

**JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE**



**THE IMPACT OF PROCUREMENT CONTRACT MANAGEMENT ON
THE EFFECTIVENESS OF PROJECT MANAGEMENT IN ETHIO
TELECOM, JIMMA BRANCH**

BY: ZELALEM HAILE

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUTE STUDIES OF
JIMMA UNIVERSITY IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR MASTER ART'S (M.A) DEGREE PROJECT
MANAGEMENT AND FINANCE**

November, 2019

JIMMA, ETHIOPIA

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ART'S (M.A) DEGREE PROJECT MANAGEMENT AND FINANCE**

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DECLARATION

This research is my Original work and has not been presented for a degree in any other University, and all the materials referred in the process have been duly acknowledged.

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ABSTRACT

In today's fast competition full and frantic activities of the global economy, to stay ahead of the pack companies have to embrace effective project management in order to consistently deliver business results. As most of projects are complex and multi-disciplinary, to keep them on track and constantly monitor the results, effective oversight of contracts is critically important. On the other hand, poor management of contracts ensue range of risks; from being forced to close the projects due to breaking of the law to struggling on with supplier disputes. There is no doubt, that effective contract management is paramount for it guarantees organization in realizing its business value by successfully delivering projects on time and within budget. The objective of the study was to assess the impact of procurement contract management on the effectiveness of project management at Ethio Telecom, Jimma branch. A descriptive study design was used for this research and for the sake of data sources all members of the Procurement and Supply Chain department of Ethio- Telecom, Jimma branch was used. Primary and secondary data were used. Through well-organized questionnaires and interview data were collected. The collected data were processed, analyzed by SPSS 20 Edition software and presented in the table, charts and words. This research has discovered that there is a very high dependency of effective project management on suppliers' compliance with terms and conditions, suppliers' technical capability and close monitoring of suppliers during project implementation. Therefore, procurement contract management is essential for effective project management. The researcher recommends Ethio-telecom Jimma branch to recruit more experienced and qualified staff for its contract management function, to have procurement contract management solution in order to have visibility of its active contracts at every stage of the project lifecycle, to have strong technical supplier evaluation and to secure and enforce penalty clauses for suppliers' breach of project contracts.

Key Words: *Impact of Procurement contract management, effective project Management, Supplier's compliance*

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CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Procurement, being the process of obtaining services, supplies, and equipment in conformance with applicable laws and regulations takes place locally, nationally, and internationally among a number of public, private, national, and local entities. In low-income countries, procurement process is often constrained by limited human resources, inadequate financing, and absence of information on prices and suppliers. Other factors include lack of awareness of government and donor regulations, overlapping procurement systems and processes, and unsynchronized or outdated rules and guideline (Kakwezi & Nyeko, 2010).

While some projects are delivered using local contractors, these are only few and small projects. Majority of projects are complex and use outside resources and contractors. This introduces a series of unique challenges as contracts need to not only comply with local requirements but also to corporate and international standards so as to efficiently and effectively conform to internal mandates and governmental protocols yet optimizing revenues and minimizing risks. This makes the procurement contract management critical to successful delivery of projects. A poor selection of suppliers leads to cost overruns, schedule delays, poor quality, and ultimately to unacceptable results. On the other hand, writing wrong types of contracts, poor procurement contract management can as well lead to cost overruns, schedule delays, disputes and litigation, and eventually lost revenue.

Globalization and changes within firm's supply base have significantly increased the number of business relationships these firm's manage. While working exhaustively on sourcing projects with current potential and future suppliers, the firms have to make sure that the resulting relationships are contractually enforced so as to ensure that contract risks are managed and negotiated savings are fully realized.

Procurement performance and organization performance are very interrelated. Procurement function uses the largest portion of an organizations budget. This is why it is important to

maximize on effective and efficient management of the procurement function in an entity (Samson et al., 2016).

Many procurement activities still suffer from neglect, lack of proper direction, poor coordination, slow with a lot of bureaucracy, lack of open competition and transparency, differing levels of corruption, have not trained and qualified procurement specialists, who are competent to conduct and manage the procurement process in a professional, timely and cost effective manner (Antony & Josphat ,2016).

According to Prosidian Consulting LLC (2011), findings of recent international surveys conducted by Supply and Demand Chain executives on the complexities and risks of project contracts in today's "flattened globe" which requires firms to adjust faster and in stable manner to remain competitive shows that there is a significant loss of money due to ineffective management of project contracts. For example, research firm Aberdeen Group, has advocated that enterprises lose some \$153 billion each year due to ineffective project contract management.

A Green Point Global (2013) cited that 60-80% of business transactions are governed by agreements or contracts and more than 10% of all executed contracts are lost. A number of problems could be avoided if project contracts are managed well. These problems include; among others are inappropriate clauses, unexpected costs, and legal delays, delays in delivering orders and their consequences, getting inferior quality of goods/services/works, misunderstanding between parties.

Considering the above background information and problems, the study this current study aims to assess the role of procurement contract management on the effectiveness of project management in the Ethio Telecom, Jimma branch.

1.2 Statement of the Problem

The goals of project management are to ensure that organizations invest in the optimal project portfolios and help them realize business value by delivering projects on time and within budget (PMI, 2004). Gaikwad (2011) stressed that effective project management serves as a blueprint to safeguarding company's resources and mitigating risks for realizing productivity and accomplishing predetermined goals.

Records show that there are a good number of poor quality projects and many cross deadlines and consultancies often causing service interruptions when discharging their roles due to incompetency issues. In addition, in many projects there is no fulfillment of project scope. Contract management remains to be widely researched topics in project disciplines. For example, CIPS (2006) and Aberdeen Group (2006) have been at the fore front of guiding professionals to manage project contracts in order to help their companies meet their contractual obligations through contract administration, delivery and relationship management in order to optimize resources yet meeting project deadlines.

Frequently, the contract management phase of the procurement life cycle receives the least attention until problems arise. The importance of this phase is emphasized when we consider where the output of the project occurs. This is true for not only the client, but also for the supplier, because performance at this stage might have an influence on whether future business will be won or lost. Not only performance for delivering the required goods or services in full, on time with regard to specifications, but also building good relationship with the clients and the added value the project delivers.

Studying past experience, specialists have become aware that inadequate administration of the contract of programs and projects was often at the heart of repeated problems and failures. Specialists noted that in the absence of appropriate contract administration, organizations can face problems of lower quality, time overrun, cost overrun, and bad relationship with contractors/suppliers that would result in unacceptable results. As evidences reveals, in Oromia WMEB, issues related to contract administration plan, problem of timely monitoring, and absence of in-depth inspection are serious issues, contributing to the underperformance and lower quality of the projects. In addition, as some sources such as unpublished written reports from the Oromia Water, Mineral and Energy Bureau indicates, projects faced problems such as poor quality, delays, cost overrun, and poor performance that follow failure and termination of projects. For example, on the one hand, as the performance assessment report of year 2017 of OWMEB's reveals, the Bureau had planned to construct 11,670 water construction projects and only 7,254(62.2%) of the projects were completed and the remaining were encountered with different problems such as termination, and extension of time. On the other hand, this report elaborated that there was a quality and delay problems with those completed projects themselves.

The report disclosed that the main cause of the problem is lack/poor monitoring of the projects. **Previous** research works by (Admas,1997), Long,etal.2004) and others) have indicated poor managerial capability of contractors to be one of the critical problems of the construction industry in developing countries. Thus, improving the managerial capability of contractors need be one of priority consideration for improvement of capability of contractors in developing countries. Researches by (Dlungwana& Rwelamila,2004), and others have also strongly emphasized the importance of improving the management skills of contactors. As most of the works of contractors is managed as the project, improving the contractors project management capability can significantly contribute to the overall improvement of contractors capability to delivery successful projects. The **inability** to complete projects on time and within budget continues to be a chronic problem worldwide and is worsening. According to Ahmed et al.(2002), cost over runs on construction projects are a universal phenomenon. Azhar (2008) states that the trends of cost overruns is common worldwide and that it is more severe in developing countries, like Ethiopia.

