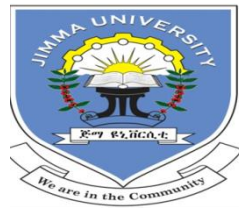


EFFECT OF PROCUREMENT PRACTICES ON PROCUREMENT PERFORMANCE AT
JIMMA UNIVERSITY, JIMMA, OROMIA, ETHIOIA

A RESEARCH PAPER SUBMITTED TO SCHOOL OF POSTGRADUATE STUDIES OF
JIMMA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTERS OF ARTS IN LOGISTICS AND TRANSPORT MANAGEMENT



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JULY, 2020

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DECLARATION

I hereby declare that the thesis entitled “ Effect of procurement practices on procurement performance at Jimma University, Jimma, Oromia,Ethiopia.” is original and has not been submitted for other degrees or the like in this University College or any other institutes. It does not contain any material, partly or wholly, published or written by others, except those references quoted in the text.

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CERTIFICATION

This to certify that Olani Kebede has carried out his thesis work on the topic entitled **“Effect of procurement practices on procurement performance at Jimma University, Jimma, Oromia, Ethiopia.”** under my guidance and supervision. Accordingly, I hereby assure that his work is appropriate and standard enough to be submitted for the award of Masters of Art Degree (MA) in Logistics and Transport Management

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Department of Management

**Effect of procurement practices on procurement performance at Jimma University; Jimma,
Oromia,Ethiopia.**

BY

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This is to certify that the thesis prepared by Olani Kebede, titled: “ Effect of procurement practices on procurement Performance at Jimma University, Jimma , Oromia, Ethiopia” and submitted in partial fulfillment of the requirements for The Masters of Art Degree (MA) in Logistics and Transport Management complies with the regulations of the Jimma University College of Business and Economics the accepted standards with respect to originality and quality.

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ACKNOWLEDGEMENT

First of all, I would like to thank the Almighty God, Who gave me the commitment and tolerance to pass various obstacles and come up to the accomplishment of this thesis. I am deeply indebted to my main advisor; Zerihun Ayenew (Ph.D) and co advisor Tigist Waktole (MBA), from Jimma University, College Business and Economics department of Management for their understanding, answering my frequent questions without any hesitation and for their countless suggestions, assistance, kindness and invaluable advice.

I wish to sincerely express my heartfelt gratitude to all Jimma University collages/Institute/ procurement staff employees for their Indispensable contribution in conducting this study.

At the last not the least my thanks and appreciations goes to all my families and my friends for their support and encouragement while doing this thesis.

Table of Content

Contents

Page

List of tables.....	VII
List of figures.....	VIII
ACRONYMS AND ABBREVIATIONS	IX
ABSTRACT.....	X
CHAPTER ONE	1
1. INTRODUCTION	1
1.1. Background of the Study	1
1.2. Statement of the Problem.....	5
1.3. Research question	7
1.4. Objective of the Study	7
1.4.1. General objective	7
1.4.2. Specific objective of the study	7
1.4.3. Significance of the Study	8
1.5. Scope of the Study	8
1.6. Limitations of the study	9
1.7. Organization of the Study	10
CHAPTER TWO:	11
LITERATURE REVIEW	11
2. Theoretical Review	11
2.2. Agency theory	12
2.2.1. Transaction cost economic theory.....	12
2.2.2. The role of Procurement	12
2.2.3. Public procurement and private sector procurement practice	13
2.2.4. Overview of Public Procurement Practice and Performance	14
2.2.5. Determinants of Procurement Process	18
2.2.5.1. Procurement Procedures	18

2.2.5.2.	Resource Allocation.....	19
2.2.5.3.	Supplier Management	19
2.2.5.4.	Information Communication Technology (ICT).....	20
2.2.5.5.	Procurement performance	20
2.3.	Empirical Studies.....	22
CHAPTER THREE:		28
3.	RESEARCH METHODOLOGY.....	28
3.1.	Descriptions of Research Study Area	28
3.2.	Research Design and Approach	29
3.3.	Sources and Types of Data	30
3.4.	Sample Design	30
3.4.1.	Target population.....	30
3.4.2.	Sample Size determination	31
3.4.3.	Sampling Techniques.....	31
3.5.	Method of Data Collection.....	33
3.6.	Methods of data collection/ instrument.....	33
3.7.	Questionnaire design.....	33
3.8.	Methods of administration/ Quality criteria.....	34
3.8.1.	Validity	34
3.8.2.	Reliability Test.....	34
3.8.3.	Pilot Test.....	35
3.9.	Methods of Data Analysis.....	36
3.10.	Model Specification	36
3.11.	Description of Variables	37
3.12.	Ethical Consideration.....	37
CHAPTER FOUR.....		38
4.	Data Analysis, Presentation and Interpretation.....	38
4.3.	Demographic characteristics of the respondents.....	38
4.4.	Procurement performance relation with others	39
4.4.1.	Effect of Resource Allocation on Procurement performance	39

4.4.2.	Effect of supplier Management on Procurement performance	40
4.4.3.	Effect of ICT on Procurement performance	42
4.4.4.	Effect of Procurement Procedure on Procurement performance	43
4.4.5.	Characteristics of Procurement performance	44
4.5.	Correlation Analysis for Factors Affecting procurement performance	45
4.6.	Regression Analysis.....	46
4.6.1.	Assumption Tests.....	46
4.6.2.	Model Summary.....	47
4.6.3.	Regression Analysis of Variance	48
4.6.4.	Regression Coefficients	49
4.7.	Discussions	50
4.7.1.	Resource Allocation and Procurement performance.....	50
4.7.2.	Supplier Management and Procurement performance	50
4.7.3.	Information Communication Technology and Procurement Performance	51
4.7.4.	Procurement Procedure and Procurement Performance	52
CHAPTER FIVE		53
5.	Summary of Major Finding, Conclusions and Recommendations	53
5.3.	Summary of Major Finding	53
5.4.	Conclusion	54
5.5.	Recommendations.....	55
REFERENCES		56
APPENDICES		61
1: Demographic data.....		62
Part - 2. Supplier Management		63
Part - 3. Procurement Procedure		64
Part - 4. Resource Allocation		65
Part - 5. Information Communication Technology		66
Part - 6. Procurement performance		67
Part – 7. Appendix II: Interview Schedule questions:-		68

List of tables

Table 1: Sample distributions of the respondents among different units of the institution	32
Table 4.1: Distribution of respondents by demographic characteristics (n = 130).....	38
Table 4.2: Rankings of resource allocation.....	40
Table 4.3: Rankings of supplier Management	41
Table 4.4: Rankings of Technology Utilization.....	42
Table 4.5: Ratings of procurement procedure.....	43
Table 4.6: Ratings of Procurement performance	44
Table 4.7: Correlation between the Independent Variables and Dependent Variables	45
Table 4.8: Model Summary for Regression between Independent Variables and Dependent Variable	47
Table 4.9: ANOVA for Regression between Independent Variables and Dependent Variable.....	48
Table 4.10: Regression Coefficient for the Relationship between Independent Variables and Dependent Variable.....	49
Table A4: Collinearity Statistics.....	71

List of figures

Figure 1: Conceptual Framework (Source: based on adaptation or adoption; Triantafillou, 2007, EliphasNjeru, 2015 and review of literature 28

Figure A1 : The regression model assumption of normality in the study..... 69

Figure A2: The regression model assumption of linearity in the study 70

ACRONYMS AND ABBREVIATIONS

SPSS - Statistical Package for Social Sciences

GDP - **Gross** Domestic Product

ANOVA - Analysis of Variance

OECD - **Organization** for Economic Cooperation and Development

MOFEC - Ministry of Finance and Economic Cooperation

COMESA - The Common Market for Eastern and Southern Africa

UNDP - United Nations Development Program

HRM - Human Resource Management

RA - Resource Allocation

SM - Supplier Management

PrPr - Procurement Procedure

ICT - Information Communication Technology

PrP - Procurement Performance

CPFR - Collaborative Planning, Forecasting and Replenishment

FPPDA - Federal Public Procurement and Property disposal Agency

SC - Supply chain

VMI - Vendor Managed Inventory

SBD - Standard Bidding Documents

TOR - Terms of Reference.

VFM - Value for Money

PPA - Public Procurement and Property Administration Agency

CPAR - Country Procurement assessment Review

EPPA - Ethiopia Procurement and Property Administration

JU - Jimma University

VIF - Variance Inflation Factors

ABSTRACT

The main purpose of this study was to investigate the effect of procurement practices on procurement performance at Jimma University. Study was employed both primary and secondary sources of data. With employing a purposive and stratified sampling technique, data was collected by administering questionnaire and exploring documents. The collected information is analyzed using quantitative and qualitative method of data analysis. The study took a sample of 130. Data was collected using structured questionnaires and interview. The data collected was analyzed using Statistical tools such as descriptive statistics, Pearson's correlation coefficient, means, standard deviation and multiple regression models. The findings show that the variability in the procurement performance was explained by supplier management, information communication technology, procurement procedure and resource allocation, which are statistically and significantly influence procurement performance of the organizations. The study concludes that procurement practices though varying across organizations in terms of level of implementation are necessary for the overall optimal leadership of organization procurement performance. A shift towards the sourcing, e-procurement bid and vendor management software saves the organization time so that it can focus on organization initiatives and supplier relationships. The study recommends that organizations corporate management must continuously identify the key planned drivers and procurement practices they can incorporate as they seek to increase procurement performance.

Keywords: Effect of procurement practices on procurement performance at Jimma University, Jimma city, Oromia region, Ethiopia; procurement procedure, resource allocation, supplier management and Information communication technology.

CHAPTER ONE

1. INTRODUCTION

These sections provide an overview of the study. It briefly discussed the background of the study, the statement of the problem, the research questions, the objectives, the significance, the scope, the limitation and the organization of the study.

1.1. Background of the Study

Procurement means the purchasing, hiring, or obtaining by any other contractual means of goods, works and services. Public procurement is the process of the acquisition, usually by means of a contractual arrangement after public competition, of goods, services, works and other supplies by the public entity. And Procurement” means obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means (EMI,2007).

Purchasing is a business or organization attempting to acquire goods or services to accomplish its goals. Although there are several organizations that attempt to set standards in the purchasing process, processes can vary greatly between organizations. Typically the word purchasing is not used interchangeably with the word procurement, since procurement typically includes expediting, supplier quality, and transportation and logistics in addition to purchasing. (COMESA and ECRCP, 2011),

Ensuring Efficiency, Accountability and Transparency in public procurement practice is critical to sustainable development. Effective public procurement practice is a key tool to the overall achievements of development goals such as reducing poverty and providing health, infrastructure, education and other services hence immensely contribute to best utilization of public resources. The limited public resources should be properly managed to get the most out of these resources. Out of the total government resources, procurement of goods, services and works constitute a major share of public expenditure. Some evidences from the concerned government agency indicate that about 70-80 % of the total public expenditure is accounted for procurement of goods, services and works (FPPD, 2010)

Efficient public procurement practices contribute towards the sound management of public expenditure which in turn can contribute towards the effectiveness of public sector management,

and promoting the private sector. Besides, the objective of public procurement practices is to provide quality goods and services through open and fair competition in the exact quantity and proper quality as specified, and has to be delivered at the time and place where needed. The quality of goods, services, infrastructures, and the effectiveness of public services much depend on well-managed public procurement practices (FPPD, 2010)

According to (Sollish and Semanik, 2012) procurement practices are a set of activities undertaken by an organization to promote effective management of its supply chain. Its proper practices lead to competitive purchase and getting quality materials. The main goals of procurement practice are related with quality, financial and technical risks reduction, reducing cumbersome, ignorance in procurement practice and creating integrity in the organization and safeguarding from competition (Walter *et al*, 2015). Procurement is also vital to organizations and its strategies have become part of a business success. It boosts efficiency and competitiveness and to realize these, it is vital to give emphasis about the strategic factors that affect the performance of the procurement function.

Public procurement is an important function of government for several reasons. Indeed, the emphasis of procurement outlays has a great impact on the economy and needs to be well managed. One of the basic rules of procurement is that in the end, it is important to think in terms of the total cost of ownership. This includes not only the purchase price, but also time and resources that are expended in the pursuit of the ownership (Qualey, 2006). Hence, effective and efficient utilization of this precious procurement is not simple advisable concept whereas; it is a means of well-functioning of government offices, delivery of optimal service for the citizens and sustainability of any organizations within a country.

Accordingly, procurement has a major impact on economic growth, overall development of one country generally and logistics and transport sectors specifically. In particular cases, public procurement represents 10 to 20% of the gross domestic product of a country. Henceforward, the opportunities for fraud & corruption are very high following as some of the representative factors as the importance of public procurement.

