ADDIS ABABA UNIVERSITY

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THE EFFECTS OF STRATEGIC SOURCING ON ORGANIZATIONAL PERFORMANCE: THE CASE OF ETHIOPIAN CONSTRUCTION WORKS CORPORATION

BY

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Statement of Certification

This is to confirm that Chaneyalew Wondemalem completed his thesis work under my guidance and supervision on the topic "the effect of Strategic Sourcing on Organizational Performance: in the Case of Ethiopian Construction Works Corporation." As a result, I certify that his work is acceptable and of sufficient quality to be considered for the Master of Arts in Logistics and Supply Chain Management.

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Declaration

I, the undersigned, certify that this thesis, titled "The Effect of Strategic Sourcing on Organizational Performance in the Ethiopian Construction Sector," is my own original work and has not been presented for a degree at any other university, ensuring that all sources of information used in the thesis have been properly credited.

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List of Abbreviations and Acronyms

ANOVA- Analysis of variance

CEO- Chief of Executives

CT- Constraints Theory

E.C - Ethiopian calendar

ECWC-Ethiopia Construction works corporation

ERCC-Ethiopia Road Construction Corporation

EWWCE- Ethiopian Water Works Construction Enterprise

FDRE- Federal democratic republic of Ethiopia

GDP- Gross Domestic Products

NT- Network Theory

PBPPE- Prefabricated Building Parts Production Enterprise

RBVT- Resource Based View Theory

ROI- Return on Investment

SPSS- Statistical Package for Social Sciences

ST- System Theory

Abstract

The purpose of this research was to determine the impact of strategic sourcing on organizational performance at Ethiopian Construction Works Corporation. The study employed a descriptive research approach to fulfill the study's objectives. A census survey was used in the study to quantify the alleged link between the independent and dependent variables. Questionnaires were utilized as the official data gathering instrument. A total of 105 questionnaires were issued, with 93 being completed and returned, resulting in an 88.6% response rate. Descriptive statistics (Mean and standard deviation) and inferential statistics were used to examine the acquired data (correlation and regression). Finally, the study discovered that strategic sourcing (as assessed by supplier selection, buyer-supplier relationships, and contract management) and the organizational performance had a statistically significant positive link. Because the findings reveal a positive relationship between the independent factors and the dependent variable organization performance, the construction sector should study the variables studied. Independent variables explain and predict 43% of the variation in the dependent variable in this study.

Key words: *strategic sourcing, and organization performance.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Globally, business firms are under more burden than ever to be advanced and responsive across all viable limits. Many industries have understood that in order to profit their supply chains, they must shift from outdated procurement to modern strategic sourcing. Sourcing costs interpretation for up to 80 percent of total products sold and up to 50 percent of revenue, a percentage that has been progressively increasing in recent years. According to Chopra and Meindl (2003), ten percent of sourcing costs can be reduced with much less effort than gaining a similar amount of income.

An integral part of sourcing is looking for potential input sources, keeping these sources continuous, discovering alternative sources, and maintaining knowledge about these sources (Berry, Vollman, and Whybark, 2004). In essence, all companies strive to provide products and services that are competitively and sustainably delivered to their users. The production of these goods and services requires input, including raw materials, personnel, and information. Such input is obtained from a certain source, and here is where sourcing occurs. All of the inventions originate from a single source, which is where the sourcing activities come in. By boosting profit margins and asset turnover rates, lowering sourcing costs improves returns on investment (Dobler & Burt, 1996). Strategic sourcing, which entails the planning, implementation, and management of all sourcing operations, may also assist a firm in meeting its long-term goals. All strategic sourcing efforts are aimed at identifying opportunities that will assist the business in meeting its long-term operational and organizational performance goals (Lawson et al., 2009). In order to accomplish long-term objectives, a company's sourcing activities are planned, analyzed, executed, and regulated (Smeltzeret et al., 2003).

According to a World Economic Forum report (2017), the construction sector has a significant influence on the economy, environment, and society globally. According to Deloitte's Africa Building Trends report (2018), Ethiopia, behind Egypt and Kenya, has the third-highest number of construction projects in Africa. The global construction sector is under more pressure than ever before to remain competitive and agile.

The construction sector makes significant contributions to the Ethiopian economy, as seen by its 19.5 percent contribution to GDP (MRE, 2020). The sector has registered remarkable growth, over the last 12 years there has been increased investment in the development & expansion of various infrastructure projects (MoUDC, 2019). The construction business is now booming in Ethiopia, and this research will be done at Ethiopian Construction Works Corporation (ECWC), one of the country's major government construction companies.

The Ethiopian Construction Works Corporation was established as a Federal Government Public Enterprise on December 18, 2015, by Council of Ministers Regulation No. 366/2015. Ministerial Council Regulation No 390/2016 was updated by the Corporation on September 28, 2016. The Ethiopian Road Construction Corporation (ERCC) was formed by the merger of the Ethiopian Water Works Construction Enterprise (EWWCE) and the Prefabricated Building Parts Production Enterprise (PBPPE).

The Corporation's principal responsibilities include the construction and maintenance of roads, bridges, dams, irrigation, hydropower production, water supply, sewage, and drainage systems. It also assembles construction equipment and machinery and makes replacement parts, provides construction equipment and machinery maintenance, manufactures building materials, and engages in construction equipment, machinery, warehouses, and structure leasing. The corporation's six separate sectors are in charge of these operations: Construction of transportation infrastructure, water infrastructure, dam and irrigation project management, building technology and construction, management of construction equipment and machinery, and corporate property management and service (http://www.ecwc.et.com.).

1.2 Statement of the Problem

The Ethiopian Construction Works Corporation was founded as a Federal Government Public Enterprise on December 18, 2015, by Council of Minister Regulation No. 366/2015, and it has been developing national and international transportation infrastructure, dams and irrigation, and housing projects. By allocating a large budget overseas, the company procures supplies and inputs for a wide range of construction projects.

The Ethiopian Construction Works Corporation's objectives under the amended Directive by performing the procurement practice are:

1. The procurement directive's main goal is to make all procurement procedures more open, responsible, and efficient.
2. The organization must handle procurement limitations by international and national building material standards, taking into account the project's cost, quality, and timeline.
3. Saving money through procurement performance, which indicates saving, achieving efficiency, and being effective.

According to the above three objectives, there exist procurement concerns. Lowering the organization's level of performance has contributed in several ways, according to the company's annual report, including cost, time, and quality of procurement, lack of planned purchases, inconsistent pricing, misrepresentation of the right supplier, and a shortage of professional procurement staff, absence of suitable made/purchase analysis and letdown to deliver the ordered items on time by procurement and supply department of the corporation, variation in demand, failure to procure the specified materials and below standard materials. Additionally, at a preliminary meeting held at headquarter with relevant department team leaders and personnel under study, they stated that the corporation has taken on a procurement plan at the corporate level, but that it is not being employed as planned because it results in late delivery, price increases, urgent procurement, failure to procure the specified materials, negative impact on the corporation's goodwill, and increased procurement cost.

An organization operates in an environment that includes a variety of economic, environmental, technological, and political forces that interfere with its sources of goods and services; to thrive in this unfettered market, these firms must constantly check their competitive position and internally regulated procedures, notably their procurement operations (Isaac & Robert, 2015). Procurement is the process of integrating the supply chain into the purchasing organization to reduce costs, increase efficiency, and enhance quality (Giunipero and Sawchuck, 2013).

According to Thai (2005), to receive the materials required to offer products or services to a client, every organization that purchases goods or services must guarantee it has standard procurement techniques in place, i.e., the procedures it uses to obtain such materials. These processes should consider all aspects of the procurement cycle and should guarantee that proper service delivery is

followed. The procurement process should incorporate all mechanisms of the procurement sequence, including supplier selection, contract dialogs, and order placement, as well as declaring proper service delivery.

Strategic procurement includes the creation and management of important suppliers, internal procurement management, and organization of sourcing and other company methods, in addition to an effort to meet consumer prospects. Then, to save costs, increase operational performance, get access to dependable suppliers, improve product or service quality, and exchange best practices, strategic sourcing became one of the most important jobs of a firm (Isaac and Robert, 2015).

The construction sector is an important economic pillar in many nations (Ngai et al., 2002). However, the construction industry has been criticized in many countries for inefficiencies such as time and cost overruns, poor quality, and low customer satisfaction (Ericsson, 2002). Therefore, procurement procedures (supplier selection, buyer-supplier relationship, and contract management) can make a significant contribution to a successful project, because they are one key improvement area for collaboration (Eriksson, 2007). Understanding how various procurement procedures impact various aspects of project performance is critical to improving change. To establish successful project governance, procurement methods must be comprehensive and systematic (Eriksson, 2007). The provision of the correct quality for users at the right time and price is critical to the success of construction organization goals. To be effective in procurement, the procurement department should play a critical role in strategic sourcing as well as the organization as a whole.

According to this fact, the study assessed the effect of strategic sourcing practices (supplier selection, buyer-supplier relationship, and contract management) on organizational performance within Ethiopian Construction Works Corporation, identify gaps, and come up with proposed solutions and recommendations that help for performance improvement. This study was mostly based on the gaps discovered by answering the research questions given here below.

