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Department Of Management
M.A in Logistics and Supply Chain Management

Factors Affecting Public Procurement Performance
A Study With Reference To Selected Public Sectors in
Benshangul G/R/S: Assosa Town

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Abstract

The main objective of the study will to examine factors affecting public procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus. Descriptive and explanatory research design will be use in executing the study. The target population of the study will include all employees working at management bodies, procurement directorate, finance directorate, Audit directorate and planning directorate who are pertinent to the process, function and decision making of procurement within the organizations. The study will employ stratified sampling technique to select the respondents. The sample size of the study will be 154 respondents. Who currently working at management position and have direct relationship with procurement activities. The researcher will distribute questionnaires and return. Both primary and secondary data will be used throughout the study. The fields data will be also statistically analyze using descriptive statistics and inferential statistics data analysis methods. The findings of the study will expect in Benshangul Gumuz Regional State public sectors to identify the factors that affect procurement performance and to fix the problem with remedial action.

Key words: public procurement, Procurement Plan, Procurement Procedure, Staff Competency, budgetary allocation and supplier selection process.

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List of Acronyms and Abbreviations

ATA	Agriculture Transformation Agency
BGRS	Benshangul Gumuz Regional State
BGRSBOFD	Benshangul Gumuz Regional State bureau of finance and development
GDP	Gross Domestic Product
PPA	Public Procurement Agency
SPSS	statistical Package for Social Science

CHAPTER: ONE

INTRODUCTION

1.1 Background of the Study

The public procurement process spans the whole life cycle from initial conception and definition of the needs through to the end of the useful life of an asset or the end of a contract. Public procurement is a key tool to promote objectives of an economic, environmental and social nature gaining much attention globally over the past decades. In developing countries, it is one of the main instruments to the achievement of development goals such as reducing poverty and providing health, infrastructure, education and other services hence immensely contribute to best utilization of public resources (World Bank, 2020).

(Wikipedia, 2016) asserted that procurement is the acquisition of appropriate goods and services at the best possible 'total cost of ownership' to meet the needs of purchaser in terms of quality, quantity, cost, time and location. When goods and services are purchased by a public sector, it is called public procurement. As has been rightly said, 'It is the process by which government and public sector institutions buy inputs for vital public sector investments in physical infrastructure and for strengthening institutional human capacities, which lay the foundation for national development' .

The study of (Zegeye, 2015) concluded that the procurement process involves several steps which are very lengthy and a sequence of non-value adding cyclical activities. Some of the steps are redundant and because of this purchases are often time consuming. Such as poor quality of goods, inability to prepare right specifications, delay in delivery of items, and. Due to these factors it takes too long to receive items requested.

Moreover, in developing country, many procurement activities still suffer from neglect, lack of proper direction, poor coordination, slow with a number of bureaucracy, lack of open competition and transparency, lack of accessibility, differing levels of corruption and not having a trained and qualified procurement officer, who are capable to conduct and manage the procurement process in a professional, timely and cost effective manner (Wanyonyi, 2015).

Most developing countries are also facing a problem of rapid changes in procurement requirements. The changes are impacting pressure on how the procurement function performs its internal and external processes and procedures in order to achieve its objectives. The ability to realize procurement goals is influenced by internal forces and external forces.

Interactions between various elements, professionalism, staffing levels and budget resources, procurement regulations, rules, guidelines, and internal control policies, all need attention and influence the performance of the procurement function (Mesfin,2018).

Public sector is a very large and diversified enterprise that spends 45–65 percent of its budgets on procurement. This amounts to 13–20 per cent of GDP in (OECD,2016) countries and even more in developing and transition economies:- 65 per cent in Ethiopia; 35 per cent in South Africa; 43percent in India; and 47 percent in Brazil. In relation to this, Public Procurement has undoubtedly become an increasing important factor in economic and business circles globally. This is evidenced by the growing interest of donors, governments, civil society, professional organizations, the private sector and the general public. In general, public procurement is an area in need of attention since scarce resources are not being properly managed in many countries as well as major reform needs to be in place in order to improve the level of effectiveness of the public procurement system.

And also Suppliers are key stakeholders in any organization and play a key role in organizations attaining or not meeting their set objectives and goals. Supplier selection process is a process of finding the appropriate suppliers who can provide the best and quality products and/ or services at the right time and at the right amount with an acceptable price. A Supplier selection process problem is vital for a company operating in a competitive environment. To be competitive, the company should be a continuous effort to ensure the right suppliers are engaged (Dikmen, 2015).

The Benshangul Gumuz Regional state procurement and property proclamation no (96/2003) assured that Public Bodies shall have overall responsibility for procurements they carry out and the property they administer. In particular, apart from those specified in the directives to be issued by the Bureau, they have the following responsibilities: execute public procurement in a perfectly ethical and skillful manner; carry out public procurement in accordance with the Proclamation, the procurement directives, the procurement manual , the standard bid documents, the forms and the procurement contract; maintain complete record for each procurement in accordance with Article 16 of the Proclamation; be established an adequately staffed unit for procurement and property administration; setup a procurement endorsing committee which approves procurements of higher value; it may also setup adhoc evaluation committee for complex procurement; ensure that staff and officials assigned in the procurement and property administration and those assigned as members of the procurement endorsing committee receive

training to enable them acquire knowledge of the content and application the Proclamation, the directives to be issued under the Proclamation, the procurement and property administration manuals, the standard bidding documents and other relevant forms and ensure that the procurement of the Public Body is preplanned and complies with procurement principles enshrined in the Proclamation (Proclamation,2003).

But there are all the challenges and factors above need attention since they could influence the performance of the procurement function. Due to these reasons the researcher will examine the factors that affect public procurement performance in Benshangul Gumuz Regional State selected public Bureaus.

1.2. Statement of the Problem

Public procurement fulfils an important role in the economy and public expenditure of a country and can be regarded as a critical indicator of the effectiveness of a government, because it is a central aspect of public service delivery. (Odhiambo and Kamau , 2020) and (Ambe, I.M. and Badenhorst-Weiss, J.A, 2020) argue that “the origins of public procurement can be connected to the responsibility of government administrations to provide goods, services and infrastructure to the people of a country, at a national, regional or local level”. According to the World Bank (World Bank, 2020) public procurement also is a necessary strategic development instrument to promote good governance and to embed the effective and efficient use of public resources, which ultimately results in higher levels of service delivery.

And also According to the corruption perception index report (CPI, 2016) Ethiopia is ranked 108th out of 176 with the least corrupt countries at the top. This has procurement that the main factors including stakeholders, academic entities and the general public understand the whole process of procurement.

The major setbacks in public procurement is poor procurement planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of skills of procurement staff. In Ethiopia, More project works are being affected due to the lack of effective procurement process, which is the main cause of insufficient service delivery in all public sectors (Anteneh, 2015).

And also the study of (Getahun, 2015) pointed out the procurement plan format which was not coherent. The study further points out that the plan and reporting format, which was sent from

PPA, doesn't show the detail lead-time. It only shows the time limit set up for the process. The performance reporting format doesn't adhere with the plan format. It only shows the type and the amount of the procurement which does not allow to keep tracking the performance level. The study also indicated that urgent/unplanned procurement requisitions.

In a developed or developing country, employees who work on public procurement have and will face always many challenges. Some of them are lack of employee's competency in the area of procurement profession. The study of (Belachew, 2018) concluded that the public procurement workforce so important to the work of government. The survey result manifested that there the number of skilled manpower in the purchasing departments of the ATA is not proportional to the number of incoming request raised by technical team or project owners. Besides, the low government salary scale and the less attention given to the role, staffs of procurement turnover are high which these gaps contributed to the poor service delivery and procurement performance. Even though, Staff competencies in procurement unit affect the efficiency of procurement performance (Adissu, 2020).