Tesfahun (2011) as clearly depicted above in fourth paragraph past investigations implies 70-80% of birr from government budget is used for procurement of goods and works. Further he recommends, 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. The figure above fact implies, like other countries in Ethiopia large public budget is allocated for this procurement. The import dependences of the country with land locked nature will matter more the transparency, accountability, efficiency and effective utilization of resources allocated for procurement in Ethiopia.

Even though higher education institutions in Ethiopia absorb huge amount funds, is not effectively utilized due lack of effective procurement practice they are highly characterized by poor quality of education, weak in research applicability, outputs and inflexibility in some management (Yemer, 2017). And it is also clearly depicts that most university procurement practice is problematic. Recently procurement budget deficit has been observed in public universities of Ethiopia. Employees also have been complaining about the quality of procure goods and services delay in every meeting held in Universities. Due lack of skill gap some of the purchased items are below the quality specification; hence, it has been creating an adverse impact on service delivery. Public Universities of Ethiopia have three common goals; providing quality education, conducting problem solving researches and delivering community services. In achieving of all these goals, examining the effects of procurement practice is an in comparable importance.

Procurement performance is a measure of identifying the extent to which the procurement function is able to reach the objectives and goals with minimum costs. There are two main aspects of the procurement performance; effectiveness and efficiency. Procurement effectiveness is the extent to which the previously stated goals and objectives are being met. It refers to the relationship between actual and planned performance of any human activity. While, efficiency is the relationship between planned and actual resources required to realize the established goals and objectives and their related activities, referring to the planned and actual costs (Van Weele, 2002).

Efficiency is a rather narrow concept, focusing on the internal works of the function and generally defined as the amount of resource used to produce a unit of output, which is time or cost based. On the other hand, effectiveness has been defined in terms of degree to which a function meets its goals or the ability of function to acquire needed resources. Thus, procurement performance can be considered as to which the procurement professionals are able to realize their predetermined goals at the sacrifice of minimum of the organizations resource (Van Weele, 2000: Knudsen, 1999) Van Weele (2006) maintained that there is a link between procurement process, efficiency, effectiveness and performance. Procurement performance starts from purchasing efficiency and effectiveness in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity. Performance provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements.

Assessment of procurement performance helps organizations to reduce cost, enhance profitability, assured supplies, quality improvements and competitive advantage. However, 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 procurement performance yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage.

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. An eighth is fundamental; communicate the key success factors to all levels of the organization and set out a procurement strategy to achieve continuous improvement in value for money. This should be based on total cost, quality, and enhancement of competitiveness of suppliers using best procurement practice.

For any organization to change its focus and become more competitive, performance is a key driver to improving quality of services. Performance is achieving the set of objectives and

responsibilities from the perspective of judging party. Consequently, indicators should be gathered relating to activities conducted by procurement officers. Further, procurement performance is the extent to which operational procurement outcomes demonstrate high levels of improved performance in the lead time, cost, labor-productivity and capital utilization (Martinez-Martinez,2008).

Despite the professed importance and desirability of a sound procurement system, Ethiopia is limited to have a perfect and institutionalized system of procurements. Besides regions and other legal organs in Ethiopia, Universities are also mandated to administer the share of the budget allocated for them by the federal government of Ethiopia. Jimma University is among enormous organizations that share this public budget for procurement in Ethiopia. Hence, the current study is initiated to investigate the effect of procurement practices on procurement performance at Jimma University that can give good clue for the fate of transparent, accountable, efficient and effective utilization of these scarce resources.

1.2. Statement of the Problem

In many public institutions, as (Njeru,2015) stated, inefficient utilization of public money, non-agreement with procurement policies, non-transparency and lack of accountability, poor quality goods and services and the absence of effective cost minimization of procurement expenditures have been observed. The trend of most public institutions is just focusing on the symptoms, finding the root causes of these problems are at the early stage. As previous studies shows, effectiveness of public procurement is highly tied with the procurement policy of the country and the institutions, the advancement of infrastructure specifically information communication technology, supplier management, the extent of application of Procurement procedure, training, the availability and relationship with suppliers and the adequate allocation of procurement budgets.

Likewise, the study conducted on public procurement practice and challenge on selected public organization in Ethiopia indicated presence of gaps starting from need identification, procurement selection method, and planning method. Again, this finding indicates procurement budgets are not utilized effectively. In its illustration this study directs, the stated gaps are caused

by lack of skilled man power, presence of single procurement agency and absence of transparency in the contract administration procedure. Further this study compared and concluded that procurement procedure in Ethiopia is similar to the three east African countries Abehodie et al. (2017).

World Bank (WB) usually recommends developing nations to improve their procurement systems (Mwangi and Moronge, 2019). However, failure to implement the procurement procedures resulted in poor procurement practices. High operation costs, supply interruption, poor quality of procured goods, Supplier management, unacceptable supplier appraisals, ignorance of procurement process, and standards, are the hurdles in public procurement practices.

Ethiopian Universities are fully dependent on government's budget and procurement budget comes from tax payers. However, there is misappropriation of procurement budgets. Recently, procurement budget deficit has been observed in Public Universities of Ethiopia and 10 to 100 million Ethiopian birr have been wasted through non-transparent procurement systems. Employees also have been complaining about the quality of goods and services in every meetings held. Delays, poor qualified products and services, over pricing compared to the actual market price are the basic problems observed in procurement functions. Hence, this study aimed at identification of the basic factors that affect the proper functioning of public procurement practice in Public Universities (Tirualem et al., 2020)

In Ethiopia, the number of studies on procurement of Public Universities are almost negligible and even the existing ones have limitations besides their strengths. The variables used are limited in number and policy related factors were not seen. They did not also see the effect of those variables in public Universities of Ethiopia too. And the findings cannot be generalized to all higher institutions or Universities in Ethiopia. As it is discussed above, academic researches as well as working papers did not give appropriate emphasis to procurement practice in higher education institutions. So, the student researcher found it very critical to conduct research on this area. Therefore, as to the student researcher knowledge, no study has been undertaken regarding

the effect of procurement practices on procurement performance at Jimma University. To this effect, it is essential to find the fact through scientific research and to suggest appropriate remedies for the identified problems above and fill this research gap by examining factors such as procurement procedure, supplier management, resource allocation and Information communication technology more specifically effect of procurement practices on procurement performance at Jimma University.

1.3. Research question

The current study was planned to address the following basic research questions:

1. What is the effect of resource allocation on procurement performance at JU?
2. What are the effects of supplier management on procurement performance at JU?
3. How does information communication technology affect the procurement performance at JU?
4. Does procurement procedure have effect on procurement performance at JU?

1.4. Objective of the Study

1.4.1. General objective

The overall objective of the present study is to assess and identify the effect of procurement practices on procurement performance at Jimma University.

1.4.2. Specific objective of the study

The specific objectives of the study were:

- To identify the effect of resource allocation on procurement performance at JU
- To identify the effects of buyer-supplier management on procurement performance at JU
- To assess how information communication technology affects procurement performance at JU.
- To recognize the effect of procurement procedure on procurement performance at JU.

1.4.3. Significance of the Study

The findings of this research may help Jimma University to identify the factors that affect procurement practices and to fix the problem with remedial action. It is also expected that from the findings of this study, Jimma University may put in place appropriate measures to improve procurement practices levels.

Similarly, it provides 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 procurement performance.

The study is of great significance to all other higher institutions since study recommendations will assist institutions management to overcome the major influence that hinder procurement practices in Jimma University. The study could be of importance to procurement professionals in various public Universities since it would add a body of knowledge to theory and practice of factors determining procurement practices.

The study is of great importance to the government since the obtained findings will provide guidelines on how Jimma University can effectively implement procurement practices hence leading to proper utilization of government financial resources or the issues which had been addressed in this research may expect to improve public procurement practices as part of their strategic plan for the achievement of best value for public money. The findings of this study are expected to be of significance to various scholars, students and researchers who might be involved in procurement research activities since the documented report would provide ready reference material that could equip the learners with more knowledge and skills on issues relating to the effect of procurement practices on procurement performance at Jimma University, Jimma, Oromia, Ethiopia.

1.5. Scope of the Study

Procurement encompasses vast areas of managerial practices, it is difficult and unmanageable to conduct the study in all areas that summarizes procurement in terms of time, finance, and research manageability. Therefore, the scope of this study bordered to the effect of procurement practices on procurement performance at Jimma University.

The subject scope of this study also bordered to the universities point of reference towards effect of procurement practices internal factors includes; procurement procedures, resource allocation, While, External factors influencing procurement practices, specifically: information communication technology and supplier management. And the procurement methods that the student researcher manly gives emphasis are open bidding, restricted/Limited/ tendering, request for papers, and request for quotations, single source and direct procurement. And the type of procurement is goods, services and works.

Hence, the scope of this study middle level management and procurement staff of all JU Collages/institute/, includes; College of Medical Science, College of Natural Science, College of Law and Governance, College of Business and Economics, College of Educational Management and Behavioral Science, College of Agriculture and Veterinary Medicine, Jimma Institute of Technology, JU specialized hospital and JU main procurement and property administration director and senior procurement employees/professionals/.This study is not including procurement conducted by EPPDA.

The area of the study/the geographic scope of this study/ is also delimited to the case of Jimma University and the study was under taken within duration of one year.

1.6. Limitations of the study

The challenges experienced included some of the respondents were reduced due COVID – 19 and not filling or completing the questions as well as some issues being misunderstood, inadequate responses to questionnaires and unexpected occurrences like people going on leave before completing the questionnaire because they said they were busy with their office work .Some respondents gave inconsistency in a response as they would not finish all the questions in the required time. In such cases, some logical deductions were made on that particular questions were rejected and some respondents were not punctual in returning the questionnaires. The researcher has managed all these limitations by explaining the goal and the expected outcome of the survey to the respondents.

1.7.Organization of the Study

In its organization this paper is cascaded in to five. The first chapter deals with the introductory part which includes: background of the study, statement of the problem, objective of the study, research questions, significance of the study, scope of the study and organization of the study itself. The second chapter presents the review of related literature theoretically and empirically. Following this literature the study presented the research methodology in chapter three. Content wise description of the study area, research approach, source and types of data, data collection instruments and data analysis method is included in this chapter. The results of the different methods used are presented in chapter four. Finally, chapter five presents the summary of finding, conclusions and recommendations.

CHAPTER TWO:

LITERATURE REVIEW

2. Theoretical Review

2.1. Theories in public procurement practice

2.1.1. Theory of auctions and competitive bidding

(Philip, et. al. 2011) indicated that auction throughout the community is the generic name that is assigned to the procurement procedures, represented by direct purchase, direct negotiation, request for bids and the actual auctions through which goods are procured in the public sector. For the science of public finance, auction is the key element through which is formed the value of public assets to be acquired. This value is the result of competition between suppliers of goods and services, which intends to provide public assets at the lowest price and best quality.

According to (Philip et. al. 2011), auction rules are established by public authorities, which set the values of public assets that are expected to be purchased. These estimated values of public assets are seen as the market values or fair values that values that will be allowed by the public authority. Over any of these estimated values, the bidders cannot deliver the goods and services in the auction organized. Hence, the first rule of auctions, namely that the values of goods and services provided for the needs of public authorities cannot exceed their estimated value.

Therefore, auctions are those that generate competition among bidders of public assets. Auction rules are established by public authority, which sets the estimated value, eligibility criteria and the criteria for awarding tenders. Estimated value is often market value, which the public authority considers it can pay for goods and services that are expected to be delivered. No bidder may bid values over the estimated value. Estimated value in turn cannot be higher than the approved budget appropriations. This rules of the game created competition among bidders, are leading eventually to the purchase of public assets whose value is between the estimated and the specific cost of each bidder (Philip, et. al., 2011).

2.2. Agency theory

According to (Jensen and Meckling, 1976), an agency relationship is “a contract under which one or more persons (principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent.” In this relationship, the agent must act in an honest way since the chosen actions have consequences for both parties. Consistent with the tenets of agency theory, it is assumed that agents i.e. purchasing officials are rational, self-interested people. This concept assumes that the principal and agent do not share the same levels of information, and as such, the agent can exploit a situation, sometimes to the disadvantage of the principal.

Agency theory is most relevant in public contracting. Situations arise where there is a substantial conflict of interest between principals and agents and sufficient outcome uncertainty to trigger the risk implications of the theory (Eisenhardt, 1989).

