cost reduction and supply chain performance. These will be achieved by identifying key saving potential areas and driving innovative sourcing models, which can enable operators to reinvent their cost structures. According to Thai (2005), every organization that purchases goods or services must have effective standard procurement procedures, the methods they use to acquire those things required for an organization to provide goods/services to its clients. It is therefore important that, procurement systems should be transparent and high performing in order to guarantee cost-effective delivery of goods and services.

According to Bahta (2013) (as cited in Luana, 2019), public procurement is regulated at the federal level in Ethiopia by the Federal Government Procurement and Property Administration Proclamation (n. 649/2009) and the 2010 Federal Public Procurement Directive.

The established Perception of Procurement Works towards Procurement and system by government is implementing with different supportive of proclamation and directives in the whole country including Oromia Special Zone Surrounding Finfinne Bureau of Finance and Economic development (OSZSFBFED). Even though there is designed government directives and internal controlling system, and implemented in the whole country, there is a gap concerning internal control of financial resources. As a result, there is inefficiency, fraud, misappropriation of government allocated resource according to yearly financial office reports`, and Audited reports indicated. Therefore, the focus of this research study was designed to identify the existing gap.

1.2. BACKGROUND OF THE ORGANIZATION

The study had conducted to assess the factors affecting Perception of Procurement Works towards Procurement in OSZSFBFED, which is one of the public organizations of Oromia Special Zone Surrounding Finfine zone. Oromia Special Zone Surrounding Fin-fine is one of the

zones of the Oromia Regional state in Ethiopia. Based on a proclamation to establish Oromia Special Zone Surrounding Finfinne, the Executive Organ Of the Oromiya National Regional State on proclamation number,(115/2000)dated, (08/12/2000) has established Oromia Special Zone surrounding. It was created at 2008 from former Burayu and parts of North Shewa, East Shewa, Southwest Shewa and West Shewa Zones. This zone is surrounding the capital of Ethiopia, Addis Abeba, which is called Finfinne in the Oromo language. The administrative center of this zone is in Addis Ababa (OSZSFFEC annual report, 2010 E.C). The estimated size of population according to 2007 census conducted by the CSA is 794,489 of which 228,420 or 28.75% were urban dwellers. It consists of six districts (Akaki, Berek, Mulo, Sebeta-Hawas, Sululta, and Welmera) and eight major towns (Burayu, Dukam, Gelan, Holata, LagaTafu-Laga Dadi, Sebeta, Sendafa-Beke, and Sululta).

The astronomical location of the Zone lies between Latitude 8.5''9.5 AND and Longitude 38.4''39.2'E. It shares border lines Eastern Shewa zone in the east, North Shoa zone in the North East and South-west shewa zone in the South West, having a total area of 4808km² which accounting for 1.5% of the total area of the regional state of Oromia. The Zone shares the longest borderline with North Shewa Administrative Zone. Finfine is the capital city of the Zone. It is located at the Centre of Finfine. Out of the total area, 64% is plain, up downs is 20% and mountains are 16%. When we see the climatic zone classification: Dega (High land) covers 50% Weyna Dega (Moderate) covers 49% and the remaining 1% is low land or kola, (Oromia Urban Planning Institute's Annual Magazine, 2017).

The bureau has a work force of about 659 employees and 35 different sectors. The Bureau has the power and responsibility to administer the financial flow of the Zones and compile different data for the preparation of the plan against which the budget is allocated. The bureau is intended to bring an integrated and sustainable development and to see the zones where poverty is eradicated through self-reliance on own resources and establishing effective and efficient system up to 2025 through its missions to enhance maximum development of the zones by generating policy, ideas based on reliable data and research; setting development priorities of the region and preparing development plans and monitoring its implementation; creating reliable development finance through continuously broadening the tax base, and

ensuring equitable resource allocation and cost effective utilization. The main objective of the special zone establishment is to:

- Improve the livelihood of farmers surrounding Fin-Finne
- Demarcate the boundary between ONRS and Fin-Finne city administration
- Coordinate the economic activities of the surrounding districts and towns so as to manage the fragmented land use of the area.

The main objective of Oromia Bureau of Finance and economic development are:

- preparing and coordinating the regional development plan; administering the resources of the region;
- performing different types of payments preparing and extending income account that shows the development rate of the region; and
- Coordinating, supervising and evaluating the implementation of programs/projects arranged based on the policy, etc.

In general, the Bureau tries its best for the development of good culture of work and for the mobilization of resources effectively and efficiently, so as to bring about socio-economic development and change the life standard of the state's society.

Of the more than 50 public sectors in the region, OBoFED is the one mandated not only to support the respective sectors implementing projects in terms of planning and resource allocation but also responsible to monitor and evaluate all public project implemented in the region, gives technical support on preparation and implementation of projects, gives training, studies and programs projects requested by different sectors in order to be backed by capital budgets; controls the progress of each projects and capital budgets allocated as stated under proclamation No. 163/2011 source Megelete Oromia (Fin_Finne, April, 9,2011).

Figure:1.1. Administrative Boundary of Oromia Special Zone Surrounding Finfine



Source: Oromia Social Zone Surrounding Finfine's FEC, 2010

1.3. STATEMENTS OF THE PROBLEM

Public procurement is one of the most influential sectors of the country's economy. Nonetheless, lack of reliable measuring procedures to ensure a result-oriented purchasing process inhibits the country from achieving its full potential (Marko, 2016).

According to Bogdan (2017), public procurement sector has not only an economic impact. In recent years, public procurement has played a broader social and political role, in particular, through the emergence of sustainable procurement. Regions can use their purchasing power to promote social, industrial and environmental policies and encourage growth that is more inclusive. For example, policymakers responsible for public procurement can influence business practices by requiring that the purchased goods and services comply with specific environmental standards (for example, the use of renewable energy sources or recycled materials) or serve as a response to social issues (such as, for example, as gender equality or nondiscrimination against minorities in the workplace)

According to Wanyonyi, (2015), procurement is the nerve center of performance in every

institution, whether public or private, and thus, needs a serious attention and tight system to be adopted and followed. In many developing countries, like Ethiopia huge amounts of domestic and foreign resources spend on public procurement. However, public procurement systems are very weak and effective governance of the public sector is at the center of strong challenges Thai, (2009). Moreover, in developing countries, many procurement activities still suffer from neglect, lack of proper direction, lack of proper attention to implement procurement, price and Quality deviations from annual procurement plan.

Lose of huge amounts of budget without implementation, poor coordination, slow with a number of bureaucracy, lack of open competition and transparency, poor contract management, delay in contract evaluation and contract award process, inconsistency in using procurement standards, poor data management and lack of access to procurement information, differing levels of corruption and not having a team of trained and qualified procurement officers, who are capable to conduct and manage the procurement process in a professional, timely and cost effective manner Wanyonyi (2015) are the major problems seen in the developing countries.

Mamiro, (2010), stated on his findings that one of the major hindrances in public procurement is poor procurement planning and management of the procurement process, which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of skills of procurement staff.

Baynesagn and Jan (2017) stated that (as mentioned in the Quinot & Arrow smith, 2013), Ethiopia is asking a large investment in infrastructure as one of the key contributions to the country's development plan. About 62% of the annual budget is expended on procurement for infrastructure development in transport, energy, water, agriculture, education, health and other sectors. This comprises about 15% of the GDP of the country. Transport alone constitutes 30% of the annual budget expenditure. For example, the Ethiopian Roads Authority signs a large number of contracts annually committing over ETB 29 billion.

Getahun, (2015) conducted a study on Assessment of Procurement Planning and Implementation effectiveness in Ethiopia, the study pointed out the procurement plan format which was not coherent. The study further points out that the plan and reporting format, which

was sent from Procurement and Property Administration Agency (PPA) report not showing the detail lead-time. It only shows the time limit set up for the process. The performance-reporting format does not show the plan format. It only shows the type and the amount of the procurement which does not allow to keep following the performance level. The study also indicated that urgent/unplanned procurement requisitions and lack of technology usage in the procurement process is a challenge in procurement unit.

Another study by Kumala and Abayneh, (2014) pointed out in their findings that there is a lack of efficiency in time use, which results in additional cost, waste of time and problems on definition of quality due to specification gap on few items. This study will also specify that such poor practices can lead to the delay of procurement, which has high effect on the needs, and use of goods for intended purpose.

To improve the performance, efficiency and effectiveness of procurement, the government of Ethiopia has taken several efforts of the establishment of Public Procurement and Property Administration Agency under proclamation № 649/2009 and issued Public Procurement Directive in June 2010.

The Federal Democratic Republic of Ethiopia procurement manual (2011) instructs that a procurement plan is a tool for execution of the budget and should be prepared by the user departments with a view to avoiding or minimizing excess chooses in the entities' budgets and to ensure that procurements do not proceed unless there are funds to pay for them. This implies that all procurement plans must be well integrated into the budget process based on the indicative budget as appropriate and in compliance with the procurement law.

As in other public and private organizations experiences, also in the selected area there are gaps between what stakeholders need and what is actually performing. There are many complaints since the quality of goods purchased does not fit with the specifications (requirements), shortage of items, quality problems and/or mismatch of items requested to be procured and delivered(wrong quality); excessive delay of purchases (wrong timing); and incurring additional costs as a result of long duration of the purchase process and Piece meal Purchasing practices.

In spite of the above efforts, still there is a gap in procurement unit of OSZSFBFED procurement practices according to its office annual performance report and internal audit findings. For example, the internal audit findings of this organization have revealed that there are illegal procurement practices in all years since 2012 G.C.

On the other hand, many research outputs conducted in Ethiopia indicates that there are still procurement problems even though the researcher couldn't find any research conducted on selected topic in OSZSFBFED that initiated the researcher to assess the factors affecting performance of procurement.

Hence, the researcher set out to explain factors affecting the performance procurement and the existing bottlenecks of Perception of Procurement Works towards Procurements to come up with possible recommendations that can improve the Perception of Procurement Works towards Procurement that could contribute to strengthening BFED procurement.

1.4. Objectives of the study

1.4.1. General objectives

The overall objective of the study was to identify, assess and examine factors affecting Perception of Procurement Works towards Procurement of public organization and particularly in OSZSFBFED based on the given procedures.

1.4.2. Specific Objectives

Keeping the above generally stated objective in mind, the study has the following specific objectives.

- To identify factors affecting Perception of Procurement Works towards Procurement in BFED
- To determine effect of Information Technology on Procurement Works towards Procurement function in BFED,
- To analyze the influence of procurement procedure on Perception of Procurement Works towards Procurement in BFED,
- To determine relationships exist between the factors and Perception of Procurement Works towards Procurement in BFED

1.5. Research Questions

The following basic research questions were addressed for the study:

1. What are the factors that affecting Perception of Procurement Works towards Procurement in BFED?
2. wat is the effect of Information Technology on Procurement Works towards Procurement function BFED,
3. How Perception of Procurement Works towards Procurements influenced by procurement procedures in BFED?
4. What is the effect of procurement planning on performance of procurement in BFED?
5. How would the dependent variable related to independent variables in BFED?

1.6. Significance of the study

The study was intended to find out, identify, assess and examine the factors from the above subsection. This study might serve as a reference for other researchers who would interested in conducting studies on related issue and further assessment on Perception of Procurement Works towards Procurement. The study would act as a good source of information to the decision makers of the organization. Similarly, it was provide the researcher an opportunity to compare the academic theory with the actual procurement practice at the ground and gain deep knowledge in the concepts of Public Perception of Procurement Works towards Procurement. In addition, the study could be of importance to procurement Professionals in various public sectors since it would add a body of knowledge to factors of Perception of Procurement Works towards Procurement. The issues addressed in this research was expected to improve public Perception of Procurement Works towards Procurement as part of their strategic plan for the achievement of best value for public money by introducing utilization of ICT to increase transparency and efficiency of public Perception of Procurement Works towards Procurement and conducting continuous improvement of Legal Framework.

1.7. Hypothesis of the research

H0: procurement planning has not a significant and strong correlation with Perception of Procurement Works towards Procurement of BFED

HA: Procurement planning has a significant and strong correlation with Perception of Procurement Works towards Procurement of BFED.

H0: Procurement procedure **has** not a significant and strong correlation with Perception of Procurement Works towards Procurement of BFED.

HA: Procurement procedure has a significant and strong correlation with Perception of Procurement Works towards Procurement of BFED.

H0: Utilization of ICT has not a significant and strong correlation with Perception of Procurement Works towards Procurement of BFED.

HA: Utilization of ICT has a significant and strong correlation with Perception of Procurement Works towards Procurement of BFED

H0: Staff competency has not a significant and strong correlation with Perception of Procurement Works towards Procurement of BFED.

HA: Staff competency has a significant and strong correlation with Perception of Procurement Works towards Procurement of BFED.

1.8. Scope of the Study

The study was limited to the public Perception of Procurement Works towards Procurement of the OSZSFBFED. The study specifically focused on the factors that affecting Perception of Procurement Works towards Procurement including procurement procedures, plans, staff competency and utilization of ICT. Only current organization's situation had been examined. These the study would be bounded on public procurement practices, which have, between the years 2012 and 2019 (Seven) years.

1.9. Limitations of the Study

In the way of conducting this research, the lack of organized sufficient secondary data would be an inevitable condition. Furthermore there would be not only non-readiness of some officials for providing all required information relevant to the research but also unwillingness or reluctant of respondents in giving appropriate information thinking for fear or victimization. In addition, inconsistency would be encounter in responding, as some respondents would not finish all the questions in the required time. In such cases, fabricated responses from respondents had been made on that particular questions or they were not punctual in returning the questionnaires. Indeed, occurrence of shortage of budget would also be true which certainly could influence the results of the study.

Therefore, the researcher had tried to manage the limitations by explaining the purpose and the expected benefit of the study to the respondents and concerned bodies as much as possible.

1.10. Organization of the Study

This thesis has been organized in five chapters. The first chapter provides relevant introductory part, which contains background of the study, background of the organization, statement of the problem, objective of the study, research question, and significance of the study, scope & limitation of the study. Followed by Chapter two, that deals with the literature reviews of empirical, theoretical and conceptual concepts. The third chapter discusses the research design and methodology; in this section it incorporates research methods, design, study population and sampling method, source and data collection instruments, method of data processing and analysis. Chapter four, which deals with the presentation, analysis and interpretation of data, obtained from questionnaires, observation and interview and chapter five, which deals with the summary of major findings, conclusions and recommendations of the study, would be followed.

1.11. Operational Definitions

Public procurement is the process of the acquisition, usually by means of contractual arrangements after the public competition, of goods, services, works and other supplies by the public entity.

Procurement procedures are operating instructions detailing functional duties or tasks.

ICT utilization is usage of information communication technology in the processes of procurement activities.

Procurement planning is the future needs to procure goods and services for the organization to meet its strategic goals. It involves careful attention to the choice of procurement method, the types of contract to be utilized, and the schedule for project implementation.

Staff Competency It involves ability or know how about how to perform the functions of the job that includes industry knowledge, background and expertise; interpersonal or skills required to get along effectively with others include such things as the ability to listen non-defensively, and teamwork and customer service skill.

CHAPTER TWO: 2. REVIEW OF RELATED LITERATURES

A literature review is the process of exploring the existing literature to ascertain what has been written or otherwise published on a research topic (Collis & Hussey, 2003). In order to carry out a literature review, one would initially need to search for the relevant literature, the aim of which is to identify as many items of relevant secondary data as possible such as books, journal articles, conference papers, reports, archives and published statistics (Collis & Hussey, 2003).

Hart (1998) defines the literature review as the selection of available documents, both published and unpublished, on the topic (in this case, public Perception of Procurement Works towards Procurement) which contains information, ideas, data and evidence written from a particular standpoint to fulfil certain aims or express certain views on the nature of the topic and how it is to be investigated, and then the effective evaluation of these documents in relation to the research proposed (Hart, 1998).

Therefore, this part of the thesis is exploring previous studies done that are related to the main theme of the study. This is relevant because knowing what exist, informs identification of other relevant areas that need to be reached into. An act, which ties the past to the present, and looks into filling the gap for the future in a particular field of study (Creswell, 2013). Literature on world, Africa, and Ethiopian views on the procurement processes in public institutions has been reviewed based on sub- headings, disciplines and concepts that were related to the study.

Within the public procurement system, issues that influence the performance of procurement are existence of procurement law in the public sector, implementation of procurement law and challenges encountered during procurement process in the public sector and other related issue.

2.1. Theoretical Literature

2.1.1. Procurement

Procurement is defined as the acquisition (through buying or purchasing) of goods, services, skills and knowledge required by businesses, from the right source, the right quality, in the right quantity, at the right price and at the right time to maintain and manage a company's main and support activities (Giunipero et al. 2006; Hines, 2006; Porter 1998; Triantafillou (2007), Van, 2000). According to Mangan et al (2008), procurement is a process of identifying and obtaining goods and services. It comprises sourcing, purchasing and covers all activities from identifying potential suppliers to the user or the beneficiaries. It is sympathetic that the goods/services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location Mangan, Lawani, and Butcher, (2008). According to Mathis and Jackson (2009: 119), performance is associated with quality of output and appropriateness of output, presence/attendance on the job, efficiency and effectiveness of the work implemented.

Public procurement is a process, which the governmental body hiring or purchasing works, Goods and services from other parties Michael and Juanita, (2006). It is starting from very small items (for example, stationary, puncher, office furniture, detergent, toner and others) to very complex items (for example aircraft, railway, boiler, transformer and others) and it helps to achieve the need of public entity to carry out its duties. Tony, (2011) states that public procurement is acquirement of works, goods and services by public entities, whether under formal contractor or not and it ranges from the purchase of customary supplies or services to formal tendering and placing contracts for large infrastructural project.

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

According to the Ethiopian Public Procurement Proclamation (No 649/2009), procurement means, “obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means.” From the above definitions, the overall tasks of procurement is to gain goods, works, consultancy services and other services at the right quality, in the right quantity, from the right sources, at the right time, place and price to accomplish an organizational objectives.