Having this in mind, the current study tried to examine the impact of procurement contract management on the effectiveness of project management in Ethio-telecom of Jimma branch which was built in 1975 E.C in the town.

1.3 Objective of the Study

1.3.1 General Objective

The primary objective of this study is to assess the impacts of procurement contract management on the effectiveness of project management at Ethio- telecom Jimma branch.

1.3.2 Specific Objectives

- To determine if supplier's compliance with terms and conditions of the contract relates to effectiveness of project management
- To assess whether technical capabilities of suppliers has effects on the effectiveness of project management
- To determine if close monitoring of procurement contracts during projects implementation correlates to the effectiveness of project management.

1.4 Research Questions

- i. Do supplier's compliance with terms and conditions of the contract relates to effectiveness of project management in Ethio-telecom, Jimma branch
- ii. Do technical capabilities of suppliers affect the effectiveness of project management in the study area?
- iii. Do close monitoring of procurement contracts during project implementation correlates with effectiveness of project management in study area?

1.5 Significance of the Study

First, its findings will help enlighten procurement and supplies professionals the need to critically monitor procurement contract management during project execution (contract life-cycle) so as to mitigate risks associated with project delivery.

Second, the findings will help procurement and supply professionals recognize technical capabilities of their current and future suppliers and acquire more insights as regards to monitoring supplier's performances across all procurement contracts.

Third, it will also assist to understand the extent to which Ethio-telecom Jimma Branch suppliers comply with terms and conditions of project contracts and suggest the way forward to better management of project contracts.

Fourth, it will act as the baseline information and data base for the next researchers who are interested to undertake research in similar subject.

1.6 Scope of the Study

Since the study assess the impact of procurement contract on the effectiveness of the project management at Ethio-telecom, Jimma branch in order to cover supplier's compliance with terms and conditions of the contract relates to effectiveness of project management, technical capabilities of suppliers effect on the effectiveness of project management and close monitoring of procurement contracts during projects implementation correlates to the effectiveness of

project management systems. To achieve the research objective, a census surveys with explanatory study design have been employed.

1.7 Limitations of the Study

This study had limitations which were related to access to secondary data as contract information were held confidential. It was also unpredictable whether the subjects would respond to the questionnaires honestly. This could have a bearing on the validity and reliability of the study (Sullivan and Spilka ,2011)

1.8 Organization of the Paper

This research paper has the following organization: The introductory chapter dealt with the background, statement of the problem, research questions, Objectives of the study, significance of the study and definition of terms. Chapter two discussed the review of related theoretical and empirical literatures on basic concepts. Chapter three described research design and methodology, sample and sampling methods, tools, procedures and sources of data collection and data analysis. Chapter four describes about time budge while chapter five deals with financial budgeting.

1.9 Operational Definitions of Terms

Procurement: is the acquisition of goods, services or works from an external source. It is favorable that goods, services or works are appropriate and that they are procured at the best possible cost to meet the needs of the acquire ring terms of quality, quantity, time and location.

Procurement Performance: The holistic process of managing and increasing the added value of procurement like transparency in procurement.

Contract Management: Integration or administrative activities associated with handling of contract such as invitation to bids, bid evaluation, award of contract, contract implementation, measurement of work completed and computation of work completed, computation of payments (Sherman, 1996).

Effectiveness: is the extent to which objectives have been met. It is referred to as doing the right thing

Project is defines project as a temporary endeavor undertaken to produce a unique product, service or result

Project Contracts: These are contracts for construction, manufacturing and/or installation of equipment. These contracts are characterized by having a defined start date and end date, having a defined end result to be achieved and involving a number of planned and interrelated activities (PMI, 2004).

CHAPTER TWO

2. LITERATURE REVIEW

This chapter presents a review of available literature related to determine the impact of procurement contract management in the effectiveness of project management in the organization. The purpose of the literature review is to create a deeper understanding of the issues under research.

2.1. Theoretical Framework

2.1.1 Meaning of Procurement

It defined as “the acquisition of property, plant or equipment, goods, works or services through purchase, hire, lease, rental or exchange” and is taken to include all actions from planning and forecasting, identification of needs, sourcing and solicitation of offers, evaluation of offers, review and award of contracts, contracting and all phases of contract administration until delivery of the goods, the end of a contract, or the useful life of an asset.” (UN 2006)

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

2.1.2 Definitions of Contract

Hutchison *et al.* (2009) defined a contract as an agreement entered in to voluntarily by two or more parties with an intention to create legally enforceable obligation(s). A contract entails voluntary promises between competent parties to do or not to do something which is enforceable by law. A contract may obligate a contracting party before receiving anything from the other side or even after calling the deal off; for example, after the supplier acknowledges the receipt of the purchase order, he is liable to deliver materials based on the delivery terms agreed. The same

applies to all parties after contract closures in confidentiality issues where the parties agree not to disclose confidential matters for number of years after the contract closure.

2.1.3 Contract Management

Contract management is a systematic practice for creation, execution, compliance and analysis of business contracts in order to maximize operational performance, reduce costs, and minimize risks (Aberdeen Group, 2006). A procurement contract is a legally binding agreement between a firm (the buyer) and a supplier to fulfill a set of agreed terms and conditions. Contract management involves building of good working relationship between the parties which continues through the contract life time. One of the key objects of contract management is to obtain goods or services as agreed in the contract and achieve the best value for money through balancing costs against risks and proactively managing the relationship. It also aims at continuous improvement in performance over the contract life time.

2.2 Contract Management Theory

Contract management theory can be interpreted as category management, contract administration and contracting processes (Knoester, 2005). While category management is about managing the contracting processes initiation, contract management is addressed by Knoester (2005) who speaks of contract management as the management of the engagement administration of all term agreements by which means a contract is closed. He stressed that this is the contract management process for ensuring that the right information is in the right place at the right time, to support the whole of the contracting process. In project disciplines, this can be achieved by distributing contract information to all primary project stakeholders to determine and assess an optimal supply base.

The contracting process is the third interpretation of contract management and is where contract realization is managed. This process is connected to both the category management process and the contract administration process. Contracting processes are initiated by category management and are from there supported by the contract administration process. This administration process is necessary during the whole contracting process in order to assure quality, efficiency and effectiveness (Angelov, 2005).

Project management is being embraced, to some extent, by most organizations as the best way to develop and deliver new or improved products, services, and organizational process changes (Cleland & Ireland, 2002). It has been a continuous effort of researchers and practitioners to look for ways to develop and improve organizations' PM capability so that organizations may be able to benefit from project management. The improvement of PM capability of an organization can be realized in many different ways (training, mentoring, benchmarking, the use of new tools and techniques and use of maturity model, etc).

2.3 Empirical Studies

2.3.1 World Related Studies

Several initiatives have been taken by procurement and contract management practitioners to ensure that contracts are delivered within agreed quality. In an attempt to understand the major causes of project failures, Amponsah (2012) conducted a research among Ghanaian companies and found that one of the major reasons for project failures is the poor contract implementation and management. In their research on procurement processes and performance conducted in Uganda, Kakwezi and Nyeko (2010) advocated that to ensure purchasing performance quality of procured goods and services as well as timely delivery should not be ignored as they are directly linked to terms and conditions of the project contracts. To stress the importance of project contract management, the international survey conducted by Aberdeen group among companies in the world found that ineffective control and management of supply contracts costs business \$ 153 billion per year (Prosidian Consulting, 2011).