2.2.1. Transaction cost economic theory

According to Jurcik (2011), effectiveness is the main objective of the institute of public procurement and should be managed by providing better services to the public at a lower price than it is possible to achieve by the public sector. Comparably, Williamson (www.mendelu.cz) indicated that the amount of transaction costs which is relevant when deciding on ways how to ensure certain activities is influenced by three factors: specific activities, measurability of output and input frequencies. The above described assumptions have serious implications for the analysis of the relationship between government and market actors in the implementation of public procurement. The key assumption for the “rational” decision making of public entities is the ability to realize the contracted goods and further quantify or at least estimate the size of the transaction costs associated with the implementation of the contract (Jurcik, 2011)

2.2.2. The role of Procurement

Procurement’s historical focus in many organizations was to achieve the lowest possible cost from potential suppliers. Often times these suppliers were pitted against each other in “cutthroat” competition involving contracts awarded to the lowest bidder. Once this lowest bidder was chosen, the bidding cycle would almost immediately start again and another low bidder would get the contract for the next several months. Today procurement has a much more strategic

orientation in many organizations, and a contemporary procurement manager might have responsibility for reducing cycle times, playing an integral role in product development, or generating additional revenues by collaborating with the marketing department. It is the principal means of organizing spending of public resources for delivery of goods and services (Federal Public Procurement Directive, 2010)

Procurement is an internationally recognized profession. It has evolved from a simple buying function to become recognized as a professional role. Procurement officers and those acting in, or supporting that function, are in a special position of trust and are held to high standards of professionalism. Development of professional and ethical competencies of procurement officers is recognized as an important component of the procurement reform process. Procurement officers operate within a complex environment. They are subject to pressure from end-users seeking rapid response or a specific technical solution, from suppliers seeking invitations or contracts, from donor representatives or the public seeking explanation for the use of the funds, and by anyone who thinks they detect a lack of transparency or other weakness in the process (Federal Public Procurement Directive, 2010)

2.2.3. Public procurement and private sector procurement practice

Compared with the private sector, the public sector's procurement practices differs in several respects. Fundamental differences exist between the public and private sector in reporting structure, regulating bodies, funding sources and operating motives (Larson, 2009). First, the public sector is governed by legislative bodies, laws, and untold numbers of state and federal regulations. The private sector is guided by boards of directors, business plans and the organization's purchasing policies. Second, the public sector funding sources are drawn from taxes and fees and carry with them innate external regulations regarding their use. Private sector organizations generate revenue through sale of goods and services and face no external requirements for use(Larson, 2009).

Third, the scope of public procurement is broader than simply procuring required goods and services. Public sector procurement considers aspects such as the development of its local economy and small business therein, job creation, promotion of open equitable markets and strict adherence to clear procedures, fair competition, and transparency (Telgen et al.,1997).In the

public sector, transparency is critical to ensure appropriate accountability, minimize corruption in procurement and promote trust by allowing citizens to see and judge the quality of government actions and decisions (Arrowsmith, 1998).

(Reed et al., 2005) stated that the private sector is profit driven and though adherence to federal regulations is important in the private sector, public external transparency can be detrimental. Despite these differences, the mission of the procurement function, in public and private sector organizations, is to efficiently manage the forecast, procurement and delivery of goods and services through the supply chain in a cost effective manner. Notwithstanding the great potential that private sector strategy and practices hold for public procurement, a careful exploration of the differences between public and private sector procurement is essential before cross sector implementation (Reed et al., 2005).

2.2.4. Overview of Public Procurement Practice and Performance

Public procurement can be defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, states foundation funds, domestic or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of state. Public procurement is the attainment, whether under formal contract or otherwise, of works, supplies and services by public bodies. (Proclamation, 649/2009)

Procurement is essential for the development of economies, at present, governments, policy makers; business practitioners and academia are giving it much attention than ever. Similarly, development Partners and Governance advises developing countries to establish clear and democratic legislative frameworks for the administration of aid, to ensure better participatory and accountability engagement with development partners. (AFDB, 2014). Different scholars tend to define the term procurement in different ways Procurement is the process of obtaining goods or services in any way, including borrowing, leasing and even force of cash (Lysons& Farrington, 2006).

Besides, procurement is the process of acquiring goods works and services, covering both acquisitions from third parties, (Proclamation, 649/2009). The modern concept of procurement is that of an essential support to good public sector performance, and to achievement of the country's economic and social goals, i.e.: an integral part of public expenditure management.

Procurement thus means, obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means using public funds. (AFDB, 2014)

Reducing poverty and attaining health, education, and other objectives requires getting the most out of the limited funds available for state purchases of goods, services, and infrastructure. The term public procurement has been variously defined. The term is widely adopted to describe the government's activity of purchasing the goods and services which it needs to carry out its functions, Public procurement as procurement by a public body using public fund, (proclamation,649/2009). Procurement is central to the government service delivery system, and promotes aims which are, arguably, secondary to the primary aim of procurement such as using procurement to promote social, industrial or environmental policies (Cane,2004).

Public procurement is alternatively defined as the purchase of commodities and contracting of construction works and services if such acquisition is affected with resources from state budgets, local authority budgets, states foundation funds, domestic or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of state, (OECD,2005).

The objective of public procurement is to provide quality goods and services through open and fair competition in the exact quantity and proper quality as specified, and has to be delivered at the time and place where needed, (Bashekag, 2008).

Moreover, in so far as public procurement has important economic and political implications, ensuring that the process is economical and efficient is crucial; and this requires that the whole process is well understood by the actors (the government, the procuring entities, the business community/suppliers and the other stakeholders (UNES,2009).

Studies show that public procurement is most prone to corruption (Soreide,2002) and (Kaufman,2004). It was estimated that systematic corruption can add 20-25 percent to the cost of government (UNDP, 2006). Transparent procurement procedures can help limit bribery and corruption, which are particularly rampant in the procurement field. (OECD, 2003). Insofar, as public procurement has important economic and political implications, ensuring that the process is economical and efficient is crucial (Odhiang and Kaman, 2006).

Procurement budgets in developing countries account for about 20 percent of government expenditure globally, (Mlinga, 2009). Efficient public procurement practices also contribute towards the sound management of public expenditures more generally. ((Hunja, 2003). Marginal improvements in procurement systems therefore can yield enormous benefits. Correspondingly (directive, 2010) public procurement manual specified the main guarantees of effective and efficient public procurement.

Various studies documented that public procurement has a direct impact on the successful delivery of government projects and public services; sound public financial management by achieving value for money in government expenditure; reducing corruption; more competition; budgetary savings; reduce debt levels; and encouraging private sector. There are three important principles that are found in most regulatory systems on public procurement; these are the principles of: Transparency, Competition and Equal treatment (Arrow Smith, 2010).

Public procurement is a broad concept, which goes beyond purchasing activity, whose purpose is to give the public body best value for money; value implies right price, right quality, right time, right place, and right quantity .(directive, 2010) In relation, public procurement is perceived to susceptible to corruption from project inception to completion,.(Osei et al, 2012)

Many governments have embarked on reforms in their procurement systems to streamline and harmonize legal and institutional framework A potential benefit arising from transparency and accountability provision in public procurement practice is that they may constrain rent-seeking activities. (Hoekman& Bernard, 1998) Similarly, several studies also stated that the

main reasons why government focused on public procurements. Public procurement is much more than a process or procedure; it is a fundamental and integral part of the government and public financial system. (Knight Louise, 2007).

Government procurement of goods and services represent an important share of GDP about 10% excluding employees' compensation, (OECD, 2003).

Public procurement practice focuses on the procurement process which is a means to discourage corrupt practices and safe guard completion. Procurement process cannot be uniform among countries. It will depend on various things-nature of goods to be procured, why they are being procured and the economic and legal framework of the country. (Directive,2010). Many of the arguments in favor of general transparency disciplines in the WTO revolve around public governance objectives, in particular reducing the scope for bribery and corruption. The issue of corruption extends beyond procurement, rent seeking in the public purchasing context is particularly prominent because considerable amounts of money involved. In general, emphasizing on public procurement contributes to the procurement efforts made to enhance the modern procurement theory and practice; as well as to proper conduct in public procurement, and fighting corruption. (OECD, 2002)

2.2.5. Determinants of Procurement Process

The following are major factors determining procurement process. These are:

2.2.5.1. Procurement Procedures

According to (Moncska et al ,2010) procedures provide guidance to staffs what to follow in the execution of activities put constraints on behavior and show how the procurement function should work to achieve strategic objectives. Organizations need standard procurement procedures which cover all aspects of the procurement cycle, including supplier selection, contract negotiations, order placement and payment (Oumaand, 2014).

Procedural procurement ensures orderliness and efficiency in any procurement department. (Baily et al, 2005) discussed that public procurement procedures tend to be characterized by high levels of bureaucracy independent of order value; poor communications and focusing on unit price rather than long-term relations. Ineffective procurement procedures would end up with failure of the objectives of government policy. Burt et al. (2004) stated that every organization is expected to develop procedures to enable its personnel implement policies and plans; designed to meet objectives.

On the other hand, (Jones and George,2009) states that bureaucratic mechanisms are controlled by a comprehensive system of formal rules and standard operating procedures that shapes and regulates the behavior of divisions, functions and individuals. (Moncska et al, 2010) noted that the procurement function has a significant impact on business performance. As a result, traditional procedures are becoming obsolete in modern organizations. Finally based on (Eriksson and Westerberg, 2011), procurement perceptions are affected by the existing organizational structure, quality of internal communication system, past experience and resources available. Without elaborate and effective procurement procedures, government policy objectives would fail to meet the desired objectives. Procedures are operating instructions detailing functional duties or tasks.

According to (Saunders, 1997) the division between public and private sectors creates two different worlds, requiring different approaches to procurement. Public ownership imposes obligations with regard to public accountability, leading to prescribed procedures and policies. All steps of the procurement cycle must be properly documented with each step being approved by the designated authority.

2.2.5.2. 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,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)

2.2.5.3. Supplier Management

Suppliers play a critical role for the success of any institution for any function. Supplier management was defined by (Njeru et al, 2015) as it is the process of choosing effective vendors and can negotiate with best prices. Procurement and supply are inseparable issues in public purchasing. That is the reason why (Choi, 2010) defined procurement as acquiring resources from outside suppliers. Any good procurement practice must incorporate competitive supply unless. However, if there are convincing reasons taking materials from one supplier, there must be equal treatment of all bidders irrespective of race, nationality or political affiliation (Mwikali et al ,2012)

(kirui,2015) stated that any good procurement practice must however incorporate the basic principles of accountability and competitive supply if not there are compelling reasons for sourcing from one supplier. This totally means that no discrimination regarding race, nationality or political affiliation should be there while purchasing of goods and services.

2.2.5.4. Information Communication Technology (ICT)

Procurement processes using information technology are able to shorten the time taken to share and process information. Use of information technology in procurement enables the coordination of business processes both within and outside the organization. Examples include; electronic ordering, online catalogue and online payment. Organizational performance is enhanced by improved productivity and faster response times. Real time communications also enable faster transactions and saves on time. Electronic procurement allows ordering and approval of all transactions in a shorter time span compared to manual requisitions (Lewis and Roehrich, 2009). Information communication technology (ICT) is a part of technological issues in which most companies or institutions are now using it widely. It helps to give excellent service and easy access of information. (Nyambura and Mwangi, 2015) in their study on the factors influencing donor funding, they found out that technology has a significant effect on the procurement process.

Technology usually needs huge investment. However, it makes procurement processes less time taking, cost effective, reduces quality problems and minimizes the chance of corruption (Kirui and Wanyoike,2015).

Using ICT in public organizations specifically in procurement department also affects its implementation (Ngatara and Carolyne,2016). Recently ICT has a big role in facilitating procurement; it helps to get adequate information, lowers cost for buyers, and avoids distance barriers to receive products and to get service (Kingori and Nguri,2014).

2.2.5.5. Procurement performance

This is measured by how an organization realizes its objectives, including increasing productivity and reduction of inventory in the short-run and increasing market share in the longer duration. Performance in procurement is linked to resources having naturally different levels of efficiency that enable firms to deliver in a better way to their customers at a given cost or have

the same benefit at a lower cost, Barney (2003). Organizational performance here is compared to performance of other organizations in the same industry. Organizational performance can be measured using return on investment and increase in market share.

Procurement performance is a measure of identifying the extent to which the procurement function is able to reach the objectives and goals with minimum costs. There are two main aspects of the procurement performance; effectiveness and efficiency. Procurement effectiveness is the extent to which the previously stated goals and objectives are being met. It refers to the relationship between actual and planned performance of any human activity. While, efficiency is the relationship between planned and actual resources required to realize the established goals and objectives and their related activities, referring to the planned and actual costs (Van Weele, 2002).

Specifications and procurement highly depend on each other. Poor specifications lead to many pitfalls and obstacles for the purchasing department. Quality specifications should include the minimum basic requirements for the consumer, transparent procurement process, assessment of goods to ensure they meet the minimum standards and fair award at the lowest possible cost, (Edvardsson,1998). Identifying the minimum basic requirements of the end user, allows for a transparent process of procuring products or services and assessment to ensure specifications are met are the least possible total cost.