2.1.2. Public Procurement Rules and Practices in Ethiopia

Public procurement is a key tool to promote objectives of an economic, environmental and social nature gaining much attention globally over the past decades. In developing countries, it is one of the main instruments to the achievement of development goals such as reducing poverty and providing health, infrastructure, education and other services hence immensely contribute to best utilization of public resources.

According to Bahta (2013) (as cited in Luana, 2019), public procurement is regulated at the federal level in Ethiopia by the Federal Government Procurement and Property Administration Proclamation (n. 649/2009) and the 2010 Federal Public Procurement Directive. Based on a federal system, all the states and the two cities have the power to legislate and regulate their own procurement systems. Never the less, these regulations traditionally mirror what is stated in the federal regulations. Similarly to most public procurement systems in the world, public procurement regulation in Ethiopia has been put in place to achieve a series of objectives (as cited in Bahta, 2013). These are, according to the Federal Proclamation and Directive: (I) the maximum value for money in procurement; (ii) no discrimination among candidates on the ground of nationality or other reasons which are not related to the evaluation criteria, except in accordance with the rule of preference provided in the proclamation; (iii) supporting the country’s economic development by ensuring economy, efficiency and effectiveness in the execution of public procurement; (iv) transparency ; and (v) ensuring accountability for decisions made and measures taken in the execution of public procurement. Among the objectives there is also to (vi) encourage local producers, companies and small and micro-enterprises which support the national economy. This objective is in line with an increasing worldwide recognition of the use of public

procurement to achieve broader development goals Wateree, 2004; McCrudden, 2004; Samberg and Sabates-Wheeler, 2010; Arrow smith, 2010; Quinot, 2013, Uncitral, 2014; UNEP, 2017 (as cited in Luana, 2019). Except for defense procurement, these objectives apply to all federal and state government funded public bodies and public enterprises alike.

According to Abebe (n.d.) “in Sub Saharan African Countries, studies have shown that out of the total public resources, procurement of goods, works and services account for about 70 percent of the total public expenditures.” In addition, in Ethiopia from the total public expenditure more than 60 percent is used for procurement of goods and services (Tesfahun, 2011). Improving the public procurement system will obviously impact substantially on the growing economy of Ethiopia which will result in budgetary savings and efficiency in government expenditures, thereby creating wealth and reducing poverty.

Following the downfall of the Derg regime in 1991, the country was regulated by the previous financial proclamation No.57/1966 and the Ministry of Finance (MoF) took responsibility of regulating the procurement system. However, in the later years Ethiopia has attempted to address weaknesses in its public procurement process by the passage of several financial and legal instruments. The Government enacted the financial regulations no.17/1997, which deals with procurement principles and Ministry of Finance directives about procurement and contracts in 1997. In 1999 as a part of Civil Service Reform in Ethiopia, Ministry of Finance has prepared the draft “procurement manual”. According to World Bank CPAR (Country Procurement Assessment Report, 2002), even if the above rules and regulations have been enacted, successive review of the public procurement regimes in Ethiopia reveal a lot of shortcomings such as procurement laws and regulations are not based on recognized international models, absence of clearly defined central oversight and public bodies at all level, shortage of experienced management and procurement staffs, lack of transparency in the procurement processes, absence of procedures for modern form of procurement activities and unclear institutional and organizational arrangement required in the management of the public procurement process. It is in the light of these challenges that the Federal Government of Ethiopia Procurement and Property Administration Proclamation No 649/2009 were enacted by parliament replacing the previous procurement laws. The legal framework in the proclamation is supported by procurement directives and guidelines and it is based on the United Nations Commission on International Trade Law (UNCITRAL) Model

Law. The procurement rules, regulations and manuals of the regional states are based on the federal model (CPAR, 2002) and this is one of the public procurement reforms. All these laws, regulations, directives, manuals and institution were meant to provide a comprehensive framework of administrative powers to regulate the activities of procurement within the public sector efficiently and effectively. Although public procurement is perceived as a major function of government, and although governmental entities, policy makers and public procurement professionals have paid a great deal of attention to procurement improvements or reforms, public procurement has been a neglected area of academic education and research (Thai, 2001).

2.1.3. Procurement Methods and Awarding Criteria

Luana, (2019) stated that following the best international practices (in particular the United Nations Commission on International Trade Law –UNCITRAL –Model Law on Government Procurement), the regulation in Ethiopia recognizes different types of procurement methods that procuring entities must use for the procurement of goods, work and services to achieve the stated procurement objectives. These methods are:

2.1.3.1. Open bidding:

This procurement method –also known as ‘competitive bidding ’or ‘open’ or ‘competitive ’tendering –is, as in most countries in the world, the default procurement method that public entities should use for the procurement of goods, work and services. It is characterized by its high level of competition, an equal treatment of suppliers (meaning that any qualified person can have their bid considered) and transparency. It is also characterized, however, by a high level of formalities, complexity and costs. Luana, (2019) also provides an overview of the key characteristics of the open bid method as follows.

Key characteristics of the open bid method

- ✓ A public notice advertising the procurement;
- ✓ Use of a detailed specification that provides a common basis for bidding and for comparing all bids;
- ✓ A single stage of tendering with fixed dates and times for the submission of tenders;
- ✓ A requirement for bids to be in writing, signed and in a sealed envelope, or in an electronic form that provides equivalent safeguards of confidentiality etc.;
- ✓ A public opening of the bids;

- ✓ A requirement to award the contract to the supplier submitting the best bid (often meaning the lowest price), with no possibility of negotiating bids with suppliers or of allowing amendments (except to correct certain errors that are not of a substantial nature). Procuring entities may also conduct pre-qualification proceedings to limit the bids to ones from suppliers who meet the conditions for participating in the procurement. Source: adapted from Arrowsmith, 2011.

In using this procurement method, procuring entities in Ethiopia should use the standard bidding documents prepared by the Federal Public Procurement and Property Administration Agency (hereafter, the Agency) and follow the rules established in the Directive, which set strict formalities for each phase of the procurement process. According to these rules, procuring entities must advertise the invitation to bid at least once in a newspaper that has nationwide circulation in order to ensure the participation of as many bidders as possible. The opening of the bids must be public and must be fixed in time (after the deadline for submissions) and considerable time should be provided for the submission of bids. Negotiation between the procuring entity and suppliers is strictly prohibited.

According to Luana, (2019) interested suppliers must purchase and use the standard bidding documents in order to participate. They must also register on the Agency supplier list, comply with a long list of participation requirements (discussed below) and provide bid security (from 0.5% to 2% of the total estimated contract price).

Regarding the awarding criteria, the default awarding criterion is the lowest price evaluated among the suppliers who meet the requirements requested (in terms of quality, quantity, terms and time of delivery). In the case of the open bid, the procuring entity may also award contracts based on other criteria. This is referred to as ‘the most economically advantageous’ bid. These criteria must be “ascertained on the basis of factors affecting the economic value of the bid which have been specified in the bidding documents, which factors shall, to the extent practicable, be objective and quantifiable, and shall be given a relative weight in the evaluation procedure or be expressed in monetary terms wherever practicable” (Federal Proclamation, art. 8 (b)).

The entire process for the procurement of goods using the standard open bidding method may take at least two months (interviews).

2.1.3.2. Request for quotation:

This procurement method also known as ‘pro forma tendering’ is a much simpler procurement procedure. The adoption of this method is in line with international practices which recognize that, in certain circumstances (such as in an emergency and low cost procurement, but also in pursuit of horizontal policy goals) the time and costs of using the open bid method may outweigh the benefits (especially in terms of greater competition) it could bring to the system and/or would prejudice the government’s ability to meet its needs (UNCITRAL, 2014).

In using this procurement method, the procuring entities should identify potential suppliers (no less than 3, as far as possible) and directly send them a request for a quotation. The procuring entity must also assess the market price of the products to be purchased, referring to a price list posted on the Agency’s website and conducting a price survey.

Once the procuring entity receives the quotations, it should compare the proposals and select the one with the lowest price, ascertaining that the price offered is commensurate when compared to the market price. In the case of the request for quotation method, the lowest evaluated price is the only awarding criterion allowed (Directive, art. 24.6). No price negotiation is allowed and the price quoted by the interested supplier in their proposal cannot be changed.

Once the best offer is selected, there is no need to sign a contract. The request sent by the procuring entity and the quotation sent by the suppliers represent the contract between the two parties. Furthermore, interested suppliers do not need to be registered on the Agency suppliers list in order to participate in a procurement process through request for quotation. Due to its greater simplicity, the entire procurement process using a request for quotation may take around 15 days (interviews).

As mentioned above, the use of this method– and of any other alternative method to the open bid –is limited to certain circumstances. In the case of request for quotation, these circumstances include, in particular, the procurement of readily available goods with the estimated value of the contract falling below an established threshold (currently set at birr 200,000.00). It is interesting to note that the use of the request for quotation method is also allowed for the procurement of food for higher education institutions to feed their

students, which is established by a special Directive. This Directive recognizes the challenges that the standard open bidding method may impose in this type of procurement and allows the use of alternative and simpler procurement methods.

2.1.3.3. Direct procurement:

This procurement method – also known as ‘single source procurement’ – is the simplest of all the procurement methods. In this method, the procuring entity can approach a single supplier and present the description of its needs and the requirements of the supply (i.e. quality, quantity, terms and time of delivery). Unlike all the other procurement methods, the procuring entity can negotiate the price and conditions of the contract with the candidates. The Directive requires that the procuring entity must assess the price and other issues relevant to the negotiation, and ascertain that the supplier’s proposal does not violate the provisions of the Proclamation or of the Directive. The agreement reached by the two parties must be confirmed in a written contract signed by both.

On the one hand, this procurement procedure presents great simplicity. On the other, however, it has limitations regarding the principles of competition, equal treatment of suppliers and transparency. It can therefore only be used in specific cases when, as mentioned above, it is considered that the time and costs of using the other methods may outweigh the benefits it could bring to the system and/or would prejudice the government’s ability to meet its needs. These include, among others: urgent situations in which delay would harm the public interest; when the goods can only be supplied by one candidate; when the value of the procurement is low and falls below the birr 5,000 threshold for a single contract (and not exceeding birr 75,000 within the fiscal year). Both the Proclamation and the Directive define the various cases in which this procedure can be adopted. In all these cases, the procuring authorities must ensure that this method is not used with the intention of avoiding possible competition or in a manner, which would constitute a means of discrimination among candidates.

Other procurement methods (which are less relevant to the topic of this report) include:

- 2.1.3.4. **The Request for proposal** (for contracting consultancy services) and two variants of the standard bidding method, i.e.
- 2.1.3.5. **Two-stage bidding and (vi) Restricted bidding** (which includes changes mainly to the procedures related to the invitation to bid and to the opening of the bids).

Furthermore, on a request by the procuring entity justified on sound grounds the Agency is entrusted with the power to permit the use of a procurement procedure which is not consistent Within the category of Direct Procurement are ‘shopping ‘and ‘small-value’(micro) procurement. Shopping is used exceptionally to purchase goods that, regardless of their price, are necessary for the purposes of studying and research services where it is impractical to obtain them on the market or whenever the purchase is deemed to procure pecuniary benefits for the procuring entity. The ‘small-value procurement’ method is limited to situations where (I) goods or services below maximum price threshold of birr 1.500 (teatime) which have not been pre-planned are urgently needed; or (ii) goods or services that are necessary to overcome any problems or accidents encountered in field work. In each case, the total purchase cannot exceed birr 30,000 per annum as cited in (Bahta, 2013).

2.1.4. The Core Principles of Public Procurement

Robert (2016) stated that the overall objective of the public procurement system is to provide value for money to the ministries and lower local governments by ensuring that public funds are spent in a transparent, efficient and fair manner. The basic principles for the procurement of goods, services and works, within the public sector are:

2.1.4.1. Transparency

Transparency refers to the principle that is central to a modern public procurement system that gives to the public generally, and to the bidders community in particular, information concerning and access to the law, regulation, policies and practice of procurement by government Procuring Entities (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012). Here, procurement process should be conducted in such a way that there is openness and clarity on procurement policy and all interested parties know and understand the actual procedures and processes by which contracts are awarded and managed. A transparent procurement system is the one that has clear regulations and procedures, standardized tender documents, standardized tender contracts and a fair process. There should be total transparency in connection with procurement decisions. All awards should be formally notified to the successful bidder and then publicly displayed in procurement notice boards or websites (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012). All unsuccessful bidders should have access to the decision principles and be able to understand why they were unsuccessful on this occasion (oral debriefing). Greater use of electronic procurement; and public monitoring of the implementation

of contracts should also be employed as measures to increase transparency in the procurement process. In addition, suppliers or contactors need to have a single point of enquiry within the entity to which they can address concerns and obtain clarification of decisions and procedure related to public procurement. There should be a designated point of appeal with total independence in the grievances handling (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

2.1.4.2. Accountability

The public administrators who are dealing with procurement activities have responsibilities and obligations for performance and stewardship. A good procurement system should have clear lines of responsibility in decision-making and public officials responsible for procurement should be made accountable for their decisions. Therefore, accountability is defined as “the quality or state of being accountable, especially an obligation or willingness to accept responsibility or to account for one’s actions”. In accordance with this definition, the public officials should have the obligation and must be willing to accept responsibility for their actions. As a result, the government officials, community and the civil society representatives need to demonstrate good governance, enforcement the procurement laws or regulations, be free from corrupt practices and be accountable for their actions (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

Some measures in current best practice to incorporate the principle of accountability in procurement are: arbitration in the event of disputes, all interested parties should sign a joint undertaking guaranteeing the integrity of the process and accepting sanctions in the event there is a lapse, and monitoring by a third party such as a civil society body; keeping of proper auditable records, which can be scrutinized at any point of the process and; instituting and enforcing heavy penalties for parties in transgression as well as adverse publicity and debarment from future consideration both in their corporate and individual personas (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

2.1.4.3. Equal Treatment/Fairness

An efficient public procurement system should give all participants an equal chance to compete and by avoiding discrimination among potential bidders. Potential suppliers should be treated equally and with utmost fairness throughout the contract award process. The principle requires

that identical situations be treated in the same way or that different situations not be treated in the same way. It does not depend on nationality as with the principle of non-discrimination but is based on the idea of fairness to individuals. For instance, treating two bidders from the same country differently could be unequal treatment but since they are of the same nationality, there would be no discrimination on grounds of nationality (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

2.1.4.4. Competition

Competition refers to a situation where public bidders compete with one another for procurement contract under the same terms and conditions for the provision of goods, works or services. Procurement should be carried out by competition unless there are convincing reasons to the contrary. Public procurement system should be able to attract high quality national and international suppliers and contractors capable of meeting government needs through competitions. The key elements of competition in Uganda are: public procurement and disposal opportunities are accessible to all interested providers; sufficient time offered to the bidders or contractors or suppliers; all bidders or service providers are evaluated under the same criteria stipulated in the bidding documents; clear and non-restrictive specifications, scope of works or terms of reference; and use of Standard Bidding Documents (SBDs). As a result, competitive procedures should be the standard method for conducting procurement as a means of driving efficiencies, fighting corruption and ensuring competitive outcomes. If exceptional circumstances justify limitations to competitive tendering and the use of single-source procurement such exceptions should be limited, pre-defined and should require appropriate justification when employed, subject to adequate oversight taking into account the increased risk of corruption, including by foreign suppliers (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

2.1.4.5. Integrity

The principle of “Integrity” is a cornerstone in public procurement. In this context, integrity refers to the use of funds, resources, assets and authority, according to the intended official purposes and in line with public interest. The public officials responsible for procurement activities should not involve themselves in corruption or collusion with suppliers or others. The principle comprises the personal inner sense of “wholeness” derived from honesty and consistent uprightness of character. This principle is very important in public procurement. It enhances

good governance in public procurement contributing to an efficient and effective management of public resources (taxpayer's money) (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

2.1.4.6. Appeal Rights

Potential suppliers should be provided with a mechanism for review of grievances and correct failures of the system. Where a procurement requirement is subject to administrative review by procuring and disposing entity or Authority a contract document, purchase order, letter of bid acceptance or other communication in any form conveying acceptance of a bid, that binds a procuring and disposing entity, shall not be issued prior to completion of the administrative review process. A bidder shall submit an application for administrative review within ten working days after the date of display of the award on a public notice. Any application for administrative review shall be submitted in writing to an accounting officer. The application for administrative review shall include:

- a) Details of the procurement or disposal requirement to which the complaint relates;
- b) ii. Details of the rule or provision which has been breached or omitted;
- c) An explanation of how the rule or provision has been breached or omitted, including the dates and name of the responsible public officer, where known;
- d) Documentary or other evidence supporting the complaint where available; and
- e) Any other information relevant to the complaint.

The application for administrative review shall be accompanied by payment of a prescribed fee in accordance with guidelines issued by the Authority. Upon receipt of an application for administrative review, an accounting officer shall immediately suspend the procurement or disposal proceedings where a continuation of the proceedings might result in an incorrect contract award decision or a worsening of any damage already done (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012)

2.1.4.7. Economy and Efficiency

Economy states that controlling and managing public resources in a way to save and achieve value for money while efficiency means achieving the desired outputs using the available and cheapest means or resources. In this regard, public procurement outcomes are considered in light of the costs incurred (human resources and time), the level of competitiveness achieved (number of bids, participation from cross-border bidders) and the perception of transparency. Therefore,

every public-sector organization should have formal programmers of procurement internal efficiency measurement and management. The programmer should also measure the effectiveness of procurement in terms of results achieved. In support of efficiency and effectiveness, a standard set of Key Performance Indicators (KPIs) should be developed and regularly measured by all units within the public sector.

The list of KPIs must include: Total Procurement Expenditure; Procurement Expenditure Analyzed by Spending Department; Procurement Expenditure Analyzed by Commodity or Service; Procurement Spend by Geographical Spread; Total Number of Procurement Transactions; Total Cost of Resources in Procurement Department; Total Cost of Resources in Procurement Process, including support departments; and Average Spend per Order placed among other measures (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

2.1.4.8. Value for Money (VfM)

Despite the fact that Value for Money should be based on the cost of procuring the core elements, procurement process should aim at acquiring the right items at the right time, and at the right price to support government actions.