1.3 Research Questions

To evaluate the impact of strategic sourcing on the performance of Ethiopian Construction Works Corporation. The study specifically attempts to answer the following research questions for the study:

1. What is the effect of supplier selection procedures on organizational performance of Ethiopian Construction Works Corporation?
2. What is the effect of Buyer-Supplier relationship management on organizational performance of Ethiopian Construction Works Corporation?
3. What is the effect of contract management on Ethiopian Construction Works Corporation's organizational performance?

1.4 Objective of the Study

1.4.1 General objective

The overall objective of this study is to examine the effects of strategic sourcing on Ethiopian Construction Works Corporation performance. To achieve this general objective,

1.4.2 Specific objectives.

1. To examine how the supplier selection procedures affect the performance of Ethiopian Construction Works Corporation.
2. To find out how the Buyer-supplier relationship management affects the performance of Ethiopian Construction Works Corporation.
3. To analyze the effect of contract management practice on the performance of Ethiopian Construction Works Corporation.

1.5 Significance of the Study

Strategic sourcing is a critical component in today's businesses; to get a competitive edge, companies must spend the majority of their operational expenditures on the acquisition of raw materials, finished goods, and services. The analysts are confident that the findings of this investigation were of great assistance to procurement experts in a variety of sectors because of this dynamic perspective. This study was conducted to assist procurement professionals in fully

comprehending how effective sourcing may significantly lower organizational expenditures while also improving organizational performance. It primarily deals with strategic sourcing techniques used by construction businesses, as well as assisting Ethiopian Construction Works Corporation in recognizing how strategic sourcing can benefit organizations in terms of cost, project delivery on time, and quality improvement, all of which can impact overall performance. Furthermore, the article will be a valuable resource for academics who want to undertake similar studies.

1.6 Limitation of the Study

The researcher was constrained by finances, time, and data availability. The budgeted sum for the research does not correlate to the actual cost. The time allowed for the study was not enough to collect data, perform analysis, and write the report. Finally, data access was a challenge since convincing a firm to give information for fear of being spied on was not always easy.

1.7. Scope of the Study

This research looked at the impact of strategic sourcing on the Ethiopian Construction Works Corporation's performance. Because of the nature of the procedures, it's difficult to say how effective strategic sourcing techniques are in improving organizational performance. Ethiopian Construction Works Corporation has one CEO and six deputy CEOs, and its offices are in Addis Ababa: Transportation infrastructure, construction sector construction, dam and irrigation project management, building technology and construction, construction equipment management, and corporate property management and service are all part of the construction business. Because it makes big purchases from both international and domestic vendors, the investigation concentrated on the headquarters. Construction supplies, construction machinery, vehicles, replacement parts, consultancy services, and other items and services are provided to various sector projects. Because the projects are separated by a geographical barrier and are located outside of Addis Ababa, they cannot be combined.

1.8 Operational Definition of Terms

Sourcing: the role entails scouting the market for potential input sources, ensuring their continuity, seeking out replacement sources, and staying up to speed on relevant expertise (Vollman, Berry, and Whybark, 2004).

Strategic sourcing: is the process of determining, planning, executing, monitoring, and evaluating key purchases in order to meet a company's objectives (Carr and Pearson, 2002).

Organization performance: the achievement of a corporation in meeting both its market-oriented and financial objectives is referred to as organizational performance (Li et al., 2006).

1.9 Organization of the Study

The backdrop of the study, the background of the researched firm, assertions of the problem, fundamental research questions, goal of the investigation, importance, scope, delimitation, and study time plan are all included in the first section of the study. In the third chapter, the methodology of the study is discussed, as well as a review of relevant studies. Study design, sample and sampling methodologies, data collection sources and tools, and data analysis methods are all covered. The validity and reliability of the study, as well as ethical issues, were all considered. The fourth chapter discusses the results and discussion, while the last chapter covers the research summary, conclusion, and suggestions. References and certain annexes were included in the conclusion.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The related strategic sourcing literature review is discussed in this section. It covers the definitions, theories, concepts, and empirical literature review of strategic sourcing, empirical review as well as the study's conceptual framework. This study was developed and considered those research questions, as well as established measurement variables that will be used to answer the research questions, based on the reviewed literature. Its goal is to see how strategic sourcing affects Ethiopian Construction Works Corporation's performance.

2.1 Strategic Sourcing

A company's supply chain partners benefit from activities connected to sourcing choices. Sourcing decisions are typically high-level, strategic decisions about which goods and services will be delivered internally with those that will be provided by third parties. When a company decides to outsource a product or service, it uses a process called strategic sourcing to figure out who the product or service should be outsourced to and what kind of relationship should be formed. When we decide to buy anything, we start by articulating our needs, setting a price range, and deciding who we will buy it from.

According to C. Scott (2011), one of the features of the supply chain operations scenario model is sourcing, or the interaction between suppliers and purchasing organizations. C. Scott distinguishes between two sorts of business procedures when it comes to sourcing. The first step is to look for new vendors to work with. Finding suppliers that create high-quality goods and services that meet the demands, evaluating them, and putting contracts in place are all part of this process. The second crucial tactic is to maintain a long-term relationship with the vendor. In terms of relevance, sourcing is a major contributor to the company's bottom line development. For a variety of reasons, businesses can profit from well-managed procurement. As a result of successful sourcing, consumers may benefit from enhanced product quality or reduced order cycle times.

There are several factors to consider when it comes to strategic sourcing, including developing a standard sourcing method, strategic purchasing, supplier development, and information exchange with suppliers, as well as analyzing and selecting suppliers, acquiring items, and maintaining supplier relationships (Anderson and Katz,1998). It's important to concentrate on a strategic point

and potential supplier valuation, which includes showcasing excellent management methods, long-term satisfying output, supplier strength, system capacity, supervision practices, and cost negotiating, as well as maximizing profit, format, and advanced capabilities (Giunipero,2006). Strategic sourcing necessitates examining the total cost of ownership, business growth, and profit-making, as well as comparing several preference mates, due to the fast-paced competition (Faes and Matthyssens, 2009).

Several factors must be addressed while designing a strategic sourcing plan, including technology, quality, availability, cost, and execution. Strategic sourcing, according to Rendon (2005), is the process of identifying and resolving costs, characteristics, technologies, appropriateness, dependability, and first-class service that fit a company's objectives. The most basic need of procurement is the acquisition of material that is delivered on schedule and in perfect condition from point of origin to ultimate consumer. A value chain is a buying input component of a company's value chain (time and place utility) but it may also include indeterminate elements like raw materials (Van Weele, 2010).

Two elements must be addressed in strategic sourcing, improving the supply base and satisfying the purchasing criteria specified by users and various components of the company. There is no question that a firm should establish a supply base; it might be for day-to-day commercial activities or for the establishment of new enterprises (Johnsson, 2005).

Portfolio analysis is a technique for identifying and segmenting a supplier base (Handfield et al. 2009). Four organizations commonly describe something as critical, routine, leverage, or bottleneck. According to Van Weele's (2010), sourcing strategies matrix, which was adapted from Kraljic, is used to categorize the top-class firms. This matrix explains how, in order to control diverse categories, we must use distinct approaches.

Strategic suppliers may be viewed as a chance to help enhance competitive advantage and go through a simple clearance procedure in the best-case scenario, and if the main focus is on discovering critical suppliers, integration is increased (Koufteros, 2012). Low-cost goods are referred to as ordinary products. The objective is to minimize the number of items in the category by investing small amounts of money and streamlining the procurement process with digital technology. It will take more work to find providers that can structure the purchase procedure in the most inconvenient way possible. Price reductions are possible by leveraging items or preferred

suppliers. This category contains things that account for a significant portion of the budget and are vital to the operation. Bottleneck items and transactional services include one-of-a-kind supplies from minor vendors that are vital to the company's success. The form of the products is typically expensive due to the provider's market function. The providers are selected through competitive bidding and should ideally be selected entirely based on the IT requirements indicated in the negotiating strategy (Handfield et al., 2009).

2.2 Sourcing Strategy

The number of suppliers to use, the type of relationship to seek, agreement on what to bargain for, and whether to source locally, nationally or worldwide are all factors in a company's sourcing strategy (Van Weele ,2010).

The fundamental emphasis of sourcing strategies is whether to outsource or retain product production processes in-house, whether to manufacture or purchase. The other method focuses on strategic sourcing's distinct qualities. According to Eltanawya and Giunipero (2013), by delivering aggressive benefits for the firm, the sourcing strategy approach aims to meet the goals of the organization and its suppliers. A company must make strategic decisions such as whether to manufacture or buy to get a competitive edge. During the outsourcing process, companies must decide whether to develop a tight relationship with suppliers or maintain an arms-length relationship.

According to Van Weele (2010), investigates the relationship between item classes and sourcing strategies, as well as how in-between item classes might aid in choosing the best sourcing approach. When developing a sourcing strategy, there are various factors to consider. Source-to-pay strategies must be viewed as a long-term process that follows a traditional business strategy, commercial organization tactics, and a combination of information services (Rendon, 2005; Rawlinson and Howie, 2007). These two factors link the strategic method to sourcing, moving the organization's attention away from cost-cutting and toward long-term value creation. Even if payment increases are made, this is true. Another advantage is that it may result in cost savings and long-term value (Rawlinson and Howie, 2007). According to Van Weele (2010), when designing a sourcing strategy single vs multi-sourcing, global versus local sourcing, and partnership versus competitive bidding to be important factors to consider.