To facilitate public operations governments often allot the major share of the state budget on procurement. As per the Organization for Social and Economic Development report (OECD, 2015) on the average developing countries public procurement accounts for up to 13% of gross domestic product (GDP). The finding of (Jomo, 2018) concluded that the performance of procurement process is adversely affected by budget allocation. The performance would be enhanced if the bills at the end of every fiscal year are approved and that sufficient budget allocation is made for procurement. The county government effectiveness can emanate from efficient budgetary allocation. Proper budget allocation would ensure that the county government officers perform their procurements roles effectively which would be very beneficial to the general citizenry. This is because with adequate resources, it's possible to attain efficiency in public procurement.

(Senait *et.al*, 2016) argued that staff competence & level of professionalism and resource allocation were the most related factors affecting procurement performance. Even though, they affirm that staff competency can be measured in terms of training, motivation, procurement negotiation skills, creativity, interpersonal and analytical skills and deployment of staff based on their skills. Resource allocation factor also can be measured in terms of adequateness of

resources, flexibility of budget allocation to fit changes in the economic environment, tender award and tender float based on resource availability and confirmation.

In addition the above factors Suppliers are key stakeholders in any organization and play a key role in organizations attaining or not meeting their set objectives and goals. (Krop & Iravo, 2016) based on their study concluded that supplier selection process has significant effect. A well managed and structured approach to supplier selection process ensures that the suppliers have the skills and knowledge to do the job and that they are developed to their full potential. The institution will benefit from this through cost saving; financial costs, mitigating delay costs and reputational costs, improved quality, effectiveness and efficiency. Good supplier selection process makes a significant difference to an organization's future that can reduce operational costs and improve the quality of its products and make rapid responses to the customers' demand (Abdollahi et. al, 2015).

But the main objectives of the Benshangul Gumuz Regional procurement and property proclamation no (96/2003) and the subsequent Directive and guideline was to promote fairness, transparency and nondiscrimination in procurement in regional public sectors with the aim of ensuring efficient use of public funds. While many regional public sectors have faced Challenges Such as many procurement activities still suffer from lack of preparing proper procurement plan, lack of sound procurement procedure; lack of trained and qualified procurement officers ; lack of proper budget allocation and in the supplier selection process there is no accountability and transparency of the procurement unit.

According to the researcher knowledge there are several studies conducted in public procurement performance issues such as (Adissu, 2020) , (Aikand and Noel 2018), (Amemba, 2015) , (Cyrus Saul et.al, 2015) , (Mwanjumwa and Simba, 2015) and (Kinuthia.G.S, et.al, 2015) tried to examine factories influencing procurement performance indifferent public sectors by using different variables. But not adequately tech the influence of preparing procurement plan, procurement procedure, staff competency, budgetary allocations and supplier selection process on procurement performance in the public organizations. Even though there were a lot of studies on procurement performance, none of these studies focused on the influence of preparing procurement plan, procurement procedure, staff competency, budgetary allocation and supplier selection process on procurement performance. Hence their findings couldn't be generalized to in Benshangul Gumuz Regional sectors public procurement performance. Moreover, as to the

researcher knowledge, no study has been undertaken regarding the factors that influences public procurement performance in Benshangul Gumuz Regional State selected Bureaus. To this effect, it is essential to find the fact through scientific research and to suggest appropriate remedies for the identified problems above and fill this research gap by examining factors such as preparing procurement plan, procurement procedure, staff competency , budgetary allocation and supplier selection process more specifically in Benshangul Gumuz Regional State selected Bureaus.

1.3. Research Questions

Based on the identify problems above, the researcher has develop the following questions; To examine factors affecting public procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus.

1. What is the effect of preparing procurement plan on public procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus?
2. What is the effect of procurement procedure on public procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus?
3. What is the effect of staff competency on public procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus?
4. What is the effect of budgetary allocation on public procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus?
5. What is the effect of supplier selection process on procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus?

1.4 Objectives of the Study

Based on the questions above, the study has the following general and specific objectives.

1.4.1 General Objective of the Study

The general objective of the study will be to examine factors affecting public procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus.

1.4.2 Specific Objectives of the Study

The specific objectives of the study will be;

1. To establish the effect of preparing procurement plan on procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus.

2. To analyze the influence of procurement procedure on procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus.
3. To establish the extent in which the influence of staff competency on procurement performance in Benshangul Gumuz Regional State with reference to selected Bureaus.
4. To assess and establish the effect of budgetary allocation on public procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus.
5. To determine the effect of supplier selection process on procurement performance in Benshangul Gumuz Regional State with reference to selected public Bureaus.

1.5. Significance of the Study

The study will have important uses for different bodies described below:

The findings of the research will help in Benshangul Gumuz Regional State public sectors to identify the factors that affect procurement performance and to fix the problem with remedial action. It is also expect that from the findings of the study, in Benshangul Gumuz Regional State public sectors may put in place appropriate measures to improve procurement performance levels. Similarly, it provides the researcher an opportunity to compare the academic theory with the actual procurement practice at the ground and gain deep knowledge in the concepts of Public procurement performance. The study may serves as a reference for other researchers who are interested in conducting studies on related issue.

Finally the study initiates the concerned authority to take appropriate policy measures for good running of the implementation of Public procurement activities to attain the ultimate goal.

1.6. Scope of the Study

The scope of the study will delaminate to the procurement activities of in Benshangul Gumuz Regional State with reference to selected public Bureaus, specifically on the factors that affect procurement performance such as preparing procurement plan, procurement procedure, staff competency, budgetary allocation and supplier selection process. Because the researcher observed in the working area there is a gap between what end users need and what is actually performed. There have been a lot of problems since the quality of goods purchased doesn't fit with the specification, Lack of clear procurement process and procedure, lack of skills and capacity staffs, inadequate linking of demand to the budget, lack of accountability and

transparency in the selection process of supplier. These observed problems initiated a researcher to study factors affecting procurement performance activities in Benshangul Gumuz Regional State with reference to selected public Bureaus in terms of the five rights of purchasing. The subjects of the study will only the regional public procurement practices. The study does not include zone and woreda public sectors. The study will also measure the performance of procurement activities of Benshangul Gumuz Regional State with reference to selected public Bureaus in terms of the five rights of purchasing.

1. 7. Operational Definition of Key Terms

Procurement means obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means.

Public Procurement means Procurement by a Public Body using Public Fund.

Public procurement performance is measured whether it assures value for money due to proper process and procedure or increased customer satisfaction. It entails high returns on investment (ROI), reduced transactional costs, faster delivery of services and supplies, delivery of high quality purchases, and streamlined supply chains (Odhiambo & Kamau, 2003).

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

Procurement procedures are operating instructions detailing functional duties or tasks.

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

Budget allocation is the amount of budget allocated from the organizations for each work unit for the activity of procurement.

Supplier selection process is processes by which firms identify, evaluate, and contract with Suppliers.

CHAPTER: TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature Review

2.1.1. Concepts of Procurement

According (Lysons and Farrington, 2006) defined purchasing as the processes undertaken by the organization unit that, either as a function or as part of an integrated supply chain, is responsible for procuring or assisting users to procure, in the most efficient manner, required supplies at the right time, quality, quantity and price and the management of suppliers, thereby contributing to the competitive advantage of the enterprise and the achievement of its corporate strategy. Alternatively (Quayle, 2006) further defined by quoting Compton and Jessop as the obtaining by various means (loan, transfer, hire purchase) of supplies and services with or without consideration.