Savings in procurement are achieved through better supply chain management and professionalization of the procurement function within organizations. Procurement activities anticipate requirements, source and monitor supplies and this in turn contribute to better organizational performance. Successful procurement practices are those that meet the end user's requirement and value with the available resources. Manpower with effective management skills who follow ethical purchasing procedures and guidelines will ensure successful quality and service delivery to all the stakeholders; for this to be achieved, objectives have to be clear and highest quality standards maintained. Proper qualifications of staff in the procurement department assists in the drafting of correct specifications, this in turn will ensure the organization receives the better quality products (Lysons and Gillingham, 2003).

2.3. Empirical Studies

There have been several studies which have been conducted on public procurement practice in Africa and other parts of the world. Studies in other countries (Silas, 2015) studied indicates that it is a milestone for further research in the field of procurement practices in Africa and particularly in Kenya. The findings demonstrated the important factors to effective implementation of procurement practices in tertiary public training institutions to include; procurement policies, supplier management, inventory management, training and ICT. The current study should therefore be expanded further in future in order to determine the effect of public procurement legal framework on effective implementation of procurement practices. Existing literature indicates that as a future avenue of research, there is need to undertake similar research in other training institutions and public sector organizations in Kenya and other countries in order to establish whether the explored factors can be generalized to affect effective implementation of procurement practices(Silas, 2015)

(Amemba et al,2015) on identifying the challenges facing public procurement performance in the Kenyan public sector study found that the most prevalent challenges in the public procurement process are the selection of the most suitable procurement methods, with appropriate justifications and record keeping. The papers recommend that public procurement performance in Kenya can only be improved through review of existing legislations to encourage extensive use of technology in the management of the procurement process, fostering of long term buyer-supplier relations and stakeholder involvement through trainings and sensitization on practicing (Grace and Fridah, 2015) asserted that only application of information communication technology (ICT) significantly affects procurement performance. However, procurement policies are a hindrance and barrier to service delivery in the organization and these procurement policies are inefficient in solving procurement challenges in the organization. Furthermore, procurement policies in humanitarian organizations should be streamlined by the policy makers in such organizations to ensure that they do not inhibit delivery of critical services. Humanitarian organizations should invest in information technology especially e-procurement in their procurement departments to ensure that the procurement processes are made more efficient towards aiding service delivery in such organization without necessarily compromising the integrity of any procurement process.

The procurement law can be very comprehensive, depending upon countries. Officials must ensure that public procurement is managed in accordance with the objectives, principles and

procedures defined as conducted on the public interest and is open to public scrutiny (International Organization of Supreme Audit Institutions (INTOSAI, n. d)). According to Federal Democratic Republic of Ethiopia (FDRE), 2009EC), compliance is the key to the attainment of the objectives of the procurement such as transparency, competition, value for money, accountability and the efficient use of state resources. On the other hand, non-compliance to procurement laws is considered as a major hindrance to the effectiveness of the laws (Gelderman et al., 2016).

According to (Florence et al., 2017) procurement efficiency is achieved through best procurement policies, procurement ICT adoption, procurement accountability and procurement professionalism. From their findings, the results showed that all the four independent variables had positive significant on dependent variable. They suggested that policy makers in implementing up procurement policies geared up towards improving procurement efficiency.

Pomázi (n. d.) in the study public procurement as auction theoretical models and practical problems showed how the theory of optimal auctions can be applied to modeling public procurement. The findings of auction theory can be applied to model public procurement, and takes a closer look at two practical problems, choice of the optimal type of procedure, and withdrawal from contracts. From this it was concluded that from a social viewpoint, it would be desirable for contracting authorities to be granted greater freedom in their choice of procedure types.

Similar studies in our country; (Seid, et.al. 2016) observed four independent variables (planning, resource allocation, staff competency and procurement procedures) which according to the study contribute to 60 % of the variations in procurement performance at Awassa Textile Share Company. Further research is recommended to investigate the other factors that affect procurement performance. The study pursued the effects of four independent variables on procurement performance in Awassa Textile Share Company. Further research is recommended to ascertain whether these findings would be the same or different in other textile firms of Ethiopia.

The study conducted on public procurement practice and challenge on selected public organization in Ethiopia indicated presence of gaps starting from need identification, procurement selection method, and planning method. Again, this finding indicates procurement budgets are not utilized effectively. In its elaboration this study directs, the stated gaps are caused by lack of skilled man power, presence of single procurement agency and absence of transparency in the contract administration procedure. Further this study compared and concluded that procurement procedure in Ethiopia is similar to the three east African countries (Abehodie et al, 2017).

Ethiopian Universities are fully dependent on government's budget and procurement budget comes from tax payers. However, there is misappropriation of procurement budgets. Recently, procurement budget deficit has been observed in Public Universities of Ethiopia and 10 to 100 million Ethiopian birr have been wasted through non-transparent procurement systems. Employees also have been complaining about the quality of goods and services in every meetings held. Delays, poor qualified products and services, over pricing compared to the actual market price are the basic problems observed in procurement functions. Hence, this study aimed at identification of the basic factors that affect the proper functioning of public procurement practice in Public Universities (Tirualem et al., 2020)

Research gap;

Many scholars have agreed that procurement function is vital to any organization; procurement strategy have become a business success, in developed and developing countries spend much in the provision of goods and services that are needed to deliver public policy and business objectives. Good public procurement outcome is dependent on accurate implementation of procurement principles, methods and proper understanding of these by the public procurement practitioners. Different researchers have tried to address some of the problems of public procurement in some public organizations in the country. procurement planning and implementation effectiveness in Ethiopia by (Anteneh, 2015); Factors Affecting Procurement Performance of Public Higher Education Institutions by (Bekele, 2015) ; Factors Affecting Procurement Performance in the Case of Awassa Textile Share Company by (Seid, et.al, 2016) observed four independent variables (planning, resource allocation, staff competency and procurement procedures) and also factors affecting the effective functioning of Public Procurement in Public Universities of Ethiopia by (Tirualem et al. 2020) . However, none of the above studies have adequately identified the challenges faced in the field of procurement in the public sectors; were not adequately addressed and implemented; and the Ethiopian public procurement in light of higher education institutions have not been assessed and addressed as expected. So, the target of the current study is to investigate the effect of procurement practices on procurement performance in Jimma University. Structurally the practice of procurement in any organization is mainly a function of Procurement procedure, supplier management, resource allocation and Information communication technology correspondingly; it comprehends equally accountability and transparency in procurement practice in Jimma University.

2.3 . Conceptual Framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Biklen, 2003).

In conducting the study, a conceptual framework is developed to show the relationship between the independent variables and dependent variable. The student researcher limit his study to the following four independent variables because of many past literature reviews and articles were boldly indicates about this variables and know a days the student researcher working in JU by this profession and genuinely identifies this variables and prioritize based on end users feedback and procurement report .

The dependent variable is procurement performance and the independent variables was; procurement procedure, supplier management, resource allocation and Information communication technology. The constructs and relationships between research variables were illustrated in the following figure 1.

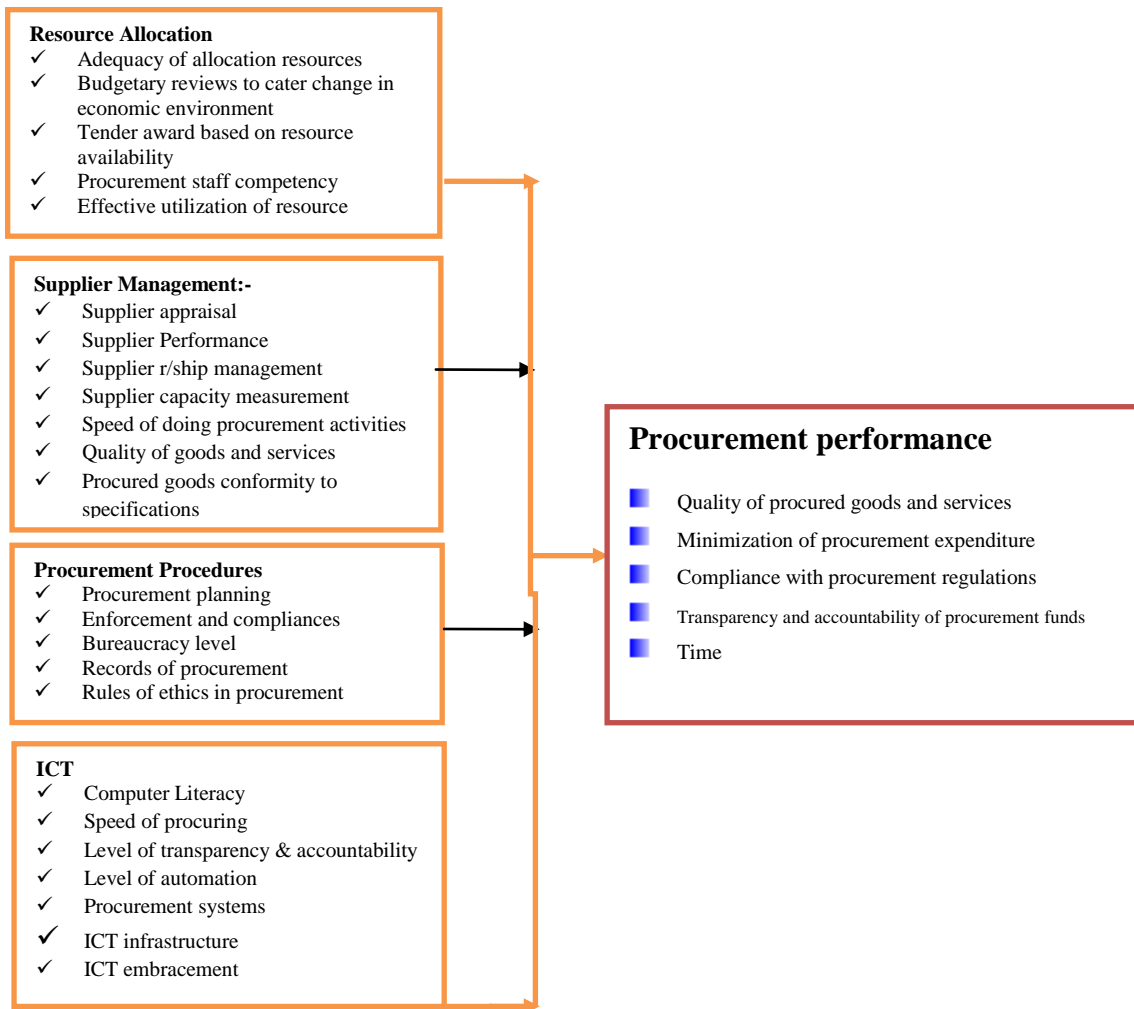


Figure 1: Conceptual Framework (Source: based on adaptation or adoption; Triantafillou, 2007, EliphazNjeru, 2015 and review of literature

CHAPTER THREE:

3. RESEARCH METHODOLOGY

3.1. Descriptions of Research Study Area

Jimma University is a public higher education institution established in December 1999 from an amalgamation of two public colleges namely Jimma Agricultural Technical School (JATS) and Jimma Institute of Health Sciences (JIHS) which in turn established in 1952 and 1983 G.C respectively. The commencement of two faculties, namely Business and Economics and Technology in 1997 hasten the process and gave rise to the realization of Jimma University as it known in the present day.

The university is geographically located in Jimma town which situated in southwest part of the country which located some 345km away from the center and capital of the nation Addis Ababa. The university comprises four campuses which are located in different parts of the city. The main and business campuses are found around Kochi area in the northern part of the city. As opposed to this technology and agricultural campuses located south west part of the city around the area known as Saris few kilometers apart from each other. In sum, we think the university is in an ideal place for a number of reasons. First it provides accessibility of higher education to sizeable population of southwest of the country, it help support and drive local economic development by extending professional assistance and being higher employer of the local society.

Currently, the university educates more than 41,389 students in 70 undergraduate and 129 postgraduate, 13 Specialty, 3 sub-specialty and 35 PhD programs in regular, summer and distance education with more enrollments in the years to come (Jimma University Public Relation, 2020).

The university has many national and international linkages and collaborations in the area of research, education and community service. Its innovative educational philosophy, staff commitment and motivation and availability of better research facility have helped the university in attracting partners. In general, the university, though relatively young, has made remarkable

progress in training, research and service provision beside teaching and learning process and making valuable contribution to the overall development of the country by producing high-level professionals, conducting problem-solving research and providing service to the public. The University has 8604 staffs among them about 1918 of them are academic staffs and the remaining 6686 of them are administrative staffs (Jimma University HRM, 2020).