2.2.1 Corporation vs. Competitive bidding

When there is a goal to increase a long-term connection through partnership sourcing or to keep suppliers at arm's length by employing competitive bidding and visiting the competition, a strategic alternative may be used (Van Weele, 2010). In multi-sourcing, competition bids are commonly utilized to generate a high market charge by competing with competitor suppliers (Jonsson, 2005). A seller is referred to as a partnership when he or she has a corporative connection with a consumer. Supplier collaborations may have a substantial impact on organizational success. Friendships can develop as a result of shared resources and important experience with other companions (Handfield et, al.2009). The urge for more face-to-face and interpersonal engagement rises as the friendship gets stronger. Innovation is aided through collaboration with a range of sources. Small firms are frequently more reliant on two-way collaboration to succeed over time (Oke and Kach, 2012). If a corporation views the buyer-supplier relationship as a strategic partnership between the buyer and the supplier, such partnership may expand into relational strategies (Tam et al., 2007). If a corporation considers that implementation will take time, the integration of relationships and the degree of collaboration may vary and proceed in a step-by-step manner.

2.2.2 International vs. National sourcing

The tactics are dictated by the product's supply chain and market structure, as well as whether the product's suppliers are located overseas or at home. Local is often reserved for high-tech equipment that requires a considerable degree of customization, instruction, and maintenance. When determining the type of sourcing technique to use, the total value of ownership is the first aspect to consider (Van Weele, 2010). If the company tries to integrate and coordinate its worldwide supplier relationships, it will gain a competitive advantage (Murrayet et, al.2009).

The proactive integration and coordination of common commodities and materials, processes, designs, technologies, and suppliers across all global buying, engineering, and operational sites is characterized as global sourcing (Monzcka et al.2005). Companies choose to outsource tasks that were formerly performed in-house and purchased from domestic providers (Murray et al.,2009). The purpose of adopting a global sourcing strategy is to increase the quality, dependability, and technology of components and products, not just save money. Strategic decisions impacted by a company's capacity to compete define how to contribute globally (Kotabe and Murray, 2004).

The utilization of global sourcing by a corporation has both benefits and drawbacks. Cost and price advantages, such as reduced unit value and one-of-a-kind productivity levels, account for the majority of the benefits. In addition to costs, access to product and process technologies, the establishment of alternative suppliers to generate competition, the acquisition of new markets, and improving quality while decreasing prices are all essential concerns. It may be possible to gain a competitive advantage by sourcing from suppliers that your competitors don't use; yet, buying locally may result in the same dealer and benefits (Van Weele, 2010). When sourcing from other countries, particularly low-wage ones, there are various concerns to be aware of. There's also the need to be aware of the fast-shifting political environment, which might have an impact on the company's relationships with suppliers if it sources from other nations.

2.2.3 Single vs. Multi Sourcing

According to, Faes and Matthyssens (2009), if a company has one or many suppliers for the same product, it is referred to as single-versus-multi. Single sourcing is characterized as a high level of supply reliance on a single provider, even though there are other potential sources. Cost savings and first-class upgrades are among the advantages of single sourcing, which help to improve a company's competitive position in the worldwide market. The absence of time-consuming supplier base discount procedures, comprehensive cost slicing tactics, and purchasing prices is another benefit of single sourcing.

Furthermore, the decreased transaction costs allow for enhanced efforts to build supplier relationships, enhancing competitiveness relative to other supply chains (Van Weele, 2010). In innovative technological expertise cases and expertise-oriented scenarios, single-sourcing produces exceptional outcomes. Finding the healthiest component from a huge variety of options is even more critical. Single sourcing offers remarkable results in new technology expertise instances and expertise-oriented scenarios. Multi-sourcing is defined as a company's use of many similar suppliers to fulfill production orders for the same product (Faes and Matthyssens, 2009). Multiple sourcing is utilized for two major reasons. It lowers the risk of being locked into a single technological solution that will become obsolete later or becoming fixated on a single provider by reducing reliance on personal suppliers and providing several benefits that competing suppliers bring, such as lowering the risk of being locked into a single technological solution that will become obsolete later or becoming fixated on a single provider (Gadde and Hkansson, 2001).

Multiple sourcing has several disadvantages, including the loss of a close relationship with suppliers and the company's high transaction expenses (Van Weele, 2010). Companies that wish to benefit from both multiple and single-sourcing methods might employ a hybrid approach that blends the two. When employing hybrid sourcing, it's also important to distinguish between parallel and community sourcing (Faes and Matthyssens, 2009).

2.3 Organizational Performance

The presence of explicit goals to be achieved, as well as the acknowledgement of effectively and effectiveness, are all parts of organizational performance (Griffin, 2010). According to Koontz and Donnell (2003), organization's performance may be characterized as its capacity to attain goals such as excessive profit, superior goods, a huge market share, or excellent financial outcomes while employing appropriate movement methods. Profit, market share, and product share are used to assess an organization's competitive position in relation to other businesses in the same market. It indicates what a company can do and how productive its players are by analyzing income, profit, growth, progress, and boom. Critical features of an organization's efficacy include effectively managing a mission, having sound governance, and being persistently devoted to its objectives (Kilonzo, 2014).

According to Corina, Liviu, and Roxana (2011), The term "performance" refers to a combination of monetary and non-monetary metrics that reflect how successfully goals and outcomes were met. According to Kaplan and Norton (1996), it offers a basis for a strategic dimension and management system by translating an organization's purpose and strategy into a complete collection of performance indicators. Accounting measurements, operational overall performance metrics, market-based absolutely absolute indicators, and monetary cost measures are the four balanced views used. The present search for has centered on the link between and overall performance, emphasizing the urge for businesses to build deeper, more cooperative partnerships. According to Johnson, Wood, Wardlow, and Murphy (2006), financial success, lead time reduction, improved responsiveness, consumer loyalty, innovation, pleasant things, and discount in stock, as well as product or approach design changes, are all desired. As corporate managers and executives see the benefits of consumer supplier connections, they may lead to more market penetration, greater access to new technology, and faster returns on investments than rivals who do not have such tight links (Fawcett,2012). According to Lau and Lee (2000), return on investment (ROI), market

segment, income margin on sales, sales progress, market share progress, and day-to-day competitive position are some of the metrics used to evaluate organizational success. Organizational performance indicators were created in accordance with the aforementioned literature to measure performance in the research. In this study, we will compare organizational overall performance to the competitors from a range of organizational perspectives, including project deliverable quality, project delivery schedule, and project cost.

2.4 The effect of strategic sourcing on organizational performance

According to Carr & Pearson (2002), strategic purchasing at a firm has an influence on its success, according to research done in the United States. When a company has a certain skill that is demonstrated in the form of goals that allow the organization to survive for an extended period of time, it may achieve excellent agency performance (Ramsay, 2011). The incorporation of a strategic purchasing department within the company would result in increased corporate success (Meanwhile, Rossetti & Choi 2005). Strategic purchasing's purpose is to cultivate close connections with a limited number of suppliers, allowing for open and honest communication among partners, fostering long-term partnerships for mutual benefit, and eventually improving the organization's performance (Chen et al., 2004). Strategic sourcing is required for more than just purchasing, and it will reshape management roles (Paulraj et al.,2006).

2.5 Theoretical Basis

2.5.1 Constraints Theory

According to Vincent Ochieng (2014), Eliyahu used the term "constraints theory" to describe a management and improvement philosophy. As Goldratt detailed in his book, it is predicated on the premise that, like a chain with its weediest link, there is nearly always just one aspect of any sophisticated system at any one time that is constraining its potential to achieve bigger of its objectives. To make significant progress, the constraint must be identified and the entire system must be designed around it. According to this viewpoint, buyers strive to identify supply chain bottlenecks caused by insufficient buyer and supplier ties, then collaborate to alleviate the limitation, so improving each party's characteristics and goals, particularly the buyer's procurement functions.

Processes as a whole offer an integrated problem-solving method that involves not only the creation of solutions but also the need for debate and involvement that effective supply chain feature deployment needs. They've been used to provide dominant generic "starting-point" options for a wide range of supply chain inefficiencies, including long provider lead times, inbound acceptance issues, late or unreliable raw material or acquired item deliveries, input shortages, and poor quality, to mention a few. In this situation, the agency's supply chain, as well as the insurance policies and processes associated with your supplier agreements, may be a constraint. The idea is to get more of what you need from your suppliers to be more successful, whether it's faster delivery, greater quality, or other aspects of what they provide to the company. The Theory of Limitations is a time-tested strategy for increasing sales, consistency, and quality while reducing inventory, work in progress, late deliveries, and overtime. The Theory of Limits is also used by successful companies to assist them to make planned and strategic decisions that lead to long-term success.

2.5.2 Network Theory

In today's firms, effective supply chain management and high-quality strategic sourcing are critical duties. The strategic buying function of an agency is critical for obtaining and preparing commodities supply (Monczka, Handfield, Giunipero, Patterson, & Waters, 2010). To discover adequate suppliers, businesses must engage in the strategic sourcing process and deal with a variety of options.

The most typical use of network theory is to describe the relationships that exist between organizations, suppliers, clients, and customers. The concept evolved from focusing on partnerships between only two firms, or strategic alliances to a strategy that involved many contacts with outstanding counterparts along the supply chain.

