

**Determinants of Procurement Performance in Non-Governmental organization: The Case of Management Sciences for Health, Ethiopia**

*A Thesis Submitted to the School of Graduate Studies of Jimma University as in Partial Fulfillment for the Requirement of the Award of the Degree of Master of Business Administration (MBA)*

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## Abstract

*The objective of this study was to examine the major determinants of procurement performance in a private sector; the case of Management Sciences for Health, Ethiopia. The study adopted a cross-sectional descriptive and explanatory research design to examine the major determinants of procurement performance at Management Sciences for Health, Ethiopia. The study draws on both primary data. The primary data was obtained from structured survey questionnaires the study used stratified random sampling techniques and employed a sample size of 92 respondents. The finding of the study indicated that there is a well-defined procurement procedure and policies in management sciences for health, Ethiopia. Additionally, the finding indicated that the existing practice of procurement plan saved time and money in the organization. Moreover, there is a proper contract supervision; proper contract control and good monitoring of contract procedure, and services delivery in the organization. The study therefore concluded that the current procurement management related to the above mentioned variables should be given due focus by the management of the organization in order to produce the result of improved procurement performance.*

**Keywords:** *procurement performance, procurement process, procurement planning, contract management, staff competency*

## DECLARATION

I, Marta M.B., declare that the research Report entitled **“Determinants of Procurement Performance in Private Sector: The case of Management Sciences for Health, Ethiopia ”** submitted to Research and Postgraduate Studies’ Office of Business and Economics College is original and it has not been submitted previously in part or full to any university.

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

Date: \_\_\_\_\_

## CERTIFICATE

We certify that the Research Report entitled **“Determinants of Procurement Performance in Private Sector: The of Case of Management Sciences for Health, Ethiopia”** was done by **Marta Mezgebe Baraki** for the partial fulfillment of Masters Degree under our Supervision.

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## **List of Acronyms**

**COMU** - Country Operation Management Unit (COMU)

**INGOs**- International Non –Governmental Organizations

**MSH** – Management Sciences for Health

**SPSS**- Statistical Package for Social Sciences

**USAID**- United States Aid for International Development

# CHAPTER ONE

## 1. Introduction

This chapter incorporates the following parts: background of the study, problem statement, objectives, significance, and scope of the study, definition of key terms and organization of the paper.

### 1.1 Background of the Study

The analysis of procurement practices is imperative as it can enhance firms 'ability to offer more effective and efficient service delivery to clients. It supports effective service delivery as the needed inputs of production will be availed on time. The role of procurement is to enhance as well as to promote both efficiency and transparency in the sourcing of firm needed procurement goods and services (Mburu, 2011). Further analysis of procurement practices can enable organizations to operate on optimal level.

This translates to noteworthy cost savings that in turn improves on organizational performance. The study of procurement performance at such a time is imperative. This is because many organizations have been accused of massive procurement irregularities that have led to adverse business results, for instance loss of shareholders money and procurement of inferior goods at high prices. This has led to serious compromise on quality of offered goods and service to end customers. As a result, customers are dissatisfied and market share lost.

Non-Governmental organizations include groups and institutions that are largely independent of Government that have primarily humanitarian and cooperative objective than profit making

In other words, any institution, organization or agency that is established voluntarily to pursue altruistic goals, without a profit motive and is based largely outside the control of the government structure is roughly described as NGO (Stoddard, 2006).

They are organization; indigenous groups organized regionally or nationally; and member groups in villages that support development. NGOs include charitable associations, trusts and foundations, independent cooperatives, community associations, societies, trade associations, professional societies, consumer groups, and faith associations that mobilize private funds for

development, distribution of food and family planning services and the promotion of community organization.

Over time, donor funding and its administration has really changed. The Funds were mainly channeled through government and a small part through NGO; today the NGOs get more direct funding especially in situations where the government is seen as corrupt and some donors think that NGOs are likely to better understand people's needs (Grepin and Jack (2008) noted that most donor aid comes with strings attached thus compromising the operations especially on the implementation side.

Donor funding has been fluctuating over the years with some considerable decrease in some years. There are so many factors that can affect funding and considering that procurement mainly takes up about 75% of the resource in most NGOs (Fengler and Kharas, 2011). The donor is keen on how the NGO does it and if the right channels are being used. Procurement is therefore a key factor in donor funding consideration.

Purchasing is a set of tasks involved in buying goods and services. Purchasing involves tasks such as ordering, raising purchase orders, receiving, and arranging payments. Procurement is the process of sourcing and acquiring the goods and services a company needs to fulfill its business model. An effective procurement strategy can save money by negotiating favorable terms and pricing, and ensure suppliers' quality and efficiency (MSH, 2013).

Modern day organizations therefore strive to attain more efficiency, cost effectiveness and accountability by undertaking to adopt vigorous and well-articulated procurement regimes (Shalle & Njagi, 2016). The adoption of procurement practices by firms is meant to reduce the number of overall discrepancies realized as a result of contract awards, enhance optimal identification of suppliers' opportunities and improve relationships with current firm suppliers. Procurement departments undertake to coordinate the purchasing and supplies of products and services with the intention of enhancing both cost savings and quality procurement that are always conflicting (Wanyonyi & Muturi, 2010).

The failure by organizations to establish procurement functions will give rise to biased and irregular assessments which are costly to an organization. The adoption of strategic procurement practices by firms that entail; the precise definition of actual business needs through analysis and understanding of industry economics and business risks as a result of switching suppliers.

This leads to firm capabilities to properly their business requirements thus improve on performance (Cousins & Spekman, 2003). Procurement as one of the key process has been identified to have an impact on organizational performance. Therefore, the way it is coordinated and executed plays a key role in the performance recorded by organizations.

The attainment of optimal procurement performance is however dependent on various factors for instance; adopted levels of technology, available resources and procurement department level of expertise and experience. Good procurement practice is usually guided by the principles of accountability, where effective mechanisms must be in place in order to enable procuring entities spend the limited resources carefully, knowing clearly that they are accountable to members of the public; competitive supply, which requires the procurement be carried out by competition unless there are convincing reasons for single sourcing; and consistency, which emphasizes the equal treatment of all bidders irrespective of race, nationality or political affiliation (Thai, 2001).

On the other hand, procurement performance is the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. Firms delivering services must broaden their examination of productivity from the conventional company-oriented perspective to a dual company-customer perspective. This broadened approach can help reconcile conflicts or leverage synergies between improving service quality and boosting service productivity (Omanji, 2018).

## **1.2. Background of the Organization/study area**

Management Sciences for Health (MSH), a global health nonprofit organization, Headquarter based in United States of America and uses proven approaches developed over 40 years to help leaders, health managers, and communities in developing nations build stronger health systems for greater health impact. They work to save lives by closing the gap between knowledge and action in public health. Since its founding in 1971, MSH has worked in over 150 countries with policy makers, health professionals, and health care consumers to improve the quality, availability and affordability of health services. Working with governments, donors, nongovernmental organizations, the private sector, and health agencies, MSH Ethiopia founded in 2004 to responds to priority health problems such as HIV & AIDS; tuberculosis; malaria;

maternal, newborn and child health; family planning and reproductive health; and chronic non-communicable diseases such as cancer, diabetes, and lung and heart disease<sup>[1]</sup>.

Items are given to Health Facilities for different regions of the country, ALERT Hospital and ST Peter Hospital etc. to support the institutions for better health service giving and Support authentic patient's Transport & Food Supplies (MSH ,2013)

Country Operation Management Unit (COMU) does the procurement for all projects to save time and cost. COMU is a central unit which coordinates activity to give value of money for each project by coordinating resources (financial, human, technical) which is shared among the projects. This Unit is responsible to handle all procurement activities of the Organization. In some cases, where there are urgent requests, program assistants of respective projects will participate in the procurement activities for purchases less than USD 150. Ethiopia follows MSH Logistics Manual Procurement Rules and Regulations in processing its procurement. And in addition to that, MSH also gets grant from and united nation (UN) and global fund in supporting health care activities. Because of this, this study will try to evaluate the procurement performance.(MSH ,2018)

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

NGOs rely on money from a variety of sources which include: individual donors, foundations, corporation, and government. Often what an NGO can and cannot do is tied to where the money comes from, dramatically affecting the effectiveness and neutrality of NGOs. The huge amount money allocated to purchasing and the strict donor's government regulations in non-governmental organizations demand careful procurement management. The last decades have witnessed an extraordinary growth in non-governmental organizations (NGO) in all spheres of human activities worldwide, especially in developing countries.

According to Schiele (2007), the extent to which procurement function is able to obtain best value for spent organizational money to purchase products and services is the best indicator of procurement performance. Effectiveness in procurement is essentially the extent to which previously stated firm purchasing goals and objectives have been met. On the other hand, procurement efficiency is the association that exists between planned and actual required resources needed to realize formulated goals and objectives as well as their related activities.

Optimal performance ensures constant availability of needed quality supplies within organizations. The improvement of procurement performance would ensure that sourced firm materials are indeed procured during the right time and at a reasonable cost and at the right time. This would lead to enhanced organization procurement process leading to improvements on quality of offered products and services at the least expense. This is the reason as to why organizations engage in highly qualified personnel to oversee their procurement requirements. Procurement is however closely related to logistics as the purchasing entities buys and also ensures safe transportation of procured commodities as well as their subsequent storage (Crompton & Jessop, 2001).

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

For instance, Schiele (2007) sought to establish the management of firm's supply maturity, savings on cost and capacity to absorb the purchase. The study looked at the link between development level at the time purchasing organization reaches maturity and its bearing on the performance of a firm. This is measured in relation to their success in a purchasing cost-reduction program. Kiage (2013) explored the determinants affecting procurement performance with a case of Ministry of Energy. The study posits that public procurement has increasingly become prominent, thus the public entities need to plan on how to handle the entire process. The findings show that procurement planning has a substantial impact on procurement performance. Planning, resource allocation, staff competency and contract management impact on the variations in procurement performance.

Wanyonyi and Muturi (2015) explored the determinants impacting performance of procurement function in reference to public technical training institutions in Kisumu County, Kenya. The study concludes that ICT, staff competency and ethics have a direct impact on performance of the procurement function among technical training institutions. Thus recommends the use of ICT in technical institutions in an effort to improve the performance of procurement functions.

Wahu et al. (2015) sought to find out determinants affecting performance of procurement function among public secondary schools in Kenya. From their findings, three variables were singled out. In order of preference, competitive bidding was found to affect procurement performance to the greatest extent then prevailing legal framework and the least impacting factor on procurement performance was aggregation of procurement. Makali (2015) examined ethics and procurement performance of humanitarian organizations in Kenya. The study established that there exists a strong correlation between ethics and procurement performance. There are challenges that face the procurement sector such as lack of training, culture and political pressure but there is need to overcome the challenges of implementing procurement ethics in humanitarian organizations. In order to attain optimal procurement performance, various factors have to be taken into consideration by firms.