As most of telecommunication projects like Servers and UPs need after sales services, Forooz and Rostamidehbaneh (2006) conducted a research at Sarir International Company on the necessity and effectiveness of after sales services and concluded that for today's environment of computer components, companies have to use after sales services as a marketing tool for them to remain competitive. The increasing recognition of improving contractual processes has enforced Elsey (2007) to address the importance of contract management by addressing the critical success factors for successful contract management namely; on-time delivery, value for money, cooperation and responsiveness, fulfillment of one's obligations, no controversies as well as

proper change management. These factors are indeed critical for effective project management where projects are bound by scope, quality, cost, time and resources irrespective of project type and environment (Wysocki, 2009). To emphasize the role of contract management, the Republic of South Africa's National Treasury (2010) conducted a research for enhancing service delivery and suggested that when a contract is effectively managed it has the capacity to increase revenue opportunities, decrease costs and enhance service delivery. The impact of contract management in effective project management is also seen in where TQM and JIT philosophies are adopted to ensure on time delivery for good quality of services and meeting deadlines. This is in agreement with Guiffrida and Nagi (2004) who conducted their study in Cost Characterization of Supply Chain Performance in New York and found that contract management is essential for JIT effective project environments. In emphasizing on robust contract management, Garcia (2012) conducted a research at the European Journal of Legal Studies where he strongly insisted on the need to secure enforcement of penalty clauses in international commercial contracts. This would help all actors in the supply chain have quality goods and services as well as ensure on time delivery of goods. In an attempt to make contracts alive and healthy, Jukka (2003) described three processes for implementation of contract management, namely; to establish the basic contract management operation such as competent contract personnel, defining proactive alarms, for contracts and templates, the second step is to make the contract alive that is being part of the business such as deeper involvement of stakeholders, and finally, the third is the strategic step of contract management. Although this can take time to implement but once implemented can be a corner stone to project management.

2.3.2 Review of Related Local Studies

Contract conditions represent the legal reference showing the relation between the contract parties. Risk associated with construction projects should clearly be allocated to the responsible party through the contract conditions. The absence of understanding of risk accountability between the parties will result in negligence of risk events which leads to parties assuming the risk event and its consequence may be out of their responsibility coverage. Majority of the project financed in Ethiopia at this time are on the construction since 27 years back to yet. The questions that how the impacts of procurement contracts are implemented in the country thus the empirical studies done in the area of construction management listed as follows.

Under construction management type of delivery system, the owner contracts separately but concurrently with a design consultant and with a firm whose primary expertise is construction (construction management consultancy firm). The construction management consultancy firm is used to coordinate all activities from concept inception through acceptance of the facility. The construction management firms are not in charge of the construction, they just have to manage the construction. This system is suitable when the project is large scale and complex and when the owner doesn't have the ability to manage the project organization.

According to Cristian P., et al. (2007), one disadvantage of this system is the owner chooses a management contractor which means the owner has one more department to manage, which leads to an increase in overhead expenses.

Construction management type of contract delivery system is relatively uncommon in the Ethiopian building construction industry (Getachew T. 2009). The clients find it difficult to pay the additional cost required for hiring the project management team. But this is a well-established system which is found to be effective in achieving project objectives in the developed countries.

2.3.2.1 Engineering, Procurement and Construction

In this type of contract delivery system, the engineering and construction contractor will carry out the detailed engineering design of the project, procure all equipment and materials necessary, and then construct to deliver a functioning facility or asset to their clients (www.epcengineer.com). According to Cristian P. et al. (2009), this kind of delivery system is also known as turnkey project service to indicate the system is delivered to client ready for operation. The project is largely contractor managed, i.e. the contractor holds all of the responsibility and the risk involved is weighted towards the contractor and away from the owner. Companies that deliver engineering procurement company projects are commonly known as engineering procurement company contractors. The contractor has to execute and deliver the project within an agreed time and budget. Hence as mentioned earlier the risk for schedule and budget is placed on the engineering procurement company contractor. According to Cristian P. et al. (2007), one disadvantages of this delivery system is the owner's ability to control the project is low and to control this the client can sometimes hire Project Management Consultants (PMC)

to ensure the EPC contractor is carrying out the agreed scope of work in accordance with the conditions of contract.

As mentioned above the construction management consultancy is relatively not common in Ethiopian construction industry. But there are some construction management firms which are taking part in different constructions of Ethiopia; Campbell project management services [Ethiopia] PLC (CPMS) can be taken as an example, which is a well-established and growing business providing project management services in Ethiopia. Some of these projects are; The Ethiopian government signed an EPC contract with an Indian company (Overseas Infrastructure Alliance) for the construction of Tendaho sugar factory and the expansion of Fincha and Wonji sugar factories on January 10, 2007 (Fitsum B., 2014). According to Yehualashet J., 2012, EPC turnkey contract was signed on September 3, 2009 between Ethiopian Railway Corporation and the EPC contractor, CREC, to undertake the Addis Ababa Light Rail transit Project. The hugest project yet, The Grand Ethiopian Renaissance Dam, were awarded to Saline Construction using Engineering Procurement and Construction (EPC) Contract in April 2011. The project owner, Ethiopian Electric Power Corporation (EEPCO), also previously commissioned Saline Construction for the Gibe III hydroelectric project on a turnkey, Engineering, Procurement Construction (EPC) bases in July, 2006.

The first case study that was taken as an empirical framework is a case study conducted by Addis Mesfin (2014) on Ethiopian Building Construction Projects under the title “The Study of Construction Contract Risk Management Practices in Ethiopian Building Construction Projects”. Questionnaire survey was performed on different randomly selected building construction companies in Ethiopia to observe their awareness and how they deal with risks in their projects. The research finding indicated that poor contract management was found to be one of the major causes of risk which has a high probability of occurrence and a high level of impact on project objectives. It was also observed that most building constructions in Ethiopia are not completed in conformity to their original plan, i.e. they usually sustain delay, cost overrun or quality problems. The study forwarded recommendations on the need of special attention on managing Financial and Contractual areas of risk since they were identified as most important risks in Ethiopian building construction projects.

Another case study was conducted by Tigist Belachew (2016) on Addis Ababa Light Railway under the title “Assessment on the practices of Project Contract Administration”. The methodology was designed as interview and focus group discussion and descriptive analysis were made. The researcher finding indicated that the project contract administration have implications on the project success. The study forwarded recommendations on the need of having a well-established contract is as good as having a good fence which leads to a smooth relationship with the stakeholders i.e. having a clear contract demarcation (specifications of instructions) first which later on leads to success with a proper follow up and monitoring.

2.4 Research Gap

Despite attracting great attention from practitioners, academicians and researchers, the impact of contract management on the the effectiveness of project management specifically at Ethio-telecom of Jimma Branch has not been addressed. Moreover, the studies are smoothly practicable in developed countries where technologies are high and level of bureaucracy is low for practicing TQM and JIT philosophies with the aim to ensure quality inputs and zero lead time. Therefore, this paper attempted to assess the impact of contract management on the effectiveness of project management at Ethio-telecom of Jimma Branch in order to optimize the existing as well as adding value to upcoming projects.

2.5 Conceptual Framework of the Study

According to Smyth (2004), the conceptual framework is structured from a set of broad ideas and theories that help a researcher properly identify the problems, frame research questions and find relevant literatures. It assists the researcher to clarify his/her research questions and objectives as well as in data collection and analysis. The Conceptual framework also provides relationships between concepts and the research questions (Fisher, 2010). The following figure (Fig 2.1), being developed by the researcher, demonstrate the conceptual framework of this study.