According to Harland (1996), a network is a specific sort of relationship that connects a specific group of people, objects, or events. Networks are viewed as a benefit to all companies based on the investments and actions of the counterparties involved (Hkansson & Ford, 2002). Furthermore, in the situation of the purchasing position, the theory is outstanding in terms of the most significant resolution elements. The concept facilitates demand planning by offering an overview of resource allocation achieved via the formation of strategic long-term partnerships. According to some

scholars, network theory is the notion of enterprises' collaboration with organizations such as suppliers, clients, and purchasers along their supply chains.

Being in the hub of a network looks to provide a chance to enhance the four major competitive criteria in supply chains: quality, speed, and cost (Hult et al., 2006). A relatively central company may take use of its strong ties to complete orders quickly, ensure a smooth transition over time, and select the firm that provides the highest quality at the best price. As a consequence, when it comes to sourcing, a company should seek out major suppliers and attempt to be at the center of its network.

Firms that are currently functioning in networks are appraised in terms of producing a benefit, not by attaining their own goals, but by the enterprise relations and partnerships in which they are complicated inside the network (Zaheer, et al., 2000). A network may be described as a group of companies and people who are inexorably linked to one another for the time being. It's also crucial to ensure that the network's sourcing strategies are consistent. Furthermore, the entire supply network strategy is evaluated in order to improve overall supply performance (Harland & Knight, 2001). As a result, network competitors sought to boost performance by using a well-defined supply strategy. Furthermore, businesses may choose from a larger pool of providers that are more willing to collaborate, ensuring that important advantages are delivered. Following that, a company's sourcing strategies are naturally focused on the value of the goods in terms of price, profile value, or supply market difficulties in terms of supplier dominance, rate of technological advancement, and entry obstacles. When a company joins a well-established supply network, entrance barriers are eliminated, and data exchange and cooperation advantages can be realized. As a result, information flow and technical skills can have a big impact on company-specific challenges including price, new product development, and supply chain management (Christopher & Jüttner, 2000).

Demand planning (which indicates whether to make or purchase), category strategy (choosing precise sourcing techniques for each class of business), supplier strategy (selecting the right seller and making collection decisions) are the critical selection points in network theory for supply management (exhibition contracts after negotiating with suppliers and taking the supplier strategies into account). The objective is to provide helpful information and methods so that the business can make better decisions since these judgements are questioned by the association at

every level of the process. The ground network theory was discovered as a result of the previous notion. Because, in today's competitive market, one company cannot achieve all of the organization's objectives on its own. Organizational metrics for the network are critical, especially for monitoring and controlling the supply chain.

2.5.3 Resource Based theory

The study of how an organization's external assets impact its performance is known as resource-based perspective theory (alancik,1978). An external asset purchase is an important part of every company's strategic and long-term planning. A substantial influence on purchasing organizations' procurement efficiency, especially in terms of creating tight relationships with suppliers as vital and trustworthy business partners. As a result of this knowledge, the Resource-Based View Theory advocates the concept of supplier improvement, indicating that players in need of essential resources would seek them from others. Clients will rely on suppliers for external resources in the same way that suppliers rely on customers for successful markets. Organizations also aim to change their dependency relationships by lowering their reliance or increasing other agencies' reliance on them. Organizations are viewed as partnerships in this paradigm, with the ability to attract and tolerate key external resources based on their character and activity patterns. To obtain the external possessing that a business requires, it must either minimize or increase its reliance on others, which will have an impact on the company's impact on other organizations.

2.5.4. System Theory

The systems idea refers to the concept of a business as a system of interconnected components that work together to provide goods and services. One or more process components are assumed to be externalized in the source structure, which has an impact on the system's interconnected components. The degree and intensity of this impact are heavily influenced by the interconnection of corporate work activities. According to Thompson (1967), he distinguishes between three types of reliance. Reciprocal interdependence occurs when outputs from one system assist as inputs to the other and vice versa. Pooled interdependence occurs when one segment of a structure must complete its participation before the next step of the industrial process can begin; however, reciprocal interdependence occurs when outputs from one system assist as inputs to the other and vice versa. The degree of reliance provides information on the organization's costs as well as the chance to talk about sourcing alliances. Interdependence, complexity, purpose changes, and

specialization in manufacturing processes can all add to the expenses of coordination and communication between the company and its sourcing partners (Combs and Crook, 2007). Outsourced system beginnings and endings also have lower coordination and communication costs than linked-together outsourced device components. Aside from the implications for coordination and price manipulation that this form of dependency entails, the structure concept emphasizes the importance of multiple and diverse source connections in chaotic environments.

2.6. Empirical literature review

2.6.1. Supplier Selection

There are various methods to help with product choice related to diversity and comparison of suppliers, and the topic has attracted the attention of most studies (Rajesh & Ravi, 2015). One of the most essential components in a company's performance is its connection with its suppliers; hence, how the supplier is chosen is critical to the company's success. The supplier selection problem is a multi-criteria decision-making dilemma with a variety of quantitative and qualitative norms, as well as sub-standard suppliers (Shaw, Shankar, and Thakur, 2012). As a result, enlisting the help of a less powerful unit for decision-making is critical. Supplier selection is typically thought of as a five-step process that begins with identifying the need for a new supplier and progresses through decision and design of choice criteria, pre-qualification, final supplier selection, and supplier monitoring (Choy &Lee, 2002). To begin, the evaluation and assessment committee must establish criteria for evaluating potential providers. Alternative assessment seals are chosen to verify a provider's legitimacy. The next step is to assign a weight to each criterion so that the degree and effect of each criterion on supplier appraisal may be assessed. There are several sub-attributes that can be assigned to a particular. Aside from the qualities stated at the start, the final step is to look into potential providers. (Choy &Lee, 2002).

According to Li (2006), each of the three aspects of the supplier resolution measure is based on a thorough assessment of the literature and interviews with practitioners. He underlined the need of assessing a supplier's value and capacity, as well as his techniques and organizational arrangements with the client, and the recognized supplier's selection requirements. They intended to be able to use this approach to efficiently integrate specialized information and understanding of each willing of comparison with quantitative data in order to select a suitable supplier for collaboration. Supplier selection is a time-consuming procedure in which suppliers are evaluated on a range of

factors such as production costs, raw material costs, best assessment, organizational goal, quality personnel, transportation system, and private facilities.

Due to the numerous elements that must be considered throughout the decision-making process, selecting suppliers is a complex task. As a result, unique factors are frequently taken into account during the supplier selection process, which evaluates suppliers based on a variety of factors such as cost of production, raw material cost, quality evaluation, organizational objective, exceptional personnel, delivery system, and personal services. Supplier selection is a time-consuming procedure in which suppliers are evaluated based on factors like production value, raw material costs, first-rate evaluation, organizational aim, happy employees, transportation system, private facilities, and so on. Aside from the lowest price, supporting growth, culture, advanced production, confidence, supply chain management, quality, and communication are all important. (Wang and Che, 2007).

In the supplier selection process, the importance of price and quality cannot be stressed. Suppliers must be carefully chosen since they can have a major positive or negative impact on the company's overall success. It has been proven that inferior material causes the bulk of an organization's bearable issues, and well-chosen, competitive suppliers may help an organization avoid bad impacts while also boosting pleasant effects on output quality. (Golmohammadi & Mellat, 2012). One of the most significant tactics for enhancing the amazing of any organization's output is to choose fantastic suppliers, which has a direct influence on the firm's recognition because they might have a very positive or very bad impact on the crucial performance of the association. In today's global economy, organizations are focusing more on their core skills and outsourcing their non-essential expertise. Supplier selection will become increasingly important as a result of this trend. One of the most important strategies for refining the fantastic of any organization's output is the selection of fantastic suppliers, which has a direct impact on the corporation's recognition because they can have a very positive or very negative impact on the fundamental performance of the association. In today's global economy, companies are focusing more on their core competencies and outsourcing non-essential data (Torabi, Baghersad, and Mansouri, 2015). As a result of this tendency, supplier selection will become increasingly crucial.

Supplier selection is a multifaceted decision-making task driven by a number of quantitative and qualitative factors, some of which may create disagreement. The preferences for decision-making are typically represented in terms of supplier selections or traits that may be used to rank providers. As a result, the supplier selection dilemma is laden with ambiguity and will become increasingly difficult. To solve this issue in the future, a new grey-based totally technique will be created to cope with the aforementioned prevalent methods for addressing the provider selection quandary (Hsu, Kuo, Chen, H and Hu,2013).

Criteria for Supplier Selection

The findings of empirical investigations on the qualitative factors that influence supplier success appear to be in agreement. Choosing suppliers necessitates facing the pride of departing customers while also ensuring organizational success via the creation of a competitive environment. According to Kotabe and Murray (2001), the provider's grasp of the types of resolution aspects expected by the client benefits the organization consumer considerably since it allows the supplier to adjust their approach to the buyer's expectations. A collection of well-known variables to consider when selecting suppliers, regardless of the industry in which a company operates. The fact that they are interconnected and have been employed in past studies is incredibly essential to the observer (Mwikali et al., 2012).

Cost criteria: The goal of this crucial component is to raise awareness of the procurement-related costs that must be considered. The purchase price, carrying price, and duty are the three most typical expenses associated with items (Stanley and Gregory, 2001). Because profits can't be maximized without paying for operations, it's serious to reason in cost and distribution charges when choosing suppliers for this strategy.