According to Mamiro, (2010) cited by Robert (2016) defines Value for Money is a crucial test against which a procuring entity must justify a procurement outcome. From the user or the targeted public point of view, value for money is the value (output) attached to some defined cost (input). Value for money is narrowly defined as a concept associated with deployment of resources vis-à-vis realization of some expected output values. The user department or consumer attempts to attach value to products or services received and compares the same with resources expended (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

According to Arrowsmith, (2010) (cited in Robert, 2016,) value for money has three aspects: Ensuring the goods, works or services acquired are suitable. This means both can meet the requirements for the task in question and they are not over specified (“Gold-plated”). Including an arrangement to secure what is needed on the best possible terms (which do not necessarily mean the lowest price). Ensuring the contracting partner is able to provide the goods, works or services on the agreed terms.

Therefore, it is important that procurement attain the best quality of property and services for the price that is paid, or the lowest price for the acceptable quality of property and services. It does not necessarily result in the lowest priced goods available or the absolute highest quality

available. It is the best combination of price and quality to meet the particular need in the shortest possible time. An assessment of Value for Money must take into account not only the immediate cost of property and services procured, but also: the performance of the suppliers/contractors in meeting their contractual obligations quantitatively and qualitatively; financial considerations including the source and cost of funds; the cost of maintenance support; and the anticipated price on disposal (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

In other words, life cycle costing must be done as part of the evaluation process leading to the recommendation for award. Measures which might be employed to affect Value for Money include: undertaking of value analyses for contracts over a specified limit; public consultation on the rationale and elements of major projects during the design phase before the bidding documents are finalized; greater use of standard clauses in conditions of contract; a registration system of endorsed suppliers, contractors and consultants who get preferential consideration for contracts by virtue of that registration after a thorough prequalification or evaluation exercise; prompt payment of suppliers, contractors and consultants by the government agencies and the introduction of penalty interest in the event of late payment; monitoring of the execution of large contracts by civil society; coordinated purchasing by government departments to take advantage of volume discounts or bulk purchase; and finally using a measurable criteria to determine the best combination of price and quality (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

2.1.4.9. Non-Discrimination

The principle of discrimination that a bidder shall not be excluded from participating in public procurement and disposal on the basis of nationality, race, religion, gender or any other criteria not related to qualification, except the objective of discrimination is justified. The principle requires that public officers conducting public procurement should handle suppliers or contractors fairly and honestly; clear separation of responsibility among players; public bodies should not impose unnecessary burdens or constraints on providers; non acceptance of gifts and hospitality by staff in the procurement; disclosure of personal interests by staff involved in the process; and a bidder should not be excluded from participating in the procurement and disposal on the basis of nationality, race, religion, gender and location (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

2.1.4.10. E-Procurement

Given advances in technology and demand for transparent in public organization procurement from various stakeholders including contractors; e-procurement will provide access to a larger marketplace, minimize the opportunity for manipulation, while increasing public trust in the integrity of the government or and public procurement officials. E-Procurement is more than just a system for making purchases online. E-Procurement refers to the use of the Internet (Information & Communications Technology) by governments to purchase goods, works and services they require at effective, efficient and transparent manner. According to BFED, E-Procurement refers to the replacement of paper-based procedures with digital technology based communications and processing throughout the procurement process. E-Procurement is doubled sword principle because it combines the principles of transparency, value for money and fairness in public procurement increasing private practitioners' confidence in the procurement system (Robert, 2016) (as cited in Rwanda Public Procurement Authority, 2012).

2.1.5. Factors Affecting Perception of Procurement Works towards Procurements in public sector

The following are major factors affecting Perception of Procurement Works towards Procurement.

2.1.5.1. Procurement Planning

Procurement planning is the purchasing function through which organizations obtain products and services from external suppliers (Burt et al, 2004). A procurement plan defines and documents the details of purchases from suppliers needed for a particular department. According to Basheka (2008), procurement planning is the major function that sets the stage for successive procurement activities. Likewise, James (2004) describes that the principles of planning can be implemented in an atmosphere of complete harmony. He further states that, as a function, procurement planning endeavors to answer the questions as to what one wants to procure; when to procure it; where to procure them

from; when the resources be available; the methods of procurement to be used; how timely procurement or failure will affect the user of the items; the procuring and disposing entity; efficiency in the procurement process; and the people to be involved in the procurement. Peter (2012) states that good procurement plan should describe the process in detail to appoint pertinent suppliers contractually. At the beginning, the items needed to procure have to be

defined, and then the process for acquiring those items is explained in detail.

According to Industry Manual, (2008) counsels that a procurement plan is an instrument for implementation of the budget and should be prepared by the user departments with a view to avoiding or minimizing excess votes in the entities' budgets and to ensure that procurements do not proceed unless there are funds to pay for them. This implies that all procurement plans must be well integrated into the budget process based on the indicative budget as appropriate and in compliance with the procurement law.

Finally, the timeframe for delivery is scheduled. Moreover based on Quentin (2003), procurement planning is important due to the following reasons: it helps to decide what to buy, when and from what sources; it allows planners to determine if expectations are realistic; particularly the expectations of the requesting entities, which usually expect their requirements met on short notice and over a shorter period than the application of the corresponding procurement method allows; it is an opportunity for all stakeholders involved in the processes to meet in order to discuss particular procurement requirements.

2.1.5.2. Staff Competency in Procurement Process

Armstrong and Baron (1995) explain that competency is the application of knowledge and skills, performance delivery, and the behavior required to get things done very well. Besides competency indicates adequacy of knowledge and skills that enable someone to act in various situations (Aketch and Karanja, 2013). According to Russell (2004), absence of adequate knowledge in procurement matters, may end up with serious consequences including breaches of codes of conduct. According to Banda (2009), many organizations do not have staff with the right competence critical to good procurement process management. As a result considerable and continuous investment is incurred in training and development (Sultana, 2012) and there is a need for extensive external training for human resources to be able to improve and contribute to the efficiency of organizations (Appiah, 2010).

Moreover, Saunders (1997) advises that multiskilling offers employees with a variety of skills and should be developed extensively. Hence, all employees need broad and continuous education and training.

Leenders and Fearon (2002) noted that qualifications are crucial for value-based

management that requires employees to assess and improve processes while contributing to team performance. Baily et al, (2005) suggested that the existence of top- down objectives with related performance measures, and process guidelines link individual or group performance to the firm's goals and expectations of upper management, which require good qualifications. Banda (2009) stated that many organizations lack competent staffs with the proper knowledge for good procurement process management. He further noted that authorities should give greater emphasis for developing competence to adopt best practice more widely. According to Berger & Humphrey (2007), a procurement function that is carried out professionally is the core of delivery of any service on value for money principle. Furthermore, Sultana (2012) stated that in order to sustain economic growth and effective performance, it is important to optimize the contribution of employees to the aims and goals of the organizations.

Therefore, competence can ensure that the benefits of new products and services are brought to the attention of the right person in the organization.

2.1.5.3. Procurement Procedures

Shaw (2010) points out (as cited in Michael, 2013) that the procurement process can be wrapped into three steps. These are need identification, planning and specification of goods or services required, and sourcing, awarding, and supplier management to facilitate timely delivery.

I. Need Identification

Procurement is done to desire to accomplish a specific task. Given that resources are always scarce, the task to be accomplished should be important to an organization Nakamura (2004) (as cited in Michael, 2013).

II. Planning and Specification of Goods or Services

Once the needs have been recognized, the procurement department should develop or communicate a plan on how to deliver the service or goods required. The plan must be developed in cooperation with the other functions within the organization, so that it is integrated into the organization's strategy and therefore provided for adequately of Shaw (2010) (as cited in Michael, 2013). To be able to purchase the right goods or services, the specifications of what the organization needs must be clear. These specifications are used to communicate to the supplier what is needed and what should be supplied. It is therefore vital to have clear, precise and

accurate specifications. Most organizations have standard specifications for the most regularly procured items and services such as medical and construction (ibid). Thai, Araujo, Carter and Callender (2005) described (as cited in Michael, 2013) ‘specification’ as a detailed description of the design, the service, or materials. It describes in detail the requirements to which the supplies or services must conform. The basic requirement of a good specification is to clearly identify the service or product to stakeholders. The specifications must be clear to all parties. That is the user, procurement and the supplier. Factors to consider in specifying a product include physical attributes, technical specification, and intended use.

III. Sourcing, Awarding, and Supplier Management

Hinson and McCue, (2004) supposed that (as cited in Michael, 2013) sourcing is the process of identifying sources of supply that can meet the organization’s immediate and future wants for goods and services. The sourcing process adopted will depend on the situation and on the time available to carry out sourcing.

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

Factors to consider in specifying a product include physical attributes, technical specification, and intended use (Thai et al, 2005).

Sourcing

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

Steps in the Sourcing Process

Market Enquiry: The process of inviting and evaluating tenders or quotations will vary depending upon an organization’s own internal procedures. Nevertheless, the following are considered ‘best practices’ Shaw (2010) (as cited in Michael, 2013).

Inviting and receiving quotations inviting and receiving tenders

- A limited number of vendors are invited to bid for supply of products/services.
- Bids are returned within a specified deadline.
- Receiving sealed bids depending on the limits provided by the organization.

- Use of locked box or lock fax machine for receipt of bids.
- Advertising in local and international channels.
- Setting deadline for response.
- Receiving sealed bids.
- Opening and registering receipt of the tenders.
- Use of locked box or lock fax machine for receipt of bids.

Evaluation and Awarding: The evaluation of tenders and awarding of contracts to suppliers is an important phase of the procurement process Maurer (2004) (as cited in Michael, 2013). It is the process that determines the actual quality, reliability, delivery, etc. of the goods and services.

The procurement department coordinates the following.

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

Contended that it is very important for the procurement department to assess and consult on any big price variations, to avoid potential conflict of interest, undue influence, price fixing and favoritism, and to ensure consultative decision making and sharing of responsibilities. One person also, should not open the tender box alone, and the criteria used to evaluate bids should be tested and validated by the committee before reception of bids (ibid).

Placing Orders and Contracting: After evaluating and awarding of tender, the next step in the process involves placing orders for the goods or services with the supplier, or establishing contracts, which need to be sent to suppliers. In emergencies, the approval levels and limits are adjusted, based on an approved process, to speed up the process of acquiring goods and services. Under normal circumstances, the approval processes may be more elaborate. The orders establish contractual relationships between the organization and the supplier Shaw (2010) (as cited in Michael 2013). Important features of a contract or agreement include cost, specification/description, quantity, and lead time/delivery time, date of issue, and terms and conditions (including penalties for breach of contract). Place of delivery should also be indicated

on the contract Shaw (2010) (as cited in Michael 2013).

Progressing/Expediting: Once the order is placed and the supplier has confirmed receipt and agreed to the contract terms and conditions, the role and the amount of work that staff in procurement have to undertake will be affected by the performance of the suppliers Shaw (2010) (as cited in Michael 2013).

It is necessary therefore, for the procurement staff to monitor the progress of orders and the performance of the suppliers. Supplier performance will determine the amount of time and money that has to be spent in expediting orders and the managing of suppliers. To ensure an uninterrupted flow of goods and services, expediting should be a continuous process, especially in emergencies. The continuous monitoring enables the organization to pick out breakdown points in the system and quickly identify solutions Shaw (2010) (as cited in Michael 2013).

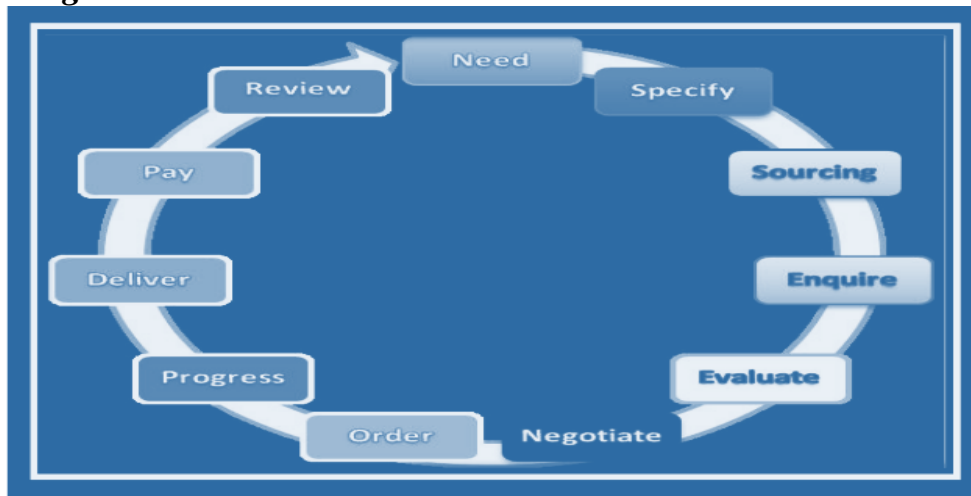
Delivery and Return: Lewis and Roehrich (2009) argued that (as cited in Michael, 2013) procurement only facilitates delivery through expediting for timely delivery and trouble-shooting returns. The physical receipt and inspection of goods takes place at the delivery point. Procurement only needs to know that delivery has taken place and that the supplier has delivered in accordance with the purchase order and complied with delivery contract requirements.

In addition, whoever is responsible for accepting delivery and inspecting the goods should understand the procedure to follow in the event that there are any problems or discrepancies. For certain goods or commodities, an independent inspection company may be used to check the quality of the goods Lewis and Roehrich (2009) (as cited in Michael, 2013). Payment: When goods or services are received and accepted into stock, procurement then facilitates payment of the supplier by providing necessary documentation to Finance Department. Orders are normally generated in procurement, as the goods are delivered in the warehouses and transported to final distribution points; additional documents are generated in the process to support transactions. All these documents are finally consolidated to support vendor payments by Shaw (2010) (as cited in Michael, 2013). Review: Shaw (2010) argued (as cited in Michael, 2013) that it is very easy to forget the review stage, particularly when there is a lot of procurement activity taking place as in the case of an emergency. Consequently, the review stage is very important and has got three main objectives. These are;

- A review with the original user or beneficiary on whether the original needs they had have been met

- A review of the performance of procurement in carrying out the procurement process, and review of the supplier performance.
- In emergency situations, the review step happens much later in the emergency. Emphasis during the emergency is focused on obtaining the goods and services and meeting the needs.

Figure 2.1: Procurement Process



Source: Lawrence, 2014

2.1.5.4. Resource Allocation

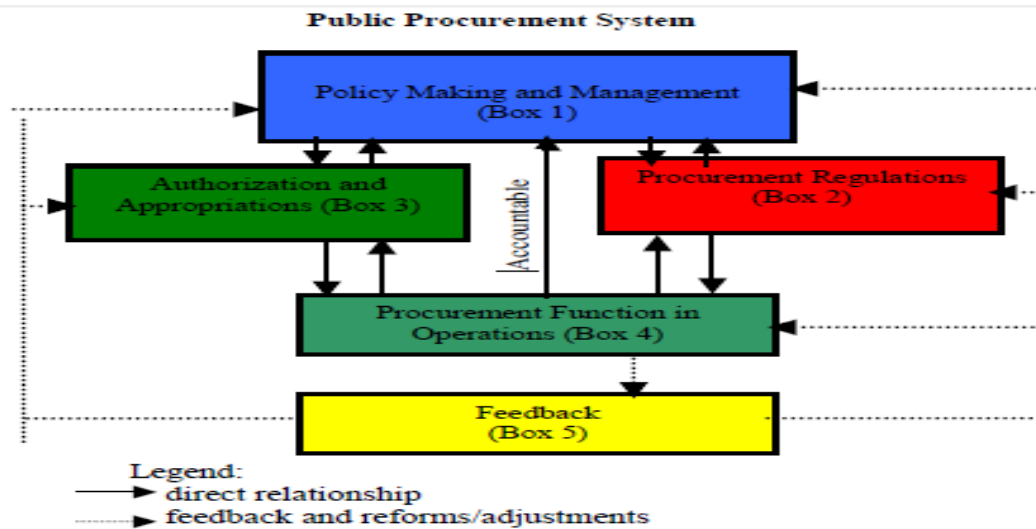
Resource allocation is the process of determining the best way to use available assets or resources in the execution of a given project.

Companies attempt to allocate resources by minimizing costs and maximizing profits using strategic planning methods, operational guidelines and implement policies and procedures that move the business toward the achievement of its goals (Shantanu et al, 2012). Resource allocation begins at strategic planning when a company formulates its vision and goals for the future. Most of the public entities lack clear accountability on how the resources provided impact on their performance therefore going against the fundamental principles of public procurement, Ouma Danis et al, (2014). Tangible resources are assets that can be seen and quantified such as production equipment, manufacturing plants, and formal reporting structures. Intangible resources include assets that typically are rooted deeply in the firm's history and have accumulated over time (Michael and Hoskisson, 2007).

2.1.5.5. Procurement system

In 2001, this author (Thai, 2001) developed a model depicting the scope of public procurement that consists of five elements: policy-making and management; authorizations and appropriations; procurement regulations; procurement function in operations (processes, methods, organizational structure, and procurement workforce; and feedback) (Figure 1). In addition, according to Thai (2009), the public procurement system is built on four pillars: procurement laws and regulations, procurement workforce, procurement process and methods, and procurement organizational structure. A sound public procurement system needs to have good procurement laws and regulations. In practice and theory, public procurement laws and regulations have been considered as one of the most important pillars of a sound procurement system. According to Thai, procurement laws and regulations lead to procurement efficiency or inefficiency. There are debates about procurement legal framework hinders or helps procurement discretion. Ideally, procurement laws and regulations should be clear, consistent, comprehensive, and flexible. According to an OECD report (2006), a sound procurement system need also to have a competent professional workforce equipped with defined skills and knowledge for specified procurement jobs. The procurement workforce passes through virtually every effort within an organization, including successfully acquiring goods and services and executing and monitoring contracts. Moreover, the procurement area requires a wide range of standard operating procedures to deal with the normal daily tasks.