The study area of this investigation is Jimma University, found in Jimma City, Jimma Zone, Oromia region, Ethiopia. Hence, current aim of the study includes all the colleges of the University except the procurement conducted by FPPDA. The stated colleges, institutes includes ; College of Medical Science, College of Law and Governance, College of Natural Science, Collage of Social Science, Jimma Institute of Technology, College of Agriculture & Veterinary Medicine, Jimma University Specialized Hospital, College of Business & Economics, College of Education & Behavioral Science.

3.2. Research Design and Approach

Research design is a master plan specifying the methods are procedures for collecting and analyzing the required data. The choice of research design depends on predetermined objectives that the researchers want to achieve. According to Kotzar et al., (2005), research design is defined as the plan and structure of investigation and the way in which studies are put together. Cooper et al. (2003) also define research design as the process of focusing on the researcher's perspective for the purpose of a particular study.

This study had employed mixed approach to identify the effect of procurement practice. The student researcher was used both qualitative and quantitative data in respect with research variables of procurement practice. In this study, the student researcher was used conclusive research design in general which has two specific designs that are descriptive and casual research design was used to describe and analyses the causal relationships between the different variables under consideration. The current study employed explanatory and descriptive research designs. According to Babbie (2014) descriptive design is adopted when gathering information in relation people's attitude, sentiments and behaviors. Descriptive research design was more appropriate because the study sought to build a profile about the effect of procurement practice on

procurement performance. As noted by Kothari (2004), explanatory research design examines the cause and effect relationships between dependent and independent variables.

3.3. Sources and Types of Data

Both primary and secondary data sources were used for collecting data in this study. Primary data was collected using semi structured questionnaires with both closed and open ended questions targeting procurement staff employees of Jimma University specialized hospital and all Collages/institute/ as well as main procurement and property administration staff employees. Further, key informant interview was conducted with Middle level management of all collages/ institution/ and main procurement and property administration director to capture triangulate information collected through questionnaire.

The primary data collected includes procurement procedure, resource allocation, ICT, supplier management

Secondary data collected from journal articles, magazines, books, Internet web sites, procurement reports, manuals, policies and procedures, published and unpublished documents about procurement practices in Ethiopia and abroad. A closed- ended questionnaire with five point Likert scale was used to measure the opinion of the respondents about procurement practice.

3.4. Sample Design

Sample design must be result in a truly representative sample with reasonable confident level and small sampling error (Kothari, 2004). The population of this study included targeting all collages or institution Middle level management and procurement staff employees as well as main procurement and property administration employees of the Jimma University. The study displayed descriptive and explanatory research design.

3.4.1. Target population

The Target population represents all cases of people or organizations which possess certain characteristics; it is the larger group from which a sample is taken (Flick, 2011). The population targets middle level management (Procurement directors) and procurement staff employees (junior and senior procurement employees) of all collages or institution and Jimma University

Specialized hospital as well as main procurement and property administration staff employees of the JU. The target population of this study is 400 employees.

3.4.2. Sample Size determination

Sampling as part of the statistical practice concerned with the selection of individual or observations intended to yield some knowledge about a population of concern, especially for the purposes of statistical inferences. The sample size is, therefore, determined according to the formula provided by Yamane (1967) to determine the sample size of the study, using 7% level of precision and 95% level of confidence because of it is degree of precision is too moderate and appropriate for social science. And the reason that I not used 99% confidence interval and 0.01 level of precision was to the best knowledge of the student it is too difficult in social science to achieve 0.01 level of precision and it's manly for experimental research. And also I never select 90% confidence interval and 0.10 level of precision. Because it's degree of error is too high. The sample size is therefore determined according to the formula

$$\text{Where} \quad n = \frac{N}{1+N(e)^2} \quad (1)$$

n=sample size, N=sampling frame of the study is 400 and e represents the margin of error which is 0.07. By substituting 400 and 0.07 into the formula:

$$n = \frac{400}{1 + 400(0.07)^2} = 136$$

Therefore, the sample size for the survey is 136. This is to ensure that the sampled mean is closer to the population mean and minimize errors. Sample is drawn from the list of employees of Jimma University who are currently working at different position according to the recommended proportion.

3.4.3. Sampling Techniques

Sampling is the process of choosing from a much large population, a group about which wish to make generalized statements so that the selected part represent the total group (Leedy, 1989).

Sampling is the process of selecting a group of subjects of study in such a way that the individuals represent the larger group from which they were selected. (Gay 1987). In this study, both purposive and stratified sampling design was used to select representative sample respondents of the study area. In the first stage, all colleges of JU purposively selected. In the second stage, using probability proportional size method a total of 136 respondents were randomly selected each college. This technique is ideal because it gave the respondents at all levels in the organization an equal opportunity to participate in the study without bias (Kothari, 2004). This method justified for this research because it allowed equal chance for all procurement staff from all levels to participate equally as they was selected randomly from each level within the whole organization. And the reason that student researcher wants to use a purposive sampling is that it's easier to make generalizations about the sample compared to, say, a random sample where not all participants have the characteristic of the studying. The probability proportional size distribution indicated in Table 1).

Table 1: Sample distributions of the respondents among different units of the institution

Se No	College/ Institute /Administration Unit	Target Population	($P_i = N_i/N$)	Sample Size = ($P_i \times 136$)
1	Middle level and the whole procurement and property administration staff employees of the main campus	76	0.19	26
2	College of Medical Science	37	0.0925	12
3	College of Law and Governance	35	0.0875	12
4	College of Natural Science	30	0.075	10
5	Collage of Social Science	31	0.0775	11
6	Jimma Institute of Technology	40	0.1	14
7	College of Agriculture & Veterinary Medicine	36	0.09	12
8	Jimma University Specialized Hospital	50	0.125	17
9	College of Business & Economics	33	0.0825	11
10	College of Education & Behavioral Science	32	0.08	11
Total		N= 400		136

Source: Own computation, 2020; P_i = Number of population in each college (N_i) divided by Total population (N)

In table 1 above respondents in the column as target population was; middle level management (Procurement directors) and procurement staff (junior and senior procurement employees).

3.5.Method of Data Collection

It is the process of gathering and measuring information on variables of interest. In this study, data collection method that was used to help answer the stated research questions and evaluate the outcomes is stated as follows.

3.6.Methods of data collection/ instrument

The current study had used both closed-ended and open ended questionnaire and personal interview that comprise of different questions to be administered directly to respondents. The questionnaire was have different sections, ranging from the bio data of the respondents to questions that help the student researcher to collect information/data about the subject at hand.

3.7.Questionnaire design

To collect quantitative and qualitative data from the respondents about the effect of the procurement practice, the semi-structured questionnaire which contains both close-ended and open-ended type of questions of the study variables was developed. The respondents were asked to indicate their degree of agreement on a five point Likers rating scale with the following ratings. “5” Strongly agree, “4” agree, “3” moderate or neutral, “2” disagree, and “1” strongly disagree to get guided responses for a close-ended questionnaire. To obtain additional information, the respondents also *were* requested to forward any suggestions so as to provide open-ended responses.

3.8. Methods of administration/ Quality criteria

These studies had employed three quality criteria which include validity test, reliability test and pilot test.

3.8.1. Validity

Statistical validity also used to measure the validity of the research through use of correct statistical procedure and instruments (Neuman, 2007). The student researcher was first try to address related and extensive literature to have complete data on the research topics. This comprehensive approach was help to ensure face and content validity of the survey instrument. The student researcher had reviewed an extensive literature to develop questions for the survey. The student researcher was also conduct pilot test on survey instrument (questionnaire) to check whether the questionnaire is complete, free from any biased and confusion word to selected few respondents. The instrument and research method was also revised and comment by to professional advisor and expertise before going to data collection. Moreover, to insure the statistical validity of the study, the student researcher was collect quantitative data using survey questioner and analysis the data using correct statistical instruments like descriptive statistics, inferential statistics, correlation , one way ANOVAs and regression analysis to see the relationship of the variable and reach concrete conclusion.

3.8.2. Reliability Test

The reliability measures so as to find out the degree to which the measuring items gave similar results over a number of repeated trials. A test - retest method was used to estimate the degree to which the same results can be obtaining with a repeated measure of accuracy of the same concept in order to determine the reliability of the instrument. Bells (1993) cited in (Eriksson, 2002) states that reliability with regards to the consistency of the results is obtained from the instrument used in the research. The present study is reliable because it used valid strategies and techniques appropriate to the research objectives. It has been tried also to present a detailed evidence of the research plan (i.e. details of the research site, method of sample selection, instruments used) and its implementation in the methodology section to assure the study's reliability. Hence, the data reliability was tested using Cronbach'Alpha. Alpha values over 0.7 indicate that all scales can be

considered reliable. A questionnaire is said to be reliable if we get same or similar answers repeatedly.

According to Sekaran (2003) values between 0.50 and 0.80 are acceptable while values below 0.50 are considered less reliable and therefore unacceptable. Cronbach's Alpha from this study is 0.936. Therefore, the result indicated that the questionnaires of the study were internally consistent by .936. And each dimensions result shows Cronbach's Alphas ranging from 0.748 to 0.849. These alpha coefficients are all higher than the conventional level of 0.70, suggesting that each subscale used in the study had acceptable internal consistency and hence reliable in measuring what they were designed to measure as shown in the table 3.1 below.

Table 3.1: *Cronbach's Alpha Reliability Coefficients*

Dimension	No of Items	Cronbach's Alpha
supplier Management	8	0.782
procurement procedure	9	0.849
resource allocation	7	0.773
ICT	8	0.787
Procurement performance	4	0.748
<i>Collective Alpha of Procurement practice</i>	35	0.936

3.8.3. Pilot Test

According to Sekaran (2003) a pilot study is necessary for testing the reliability of data collection instrument. Pilot study is thus conducted to test weaknesses in design and instruments to provide proxy data for selection of a sample. This pilot study was conducted with 20 respondents from the population and issuing them with the questionnaire. The data obtained was evaluated to ensure that questions were properly answered.

3.9. Methods of Data Analysis

The data was collected from different sources is coded, checked and entered to SPSS version 20 to make the data analysis, then the stated objective of the study was achieved, the collected data was analyzed using descriptive statistics, Pearson's correlation coefficient and multiple linear regression analysis. Thus, Mean values and standard deviations was used to analyzed the general trends of the data from the respondents based on the sector and a Pearson's correlation coefficient was also used to examine the relationship between the variables. A multiple linear regression model was used to determine the relative importance of each independent variable in influencing procurement performance. The multiple linear regressions model was also run to determine the most significant and influential explanatory variables for procurement performance in the organization.

3.10. Model Specification

One of the purposes of this study is to examine the effect of procurement practice on Procurement Performance at Jimma University. The dependent variable in this case is an index of Likert Scale of each respondent computed from five point scale Likert Scale which represents procurement practice of the respondents. Estimation of this type of relationship requires a quantitative response model. Although a variety of quantitative econometric models can be used to establish the relationship between respondent characteristics and procurement performance variable.

A regression equation is set up to investigate the relationships between the dependent variable and the independent variables in this study. The econometric form of the equation is given as:

$$E (p_i) = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \dots + \beta_n X_{ni} + e_i$$

Where P_i = Procurement Performance.

The functional form of the regression model estimating the factors that affect the procurement performance in the organization was presented as follows:

$$Y = f (X_1, X_2, X_3, X_4, E)$$

Where:

Y = Procurement Performance

β_0 = Constant

$\beta_1, \beta_2, \dots, \beta_6$ = Coefficients of the independent variables showing how they influence Y

Xs = Independent variables

X1 = Resource Allocation

X2 = Supplier Management

X3 = Procurement Procedures

X4 = Information Communication Technology

e=error term

The explicit regression econometric model is formulated as follows

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + E$$

3.11. Description of Variables

In the previous section, multiple linear regression models that are going to be used in this study are specified. Thus now it is important to identify important explanatory variables that will determine the procurement performance in Jimma University. By reviewing the existing theory and past findings of empirical research, the possible effect of the procurement practice is identified. The analysis was carried out for all sampled respondents of which its output would represent the study area in particular. By this, the procurement performance is assigned as dependent variable to be regressed on the identified independent variables.

3.12. Ethical Consideration

Each discipline should have its own ethical guidelines regarding the treatment of human research participants (Vanderstoep and Johnston, 2009). Research ethics deal with how we treat those who participate in our studies and how we handle the data after we collect them. The student researcher was kept privacy (that left any personal questions), anonymity (protecting the identity of specific individuals from being known) and confidentiality or keeps the information confidential (Saunders et.al,2007). Accordingly, the questionnaire was distributed to voluntary participants and would have been a clear introduction and instruction parts regarding the purpose of the research. And the interview and open question is designed in order that it didn't harm anyone.