Organization Profile: Because of factors such as risk and lead times, it is critical for individuals looking to buy a company to consider the supplier's agency throughout the supplier selection process. Superior overall performance must be evaluated, including ISO 9000 accreditation, supplier modernization, and technical advancements (Shahadat, 2003). According to Petroni (2002), before making a decision, consider a supplier's geographical location, abilities, and services, since these factors influence whether or not they can supply as much as possible with minimal delays.

Risk factor: Global sourcing is riskier than national sourcing due to various external factors. Because political stability and location have an influence on lead time, these must be considered.

Service Levels: several studies, for example, select seller carrier in a certain minor. According to Bharat (2004), in terms of claims policies, the seller's potential to offer after-income carrier. Another way for the vendor to give assistance to the consumer is through warranties. A provider's capacity to provide technical support, personalize goods, and respond rapidly to customer demands defines their service level (Tan, 2003). Shorter lead times, on-time delivery, and the ease of communication channels are all indicators of a supplier's service level (Mwikali et al., 2012).

Supplier profile: The selection procedure is aided by the performance and historical background of the providers. When choosing or evaluating a supplier, it's important to think about the supplier's financial capability as well as their ability to meet the customer's needs (Awino, 2002).

Technological capacity: as globalization has risen, commercial companies have altered and declined across boundaries. Organizational clients purchase items not just from local vendors, but also from suppliers in other countries. Companies want suppliers with adequate communication channels to improve the supply chain, as it has arrived with the task of reducing lead times through quick and excellent communication. According to Tan (2003), suppliers with a high level of technology integration, such as digital data interchange, radio frequency identification, and the capacity to pick the essential items, will be more competitive and give more flexibility in terms of shipping rates, discounts, and shipment frequency.

Quality Assessment: several empirical investigations concur that quality must be stressed from the end user's perspective if the organization is to remain active. According to Beamon (1999), the great majority of parts are returned because the product's price rejection is reflected in the large range of components that consumers have returned within a given time frame due to various quality issues. The quality evaluation takes into account any problematic components detected in the entering items. This indicates if the supplier has completed the standard component quality inspection.

2.6.2. Buyer Supplier Relationships

According to Mohanty and Gahan (2012), a good buyer-supplier relationship is a strong partnership between suppliers and buyers that benefits both sides over a long period of time. Supplier-buyer relationships should be built on trust, energy, and reliability, as well as two-way communication. More information will be supplied as a consequence of improved supplier-customer connections, which will improve operational factors and, as a result, performance. The better the relationship between the consumer and the provider, the better the provider's overall performance. The corporation may ask the supplier to immediately join them in delivering material to the manufacturing system in accordance with the standards. This collaboration is viable when the agency and the dealer have a solid working connection. According to Mohanty and Gahan (2012), trust, reliability, competency, and functionality of suppliers, as well as two-way communication, must underpin customer-supplier interactions. Relationships between dealers and purchasers have a significant impact on the company's overall performance (Alafi, 2014).

Commitment: every issue's readiness to supply it is defined as their collective interest in ensuring that the transaction occurs as planned (Kwon, 2004). According to Gounaris (2005), maintaining commitment in the consumer-firm relationship has resulted in a number of advantages, including increased willingness in operations, accelerated positivity, extended investment, reduced self-indulgence, and accelerated personal effectiveness, all of which have led to an increase in normal overall procurement performance. These structures are self-assured because the materials are laid by humans who are intrinsically motivated. Relationship charge is the idea that a relationship commitment only occurs when the connection is deemed vital. The persistent desire to keep the connection signals a dedicated partner who wants the relationship to last a lifetime and is willing to put in the work to make it happen. (Morgan and Hunt, 1994).

Communication: a productive discussion is built on the exchange of ideas. Plans for the cooperation, objectives, and a strategic and operational review (Hald et al., 2009; paulraj and chen, 2007). A set of similar goals, supported by unwritten trade, provides for a shared understanding of the most important tasks to complete in order to strengthen the relationship, as well as how these goals could be reached. Participation refers to the amount of time partners spend together planning and defining goals, whereas communications refer to the accuracy, timeliness, adequacy, and dependability of information transmitted. When one partner's activities have an impact on the

extraordinary capacity to compete effectively, it's natural to want to explain roles, tasks, and expectations.

Cooperation: high-quality purchases, early identification and rectification of flaws, reduced scrap and wastage, lower stock holding costs, fewer inspections and incentives, and efficiency in the administration phase are all benefits of cooperation between buyer and supplier (Mohebbi and Shafaei, 2012). As a result, companies with a consistent buyer-supplier connection will have better and more efficient grant chain outcomes (Claub, 2012). According to Morgan and Hunt (1994), appear to accept the previous definition of collaboration, but go on to extend it by focusing on the practical part of collaboration rather than being forced into mutually dependent acts. When cooperation and commitment are combined, cooperative conduct emerges, allowing the partnership to work and ensuring that both parties profit from the relationship.

Mutual Goals: a level of shared desires between partners that may be satisfied through mutual exploitation and relationship renewal (Wilson, 1995). According to Wilson, Soni, and O'Keeffe (1994), mutual purpose impacts overall performance enchantment, which determines the degree of certainty in a partnership. Common-values are a related but larger idea. According to Morgan and Hunt (1994), frequent values are "the amount to which companions share attitudes about what behaviors, requirements, and insurance policies are dynamic, irrelevant, unsuitable, applicable or erroneous." Possibly measuring the point at which the pairs share equal thoughts is less challenging than measuring values and standards.

Trust: confidence is one of the most commonly highlighted elements by academics for a fruitful collaborative connection between client and dealer interactions (Stuart et al, 2012). The building of faith is a vital component for reaping the significant benefits of more collaborative supplier relationships (Smith, Carroll, and Ashford 1995). Trust is said to alter a variety of costly governance systems as well as sophisticated legal frameworks.

Contracts and circumstances, surplus customer satisfaction assurance, time-consuming verbal meeting, and task repetition in product planning, forecasting, and replacing. According to Terpend and Ashenbaum (2012), it is normal to see aggressive relationship between consumer and supplier with goods commodities and services that is only focused on price and delivery. This type of supplier connection no longer allows for price reductions throughout the grant chain. It may also be extremely beneficial to the community and the provider to develop relationships and alliances

based entirely on trustworthiness, which will have mutual benefits for both parties. This is mostly focused on production, financial, personal, and symbolic networking, which will revolve on strategic coalitions, allowing for data sharing and risk extenuation, common benefit, and plan coordination, allowing for supply chain improvement (Gualandris and Kalehschmidt, 2016).

Earlier researchers have also classified thinking as a collection of three kinds. Competence, goodness, and honesty (Philip Maltr, 2019). The ability of a partner relates to their talents and how dependable they are in terms of performance. Benevolence refers to the associate's goodwill and, as a result, the chance of the partner behaving opportunistically. Integrity, on the other hand, refers to the idea that the accomplice will act in a reasonable, consistent, and predictable manner at some point throughout the relationship's development.

2.6.3. Contract Management

Successful contract management solutions may aid a company's success. Contract management is used in procurement to achieve the company's strategic goals. Operational performance measurement demonstrates a company's capacity to achieve its average strategic goals in an efficient and effective manner. Contract management definitely increases an organization's performance when compared to a range of comprehensive indicators such as quality, speed, efficiency, and dealer relationships. According to Costello (2008), suppliers are more willing to do business with companies that have successful contracting tools, since things are simple, wants and goals are realized, and expenditures are properly managed, leading in greater organizational performance. In today's competitive business environment, overall performance measures are crucial; agencies will seek to create performance size metrics to determine how effectively they are fulfilling their objectives (George, 2005). Efficiency, quality, submission, supplier relationships, supplier fault quotations, and procurement cycle time are all indicators of overall organizational performance (Cho &Pucick, 2005). Furthermore, the organization's success is assessed through the use of supporting good indicators. Internal customers' assessments of the department's performance are critical to meeting this objective. It is easy to compare joy phases if different companies use comparable questions.

Contract communication: it is critical to give daily copies of contract papers and shipment plans to contract management personnel, as well as to alert them of any changes.

Contract development: creation of a binding contract, publication of specified terms and conditions of business, and identification of requirements.

Contract administration: with the cooperation of the customer and the supplier, it is concerned with putting systems in place to guarantee that contractual duties are satisfied. Contract administration includes the formal governance of the contract, as well as any regular adjustments to the contract documents during the course of its existence. At this site, contract administration verifies that all contract components are functioning properly. Contract administration problems may be divided into two categories: delivery management and relationship management.

Delivery management: ensures that the requested item is ordered, is delivered, and meets the contract's requirements for exceptional and fundamental performance. Checking the kind, quantity, and caliber of the commodities given, the job completed, and the services rendered may also be included in delivery management.

Relationship management: keep the lines of communication between the financial operator and the contracting professional open and fruitful in order to reduce stress, identify potential issues as soon as feasible, and identify development prospects.

2.7. Conceptual Framework of the Study

The conceptual framework is made up of several points of view and concepts that help the researcher to focus on the study's topics, generate questions, and investigate pertinent information (Stratman & Roth, 2004).