Figure 2.2:



Source Thai (2001)

2.1.6. The Role of Procurement

Benslimane, Plaisent, and Bernard (2005) contend that the overall aim and objective of procurement is carry out activities related to procurement in such a way that the goods and services so procured are of the right quality, from the right source, are at the right cost and can be delivered in the right quantities, to the right place, at the right time.

There are six rights' in procurement and they can be achieved through following specific objectives of procurement (Benslimane Plaisent and Benard, 2005). These specific objectives are; To buy quality materials, items and services economically from reliable sources, to ensure timely delivery through the selection of capable and efficient suppliers, to continuously locate, evaluate and develop economical and reliable supply sources; to identify the most reliable sources of supply through either open tender, multi stage tendering (pre-qualifying suppliers and retaining only those that are capable of meeting the Organization's requirements; strategic sourcing) and limited tendering, to investigate the availability of new materials and monitor trends in market prices, to buy in accordance with Organizations policies;

2.1.7. Public Procurement Objectives

According to Robert (2016), the public procurement has a number of objectives that range from social, economic, and then financial objectives. These objectives are set as a core foundation of the procurement regulations and organizations to remove barriers to trade in goods and services. These core objectives include:

To promote transparency and openness in public procurement: This objective ensures that the function of procurement in public organizations is done in an open and transparent manner. It is the basis of the policy which ensures that all qualified and interested parties are included in the procurement procedures. The objective is achieved by ensuring that all procurement is duly communicated to members of the public, with clear guidelines on how the process will be conducted (Robert, 2016).

Evernett (2005) emphasized that (as cited in Robert, 2016), transparent procurement procedures can contribute to a more efficient allocation of resources through increased competition, higher quality procurement and budgetary savings for governments and thus for taxpayers. They can also help attract more investment by lowering risk. Objective and transparent procedures can in addition help enhance the efficiency of local suppliers as they compete for public contracts, thereby improving trade prospects by making the suppliers more exporters that are competitive.

To promote economic efficiency: This objective ensures that procurement and purchasing is

done at the lowest cost possible. Most public organizations are wasteful in their spending. The objective seeks to ensure that the organization acquires the products in a transparent manner. It is achieved by buying from the lowest qualified supplier possible. This supplier is arrived at after they have passed the technical qualifications, and is able to provide the highest quality goods/services (Evernett, 2005).

To promote efficiency in public procurement: This objective differs from the previous one since it sets the timelines that each procedure in the procurement process should take to complete. Most of the time, the procurement personnel do not seem to satisfy the customer, and in donor funded projects; the funds sometimes remain unused for a period because of the inefficiencies of the personnel. Procurement is given timelines for each process to ensure that it is achieved (Evernett, 2005).

To promote public confidence in procurement procedure: Members of the public have at times lost confidence in the procurement process, terming it “a thing for the selected few”. A proper public procurement process should restore this confidence by delivering positive results as is required and expected (Evernett, 2005).

To promote equality and fairness in the public procurement process: This objective seeks to give all an equal chance to participate in the procurement process. The procedures are spelt out clearly in each organization in a manner that seeks to ensure that every participant gets equal chance. This objective ensures that public funds are not used to provide favors to specific individuals or companies (Evernett, 2005).

Elimination of corruption in public procurement: The main problem in procurement is corruption and fraud. The objective is to ensure that all are given a chance to participate fairly without having to be locked out unfairly. According to Uganda, Kenya and Rwanda public procurement regulations, the three countries all agree that a bidder shall not be excluded from participating in public procurement and disposal on the basis of nationality, race, religion, gender or any other criterion not related to qualification, except to the extent provided for in act. In addition, their regulations encourage the use of all procurement methods except micro procurements (Evernett, 2005).

It is against this background that, governments in World Bank, United Nations and European Union member states requires that all public officers and individuals engaged in the procurement process, including bidders and contractors to observe the highest standard of ethics during the

procurement process and in the execution of contracts (Evernett, 2005).

2.1.8. Challenges in Public Procurement for Project Management

Whether a country is developed or developing country, public procurement practitioners have always faced many challenges. Each country has its own economic, social, cultural and political environment, and each country's public procurement practitioners face different types of challenges, or the same types of challenges but at different levels from their counterparts in other countries. We are trying to view common challenges, identify external factors that public procurement practitioners have to deal with. Project management has been introduced as a means of increasing the probability of on-time and within-budget delivery. Public sector organizations and government ministries are no exception. As governments seek to employ web-based technologies to provide services to citizens, many are embarking on elaborate and costly e-Government projects and they are depending on project management to ensure that these are delivered successfully. However, the implementation of project management practices is not always smooth and does not always deliver the benefits originally intended. This could be because the introduction is not handled as a project itself with attention being paid to the definition of goal and objectives; the establishment of project governance and careful examination of the environment in which it is being rolled out. Successful implementations can only be the result of a formal project management project.

According to Arrowsmith and Trybus (2003), "the last decade of the twentieth century had witnessed the start of a 'global revolution' in the regulation of public procurement." Actually, challenges in procurement reforms are beyond procurement regulations to include procurement process, methods, procurement organizational structure, and workforce. Procurement reforms occur constantly in all countries, developed as well as developing countries.

2.1.9. Procurement Challenges

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

the procurement function to fulfill. The public procurement function, however, is faced with a number of challenges such as:

The fear for negative publicity has led to a growing emphasis on the legal aspects of the tendering process, Procurement acts in a reactive way and is often not involved until the specifications have been defined, Procurement is seen as an operational department and not perceived as an advisor or partner of the business.

2.1.10. Public Procurement Challenges: Internal Factors

A model depicting the scope of public procurement developed in 2001 that consists of five elements: policy- making and management; authorizations and appropriations; procurement regulations; Procurement function in operations (processes, methods, organizational structure, and procurement workforce; and feedback). Public procurement practitioners have always walked on a tight rope. The decision to adhere to trade agreements whilst maintaining national policies is challenging; market conditions have a great influence on public procurement efforts to maximize competition, as there are varying levels of economic growth amongst the various states of the world, market conditions are favorable in industrialized countries, not so favorable in developing countries (Thai, 2001).

2.1.11. Public Procurement Challenges: External Factors

Thai (2001) mentions that there are also external factors; he explains that procurement practitioners have always faced challenges imposed by a variety of environmental factors such as markets, legal, environmental, organisational, as well as political and socio- economic factors. The decision to adhere to trade agreements whilst maintaining national policies is challenging; market conditions have a great influence on public procurement efforts to maximize competition, as there are varying levels of economic growth amongst the various states of the world, market conditions are favorable in industrialized countries, not so favorable in developing countries (Thai, 2001).

a. Market Environment

According to Thai (2001), Market conditions have a great influence on public procurement practitioners' effort to maximize competition. Moreover, the market determines whether socio-economic objectives of procurement are accomplished, whether or not a governmental entity can fulfill its needs; the timeliness of fulfillment; and the quality and costs of purchased goods, services and capital assets. As there are different levels of economic growth among

countries in the world, market conditions are very favorable in industrialized countries, while they may be unfavorable in developing countries.

b. Legal Environment

The legal environment, as mentioned by Thai (2001), is also considered as an external factor that influences public procurement; apart from public procurement regulations, the legal environment refers to a broader legal framework of any given country that governs all business activities, these vary from financial, environmental and marketing laws which have an effect on the market environment of a country.

c. Political Environment

The political environment is also an influencing factor; in a democracy, groups, individuals, organizations and interest groups are actively involved in all aspects of public procurement systems, such as lobbying legislative bodies to pass or alter procurement policies, influencing implementation and also influencing budget authorization and appropriations. This leads to governments adopting programs, which are a compromise among the various different viewpoints of interest groups, policy makers and management (Thai, 2001).

2.1.12. How to Improve Procurement Function

Lewis and Roerich (2009) point out that (as cited Michael, 2013) in order to improve procurement, practitioners should guard and mitigate against risk, understand the market, build relationships with suppliers, meet needs in a timely manner and constantly monitor performance to improve service provision. It is also vital for organizations to have clearly defined procurement policies that are well understood. Organizations should always ensure that sufficient procedures are done to check that work has been satisfactorily done before payment is made Shaw (2010) (as cited in Michael, 2013). Procurement policies will vary from organization to organization but are the organizational rules and regulations governing the procurement function. The policies determine how different aspects of procurement will be carried out in the organization and how people working in procurement should behave Shaw (2010) (as cited in Michael, 2013). Moreover, internal control assurance in the most common form exists as the internal audit department, and can offer the Board independent and objective assurance that the internal controls and procedures are being complied with. Internal audit reports should be made

to the Chief Executive rather than a functional director to assist in maintaining the independence and objectivity of the service Shaw (2010) (as cited in Michael, 2013).

In addition, companies should always receive value for money. In the past organizations have usually determined that the value for money was achieved by accepting the lowest price tendered by suppliers of goods and services.

Lately there is an emphasis on the basis of the overall value for money offered, including the consideration for nonmonetary factors and not on the basis of lowest price alone Shaw (2010) (as cited in Michael, 2013). It is also essential that the company compare itself with other comparable organizations partly to test that value for money is being achieved, but also as part of the process of seeking continuous improvement and identification of good practice. This is often done through a benchmarking process Maurer (2004) (as cited in Michael, 2013).

The primary purpose of benchmarking is to improve the performance of the company by testing how it is performing, whether it is achieving better performance and the rate at which its performance is improving. Without measuring the company's performance, it is not possible to check whether the targets that the company has set are being achieved. Benchmarking is therefore critical to the process of continuous improvement. The company among other indicators can use such comparisons as cost, time, and quality Shaw (2010) (as cited in Michael, 2013).

Finally, procurement must be seamlessly integrated with the other aspects of Logistics and functions within the organization, such as Warehousing, Distribution, Finance, and human resources. An integrated approach to service delivery will no doubt contribute to the timely, efficient and effective delivery of humanitarian assistance. Clear communication lines, timely flow of documentation and constant feedback will facilitate the procurement process (ibid).

The involvement of the Logistics function in assessments will enable Logistics to plan for the delivery of services, but for Logistics to succeed, the procurement plan must be well integrated and visible in the overall response plan. In emergency situations, easily accessible logistics preparedness and response will help to fast track the development of a response plan, tailored for a specific situation Shaw (2010) (as cited in Michael, 2013).

2.1.13. Best Practices in Procurement

Economic forces and technological advances have combined over the past 20 years to increase the impact of procurement/supply management on company profitability and long-term business

success. Procurement is now in a position to affect company profitability faster and more dramatically than any other corporate function (Fitzgerald, 2015).

Companies today are spending more revenue on outside goods and services. Thirty years ago, the typical manufacturer might have spent 30 percent of company revenue on outside supplies and services. Today, that number is likely to have doubled for most manufacturers. Companies have attempted to focus as much as possible on those activities considered to be 'core competencies' - those that are performed at a higher level internally than externally - while outsourcing other work to outside companies that are specialists in those fields (Fitzgerald, 2015).

Advances in technology have provided tools that enable thought-leading supply managers to extract maximum possible value from supply. When deployed strategically, technological tools- especially the Internet - increase value for all entities in the supply chain, from raw material supplier to final customer. Advanced information technologies like the Internet have essentially enabled leading companies to integrate their supply chains. In the most advanced cases, these supply chains act more like a single unit than a series of nonaligned entities, which is characteristic of the majority of supply chains (Fitzgerald, 2015).

Leading companies in both manufacturing and service industries have used superior supply management strategies and procurement practices to gain a competitive edge in their markets. Examples include IBM, Honda of America, Toyota, Harley-Davidson, Wal-Mart, Cisco, Chrysler, Motorola, and American Airlines. These companies and others excelled in at least one area - and usually several areas - of procurement/supply management, including cost management, strategic sourcing, new product development, supply chain integration, technology development, supplier training/development, and others. The companies are all large companies, but small and mid-sized companies also can develop and employ procurement best practices for competitive gain. The key is to study how to reap maximum value from supply in a particular industry and specific market position, formulate a plan to realize that value, and then effectively execute the plan. The execution stage is the most difficult part, and is where many companies fail for a variety of reasons. Developing and achieving procurement best practices is never easy (Fitzgerald, 2015).

It consumes a lot of time, entails breaking down barriers between internal groups, demands a new approach to suppliers, and requires significant investment in at least a couple of the following areas: people, training, analysis, measurement, technology, suppliers (Fitzgerald,

2015).

2.1.14. Building Best Practices

A critically important factor to consider when discussing best practices in procurement is that no two companies are exactly alike, and there is no simple ‘cookie cutter’ approach to best procurement practices. For example, a company that manufactures a basic commodity product may be best served by employing a supply management strategy that emphasizes low cost, while a company that makes high-technology products may want to create a supply strategy that emphasizes technology development and speed to market. Every company has unique strengths and weaknesses when it comes to supply, and most companies occupy different positions even when serving the same market. It is up to management to determine the best supply strategy, which will dictate the best target areas for development and use of procurement best practices. It also should be noted that companies can’t always simply copy the strategies and execution of other companies. Best practices often depend on people, suppliers, processes, or other business elements that are specific to a certain situation. Companies that are studying the procurement best practices of other companies should keep this in mind during their research (Fitzgerald, 2015).

While recognizing the differences that always exist from one company to the next, there are some factors that are usually or always present when a company successfully develops and deploys one or more procurement best practices (Fitzgerald, 2015).

According to Fitzgerald (2015), the factors comprise: Active support from top management: Companies that develop best practices often have top executives who recognize the potential value that lies in their supply chains, and actively support (and fund) supply management efforts. At a minimum, CEOs and other high-ranking executives must have a full understanding of supply value, good relations with their peers at strategic supplier companies, and they must provide the corporate investment needed to develop best practices. Deep understanding of cost drivers: It is a sad fact that most companies are not even close to having a good handle on what their actual costs are and what causes them. Companies that have developed best practices nearly always know in detail all elements of their cost structures and take actions to drive costs lower all the time. They also continuously collect and analyze data and other information on the costs

of the suppliers that comprise their supply base. Cooperative supplier relations leading companies realize that suppliers offer value that is not present in their own companies. These companies integrate strategic suppliers into programs that involve supply, such as new product development, cost reduction, and logistics operations. They also understand that suppliers must achieve profit margins sufficient for them to meet their own business plans and to invest in new technologies, facilities, equipment, and talented people. Culture of continuous improvement: Companies that have achieved best practices in procurement do not stand idle and admire their accomplishments. At all levels, they seek to learn from others and to continuously advance their practices and processes. Cross-functional approach: To function at an optimum level, supply management must include not only the procurement group but other corporate functions that can add value through interacting with suppliers, such as technology, logistics, manufacturing, operations, distribution, and research and development, to name a few. The use of cross-functional teams became a common way to involve other departments in supply management over the past decade, but too many companies deploy teams without first developing a sound strategy for how these teams will enhance value.

2.2. Empirical Review

There have been several studies conducted on factors affecting public Perception of Procurement Works towards Procurement in Africa and other parts of the world. Kiage, (2013) Conducted an empirical research on factors affecting Perception of Procurement Works towards Procurement in the Kenyan public sector pointed out the most important factor was found to be procurement planning followed by contract management as pointed out by most of the respondents. This was because good plans result to effectiveness and efficiency in attaining projected results. Mamiro, (2010) agrees with these findings and concludes that one of the major setbacks in public procurement is poor planning and management of the procurement process, which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of the skills of staff responsible for procurement. The study found out that there was poor contract management at the sector characterized by delays in payments to suppliers which hampers greatly on their service delivery, lack of proper controls in management of contracts where the user was left alone to manage and monitor own projects without involvement of procurement function.

Similarly, the study found out that there were no project progress reports filed with management. Pooler (1997) emphasizes that (as cited in Lynne (2013)) Materials Management sets itself the tasks of understanding why materials needed, stored and or developing new methods of making them available all activities concerned with material locomotion. That is, the science and Technology of managing materials is more important because all areas of applications are prudently included, that is from purchasing to warehouse, from production control to inventory control, from transportation to physical distribution.

Material management is a managerial process that goes far beyond simply buying materials and warehousing whereby includes tactful planning policy and procedures that cover a wider range of related activities, including research and development as required for the proper selection of materials and sources, ascertainment of delivery, inspection of documents on incoming shipments to ensure quality and quantity compliance, development of procedures to implement buying policies and stores policies, coordination or purchasing activities with other internal division of the concern such as engineering, production and accounting, and development of effective communication with top management in order to ensure a complete appraisal of the performance of the Materials management function Pooler (1997) (as mentioned in Lynne (2013)).

Romano (2000) argue that Material Management is concerned with the input process of manufacturing and includes the flow of raw materials, spares, components and finished goods to supply the sales and marketing functions with a final product. The input process (Suppliers and Product) is separated from the output (Distribution and marketing to consumers) because in a manufacturing concern the function involves in the input process finally change the physical state of the product, and the functions involved in the output process change the location of the product, and the functions involved in the output process change the location of the product in its same state (as cited in Lynne, 2013).

The results of the reduction analysis have been applied to a larger body of research, which has developed a best value tender analysis support tool that has the capability to enable the identified attributes to be assessed on a project specific basis using a combination of the analytic hierarchy

principle, multi attribute utility theory and whole life costing. The methodology underpinning the support tool has already been used by Regional Screening Levels (RSL's) to assist them in best value decision making processes and as the support tool has been produced as window based software it is anticipated what it can be used to assist RSL's in evaluating the high volume of best value tenders in a more effective and efficient manner Phillips et al, (2007) (as cited in Lynne, 2013).