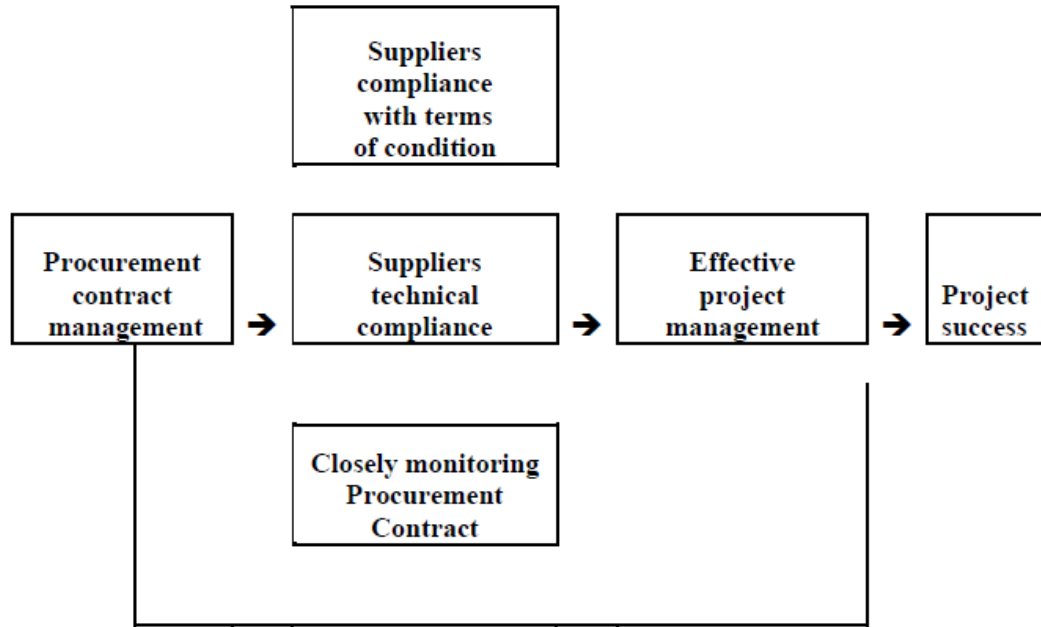


Figure 2.1 Conceptual frame work of the study

CHAPTER THREE

3. RESEARCH METHODOLOGY

This section covers the following sub sections: the research design, the target population, sample design which contains sampling techniques, data collection instruments and data analysis and presentation technique.

3.1 Description of the Study Area

The study was conducted in Jimma town of Ethio- telecom of Jimma branch that is far from Addis Ababa 351 km at south western part of the country. It is characterized by *woinadega* climate with average altitudes of 1820m a.s.l.

3.2 Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004). Similarly, there are three types of research methods. These are quantitative, qualitative and mixed. Qualitative research mainly used to assess respondent's attitudes, feelings and motivations whose findings are not obtained from quantifiable analysis while quantitative research involves mathematical analysis (Kothari, 2004). Thus, in this study mixed methods (both quantitative and qualitative) approaches with explanatory research design have been implemented.

3.3 Population of the Study

The population of this study was all members of project managers, Procurement and Supply Chain department and some experts that were working at Ethio- telecom of Jimma branch was a source of the study. Accordingly, there were a total of 40 employees within the above mentioned departments thus all of them were involved in this study as a source of population.

3.4 Sampling Techniques and Sample Size

3.4.1 Sampling Techniques

Census method is the method of statistical enumeration where all members of the population are studied. A population refers to the set of all observations under concern. A census study occurs if the entire population is very small or it is reasonable to include the entire population (for other reasons). Thus, the student researcher employed a census survey due to the small size of the target population. By using this method, the student researcher could able to examine the entire target population who were working at the Ethio-telecom, Jimma branch, holding different position like project Managers, Procurement and supply chain officers and other personnel were involved in order to gather adequate and relevant data. Moreover, to collect data from individuals with particular expertise knowledge, experts from user departments have been involved in the study.

3.5 Data Source and Collection Techniques

3.5.1 Data Source

Both primary and secondary data sources were used for this study. The primary data is considered as a new because collection is made for the first time hence, original in character (Kothari, 2004). Primary data was collected through survey questionnaire and interview. Secondary data were reviewed from contract records.

3.5.2 Data Collection Techniques

The primary data were collected using self-administered questionnaires and also through interview conducted. The questionnaires were possessing two parts; the first parts contend personal information of respondents and it included questions regarding gender, age, occupation and educational status. The second and main sections of the questionnaires have data about the overall information related to the objectives of the study via taking the standard questionnaires developed on the objectives of the study by previous researchers (Saunders, 2009).

3.6 Study Variables

3.6.1 Independent Variables

- Demographic factors: Age, Sex, and Educational background
- Supplier's Compliance with Terms of Condition
- Supplier's Technical Compliance
- Monitoring Procurement Contract

3.6.2 Dependent Variables

- Effective Project Management

3.7 Methods of Data Processing and Analysis

There are three objectives in data analysis; getting a feel for the data, testing the goodness of the data, and answering the research question. Establishing the goodness of data lends credibility to all subsequent analysis and findings because it measures the reliability and the validity of the measures used in the study (Sekaraom, 2003).

Quantitative data was collected with questionnaires and qualitative data was collected with interviews and processed and analyzed. Quantitative data were processed, analyzed and presented in tables, bar charts, graphs and other tools. The quantitative aspects were supported by qualitative analysis and presentation of the opinions and views raised by research respondents. In addition to this the data were analyzed using correlation and regression analysis to investigate correlation and regression between independent and dependent variables.

Reliability and validity of the data were checked adequately. Quantitative data were processed, analyzed and presented in tables, bar charts, graphs and other tools. The data was analyzed using descriptive analysis. The collected data was entered into a computer and analyzed by the researcher using statistical package for social science (SPSS Version 20).

CHAPTER FOUR

4. DATA PRESENTATION AND ANALYSIS

This chapter deals with presentation, analysis and interpretation of the data which has been obtained through questionnaires and interviews. It analyzes the demographic characteristics, educational and income of the respondents. As stated on the research methodology, 40 questionnaires were distributed to the target offices of Ethio telecom Jimma branch. Out of the total 40 questionnaires, all of them were properly filled and returned which makes the response rate to be 100%. The data collected from employees through questionnaires were analyzed and presented by using tables and figures followed by its interpretation based on the responses frequency and percentage.

Part I: Participant Information

Before starting the analysis of the data some background information such as demographic data, is useful in order to make the analysis more meaningful for the readers. The purpose of the demographic analysis in this research is to describe the characteristics of the respondents such as the number of respondents, proportion of males and females in the sample, range of age, income, and education level. Each frequency distribution of demographic variables is presented below.

4.1 Personal Profile of Respondents

The gender distribution of respondents which is 24(60%) of the respondents were males while the rest 16(40%) were females. This shows that the number of male employees dominates the number of female employees in Ethio telecom Jimma branch. Regarding the age of respondents, the sample population is largely dominated by the age group of 26-35 (62.5%) followed by the group within the age group of 36-45 (27.5%). This implies that most of the sample respondents are older and at the middle age category. The rest of the respondents consists, (5 %) with the age of 45 and above years old. Based on the data gathered, the largest group of the population comprises first-degree holders, which was 70 % of the total respondents, followed by Masters and above degree holders which comprise of 17.5% even though there were some workers who

have diploma. This shows that most of the respondents were having Bachelor degree and above level of education; and all are educated. The majority of respondents earned from ETB 5000-10000 (47.5%) and followed by those respondents who earn from ETB 10001-15000 which accounts 40% and the rest 12.5% were earning ETB 15,001 and above (Table 4.1).

Table 4.1 Personal Profile of Respondents

Variables		Frequency	Percentage
Gender	Male	24	60
	Female	16	40
Age	Total	40	100.0
	26-35	25	62.5
	36-44	11	27.5
	45-and above	2	5
	Total	40	100
Educational status	Primary School Education	0	0
	Secondary school Education	0	0
	Diploma	5	12.5
	First Degree	28	70
	Masters and Above	7	17.5
	Total	40	100
Income status of the participants'	5000-10000	19	47.5
	10001-15000	16	40
	15001 and above	5	12.5
	Total	40	100

Source: Survey questionnaire, 2019

Based on the figure 4.1, 21(52.5%) of them were served in the organization for 6-9 years while 10(25%) of them were worked for more than ten years.