CHAPTER FOUR

4. Data Analysis, Presentation and Interpretation

The point of this chapter is to present and discuss results of data obtained from method involved in this study. As stated in chapter one the broad objective of this study was to assess effect of procurement practices on procurement performance at Jimma University. Further, as noted in the previous chapters (chapter one and three), in order to achieve the broad objective the study developed the assumption. It took the student researcher distribution 136 questionnaires, of this 130 were returned. Overall, 95.59% complete responses rate were returned from the organization.

4.3. Demographic characteristics of the respondents

Table 4.1: Distribution of respondents by demographic characteristics (n = 130)

Variable	Frequency	Percentage (%)	
Sex	Male	103	79.2
	Female	27	20.8
	Total	130	100
Age of respondent	24 years and below	18	13.8
	25 – 34 years	56	43.1
	35 – 44 years	39	30.0
	45 years and above	17	13.1
	Total	130	100
Education level	Diploma	22	16.9
	Degree	82	63.1
	Masters	26	20.0
	Total	130	100
Work experience	Less than 1 year	13	10.0
	1 – 5 years	25	19.2
	6 – 10 years	61	46.9

	More than 10 years	31	23.8
	Total	130	100

Source: Own survey data, 2020

The above table 4.1 indicated that the respondents were asked to their gender and their response. The results showed that about 79% of the respondents were male whereas only about 21% were female.

The study sought to determine the age category distribution of the respondents and the results are shown in the table 4.1 the findings show that about 14% were aged between 24 and below years whereas approximately 43% were aged between 25-34 years. About 30% were aged between 35-44 years while about 13% were aged 45 years and above. The respondents were asked to indicate their level of education and their response was as shown in the table. The findings revealed that about 17% of the respondents had Diploma education whereby approximately 63% had degree education level. While, about 20% had Masters level of education. The study sought to determine the period in which the participants had been with the enterprises and the findings are shown in table 4.1. From the findings, about 10% of the participants had been with their enterprise for less than one year whereas approximately 19% had been with the enterprise for a period of between 1 and 5 years whereas about 47% had been with the enterprise for between 6 and 10 years. Further, the study established that about 24% of the respondents reported that they had been with the enterprise for more than 10 years.

4.4.Procurement performance relation with others

This section consists of the descriptive statistics of the variables under study. The variables of the descriptive statistics were included; resource allocation, supplier management, ICT and procurement procedure.

4.4.1. Effect of Resource Allocation on Procurement performance

The study sought to determine the effect of resource allocation on procurement performance. The study conducted descriptive analysis.

This section focuses on the effect of resource allocation in procurement practices on procurement performance. To achieve this, the respondents were asked to rate their opinions on the statements focusing on resource allocation according to their level of knowledge on a scale of 1 to 5. Where,

1=Strongly Disagree, 2= Disagree, 3= neither Agree nor Disagree, 4= Agree, 5= Strongly Agree. Data was analyzed using descriptive statistics of mean and standard deviation. Variables with a mean close to 4.0 and above represented agreed and strongly agreed while those with a mean close to 3.0 represented “neutral” and those with a mean of 2.0 and below represented disagreed and strongly disagreed. At the same time, standard deviation was used to indicate the compromise of the respondents. The results are as presented as below table.

Table 4.2: Rankings of resource allocation

Characteristics	N	Mean	StdDev
Allocation of resource is Adequate	130	3.08	1.35
Budget reviews to cater for changes in the economic environment	130	3.87	1.10
Tender float based on resource availability and confirmation	130	3.28	1.21
Tender award based on resource availability and confirmation	130	3.22	1.20
Staff competency levels have an effect on procurement performance	130	3.32	1.14
The procurement unit is adequately staffed with skillful and competent workforce.	130	3.33	1.23
Employees have high commitment and accountability in proper utilization of public resource	130	2.78	1.38

Source: Own survey data, 2020

The findings from the above table 4.2 indicated that most of the respondents who participated in this study agreed that resource allocation leads to budget reviews to cater for changes in the economic environment (M = 3.87, SD = 1.10). While, less mean for Employees have high commitment and accountability in proper utilization of public resource (M = 2.78, SD = 1.38).

4.4.2. Effect of supplier Management on Procurement performance

The study sought to determine the effect of supplier management on procurement performance. The study conducted descriptive analysis.

The study sought to establish the strongest variable for the dimensions/ indicators of supplier management and effect of supplier management on procurement performance. This was done by comparing the means of the variables describing the supplier management dimension/ indicators.

To achieve this, the respondents were asked to rate their opinions on the statements on supplier management according to their level of knowledge on a scale of 1 to 5. Where, 1=Strongly Disagree, 2= Disagree, 3= neither Agree nor Disagree, 4= Agree, 5= Strongly Agree. Data was analyzed using descriptive statistics of mean and standard deviation. Variables with a mean close to 4.0 and above represented agreed and strongly agreed while those with a mean close to 3.0 represented “neutral” and those with a mean of 2.0 and below represented disagreed and strongly disagreed. At the same time, standard deviation was used to indicate the consensus of the respondents. The results are as shown in table as follows.

Table 4.3: Rankings of supplier Management

Characteristics	N	Mean	StdDev
Suppliers appraisal are conducted annually	130	3.29	1.34
Delivered goods are rejected sometimes due to non-conformity to specifications	130	3.17	1.17
There is Strong buyer-supplier relations and timely deliveries	130	3.78	1.36
Supplier management helps to increases the speed of doing procurement activities	130	3.45	1.26
Sometimes suppliers fail to honor the orders issued	130	3.05	1.14
Suppliers have clear information about their capacity measurement	130	2.74	1.06
Supplier management helps to get quality goods/service/ from the supplier	130	3.70	1.14
Supplier relationship management leads to reliability of supplies to institution	130	3.64	1.08

Source: Own survey data, 2020

The result from table 4.3 indicated that most of the respondents who participated in this study agreed that there are Strong buyer-supplier relations and timely deliveries. This variable for the supplier management that stood out across all the surveyed employees with the closest mean to 5 points out of maximum five points ($M = 3.78$, $SD = 1.36$). But Suppliers have clear information about their capacity measurement has less means ($M = 2.74$, $SD = 1.06$).

4.4.3. Effect of ICT on Procurement performance

The study sought to determine the effect of ICT on procurement performance. The study conducted descriptive analysis.

This section focuses on the effect of ICT in procurement practices on procurement performance. To achieve this, the respondents were asked to rate their opinions on the statements focusing on ICT according to their level of knowledge on a scale of 1 to 5. Where, 1=Strongly Disagree, 2= Disagree, 3= neither Agree nor Disagree, 4= Agree, 5= Strongly Agree. Data was analyzed using descriptive statistics of mean and standard deviation. Variables with a mean close to 4.0 and above represented agreed and strongly agreed while those with a mean close to 3.0 represented “neutral” and those with a mean of 2.0 and below represented disagreed and strongly disagreed. At the same time, standard deviation was used to indicate the consent of the respondents. The results are as presented in the table.

Table 4.4: Rankings of Technology Utilization

Characteristics	N	Mean	StdDev
All staffs are computer literate	130	3.42	1.18
ICT has improved the speed with which the department procure its goods and services	130	2.89	1.32
ICT has increased the level of transparency and accountability	130	3.55	1.13
The department embraces the use of ICT	130	2.61	1.34
The level of procurement systems usage is very high	130	3.53	1.01
ICT ease the operations in the procurement staff	130	3.43	1.11
The ICT is updated regularly for better performance	130	3.47	1.13
The department is well automated for better implementation of procurement processes	130	3.85	1.14

Source: Own survey data, 2020

The findings from table 4.4 indicated that the department is well automated for better implementation of procurement processes has highest mean. This variable for the ICT that stood out across all the surveyed employees (**M = 3.85, SD = 1.14**). While, the department embraces the use of ICT has lowest mean (**M = 2.61, SD = 1.34**).

4.4.4. Effect of Procurement Procedure on Procurement performance

The study sought to determine the effect of procurement procedure on procurement performance. The study conducted descriptive analysis.

This section focuses on the effect of procurement procedure on procurement performance. To achieve this, the respondents were asked to rate their opinions on the statements on procurement procedure according to their level of knowledge on a scale of 1 to 5. Where, 1=Strongly Disagree, 2= Disagree, 3= neither Agree nor Disagree, 4= Agree, 5= Strongly Agree. Data was analyzed using descriptive statistics of mean and standard deviation. Variables with a mean close to 4.0 and above represented agreed and strongly agreed while those with a mean close to 3.0 represented “neutral” and those with a mean of 2.0 and below represented disagreed and strongly disagreed. At the same time, standard deviation was used to indicate the consensus of the respondents. The findings are in table as follows.

Table 4.5: Ratings of procurement procedure

Characteristics	N	Mean	StdDev
Procurement procedure monitors procurement process	130	3.65	1.17
Procurement procedure monitors caused delays in decision making	130	3.32	1.28
Procurement procedure have caused in service delivery	130	3.35	1.13
It is important that all are aware of the set procurement procedures	130	3.03	1.21
Procurement planning is important to reduce challenges in urgency work program	130	2.95	1.29
Without procurement procedures it would be difficult to come up with efficient procurement	130	3.25	1.19
Procurement procedure helps in solving legal problem	130	3.50	1.17
Procurement Procedure increases the accuracy of records keeping systems	130	3.23	1.21
Procurement procedure reduces fraudulent services	130	2.72	1.20

Source: Own survey data, 2020

The findings from table 4.5 indicated that most of the respondents who participated in this study agreed that their organization had a procurement procedure monitor’s procurement process. Also, this variable for the procurement procedure that stood out across all the surveyed employees with the closest mean to 5 points out of maximum five points (M = 3.65, SD = 1.17). But lowest mean was Procurement procedure reduces fraudulent services (M = 2.72, SD = 1.20).

4.4.5. Characteristics of Procurement performance

The study sought to determine the procurement performance. The study conducted descriptive analysis. To achieve this, the respondents were asked to rate their opinions on the statements on procurement procedure according to their level of knowledge on a scale of 1 to 5. Where, 1=Strongly Disagree, 2= Disagree, 3= neither Agree nor Disagree, 4= Agree, 5= Strongly Agree. Data was analyzed using descriptive statistics of mean and standard deviation. Variables with a mean close to 4.0 and above represented agreed and strongly agreed while those with a mean close to 3.0 represented “neutral” and those with a mean of 2.0 and below represented disagreed and strongly disagreed. At the same time, standard deviation was used to indicate the consensus of the respondents. The findings are in table as follows.

Table 4.6: Ratings of Procurement performance

Characteristics	N	Mean	StdDev
The average costs of processing purchase order and procurement of goods/service is low and reasonable	130	3.42	1.14
Most of the goods/services procured are quality which meets the compliance specification and expected requirements	130	3.37	1.19
There is high level of transparency and accountability in procurement funds	130	3.34	1.18
The time between the requisition and procurement process and delivery is reasonable time	130	2.68	1.22

The findings from table 4.6 indicated that regarding procurement performance The average costs of processing purchase order and procurement of goods/service is low and reasonable has highest mean (M = 3.42, SD = 1.14) followed by Most of the goods/services procured are quality which meets the compliance specification and expected requirements and lowest mean for The time between the requisition and procurement process and delivery is reasonable time (M = 2.68, SD = 1.22).

4.5. Correlation Analysis for Factors Affecting procurement performance

The table presents the result of the correlation analysis. The star values are the magnitude of the correlation coefficient between the independent variables and dependent variables in the table.

Table 4.7: Correlation between the Independent Variables and Dependent Variables

Characteristics	PrP	SM	PrPr	RA	ICT
Procurement performance(PrP)	1	0.20*	,658**	0.70**	0.74**
supplier Management(SM)	0.20*	1	0.31**	0.24**	0.17
procurement procedure(PrPr)	0.66**	0.31**	1	0.69**	0.68**
resource allocation(RA)	0.70**	0.24**	0.69**	1	0.75**
ICT	0.74**	0.17	0.68**	0.75**	1
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

The above table 4.7 indicated that the correlation between resource allocation and procurement performance was considered. There was a statistically significant strong positive relationship between procurement performance with ICT and resource allocation with correlation coefficients of 0.74 and 0.70 resp. And Moderate Positive correlation between procurement performance and procurement procedure ($r = 0.66$, $p < 0.001$). More over the is positive weak correlation between procurement performance and supplier management ($r = 0.20$, $p < 0.05$).

4.6. Regression Analysis

4.6.1. Assumption Tests

Before applying the multiple linear regression analysis to test the Effect of resource allocation, supplier management, procurement procedures, and information communication technology on procurement performance we check the validity of all assumption.

a) Normality Test

The researcher used histogram method of testing the normality of the data. Histogram is bell Shaped which lead to infer that the residuals (disturbance or errors) are normally distributed. The residuals should be normally distributed about the predicted dependent variable score. As shown on Appendix figure 1, dependent Variable is normally distributed for each value of the Independent variables.

b) Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the Change in the independent variables. As shown on Appendix figure 2, the change in the dependent variable is more of related to the Change in the Independent Variables. Therefore, there is no linearity problem on the data for this study and residual follow at straight line.