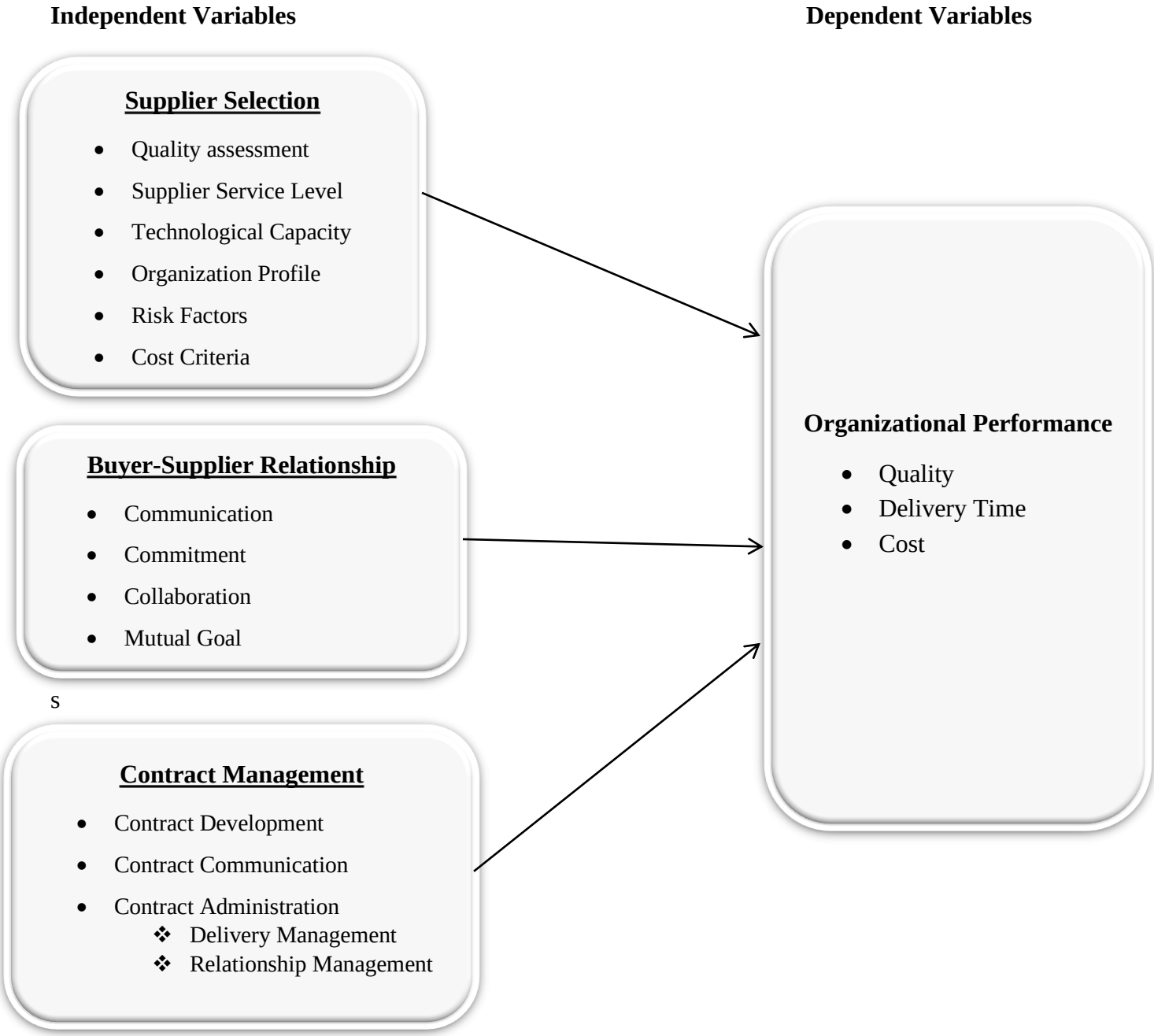


Figure 2.1: The Study's Conceptual Framework (Adapted from Stratman & Roth, 2004).

CHAPTER THREE

RESEARCH METHODOLGY

3.1 Description of the Study Area

The research was carried out at the Ethiopian Construction Works Corporation headquarters in Addis Ababa, Ethiopia's capital city. It was chosen because it is the company's largest structure in terms of size and number of finished projects, as well as the materials it has bought. By acknowledging the importance of strategic sourcing methodologies, this study aimed to explore the influence of strategic sourcing on Ethiopian Construction Works Corporation's performance. The corporation currently operates in six sectors: transportation infrastructure construction, water infrastructure construction, dam and irrigation project management, building technology and construction, construction equipment and machineries management, and corporate property management and service.

3.2 Research Approach

A quantitative research technique was employed to give a solution for the topic researched in order to achieve the research's major goal. According to C.R.Kothari, (2004), quantitative research is described as a rigorous, objective, and systematic technique for obtaining knowledge using numerical data. Large-scale survey research, such as questionnaires or organized interviews, is used in quantitative research to obtain statistics. This research was categorized as quantitative since it relied on systematic data collection and measurement, as well as statistical approaches, to reach its results.

3.3 Research Design

The goal of the study design in empirical research is to answer particular research questions or test specific hypotheses by defining the instruments and methods for collecting and analyzing relevant data. It may also be used as a model for empirical study (Bhattacherjee, 2012). Descriptive research aims to characterize and comprehend the subject of study. To describe, contrast, categorize, evaluate, and interpret the things and events that make up the different fields of study, it looks at people, organizations, processes, and materials. Its objective is to describe the current situation. On the other hand, explanatory research seeks for a cause-and-effect link between variables. This study employed a descriptive and explanatory research technique to identify and explain the

features of strategic sourcing practices and the relationship between strategic sourcing and organizational performance. The influence of strategic sourcing features on the dependent variables was also carefully studied.

3.4 Target Population and Sample Size

Ethiopian Construction Works Corporation, with headquarters in Addis Ababa, was the study's population. The Ethiopian Construction Works Corporation is the largest employer, although the research focuses on the departments of procurement, supply, cost and budget, project management, equipment specification and management, and department heads. However, it was proposed that a census respondent be conducted with the target population of the Procurement department, Supply department, Cost and budget department, Project management department, Equipment specification and management department, and Department head as participants for the headquarters population. The researcher chose these respondents because they are directly or indirectly involved in procurement/sourcing activities and are a reliable source of information on the procurement processes at Ethiopian Construction Works Corporation. Table 3.1 shows the demographics of the study's target population.

Table 3.1 Target Population of the Study

Units	Population
Procurement department	25
Supply department	20
Cost and budget department	23
Project management department	17
Equipment specification and management department	15
Department head	5
TOTAL	105

Source: Own survey result, 2022

3.5 Data Sources and Types

3.5.1 Primary data

Primary data was collected through questionnaires from selected sample respondents.

3.5.2 Secondary data

Secondary data collecting strategies are those that collect data that has previously been documented in the form of journals, articles, books, and other unpublished materials and then compile it to convey the essence of what the research is attempting to discover. Furthermore, the researcher examined secondary data sources to create a conceptual framework. These secondary data were gathered from the study's published databases.

3.6 Data collection procedure

As a research method, a survey study was employed. Because it is very simple to administer, the questionnaire is the finest survey instrument for collecting quantitative data. As a result, the data for this study was gathered utilizing a structured questionnaire. With the exception of questions about the respondents' demographic attributes, respondents were asked closed-ended, largely Likert-scale questions. The five-point Likert scale was used to create the near end questionnaire, with 5 indicating Strongly Agree, 4 suggesting Agree, 3 indicating Neutral, 2 indicating Disagree, and 1 indicating Strongly Disagree. Respondents were asked to grade a company's strategic sourcing methods and score their overall organization's performance based on their most recent project results, and they were given a scale to choose from.

3.7 Method of data Analysis

The questionnaire data was analyzed using SPSS 26.0, which included descriptive statistical data analysis tools like percent, frequency, and mean, as well as inferential statistical data analysis techniques like examination of correlation and simple linear regressions.

3.8 Reliability and Validity of the instrument

3.8.1 Reliability

A reliability test was performed to ensure that the measuring tools used in the study were error-free and that the measurement device produced trustworthy results. There are a variety of dependability coefficients to choose from. Cronbach's Alpha is one of the most often utilized. Low Cronbach alpha levels indicate that items do not capture the same construct, whereas high

Cronbach alpha values indicate that items properly measure and reflect the construct. To construct a credible scale, Cronbach Alpha should be more than 0.70, and any scale with Cronbach Alpha less than this should be excluded. B. Sharma (2016).

Reliability Statistics

Cronbach's Alpha	N of Items
.811	54

The Likert scale questionnaire item's reliability was checked by the application of the Cronbach Coefficient Alpha using SPSS software for the computations of internal consistency. As a rule of thumb, researchers consider a measure to have adequate reliability if Cronbach's alpha coefficient exceeds 0.7 (Leary, 2012). A score of 0.811, indicating that the items have strong internal consistency and hence guarantee the study's reliability and acceptance.

3.8.2 Validity

Validity is defined as the degree to which a data collecting process or methods accurately measures what they claim to be measuring. And also, validity refers to whether or not the results are truly about what they claim to be about (Sounders et al., 2003). To assure the study's validity, a number of different actions was taken:

- Data was collected from the reliable sources.
- Survey question was made based on literature review and frame of reference to ensure result validity.

3.9 Ethical Consideration

Ethical concerns are so delicate that anybody doing research should use extreme caution and awareness. The researcher looked at the ethical issues of secrecy and privacy. The respondents who filled out the questionnaire gave their complete agreement to participate in this study and were also informed that they were not obliged to enter their names on the questionnaire and that their responses would be kept secret and used exclusively for academic purposes. The researcher examined the responses given by the subjects without making any changes. In addition, other researchers' and writers' reference works are properly referenced.