According to Wagane (2011), most of the organizations in Ethiopia still suffers from poor performance of procurement characterized by noncompliance with the act, lack of policy on procurements, overspending, poor planning, poor contracts monitoring, and lack of transparency and accountability, collusion in the tender evaluation and award, and inadequate training of the procurement officers. For all those activates procurement accounts for a high proportion of total expenditure and managers concerned with management of a complex and diverse range of activities. Currently getting secured funds are becoming a big challenges to INGO. This is therefore managing the available resource effectively and efficiently is the only way to secure the upcoming funding as well as a means to attract potential donors. The same is true for MSH Ethiopia has getting its huge amount of donation from USAID to implement it organizational objectives. However from time to time MSH losses it funding from USAID and other donors.

Though there are outlined laws, regulations, rules, and procedures for procurement at Management Sciences for Health (MSH), Ethiopia however the actual practice of these laws, rules, and procedures and current procurement management of the organization has not been studied. Therefore, this study investigated the major determinants that influence procurement performance of Management Sciences for Health, Ethiopia.

## **1.4. Objectives**

### **1.4.1. General objective**

The main objective of this study is to investigate the most determinants of procurement performance in private sectors with reference to Management Sciences for Health in Ethiopia.

### **1.4.2. Specific Objectives**

The specific objectives of the study include:

1. To describe the practices of procurement management process in Management sciences for health, Ethiopia.
2. To determine the extent to which procurement planning affects procurement performance in Management sciences for health, Ethiopia.
3. To determine the extent to which contract management process affects procurement performance in Management Sciences for Health, Ethiopia.
4. To determine the extent to which procurement professionalism influencing procurement performance in Management sciences for health, Ethiopia.

Based on the specific objectives, the following hypotheses are developed for test.

### **Hypotheses**

Ho: Procurement practices and process in Management sciences for health has no significant influence on procurement performance.

H1: Procurement practices and process in Management sciences for health has significant influence on procurement performance.

Ho: Procurement Planning has no significant influence on procurement performance.

H1: Procurement Planning has significant influence on procurement performance

Ho: Contract management process has no a statically significant influence on procurement performance.

H1: Contract management process has statically significant influence on procurement performance

Ho: Staff competency has no a statistically significant influence on procurement performance.

H1: Staff competency has a statistically significant influence on procurement performance.



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

This research would enhance generation of useful knowledge regarding determinants of procurement performances Management sciences for health. The finding of the study will be useful to Management sciences for health, Ethiopia. The study findings would enable other (NGO) managers and other policy makers in to formulate better and proactive procurement policies that enhance optimal firm performance. Research findings from this study would enable to learn the major determinants that have an effect on procurement performance. This information would therefore enable them to apprehend the imperative causative factors that bear the greatest influence on procurement performance. This study would guide future researchers and academicians by suggesting further areas that will help direct their research. This study would also act as a benchmark with which future researchers can compare their research findings.

### **1.6. Scope of the Study**

The study was to analyse the determinants of procurement performance at Management Sciences for Health, Ethiopia. It was geographically limited to Addis Ababa, to head office of Management Sciences for Health, Ethiopia. The study was targeting a sample size of 92 procurement staffs of the organization based on Addis Ababa. The study focused on the following independent variables; procurement planning, procurement professionalism, and contract management process. Data was collected between February 15- 28/2020.

### **1.7. Organization of the Study**

The study is organized into five chapters. Chapter one covers background of the study, statement of the problem, purpose of the study, objective of the study, research questions, significance of the study, limitations of the study and definition of significant terms. Chapter two covers literature review which gives an overview of procurement performance, theoretical framework and conceptual framework. Chapter three research Methodology covers research design, target population ,sampling procedure and sample size, methods of data collection, validity of the research instruments, reliability of the research instruments, methods used for data analysis and ethical consideration issues. Chapter Four covers results and discussions of the research findings. Chapter Five covers, summary of the findings, conclusions, limitation, and recommendations.

# CHAPTER TWO

## 2. LITERATURE REVIEW

### 2.1 Introduction

This chapter covers critical review of literature by other scholars and writers who tried to sight the study and give their views in general. The chapter starts with the key words that were discussed in the study, the theories, empirical studies and ending up with the research gap and conceptual frame work.

### 2.2 Definitions of key terms

The following key terms are defined from Public Procurement and Disposal of Public Assets (PPDPA No. 9 of 2005) and other sources.

**Procurement:** means buying, purchasing, renting, leasing or otherwise acquiring any goods, works or services by a procuring entity spending public funds on behalf of a ministry, department or regional administration of the Government or public body and includes all functions that pertain to the obtaining of any goods, works or services, including description of requirements, selection and invitation of tenderers, preparation and award of contracts (PPDPA No. 9 of 2005).

**Procurement process:** means the successive stages in the procurement cycle, including planning, choice of procedures, measures to solicit offers from tenderers, examination and evaluation of those offers, award of contract and contract management.

**Procurement planning:** is plan which allows planners to determine if expectations are realistic, particularly the expectations of the requesting entities, which usually expect their requirements met on short notice and over a shorter period than the application of the corresponding procurement method allows.

**Contract Management:** is the process of managing contract creation, execution, and analysis to maximize operational and financial performance at an organization, all while reducing financial risk.

**Performance:** The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed.

### **2.3. Theoretical Framework of the study**

The importance of theory-driven thinking and acting should be emphasized in relation to the selection of a topic, development of research questions, focus of the literature review, the design approach and analysis plan for the dissertation study (Grant & Osanloo, 2014). In this section, the study focuses on three major theoretical approaches to procurement practices.

#### **2.3.1. Agency Theory**

This theory is based on the principle of development of varying and sometimes contrasting interests of various parties involved in the procurement processes. The relationship that can exist between these parties is called agency. According to this principle, the relationship is developed on the cooperation that can allow one party (principal) delegates its power to decide or work to another one (an agent) to act on its behalf (Rebecca *et al.*, 2017).

The fundamental thinking behind this theory is the existence of potential conflict of interests between parties and each one defends its stand of point. Besides, agents do not take risk easily than the principal. Two types of problems can be identified in this regard; agency problem and risk-sharing problem. The agency problem creates itself when there is deviation of interest between an agent and its principal, while the risk-sharing problem occurs when both parties have varying concept on risk causing conflict between them regarding actions to be taken (Eliphas, 2015). This theory better explains the supplier relationship status between the principal and the agent. Therefore, this research tries to give insight on the performance of procurement Management sciences for health – Ethiopia with respect to this theory.

Njiraini et al (2006) state that the proponents of this theory argue for increasing participation of the donors in the procurement processes. Such participation is likely to enhance the scope of monitoring and enforcement of procurement decisions by public agents and shift the responsibility from the elected representatives to the managers, who are the main principals.

#### **2.3.2. Stewardship Theory**

Davis developed this theory in 1993 with the idea to advise business managers to achieve their business goals well. The basis for this theory is linked with the assumption that managers are stewards having a behavior that is aligned with the basic objectives of principals. The theory

explains based on the intrinsic interest of managers in relation to business success of an organization (Abdula and Valentine, 2009). This theory can be considered with the nature of NGOs like Management sciences for health – Ethiopia, where donors can act as principals. The procurement process and its output can be very efficient when there is consistent leadership, comprehensive guidance and single chain of command from both the principal and managers.

### **2.3.3. Stakeholder Theory**

In this theory, business success is closely linked to how the management of the business handles the relationship with various business stakeholders that are crucial for the organization existence. Based on this theory, an organization can have a team of effective procurement that comprises not only internal staffs but also external stakeholders (Akoth and Ayub, 2017).

### **2.3.4. Role of procurement Function**

The classic definition of the overall procurement function is to obtain materials of the quality in the right quantity from the right source delivered to the right place at the right time and right price. Gordon Downie (2014), further argued that, an expanded statement of the procurement function for manufacturing or service organization would be along the following lines: to make the maximum contribution to the competitiveness, profitability and survival of the organization, to ensure continuity of the supplies to meet the requirements of production and all other functions, to buy industrial equipment's, materials, supplies, and services at the lowest cost commensurate with acceptable standards of quality and delivery, to ensure that investment in inventory is at lowest level compatible with safety, to keep loss in inventory arising from duplication, waste deterioration, obsolesce or pilferage to a minimum and dispose of surplus items on the most favourable terms.

In addition to this to build up supplier goodwill by such means as fair dealing, the provision of cooperation and assistance and prompt payment, to integrate the purchasing activity with all related functions of the undertaking by working in close collaboration with those function especially concerning the interchange of information and expertise, provide professional, qualified procurement expertise, strategic procurement advice for end users, ensure that business needs are met through its procurement of goods, services and works, contribute to the aims and objectives of the organization, as detailed in its corporate plan, pro-actively manage and develop

the supplier base, including small and medium-sized enterprises (SMEs) and third sector and voluntary sector organizations, identifying and managing any supply risks or value add opportunities, ensure that value for money is achieved, including through implementation of national contracts, advise, guide and support the development of and adherence to procurement policy, best practice and law, develop, promote and implement appropriate procurement strategies and procedures, establish and address training needs, utilizing national/sector specific training opportunities or contracts where appropriate, promote and engage in collaboration and information sharing with relevant partner organizations, comply with and where appropriate, promote equalities legislation and policy and promote and engage in the implementation of relevant technology solutions, including e-procurement to minimize purchase to pay costs. Lyson (1992) and Gordon Downie (2014).

### **2.3.5. Procurement functions**

Purchasing is the eyes and ears of the organization in the supplier market place, continuously seeking better buys and new materials from suppliers. Consequently, purchasing is in a good position to select suppliers for the supply chain and to conduct certification programs. As firms increasingly pursue supply chain management strategies in response to competitive pressures, internally and externally, has increased the importance of purchasing function.

### **2.3.6. Factors Affecting Procurement performance**

Factors which have ability to affect and influence the procurement performance .Those factors can be classified as internal and external.

#### **2.3.6.1 Internal factors**

##### **A. Procurement Planning**

A procurement plan defines and documents the details of purchases from suppliers needed for a particular department. According to Basheka (2008), procurement planning is the major function that sets the stage for successive procurement activities.

Likewise, James (2004), Burt, *et al* (2004) and Quentin (2003) describes that the principles of planning can be implemented in an atmosphere of complete harmony. He further states that, as a function, procurement planning endeavours to answer the questions as to what one wants to procure, when to procure it, where to procure them from, when the resources be available, the

methods of procurement to be used, how timely procurement or failure will affect the user of the items, the procuring and disposing entity, efficiency in the procurement process and the people to be involved in the procurement. Peter (2012) states that good procurement plan should describe the process in detail to appoint pertinent suppliers contractually. At the beginning, the items needed to procure are defined, and then the process for acquiring those items is expounded in detail. Finally, the timeframe for delivery is scheduled.

## **B. Donors Funding**

Most Humanitarian organization receives donations which may come in the form of money or supplies. The supplies donated may not necessarily be what is required at times. The donors may dictate on how the funds are to be used. A situation may arise where particular supplies are required but the funds cannot be used to procure these supplies, this is a big challenge in procurement. Private funding from individuals, trusts and foundations, and companies and corporations is not only valued for its volume, humanitarian agencies also value the flexibility and reliability of private funds because they come with less earmarking and a longer time frame than funding from institutional or state donors.