In February 2004, the European Union adopted a set of new rules simplifying and modernizing the Directives that outline EU law on public procurement. The new Directives were published in the UE Official Journal on 30 April 2004. Member States now have 21 months in which to amend national laws to implement them. This means that the new rules will come into force on 31 January 2006. The main themes of the reform were the simplification and modernization of the legal framework and its adaptation to modern administrative needs, by for example facilitating electronic procurement and improving the flexibility of certain purchasing solutions Pourbaix (2004) (as cited in Lynne, 2013).

While recognizing the importance of a clear procurement process, guided by public tendering, publication of winning bidder and mechanism for appeal for aggrieved parties, various countries insert in their law provisions that are intended to protect their national 'sovereignty'. Such provisions usually take into account the country's industrial policy (e.g. protection of the country's local industries), social policy (e.g. protecting the role of women or the physically disabled) or protection of a country's strategic economic objectives such as regional integration.

These provisions although deemed desirable, especially for developing countries, have serious connotations in as far as promoting free trade is concerned. These discriminatory tendencies constitute a subtle protectionism to trade Arrow smith et al (2000) (as mentioned in Lynne, 2013). Discrimination refers to a government's tendency to favor its own domestic industry's supplies and disregard foreign firm supplies. There are two classical forms of discrimination against foreign bidders in public procurement; explicit and implicit. Explicit forms of discrimination can take various forms, two of which are the "preferential price margin" and "domestic content requirement." Under "preferential price margin", purchasing entities accept

bids of domestic suppliers over foreign suppliers as long as the difference in price does not exceed a specific margin of preference. The price preference margin can result from an explicit “buy local policy” e.g. ‘Buy America Act’. The United States government offered a 6% preference for domestic suppliers. The preference can be raised to 12% in case of small business and firms in regions of high unemployment and 50% of military equipment. Explicit domestic preferences have also been applied in Canada, Australia, New Zealand and Turkey (as cited in Lynne, 2013) the works of Naegelen and Mougeot, (1998). Under the “domestic content requirement”, government purchases from foreign sources only if the latter commit to purchase some components from domestic firms (as cited in Lynne, 2013).

Boniface (2014) Conducted an empirical research on factors influencing public Perception of Procurement Works towards Procurement in the Kenyan public sector pointed out the Management of procurement life cycle in Kenyan public sector was the main dimension enhancing positive Perception of Procurement Works towards Procurement and the use of open tendering as the most preferred method of procurement. In addition, the researcher was study about ICT adoption that is one of the challenges of Perception of Procurement Works towards Procurement concluded that procurement systems were still largely manual, neither streamlined nor automated. This resulted inefficiency and losses. ICT enables systems integration, promotes transparency, accountability, reliability and enhancement of relationship management. Staff members are yet to benefit from attendant ICT use and adoption. This study concluded that the state law office was performing on the negative overall records management was the most significant driver in Perception of Procurement Works towards Procurement followed by procurement procedures, procurement staff qualifications and ICT.

Perception of Procurement Works towards Procurement

Smith and Conway (1993) identified seven key success factors, which influence procurement, namely: a clear procurement strategy, effective management information and control systems, development of expertise, a role in corporate management, an entrepreneurial and proactive approach, co-ordination and focused efforts.

Furthermore, Ombaka (2009) outlined that effective procurement process is the one, which

utilizes good practices by avoiding corruption. Ethiopia is the 114 least corrupt nations out of 175 countries, according to the 2018 Corruption Perceptions Index reported by Transparency International. Corruption Rank in Ethiopia averaged 109.89 from 2000 until 2018, reaching an all-time high of 138 in 2007 and a record low of 59 in 2002.

Evaluation of suppliers before selecting them can significantly improve the performance of the procurement function in carrying out its mandate (Martin, 2004). Private enterprises evaluate suppliers before awarding contracts to supply different goods, services or carry out works. Choy and Lee (2002) stated that supplier selection consists of a five-phase process: the realization of the need for a new supplier, determination and formulation of decision criteria; prequalification; final supplier selection and monitoring of the supplier selection.

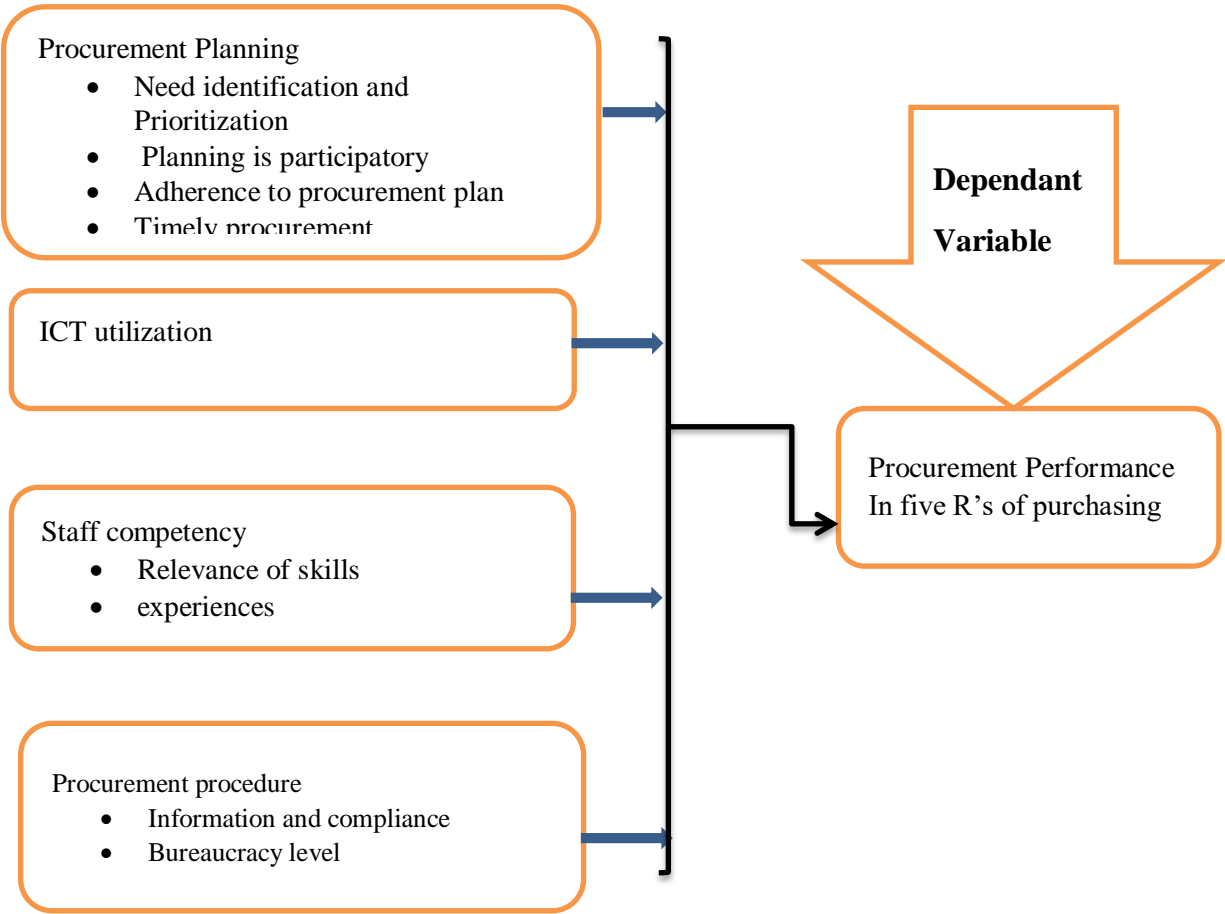
Similarly, Van (2006) stated that there is a link between procurement process, efficiency, effectiveness and performance. Performance is a key driver for competitiveness and for improvement of quality of services. Assessment of Perception of Procurement Works towards Procurement helps organizations to curtail cost, improve profitability, assured supplies, quality improvements and competitive advantage.

Batenburg and Versendaal (2006) noted that use of inappropriate means can be a barrier to change and may lead to deterioration of procurement operations. Organizations, which do not have performance means in their processes, procedures, and plans, experience lower performance and higher customer dissatisfaction and employee turnover. Measuring Perception of Procurement Works towards Procurement yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage. Electronic processes have replaced physical and paper-based processes. E-procurement moves tendering, negotiation and purchasing processes to websites.

2.3. Conceptual Framework

According to Kinyua, (2011) a conceptual framework is used in to outline possible courses of action or to present a preferred approach to an idea or thought. The study conceptual framework shows the relationship between independent variables (Procurement planning, resource allocation, Staff competency and procurement procedures) and dependent variable (Perception of Procurement Works towards Procurement).

Figure 2.3: conceptual framework



Source: Researcher constructed (2020 G.C)
Independent Variables

CHAPTER THREE:

3. RESEARCH DESIGN AND METHODOLOGY

This chapter described the methods that were applied in carrying out the research study in terms of research design, Target Population, Sample Frame, Sample size and Sampling procedure, Data Collection Instruments, Validity and reliability of research instruments, Data Collection Procedure and Data analysis.

3.1. *Research Design*

Kothari (2004) stated that the research design is the conceptual arrangement within which the research conducted; it constitutes the blueprint for the collection, measurement and analysis of data. Therefore to conduct this research operation smoothly and in a cost effective manner, the researcher was used descriptive research method to describe the characteristics of the independent variables (procurement plans and staff competency, procurement procedures, utilization of ICT and resource allocation), and used mixed approach of qualitative and quantitative techniques since it is concerned with describing the characteristics of the variables. Explanatory research design had chosen as it enables the researcher to see cause-effect relationships between independent (factors affecting Perception of Procurement Works towards Procurement) and dependent variables (Perception of Procurement Works towards Procurement) of the procurement system and to assess the major constraints that hinder the effectiveness of the procurement system of the OSZSFBFED.

3.2. *Research Approach*

To achieve this and to answer the research questions, the researcher have collected quantitative data (based on the measurement of quantity or amount and qualitative (phenomena relating to or involving quality or kind) to describe and interpret the issues in the procurement systems of OSZSFBFED.

3.3. *Sampling Size and Sampling Techniques*

3.3.1. *Target Population*

According to Ogula, (2005), a population refers to any group of institutions, people or objects that have common characteristics. Population according to Kothari, (2013) is the universe of interest. It is the total number of subjects or the total environment of interest to the researcher. Therefore, to conduct this study, the target population was 120 participants from OSZSFBFED who has actively participated with procurement and property administration, budget planning, audit and finance, Human Resource and user department.

3.3.2. Sample frame

According to Silverman (2005), the sampling frame would be large to allow the researcher to make inferences of the entire population. The sample frame for this study was comprised of 120 participants.

3.3.3. Sample size

The sample was calculated using the mathematical approach developed by Yamane (as cited in Israel, 1992) as shown below. Given a population of 120 and precision level of 0.05 the sample size was calculated as;

$$n = N / (1 + N(e)^2)$$

$$n = 120 / (1 + 120(0.05)^2) = 92$$

Where;

n = optimum sample size,

N = Population size

e = probability of error (i.e., the desired precision, e.g., 0.05)

3.3.4. Sources of Data & Data Collection Techniques

Data collection method refers to gathering specific information aimed at providing or refuting some facts (Kombo and Tromp, 2003). The data and information of this study was collected from OSZSFBFED public bodies.

Source of Primary data: - Primary data was collected using questionnaires targeting top and middle level managers as well as procurement staffs.

Source of secondary data:- secondary data was collected from published and unpublished

documents reports of finance department, proclamation, studies, electronic material bulletins, brochures, training material, working manuals, working papers, previous studies on procurement and books. Procurement procedures would be reviewed in order to evaluate the adequacy of procurement practice.

3.4. Description of Data Collection and Instruments

The study employed a structured questionnaire to collect data from the participants. Questionnaires are research instruments used to collect information geared towards addressing specific objectives (Kombo& Tromp, 2006). The questionnaire items were scaled on a five point Likert scale. The close-ended Likert rating scaled the items on (5, 4, 3, 2 and 1) where 5-strongly agree, 4-agree, 3-undecided/neutral 2-disagrees and 1-strongly disagree.

3.5. Methods of Data analysis and presentation

Kothari (2007) stated that the analysis of data refers to the commutation of certain measures along with searching for patterns of relationship that exist among data group. Thus, the primary and secondary data have would analyze and summarized to describe the research. In this research, quantitative and qualitative data have would obtain through questionnaires and interviews and analyzed using descriptive methods of data analysis. Analytical methods such as statistical methods like percentage ratio and mean would be used to compare values of different sources of different recording of the accounting transactions. The researcher used computer in coding data and the formal process of developing the coding scheme. After coding the entire data set, the researcher was rechecked the consistency of coding. The researcher on daily bases for incompleteness or inconsistency checked the data collected. For incompleteness or inconsistency corrections has been made by returning to the respondent's, data entry would be managed using predesigned worksheets to minimize error during entry. Data has checked for validity and reliability. The worksheet would be created using the data type and size. Statistical packages of data analysis tools also used in to get the required analysis results for the study and the result presents using tables, charts and appropriate data presentation tools. Descriptive data analysis method also employed for feedbacks obtained using questioners and interviews conducted. To achieve the stated objectives, the collected research data

would managed and analyzed using qualitative, quantitative and descriptive statistical technique which includes table, frequency distribution, charts and percentage through SPSS and excel application computerized systems.

Both quantitative and qualitative approaches were used for data analysis. Quantitative data from the questionnaires were coded and entered into the computer for computation of descriptive statistics. The Statistical Package for Social Sciences (SPSS Version 23) was used to run descriptive statistics such as frequency and percentages so as to present the quantitative data in form of tables and graphs.

For further understanding, the relationship between the variables; independent variables (procurement plans and staff competency, procurement procedures, utilization of ICT and resource allocation) and dependent variables; Perception of Procurement Works towards Procurement (efficiency, effectiveness), the multiple regression models have been used to show the relationship between the dependent variable and the independent variables. The model is given as follows; $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Where: Y= Dependent variable (Perception of Procurement Works towards Procurement), β_0 =Constant of Regression, X_1 = Procurement planning, X_2 = Procurement procedures, X_3 = Resource allocation, X_4 = Utilization of ICT and ε = Error of Regression

3.6. Ethical Consideration

In order not to violate objectivity of participants in the research process, the researcher must due care on how to deal and relate with them. The researcher would design method of follow up on the rights and safety of the interviewees or respondents as much as possible. In this regard, the researcher test or estimate the reliability of information to be collected from six grouped questions being administered to respondents that have exactly the same questions of the same concept to each group. The researcher assured high degree of accuracy of this proposed study through taking samples and used the current and past documents of the company to ensure validity of information to be collected. To confirm ethical issues, respondents were informed about the purpose of study, not to mention their name in responding the questions. Therefore, confidentiality of personal data was kept accordingly.

3.7. Reliability and Validity

3.7.1. Reliability

Reliability is assessment of the extent to which a questions or instruments measure the internal consistency of the instruments and gives safe results. Cronbach's alpha is a measurement of reliability, which assesses the extent to which group of questions are asking for the same basic underlying information (Fazal Ahimed, 2014). The aim when discussing reliability is to lessen the errors and biases in the study. For the purpose of this study, after the questionnaires were prepared pilot testing of the instruments were made. Then reliability of the instruments calculated by using SPSS version 23 called Cronbach's Alpha. So, the Cronbach's Alpha result of questionnaires of the study is presented in table as follows.

Table 3.1: Reliability Statistics

No	Item	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
	Procurement planning	0.955	0.967	5
	Procurement procedures	0.970	0.972	5
	Perception of Procurement Works towards Procurement	0.949	0.956	5
	Resource Allocation	0.979	0.982	4
	ICT	0.964	0.970	5
	Summary	0.989		42

Source: Survey Result of 2020 G.C, SPSS output

From the table above the reliability testing, Cronbach's Alpha of procurement planning, procurement procedures, Perception of Procurement Works towards Procurements, ICT and impact of variables on Perception of Procurement Works towards Procurement have scored 0.955, 0.970, 0.949, 0.964, and 0.993 respectively which is more than 0.966 in average as indicated in table above.

As Harahan Mohajan (2017) study indicated that the values of Cronbach alpha above 0.7 are generally considered to be acceptable and satisfactory, above 0.8 are usually quite good and above 0.9 are considered to be reflecting exceptional internal consistency and these indicate that the measurements are reliable. Therefore, according to the assumption set by Haran Mohajan, it can be said that this research gave a highly reliable result of survey since all variables of Cronbach's Alpha results are greater than 0.9.

**CHAPTER FOUR:
4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

The main objective of this study was to investigate the factors affecting Perception of Procurement Works towards Procurement of public sector. The case of OSZSFBFE. In this regard, this chapter presents the results and findings of the study as collected from the sample population. The data has been presented by tabulation. The chapter covers respondents’ general information based on demographic information, and findings based on how factors were affect the performance of procurement in the selected area.

4.1. Response Rate

In the course of conducting the study, the researcher distributed 92 questionnaires and but due to the widespread of COVID-19 (CORONA VIRUS), 46 of them only have retuned which constitutes **50%** of the total. According to Mugenda and Mugenda (2003), Rogelberg and Stanton (2007) and Saunders et al., (2007), a response rate of 50% is adequate, a rate of 60% is good, and a response rate of 70% and over is very good. Therefor it was considered as favorable and adequately represents the target population. See table 4.1 below.

Table 4. 1: Response Rate of Questionnaires Distributed and returned.

No	Characters	Distributed	Retuned	percentage
	Total	92	46	50

Source: Survey Result of 2020 G.C

4.2. Descriptive data analysis: Summary Statistics for quantitative Variables

The respondents were asked to mention their gender in the questionnaire and accordingly 73.9% of the respondents were male and 26.1% were females as shown in table 4.2 below. These imply that majority of respondents were male and male respondents and show the majority of staffs working in BFED were male dominant dominated the response of respondents.