CHAPTER FOUR

RESULT AND DISSCUSIONS

3.1 Introduction

A questionnaire was used to collect data from six departments, and this chapter was used to analyze and interpret the results (i.e., Procurement department, Supply department, Cost and budget department, Project management department, Equipment specification and management department and Department head). The data was evaluated using the methodologies, research design, and instruments described in the proposal. A total of 105 persons were meant to contribute to the data. Only 93 of them, on the other hand, responded to the questionnaires. As a consequence, 93 were successfully used for analysis, resulting in an 88.6% response rate. The data analysis, discussion, and interpretation of the results are presented under the following subheadings: presentation of demographic data and frequency of respondents, analysis of mean, analysis of correlation, and analysis of simple linear regression.

3.2 The General Background of the Respondents

The table below shows the demographic information of the respondents. The following factors are taken into account: gender, age, education, department, position, and years of experience. Structured questions were asked of respondents to elicit information on these issues, and their responses are presented and reviewed below. The survey results were analyzed using the SPSS software.

Table 4.1 Respondents' demographic profile

	Variable		Frequency	Percent	Valid Percent
Valid	**Respondent's Gender**	Male	61	58.1	65.6
		Female	32	30.5	34.4
		Total	93	88.6	100
		Missing	12	11.4	
		Total	105	100	
Valid	**Respondent's Education qualification**	Diploma	8	7.6	8.6
		BA/BSc Degree	67	63.8	72
		MSc/MA	18	17.1	19.4
		Total	93	88.6	100
	Missing System		12	11.4	
	Total		105	100	
Valid	**Respondent's work unit**	Procurement	23	21.9	24.7
		Supply	19	18.1	20.4
		Finance	19	18.1	20.4
		Project Management	16	15.2	17.2
		Equipment specification and mgt.	13	12.4	14
		Head of Department	3	2.9	3.2
	Total		93	88.6	100
	Missing System		12	11.4	
	Total		105	100	
Valid	**Respondent's Years of Experience**	Below 3 years	9	8.6	9.7
		4-6 years	30	28.6	32.3
		7-10 years	30	28.6	32.3
		11-15 years	14	13.3	15.1
		Above 15 years	10	9.5	10.8
		Total	93	88.6	100
	Missing System		12	11.4	
	Total		105		

Source: Own Survey Result 2022

A total of 93 questionnaires were completed and included in data analysis, reflecting a response rate of 88.6 percent. Gender, age, educational background, Department, and current duty were all part of the general information inquiries in order to generalize the respondent's attributes. The majority of responders (65.6 percent) were male, with 34.4 percent being female.

In terms of age, 16.2 percent of the subjects were between the ages of 20 and 30; 47 (44.8 percent) were between the ages of 31 and 40; 28 (26.7 percent) were between the ages of 41 and 50; and 1(1 percent) were older than 50. This demonstrates that the greatest number of responders, 47, are between the ages of 31 and 40. (44.8 percent).

According to the respondents' educational level, 7.6 percent have a diploma, 63.8 percent have a degree, and 17.1 percent have a master's degree. This means that the majority of the total number of responders have a degree in this field.

In terms of department, 21.9 percent of respondents worked in procurement, 18.1 percent worked in supply, 18.1 percent worked in cost and budget, 15.2 percent worked in project management, 12.4 percent worked in equipment specification and management, and 2.9 percent worked as department heads.

In each department, 4.8 percent of respondents were managers, 10.5 percent were team leaders, 12.4 percent were unit leads, and 61 percent were officers.

Employee experience was broken down as follows: 9 (8.6%) had less than three years' experience, 30 (28.6%) had four to six years' experience, 30 (28.6%) had seven to ten years' experience, 14 (13.3%) had eleven to fifteen years' experience, and the remaining 10 (9.5%) had more than sixteen years' experience.

3.3 Descriptive Analysis of Variables

The mean, often known as the average, is a measure of central tendency that gives a broad picture of the data without covering each individual observation. The average amount of respondents in each dimension of strategic sourcing has a good or unfavorable reaction, as shown by the mean of respondents in each dimension. To infer the overall strategic sourcing patterns in ECWC, the mean of each item was computed together with the general mean/average mean of their respective dimension in this scenario. The items' mean statistical values were calculated using a 5-point Likert

scale and the following assumptions: if the mean (M) score is less than 3, respondents disagree with the statement; if the mean score is equal to 3, respondents prefer to remain Neutral; and finally, if the mean score is greater than 3, respondents agree with the statement. As a result, the mean scores for all three strategic sourcing dimensions, including supplier selection, buyer-supplier relationship, and strategic sourcing contract management, as well as the dependent variable organizational performance, were calculated by weighting all of the items' mean scores within each dimension equally. The average means result for each strategic source dimension, together with their pertinent components, was presented, investigated, and interpreted independently as follows.

Supplier Selection of Strategic Sourcing

Table 4.2 Descriptive Statics of Supplier Selection

Supplier Selection	Items	Mean	Std. Deviation
Quality Assessments	ECWC's supplier selection practices, which utilize quality assessment, increase the project deliverable quality.	3.41	.630
	The ECWC's supplier selection process that uses quality assessment has improved its performance in terms of project delivery time.	3.37	.672
	In order to enhance its performance in terms of cost reduction, ECWC's supplier selection methods involve quality assessment.	3.51	.503
Grand mean of Quality assessment practices		**3.43**	
Supplier Service Level	ECWC supplier selection practices enhance the quality of its project deliverables in terms of their service level as a measure of performance.	3.49	.544
	Supplier service level is used as a criterion in ECWC's supplier selection methods, which helps to reduce project costs.	3.53	.601
	ECWC's supplier selection practice takes the suppliers' service level into account when selecting suppliers to improve project delivery time.	3.34	.651
Grand mean of Service level		**3.45**	
Supplier Technological Capacity	ECWC's method of selecting suppliers based on their technological capabilities improves its project cost reduction performance.	3.47	.502
	ECWC's supplier selection strategy considers their technological capacity when estimating project delivery times.	3.60	.514
	ECWC's supplier selection process, which takes into account their technological capabilities, increases project deliverable quality.	3.33	.712
Grand mean of Technological capacity		**3.47**	

Supplier Organization Profile	When ECWC uses the supplier profile to select their suppliers, they are able to improve their performance in terms of project delivery time.	3.51	.524
	The ECWC supplier selection technique, which uses the supplier profile, improves the organization's cost-cutting performance.	3.38	.641
	The ECWC supplier selection method of leveraging the supplier profile improves the organization's project delivery time performance.	3.42	.648
Grand mean of Organization profile		**3.44**	
Risk Factors	The ECWC supplier selection method, which took into account risk variables, improved the organization's project delivery time.	3.57	.540
	The ECWC supplier selection process considering risk factors improved organization performance in terms of project deliverable quality.	3.46	.543
	The ECWC supplier selection procedure, which took into account risk variables, increased the organization's project cost-cutting performance.	3.49	.636
Grand mean of Risk factor		**3.51**	
Cost Criteria	ECWC's supplier selection practice took into account cost criteria to improve project delivery time.	3.35	.670
	ECWC's supplier selection practice took into account cost criteria to improve project deliverable quality.	3.44	.580
	ECWC's supplier selection practice took into account cost criteria to improve project cost reduction.	3.33	.712
Grand mean Cost Criteria		**3.37**	
Average mean of Supplier selection		**3.45**	

Source: Own Survey Result, 2022

N=93

The findings in Table 4.2 show that the respondents agree to a large extent that the company considers the risk factor of supplier selection as the most important part of strategic sourcing with (M=3.51); the technological capacity of the supplier (M=3.47); that the supplier's service level supplier selection process to achieve the company's sourcing objective (M=3.45); the supplier organization profile strategic supplier selection (M=3.44); the quality assessment of supplier (M=3.45). These findings suggest that strategic sourcing supplier selection should be carefully considered in order to improve a firm's organizational performance, as literature suggests that supplier selection is a critical strategic sourcing activity for many firms because it can improve the firm's performance and core competencies.