According to Herzer & Nunnenkamp (2012), Government grants crowd in private donations in the long run, whereas commercial revenues crowd out donations in the long run. Because of this "crowding out" effect, a government choosing to increase funding to a charity by a given amount may actually increase the charity's revenues by only a fraction of that amount. The same effect can occur in the opposite direction. If a government sees that private donations to a charity have risen, then it may reduce its support of that charity. Additionally, government funding may "crowd in private donations if governments use grants as a signal of the quality of a public good (Heutel, 2009).

Despite its growing importance, there is no systematic reporting of private funds, so it is impossible to gauge accurately how much there is, or where and how it is spent. Until there is a shared and reliable evidence base it is impossible to accurately measure progress, or to coordinate and target resources effectively. The ability to hold all actors to account are also severely hampered (Stirk, 2014).

### **C. Procurement policies and procedures**

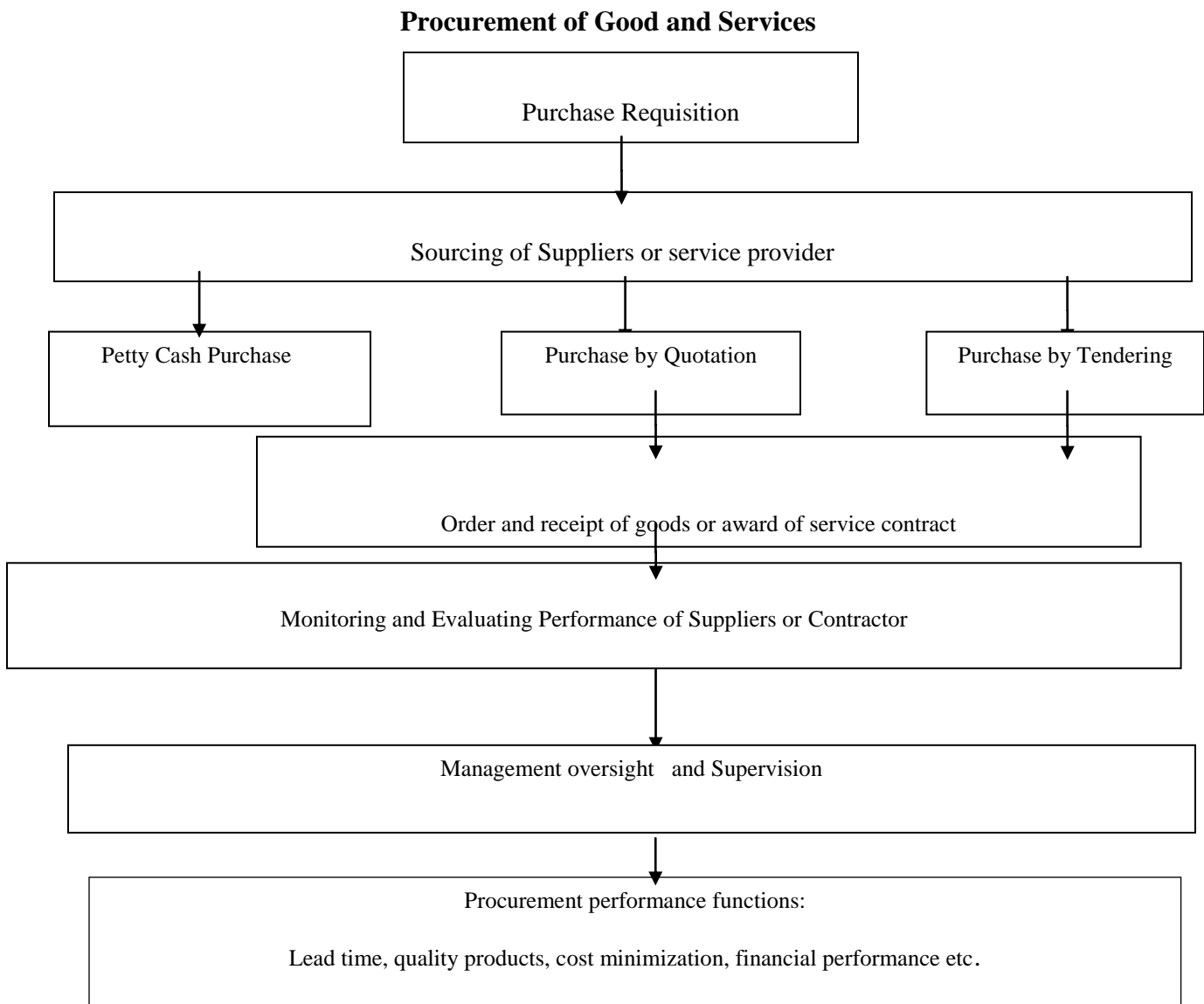
Procedures are operating instructions detailing functional duties or tasks. Moncska, *et al* (2010) stated that procedures provide guidance to staffs what to follow in the execution of activities put constraints on behavior and show how the procurement function should work to achieve strategic objectives. 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.

A procurement policy may define the approval process for contracts of varying cost levels and may include role of purchasing, conduct of procurement staff, buyer-seller relationships, and operational issues. Without elaborate and effective procurement procedures procurement policy objectives would fail to meet the desired objectives. Lysons (2006) defined tendering as some purchasing procedure whereby potential suppliers are invited to make a firm and unequivocal offer of the price and terms, which on acceptance shall be the basis of the subsequent contract.

Organizations need standard procurement procedures which cover all aspects of the procurement cycle, including supplier selection, contract negotiations, order placement and payment. These are used to control spending activity, ensure appropriate approvals are in place and reduce the risk of overpayment. An appropriate approval process involves a separation of tasks and the involvement of senior managers for transactions that cost more than a specific price for enhanced procurement performance (Lysons, 2006).

Burt *etal.* (2010) stated that every organization develops procedures to enable its personnel implement policies and plans; designed to meet their objectives. Jones and George (2009) postulated that bureaucratic control mechanism is control by a comprehensive system of formal

rules and standard operating procedures (SOPs) that shapes and regulates the behaviour of divisions, functions and individuals. SOPs and rules allow employees to perform activities efficiently and effectively. Moncska, *et al* (2010) thought that the procurement function has a significant impact on corporate performance. Thus, traditional procedures are becoming obsolete in modern organizations. Procedures provide guidance that staffs follow in performing activities, put constraints on behaviour and show how the procurement function should work to achieve strategic objectives. Meanwhile the best practice models of procuring of goods and services were illustrated in the following diagram.



**Figure 2.1 Best practice models of procuring of goods and services (Source: [www.icac.org.hk](http://www.icac.org.hk))**



#### **D. Staff Competency and professionalism**

Armstrong and Baron (1995) explain that competency is the application of knowledge and skills, performance delivery, and the behaviour required to get things done very well. Besides competency indicates adequacy of knowledge and skills that enable someone to act in various situations (Aketch and Karanja, 2013). According to Russell (2004), absence of adequate knowledge in procurement matters, may end up with serious consequences including breaches of codes of conduct. According to Banda (2009), many organizations do not have staff with the right competence critical to good procurement process management. As a result, considerable and continuous investment is incurred in training and development (Sultana, 2012) and there is a need for extensive external training for human resources to be able to improve and contribute to the efficiency of organizations (Appiah, 2010). Moreover, Saunders (1997) advises that multiskilling offers employees with a variety of skills and should be developed extensively. Hence, all employees need broad and continuous education and training. Leenders and Fearon (2002) noted that qualifications are crucial for value-based management which requires employees to assess and improve processes while contributing to team performance. Baily *et al*, (2005) suggested that the existence of top-down objectives with related performance measures, and process guidelines link individual or group performance to the firm's goals and expectations of upper management which require good qualifications. Banda (2009) stated that many organizations lack competent staffs with the proper knowledge for good procurement process management. He further noted that authorities should give greater emphasis for developing competence to adopt best practice more widely.

According to Berger & Humphrey (2007) a procurement function that is carried out professionally is the core of delivery of any service on value for money principle. Furthermore, Sultana (2012) stated that in order to sustain economic growth and effective performance, it is important to optimize the contribution of employees to the aims and goals of the organizations. Therefore, competence can ensure that the benefits of new products and services are brought to the attention of the right person in the organization.

## **E. Information Communication and Technology**

As the procurement function of many organizations is becoming more strategic, procurement technology allows for a process re-design that makes the procurement process open with improved accountability, transparency and reporting capabilities; thereby speeding up the procurement cycle and providing greater access to more opportunities for suppliers (Charles, 2008). Procurement technology helps organizations accelerate procurement processes by integrating suppliers and inventory management in order to improve on stock level performance. ICT provides new ways to store, process, distribute and exchange key information with customers and suppliers in the entire procurement system. Simatupang and Sridharan (2005) emphasized that information is the glue that holds organizations together and can be used to integrate procurement process activities both within a process and across multiple processes.

### **2.3.6.2 External Factors**

#### **A. Legal Environment**

The legal environment refers to a broad legal framework that governs all business activities including research and development (regulations dealing with safety and health of new products), manufacturing (safety and health regulations at workplace and pollution control), finance (regulations dealing with disclosure of information), marketing (regulations dealing with deceptive advertising, disclosure of product characteristics), personnel (regulations dealing with equal opportunity for women and minorities), and contracts. Indeed, most aspects of contracts public or private such as contract requirements, disputes, and breach of contract are governed under the same contract law. In developing and particularly transitional countries, where legal systems are not comprehensive, government contracts may need detailed provisions, (Akintoge, 2000).

#### **B. Political Environment**

In a democracy many individuals, groups, and organizations in the private sector including trade associations, professional associations, and business firms or companies (commonly known as interest groups) are actively involved in all aspects of the procurement system. Having various interests, objectives and beliefs, interest groups are involved in the procurement system in

several ways such as lobbying legislative bodies to pass or alter procurement statutes, influencing implementation of these statutes, and influencing budget authorization and appropriations processes. In this democratic environment, there are cases of a strong coalition of policy makers, bureaucrats and interest groups in their effort to get their programs adopted. This coalition has led to the concept of the “iron triangle,” which is very popular in the area of defence procurement. However, the iron triangle shifts immediately after the procurement program authorization and appropriations stages to move to the procurement stage. As failure or success in winning large defence contracts has a great impact on a company, defence specialized companies compete against each other for these contracts (Thai, 2001).

### **C. Socio Economic Environment**

While some countries impose social policies on their procurement practices (such as a policy placing a fair proportion of government acquisitions with woman/minority owned small business, or economically disadvantaged areas), most governmental entities be it a developed or developing country or federal, state, and local governments use their large procurement outlays for economic stabilization or development purposes by preferring national or local firms over firms from other countries or other geographic locations. Procurement practitioners may be in a favourable economic environment or market (with many competing renderers in their country or local areas) or an unfavourable economic environment (where competition hardly exists). This environment would have a great impact on their practices as they may face an imperfect competitive market. In addition to social and economic environment, public procurement practitioners are under other external pressures such as an environment protection movement, and foreign policy commitments (Van Weele, 2006).