Table 4.2: Gender of respondents

		Frequency	Percent
Valid	Male	34	73.9
	Female	12	26.1
	Total	46	100.0

Source: Survey Result of 2020 G.C

4.2.1. Age of the Participants

The age of the respondents is important in research as people who are mature in age may have different opinion than young people and have varying ideas about certain issues due to experience gained through time. As a result, the respondents were asked to indicate the age category in the questionnaires. The finding reveals that, the majority 15.2% of the respondents were aged between 20 to 25 years, 19.6% between 26-30, and 26.1% of respondents aged between 31-35 years, and remaining 39.1%, aged above 35 years as depicted in the Table 4.3 below. This implies that these are experienced employees who could have given the relevant information to the study area.

Table 4.3: Age range of respondents in the company

		Frequency	Percent
Valid	20-25	7	15.2
	26-30	10	21.7
	31-35	12	26.1
	Above 35	17	37.0
	Total	46	100.0

Source: Survey Result of 2020 G.C

4.2.2. Education level of respondents

The educational levels of respondents have an impact on the responses to different issues. As a result, respondents were asked to indicate their level of academic qualification in the questionnaires. The finding reveals that, the majorities 65.2% of the respondents had 1st degree, 15.2% had diploma and 10.9% of respondents were holder of masters and above it as depicted in the Table 4.4 below. These imply that the majority of respondents were holder of bachelor degree and most of them are qualified to handle and discharge their responsibility, able to learn their environment.

Table 4.4: Education level of respondents

		Frequency	Percent
Valid	10-12 Grade	2	4.3
	Certificate holder	2	4.3
	Diploma	7	15.2
	Degree holder	30	65.2
	Master's degree and above	5	10.9

	Total	46	100.0
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Source: Survey Result of 2020 G.C

4.2.3. Professions of FEC Respondents

The professions of the respondent have importance in research as people who have different profession may have varying ideas about certain issues. Thus, the respondents were asked to indicate their profession and the result shows 34.8% of respondents were finance/ accountant in profession, 10.9% were Procurement, 15.2% were budget and plan, 17.4% of the respondents were auditors and 21.7% of the respondents were other professions as indicate in Figure 4.5 below. This shows that majority of respondents are accountant in profession and shows existence of opportunity to better manage public procurement.

Table 4.5: Respondents Profession in the firm

		Frequency	Percent
Valid	Procurement	5	10.9
	Budget and Plan	7	15.2
	Finance/Accountants	16	34.8
	Audit	8	17.4
	Others	10	21.7
	Total	46	100.0

Source: Survey Result of 2020 G.C

4.2.4. Working Experiences of respondents

The overall work experiences of respondents were also found helpful as people having long experiences may gain varying skill and knowledge in doing things differently. So, respondents were asked to specify their existing and overall experience, which reveals that 54.3% of respondents had experience more than 10 years, 32.6%, had 6-10 years, 6.5% of respondents had experience between 2-5 years, and 6.5% had less than 1 year working experience as depicted in Table 4.5 below. This shows majority of respondents have overall experience more than 10 year and had better experience.

Table 4.6: Work experiences of respondents

		Frequency	Percent
Valid	Less than 1 year	3	6.5
	2-5 Year	3	6.5
	6-10 Year	15	32.6
	More than 10 year	25	54.3
	Total	46	100.0

Source: Survey Result of 2020 G.C

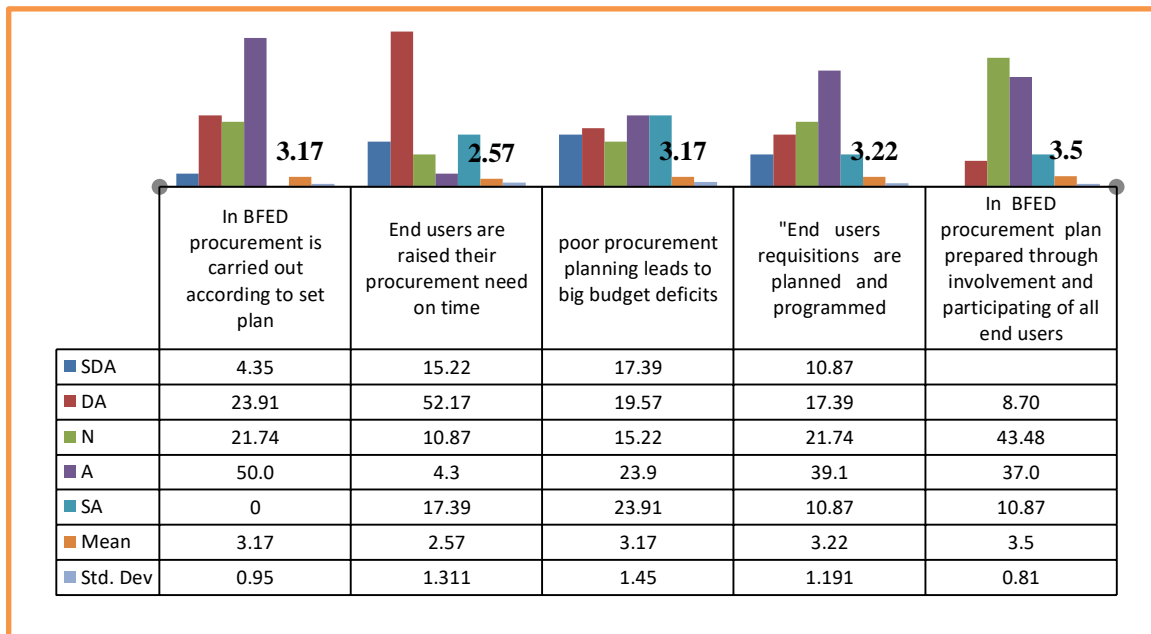
4.3. Descriptive Statistics for factors affecting Perception of Procurement Works towards Procurement.

Descriptive analysis focuses on describing the basic feature of the data in a given study (Cooper & Schindler, 2013). In this section, descriptive analysis was used to summarize findings on the influence of procurement planning, Perception of Procurement Works towards Procurement. Utilization of ICT and staff competency on Perception of Procurement Works towards Procurement.

4.3.1. Effects of procurement plan on Perception of Procurement Works towards Procurement at BFED

Procurement planning is the future needs to procure goods and services for the intended organization to meet its strategic goals, thus, performing the procurement plan should be proactive; failure to request the required goods or services early will bring to postpone the work program to subsequent years, it is also a means for under-utilization of the budget. As procurement is a long and time-consuming process, contract planning should “begin as soon as the agency need is identified, preferably well in advance of the fiscal year in which contract award is necessary” Thai, 2009).

Figure 4.1: Response summary on procurement planning



Source: Survey Result of 2020 G.C

Among the major factors that affect performance of procurement in public sector is the procurement planning. Accordingly, Survey participants were asked to pick their level of agreement on a five-point scale on five statements related to effective procurement planning procedures. On a five-point scale, “1” representing “strongly Disagree” and “5” representing “strongly agree”, the responses summarized in the chart. As shown in Figure 4.1 above, the first statement asked the participants whether procurement was carried out according to set plan of BFED. From the result in Figure 4.1 above, the mean score for respondents was 3.17 indicated that the majority of participants (50%) were agree with the statements. The standard deviation indicates that a majority of responses did not vary from the mean by more than 0.95. The second statement sought to determine whether end users raised their need to procurement department on time. From the results, the mean score for responses was 2.57 indicating that a majority of the participants (52.17%) were disagree with this statement. The standard deviation indicates that a majority of responses did not vary from the mean by more than 1.311. The third statement asked respondents whether poor procurement planning leads to big budget deficit to the BFED. The result shown that the mean score of respondents was 3.17 indicating that majority of respondents (23.9%) were agree or strongly agree with the statement. The standard deviation shown that a majority of responses did not vary from the mean by more than 1.45. The fourth statement asked respondents whether end user’s requisitions are planned are programmed. The result implied that

the mean score of respondents was 3.2 indicates that majority of the respondents (39.1%) were agreed with the statement. The fifth statement asked to respondents whether procurement plan prepared through involvement and participating of end users. The result shown that the mean score of respondent was 3.5 and the majority of respondents (43.48) were decided to be neutral on this statement.

4.3.1.1. Correlation Coefficient of All factors

The correlation of the variable was measured by Pearson correlation coefficient. The result of the Pearson correlation is presented in the following table and interpreted by the guideline suggested by Field (2006); he mentioned that the Pearson correlation coefficient shows the relationship and direction between the predictor and outcome variable. Accordingly, if the relationship measured is in the range of 0.1 to 0.29 it is a weak relationship, 0.30 to 0.49 is moderate, above 0.50 shows strong relationship; while the positive and negative sign tell us the direction of their relationship.

		Perception of Procurement Works towards Procurement	Procurement planning	Procurement procedure	Utilization of ICT	Staff competence
Perception of Procurement Works towards Procurement	Pearson Correlation Sig. (2-tailed) N	1 46				
Procurement planning	Pearson Correlation Sig. (2-tailed)	.988** .000	1			

	N	46	46			
Procurement procedure	Pearson Correlation	.968**	.970**	1		
	Sig. (2-tailed)	.000	.000			
	N	46	46	46		
Utilization of ICT	Pearson Correlation	.976**	.971**	.982**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	46	46	46	46	
Staff competence	Pearson Correlation	.971**	.961**	.982**	.988**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	46	46	46	46	46

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

Source: Survey Result of 2020 G.C

The above correlation table shows that the correlation between predictor variables (i.e. Procurement planning, Procurement procedure, Utilization of ICT and Staff Competency) and dependent variables (Perception of Procurement Works towards Procurement).

Accordingly, Perception of Procurement Works towards Procurement has significant and strong correlation with all procurement factors at Pearson correlation with (r) value of 0.988, 0.968, 0.976 and 0.971 respectively as Procurement planning, Procurement procedure, Utilization of ICT and Staff Competency with significant value of $P < 0.01$. Thus, the hypothesis stated that all independent variables have a significant influence on the performance of public organization is accepted.

4.3.1.2. Regression Analysis

Regression standardized coefficients can take on any value between 0 and 1, and it measures the proportion of the variation in a dependent variable that can be explained statistically by the independent variable(s) (Saunders et al., 2012). R square tells us how much of the variance in dependent variable is accounted for by the regression model from our sample, the adjusted value tells us how much variance in dependent variable would be accounted for if the model had been derived from the population from which the sample was taken (Field, 2006). Regression

coefficients (R) and R Square of the research were discussed below:

Table 4.8: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.	Durbin-Watson
1	.992 ^a	.983	.982	.13577	.000	.941
a. Predictors: (Constant), staff competence, procurement planning , procurement procedure, utilization of ICT						
b. Dependent Variable: Perception of Procurement Works towards Procurement						

Source: Survey Result of 2020 G.C

In the above table 4.8, multiple correlation coefficients R of 0.992 indicates that the correlation among the independent and dependent variables were a strong positive relationship; as a result working on those selected factors have positive relation on Perception of Procurement Works towards Procurement of the BFED. The coefficient of determination, R^2 (square) is interpreted as 98.2 % of the variation in the dependent variable Perception of Procurement Works towards Procurement is explained by the independent variables (i.e. Procurement planning, Staff Competency, Procurement procedure, Utilization of ICT) and further research should be conducted to investigate the other factors 1.8% that influence the factors affecting Perception of Procurement Works towards Procurement in OSZSFBFED.

According to the study, X1 Procurement planning x2 Procurement procedures, x3 Utilization of ICT and x4 staff competency has significant influence in the Perception of Procurement Works towards Procurement of BFED.

4.3.1.3. Multiple Regression Analysis

Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables, which can be used for the purpose of prediction of the value of dependent variable, given the value of the independent variable(s) (Kothari, 2004).

Multiple regression analysis is an analysis of association in which the effects of two or more independent variables on a single, interval-scaled dependent variable are investigated simultaneously (William and Barry, 2010). There are three major types of multiple regression techniques namely standard multiple regression, hierarchical regression, and statistical (stepwise) regression (Ho, 2006). This study was conducted using standard multiple regression method that all the study's independent variables were entered into the regression equation at once. According to William and Barry (2010), no cut-off values for the model R square value to accept

or reject the regression model; therefore, the regression analysis results were interpreted and regression models were developed to all dependent variables. In this study, multiple regression analysis was conducted to test the effect of independent variables or procurement factors (i.e. Procurement planning, procurement procedures, Utilization of ICT and Staff Competency,) on the dependent variables or Perception of Procurement Works towards Procurement. The reason for using this multiple regression analysis was to examine the direct effect of factors that affect Perception of Procurement Works towards Procurement in BFED.

4.3.1.4. Analysis of Variance /ANOVA/ Test

ANOVA tests indicate that whether the model is significantly better at predicting the outcome than using the mean as a “best guest” (Field, 2006). ANOVA model is more likely to be significant, indicating that at least one group mean is different from another group mean.

ANOVA is the appropriate statistical technique to examine the effect of a less-than interval independent variable on an at-least interval dependent variable. If the F test result is not significant, the model should be dismissed and there is no need to proceed to further steps (William and Barry, 2010).

On the other hand, regarding to ANOVA test Saunders et al., (2012) discussed that a very low significance value (usually less than 0.05) means that your coefficient is unlikely to have occurred by chance alone. A value greater than 0.05 means you can conclude that your coefficient of multiple determinations could have occurred by chance alone. Therefore, the ANOVA table and test result is presented and discussed below

Table 4.9: ANOVA TABLE

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.257	4	11.064	614.667	.000 ^b
	Residual	.756	41	.018		
	Total	45.013	45			
a. Dependent Variable: Perception of Procurement Works towards Procurement						
b. Predictors: (Constant), staff competence, procurement planning , procurement procedure, utilization of ICT						

Source: Survey Result of 2020 G.C

The ANOVA test result of Perception of Procurement Works towards Procurement is indicated on above table 4.9, was noticed that F value 614.667 is significant at P<0.05 levels. Therefore, from the result, it can be concluded that with 98.2% of the variance (R square) in Perception of Procurement Works towards Procurement is significant and the model appropriately measure the dependent variables.

4.3.1.5. Regression Coefficients or Model

A multiple linear regression was conducted to test the relationship among variables (independent) on the Perception of Procurement Works towards Procurement. SPSS version 23.0 was used to code, enter and model the relationship between the six independent variables and the dependent variable.

Coefficient of determination helps us to see which among the four independent variables influences most the variance in dependent variable (Perception of Procurement Works towards Procurement) which can be predicted from the independent variables (procurement planning, procurement procedures, Utilization of ICT and staff competency).

Table 4.10: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coeff	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.390	.145		2.693	.010
	procurement planning	.702	.086	.753	8.140	.000
	procurement procedure	.190	.139	.172	1.366	.179
	utilization of ICT	.111	.151	.114	.739	.464
	staff competence	.292	.137	.303	2.132	.039

a. Dependent Variable: Perception of Procurement Works towards Procurement

From the regression findings, the substitution of the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$). Where: Y is the dependent variable (Perception of Procurement Works towards Procurement), β_0 is the regression coefficient/constant/Y-intercept, $\beta_1, \beta_2, \beta_3, \beta_4$ are the slopes of the regression equation,

X1 is the Procurement planning

X2, is the Procurement procedure

X3 Utilization of ICT

X4 is the Staff competence while

ϵ is an error term at 95% confidence level

So the Regression becomes $PRPR = .390 + .702X_1 + .190X_2 + .111X_3 + .292X_4$

The above equation established that taking all factors into consideration (procurement planning, procurement procedures, utilization of ICT and staff competency) constant at zero Perception of Procurement Works towards Procurement would be 0.390. The findings further indicate that taking all other independent variables constant, a unit increase in procurement planning will lead to a 0.702 increase in Perception of Procurement Works towards Procurement. The p-value was 0.000, which is less than 0.05, and thus the relationship was significant. It was also indicated in

the study that a unit increase in staff competency leads to a 0.292 increase in Perception of Procurement Works towards Procurement. The p-value was 0.039, which is <0.05 and thus the relationship were significant. The result from the study indicates that procurement planning contributed most to the Perception of Procurement Works towards Procurement of OSZSFBFED.