Descriptive Analysis of questionnaires and interviews

4.2. Contract Management Recognized as Important Function

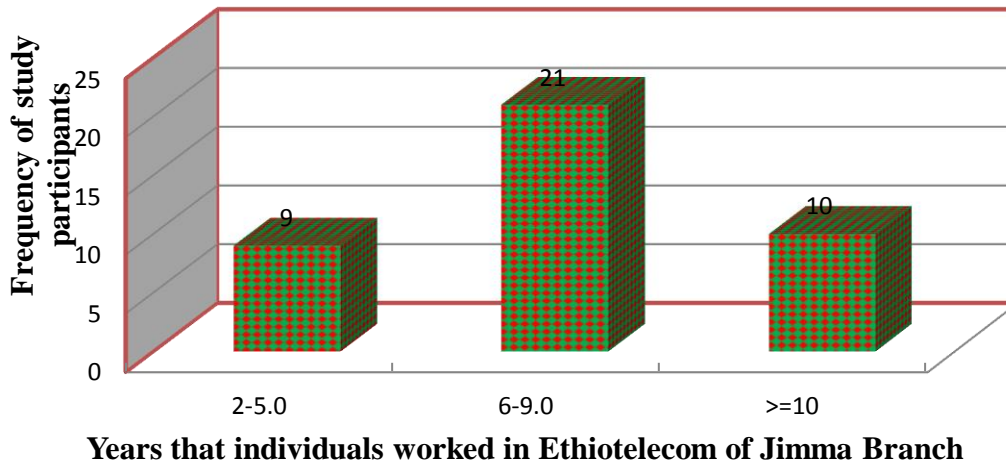


Figure4. 1 Duration of the workers stayed in office

Source: Survey questionnaire, 2019

The findings below indicates that majority of the respondents were Procurement & Supplier relation administrator/staff (50%) followed by Procurement Supervisors in the department (30%). The procurement specialists and managers were constituted (12.5%) and (7.5.0%) respectively of the respondents. This findings shows that the respondents were adequately represented based on their current position since the top and middle level staff were interviewed in the research and therefore that the results were representative (Table4.2).

Table 4.2 Position of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Management	3	7.5	7.5	7.5
Procurement Supervisors	12	30	30	37.5
Procurement Specialist	5	12.5	12.5	50
Procurement and supplier relation administrator/Staff	20	50	50	50
Total	40	100	100	100

4.3 Contract Management Recognized as Important Function

Respondents were asked to give their opinion on the significance of Contract Management function. The findings are presented in the table 4.3, then according to this table 4.3 respondents (82.5% of respondents) recognized Contract Management as a very important function in the organization, 5 respondents (12.5% of respondents) recognized it as important and 2(5%) of them accept as it was moderately important while none of the respondents and interviewees recognized it as unimportant or little unimportant function in the organization. These findings justify that contract management function is of exceeding importance at Ethio telecom Jimma branch.

Table 4.3 Contract Management Recognized as Important Function

Contract Management Recognized as Important Function	Frequency	Percent
Unimportant	0.0	0.0
Of little important	0.0	0.0
Moderately important	2	5
Important	5	12.5
very important	33	82.5
Total	40	100

Source: Survey questionnaire, 2019

This reflects respondents' suggestions on the significance of contract management function. All respondents consider contract management function as significant to the organization. It can be said that, contract management function has value addition to the entire organization. This is in agreement with Green Point Global (2013) who reported that managing contracts is managing risks. This argument is supported by Republic of South Africa's National Treasury (2010) as earlier seen in the literatures, that good contract management has the capacity to increase revenue opportunities, decrease costs, and enhance service delivery.

4.3.1 Suppliers' Delivery Performance

This is special parts of the project stakeholders who were of specialists of procurements and Procurement and supplier relation administrator/Staff accounted 25 individuals. Interviewees were requested to give their opinion on Jimma branch Ethio telecom suppliers' delivery performance.

Primary project stakeholders had different view on suppliers' delivery performance. Ten of the respondents (40%) were the opinion that suppliers do not deliver materials on time whereas the remaining 15 (60%) believed that Ethio telecom Jimma branch Project's suppliers observe delivery schedules as per the project contracts. This can be generalized that delivery performance of Ethio telecom Jimma branch Project's suppliers was not of satisfactory figure 4.3.2.

However, after reviewing specific contract files in the project office it was revealed that some contracts are delayed due to technical reasons in terms of specifications and financial aspects which mandated those contracts to be delayed. Therefore, these aspects warranted the contracts to be extended in order to guarantee better results. Whenever those contracts were extended proper procedures were followed to seek approval from appropriate authority. This shows that it is due to these extensions of time in some contracts that made users to disagree on the concept that contracts are completed on time. Although the results show that majority of participants agree that Ethio telecom Jimma branch Project's suppliers observes delivery schedules but still there is increased laxity. According to respondents at Ethio telecom Jimma branch Project Delivery issues mostly are experienced with local suppliers. This shows that at Ethio-telecom Jimma branch Project, there is no strong supplier performance measurement specifically delivery performance. This point was supported by Aberdeen Group (2006) in their supplier benchmarking project which provided strong evidence that most enterprises have inconsistent strategies and insufficient infrastructure for managing and measuring supplier performance.

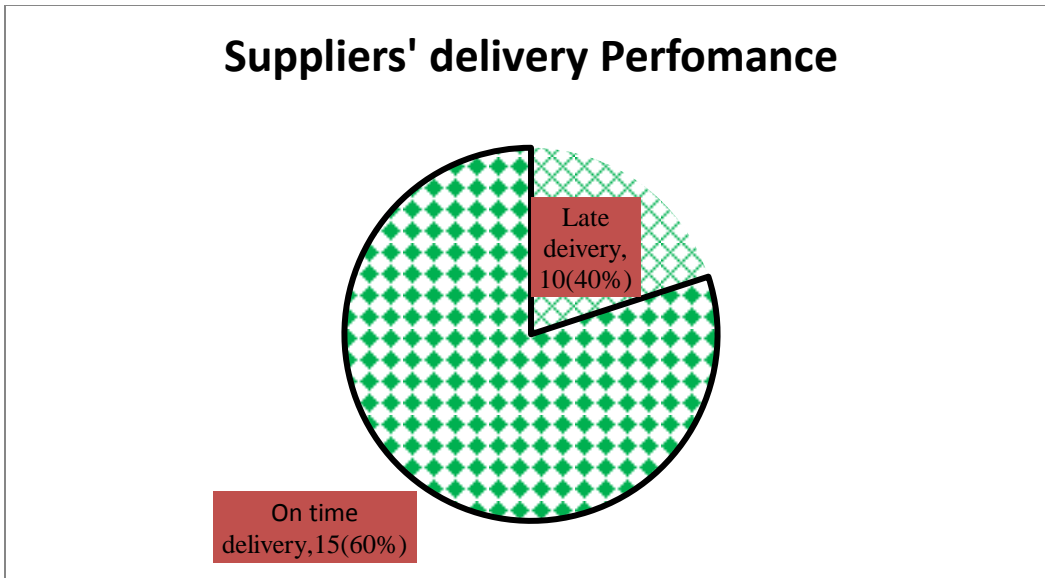


Figure 4.3.2 Suppliers' Delivery Performance

Source: Survey questionnaire, 2019

4.3.2 Effectiveness of Technical Evaluation of Suppliers

Respondents were asked to give their opinion on how technically are suppliers evaluated at Ethio telecom Jimma branch. Accordingly, the following bar graph depicts it very well.