### **D. Market Environment**

Market conditions have a great influence on procurement practitioner’s effort to maximize competition. Moreover, the market determines whether or not socio-economic objectives of procurement are accomplished, whether or not a humanitarian aid entity can fulfil its needs, the timeliness of fulfilment, and the quality and costs of purchased goods, services and capital assets. As there are different levels of economic growth among countries in the world, market conditions are very favourable in industrialized countries, while they may be unfavourable in developing countries. Also as markets become more and more globalized through regional and

international trade agreements and treaties, procurement practitioners face a greater challenge. In addition to compliance with their government's procurement laws and policies and international trade requirements as mentioned above, they face additional challenges including communication, currency exchange rates and payment, customs regulations, lead-time, transportation, foreign government regulations, trade agreements, and transportation. Thus, "before embarking on a foreign purchasing program, procurement practitioners must carefully assess the total cost implications and compare them to domestic costs" (National Institute of Governmental Purchasing, 1999).

## **Identified literature Gaps**

The vast body of literature, partially touched upon in the preceding text, makes tremendous efforts to define and propose the means by which organization can boost procurement performance of the organization. However the existing literature on determinants of procurement performance is not extensive in Africa and in Ethiopia particularly. Most of studies on determinants of procurement performance are common in the area of public/government organizations, profit making/manufacturing firm's banks, schools and telecoms etc. Whereas, researches in the non-governmental organization specifically in the international non-governmental organization of Ethiopia are rare. The study done failed to explain how each of the sourcing strategies can support implementation of effective procurement practices in humanitarian relief operation firms. This indicates that, there lacks a specific study that clearly identifies determinants of procurement performance in humanitarian relief operation in Ethiopia. Despite of the previous studies the concern of this study will focus on most determines of procurement performance by selecting various factors like Procurement process and practise, contract management and staff competency. Therefore, this study sought to fill the missing gaps by investigating the determinants of procurement performance in humanitarian operations, the case of MSH.

## **2.4. Empirical Literature Review**

### **2.4.1. Overview of Procurement and Procurement Performance**

A number of Managers have considered the procurement practices to be similar to the supply chain. Hyer(2010) explain that planning involves identifying the purpose, defining the scope

sound, determining customer requirements (User needs) and cost, assigning responsibilities and other activities. According to Brown and Hyer (2010), monitoring refers to any tracking system from a simple checklist to sophisticated dashboard style approaches, for identifying variance from the original plan.

Selecting a proficient and dependable contractor is one of the greatest problems consumer who wish to achieve procurement success face (Kumaraswan and Annur, 2008). Bid assessment can encompass many diverse factors, for example, cost, technical capability, management aptitude, previous experience, the object of reference, environmental and quality management system, financial solidity and concerted skills (Lam et al., 2001, Eriksson and Laan, 2007; Malmberg, 2007)

According to Banda (2009), many organizations lack staffs with the right level and type of competence that are mission critical for the organization's procurement functions. This results in significant portion of organization's resource flow toward capacity building through trainings and awareness creation (Senait *et al.*, 2016). In line with this, there is significant need for extensive staff training interventions in order for the organization's procurement personnel contribute their best to the overall efficiency of procurement and business success of the organization (Akoth and Ayub, 2017).

Moreover, Saunders (1997) advises that multi-skilling of procurement personnel paves way for the organization to maintain a variety of knowledge and skills over the procurement performance. Hence, one should understand the inclusion of as much as most of the staffs in the procurement department in such critical training initiatives. On the other hand, Leenders and Fearon (2002) noted that qualifications are crucial for value-based procurement management that are required for organization's procurement staffs in order to contribute to the overall efficiency of the procurement function.

Additionally, Baily (2008) suggested that a top-down approach of inculcating organization wide objectives to the procurement department through precise performance measures linked to individual or group performance. Johnson (2002) emphasized that in the course of supplier selection, procurement professionals mostly consider the quality of products and services, their availability, price estimation and post-delivery technical supports. Their primal motive is to

make the organization best benefited from the procurement deal through quality delivery at least possible price. For this purpose, procurement stakeholders such as purchasing managers, buyers, and procurement agents review the suppliers delivery records, inventory, identification as foreign or local enterprises, in order to keep aware of factors that can affect their procurement intentions (Akoth and Ayub, 2017).

Ombaka (2009) outlined that in order for procurement process to be effective, avoiding malpractices such as corruption from the whole procurement process is crucial. Specifically, pre-selection evaluation of suppliers can affect this significantly (Akoth and Ayub, 2017). Choy and Lee (2002) stated that supplier selection consists of a five phase process: these are: Need Realization for new supplier; Setting up Decision criteria; Evaluation of pre-qualifications; Final supplier selection; and Post selection monitoring.

Similarly, Van (2006) stated that there is a link between procurement process, efficiency, effectiveness and procurement performance. Procurement Performance is a driving factor for competitiveness quality of goods and services. Hence, assessing procurement performance is critical for organizations in the course of reducing their costs, increasing profits, maintaining quality, and keeping the organizations competitive advantages (Senait *et al.*, 2016).

Batenburg and Versendaal (2006) also noted that using unnecessary ways of procurement process can heavily block the up-coming changes and cause malpractices in the procurement operations. Migai (2010) also described that there are many cases where organizations lose their profits due to failure to establish systems that can assure quality within their supply chains Barsemoi *et al.*, 2014). On the other hand, 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.

#### **2.4.2. Principle of achieving good procurement**

Good practices in procurement are embraced by the principles of procurement that aim at ensuring quality acquisition of resources and outputs. Scholars put various types of principles for

procurement that are in one way or another interlinked with each other. Therefore, the following are procurement principles selected as best suiting the purpose of this research.

### ***Value for Money and Openness***

This principle is directed to competitive, clear and effective procurement. Value for money has an opportunity to encourage the fairness of competition through efficient use of resources, clear and to the point decision making, ensuring quality with accountability and transparency (Dubois and Wynstra, 2015).

### **Accountability**

This principle works for honesty, integrity and fairness of procurement practices. The principle encourages the adoption of ethics, transparency: all phases in the procurement process are fair and accurately documented, and reasonability. It is an integral part in almost all aspects of the procurement processes (Dubois and Wynstra, 2015).

### **2.4.3. Procurement Practice and Organizational Structure**

Appropriate and workable organizational structure for the procurement process is very crucial for effective procurement and then success of organizational goals. An organizational structure for the procurement process refers to the setting up of roles and responsibilities in the course of acquiring goods and services. The two major considerations with regard to organizational structure of procurement are centralization policy and decentralization policy. The factors influencing the formation of either centralized or decentralized structure of procurement include: Goal of the organization – the business purpose of the organization; Employees' Competence Level – the capacity of procurement personnel; Size of the Organization - how big or small is the organization; Resource Availability – access to required goods or services; and Demand Level – how much demand is existed for goods or services.

Centralized purchasing can be easily found where there is similar but multiple locations of an organization are observed. Organizations might prefer centralized procurement to provide multiple and uniform organizational sites, branches or departments. On the other hand, decentralized purchasing is considered as solution when significant variances happen between

various sites, branches or departments of an organization. The Following are advantages and disadvantages of centralized and decentralized procurement practices as narrated by Kanepes and Kirikova (2016).

**Table 2.1. Centralized Vs Decentralized Procurement Approaches**

	<b>Centralized Procurement Approach</b>	<b>Decentralized Procurement Approach</b>
<b>Advantages</b>	Increased professionalism of buyers	Purchasing department's better contact with local organization
	More efficient allocation of purchasing budget	Integration with other functions; buyers are often located together with different department.
	Higher bargaining power	Ability to focus on local conditions
	Less orders and bigger quantities – savings through economies of scale	
	Direct and single- point contact with suppliers	
	Avoidance of competitive buying by parallel departments	
	Increased efficiency through development of common standards and procedures	
	Higher role of purchasing in corporate hierarchy	
	<b>Dis-advantages</b>	Indirect contact between supplier and actual user of the component/product
Increased specialization can limit purchasing function integration with other department, losing coherence.		No clear overview of inbound material flow leading to inefficiency
High buying power can be abused by the chase of lower prices resulting in bankruptcy of supplier and changers in market structure		Reduced specialization and bargaining power due to smaller scale and scope of the function



## **2.5. Procurement Management in Ethiopian Perspective**

Procurement management practices and challenges in different industry of Ethiopia were studied in different dissertations. The results of different researches in the procurement performance in different commercial and non-commercial sectors of Ethiopia are concluded as poor. Admaw (2010) studied the practice of SCM for Ethiopian textile firms. It was found that, procurement practices in Ethiopian textile firms are weak and not considering SCM as a strategic tool for competition. Business managers of the textile firm's didn't give attention for SCM theories and practices. Also Dereje, (2012) studied the impact of SCM practices on the organizational performances in metal and engineering industries.

The result of the study shows that the implementation of SCM in this industry is weak. Also the SCM practices don't have any relationship with organizational performances except internal lean practices. These shows there is gap on factors that affect NGOs procurement performance which need to be assessed and due to varying contexts the findings of such studies may not necessarily apply in NGOs.

## **2.6. Conceptual Framework**

The study attempts to establish factors that influence procurement performance at the Management Sciences for Health Ethiopia. The aspects of procurement planning, contract management and staff competency and are the independent variables while procurement performance is the dependent variable

### **Procurement Performance**

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, labour-productivity and capital utilization (Martinez-Martinez, 2008).

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, 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.

There is need to have coherent methods of performance in the procurement function in PEs. Lardenoije, et al (2005) avowed that basing on financial performance and neglecting non-financial performance cannot improve the procurement operations because only partial performance is considered. Realization of procurement goals is influenced by internal and external forces. Interactions between various elements; professionalism, staffing levels and budget resources, procurement organizational structure, regulations, rules, and guidance, and internal control policies, all need attention and influence procurement performance.

Christopher (2005) distinguished features of a responsive organization. Major transformations are; from functions to process, profit to performance, products to customers, inventory to information, and transactions to relationships. Critical measures of procurement performance need to be continuously monitored. The idea of 'Key Performance Indicators' (KPI) framework suggests that whereas there are many measures of procurement performance to be deployed in an organization, only a small number of critical dimensions contribute more than proportionately to success or failure. A balanced scorecard can provide guidance on critical areas where action may be needed to ensure achievement of goals. Three key outcomes of success are: better, faster, and cheaper. The goals combine customer-based measures of performance in terms of total quality with internal measures of resource and asset utilization. Benchmarking helps identify current best practice and then focuses on how processes could be re-engineered and managed to achieve excellence in critical procurement areas. Emphasis should be on search for strategies that provide superior value in the eyes of customers seeking greater responsiveness and reliability.