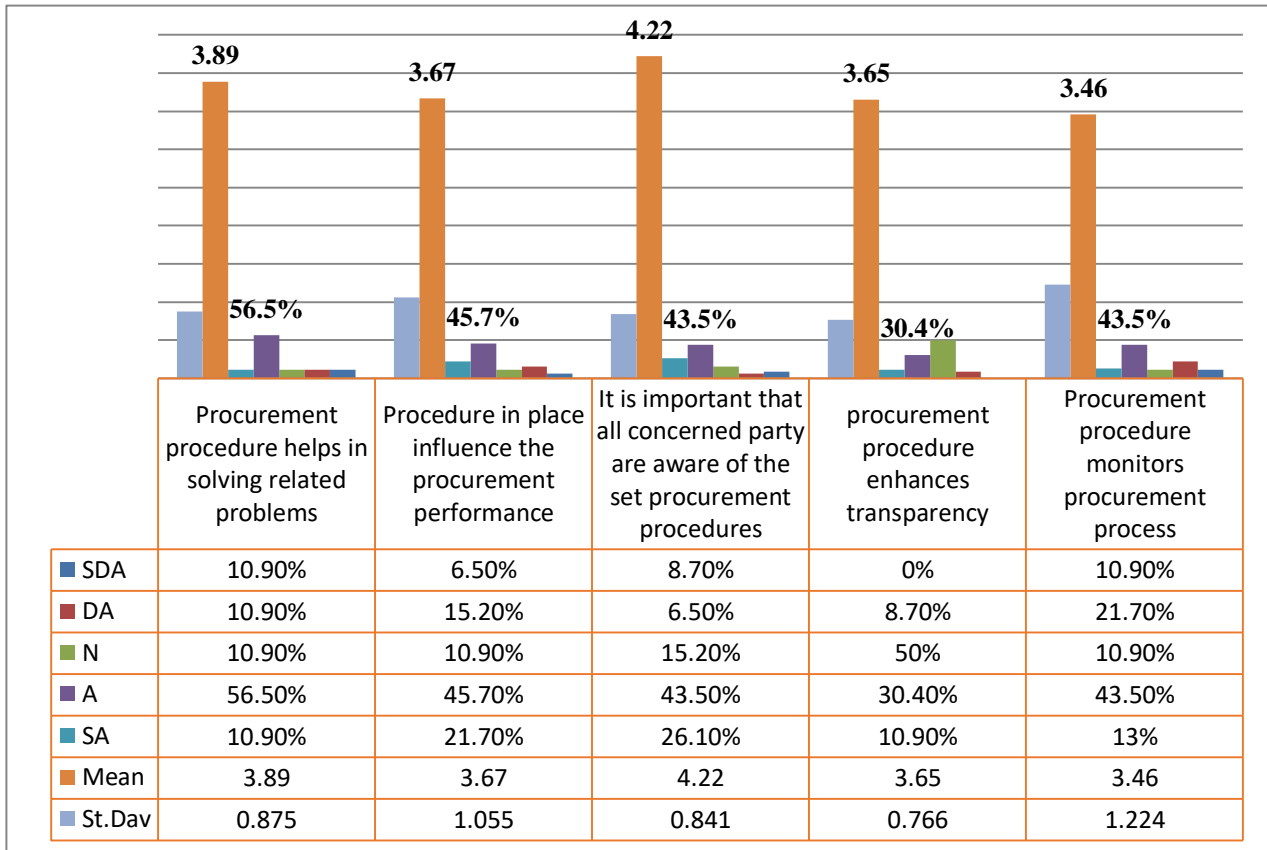
4.3.2. Effects of procurement procedure on Perception of Procurement Works towards Procurement at BFED

In any purchasing department there has to be procurement procedures. The researcher selected five major statements related to procurement procedures and asked the survey participants to show their level of agreement with the statements. A five point Likert scale where “1” representing “strongly disagrees” and “5” representing “strongly agree” was used to gather the respondents’ perceptions with the overall mean=3.778. About 60.44% of the professionals who participated on the survey agreed or strongly agreed with four of the five statements. According to the responses, majority of the participants believe that:

- Procurement procedure helps in solving related problems in the bureau for this survey with the value of mean= 3.89.
- Procedure in place influences the organization’s Perception of Procurement Works towards Procurement, with the mean of 3.67.
- All concerned parties at BFED were aware of the set procurement procedure with the mean of 4.22.
- Procurement procedure enhances transparency in the organization with mean of 3.67 which is below the overall mean and
- Procurement procedure monitors procurement processes of the OSZSFBFED with mean of 3.46 also it below the overall mean. Accordingly, the survey found that majority of the respondents impartial about procurement procedure in place influence the Perception of Procurement Works towards Procurement, Procurement procedure enhances transparency and Procurement procedure monitors procurement process as shown by mean of 3.67, 3.65, and 3.46 respectively.

Having and clearly listing the procurement procedure is a very important part of procurement process for every purchasing department of companies, governments, local governments and even countries.

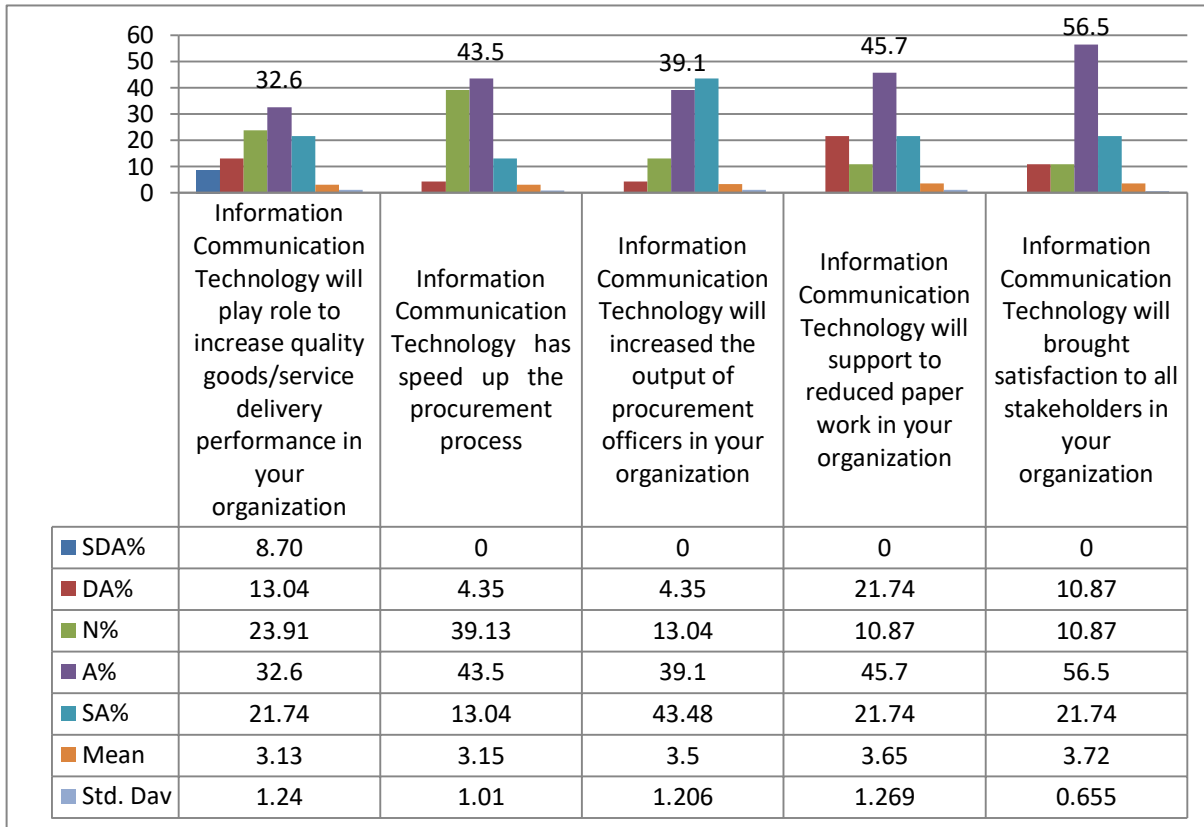
Figure 4.2: Perception on the Procurement Procedures



4.3.3. Benefits of Information Technology utilization for Procurement

Most purchasing departments in our country process procurement procedures using paper. Although there is a sign of moving to utilization of Information Technology (IT) in procurement processes in some organizations, it is not satisfactory. The benefit of using IT for procurement to minimize the tediousness of the process and increase of efficiency is tremendous. The researcher asked the survey participants to rate their agreements with the statements related to the benefits of IT in a five-point scale “ 1” Strongly disagree to “5” strongly agree . The responses are compiled in the chart provided below. The survey result also shows that majority of the participants believe that IT benefits their procurement processes extremely. Please refer to table figure 4.3 for the details.

Figure 4.2: Perception on the utilization of ICT



Source: Survey Result of 2020 G.C

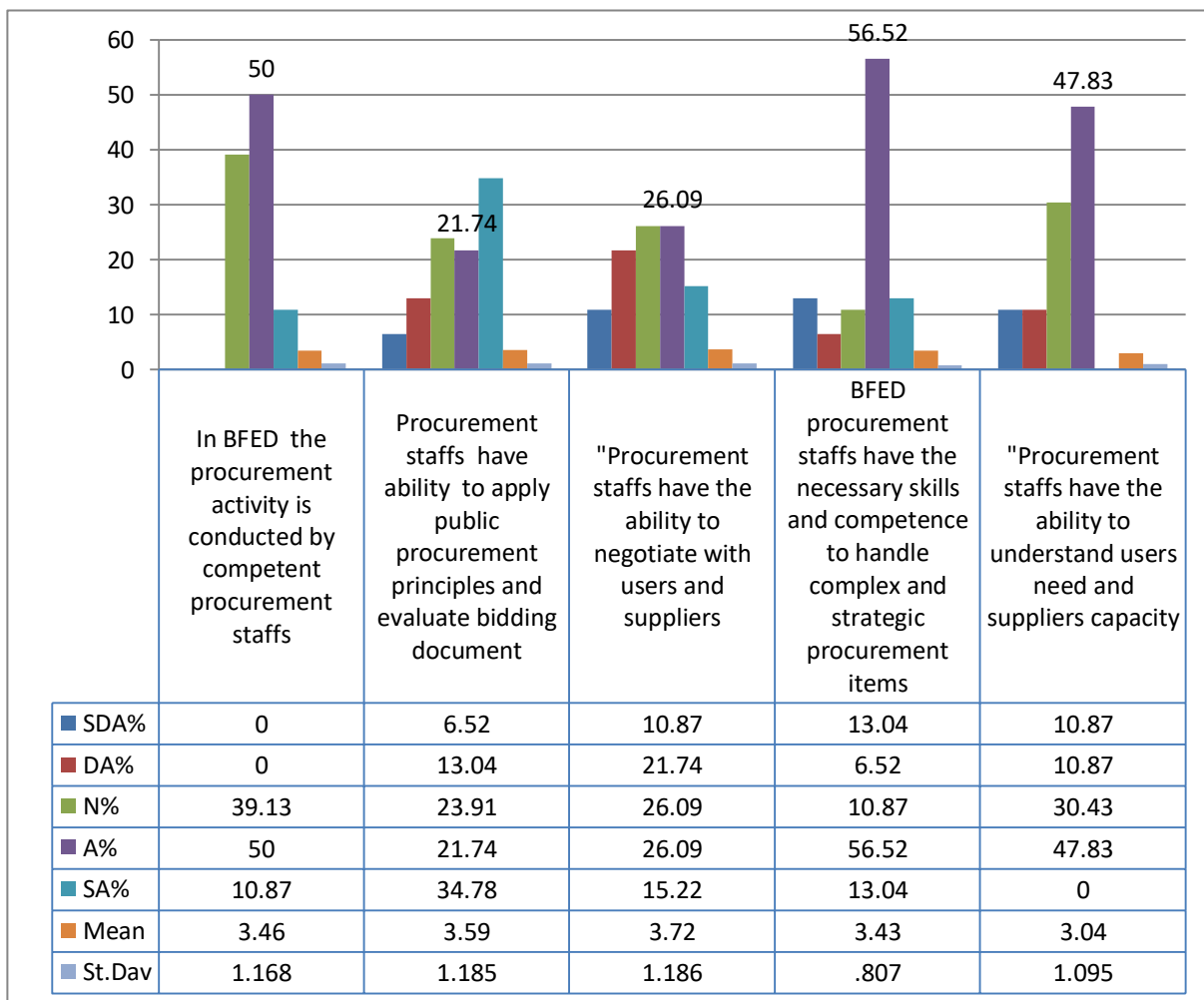
4.3.4. Staff Competency and its effect on Perception of Procurement Works towards Procurement

The performance of the procurement function in any organization requires that the individuals handling the procurement activity should have the necessary professional qualifications and employee level of skill influences the Perception of Procurement Works towards Procurement (Samuel & Njeru, 2014). People (staffs) are one of the three p’s of any procurement process management. The other two p’s of procurement management process are process - list of rules that need to be followed and paper - paperwork and documentation involved in every stage of the procurement process flow. Survey participants were presented with five statements related to staff competency and were asked to rate their agreement with the statements with a five-point scales. “1” representing “strongly disagree” and “5” representing “strongly agree”, 69.5% believe that BFED procurement staffs have the necessary skills and competence to handle

complex and strategic procurement items. 60.9% believe that competent staff of the bureau conducted the procurement activity. On the other hand, fewer than 50% agrees that the staff has ability to negotiate with

users and suppliers and the staff has the ability to apply public procurement principles and evaluate bidding documents. Although the results show that the bureau has competent procurement staffs, it is obvious that the staff needs more training on such activities as ability to understand users’ needs and supplier’s capabilities, ability to negotiate with users and suppliers, and abilities to apply public procurement principles and evaluate bidding documents. The researcher believes that these activities are crucial for the effectiveness of the procurement process and needs more attention.

Figure 4.4: summary of perceptions of staff competency



Source: Survey Result of 2020 G.C

4.3.5. The Five “Rights” of Perception of Procurement Works towards Procurement

The five “Rights”, sometimes referred as five “Rs” of procurement are traditionally described as follows:

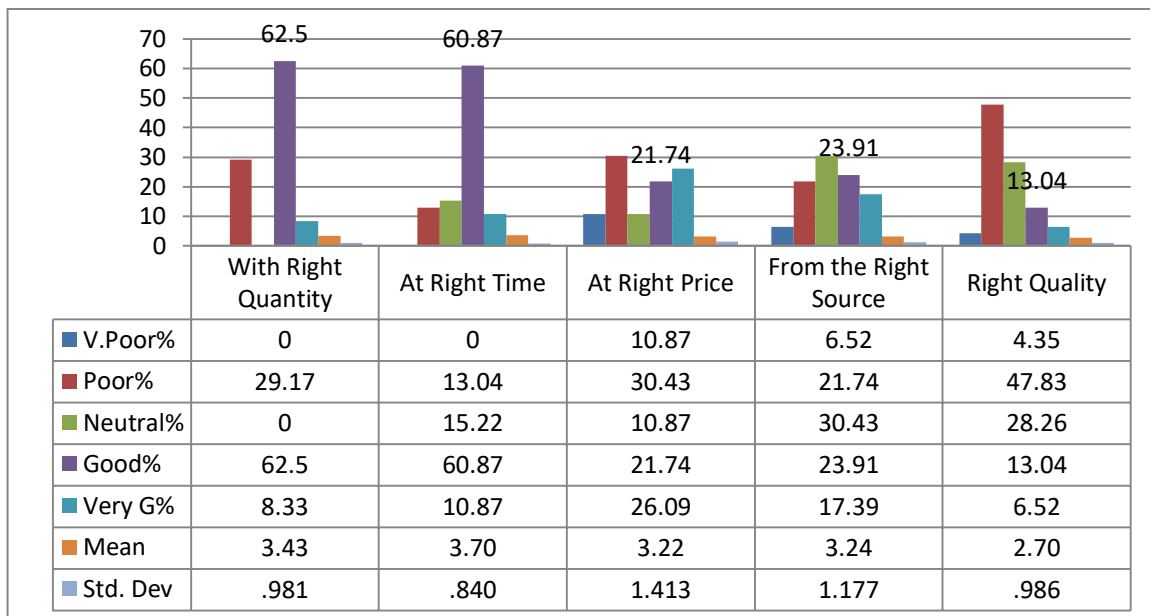
Perception of Procurement Works towards Procurement has been described as the degree of achievement of certain effort or undertaking. It relates to the prescribed goals or objectives that form the project parameters. It is all about meeting or exceeding (augmenting) stakeholders' needs and expectations from a project. It invariably involves placing consideration on following major procurement elements i.e. time, cost, quality, quantity and source Aldhfayan, (2008)

- Inputs of the right “Quality”.
- Delivered in the right “Quantity”.
- To the right “Place”.
- At the right “Time”.
- For the right “Price”.

As indicated in the below descriptive statistics table and figure, BFED procurement process team is working at the right quantity with a mean value of 3.70, from the right sources with mean value of 3.43, at the right time with a mean value of 3.42, at the right price with a mean value of 3.22 and at the right quality with a mean value of 2.70.

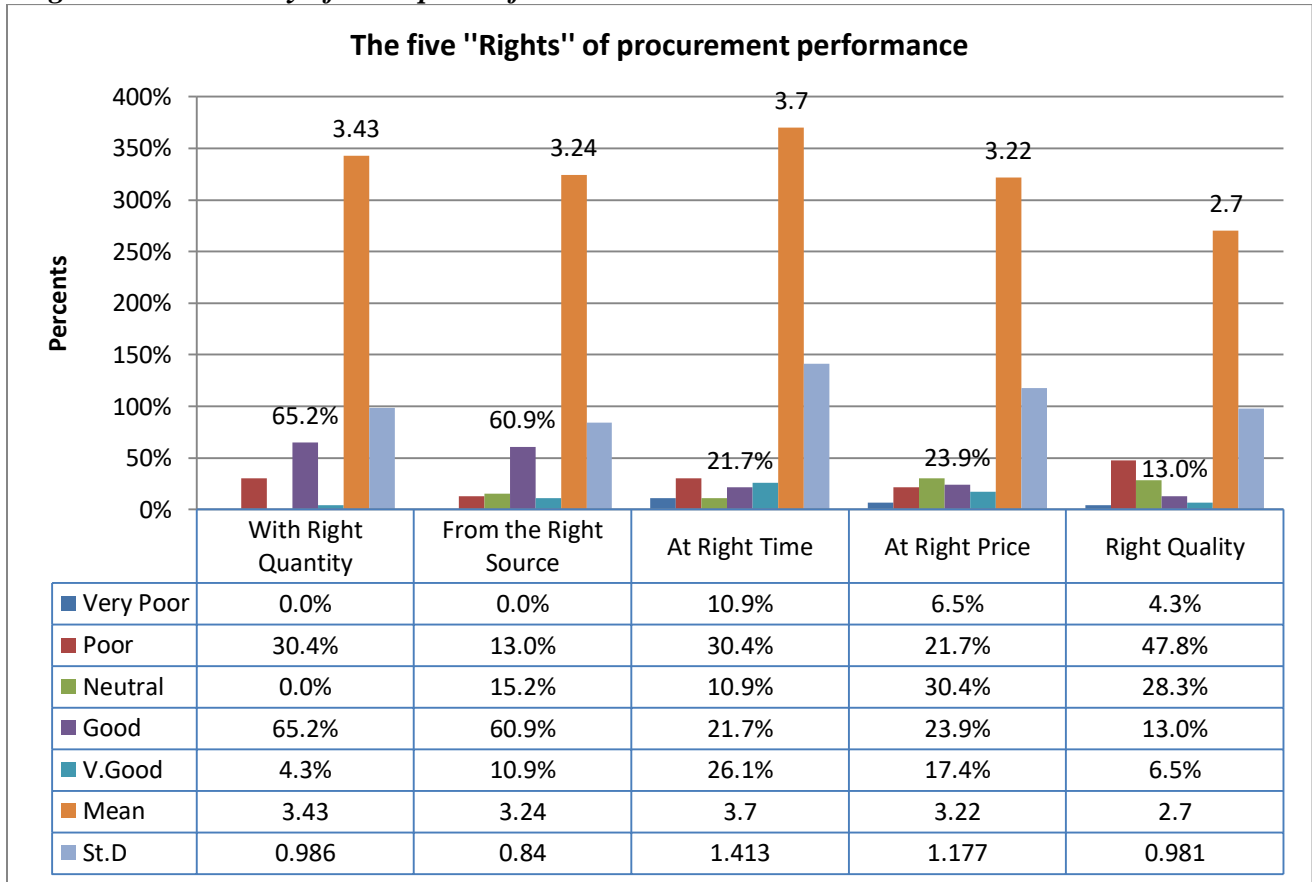
Therefore, from the result above, one can conclude that the procurement process team is executing poorly in timely delivery, quality and prices of materials purchased that is below the overall average point. From the five performance indicators of procurement, BFED procurement process is working well with regard to procuring with right quantity and right sources.