Linearity test are important because they define the range of the method within which the results are obtained accurately and precisely. And linearity is the property of a mathematical r/ship (function) that can be graphically represented as a straight line. Linearity is closely related to proportionality. (www.investopedia.com)

c) Multicollinearity Tests

Multicollinearity is the occurrences of high inter correlations among independent variables in multiple regression models. And it's a phenomenon in which one predictor variables in multiple regressions model can be linearity predicted from the others with a substantial degree of accuracy. And multicollinearity makes it tedious to assess the relative importance of the independent variables in expanding the variation caused by the dependent variable (www.investopedia.com)

As stated by Field (2005) the Variance Inflation Factors (VIF) of the linear regression indicated the degree that the variances in the regression estimates are increased due to multicollinearity and VIF values higher than 10.0 shows as there is multicollinearity problem. In other hands, as stated by Pallant (2007) Tolerance is a statistical tool which indicates the variability of the specified independent variable from other independent variables in the model and it has no multicollinearity problem if the tolerance is greater than 0.10 values. The results of Tolerance and VIF suggests that multicollinearity is not suspected amongst the independent variables because the values of Variance Inflation Factors (VIF) are below 10.0 and also while the tolerance values are above 0.10 (Appendix Table1.)

Thus, from an examination of the information presented in all the three tests (linearity, normality and multicollinearity tests), the researcher concludes that there is no significant data problem that would lead to say the assumptions of multiple regressions have been violated.

4.6.2. Model Summary

Table 4.7 presents the model summary for the regression analysis of resource allocation, supplier management, procurement procedures, and information communication technology and procurement performance.

Table 4.8: Model Summary for Regression between Independent Variables and Dependent Variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.785a	0.616	0.604	0.56251

a. Predictor :(Constant), Resource Allocation, Supplier Management, Procurement Procedures, Information Communication Technology.

b. Dependent Variable: Procurement Performance

From table 4.8, it can be seen that the R Square value for the model showed that 61.6% of the variance in the model can be predicted from the independence variables: Resource Allocation, Supplier Management, Procurement Procedures, and Information Communication Technology.

Based on Field (2009) the R Square reflects the percentage of variance in the dependent variable that is explained by the variation in the independent variable(s). Adjusted R Square adjusts the value of R Square when the sample size is small, because an estimate of R Square obtained when the sample size tends to be higher than the actual R Square in the population.

The rule of thumb is to report adjusted R Square when it substantially differs from R Square (Green and Salkin, 2010). In this model depicted in the regression table above, the adjusted R squared is 0.604. Therefore, we can conclude that in this study 60.4% of the variation of Procurement Performance is explained by the variation in the independent variables.

4.6.3. Regression Analysis of Variance

Table 4.9: ANOVA for Regression between Independent Variables and Dependent Variable

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	63.421	4	15.855	50.108	0.000b
	Residual	39.552	125	0.316		
	Total	102.973	129			

a. Dependent Variable: Procurement Performance

b. Predictors: (Constant), Resource Allocation, Supplier Management, Procurement Procedures, Information Communication Technology.

From the findings table 4.9 above, the probability value of the test model was 0.05 and F-calculated was 50.108 This indicates that the overall test model was a statistical and significant in predicting the relationship between Resource Allocation, Supplier Management, Procurement Procedures, Information Communication Technology and procurement performance since the p-value was less than 0.05.

4.6.4. Regression Coefficients

Table 4.10: Regression Coefficient for the Relationship between Independent Variables and Dependent Variable

Coefficients

Model	Unstandardized Coefficients		Standardized coefficients	t	Sig.
	B	Std.Error	Beta		
(Constant)	-0.117	0.294		-0.397	0.692
supplier Management	0.010	0.069	0.009	0.150	0.881
procurement procedure	0.225	0.092	0.205	2.457	0.015
resource allocation	0.256	0.102	0.231	2.514	0.013
ICT	0.514	0.107	0.429	4.795	0.000

a. Dependent Variable: Procurement performance

Based on table 4.10 above results, the regression equation that predicts procurement performance based on the linear combination of resource allocation, supplier management, procurement procedures, and information communication technology is as follows:

$$PrP = 0.117 + 0.01SM + 0.225PrPr + 0.256RA + 0.514ICT$$

This result indicates, first, that the intercept is -0.117 which have no meaning because not significant and when all independent variables have a zero value. Holding the other variables constant, Procurement performance increases by 0.225(p = 0.015), for each additional increase in procurement procedure. More over Procurement performance increases by 0.256 (p = 0.013), per unit increase of resource allocation. Similarly, holding the other variables were constant, Procurement performance increases by 0.514 (p < 0.001) per unit increase in information

communication technology. While Supply management is not significantly affect Procurement performance at 5% level of significance

4.7. Discussions

4.7.1. Resource Allocation and Procurement performance

The study revealed that there was a statistically significant strong and positive association /relationship between resource allocation and procurement performance. According to Green (1992) resource allocation refers to the distribution of resources, particularly finance from the central level to the peripheral levels. Resource allocation refers to the distribution of resources among competing groups of people, organizations, ministries and programs. When resources are scarce and demand outstrips supply, the resources allocation becomes very important. According to Tauber (2002), resource allocation is both an economic and moral challenge (distributive justice). How resources are defined has implications for how economic players behave. If resources are defined as a social good, then issues of justice and equity become relevant, as do the principles of welfare economics. If resources are viewed as commodities, then resource allocation assumes a different dimension and issues of competition and maximization of benefits become paramount. According to Gugushvilli (2007), resource allocation is a complex exercise. Solving this complexity has involved theoretical studies on three dimensions of resource allocation; that is cost effectiveness analysis of treatments, use of quality adjusted life years and needs based resource allocation. The latter focuses on health needs as influencing resource allocation.

4.7.2. Supplier Management and Procurement performance

The study revealed that there was a statistically significant strong and positive association /relationship between adoption of technology utilization and procurement performance. This in agreement with Leiyan, (2016) who noted that there exists a strong relationship between buyer-supplier Management practices which range from supplier selection to supplier appraisal and procurement performance. In both cases the studies were focusing on the organizations based in the same geographical region.

The study revealed supplier management statistically and significantly affected procurement performance of the organizations. This is in agreement with Chirchir & Gachunga (2015) who indicate that supplier selection significantly affected the performance of the organizations as it has an impact on cost, time and quality of delivered good or service. This finding is in line with the study conducted in China by Dawson, Young, and Murray & Wilkinson, (2017) who examined the drivers of supplier-customer relationship profitability. They noted that long-term relationships between trading partners may provide additional advantages such as increase in reliability of supply, improvement in the level of technical interaction, potential product adaptation, and reduction in the level of uncertainties as well as enhancements in the capacity to plan and forecast production and supply schedules. Other studies that support our findings include; Martin (2016) as well as Ngo, Kumar, Kumari, Garza-Reyes & Akkarangoon, (2016) explored the role of Supply Chain Integration in achieving competitive advantage in UK. Their results confirm our study results where it was revealed that firms with high levels of SCM practices have high levels of procurement performance.

The positive effect of supplier Management may be as a result of its positive correlation with time-based and cost-related operational efficiency leading to customer satisfaction and superior business performance. Also, it is important to understand that collaboration with suppliers occurs in the areas of new product development, order delivery and fulfillment (Deloitte, 2015).

4.7.3. Information Communication Technology and Procurement Performance

The study revealed that adoption of technology utilization statistically and significantly affected procurement performance of the organizations. This is in agreement with Makabira & Waiganjo (2014) who states that the absence of modern up to date technology leads to inefficiency in an organization ultimately affecting the overall procurement performance. This is in agreement with similar arguments and findings for technological organizations, various current studies indicate a positive relationship between technological innovation and procurement performance (Prajogo, 2016; Soto-Acosta, Popa, & Palacios-Marqués, 2016; Davoudi, Fartash, Venera, Asiya, Rashad, Anna, & Zhanna, 2018). The benefits of technology which include time savings, simplification of

processes, cost savings in the long run all positively affect the procurement performance. Therefore, it is evident to conclude that technological opportunities in an industry are associated positively with increased performance of an organization. The results are based on the fact that globalization has continuously pushed for the need for improved efficiency as organizations operate in a competitive market all seeking competitive advantage where they are better positioned to achieve their goals and objectives (Wang, 2014).

4.7.4. Procurement Procedure and Procurement Performance

The study revealed that most of the employees agreed that their organization had a distinct procurement function/department in place and that its structure supports the implementation of strategic procurement. This is in agreement with Whitmore (2017) who states that the procurement function has evolved from the cleric back office role to a more strategic function whose importance organizations have taken note of. In agreement, CIPS (2015) further states that a distinct procurement function gives weight to the importance of the role and avoids the conflict of interest that could come up should certain activities like supplier selection and supplier payments being done by the same function such as finance. Government laws and regulation has an impact on this finding as it's now a legal requirement for public entities to have a distinct procurement function in place (PPRA, 2019).

The study showed that there was a statistically significant strong and positive association between organizational capacity and procurement performance. This is in agreement with KPMG (2015) organizational policies influence the practices of an organization thus policies that govern the supplier buyer relationship positively affect the activities of employees in the end affecting organization performance. In agreement Pande (2018) states the development and use of documented policies and procedures for the procurement and supply function and ensure their application by colleagues and stakeholders increasing compliance (Pande, 2018).

The study revealed organizational capacity statistically and significantly affected procurement performance of the organizations. The findings are in agreement with and are supported by empirical studies which confirmed by Rehman, Mohamed and Ayoub(2019) who analyzed the correlation between organizational capacity factors and procurement performance measures.

CHAPTER FIVE

5. Summary of Major Finding, Conclusions and Recommendations

5.3. Summary of Major Finding

The purpose of this study was to investigate the effect of procurement practices on procurement performance at Jimma University. The first question, the effect of resource allocation on procurement performance, the descriptive statistics revealed that most of the employees agreed that resource allocation leads to budget reviews to cater for changes in the economic environment ($M = 3.87$, $SD = 1.10$). Correlation analysis results showed that there was a statistically significant strong and positive association /relationship between ICT and procurement performance, $r(130) = 0.74$, $p < .001$). The second question, in terms of the effect of supplier management on procurement performance, descriptive statistics revealed that most of the respondents who participated in this study agreed that their There is Strong buyer-supplier relations and timely deliveries ($M = 3.78$, $SD = 1.36$). Correlation analysis revealed that there was a statistical and significant weak relationship/ association between supplier management and procurement performance, $r(130) = 0.20$, $p < .05$. The third question are the effect of procurement procedure on procurement performance, the descriptive statistics revealed that most of the employees agreed that their organization had a procurement procedure monitors procurement process ($M = 3.65$, $SD = 1.17$). Correlation analysis results showed that there was a statistically significant strong and positive moderate association /relationship between procurement procedure and procurement performance, $r(130) = 0.66$, $p < .001$). Finally, the effect of ICT on procurement performance, the descriptive statistics revealed that most of the employees agreed that ICT leads to better implementation of procurement processes ($M = 3.85$, $SD = 1.14$). Correlation analysis results showed that there was a statistically significant strong and positive association /relationship between ICT and procurement performance, ($r(130) = 0.74$, $p < .001$).

This implies that when employees of the organization have consideration for the procurement, they are more able to keep the procurement to the organization. In this model depicted in the regression, the difference is very small (adjusted R squared = .604). The regression model is

modest in terms of goodness fit since the R square value is .616. Therefore, I can conclude that regression analysis showed that 61.6% of the variation in the procurement performance was explained by ICT, Resource allocation, procurement procedure and supplier management.

5.4. Conclusion

Based on the findings of the study, the following conclusions can be drawn: The first research question of the study was to determine the effect of resource allocation on procurement performance in the organizations. The study that resource allocation leads to budget reviews to cater for changes in the economic environment and that it's based on resource availability and confirmation to implement the procurement performance. A positive strong and significant association and effects was found between resource allocation and procurement performance.

The second research question of this study was to determine the effect of supplier Management on procurement performance in the organizations. The correlation findings showed positive weak association between supplier management and procurement performance. The study concludes that the existence of suppliers appraisals are conducted annually that are reliable and the greatest effect on operational performance. The third research question of the study was to determine the effect of procurement procedure on procurement performance in the organizations. A Strong positive and significant association and effects was found between procurement procedure and procurement performance. The study concludes that procurement procedure being that the organization had a procurement procedure monitors procurement process and that its structure supports the implementation of strategic procurement contributed to procurement performance.