## **Procurement Planning**

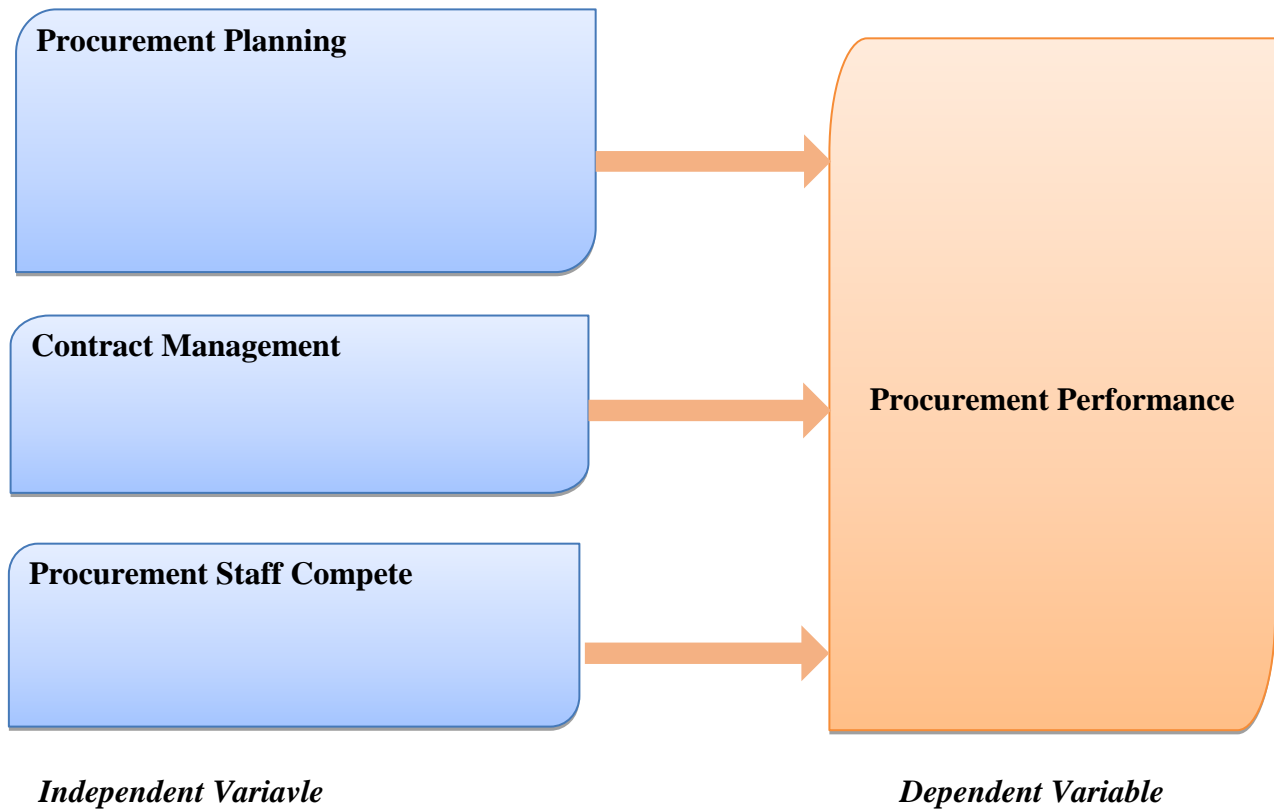
Procurement planning is needed to be analyzed as one factor to determine organizational effectiveness. According to the UN Procurement Practitioner's Handbook procurement planning entails 3 major steps. The first step is to analyze past and projected procurement expenditure or spend for goods, services and works (spend analysis). The next step is to analyze the difficulty and risk associated with securing these goods, services and works (risk analysis). The third step is to develop a procurement profile that identifies past and projected procurement expenditure and associated levels of risk in form of a matrix. Finally, appropriate strategies can be developed for each of the categories of this procurement profile (IAPWG, 2012). Tamires and etal proves that the procurement planning methods are systematic that enables the evaluation of the strategic importance of a purchase in many ways, as well as the difficulties in managing purchases. These methods also consist in the need for managers to develop different strategies for each type of supplier market and each category of purchased item in order for the company to achieve gains in the supply management (Mello, Eckhardt & Leiras, 2017).

## **Contract Management**

When a contracting authority enters into a contract with an economic operator, the arrangement cannot just be left to run. It must be managed to enable both the contracting authority and the economic operator to meet their contractual obligations. Contracts are frequently complex, they may involve multiple actors, last a long time and may consume many resources. It is therefore vital that they are properly managed (SIGMA, 2011). According to Gordon (2009:34) contract management style (C.MS) could turn out to be one of the most important new business applications of the first decade of the 21st Century. (Bartels, 2009:55) further confirms that information technology is increasingly being applied to contract negotiation, executions and management to standardize, streamline and ensure contract and regulatory compliances and extend best practices and strategies for contract management across organizations.

## **Staff Competency**

Procurement professionalism, broad and continuous Education, training and professional development should be skill, process oriented and continuous in order to achieve procurement efficiency and effectiveness. Banda (2009) stated that many organizations lack competent staffs with the proper knowledge for good procurement process management. He further noted that authorities should give greater emphasis for developing competence to adopt best practice more widely. According to Berger & Humphrey (2007), a procurement function that is carried out professionally is the core of delivery of any service on value for money principle. Furthermore, Sultana (2012) stated that in order to sustain economic growth and effective performance, it is important to optimize the contribution of employees to the aims and goals of the organizations. Therefore, competence can ensure that the benefits of new products and services are brought to the attention of the right person in the organization (Senait *et al.*, 2016). The conceptual can be summarized in figure 2.1



**Figure 2.2: Conceptual Framework of the study (source the researcher based on literature reviews).**

## **CHAPTER THREE**

### **3. RESEARCH DESIGN AND METHODOLOGY**

This chapter enlightens the methodology that was used in conducting the research study, the research design and focuses on the following: target population, sampling techniques, data collection methods, data analysis methods, and research procedures i.e. data validity and reliability and ethical considerations.

#### **3.1. Research Design**

The research design constitutes the blue print for the collection, measurement and analysis of data, Kothari, (2014). To achieve the ultimate goals of research study, the researcher adopted a cross-sectional descriptive and explanatory research design to examine the major determinants of procurement performance at Management Sciences for Health, Ethiopia. The study used both quantitative and qualitative data to describe the practices of procurement management process and explain the determinants of procurement performance at Management Sciences for Health, Ethiopia. According to Sekaran (2093:26), descriptive research design is a type of design used to obtain information concerning the current status of the phenomena to describe, what exists with respect to variables or conditions in a situation.

#### **3.2. Source of Data and Data Collection Techniques**

##### **3.2.1. Source of Data**

The study used a primary and secondary source of data. A primary source of data would be gathered from respondents. A closed ended questionnaire was prepared to get an idea about perception towards determinants of procurement performances in the case of Management sciences for health Ethiopia.

##### **3.2.2 Data Collection Techniques**

To meet the ultimate goals of the study, the primary data was gathered through developing survey questionnaires and the collection tool was a self-administered questionnaire as per sampled categories through face to face and email.

### 3.3. Target Population & Sampling Methods

#### 3.3.1. Target Population of the study

The study population for this research are staffs the organizations. To meet the ultimate goals of the study, the study targeted on: administrations, human resources, program staff, transport, accountants, procurement staffs, auditors and ICT employees working in Management sciences for health Ethiopia, Addis Ababa Head office

Table 3.1, presents the target populations of the study which obtained from the Human Resources department branches called resource allocation section.

**Table 3.1 Target Population of the study**

No	Department	Population	Percent
1	Program Staffs	53	44%
2	Admin Staffs	67	56%
<b>Total</b>		<b>120</b>	<b>100%</b>

Source: (HR-Resource Allocation section)

#### 3.3.2. Sampling Methods

The sample size is a smaller set of the larger population (Cooper and Schindler, 2003). Cooper and Schindler argue that the sample must be carefully selected to be representative of the population and the analysis is accurately provided for. In this study, the researcher employed *Stratified random sampling techniques* to determine the number of respondents.

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

Where; N= population size

e= Tolerance at desired level of confidence, take 0.05 at 95% confidence level

n= sample size.

$$n = 120$$

$$n1 = 120 / 1 + (120 * 0.05 * 0.05)$$



*n=92*

**Table 3.2 Sample Population of the study**

<b>Description</b>	<b>Target Population</b>	<b>Samples population</b>	<b>Percent</b>
Program staffs	53	41	45%
Admin staffs	67	51	55%
<b>Total</b>	<b>120</b>	<b>92</b>	<b>100%</b>

### **3.4. Method of Data Analysis & Presentation**

The purpose of data analysis is to reduce accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper and Schindler, 2011). In this study, the data collected were coded and captured into the computer for analysis using Statistical Package for Social Sciences (SPSS) version 21 and the data was presented in a convenient and informative way including frequency tables, percentage, mean, graphs and charts for easier analysis and interpretation. The researcher used descriptive analysis to determine the proportions and frequency of the variables. At the last correlation and regression analysis was performed to confirm to test the relationship between dependent and independent variables.

### **3.5. Research Validity**

A pilot test was conducted to test and check the reliability of the items of the questionnaire and to make the necessary correction. In measuring reliability of data, the main criterion should be dependability or truth worthiness of the data. Based on the response of the pilot test the researcher also consult with experienced individuals to the validity and after received comments the researcher corrected and adjusted as the comment and feedback received. Finally, the researcher distributed the corrected questionnaire to respondents of the study.

### **3.6. Reliability**

Kothari (2009) provides a definition of reliability as the degree to which an instrument measures what it is supposed to measure. In order to ensure that the results are reliable, the same sets of

questions will be asked. Therefore, since all informants will be interviewed separately, subject bias will be controlled to a large extent. Cronbach's alpha was used to measure reliability. Internal consistency was tested, as Sekaran & Bougie, (2010), stated Cronbach's alpha is the most commonly used measure of internal consistency ("reliability") specially when multiple Likert questions are used in the survey questionnaire that form a scale, and to determine if the scale is reliable (Hair et al.,2006). The Cronbach's coefficient alpha was calculated for each field of the questionnaire. The table below summarizes the values of Cronbach's alpha for the 28 items and the values of Cronbach's alpha value ranged from was 0. 860-0.742. As Sekaran & Bougie, (2010), stated if Alpha value equaled to 0.7 and above, then the instrument is considered satisfactory. This reliability statistics is above the minimum required threshold and 0.81. Hence, the instrument is reliable.

**Table 3.3 Reliability test (Source: SPSS V21)**

Description	N of Items	Cronbach's Alpha Based on standardized Items
Procurement practice	5	0.786
Procurement planning	9	0.846
Contact management	10	0.796
Staff procurement competency	4	0.816
<b>Total</b>	<b>28</b>	<b>0.81</b>

### 3.7. Ethical Consideration

Research, as a scientific process and activity, has got its own basic ethical conducts that shouldn't be compromised at all levels including, acknowledging the authors of books and articles used. Moreover, the data were gathered from the appropriate and relevant sources. In this study, the researcher has respected and complied with existing ethical principles to make the research credible and acceptable by the academic communities and users of the result and the

confidentiality of participants was maintained and their rights/privacy/ was fully respected. At the last, the researcher has presented the findings of the study without any distortion of the reality.

## CHAPTER FOUR

### 4. DATA ANALYSIS, INTERPRETATION AND DISCUSSION

#### 4.1. Questionnaire Return Rate

Questionnaire response rate is the extent to which the final set of data includes sample members and is calculated from the number of people with whom questions are completed, divided by the total number of people in the entire sample, including those who refused to participate and those who were unavailable (Koltler, 2007). In this study, 92 questionnaires were distributed to the targets of studies and all (92) questionnaires were received through follow-up which very good and beyond the expectations of the researcher.

**Table 4.1 Response Rate of the study**

Response	Frequency	Percentage
Responded	92	100
Non responded	0	0
<b>Total</b>	<b>92</b>	<b>100</b>

#### 4.2. Demographic Characteristics of the Respondents

This section presents the background characteristics of the respondents, including gender, age group, education level, work experience and section or position of respondents.