Table4.16: The Five “Rights” of Perception of Procurement Works towards Procurement



About 70% of the respondents believe that inputs of the right quantity are delivered from the right places by the procurement department of the bureau. Fewer than 50% believe that the purchased inputs are purchased without and the right quality. This result shows that a significant number of the participants do not believe that the items are purchased with the right price, at the right quality.

Figure 4.5: Summary of Perception of Procurement Works towards Procurement



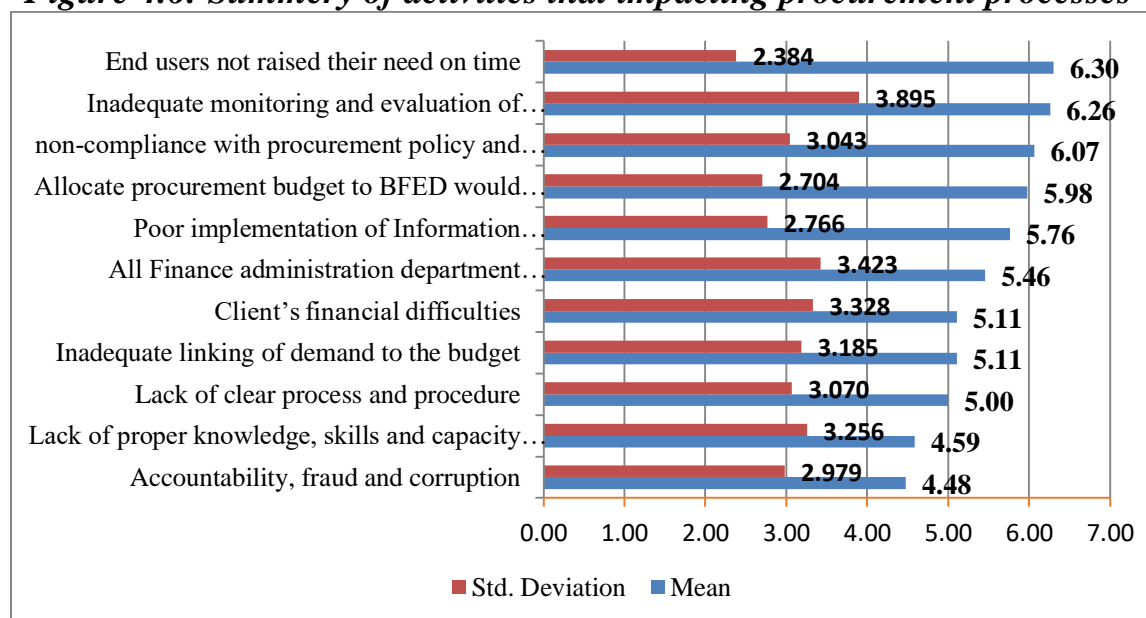
Source: Survey Result of 2020 G.C

4.3.6. Factors of Perception of Procurement Works towards Procurement in BFED

Respondents asked to rank 11 activities according to their impact on procurement process, respondents ranked accountability, fraud and corruption as the most important activities that influence procurement process at BFED having the greatest influence on the performance of public procurement in (The low mean indicates having the greatest influence). Lack of proper knowledge, skills and capacity of the staff was ranked as the second important factor. The research participants ranked end users not raising their need on time as the least important factor

affecting the procurement process at BFED. The following chart shows the ranking of the eleven activities presented to the survey participants in the order of their ranking.

Figure 4.6: Summary of activities that impacting procurement processes



Source: Survey Result of 2020 G.C

Most respondents also claimed that lack of quality competition and fraudulent processes are the faults they notice more than others in the bureau's procurement process.

Table 4.11: faults that noticed in the BFED procurement process

What are the faults that you noticed in the FEC procurement process?	f	%
Bureaucratic Difficult to access	8	17.4
Lack of quality competition	20	43.5
Lack of transparency	6	13.0
Allows the process to be fraudulent	12	26.1

Source: Survey Result of 2020 G.C

As can be seen from table 4.22 above, public bodies or end users were asked what flaws or defect they had noticed in public procurement process. In this regard, 43.5% of the respondents noticed as lack of quality competition, 26.1% of them as the process to be fraudulent, 17.4 % of

them noticed as difficulty to access and 13% of them observed as lack of transparency. This shows the procurement process should be updated and improved so as to deliver efficient and adequate service.

This response also supported by the empirical literature in this study in such a way that managerial process goes far of beyond simply buying materials and warehousing whereby includes tactful planning and procedures that cover a wide range of related activities including research and development as required for the proper selection of materials and sources ascertainment of delivery, inspection of documents on incoming shipments to ensure quantity and quality compliance, development of procedures to implement buying and stores polices (Pooler, 1997).

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

In this chapter the summary of the findings were provided, and conclusions are drawn in light of the objectives of the study. The researcher then presents recommendations for both the research and for improvement by the organization under study.

- ***Summary of Major Findings***

The main intent of this research was to establish the factors affecting Perception of Procurement Works towards Procurement of public organization. The case Oromia Special Zone Surrounding Fin-Finne Bureau of Finance and Economic Development (OSZSFBFED). The factors that focused on were procurement planning, procurement procedures, utilization of information technology and staff competency and the extent to which they affected Perception of Procurement Works towards Procurement.

- **Influence of Planning on Performance of Procurement**

From the findings, majority of respondents indicated that procurement plans in the department influenced positively on Perception of Procurement Works towards Procurement.

From regression model, a unit increase in procurement planning will lead to a 0.702 increases in Perception of Procurement Works towards Procurement at BFED. This implies that planning accounts for 70.2% of variations in Perception of Procurement Works towards Procurement. Basheka, (2008) in his findings concludes that planning is a process that consists of many steps and the bottom line is that planning is not concerned with future decisions but rather with the future impact of decisions made today.

- **Procurement Procedures**

From the findings, majority of respondents indicated that procurement procedures have a positive impact on Perception of Procurement Works towards Procurement.

From Pearson's correlation coefficient, it was clear that there is a positive correlation and significantly related between the Perception of Procurement Works towards Procurement and procurement procedure as shown by a correlation figure of 0.703, $P=000<0.05$.

From regression model, a unit increase in procurement procedures will lead to a .332 increase in Perception of Procurement Works towards Procurement at BFED. This implies that

procurement procedures accounts for -33.2% of variations in Perception of Procurement Works towards Procurement.

- **Utilization of Information Communication Technology**

The study found out majority of respondents agreed that utilization of ICT impacted positively on Perception of Procurement Works towards Procurement.

From Pearson's correlation coefficient, there is a positive correlation and significantly related between Perception of Procurement Works towards Procurement and utilization of ICT with correlation coefficient of $r = .783$, $P = .000 < 0.01$.

From regression model, a unit increase in utilization of ICT will lead to a .224 increase in Perception of Procurement Works towards Procurement at BFED. This implies that utilization of ICT accounts for 22.4% of variations in Perception of Procurement Works towards Procurement. The results as shown that lack of advanced technology usage i.e. e-procurement technology in procurement process is one of the greatest factor of Perception of Procurement Works towards Procurement in the BFED.

- **Staff Competency**

From the findings, 69.5% believe that BFED procurement staffs have the necessary skills and competence to handle complex and strategic procurement items. majority of respondents indicated that Staff Competency in the department affected positively on Perception of Procurement Works towards Procurement.

From regression model, a unit increase in staff competency will lead to a .566 increases in Perception of Procurement Works towards Procurement at BFED, which implies that staff competency accounts for 56.6% of variations in Perception of Procurement Works towards Procurement. Procurement staffs competencies affected Perception of Procurement Works towards Procurement of BFED in the sense that experienced staff carry out duties in a professional manner and it reduce wastage of resources. Competent staff would ensure that items services are procured as and when the need is expected. Lysons and Gillingham, (2003) in their findings concludes that procurement personnel should be knowledgeable about specifications so as to be able to secure value for money for their employers and play their role of intermediaries

between the user and the supplier.

- ***Conclusion***

Based on the research findings, it was concluded that procurement planning, procurement procedures, utilization of ICT and staff competency could be used to improve Perception of Procurement Works towards Procurement in the organization. Depicting on this research, lack of procurement planning, procurement procedures, skilled work force to use ICT is leading to poor Perception of Procurement Works towards Procurement. Though the public sector is striving hard to improve Perception of Procurement Works towards Procurement, there were still issues of poor quality products, long lead-time and non-compliance to procurement regulations and procedures.

It was expressed that the current phenomenon of poor Perception of Procurement Works towards Procurement in the public sector could be reversed if the government and other stakeholders ensure that procurement planning, procurement procedures, ICT utilization and staff competency were embraced in procurement function.

The study further concludes that preparation of annual procurement plans, frequency of formulation of procurement plans and the evaluation of the same contributes to the organization's Perception of Procurement Works towards Procurement. The most important factor was found to be procurement planning followed by procurement procedure as pointed out by most of the respondents. This was because good plans result to effectiveness and efficiency in attaining projected results. Mamiro (2010) agrees with these findings and concludes that one of the major setbacks in public procurement is poor planning and management of the procurement process, which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of the skills of staff responsible for procurement.

- ***Recommendations***

Based on finding of the study, the following recommendations were forwarded to improve the factors affecting Perception of Procurement Works towards Procurement.

The organization should ensure procurement planning so as to maximize economy and efficiency, to promote competition and ensure that competitions are treated fairly, to promote the integrity and fairness of those procedures, to increase transparency and accountability in those

procedures, to increase stakeholders confidence in those procedures and to facilitate the promotion of economic development.

- ✚ It is desirable that employees of procurement department adequately need to train and motivated in order to enhance the skills and competency levels required. In addition, enhancing the capacity of procurement staff helps in preparing procurement document as well in delivering effective service. For this reason; all procurement staff needs to take quality and adequate training irrespective of their position before they goes to practical application of public procurement activities.
- ✚ Adequate number of professionals with sufficient resources and facilities required to be staffed to procuring unit in order to manage their day-to-day activities with efficiency.
- ✚ The procurement unit needs to be staffed with qualified, well trained and adequate number of professionals in all aspect of procurement process from planning to utilization of ICT regardless of their position
- ✚ It is advisable to establish a system to conduct periodic assessment and consistently the result of procurement planning, process and system in order to measure the procurement procedures effectiveness, which can help them to reform or amend.
- ✚ The procurement department is recommended to conduct current market assessment according to predefined schedule or standard before commencing tender and other procurement process.
- ✚ To address the issue related to delay in requirement submission, enforce the end user to respect the timelines as stated in the directives, even needs train them on the challenges.

- **Suggestion for further studies**

The study has concerned to the factors affecting Perception of Procurement Works towards Procurement of public organization to OSZSFBFED which it has bounded to only few years Therefore in order to bring better result, further study should be conducted to determine the factors that affect adherence to perception of procurement works towards procurement.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION
MEKONNEN KUMA CHALI
JIMMA UNIVERSITY
P.O. BOX 378,

Dear Sir/Madam,

RE: INTRODUCTION LETTER FOR ACADEMIC RESEARCH

I am a Master of Project Management and Finance student at Jimma University School of Finance Economics department conducting a research study entitled with “Factors affecting Perception of Procurement Works towards Procurement in public sector. The case of Oromia Special Zone surrounding Fin-Finne bureau of finance and economic development (OSZSFBFED) Addis Ababa”. The purpose of this letter is to request you to kindly fill in the questionnaire with precision and accuracy. The questionnaire is supposed to assist in answering specific objectives of the research, which is being undertaken as part of the University requirement. Please indicate your level of agreement or disagreement by using (√ or x) mark on the appropriate box or bracket given corresponding to each statement, Please state your opinion on the space provided for open question and no need of writing your name. Any information given herein will be treated with utmost confidentiality and only be used for the purpose of research. In case the study will be of interest to your organization it can be availed once the study is complete. If you need any clarification or information, contact me by Mob. No. 0912135222 or by E-mail:mekonnenkuma@gmail.com

Thanking you in advance for your contribution. Yours faithfully,

Mekonnen Kuma

Jimma University

APPENDIX II: QUESTIONNAIRE

The Information is intended for academic purposes only and will not be revealed to any other person. Please complete all sections of this document. All questions are interrelated and are very important for the study.

SECTION One: Bio Data

Kindly tick as appropriate the requested information in the spaces provided by using (\surd or x) mark

1. Kindly indicate your gender. (Please tick where appropriate)

1. Male

2. Female

2. What is your age group? (Please tick where appropriate)

1. 20-25 years

2. 26-30 years

3. 31-35 years

4. Above 35 years

3. What position do you hold in the organization? (Please tick where appropriate)

1. Procurement and property administration staff

2. Budget planning staffs

3. Audit staff

4. Finance staff

5. User department

4. Your department _____

5. Educational background ; (Please tick where appropriate)

1. 10-12 complete

4. Degree

2. certificate

5. Master's degree and above

3. Diploma

6. Relevant work experience (Please tick where appropriate)

- 1. Less than 1 year,
- 2. 1-5 year,
- 3. 6-10 year
- 4. More than 10 year

SECTION Two: Questions related to Procurement Planning

2. What is your level of agreement with the following statements that relate to the effect **Procurement planning** in bureau of finance and economic development (BFED)?

S.N.	Procurement planning related questions	1. Strongly Disagree	2. Disagree	3. Neutral	4. Agree	5. Strongly Agree
2.1	In BFED procurement is carried out according to set plan					
2.2	End users are raised their procurement need on time					
2.3	poor procurement planning leads to big budget deficits					
2.4	"End users requisitions are planned and programmed					
2.5	"In BFED procurement plan prepared through involvement and participating of all end users					

If you want to add, please specify

Section Three: Questions related to procurement procedures

3. To what extent do you agree **procurement procedures** influence Perception of Procurement Works towards Procurement in BFED?

S.N.	procurement procedures related questions	1. Strongly Disagree	2. Disagree	3. Neutral	4. Agree	5. Strongly Agree

3.1	Procurement procedure monitors procurement process					
3.2	procurement procedure enhances transparency					
3.3	It is important that all concerned party are aware of the set procurement procedures					
3.4	Procedure in place influence the Perception of Procurement Works towards					
3.5	Procurement procedure helps in solving related problems					

If you want to add, please specify.....

.....

Section Four: Questions related to ICT utilization

4. To what extent do you agree Information Communication Technology (ICT) utilization influence Perception of Procurement Works towards Procurement in OSZSFBFED?

S.N.	Information Communication Technology related questions	1. Strongly Disagree	2. Disagree	3. Neutral	4. Agree	5. Strongly
4.1	Information Communication Technology will brought satisfaction to all stakeholders in your organization					
4.2	Information Communication Technology will support to reduced paper work in your organization					
4.3	Information Communication Technology will play role to increase quality goods/service delivery performance in your organization					
4.4	Information Communication Technology will increased the output of procurement officers in your organization					
4.5	Information Communication Technology has speed up the procurement process					

If you want to add, please specify: _____

Section Five: Staff Competency

5. What is your level of agreement with the following statements that relate to the effect of **Staff Competency** on Perception of Procurement Works towards Procurement in the bureau of

finance and economic development?

S.N.	Staff Competency related questions	1. <i>Strongly Disagree</i>	2. <i>Disagree</i>	3. <i>Neutral</i>	4. <i>Agree</i>	5. <i>Strongly Agree</i>
1	In BFED the procurement activity is conducted by competent procurement staffs					
2	Procurement staffs have ability to apply public procurement principles and evaluate bidding document					
3	Procurement staffs have the ability to negotiate with users and suppliers					
4	BFED procurement staffs have the necessary skills and competence to handle complex and strategic procurement items					
5	Procurement staffs have the ability to understand users need and suppliers capacity					

If you want to add, please specify

Part Six: Perception of Procurement Works towards Procurement auditing related questions

6. How do you rate (evaluate) the BFED Perception of Procurement Works towards Procurement based on five rights of Purchasing?

S.N.	Procurement performance Rating with regard to 5 R's					
6.1	With Right Quality					
6.2	At Right Time					
6.3	At Right Price					
6.4	From the Right Source					
6.5	Right Quantity					

SECTION SEVEV:

7. How do you rate the impact of the following activities on the performance of procurement of the BFED? (Rank = 1 being best and 11 being the worst).

S.N	Variable which have impact on Perception of Procurement Works towards Procurement	Rank (1-10)
7.1	Lack of proper knowledge, skills and capacity staffs	
7.2	Inadequate linking of demand to the budget	
7.3	Accountability, fraud and corruption	
7.4	Inadequate monitoring and evaluation of Perception of Procurement Works towards Procurement	
7.5	End users not raised their need on time	
7.6	Poor implementation of Information communication technology	
7.7	non-compliance with procurement policy and regulations	
7.8	Lack of clear process and procedure	
7.9	Client's financial difficulties	
7.10	Allocate procurement budget to BFED would strictly ensure value for money.	
7.11	All Finance administration department understand the principles of Public procurement	

Other (specify) and Please rank

SECTION EIGHT:

8. What are the faults that you noticed in the FEC procurement process?

1. Bureaucratic Difficult to access
2. Lack of quality competition
3. Lack of transparency
4. Allows the process to be fraudulent

Thank you for your time!