The final research question of this study was to determine the effect of ICT on procurement performance in the organizations. A strong positive and significant association and effects was found between ICT and procurement performance. The study concludes that ICT leads to better implementation of procurement processes. Therefore training of the employees on the e-procurement process in place contributed to procurement performance. This was supported by the results from the analysis conducted which indicated that, there was a statistical and significant relationship between resource allocation, supplier management, procurement procedures, and information communication technology and procurement performance.

5.5. Recommendations

- Based on the conclusions drawn from the findings, the following recommendations are made: the sustainable success of any organization and more recent researchers have also considered it as providing a shared vision that focuses everyone in an organization on product, production and quality improvements that are required both by the market and the need for firms to survive.
- The organization need to have a long-term, planned effort to create a capable supplier base and leverage the benefit of supply management. Organizations adopting supplier management evolve to manage a limited number of high-quality suppliers making supply management a key strategic planning process to enhance performance.
- The suggestions are based on the finding that adoption of technology utilization correlates and relates with procurement performance positively well as significantly. In this regard, the organizations have to embrace technological advancement so as to enhance experiential learning as a strategy for continuing personnel development.
- The aim of capacity development is to improve the potential performance of the organization as reflected in its resources and its management. The organization's in this case need to distinguish between the capacities that it needs to carry out its day-to-day activities (operational capacities)
- Frequent revision of the procurement guideline, continuous follow up monitoring and evaluation system, top management support, appropriate implementation of procurement procedure, discussion and conducting supplier appraisal by University and investing on ICT infrastructure on each step procurement function.
- The JU is advised to decentralize their decision making authority to reduce cumbersome, burden and facilitate public procurement processes for effective and efficient use of scarce public resources and service delivery.
- Creating opportunities of appropriate training and capacity building programs to procurement staff and end user professionals.
- The Ju is recommended to creating long term strategic supplier relationship for strategic items
- JU should conduct supplier appraisal and investing on ICT infrastructure on each step of procurement function and practices are the possible recommendations

5.5.1. Recommendation for future research

- This study looked at four independent variables (Supplier management, Procurement procedure, Resource allocation and ICT) which according the study contributes to major variations in national and international procurement practices of the researcher recommends Jimma University for further research to investigate the effect of procurement practices on procurement performance. The study was only based on ; thus the study recommends that a further study should be carried out to cover a wider scope to enhance generalization

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APPENDICES

JIMMA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
COLLAGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

Appendix I: Questionnaire Schedule

Dear Sir/Madam,

This survey questionnaire is designed with the objective of collecting information on the “Determinants of procurement practices at Jimma University, Jimma, Ethiopia”. It is therefore, meant only for research purposes. For this reason your genuine responses to each of the survey questions are highly useful. There is no “right” or “wrong” answers. Your responses will be confidentially used for this research purpose only. We highly appreciate for your willingness to participate as a respondent in this survey. For all closed type questions please put (√ or x) where appropriate and please strictly follow the instruction given in each number of the questionnaire.

If you need any clarification or information: Mob.0913-35-21-30

E-mail: kebedeolani2010@gmail.com

Part One

1: Demographic data

General information

1. Please indicate your gender: 1. Male 2. Female

**2. Working Experience; Less than 1 years , 1 - 5 Years ,
6 - 10 years , More than 10 year's**

3. Level of education: 1.Diploma , 2. Degree , 3. Masters 4. If other

4. Age of respondents:

1. 25 years and above , 2. 25 – 34 years , 3. 35 – 44 years

4. 45 years and above 6.Please specify if any -----

Part - 2. Supplier Management

So Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

No	Items	(1)	(2)	(3)	(4)	(5)
1	Suppliers are appraised when they are not capable of doing their responsibilities					
2	Sometimes rejected delivered goods due to non-conformity to specifications					
3	There is Strong buyer-supplier relations and timely deliveries					
4	Supplier management helps to increases the speed of doing procurement activities					
5	Sometimes suppliers fail to honor the orders issued					
6	Supplier management helps to get quality goods/service from the supplier					
7	Supplier relationship management leads to reliability of supplies to institution					

. In your own opinion, state how could the institution management improve on supplier management? -----

-----.

If you want to add, please specify _____

Part - 3. Procurement Procedure

So Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

No	Items	(1)	(2)	(3)	(4)	(5)
8	Procurement procedure monitors procurement process					
9	Procurement procedure monitors caused delays in decision making					
10	Procurement procedure have caused in service delivery					
11	It is important that all are aware of the set procurement procedures					
12	Urgency work program is a challenge to procurement planning					
13	Without procurement procedures it would be difficult to come up with efficient procurement					
14	Procurement procedure helps in solving legal problem					
15	Procedure in place influence the procurement performance					
16	Procurement procedure enhances transparency					

. What are the main problems that interrupt the effectiveness procurement procedures?

If you want to add, please specify

Part - 4. Resource Allocation

So Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

No	Items	1	2	3	4	5
17	Allocation of resource is Adequate					
28	Budget reviews to cater for changes in the economic environment					
19	Tender float based on resource availability and confirmation					
20	Tender award based on resource availability and confirmation					
21	Staff competency levels have an effect on procurement performance					
22	The procurement unit is adequately staffed with skillful and competent workforce.					
23	Employees have high commitment and accountability in proper utilization of public resource					

. What mechanism does your collages or institution use to maximize the value of money from procurement or to use the allocated budget in and efficient manner?

If you want to add, please specify _____

Part - 5. Information Communication Technology

So Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

No	Items	1	2	3	4	5
24	All staffs are computer literate					
25	ICT has improved the accessibility of procurement practices					
26	ICT has increased the level of transparency and accountability					
27	The department embraces the use of ICT					
28	The level of procurement systems usage is very high					
29	ICT ease the operations in the procurement staff					
30	The ICT is updated regularly for better performance					
31	The department is well automated for better implementation of procurement processes					

What is the negative and Positive impact of ICT on public procurement practices?

If you want to add, please specify _____

Part - 6. Procurement performance

So Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

No	Items	1	2	3	4	5
32	The average costs of processing purchase order and procurement of goods/service is low and reasonable					
33	Most of the goods/services procured are quality which meets the compliance specification and expected requirements					
34	There is high level of transparency and accountability in procurement funds					
35	The time between the requisition and procurement process and delivery is reasonable time					

If you want to add, please specify

Part – 7. Appendix II: Interview Schedule questions:-

Key informant interviews: unstructured interview questions forwarded to Procurement staff

1. What is the effect of adoption of information communication technology on procurement performance?
2. How does procurement procedure influence procurement practices and performance?
3. What is the influence of supplier management towards efficiency of procurement practices and procurement performance?
4. How resource allocation can determine procurement practices and procurement performance?
5. What do you recommend us to expedite the procurement practices and ensure efficiency on procurement performance?
6. What are the major challenges that affect procurement performance?

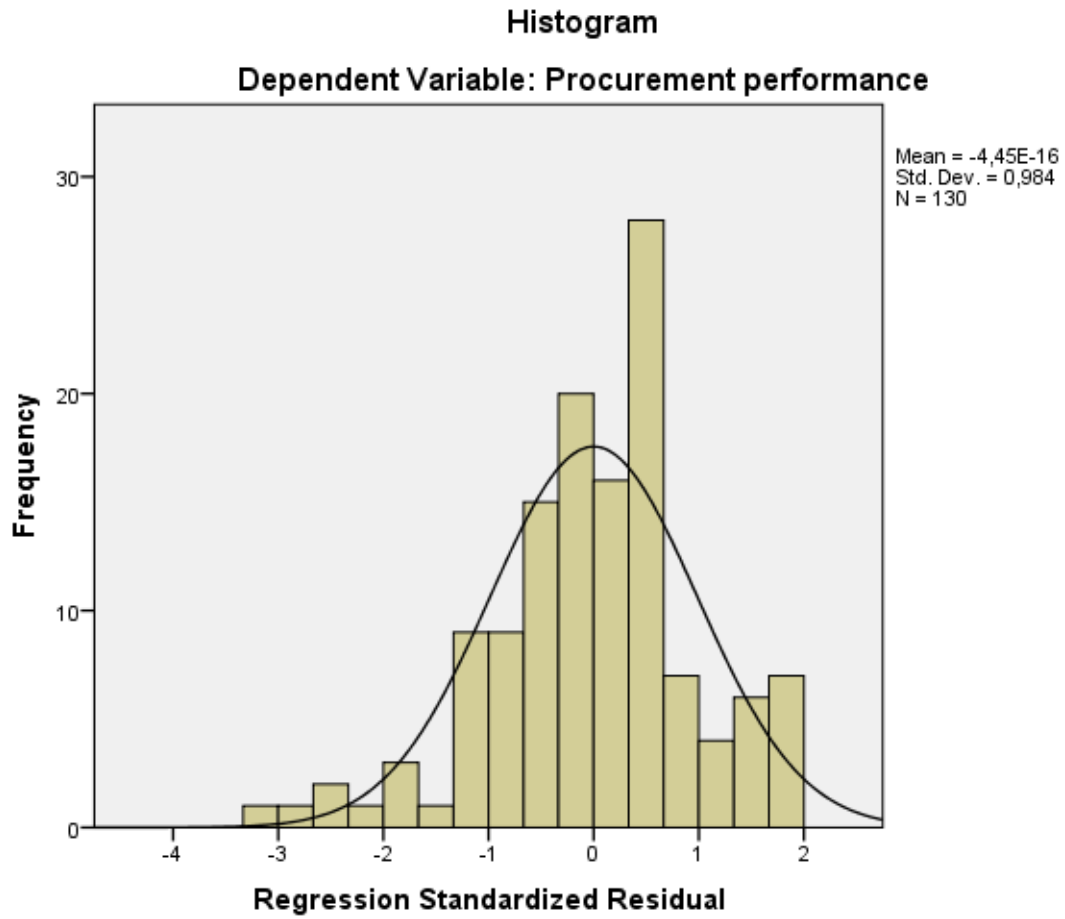


Figure A1 : The regression model assumption of normality in the study

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Procurement performance

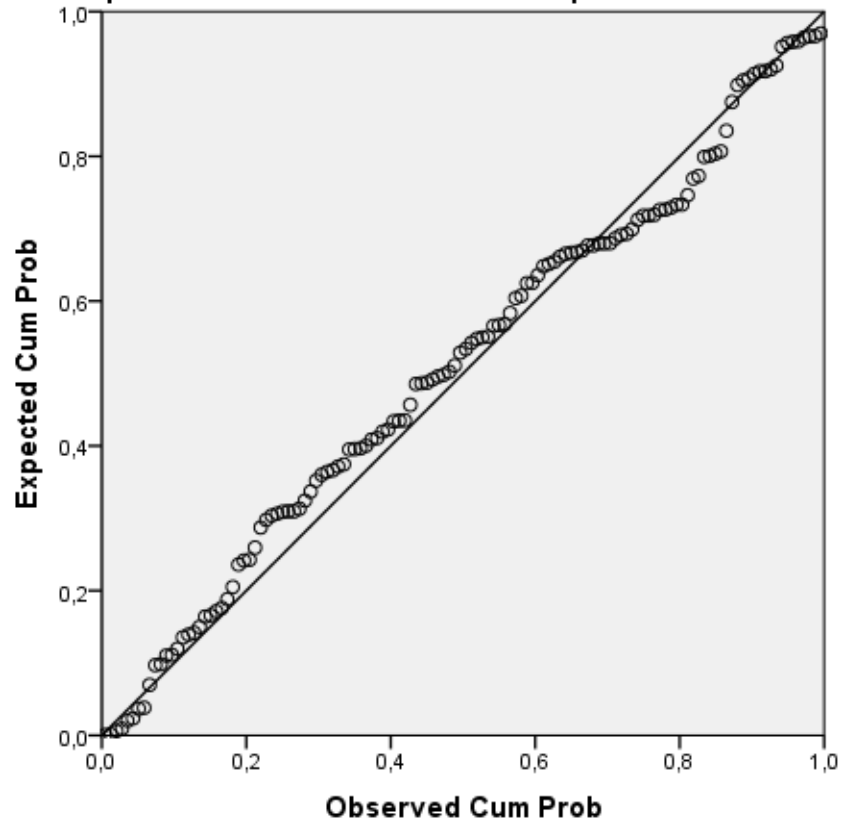


Figure A2: The regression model assumption of linearity in the study

Table A4: Collinearity Statistics

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-117	.294		-397	.692		
1 supplier Management	.010	.069	.009	.150	.881	.900	1.111
procurement procedure	.225	.092	.205	2.457	.015	.442	2.264
resource allocation	.256	.102	.231	2.514	.013	.365	2.738
ICT	.514	.107	.429	4.795	.000	.385	2.600

a. Dependent Variable: Procurement performance

b. Predictors: (Constant), Resource Allocation, Supplier Management, Procurement Procedures, Information Communication Technology.

Source: Own survey, 2020

THANK YOU FOR YOUR COOPERATION!!!