##### 4.2.1. The Gender Respondent

The respondents were asked to indicate their gender and the results which were obtained where male at 75% while female were 25%. Which showed that MSH in Ethiopia has not maintained gender balance. The

result of the study would not be affected by factors caused by gender imbalance as it comprises both somehow equally.

#### **4.2.2. Age Bracket of the Respondents**

The respondents were asked to indicate the age group they belonged to and the study results revealed that 38% of the respondents were aged between 36 and 45 years, 47% of the respondents indicated that they were aged between 26 and 35 years while 14% of the respondents indicated that were aged between 46 and 55 years and 1% were Above 55 years. These findings indicate that majority of the employees in the organizations are middle aged and elderly. This implies that these are experienced employees who could have given the relevant information to the study area.

#### **4.2.3. Highest Attained Educational Level**

The respondents were asked to indicate their level of education and the results of the study revealed that majority of the respondents 49% working in the Organization had attained their education up to under graduate (degree) level, while 26% had attained their education up to post graduate level, 20% of the respondents had achieved diploma level and 5% were of Certificate level. The fining show that majority of those working in the organization had attained education up to university level and that they were conversant with the study questioners and they were appropriate for responding to our study questions.

#### **4.2.4. Department / sections of Respondents**

The study sought the respondents to indicate the sections the they are working in the organizations and the findings revealed that 16% of the respondents were Administration, 10% Human resource, 39 % were as program, 9% were working as accountants 8% wee as procurement staffs, while 7% of the respondents were working as audits and 9% were working as ICT staffs. These findings implied that the respondents were in a better position of providing the information.

#### 4.2.5. Years of service in organizations

Moreover the study requested the respondents to indicate their working experiences in the organizations and the shows confirmed that 32 % had worked for a period of 1-5 years, 47% had worked for a 6-10 years, 16 % of the respondents had worked in the organization for a period of above 11-15 years, while the rest (4%) had served in the organization for above 16 years. This implies that half of the respondents of this study had worked for more than 6 years within the organization and they are familiar enough with the topic of the study which is enough to realize the concept and practice of the subject matter under investigation.

**Table 4.2. Demographic Characteristics of the Respondents**

Variable	Category	Frequencies	Percent (%)
Gender	Male	69	75%
	Female	23	25%
Age	18-35 years	43	47%
	36-45 years	35	38%
	46-55 years	13	14%
	Above 55years	1	1%
Highest education level	Certificate	5	5%
	Diploma	18	20%
	Bachelor	45	49%
	Masters	24	26%
	PHD	5	5%
Section of respondents	Administration	14	15%
	Human resource	9	10%
	Program	39	42%
	Accounts	8	9%
	Procurement	7	8%
	Transport	7	8%
	Information Technology	8	9%
Years of services	1- 5 years	30	32%

	6 – 10 years	43	47%
	11 – 15 years	15	16%
	Above 16 years	4	4%

### 4.3. Major Finding of the Study

#### 4.3.1. Procurement process and Practice

**Table 4.3. Procurement Practices**

No	Procurement Practices	No	Mean	Std. Deviation
1	There is defined procurement procedure within the organization	92	3.4	0.5
2	The procurement department prepares annual procurement plan in complete and quality way.	92	3.3	1.0
3	Procurement department adequately participates user departments in the procurement planning process	92	3.0	0.8
4	The supplier selection procedures are clear and transparent.	92	3.1	0.5
5	The organization has adequate procurement staff with the necessary skills and attitudes	92	3.3	0.5
<i>Average mean</i>		<b>92</b>	<b>3.22</b>	<b>0.66</b>

The study sought to identify practices of the procurement process in Management sciences for health Ethiopia. From the findings, most of the respondents have indicated that there is a well-defined procurement procedure in the organization and that the organization has adequate and skillful procurement staff with good attitudes currently. In addition, the study the finding explored that a procurement department in the organizations were preparing an annual procurement plan in a complete and quality way as depicted by a mean score of 3.40%, 3.30%, and 3.25 % respectively. Also the study respondents explored that there is a clear supplier selection procedure and there is adequately participations of procurement staffs on procurement

planning process in Management sciences for health Ethiopia as illustrated by a mean score of 3.12 % and 3.0 %, respectively

#### 4.3.2. Effects of Procurement planning

**Table 4.4. Effects of Procurement planning on the organizations performance**

No	Procurement planning.	No	Mean	Std. Deviation
1	Procurement planning helps in resource allocation	92.0	4.2	0.5
2	Procurement planning helps to achieve performance	92.0	4.3	1.2
3	The procurement plan is always integrated with the budgeting	92.0	3.3	1.0
6	An effective plan provides a framework to guide procurement officers in the achievement of their tasks and duties	92.0	3.8	0.8
7	An effective plan ensures compliance with regulatory policies	92.0	3.0	0.9
8	An effective plan serves as a conduit to achieving entity's objectives	92.0	3.2	0.7
9	An effective plan saves time and money	92.0	3.1	0.6
<i>Average mean</i>		<b>92.0</b>	<b>3.6</b>	<b>0.8</b>

The study further requested the respondents to indicate the Effects of Procurement planning on the organizations performance. From the findings, most of the respondents have agreed that an effective plan saves time and money, an effective plan serves as a conduit to achieving entity's objectives, an effective plan ensures compliance with regulatory policies and an effective plan provides a framework to guide procurement officers in the achievement of their tasks and duties as depicted by a mean score of 4.3 %, 4.2 % and 3.8% respectively and the result supported the findings of (Mello, Eckhardt & Leiras, 2017).



### 4.3.3. Effects of Contract Management

**Table 4.5 Practice and Effects of Contract Management in Management sciences for health**

No	Contract Management	No	Mean	Std. Deviation
1	There is proper management of the procurement contracts	92	3.5	1.2
2	Most of the contracts entered into are properly managed	92	3.2	0.5
3	There is proper contract control in the organizations	92	3.6	0.9
4	There is proper contract monitoring in the organizations	92	2.9	0.4
5	There is proper contract supervision in the organizations	92	3.8	0.6
6	The authorities are supportive to the contract supervision process	92	4.2	0.8
7	Contract managers monitoring quality assurance (time, cost and quality control)	92	3.4	0.4
8	Contract managers prepare contract implementation plan	92	4.1	1
9	Contract managers monitor the delivery of supplies and services	92	3.2	0.5
10	Contract managers certify the work done	92	2.5	0.9
<i>Average mean</i>		<b>92.0</b>	<b>3.4</b>	<b>0.7</b>

Moreover, the study sought to explore the effects of contract management in Management Sciences for Health Ethiopia. The study confirmed that Contract Management authorities are supportive to the contract supervision process, contract managers were preparing contract implementation plan, good contract supervision, proper contract control and proper management of the procurement contracts in Management sciences for health Ethiopia at the top level as represented by a mean score of 4.2%, 4.1%, 3.8%, 3.6% and 3.5% respectively.

#### 4.3.4. The impact of procurement Professionalism on procurement performance

**Table 4.6. Impact of procurement Professionalism on procurement performance**

No	Procurement Professionalism	No	Mean	Std. Deviation
1	The procurement officers are well trained and supporting procurement process in nice manner	92	2.3	0.8
2	There is skilled procurement staffs in the organizations and due to their skills and knowledge the organizations is growing in well manner	92	2.5	0.5
3	The available procurement officers and all staffs have the capacity to negotiate contracts and this help companies to gain more profits	92	2	0.4
4	The procurement officers and procurement staffs were following the available procurement guidelines/laws/regulations which leads the company to success	92	2.1	0.9
<i>Average mean</i>		<b>92.0</b>	<b>2.2</b>	<b>0.7</b>

Further, the study asked the respondents to indicate the degree at which procurement professionalism is affecting the procurement performances in the organizations. The finding of the study shows that there were skilled procurement staffs in the organizations. The study confirmed that procurement officers and staffs were well trained and supporting procurement process in the organizations as represented by a mean score of 2.5% and 2.35% respectively. Additionally, the study finding shows that the procurement officers and procurement staffs were following the available procurement guidelines/laws/regulations which lead the company to success as depicted by 2.1%. At last, the finding of the study confirmed that procurement officers and all staffs in organizations were in the capacity to negotiate the contracts supporting the companies benefit and to gain more profits at a mean a score of 2.0%

#### 4.4. Inferential statistics result and explanation

##### 4.4.1. Testing of Hypothesis of the study

The objective of hypothesis testing is to explore whether there is a relationship between dependent (procurement performances) and independent variables (Procurement planning, Contract management and Staff procurement competency) of the study.

**Table 4.7 .Hypothesis of the study, Source: researcher own completion**

Independent variables	Assumptions
Procurement planning	<b>H1:</b> Procurement Planning has a significant influence on procurement performance.
	<b>H0:</b> Procurement Planning has no significant influence on procurement performance.
Contract management	<b>H1:</b> Contract management has a significant influence on procurement performance.
	<b>H0:</b> Contract management has no significant influence on procurement performance.
Staff procurement competency	<b>H1:</b> Staff procurement competency has a significant influence on procurement performance.

<b>H0:</b> Staff procurement competency has no significant influence on procurement performance.
--------------------------------------------------------------------------------------------------

Based on correlation analysis as described by table, Procurement planning has substantial impacts on organizational procurement performances by Beta 0.345 and regression result proved that Procurement planning has a statistically significant positive coefficient of 0.481. Hence, the finding implies that there is 0.345 unit increase in procurement planning will increase in procurement performance and the study proved that the H1 (Procurement Planning has a significant influence on procurement performance) true and that there is a significant relationship between procurement planning and procurement performance. Therefore H1 is accepted hypothesis while H0 (Procurement Planning has no significant influence on procurement performance) is null hypothesis and rejected.

Regarding to the second hypothesis, hypothesis H1 (Contract management has a significant influence on procurement performance) is accepted with beta value  $B=0.308$  and with 0.433 regression result. From the analysis the study findings confirmed that 0.308 unit increase of contact management increase procurement performances in the organizations and the result rejects second hypothesis, H0 (Contract management has no significant influence on procurement performance).

From the Inferential statistics analysis the third hypocrites from Employee procurement profession, H0 (Staff procurement competency has a significant influence on procurement performance) is accepted hypothesis with 0.91 and 0.33 regression analysis result. From the analysis the study confirmed that 0.33 and confirmed that the variables have substantial impacts on organizational procurement performances, hence H0 is Staff procurement competency has no significant influence on procurement performance is rejected and null.

#### **4.4.2. Correlation and Regression Analysis**

##### **Correlation Analysis**

The study aimed determinants of procurement performance in private sector: a case of Management Sciences for Health, Ethiopia. Hence, the Correlation analysis is done to examine relationship between dependent (procurement performances) and independent variable

(Procurement planning, contract management, employee procurement professions). In Correlation analysis the Pearson Product-Moment Correlation Coefficient statistics used to indicates the degree to which two variables are related to one another. The sign of a correlation coefficient (+ or -) indicates the direction of the relationship between -1.00 and +1.00. Variables may be positively or negatively correlated. A positive correlation indicates a direct positive relationship between dependent and independent variables. A negative correlation, on the other hand, indicates an inverse, negative relationship between two (dependent and independent variables) (Mlyun, 2012). Accordingly, based on below Correlations analysis result as indicated on table 4.8.