From the entire definition listed above, it is possible to conclude that procurement entail that it is a process and parts of the supplies management process works to bring effective and efficient management of resource, engaged in acquisition of materials and services by various means, the acquisitions are based on the right manner (time, quality, quantity, price...) and developing its own strategy that relates to the corporate strategy.

Sometimes procurement and purchasing considered as similar term with analogous duties and responsibilities. Even though the two terms have similar explanation, there are matters that makes distinct. According to (Quayle ,2006) the term purchasing and procurement are often used interchangeably; however, there might be a distinction in that purchasing is more concerned with establishing and managing a commercial relationship, whereas procurement is also concerned with the more physical material or service delivery control aspects after the contract has been let or the order placed. On the other hand (Lysons and Farrington, 2006) procurement is a wider term than purchasing, which implies the acquisition of goods or services in return for a monetary or equivalent payment. Procurement, however, is the process of obtaining goods or services in any way, including borrowing leasing and even force or pillage.

2.1.2 General principles of government procurement

There are a number of principles of public procurement that can be identified that are shared by some most, principles most or many systems of public procurement. These principles are implemented through various means of legal and regulatory rules on conducting public procurement procedures are one of these means. According to (Arrow, 2010) there are six Objectives (Principles) to be meeting in Public Procurement.

These are Purchasing should be based on value for money; Competition should be used to acquire goods and services (unless there are convincing reasons to the country); There should be clear definition of the roles and responsibilities of personnel involved in specifying the need, giving financial authority and making purchasing commitments; There should be separation of the financial authority and the purchasing authority; There should be separation of duties between personnel who make contracts, those who receive the goods or services and those who authorize payments and Requirement which is above a certain financial threshold is normally required to be advertised in accordance with [government] regulation on public procurement (Baily P. et.al, 2005).

2.1.3. 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. The functions of procurement can be classified as five activities as presented below (Mentzer, 2001).

A. Purchasing

These activities are the routine activities related to issuing purchase orders for needed products. There are two types of products that a company buys; 1) direct or strategic materials that are needed to produce the products that the company sells to its customers; and 2) indirect or MRO (maintenance, repair, and operations) products that a company consumes as part of daily operations. The mechanics of purchasing both types of products are largely the same. Purchasing decisions are made, purchase orders are issued, vendors are contacted, and orders are placed. There is a lot of data communicated in this process between the buyer and the supplier items and quantities ordered, prices, delivery dates, delivery addresses, billing addresses, and payment

terms. One of the greatest challenges of the purchasing activity is to see it that data communication happens in a timely manner and without error. Much of this activity is very predictable and follows well defined routines (Michael, 2011).

B. Consumption Management

Effective procurement begins with an understanding of how much of what categories of products are being bought across the entire company as well as by each operating unit. There must be an understanding of how much of what kinds of products are bought from whom and at what prices. Expected levels of consumption for different products at the various locations of a company should be set and then compared against actual consumption on a regular basis. When consumption is significantly above or below expectations, this should be brought to the attention of the appropriate parties so possible causes can be investigated and appropriate actions taken. Consumption above expectations is either a problem to be corrected or it reflects inaccurate expectations that need to be reset. Consumption below expectations may point to an opportunity that should be exploited or it also may simply reflect inaccurate expectations to begin with (Michael, 2011).

C. Vendor Selection

There must be an ongoing process to define the procurement capabilities needed to support the company's business plan and its operating model. This definition will provide insight into the relative importance of vendor capabilities. The value of these capabilities has to be considered in addition to simply the price of a vendor's product. The value of product quality, service levels, just in time delivery, and technical support can only be estimated in light of what is called for by the business plan and the company's operating model (Michael, 2011).

Once there is an understanding of the current purchasing situation and an appreciation of what a company needs to support its business plan and operating model, a search can be made for suppliers who have both the products and the service capabilities needed. As a general rule, a company seeks to narrow down the number of suppliers it does business with. This way it can leverage its purchasing power with a few suppliers and get better prices in return for purchasing higher volumes of product (Michael, 2011).

D. Contract Negotiation

As particular business needs arise, contracts must be negotiated with individual vendors on the preferred vendor list. This is where the specific items, prices, and service levels are worked out.

The simplest negotiations are for contracts to purchase indirect products where suppliers are selected on the basis of lowest price. The most complex negotiations are for contracts to purchase direct materials that must meet exacting quality requirements and where high service levels and technical support are needed (Michael, 2011).

Increasingly, though, even negotiations for the purchase of indirect items such as office supplies and janitorial products are becoming more complicated because they fall within a company's overall business plan to gain greater efficiencies in purchasing and inventory management (Michael, 2011).

Suppliers of both direct and indirect products need a common set of capabilities. Gaining greater purchasing efficiencies requires that suppliers of these products have the capabilities to set up electronic connections for purposes of receiving orders, sending delivery notifications, sending invoices, and receiving payments. Better inventory management requires that inventory levels be reduced, which often means suppliers need to make more frequent and smaller deliveries and orders must be filled accurately and completely. All these requirements need to be negotiated in addition to the basic issues of products and prices. The negotiations must make tradeoffs between the unit price of a product and all the other value-added services that are required. These other services can either be paid for by a higher margin in the unit price, or by separate payments, or by some combination of the two. Performance targets must be specified and penalties and other fees defined when performance targets are not met (Michael, 2011).

E. Contract Management

Once contracts are in place, vendor performance against these contracts must be measured and managed. Because companies are narrowing down their base of suppliers, the performance of each supplier that is chosen becomes more important. A particular supplier may be the only source of a whole category of products that a company needs and if it is not meeting its contractual obligations, the activities that depend on those products will suffer (Michael, 2011).

A company needs the ability to track the performance of its suppliers and hold them accountable to meet the service levels they agreed to in their contract. Just as with consumption management, people in a company need to routinely collect data about the performance of suppliers. Any supplier that consistently falls below requirements should be made aware of their shortcomings and asked to correct them. Often the supplier themselves should be given responsibility for

tracking their own performance. They should be able to proactively take action to keep their performance up to contracted levels.

2.1.4. Procurement Procedures

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

2.1.4.1. Need Identification

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

(Biruk, 2006) conducted a research entitled evaluating the purchasing procedure in Ethiopian grain trade enterprise. The research paper discusses problems impeding efficient purchasing practice in the organization. The main problems identified in the enterprise were poor quality of grain purchases, suppliers deceiving purchasers, continuous price fluctuations, unclear purchasing procedures and incompetent purchasing staff. The general objective of the paper was present to analyze the purchasing procedures and understanding the relationship between purchasing and other units of the organization. The research findings showed that the poor quality of grain is attributable to the fact that no technical specifications are given to purchasers and disloyal act of suppliers. The paper discusses unreliable suppliers are causes of inefficient purchasing since the enterprise has no permanent source of supply. Further the problem of unclear purchasing procedure was mentioned as a research finding. The study recommended developing a clear purchasing procedure for speedy purchasing process. Also development of specification for purchases and training the purchasers on the application of specification is recommended. The consequence of having unskilled manpower is not mentioned in the findings part. The finding restated the existence of unclear purchasing procedure, which was predetermined in the statement of the problem but fails to discuss its implication on purchasing performance. However, the investigation gives viable information about not only the need to have purchasing procedure but also the importance of communicating it to the concerned staff to enhance efficient purchasing practice.