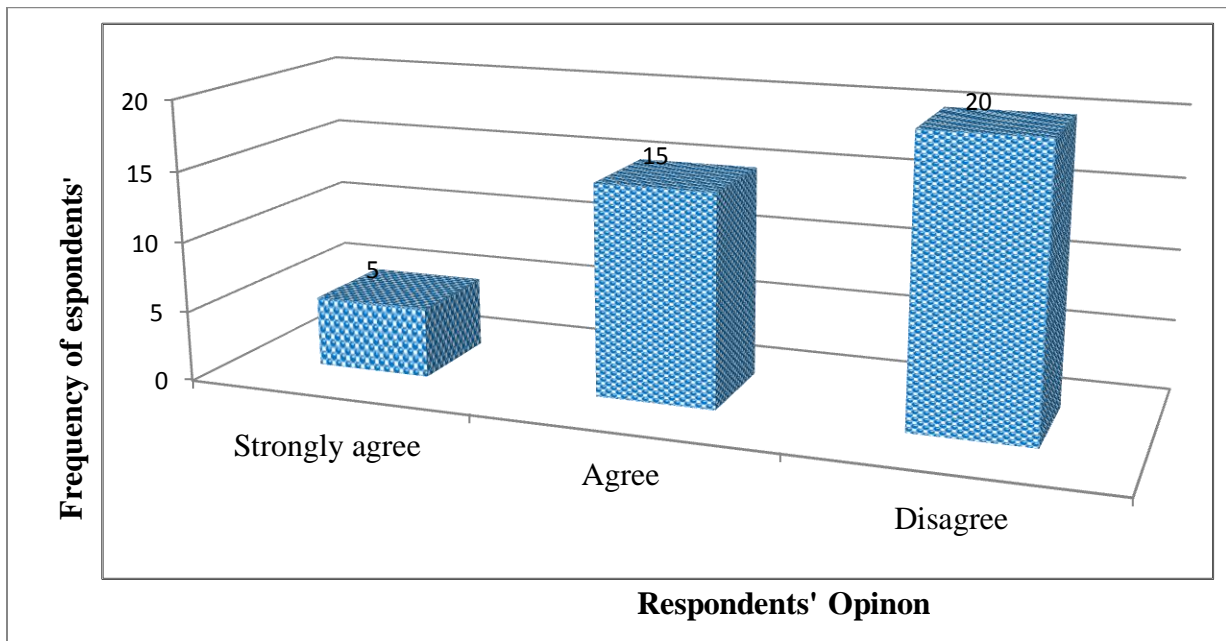


Figure 4. 3.4 Effective of Technical Evaluation of the Suppliers

As shown in figure 4.3.4, it was aimed to evaluate the effectiveness of technical evaluation of suppliers as a result of this figure that explained the respondents opinion, 5(12.5%), 15(37.5%) forwarded their opinion strongly agree and agree respectively while 20(50%) of the respondents were disagree with effective technical evaluation presence which means project suppliers were not effectively evaluated. The results imply that there is inefficient supplier evaluation at Ethio telecom Jimma branch. To overcome this issue, the suppliers to be well understood the value of money and time. The supplier needs to deliver materials at the right time, with right quality and right quantity as well as at right place. Doing this will make the projects to be well organized and well executed. Failure to do so will make bad impressions to customers etc. This might be the reasons why at Ethio telecom as all and Jimma branch in particular some projects fail as supported by **Sharma et al.** (2011) for smooth execution of projects, it is necessary to consider technical, managerial and financial criteria in supplier prequalification process.

4.3.3 Risks Associated With Poor Management of Project Contracts

The Researcher wanted to know the risks associated with poor management of project contracts specifically in Ethio- telecom Jimma branch. The following were respondents' suggestions;

- (i) Project management uncertainty
- (ii) Contractor relationship risks
- (iii) Poor quality of works
- (iv) Late deliveries
- (v) Termination penalties especially when the contract is in auto prolongation mode and there is no exit clause
- (vi) Conflicts
- (vii) Loss of revenue and goodwill

4.4 Suppliers' Compliance with Terms & Conditions of the Project Contracts

Recall that the first specific objective of the study was specifically to determine if supplier's compliance with terms and conditions of the contract relates to effectiveness of project management.

Table 4.4 Suppliers' compliance with terms and conditions of the contracts

Extent of dependency	Frequency	Percentage	Gross Percentage
Strongly Agree	25	62.5	62.5
Agree	13	32.5	95.0
Neither Agree nor Disagree	2	5	100.0
Disagree	0	0	0
Strongly Disagree	0	0	0
Total	40	100	100

Source: Survey questions, 2019

Based on the Table:4.4, 25(62.5%) and 13(32.5%) of the respondents were strongly agreed and agreed on the effectiveness project managements depends on suppliers' compliance with terms and conditions of the contracts respectively while two of respondents (5%) neither agreed nor disagreed. No respondent (strongly) agreed that effective project management does not depend on suppliers' compliance with terms and conditions of the contracts at Jimma Ethio telecom branch.

These results imply that effective project management strongly correlated to effective management of project contracts. This part reflects the respondents' opinion on the dependency of project management on suppliers' compliance with terms and conditions of the contracts. Almost 95 % of respondents were in view that there is really dependency between the two. As seen from the literatures, amongst other things, contract terms and conditions are the prerequisite requirements for enforcement of contracts. This has been supported by Humphries Associates (2004) who proclaimed that the terms and conditions of the contracts are the basis for all purchase orders. This fact answers the first research question of this study.

4.5 Suppliers' Technical Capability and Effective Project Management

Recall that the second specific objective of the study was to determine whether technical capabilities of suppliers reveal the effectiveness of project management.

Table 4.5 Suppliers' Technical Capability and Effective Project Management

Extent of dependency	Frequency	Percentage	Cumulative Percen
Strongly agree	29	72.5	72.5
Agree	7	17.5	90
Neither Agree nor Disagree	4	10	100
Disagree	0	0	100
Strongly Disagree	0	0	100
Total	40	100	100

Source: Survey questions, 2019

Table 4.5 reveals that 36 respondents (90% of respondents) agreed that effective project management depends on suppliers' technical capability while 4 (10%) neither agreed nor disagreed. No respondent strongly disagreed that effective project management does not depend on suppliers' technical capability. This implies that effective project management depends on effective management of project contracts. This research agreed with the prior research done in that right supplier selection increases the likelihood of organization to have high quality and innovative products or services, reduces risks and determines whether the supplier has the technical ability and capacity to perform the work. These are vital for the success completion of projects. This fact is in accord with (USPS, 2013) who argued that technical supplier analysis confirms the reasonable type and amount of resources proposed by the supplier which covers the proposed types, quality and quantities of materials, processes, labor and tools as set forth in the proposal. The suppliers need to understand the importance of such projects to their customers. Also needs to make sure that the materials are delivered on right time, right amount, at right place and right quality and quantity. So that the value of money and projects are well executed Moreover, technical capability of suppliers is important for effective project management because product or service quality is a direct result of production workforce and suppliers. Therefore, technically capable suppliers are important element of effective project management and this suffices as the answer to the second research question.

4.6 Close Monitoring of Procurement Contracts during Project Implementation

Recall that the third objective of this research study was specifically to determine if monitoring of procurement contracts during projects implementation correlates to the effectiveness of project management at Ethio telecom Jimma branch.

Table 4.6 Close Monitoring of Procurement Contracts and Effective Project Management

Extent of dependency	Frequency	Percentage	Cumulative Percent
Strongly agree	8	20	20
Agree	12	30	50
Neither Agree nor Disagree	5	12.5	62.5
Disagree	13	32.5	95
Strongly Disagree	2	5	100
Total	40	100	0

Source: Survey questions, 2019

According to table 4.6 above, 20 (50%) of respondents agree that effective project management depends on close monitoring of project contracts while 13 respondents (34.2% of respondents) argue that effective project management has no relationship with close monitoring of project contracts. Five respondents (13.2% of respondents) neither agree nor disagree that effective project management depends on close monitoring of project contracts while 2(5%) of the respondents were strongly disagree that effective project management did not depend on the close monitoring. These results infer that effective project management depends largely on close monitoring of project contracts during project implementation. While some participants indicated that close monitoring of procurement contracts has no significance to effective project management, majority (50%) of respondents agreed that effective contract management depends on close monitoring of procurement contracts. It can generally, from respondents' observation, be deduced that effective project management depends on close monitoring of procurement contracts. The findings are consistent with Hinton (2003) who asserted that close monitoring of Project contracts ensures that vendors adequately perform their respective contracted works or services.

4.7 Visibility of Project Contracts

Because of suppliers' problems encountered during project execution, the researcher wanted to know if there is a visibility of project contracts at Ethio telecom Jimma branch and measures taken by management to ensure consistent contract visibility.