**Table 4.8. Pearson Correlations**

Correlations				
		Procurement planning	Contract management	Procurement professionalism
Procurement planning factors	Pearson Correlation	0.9	0.42	.481*
	Sig. (2-tailed)		0	0
	N	92	92	92
Contract management	Pearson Correlation	0.44	0.32	0.433
	Sig. (2-tailed)	0	0	0
	N	92	92	92
Procurement professionalism	Pearson Correlation	0.465	0.12	0.33
	Sig. (2-tailed)	0	0	0
	N	92	92	92

\*\* . Correlation is significant at the 0.02 level (2-tailed).

### **Procurement planning**

*Result* – Procurement planning has a strong positively and significantly correlated with procurement performance with a p-value of 0.481 at the 1 percent significance level.

*Interpretation* – This means that 99 percent of chance is given to the relationship between Procurement planning and procurement performance; hence, it has a positive and significant influence of procurement planning on procurement performance of the management sciences for health – Ethiopia.

### **Contract Management**

**Result** – Procurement staff proficiency also has a positive and significant correlation with procurement performance with a p-value of **0.437** at the 1 percent significance level.

**Interpretation** – This means that 99 percent of chance is given to the relationship between procurement staff proficiency and procurement performance; hence, it has a strong and positive and significant influence of contract management on performance of procurement of the management sciences for health – Ethiopia.

### **Procurement Staff Proficiency**

**Result** – Procurement staff proficiency also has a positive and significant correlation with procurement performance with a p-value of **0.330** at the 1 percent significance level.

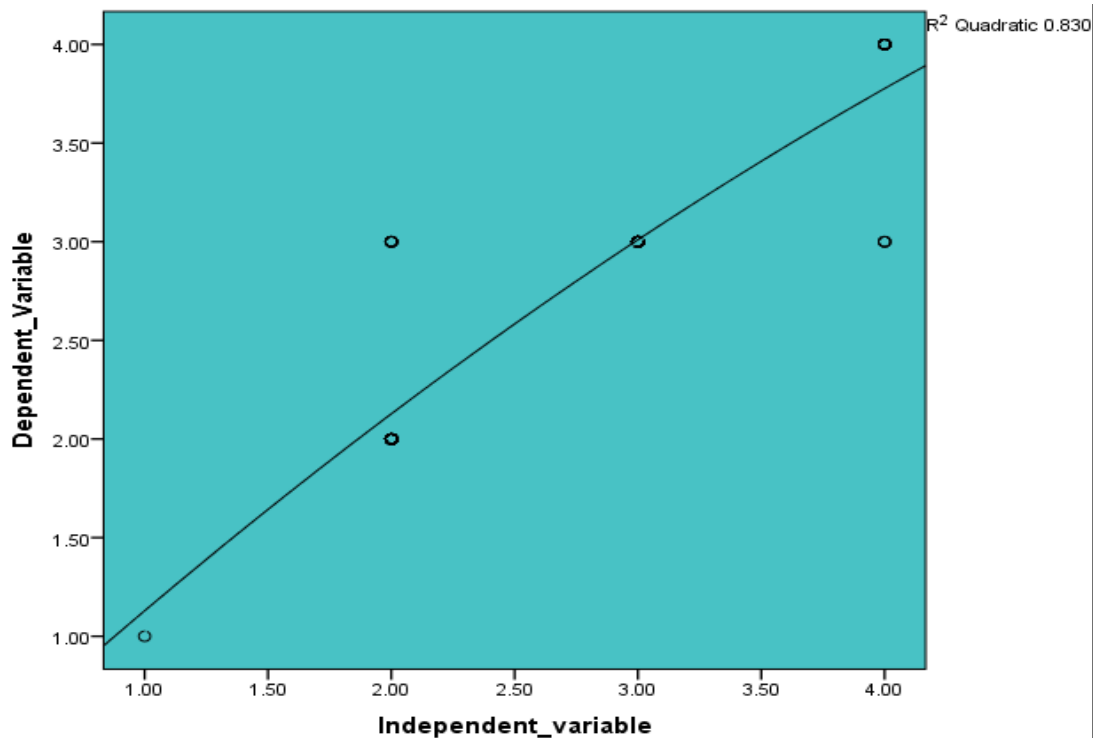
**Interpretation** – This means that 99 percent of chance is given to the relationship between procurement staff proficiency and procurement performance; hence, it has a positive but non-significant influence of procurement staffing on performance of procurement of the management sciences for health – Ethiopia. This is therefore all independent variables, (procurement planning factors, contact management factors and procurement staffs competency factors) have substantial impacts on organizational procurement performances at a correlation result of 0.481\*\*, 0.437\*\*, 0.330\*\* respectively.

#### **4.4.3. Assumptions Testing:**

Prior to running regression the main objectives of conducting assumptions analysis are used to ensure that the multiple regression analysis was appropriate (Hair et al., 2006).

##### **Normality, linearity & outliers testing (Test for existence of outliers)**

According to Field (2005), existence of Outliers can influence the values of the estimated regression coefficients and it should be removed before running the regression analysis while Multivariate outliers can be detected by using, Cook's distance. In order to check normality whether, the residuals or error terms were normally distributed or not & linearity, a graph is plotted using SPSS regression graph and the assumption of linearity and normality is shown by below graphs and both linearity and normality testing are accepted and no outliers were detected in the study.



**Figure 3. Normal probability plot standardized residuals**

### **Multi-co linearity Test**

According to Hair et al. (2006), the importance of test existence of multi-co linearity is to check whether the independent variables are correlated each other to check the tolerance and Variance Inflation Factor (VIF) Values and when there is high multi co-linearity and instability of the B and Beta coefficients when VIF is higher than 10. In addition as explored by Hair et al. (2006), VIF indicators range from 1 to  $\infty$  and signal the extent of non-orthogonality among the predictors; i.e., the higher the VIF score for a predictor, the more it is correlated with other predictors.

### **Regression Analysis**

Regression analysis is a systematic method that can be used to investigate the effect of one or more predictor variables on dependent variable.

### **Table 4.9. Model Summary**

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708a	.534	0.496	0.58036

a. Predictors: (Constant), Procurement planning, contract management, employee professions ,

As shown in the above table, the sum of independent variables i.e. Procurement planning, contract management, employee professions factors explains 53.4% ( $R^2=0.534$ ) of the dependent variable, procurement performance. From the finding, the study concludes that 53.4% of procurement performance in the organizations dependent upon 53.4% of all independent variables (procurement planning factors, contact management factors and procurement staffs competency factors).

#### 4.4.4. Regression Mathematical Model

The equation of multiple regressions on this study is made on around two sets of variables, namely dependent variables (Procurement performance) and independent variables (Procurement planning, contract management, and employee procurement professions). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variable (Faizal and palil, 2015). Mathematically,  $Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$ , Where Y is the dependent variable- Procurement performance,  $X_1$  = Procurement planning,  $X_2$  = contract management,  $X_3$ = employee procurement professions;  $\beta_0$  is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  and  $\beta_4$  are also referring to the coefficient of their respective independent variables which measure the change in the mean value of Y, per unit change in their respective independent variables. Hence, the mathematical formula becomes.



**Table 4.10. Regression Coefficients<sup>a</sup>**

Model	Coefficients <sup>a</sup>			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	.560	.058		-3.12	.001
1 Procurement planning,	.345	.052	.205	3.69	.000
Contract management	.308	.049	.022	3.47	.000
Employee procurement profession	.291	.036	.251	4.52	.000

a. Dependent Variable: procurement performances

$$y = 0.56 + 0.345X_1 + 0.380X_2 + 0.291X_3$$

Consequently, the study explored that three independent variables have positive relationship and effect on procurement performance. Thus, a helpful transform in one or all of the variables brings about an improvement in procurement performance in the organizations.

#### 4.5. Discussion of the finding

##### Procurement process and practies

Based on the research findings there is proper procurement process and practices in MSH .However the procurement guideline manual was not revised since 2013.MSH uses centralized procurement system and has impact on payment to suppliers even though all procurement information founded in a confined place. This finding supported in other studies According to Sarfo (2010), delays of procurement process, especially in delays of payment and certification as well as bureaucratic procedure lead to low participation of the private sector in procurement activities.

Planeeswaran and Kumaraswamy (200) cited in Raymond (2008) support that public entities are very bureaucratic in nature and are extremely reluctant to change their current habits and practices.

##### Procurement Planning and procurement performance

According to the findings gained from this study through correlation and regression analyses, procurement planning has a significant relationship with procurement performances and the

study findings explored that effective procurement plan saves time and money, an effective plan serves as a conduit to achieving entity's objectives, an effective plan ensures compliance with regulatory policies and that an effective procurement plan provides a framework to guide procurement officers in the achievement of their tasks and duties. Most importantly the organization helps to comply with donors rules and regulation to meet activities based on the proposed budget and fiscal year. In Kenya, similar study conducted by Ogwang and Waweru (2017) on influence of procurement planning on procurement performance. The independent variables employed in the research were procurement transparency and procurement requirements. The research found out that there statistically significant relationship between procurement planning and procurement performance. According to Agency theory, the relationship is developed on the cooperation that can allow one party (principal) delegates its power to decide or work to another one (an agent) to act on its behalf (Rebecca *et al.*, 2017). This study also proves this theory in a way that MSH is executing activities behave of the donors and due to the increasing participation of the principal proper planning and continues monitoring activities help them to achieve mutual benefits.

### **Contract Management and procurement performance**

The study finding explored that the second independent variables (contract management) is accepted that and not null and that contract management has a significant effect on procurement performance in management sciences for health, Ethiopia and the study confirmed that Contract Management authorities are supportive to the contract supervision process, contract managers were preparing contract implementation plan, conduct regular contract supervision. In addition the study finding explored that there is proper contract control and proper management of the procurement contracts in the organizations. K. Elias (2016) discussed the relationship between contract management and effectiveness of procurement performance using multiple regression analysis and found out that there is strong, positive and significance influence of contract management on performance of procurement (Elias, 2016). According to stewardship theory the procurement process and its output is very efficient because there is consistent leadership, comprehensive guidance and single chain of command from procurement managers in Management sciences for health.

### **Proficiency of staff on procurement Performance**

Based on stakeholder theory business success is closely linked to how the management of the business handles the relationship with various business stakeholders that are crucial for the organization existence. Among those stakeholders employee of the organization plays a great role for the success of the organization. The research study finding indicated that there is strong, positive and significant correlation between proficiency of staff on procurement and procurement performance and those procurement personnel play a major role in effective operation of procurement performance. Hence, their improvement directly and positively affects procurement performance. In addition, the study finding shows that there were a skilled procurement staffs in management sciences for health, Ethiopia. Additional, the finding confirmed that procurement officers in the organizations and organization staffs were well trained and supporting procurement process in the organizations that the procurement officers and procurement staffs were following the available procurement guidelines/laws/regulations which lead the company to success. With this regard, a study conducted by G. Enock (2015), provided most determining factors of procurement variables on procurement performance. One of these main factors is procurement personnel and found out significant relationship between procurement personnel capacity and organizational procurement performance using regression analysis. Kiage (2013) who studied factors affecting procurement performance in his finding, he found that procurement staff competencies had an effect on procurement performance since if they carried out their responsibilities unprofessionally it leads to resource wastage.