2.1.4.2. Planning and Specification of Goods or Services Required

Once the needs have been identified, the procurement department should develop or communicate a plan on how to deliver the service or goods required. The plan must be developed

in collaboration with the other functions within the organization, so that it is integrated into the organization's strategy and therefore provided for adequately (Shaw, 2010). To be able to purchase the right goods or services, the specifications of what the organization needs must be clear. These specifications are used to communicate to the supplier what is needed and what should be supplied. It is therefore important to have clear, precise and accurate specifications.

Most organizations have standard specifications for the most regularly procured items and services such as medical and construction (Shaw, 2010). (Thai et al 2005) provide that a specification is a detailed description of the design, the service, or materials. It describes in detail the requirements to which the supplies or services must conform.

The basic requirement of a good specification is to clearly identify the service or product to stakeholders. The specifications must be clear to all parties. That is the user, procurement and the Supplier. Factors to consider in specifying a product include physical attributes, technical specification, and intended use (Thai et al, 2005).

2.1.4 3. Sourcing, Awarding, and Supplier Management

(Hinson and McCue, 2004) say that sourcing is the process of identifying sources of supply that can meet the organization's immediate and future requirements for goods and services. The sourcing process adopted will depend on the situation and on the time available to carry out sourcing. For instance, in a sudden on-set emergency the need to respond quickly to the emergency will mean there will be limited time to gather sourcing information and approve suppliers; therefore, an organization may make use of existing suppliers.

2.1.4.3.1. Market Enquiry

The process of inviting and evaluating tenders or quotations will vary depending upon an organization's own internal procedures. Nevertheless, the following are considered 'best practices', according to (Shaw, 2010).

2.1.4.3.2. Evaluation and Awarding

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

The procurement department coordinates the following; Analyzing and evaluating the bids against set criteria, specification requirements and presenting the analysis to procurement appointed committee; Verification of supplier capability and quality control/as assurance

processes; Reviewing product inspection results where necessary; Verification of technical evaluation reports where applicable; Negotiates with vendors where it is recommended by the committee and Placing orders and expediting the delivery.

In addition, (Shaw , 2010) contended that it is very important for the procurement department to assess and consult on any big price variations, to avoid potential conflict of interest, undue influence, price fixing and favoritism, and to ensure consultative decision making and sharing of responsibilities. Also, the tender box should not be opened by one person only, and the criteria used to evaluate bids should be tested and validated by the committee before reception of bids.

2.1.4.3.3. Placing Orders and Contracting

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

2.1.4.3.4. Progressing/Expediting

Once the order is placed and the supplier has confirmed receipt and agreed to the contract terms and conditions, the role and the amount of work that staff in procurement have to undertake will be affected by the performance of the suppliers (Bovis, 2007). It is necessary therefore, for the procurement staff to monitor the progress of orders and the performance of the suppliers. Supplier performance will determine the amount of time and money that has to be spent in expediting orders and the managing of suppliers. To ensure an uninterrupted flow of goods and services, expediting should be a continuous process, especially in emergencies. The continuous monitoring enables the organization to pick out break-down points in the system and quickly identify solutions (Shaw, 2010).

2.1.4.3.5. Delivery and Return

(Lewis and Roerich, 2009) argue that procurement only facilitates delivery through expediting for timely delivery and trouble-shooting returns. The physical receipt and inspection of goods

takes place at the delivery point. Procurement only needs to know that delivery has taken place and that the supplier has delivered in accordance with the purchase order and complied with delivery contract requirements.

In addition, whoever is responsible for accepting delivery and inspecting the goods should understand the procedure to follow in the event that there are any problems or discrepancies. For certain goods or commodities an independent inspection company may be used to check the quality of the goods (Shaw, 2010).

2.1.4.3.6. Payment

When goods or services are received and accepted into stock, procurement then facilitates payment of the supplier by providing necessary documentation to Finance Department. Orders are normally generated in procurement, as the goods are delivered in the warehouses and transported to final distribution points; additional documents are generated in the process to support transactions. All these documents are finally consolidated to support vendor payments.

2.1.4.3.7. Review

(Shaw, 2010) argues that it is very easy to forget the review stage, particularly when there is a lot of procurement activity taking place as in the case of an emergency. Consequently, the review stage is very important and has got three main objectives. These are; A review with the original user or beneficiary on whether the original needs they had have been met; a review of the performance of procurement in carrying out the procurement process, and a review of the supplier performance. In emergency situations, the review step happens much later in the emergency. Emphasis during the emergency is focused on obtaining the goods and services and meeting the needs (Shaw, 2010).

2.2. Overview of challenges in the public procurement process

Public procurement practitioners are faced with many challenges and, because each country has a different socio-economic, cultural and political environment, the procurement officers in different countries encounter different types of challenges in their processes or face the same challenges but at differing levels to those from their counterparts in other countries (Harland, Callender, Knight, Telgen, Thai & Walker 2010). Public procurement is an activity of paramount importance in government for a number of reasons. For instance, the financial outlay in public procurement has a significant impact on the economy and needs to be well managed. It is

estimated that public procurement constitutes between 13% and 20% of GDP on average worldwide and this has a significant impact on public funds allocation and economic growth (OECD, 2013). These sizes of procurement spend needs efficient handling and this has been a management and policy concern, as well as a challenge for public procurement practitioners. Public procurement has always been seen as an area of waste and corruption and it is noted that corruption and bribery are widespread in government contracts (Kuhn & Sherman 2014).

Globalization has resulted in the world becoming one big place. Public procurement practitioners are therefore faced with the challenge of complying with their country's public procurement laws and regulations. This must be achieved without infringing the regional and/or international trade agreements of the global economy they exist in. The need to comply with national socio-economic policies (in supporting and promoting domestic firms), without unfairly disadvantaging foreign players as provided in the WTO agreements, presents a challenge which requires a careful analysis of trade agreements in order to take advantage of special provisions. According to (Arrowsmith ,2013), in developed and developing countries, a sound procurement system has accomplished management requirements such as quality, timeliness, costs, and policy requirements, and such policies include socio-economic goals such as local preference, sustainable procurement, social goals and global trade agreements. It is acknowledged that it is not easy for policy makers and public procurement practitioners to make an optimal decision, as there are always trade-offs among these goals (Thai , 2009).

2.3. Procurement performance

(VanWeele, 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. Procurement performance is not an end in itself but a means to control and monitor the procurement function. 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. Measuring procurement performance yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage. Electronic processes have replaced physical and paper-based processes. E-procurement moves tendering, negotiation and purchasing processes to websites. Improvement to a PE's procurement performance can be realized through reduced costs and wider choice available.

2.4. Factors affecting Procurement Performance in Public Sectors

2.4.1. Influence of Procurement Planning on Procurement performance

Procurement planning is one of the primary functions of procurement with a potential to contribute to the success of public institution's operations and improved service delivery (Basheka, 2008). Despite this importance, very limited scientific research has been done to examine the extent to which efforts in procurement planning can contribute to effective public institution's performance. Procurement Planning entails the identification of what needs to be procured, how the organizations needs can best be met, the scope of the goods, works or services required, what procurement strategies or methods to be deployed, setting the time frames, and the accountability for the full procurement process. According to Industry Manual, (2008) counsels that a procurement plan is an instrument for implementation of the budget and should be prepared by the user departments with a view to avoiding or minimizing excess votes in the entities' budgets and to ensure that procurements do not proceed unless there are funds to pay for them. This implies that all procurement plans must be well integrated into the budget process based on the indicative budget as appropriate and in compliance with the procurement law.

2.4.2. Influence of Procurement Procedures on Procurement performance

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

(Baily P. , 2005) argued that public procurement procedures tend to be characterized by high levels of bureaucracy independent of order value; poor communications and focusing on unit price rather than long-term relations. Procurement perceptions are affected by the existing organizational structure, quality of internal communication system, past experience and resources available. 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 Government policy objectives would fail to meet the desired objectives.