Table 4.7 Respondents View on Visibility of Project Contracts

Response	Frequency	Percentage	Measures Taken
Yes	15	37.5	i) Engaging consultant for one year ii) Employing new specialist for contract database iii) Designing up to date contract summary
No	20	50	
I do not know	5	12.5	
Total	40	100	

Source: Survey questions, 2019

Table 4.7 reveals respondents' view on visibility of project contracts at Ethio telecom Jimma branch Project. 15(37.5%) of respondents agreed that there is contract visibility whereas 20(50%) were in view that Ethio telecom Jimma branch Project has no visibility of its contracts. 5(12.5%) had no idea regarding this question. The results suggest that Ethio telecom Jimma branch Project have no visibility of its contract processes.

Research analysis shows that little attention is paid to contract visibility at that Ethio telecom Jimma branch Project. This makes contract and hence project difficult to manage. Poor contract monitoring and control has been named as one of the most contract management issues to most companies. IBM (2013) stated that despite advancement in Information and Communication Technology, to most companies, most contracts are still flagging in file cabinets, being managed manually or with very limited technologies, there is no visibility into what is virtually happening in the active contracts at every stage of the contract and project life cycle.

4.8 Staffing Adequacy in Contract Management Function

Researcher wanted to know if the function is properly staffed and if not the way forward to empower this crucial function.

Table 4.8 Respondents’ View on Staffing of Contract Management Function

Response	Frequency	Percentage	Measures taken
Yes	12	30	i) Engaging consultant for one year
No	28	70	ii) Plan to employ new staff
I do not know	0	0	iii) Automating contract database
Total	40	100	

Source: Survey questions, 2019

As per Table 4.8, 12(30%) of respondents were in opinion that contract management staff were adequate while 28 (70%) of the respondents were in opposing view that the function has staff inadequacy. The results from table 4.8 predict that there is no staff adequacy at Ethio telecom Jimma branch Project contract management function.

Analysis indicates that there is staffing inadequacy at Ethio telecom Jimma branch Project’s contract management function. This might be the cause of poor contract visibility in the organization as seen in section 5.9. This is consistent with general view that efficiency and productivity of organization depends heavily on effective recruitment and maintaining proper staffing levels (Skuturna, 2006).

4.9 Penalty Clauses Enforcement for Breach of Project Contracts

Respondents were asked to give their opinion on the enforcement of penalty clause for breach of project contracts then they forwarded their opinion as follows.

Table 4.9 Penalty Clause Enforcement for Breach of Project Contracts

Response	Frequency	Percentage	Discharging the penalty
Penalty clause enforced	5	12.5	i) Counter offers
Penalty clause not enforced	20	50	
Do not know	15	37.5	
Total	40	100	

Source: Survey questions, 2019

Table 4.9 tell us that 5(12.5%) of the respondents narrated that penalty clause ought to be enforced while 20(50%) of them said in the contrary to the former whereas 15(37.5%) of them answered as they have no idea of the penalty clause. The results suggest that little attention is paid to enforcement of penalty clause at Ethio telecom of Jimma branch project work.

Research finding reveals that Ethio telecom of Jimma branch Project has been slack on enforcement of penalty clauses for suppliers' breach of project contracts. The respondents' opinion on how the penalty is discharged was that instead of paying a specified sum in comparison with the loss, the discharge was mainly through counter offers specifically to major suppliers where a consultant is provided for free or training programs are offered for free of charge. As supported by the insertions of Hatzis (2003) who asserted that having penalty clauses and not enforcing them is like "having a cake and not eating it". This suggests that lack of enforcement of penalty clauses against suppliers might be the reason why there is lack of compliance to terms and conditions, project delays, late deliveries, poor after sales services, poor quality of works.

4.10 Cost Transparent for not Overcharging of Services of Projects Performance

Respondents were asked to give their opinion on the costs transparent for overcharging of services of projects

Table 4.10 Cost of Transparent for Overcharging of Projects does not occur

Recognized as significant	Frequency	Percent	Cumulative Percent
Strongly Agrees	32	80	80.0
Agrees	5	12.5	92.5
Neutral	3	7.5	100
Disagrees	0	0	0
Total	40	100	

Source: Survey questions, 2019

Table 4.10 vividly showed that, 32 (80%) of respondents strongly agree that costs of transparent are much enough so that the overcharging does not occur during the projects in the organization, 5 (12.5%) of respondents on agrees recognized it as important while disagree and neutral are none. These findings justify that at Ethio telecom Jimma branch Project, the costs transparent are more enough and they make sure that no overcharging occurs during the projects.

The review of some contract files at the Project office showed that there are some contracts which have been out of the budgeted amount but that was due to extensions of time and claims for variation (i.e., presence of additional works that were unforeseen before). This revealed that presence of variations is because contract management is not given much of the deserved

attention and poor approaches for contract management which are associated with unapproved variation of works. On the contrary, at the Ethio telecom Jimma branch Project there is a good contract management approach when such claims for variations were raised and consulted for their approval.

4.11 The Utilization of Benefits Promised During Contracts of Projects Performance

Table 4.11 Utilization of Benefits as Per Contracts Management Promised

Recognized as Significant	Frequency	Percent	Cumulative Percentage
Strongly Agrees	34	85	85
Agrees	4	10	95
Neutral	2	5	100
Disagrees	0		0
Total	40	100	0

Source: Survey questions, 2019

Table 4.11 showed that 34(85%) of the respondents strongly agrees that Ethio telecom Jimma branch Project utilizes the benefits as per contracts said while 4(10%) agrees that the benefits are fully utilized as per contracts terms. And the rest they were neutral and disagrees.

4.12 Correlation Analysis

This study employs the correlation analysis, which investigates the strength of relationships between the studies variables. Pearson correlation analysis was used to provide evidence of convergent validity. Pearson correlation coefficients reveal the magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 to +1.0). general guidelines of the relation of .10 to .30 are considered weak, correlations of .30 to .70 are considered moderate correlation and of .70 to .90 are considered large and correlations of .90 to 1.00 are considered strong (Marczyk, et al., 2005)

CHAPTER FIVE

5. SUMMARY OF MAJOR FINDINGS, CONCLUSIONS & RECOMMENDATIONS

5.1 Summary of Major Findings

The primary objective of this study was to examine the **impact** of procurement contract management on the effectiveness of project management at Ethio telecom Jimma branch Project and the specific objectives of the study includes investigating if Suppliers' compliance with terms and conditions of the contract relates to effectiveness of project management, describing whether technical capabilities of Suppliers has effects on the effectiveness of project management and investigating if close monitoring of procurement contracts during projects implementation correlates to the effectiveness of project management. The study included three independent variables (Suppliers' compliance with terms and conditions of the contract, technical capabilities of suppliers and close monitoring of procurement contracts during projects implementation) to measure effectiveness of project management at Ethio telecom Jimma branch project towards project success. The study was conducted by using both primary and secondary data. The primary data for this study were collected through questionnaires and a one to one interview with Project manager, Procurement Manger Procurement Specialist, Procurement and supplier relation administrator/Staff. The study used 40 employees. According to the research findings, the three independent variables were positively affect project management towards project success and also there is high dependency of project management on the three independent variables. Contract terms and conditions are the prerequisite requirements for enforcement of contracts and the basis for all purchase orders. The research findings indicated that project office slacks enforcement of penalty clauses for suppliers' breach of project contracts. The respondents' opinion on how the penalty is discharged suggests that lack of enforcement of penalty clauses against suppliers might be the reason why there is lack of compliance to terms and conditions, project delays, late deliveries, poor after sales services, poor quality of works and consequently creates disputes between the two parties.

The majority of respondents agreed that effective contract management depends on close monitoring of procurement contracts. It can generally, from respondents' observation, be deduced that effective project management depends on close monitoring of procurement contracts and also analysis indicated that there was staffing inadequacy at Ethio telecom Jimma branch Project's contract management function.

This might be the cause of poor contract visibility in the organization. Finally, according to the data obtained from the project office showed that contracts contained all the necessary required information/terms and conditions although this was not a guarantee that the same will be followed sufficiently in the execution to guarantee for effective project management. Basing from the selected contracts, it was established that the contracts were effectively executed and managed adequately when compared to the terms and conditions of the contract. Nevertheless, there were lessons to be learnt in order to enhance the conformance to terms and conditions of the contract and improve the level of effectiveness contract management in the future.