## **CHAPTER FIVE**

### **5. SUMMERY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

Chapter five summarizes the whole study and based on the main objective of the study discussed the findings from chapter four then based on the discussed findings conclusion have been drawn finally the research proposes recommendations for improvement and those for additional studies.

#### **5.2. Summery**

The general objective of this study was to investigate the determinants of procurement performance in management sciences for health in Ethiopia, and the study was guided by four research questions: To what extent does procurement process and practices affecting procurement performance in MSH in Ethiopia? To what extent does procumbent planning influence procumbent performance at MSH in Ethiopia? And, to what extent does contract management affects the performance of procurement at MSH in Ethiopia? And to what extent staff procurement staff proficiency affect procurement performance.

The study adopted a descriptive research design with a target population of 92 full-time employees of MSH in Ethiopia at head office level. Data was collected using a structured questioner. Descriptive analysis was used to determine the proportions and frequency of the variables. Pearson correlation, regression analysis, were used to draw inferences about the population. The assumptions in linear regression model were also tested. Statistical Package for Social Sciences (SPSS) version 21 was used to facilitate the data analysis Based on the organization, Human resource department employee's list the sampling frame was developed.

The three independent variables only internal factors contribute about 87.5% to the procurement performance at the Management sciences for health while other external factors not studied in this research contribute 12.5% of the procurement performance at the Management sciences for health. From the findings, most of the respondents indicated that the most important factor is procurement planning followed by contract management. This was because good plans result to effectiveness and efficiency in attaining projected results. However, very few of the respondents indicated that without staff competency the budget allocation and contract management will be useless. The summary of findings on each variable follows:

### **5.3. Summary of Findings**

#### **5.3.1. Objective one: Practice of procurement process in Management sciences for health Ethiopia**

The findings discovered that there is well-defined procurement procedure in the organization with adequate and skillful procurement staffs in addition to staff with good attitudes. In addition, the study finding explored that a procurement department staffs in the organization were preparing an annual procurement plan in prearranged manner. Furthermore, the study explored that there is a middling supplier selection process and participations of procurement staffs on procurement planning process in the organizations.

#### **5.3.2. Objective two: Effects of Procurement planning on procurement performance**

The second ultimate purpose of the study was to investigate the major effects of procurement planning on the organization's performance. From the finding (49%) of the respondents were agreed that procurement planning is affecting procurement performance in the organizations were 30 % of respondents were of opinion that procurement planning is affecting procurement performance in the organizations. At the last, (18 & 3%) respondents were confirmed that procurement planning is affecting the procurement performance respectively in the organizations.

#### **5.3.3. Objective Three: The extent to which contract management influencing procurement performance**

The third ultimate purpose of the study was to investigate the extent to which contract management process is affecting procurements performance in Management sciences for health Ethiopia. From the finding, (38%) of the respondents were agreed that contract management is affecting procurement performance in the organizations while 42 %, 4% and 1% of respondents were of opinion that contract management is affecting procurements performance in Management sciences for health Ethiopia respectively.

#### **5.3.4. Objective Four: The extent to which procurement professionalism influencing procurement performances**

The last objective of the study was to investigate the extent to which procurement professionalism influencing procurement performances in Management sciences for health Ethiopia. As the study finding revealed 54% of the respondents set that professionalism of procurement staffs is affecting procurement performance in the organizations , 42% a while 4% of respondents were of opinion that professionalism of procurement staff in the organizations is affecting organizations procurement performances.

#### **5.4. Conclusion of the study**

It can be concluded that procurement practices and process, procurement planning, contract management and procurement professionalism positively affected procurement performance at the Management Sciences for Health, Ethiopia. The purpose of planning is to be able to utilize the available resources to achieve the overall objective. The study further concludes that preparation of annual procurement plans, frequency of formulation of procurement plans and the evaluation of the same contributes to the organization procurement performance. The most important factor was found to be procurement planning followed by contract management as pointed out by most of the respondents. This was because good plans result to effectiveness and efficiency in attaining projected result. Mamiro (2010) agrees with these findings and concludes that one of the major setbacks in private sector procurement is poor planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of the skills of staff responsible for procurement. The study found out that the procurement guideline manual was not amended since 2013 this will affect the procurement process and practices since the procurement threshold needs revision because of

inflation and exchange rate. Based on the study finding, the researcher confirmed that staff competence, adequate and proper management of the procurement contracts, proper contract control, good and well defined procurement procedure and policies, adequate procurement staff with the necessary skills and attitudes are the major determinants for efficiency and effectiveness of procurement performances. As earlier indicated having performance measures is not an end by itself but a means to effective and efficient control and monitoring of any function.

### **5.5. Recommendations of the study**

According to the results and findings of this study, and for the success of the organization objectives, the management of MSH, Ethiopia should ensure the following recommendations to maximize procurement performances and also this recommendations helps those who are operate in INGOs. Creating adequate and proper management of the procurement contracts and implementing proper contract control in the organization. It's also important develop and design good and well defined procurement procedure within the organization. Well train procurement staff with the necessary skills and attitude can smooth the procurement activates so that organize workshops and trainings for procurement officers in order to improve their skills and knowledge moreover ensure key procurement competencies and experiences while employing new staff. Design and use effective's Procurement measurement to prevent unethical behaviors in procurement process. Last but not least conduct timely review and amendment on the procurement guideline of the organization according to internal and external factors.

### **Limitation**

The main limitation of the study was that the study area was limited to only head office and its inability to comprise all branches office of the organizations which exists in Ethiopia. Due to this, the study may not be generalized to other areas or regions since differing cultural and environmental contexts may affect procurement implementation process differently.

Besides, there might be other critical variables that can significantly explain the determinant of procurement performance of the organization.

## **5.5. Recommendation for Further Research**

This study looked at four independent variables (*procurement Practice, procurement planning, contract management and procurement professionalism*). The determinants reviewed by this study were internal in nature and did not test external determinants such as market, legal environment, political environment, organizational environment, and socio-economic and other environmental factors. Consequently, a researcher recommends a further study should be carried out to establish the external determinants which influencing procurement performance in private sectors.



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## APPENDX ONE,

### Survey questioners

### JIMMA UNIVERSITY

### College of Business and Economics

ABH Campus

**MBA Program**

**Survey Questionnaire to be filled by MSH Employees**

Dear Respondent,

The questionnaire is designed to collect information about the current determinants of procurement performance in Management sciences for health, Ethiopia. The main objective of this survey is to investigate the Effectiveness of procurement Management practices of the organization. All the information obtained will be used for research purposes only and will be treated in strict confidence. Therefore, your genuine, honest, and prompt response is a valuable input for the quality and successful completion of the study.

**Thank you, for your cooperation and timely response in advance**

**Instruction to complete the questionnaire:**

- Fill the blank spaces and tick on the appropriate answer from the given choices.
- Give your opinion, knowledge, and experience freely on a specific issue.

1. Gender:

Male [ ]      Female [ ]

2. Age

Under 20 years [ ] 21-30 years [ ] 31-40 years [ ] 41-50 years [ ] 51years and above [ ]

3. Position/sections \_\_\_\_\_

4. Highest Educational Level:

PhD [ ]    Masters Degree [ ]    First Degree [ ]    Diploma [ ]    Certificate [ ]

Others specify .....

5. Working experience \_\_\_\_\_

6. How long have you been working in the organizations?

Under 2 years [ ] 2-4 years [ ] 5-7 years [ ] 8 years and above [ ]

**1. Procurement Practices and process in the organizations**

In your level of agreement to the statement below relating to **Procurement Practices**, Use a scale of 1-5, where 1- strongly disagree, 2-disagree, 3- neutral, 4- agree, 5- strongly agree

No	Procurement Practices	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	There is defined procurement procedure within the organization					
2	The procurement department prepares annual procurement plan in complete and quality way.					
3	Procurement department adequately participates user departments in the procurement planning process					
4	The supplier selection procedures are clear and transparent.					
5	The organization has adequate procurement staff with the necessary skills and attitudes					

## 2. Questionnaires related with Effects Procurement planning in the organizations

In your level of agreement to the statement below relating to Effects Procurement planning, Use a scale of 1-5, where 1- strongly disagree, 2-disagree, 3- neutral, 4- agree, 5- strongly agree

No	Effects Procurement planning.	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Procurement planning helps in resource allocation					
2	Procurement planning helps to achieve performance					
3	The procurement plan is always integrated with the budgeting					
6	An effective plan provides a framework to guide procurement officers in the achievement					

	of their tasks and duties					
7	An effective plan ensures compliance with regulatory policies					
8	An effective plan serves as a conduit to achieving entity's objectives					
9	An effective plan saves time and money					

3. **The Extent Procurement planning affects organizations performance**

In your level of agreement to the statement below relating to **The Extent Procurement planning affects organizations performance**

4. **Contract Management process in the organizations**

In your level of agreement to the statement below relating to Contract Management, Use a scale of 1-5, where 1- strongly disagree, 2-disagree, 3- neutral, 4- agree, 5- strongly agree.

No	Contract Management	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	There is proper management of the procurement contracts					
2	Most of the contracts entered into are properly managed					
3	There is proper contract control in the organizations					
4	There is proper contract monitoring in the organizations					
5	There is proper contract supervision in the organizations					
6	The authorities are supportive to the contract supervision process					
7	Contract managers monitoring quality assurance (time, cost and quality control)					
8	Contract managers prepare contract implementation plan					
9	Contract managers monitor the delivery of supplies and services					
10	Contract managers certify the work done					

## 5. The impact of procurement Professionalism on procurement performance

In your level of agreement to the statement below, relating to procurement Professionalism Use a scale of 1-5, where 1- strongly disagree, 2-disagree, 3- neutral, 4- agree, 5- strongly agree

No	Procurement Professionalism	Str on gly Ag ree	Agr ee	Ne utr al	Dis agr ee	Str on gly Dis agr ee
1	The procurement officers are well trained and supporting procurement process in nice manner					
2	There is skilled procurement staffs in the organizations and due to their skills and knowledge the organizations is growing in well manner					
3	The available procurement officers and all staffs have the capacity to negotiate contracts and this help companies to gain more profits					
4	The procurement officers and procurement staffs were following the available procurement guidelines/laws/regulations which leads the company to success					

## 6. Procurement Performance Measurements

Your level of agreement in Procurement Performance Measurements

N o	Procurement Performance	Strong ly Agree	Agr ee	Ne utra l	Dis agr ee	Stron gly Disa gree
1	Procurement is being undertaken as per pre-defined and endorsed procurement plan					
2	Goods and services are being procured as per pre-					



	defined specification.					
3	The quality of purchase is closely monitored and followed by the necessary quality measures					
4	The relationship with suppliers and the contract Procurement management practice are professional, equity-oriented and timely with rule-based					
5	Procurement process is well organized and cost effective					

***The Extent procurement Professionalism affects Procurement performance***

In your level of agreement to the statement below relating to The Extent procurement Professionalism affects Procurement performance

***Comments and Suggestions***

What are the major factors which affect organizational procurement performance?

.....  
.....

What is the major impact organization will face if procurement process is not managed?

.....  
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