2.4.3. Influence of Staff Competency on Procurement Performance

According to (Banda, 2009), many procuring organizations have staffs that do not have the right competence needed for good procurement management. The Public Procurement law requires that each procuring entity establishes a procurement unit with procurement professionals. The lack of professionalism has been explained as a cause of non-compliance to procurement laws (De Boer & Telgen, 2006). Professionalism in public procurement relates to the levels of education and qualifications of the workforce as well as the professional approach to the conduct of business (Raymond, 2008).

When the procurement workforce is not adequately educated in procurement there are serious consequences such as breaches of codes of conduct. (Raymond, 2008) links the level of professionalism with corruption, which has been shown to impede compliance to public procurement regulations. Further, (De Boer and Telgen, 2006) also attribute non-compliance in public procurement to lack of purchasing professionalism in the public sector. Another cause of non-compliance is the lack of staff training. (Boyan, 2003) argues that there are clear benefits in ensuring procurement staff are professionals, this is because their competence can ensure that the benefits of new products and services are brought to the attention of the right person in an organization. According to (Sultana ,2012), technological developments and organizational change have led employers to the realization that their success relies on the skills and abilities of their employees, which means that they have to continuously invest in training and development. Employees begin to realize that learning and continuous training is as big as job itself (Christianne, 2008). Training one another, or “train the trainer”, is another important aspect of continuous learning. It allows employees to develop new applications and techniques and share them with their peers or supervisors. Moreover, (Smith, 2009) contends that lack of professional

training on procurement functions and lack of continuous training on implementation of best procurement performance hinders the procurement staff in public sector organizations to effectively execute procurement procedures. According to (Hall, 2009), efficiency and the effectiveness of procurement procedures are hindered by absence of effective continuous employees training programs that help in equipping the employees with competitive procurement management skills.

(Armstrong, 2008) affirms that a continuous employee training contributes towards improvement of the level of their competency in the execution of respective job task functions. (Ebrahim, 2010) contends that from management viewpoint, training is associated with higher organizational productivity, it can improve the adaptability and flexibility of their employees and their responsiveness to innovation, it can be regarded as a means of engaging the commitment of employees to the organization and training programs specific to the organization are of paramount importance not least because they bind the employee and cannot be used by rival organizations.

2.4.4. Influence of Resource Allocation on Procurement Performance

According to (Thompson and Strickland, 2007), to implement any strategy, necessary adequate resources must be available whether financial, physical, human or technological. These resources are limited and competed for by other projects in any organization. Strategic management enables allocation of resources as per priorities established by regularly set objectives in an organization. Annual budgetary allocation of resources towards goals is a strong indication of management's commitment to the strategic plan to achieve those goals. Typically therefore, lack of such symbolic budgetary allocation signals non-commitment to the strategy by top management and this trickle down the entire organization thus impeaching the implementation process. Similarly, (Jonhson and Scholes, 2002) noted that if adequate resources are not allocated to motivate and direct the efforts and behavior of employees towards strategy implementation, the strategy may fail. According to (Kamann et al., 2004), the resource dependency perspective is a reason for organizations to collaborate so as to gain more purchasing power to secure supply in a scarce market, or gain certain skills from other organizations that they do not possess themselves. Resource based theory takes a broader view of resources, focusing on the firm's competencies and capabilities of coordinating productive resources that are not transaction specific.

2.4.5. Influence of Supplier Selection on Procurement Performance

A strategic supplier selection and evaluation decision is not solely based on traditional selection criteria, such as cost, quality and delivery. In strategic sourcing, other additional criteria's should be considered with the aim of developing a long-term supplier relationship such as quality management practices, long- term management practices, financial strength, technology and innovativeness level, suppliers' cooperative attitude, supplier's co-design capabilities, and cost reduction capabilities (Navasiri, et.al., 2016).

(CIPS, 2017) points out that supplier selection to ensure compatibility between buyers, in this case organizations and supplier in terms of shared business ethics, similar standards of excellence, commitment to continuous improvement are important in performance of suppliers. In a purchasing context the inclusion of the user departments in the definition of the goods or services or the scope of works to be provided by the prospective suppliers has the effect of providing clarity on required supplier roles and enables the selection of suitable suppliers for strengthening organizational strategic capabilities which ultimately leads to increased organizational performance (Nair & Das, 2015).

The overall success of a supply includes meeting goals related to cost, schedule, quality and safety. Time, cost and quality are three major factors that are of primary concern to the main parties involved in procurement. A good supplier is expected to supply on time, within budgeted cost and to the desired level of quality. (Duren,et.al.,2015) suggest that one method of improving performance is to prequalify suppliers prior to the bidding process so as to ensure that suppliers are able to execute the assigned project in accordance with client and project objectives. In this way an organization at any one time maintains an up to date list of prequalified suppliers. Supplier's prequalification is therefore a commonly used process for identifying a pool of competitive, competent and capable suppliers from which tenders or bids may be sought (Chirchir & Gachunga, 2015).

The other factors that firms consider in choosing potential supply partners is the safety record of the supplier, the business references provided by the supplier, and the supplier's customer base. The environmental, health and safety record of the supplier partners is critical. Safety typically is an important goal in the purchasing own operations, and they feel it is important that their suppliers share that fundamental philosophy. Second, because the firm becomes closely involved with its supply partners, the problems with the supplier reflect directly on the buying firm's

reputation. The environmental health and safety standards set by the law should be met by all the players (WHO, 2019). Competitive advantage can be created by collaborating with suppliers to create added value. This will be achieved by the organization creating and sustaining superior performance due to embracing strategic procurement by engaging the right caliber of suppliers to partner with. Competitive advantage will be obtained when the organization develops and acquires a set of attributes and executes strategies that allow it to outperform its competitors (Wang, 2014).

2.5. Objectives of Procurement and the Five Rights of purchasing

Purchasing aims at maintaining the quality and value of a company's products through the procurement of quality materials (Emmertt & Crocker, 2008) and (Emmertt & Wright 2011). It also aims at minimizing cash tied up in inventory through a number of inventory control methods. Continuous flow of production through a continuous flow of inputs is a major aim of procurement. The firm's competitiveness is also enhanced through the use of cost effective procurement methods. However, procurement objectives in their general form are constituted by five 'rights', namely, the right time, the right source, the right place, the right price and the right product (Lysons & Farrington, 2012).

The five rights provide a simplified explanation of the traditional objectives of the procurement function. The five rights comprise getting the right material, from the right sources, to the right place, at the right time, at the right price (Emmertt & Crocker, 2008); (Emmertt & Wright, 2011) and in the right quantities (Lysons & Farrington, 2012). However, it is important to note that in reality it is not always possible to achieve all of the five rights at the same time. Getting the goods at right time is more important than the right price in some instances. This means that the five rights are not always equally important and their importance is circumstantial. It is difficult for the buyer to consider them all as a set of objectives to consider as 'the right price' is often the most important indicator for purchasing performance. It is also important to remember that early deliveries may not be favorable, as they impact on increasing warehouse and handling costs (Toppari, 2009). The five rights form a good base for purchasing theory. The firm might put them into order and each of them could be given an importance factor as determined by the circumstances. This would help the purchasing department make the final decisions of where to buy and at what price (Leenders & Fearon, 2008); (Toppari, 2009). Whilst these are the general

objectives of purchasing, public procurement may have additional objectives, such as social or economic objectives, but the procurement process itself aims to achieve the five rights of purchasing.