5.2 Conclusions

The objective of this research study were to assess the **impact** of procurement contract management on the effectiveness of project management at Ethio telecom Jimma branch Project, specifically, to determine if suppliers' compliance with terms and conditions of the contract relates to effectiveness of project management, to determine whether technical capabilities of suppliers reveal the effectiveness of project management and to determine if monitoring of procurement contracts during projects implementation correlates to the effectiveness of project management at Ethio telecom Jimma branch Project.

The findings reveal that there is very high dependency of effective project management on suppliers' compliance with terms and conditions, suppliers' technical capability and close monitoring of suppliers during project implementation. Although at Ethio telecom Jimma branch Project contract management function is considered significant and all projects are approved by heads of operations, procurement and finance departments in the purchase committee is twice a week, there is staffing inadequacy in contract management function, there are disputes related to projects majority of which are caused by suppliers' late delivery, poor quality of works and/or

services, vague specifications, suppliers' technical incapability and little attention is paid to making contract visible which makes contract and hence project difficult to manage. Ethio telecom Jimma branch Project has also been slack on enforcement of penalty clauses for suppliers' breach of project contracts; instead discharge is mainly done through counter offers. There is also lack of efficient technical evaluation of suppliers and increased laxity in supplier monitoring especially on delivery KPI for local suppliers. These have exposed Ethio telecom Jimma branch Project is to a lot of risks ranging from project management uncertainty, supplier relationship risks, poor quality of works or services, late deliveries, conflicts as well as loss of revenue and goodwill.

5.3 Recommendations

Based on the finding obtained from the research analysis the researcher positively wants to forward the recommendations to the concerned body as follows:-

- ✚ First and foremost, to administer compliance with terms and conditions of project contracts, Ethio telecom Jimma branch Project should secure and enforce penalty clauses for suppliers' breach of project contracts instead of discharging it through counter offers. These offers are normally provided at prices which cannot compensate the loss incurred. Moreover, enforcement of penalty clauses would help suppliers to match specifications, deliver materials and high quality of projects and services on time which would guarantee the efficient and effective delivery of project. For avoidance of doubt, the organization shall require a supplier to submit reports in advance of or concurrent with its invoices. These reports should be directly related to the terms and conditions of project contracts.
- ✚ Since it is a project oriented organization, price alone should not be the determining factor for supplier qualification; strong technical supplier evaluation is highly recommended to ensure that suppliers deliver projects at excellent standards. This shall include previous experience in similar field and with same type of requirements, available capability and equipment to undertake the project as well as qualifications and experience of proposed personnel. Ethio telecom Jimma branch Project should evaluate the suppliers' delivery performance and provide a report to the supplier on its performance. This would technically enhance efficiency in delivery of projects.

- ✚ Last but not least, to enhance contract and project management, Ethio telecom Jimma branch Project should have a contract management solution (contract management) so as to have visibility into what is happening in its active contracts at virtually every stage of the project lifecycle.
- ✚ Effective project management should be consistent from contract creation through to tracking milestones and contract renewal. This solution should be designed to provide alerts and reporting systems for all project contracts.
- ✚ Moreover, due to growth of business and increasing risks associated with the increase in supplier base, Ethio telecom Jimma branch Project has to recruit and retain more experienced and qualified staff for contract management function to cope with increased demand of project management. This would increase the likelihood of close monitoring of project contracts during projects implementation

5.4 Future Research Direction

Time constraint was the most important limiting factor, collecting more data from more than two project offices could lead to more precise representation of the real situation on the topic. Given the study was conducted only in one project office further studies suggested are for researchers to study in more details, to represent insight details on the matter, explicitly address the issue of risk management and knowledge practice and investigation on contract management, future research should involve more project offices under Ethio-telecom at all.

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Appendix

JIMMA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

M.A. IN PROJCT MANAFGEMENT & FINANCE

Questionnaire Prepared to Ethio Telecom Respondents

Part I—General information

Respondents Demography (please put a “X” mark on the box that best describes you)

Instruction: Please mark your answer with a tick (√) in the space provided

1 Age 18-25 26-35 36-44 45 & above

2 Gender Female Male

3 Educational level Primary Education Secondary Education Diploma First Degree Masters & above

4 Monthly income in ETH birr. 5000-10000 10001-15000 15001

Part II- Basic information

1. What is your position/role at Ethiopian Telecom?

2. For how long have you worked in Ethio telecom in your current position? (in years)

3. How important do you consider the Contract Management function in the effective delivery of project contracts? Kindly cycle the correct answer in the following Likert-scale.

(i.) Unimportant ()

(ii.) Of little important ()

(iii.) Moderately important ()

(iv.) Important ()

(v.) very important ()

4. Do you agree that effective project management depends on supplier's compliance with terms and conditions of contract? Kindly tick the correct answer.

(i.) Strongly Disagree ()

(ii.) Disagree ()

(iii.) Neither agree nor disagree ()

(iv.) Agree ()

(v.) Strongly agree ()

5. Do you agree that effective project management depends on supplier's technical capability? Kindly tick the correct answer.

(i.) Strongly Disagree ()

(ii.) Disagree ()

(iii.) Neither agree nor disagree ()

(iv.) Agree ()

(v.) Strongly agree

6. Do you agree that monitoring of procurement contracts during project implementation correlates the effectiveness of project management at Jimma Ethio telecom? Kindly tick the correct answer.

(i.) Strongly Disagree ()

(ii.) Disagree ()

(iii.) Neither agree nor disagree ()

(iv.) Agree ()

(v.) Strongly agree ()

7. Are purchase committee board meeting conducted? Kindly tick the correct answer.

(i.) Yes ()

(ii.) No ()

(iii.) I don't know ()

8. If "Yes", how often are these PC meeting conducted? (Number of times a week)

9. Who authorize(s) the purchase of project requisitions in the purchase committee? (Designations only)

10. Have you experienced any dispute(s) with Jimma Ethio telecom Project suppliers in delivering projects? Kindly tick the correct answer.

(i.) Yes ()

(ii.) No ()

11. If your answer is "Yes" kindly state what was it (were they) related to?

12. What measures has Jimma Ethio telecom Project taken to resolve those disputes? -----

13. Do you think Jimma Ethio telecom project has visibility of its Project contracts? Kindly tick the correct answer

(i.) Yes ()

(ii.) No ()

(iii.) I don't know ()

14. If "No", what measures are being taken by management to ensure that there is consistent contract visibility?

15. In your opinion, do you think Jimma Ethiotelecom Project contract Management function is properly staffed? Kindly tick the correct answer.

- (i.) Yes ()
- (ii.) No ()
- (iii.) I don't know ()

16. If "No", what measures are being taken by management to ensure that the function is properly taffed?

17. Are penalty clauses enforced for breach of project contracts? Kindly tick the appropriate answer

- (i.) Yes ()
- (ii.) No ()
- (iii.) I don't know ()

If your answer is "No" kindly state how it is discharged

18. Kindly state the risks associated with poor management of project contracts?

19. Are the cost transparent enough to ensure the overcharging of services during the projects ordering does not occur?

- (i.) Strongly Agrees ()
- (ii.) Agrees ()
- (iii.) Disagrees ()
- (iv.) Neutral ()

20. Are the benefits promised by contracts management are fully utilized and realized by Jimma Ethiotelecom Project?

- (i.) Strongly Agrees ()
- (ii.) Agrees ()
- (iii.) Disagrees ()
- (iv.) Neutral ()

21. Does the purposes and scope of the contracts are well defined and communicated in prior of the final

dates?

(i.) Strongly Agrees ()

(ii.) Agrees ()

(iii.) Disagrees ()

(iv.) Neutral ()

22. Is there any information management system that can supports contracts manager

(i.) Yes ()

(ii.) No ()

(iii.) Neutral ()

23. Is the total spend during the contracts are well understood by both parties?

(i.) Yes ()

(ii.) No ()

(iii.) Neutral ()

24. Additional comments and suggestions