2.6. Empirical Literature Review

There have been several studies which have been conducted on factors affecting public procurement performance in Africa and other parts of the world.

(Abass, H.A., 2014) confirms as there is a relationship between the procurement process and its effectiveness on the procurement function in terms of timely delivered of the items and the quality of the procuring items in general. Besides, there is a great interrelation between the procurement process and its effectiveness of the procurement function. This means that when the whole process of procurement process is managed in a proper way there are fewer obstacles in the procurement functions. Not only that but also when there are effective procurement processes in the organization the performance of the procurement function, the objectives which are amongst are timely delivered and procuring of the quality items will be achieved.

(Mamiro, 2010) agrees with these findings and concludes that one of the major setbacks in public procurement is poor planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of the skills of staff responsible for procurement. The study found out that there was poor contract management at the sector characterized by delays in payments to suppliers which hampers greatly on their service delivery, lack of proper controls in management of contracts where the user was left alone to manage and monitor own projects without involvement of procurement function. Similarly, the study found out that were no project progress reports filed with management.

According to (Basheka, 2008), procurement planning is the major function that sets the stage for successive procurement activities. The principles of planning can be implemented in an atmosphere of complete harmony. He further states that, as a function, procurement planning endeavors to answer the questions as to what one wants to procure, when to procure it, where to procure them from, when the resources be available, the methods of procurement to be used, how timely procurement or failure will affect the user of the items, the procuring and disposing entity, efficiency in the procurement process and the people to be involved in the procurement. (Peter, 2012) states that good procurement plan should describe the process in detail to appoint pertinent

suppliers contractually. At the beginning, the items needed to procure are defined, and then the process for acquiring those items is expounded in detail. Finally, the timeframe for delivery is scheduled.

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. Burt *et al.* (2010) stated that every organization develops procedures to enable its personnel implement policies and plans; designed to meet their objectives.

(Japheth Ocharo Kiage, 2013) conducted a research on Factors Affecting Procurement Performance: A Case of Ministry of Energy, Kenya. The objective of this study was to investigate the factors affecting procurement performance a case of Ministry of Energy, Kenya. This study looked at four independent variables (planning, resource allocations, staff competency and contract management) in procurement performance at the Ministry of Energy in Kenya. Specifically the study sought to establish the impact of procurement planning on procurement performance; ascertain the influence of resource allocations on procurement performance; discern the impact of staff competency on procurement performance and finally reveal the extent to which contract management in the procurement cycle affects procurement performance. Finally the study concludes that Planning, resource allocation, staff competency and contract management positively affected procurement performance at the Ministry of Energy. The researcher recommends further research to investigate the other factors that affect procurement performance.

Staff competency indicates adequacy of knowledge and skills that enable someone to act in various situations (Aketch and Karanja, 2013). Absence of adequate knowledge in procurement matters may end up with serious consequences including breaches of codes of conduct. 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).

The dynamic business environment has transformed the Supplier Selection Process from the traditional technical and operational function to a more strategic role hence the technical team that evaluates and selects the supplier ought to cut across various organizational functions. The ultimate choice on the selected supplier should not merely consider the price of say goods and services but also incorporate the Total Costs involved. (Mwikali, R. & Kavale, S. 2012) Observe that in order for selection to work as an advantage to an organization, there is the use of competitive sourcing initiatives which include: tenders, bidding, supplier analysis, and supplier firm collaboration. These initiatives works best at ensuring the best supplier is selected which in return help improve the supply chain performance. It is important however to note that supplier selection practices need to take into account crucial principles if at all the organization is to derive improved procurement performance standards go a long way in affecting the organizations overall supply chain performance.

For a public entity in a developing country to conduct procurement performance there are numerous challenges that are encountered including: many ways of measuring performance that may be in use, most measures are irrelevant, there is no way of standardizing the measurement and conducting performance measurement is costly (Kakwezi et al ,2010). The reasons for these challenges were given by centre for excellence London, (2006) as being inaccurate information, lack of link between procurement measures and corporate objectives, measurement of procurement performance is regarded as an overhead and not an integral part, people do not understand the benefit of measuring procurement performance and interference of stake holders and mainly the measures were developed in a different environment.

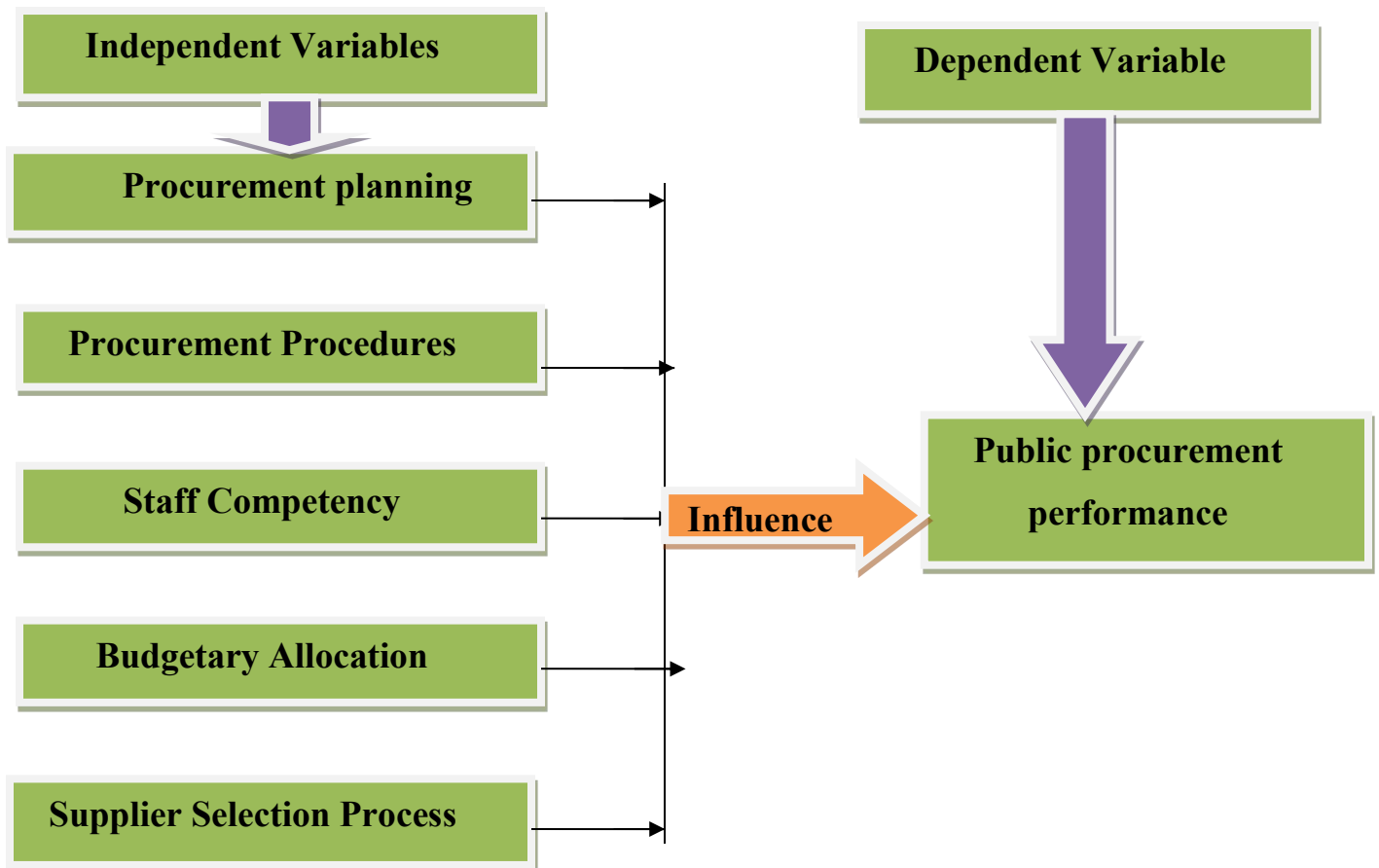
(Amemba et.al ,2015) on identifying the challenges facing public procurement performance in the Kenyan public sector study found that the most prevalent challenges in the public procurement process are the selection of the most suitable procurement methods, with appropriate justifications and record keeping. The paper recommend that public procurement performance in Kenya can only be improved through review of existing legislations to encourage extensive use of technology in the management of the procurement process, fostering of long term buyer supplier relations and stakeholder involvement through trainings and sensitization on practicing ethical behavior when conducting procurements.

2.7. Conceptual Framework of the study

The study will attempt to establish factors that influence procurement performance in Benshangul Gumuz Regional State selected Bureaus.

According to (Bogdan and Biklen, 1998) a conceptual framework is a basic structure that consists of certain abstract blocks which represent the observational, the experimental and the analytical/synthetically aspects of a process or system being conceived. The interconnection of these blocks completes the framework for certain expected outcomes. Independent Variables are changes that occur in an experiment that are directly caused by the experimenter. The independent variables in the study will be procurement planning, procurement procedures, staff competency, budgetary allocation and supplier selection process while procurement performance in terms of cost, time, place quality and quantity will be the dependent variable.

Figure 2.1: conceptual frame work of the study



Source: this model is adapted and modified from Kiage, J. O. (2013)

CHAPTER: THREE

RESEARCH METHODOLOGY

3.1. Introduction

This section covers the following sub sections: the research design, the target population of the study, sampling and sampling techniques, source of data and data collection methods, data analysis and presentation, Ethical Considerations and Validity and Reliability.

3.2. Research Design

The research design is the conceptual arrangement within which the research conducted; it constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2004).

The study will adopt quantitative research approach method. Quantitative research approach will be preferred because it will be allowed the researcher to measure and analyze data in detail to establish the relationship between the independent and dependent variables.

The researcher will follow a descriptive inquiry along with causal research design to examine the influence of one variable over another. Because the purpose of descriptive research design is description of the state of affairs as it exists at present and also to describe the characteristics of the independent variables (procurement plan, procurement procedure, staff competency, budgetary allocation and supplier selection process). This helps to obtain information concerning the current status of the phenomenon to describe what the current situation is with respect to the variable of the study of procurement performance.

And also the study will apply explanatory research design since it attempts to describe the relationship between independent (factors affecting procurement performance) and dependent variable (procurement performance).

3.3. Target Population of the Study

The whole set of the universe from which a sample taken is called the population (Saunders et al, 2007). Target population refers to the larger population to which the researcher ultimately would like to generalize the results of the study (Mugenda, 2003).

So the population of the study will include all employees working in selected public sectors located in Benshangul Gumuz Region Assosa town. The study mainly target employee working

in six large-scale selected organizations that have highly public procurement practices and budget allocation in the region. Such as:

B/G/R/S Public Procurement and Property Administration Agency (Has Overall Public Procurement Responsibility in the Region), B/G/R/S Water and Mineral Bureau, B/G/R/S Rural Development Bureau, B/G/R/S Education Bureau, B/G/R/S Health Bureau and B/G/R/S Road and Transport Bureau. So the Target population of the study will include all employees working at management bodies, procurement directorate, finance directorate, Audit directorate and planning directorate within the organizations. Which are directly involves in procurement process by taking the data from Human Resource Department of the organizations.

3.4. Sampling and Sampling Techniques

According to (Bryman and Bell, 2007), stratified simple random sampling technique ensures that the resulting sample is distributed in the same way as the population in terms of the stratifying criterion. In addition, stratified simple random sampling technique is a good approach and method when there is a good statistical database available. It gives flexibility to the researcher to make a decision on identification and allocation of the units for the strata.

In regarding to selection of respondents, the researcher will use Stratified simple random sampling technique to select 154 respondents from 250 staff members working at management bodies, procurement directorate, finance directorate, Audit directorate and planning directorate within the selected organizations; Because the target population for the study will large and for the need of avoiding sampling error as well as to get an opportunity to investigate an intensive problem of the study.

To determine the sample size, n , for the target population N , the study adopt a simplified formula by Yamane (as cited in Israel, 1992) as shown below.

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

Where;

n = optimum sample size,

N = number of staff working at management bodies, procurement directorate, finance directorate, Audit directorate and planning directorate within the organizations.

e = probability of error (i.e., the desired precision, 0.05 for 95% confidence level).

To calculate the sample size:

$$n = \frac{250}{1 + 250(0.05)^2} = 154$$

In order to get the right data from the right respondent through questionnaire the researcher will decide to use stratified random sampling. The population will stratify in to groups depending on the sectors six strata will adopt which are B/G/R/S Procurement and Property Disposal authority, Rural Development Bureau, Education Bureau, Health Bureau, Road and Transport Bureau and Water and Mineral Bureau staffs And will distribute proportionately to the size of the population as shown in Table 3.1.

Table 3.1 Target Population and Sample size distribution of the Study

No	Public sectors	Target population	Simple size
1	B/G/R/S Procurement And Property Disposal Authority	30	$154 \times 30 / 250 = 18$
2	B/G/R/S Rural Development Bureau	42	$154 \times 42 / 250 = 26$
3	B/G/R/S Education Bureau	48	$154 \times 48 / 250 = 30$
4	B/G/R/S Health Bureau	44	$154 \times 40 / 250 = 25$
5	B/G/R/S Road And Transport Bureau	40	$154 \times 44 / 250 = 27$
6	B/G/R/S Water And Mineral Bureau	46	$154 \times 46 / 250 = 28$
	TOTAL	250	154

Source: human resource management (HRM) of the sectors

3.5. Source of Data and Data Collection Methods

There are two types of data, namely primary and secondary data. The Researcher will use either both or one of the types of data depends on the research type and data collect by researcher (Saunders et.al, 2007). For purpose the study, the researcher will use both primary and secondary data.

3.5.1. Primary Data Sources

For the purpose of the study the researcher will collect primary data through standardize questionnaires.

3.5.2. Secondary Data Sources

For the purpose of the study the researcher will use secondary data from books, manuals, directives, proclamations, annual reports and related articles.

The data collection instrument, for collecting the primary quantitative data the researcher will be used a self-develop questionnaire containing self-assessment items measure on the 5-point Likert type of scale such as strongly disagree=1, disagree=2, neutral=3, agree=4, strongly agree=5 and the researcher will mainly collect the information.

3.6. Data Analysis and Presentation

The study will use both Descriptive and inferential statistics for data analysis. The data analysis will done using SPSS software (Statistical Package for Social Science). Through descriptive statistic for data analysis techniques including measures of central tendency (mean and standard deviation) and measure of distributional shape (skewness) will be used to analyze the data to determine the extent of relationships between the independent and dependent variables. In addition descriptive statistic; Inferential statistic for data analysis techniques (correlations: Pearson Correlation Coefficient compute and test and multiple regressions) the researcher also will be used to get a measure of the relationships between two or more variables and to establish if there will any relationship or there exist a cause-effect relationship between the variables. More over variables will regress using a model and all coefficients interpret. The analyses data will presents by using like tables, figures, bar charts and others.

The multiple regression models take this formula (Ho, 2006):

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 + \beta_5 \chi_5 + e$$

Where: Y = Dependent Variable (Public Procurement Performance)

X1-n= Independent variables (χ_1 is procurement plan, χ_2 is procurement procedure, χ_3 is staff competency, χ_4 is budgetary allocation and χ_5 is supplier selection process)

β_0 = the constant

$\beta_1 - n$ = the regression coefficient or change included in Y by each χ

e = error term

3.7. Ethical Considerations

Each discipline should have its own ethical guidelines regarding the treatment of human research participants (Vanderstoep and Johnston, 2009). Research ethics deal with how we treat those who participate in our studies and how we handle the data after we collect them. The researcher will keep privacy (that left any personal questions), anonymity (protecting the identity of specific individuals from being known) and confidentiality or keeps the information confidential (Saunders et.al, 2007). Accordingly, the questionnaire will distribute to voluntary participants and will have a clear introduction and instruction parts regarding the purpose of the research.

3.8. Validity and Reliability

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

Reliability refers to the extent to which your data collection techniques or analysis procedures will yield consistent findings (Saunders et al. 2007). The study will use the most popular test of inter-item consistency reliability that is the Cronbach's coefficient alpha, to identify the validity of items use in survey. Calculating Cronbach's alpha (α) has become a common practice when a multiple-item measurement of a concept or construct are employed because it is easier to use in comparison to other estimate (Willson, 2003). Cronbach's alpha measure is fall between range of 0 and 1, (Sekaran, 2000) the Cronbach's alpha value is less than 0.6 are considered to be poor, if it is above 0.7 are acceptable, and those over 0.8 are good. The Cronbach's alpha coefficient is an indicator of internal consistency of the scale. A high value of the Cronbach's alpha coefficient suggests that the items that make up the scale "hang together" and measure the same underlying construct. A value of Cronbach's alpha above 0.70 can be used as a reasonable test of scale reliability (Gaur A. and Gaur S., 2009).

4. Cost and Time Plan

4.1. Work Plan

The researcher will be adjusted and scheduled every activities and synthesis of the plan.

Table 4.1 Synthesis of research plan

No	Activity	Plan schedule											
		J	F	M	A	M	J						
1	Preparation and approval of proposal	X	X										
2	Preparation of Questionnaire		X										
3	Field Test and Finalization of Questionnaire		X										
4	Data Collection			X									
5	Data Processing				X								
6	Draft Report Writing					X							
7	Review of Draft Report					X							
8	Final Report Submission						X						

4.2. Budget Estimations for the Study

Budget requirement will intended to present the total expense that is required to conduct the study.

Table 4.1 the amount of finance that is required for per unit and total cost is described as follows.

S. no	Items	No of items	Price of each items	Total cost (Birr)
1	Flash card	1	1*350	350.00
2	Bag	1	1*1500	1500.00
3	Bindery	1	1*120	120.00
4	Memory	1	1*80	80.00
5	Paper	2	2*250	500.00
6	Stapler	1	1*180	180.00
7	Pencil	6	6*5	30.00
8	Personal cost	Daily	10*300	3000.00
9	Transportation	Km	20000*1	4000.00
10	Per diem	Birr	300*15	4500.00
11	Coffee and tea	Birr	5*100	1000.00
12	Contingency			5000.00
	TOTAL COST			20270.00

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APENEDEX-1

JIMMA UNIVERSITY
COLLAGE OF BUSINESS AND ECONOMICS



Department Of Management
M.A in Logistics and Supply Chain Management

Dear Sir/ Madam

My name is Getnet Yimam Ahmed; I am a post graduate student of Jimma University. Currently, I am conducting a study entitled factors affecting public procurement performance: A study with reference to selected Bureaus in Benshangul Gumuz Region.

The validation of the research objectives depends on your genuine and timely response by completing the attached demographic and procurement related questionnaires. Please be assured that the information acquired shall be used purely for academic purpose only and will be kept strictly confidential. Please indicate your level of agreement or disagreement by using (✓ or x) mark on the appropriate box given corresponding to each statement, Please state your opinion on the space provided for open question and no need of writing your name.

Your co-operation and assistance will be highly appreciated.

If you need any clarification or information: Mob.0913057583

E-mail gechyim123@gmail.com

Part Two: Procurement planning

What is your level of agreement with the following statements that relate to the effect of Procurement planning on procurement performance in your organization?

No	Influence of Procurement Planning on Procurement Performance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
2.1	procurement plan identify materials as per the organization needs					
2.2	Proper procurement planning contributes to the success of service delivery					
2.3	Poor procurement planning is a major setback in cost estimation for services and works					
2.4	Failure to adhere to procurement plans leads to irregular and biased decisions					
2.5	The procurement plans at the organization offers satisfactory service delivery to suppliers					
2.6	procurement planning results into compliance to set procedures					
2.7	procurement is carried out according to set plan					

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

Part Three: procurement procedure

What is your level of agreement with the following statements that relate to the effect of Procurement procedure on procurement performance in your organization?

No	effects of procurement procedure on procurement performance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
3.1	Procurement procedure monitors procurement process					
3.2	procurement procedure have caused delays in decision making					
3.3	procurement procedure have caused delays in service delivery					
3.4	It is important that all are aware of the set procurement procedures					
3.5	Without procurement procedures it would be difficult to come up with efficient procurement					

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

Part Four: Staff Competency

What is your level of agreement with the following statements that relate to the effect of Staff Competency on procurement performance in your organization?

No	Influence of Staff Competency on Procurement Performance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4.1	Our organization values employee skills and experiences					
4.2	All staff in the procurement section understand procurement regulations and procedures					
4.3	Our organization motivates and promotes all procurement staff based on merit and professional skills					
4.4	staff training improves procurement performance					
5.5	staff creativity improves procurement performance					

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

Part Five: Budget Allocation

What is your level of agreement with the following statements that relate to the effect of Budget Allocation on procurement performance in your organization?

No	Influence of Budget Allocation on Procurement Performance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
5.1	Budget allocated to the procurement department are adequate to address all its needs					
5.2	Budgetary allocations are implemented strictly and without external interference					
5.3	Budgets are allocated on time thereby enhancing procurement performance					
5.4	Tenders are awarded based on Budget availability					
5.5	Budget allocated directly influences procurement performance					

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

Part Six: Supplier Selection Process

What is your level of agreement with the following statements that relate to the effect of supplier selection process on procurement performance in your organization?

No	effect of supplier selection process on procurement performance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
6.1	The organization's supplier Selection process are competitive and fair					
6.2	The organization's supplier Selection process are transparent					
6.3	The organization's supplier Selection process exhibit honesty and accountability					
6.4	The organization's follows a code of ethics when it comes to its Supplier Selection process					
6.5	The organization's supplier Selection process is able to obtain the best value for money in its supplies					

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

Part Seven: procurement performance evaluation related questions

How do you rate (evaluate) your organization procurement performance based on five rights of Purchasing

No	Procurement performance Rating with regard to 5 R's	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
7.1	Goods and Services Delivered With Right Quality					
7.2	Goods and Services Delivered At Right Time					
7.3	Goods and Services Delivered At Right Price					
7.4	Goods and Services Delivered From the Right Source					
7.5	Goods and Services Delivered Right Quantity					

Part: Eight

How do you rate the following activities their impact on the performance of procurement activities of the organization in the order of their impact.

No	Variable which have impact on procurement performance	Rank (1-5)
8.1	Lack of employee competency (Skill & Experience)	
8.2	Poor planning culture among users of organizations	
8.3	Lack of resource allocation (Budget Allocation)	
8.4	Lack of clear procurement process and procedure	
8.5	Lack of clear and proper supplier selection process	

Other (specify) and Please

rank

.....

-----**Thanks a lot for your valuable time**-----