Buyer Supplier Relationship of Strategic Sourcing

Table 4.3 Descriptive Statistics of Buyer Supplier Relationship

Buyer Supplier Relationship	Item	Mean	Std. Deviation
Communication	Communication is a key component of ECWC's buyer supplier relationship practice, which improves its project quality deliverables.	3.53	.523
	Communication is a key component of ECWC's buyer supplier relationship practice, which improves its project delivery time.	3.54	.563
	Communication is a key component of ECWC's buyer supplier relationship practice, which improves its project cost reduction.	3.52	.502
Average Mean of Communication		**3.53**	
Commitment	The dedication of ECWC to buyer-supplier partnerships improves its performance in terms of project cost reduction.	3.57	.498
	ECWC's focus to buyer-supplier partnerships enables them to complete projects on time.	3.51	.524
	ECWC's commitment to buyer-supplier relationships boosts its performance in terms of improve project deliverable quality.	3.56	.499
Average Mean of Commitment		**3.55**	
Collaboration	In terms of project quality deliverable, ECWC's buyer-supplier relationship approach of contemplating collaboration improved its performance.	3.45	.542
	In terms of project delivery time, ECWC's buyer-supplier relationship practice of collaboration improved its performance.	3.48	.544

	ECWC's buyer-supplier relationship approach of contemplating cooperation improved its project cost-cutting performance.	3.54	.563
Grand Mean of Collaboration		**3.49**	
Mutual Goal	ECWC's practice of buyer-supplier relationships based on mutual goals increased the speed of delivery for its projects.	3.44	.634
	ECWC's buyer-supplier relationship approach of working toward a common objective improved the project's quality delivery.	3.51	.503
	ECWC's buyer-supplier relationship technique of working toward a common objective improved its project cost-cutting performance.	3.52	.502
Average Mean of Mutual Goal		**3.49**	
Average Mean of Buyer-Supplier Relationship		**3.52**	

Source: Own Survey Result, 2022

N=93

The buyer-supplier relationship is another important part of strategic sourcing. Table 4.3 shows that respondents agree that commitment to buyer-supplier relationships improves organizational performance with mean value (M=3.55), that communication is a key component of buyer supplier relationship practice of strategic sourcing with mean value (M=3.53), and that buyer-supplier relationships are based on mutual goals with mean value (M=3.49). With a mean value (M=3.46), the respondent agrees to the buyer-supplier relationship practice of collaboration. This conclusion supports the use of strategic sourcing to improve a company's organizational performance, since research shows that a healthy connection between buyers and suppliers has a large beneficial influence on organizational performance.

Contract Management of Strategic Sourcing

Table 4.4 Descriptive Statistics of Contract Management

Contract Management	Item	Mean	Std. Deviation
Contract Development	ECWC's contract management methodology, which takes contract development into consideration, improves project cost reduction interims.	3.55	.542
	In terms of project quality, the ECWC contract management technique of considering contract development improves its performance.	3.48	.544
	ECWC contract management practice using considering contract development enhances its performance by in terms of project delivery time.	3.39	.643
Grand mean of Contract Development		**3.47**	
Contract Communication	ECWC's contract management technique, which includes contract communication, improves the organization's performance by reducing project costs in the interim.	3.58	.577
	ECWC contract management considering contract communication enhances its performance in terms of project deliverable quality.	3.47	.502
	ECWC contract management improves project delivery time by taking contract communication into account.	3.48	.669
Grand mean of Contract Communication		**3.51**	
Contract Administration	The ECWC contract management practice of contract administration improves project delivery time interims.	3.55	.562
	The ECWC contract management practice of contract administration improves project cost reduction interims.	3.47	.523
	The contract management practice of ECWC, which employs contract administration, improves its performance by providing interims of project quality deliverable.	3.53	.563
Grand mean of Contract Administration		**3.52**	

Delivery Management	In order to improve delivery management's performance interims of project deliverable quality, ECWC contract management practice is being used.	3.45	.562
	The use of ECWC contract management approach in the context of delivery management improves project delivery time interims.	3.41	.594
	The use of ECWC contract management approach in the context of delivery management improves project cost reduction interims.	3.51	.503
Grand mean of Delivery Management		**3.46**	
Relationship Management	The ECWC contract management approach of relationship management increases interim project cost reduction performance.	3.45	.542
	The ECWC contract management approach of considering relationship management improves project delivery time interims.	3.54	.523
	The ECWC contract management technique of taking relationship management into account increases project delivery quality interims.	3.35	.619
Grand mean of relationship Management		**3.45**	
Average mean of Contract Management		**3.48**	

Source: Own Survey Result, 2022

N=93

According to the findings of the study, the majority of respondents agreed to a large extent that the organization contract management practice of contract administration with mean (M=3.52) and taking contract communication into account mean value of (M=3.51), and the respondent neutral that the organization contract development with mean (M=3.47); the context of delivery management with mean (M=3.46) and contract management technique of taking relationship management into account mean value of (M=3.51), and the respondent neutral that the organization contract development with mean (M=3.45). According to descriptive data, respondents are Neutral about contract management in their own companies, meaning that contract

management has an impact on ECWC's organizational performance. This finding suggested that organizations with good contract tools encourage suppliers to do business with them because things are straightforward, wishes and goals are met, and expenditures are appropriately handled, resulting in higher organizational performance (Costello, 2008).

Descriptive Statistics of Strategic Sourcing Practices Dimensions

Table 4.5 Descriptive Statistics of Strategic Sourcing Practices Dimensions

Descriptive Statistics			
	N	**Mean**	**Std. Deviation**
Supplier Selection of Strategic Sourcing	93	3.45	.217
Buyer-Supplier Relation of Strategic Sourcing	93	3.52	.296
Contract management of Strategic Sourcing	93	3.48	.192
Valid N (list wise)	93		

Source: Own Survey Result, 2022

N=93

As shown in table 4.5, the mean score values of strategic sourcing techniques vary between 3.52 (buyer-supplier connection) with a standard deviation of 0.296 and 3.45 (supplier selection) with a standard deviation of 0.217. According to these findings, the buyer-supplier relationship has the highest mean score, implying that a good relationship between buyers and suppliers has a positive significant impact on organizational performance.

3.3.1 Organizational Performance

Table 4.6 Descriptive Statistics of Organizational Performance

Organization Performance	Item	Mean	Std. Deviation
	ECWC's supplier selection process takes into account the project's quality deliverables in order to improve its performance.	3.42	.614
	ECWC's buyer-supplier relationship approach, which took this into account, improved the quality of project deliverables.	3.56	.541
	ECWC's contract management practice, which took this into account, improved the quality of project deliverables.	3.47	.523
Grand Mean of Quality		**3.48**	
	ECWC's supplier selection process incorporates this consideration, which improves project delivery time.	3.53	.523
	ECWC's buyer-supplier relationship practice, which takes this into account, improves its project delivery time.	3.42	.596
	ECWC's contract management technique, which took this into account, improved its project delivery time.	3.46	.543
Grand Mean of Delivery time		**3.47**	
	ECWC's supplier selection process takes this into account and improves its performance in terms of project cost reduction.	3.46	.563
	ECWC's buyer-supplier relationship practice, which takes this into account, improves its performance in terms of project cost savings.	3.47	.523
	The ECWC contract management method that takes this into account improves the project's performance in terms of cost reduction.	3.46	.563
Grand Mean of Cost		**3.46**	

Source: Own Survey Result, 2022

N=93

Many studies have been conducted to study the link between strategic sourcing and organizational success. The establishment of a strategic sourcing department inside the organization would lead to greater corporate success (Meanwhile, Rossetti & Choi 2005). The goal of strategic sourcing is to develop tight relationships with a small number of suppliers, allowing for open and honest communication among partners, building long-term partnerships for mutual benefit, and ultimately boosting the organization's performance (Chen et al., 2004).

Correlation Analysis

The correlation between independent and dependent variables was investigated using the Statistical Package for Social Science (SPSS). The Pearson Correlation coefficient-based correlation between factors in the questionnaire is depicted in the correlation matrix below.

As a result, the association between the variables was evaluated using Bivariate Pearson Coefficients utilizing a two-tailed statistical significance test at the 95 percent level of significance, $P< 0.01$. The magnitude of the correlation coefficient (r) is determined as follows: If it's between 0.1 and 0.20, it's slight or small; between 0.20 and 0.40, it's low correlation or weak relationship; between 0.40 and 0.70, it's moderate; between 0.70 and 0.90, it's high correlation or substantial relationship; and between 0.90 and 1.00, it's very high correlation or very strong correlation between variables (Burns, 2008).

Table 4.7: Pearson Correlation Matrix

Correlation					
		Strategic Supplier Selection	Strategic Buyer-Supplier Relationship	Strategic Contract Management	Overall Organizational Performance
Strategic Supplier Selection	Pearson Correlation	1	.405**	.475**	.532**
	Sig. (2-tailed)		.000	.000	.000
	N	93	93	93	93
Strategic Buyer-Supplier Relationship	Pearson Correlation	.405**	1	.325**	.500**
	Sig. (2-tailed)	.000	.000	.001	.000
	N	93	93	93	93
Strategic Contract Management	Pearson Correlation	.475**	.325**	1	.492**
	Sig. (2-tailed)	.000	.001	.000	.000
	N	93	93	93	93
Overall Organization Performance	Pearson Correlation	.532**	.500**	.492**	1
	Sig. (2-tailed)	.000	.000	.000	.000
	N	93	93	93	93
** Correlation is significant at the 0.01 level (2-tailed)					

Source: Own Survey Result, 2022

According to the correlation matrix above, strategic sourcing strategies are favorably and modestly connected with overall organizational success. Strategic supplier selection has the greatest strong coefficient of association with total organizational performance ($r=0.532$, $n=93$, $p\leq 0.01$). It is possible to see a considerable positive association between strategic supplier selection and overall organizational performance.

The strategic buyer-supplier relationship and overall organizational performance have the second greatest strong coefficient of association ($r = 0.500$, $n = 93$, $p \leq 0.01$). As a result, the buyer-supplier relationship has a considerable positive link with overall organizational performance.

The third coefficient of association ($r = 0.492$, $n = 93$, p 0.01) is between strategic contract management and overall organizational performance. As a result, competitive strategic contract management and organizational performance have a considerable positive association.

In summary, the results suggest that all of the drivers of strategic sourcing are important and substantial in demonstrating the impact of strategic sourcing on organizational performance.

3.4 Regression Analysis

Regression analysis is a set of techniques that can enable us to assess the ability of an independent variables to predict the dependent variable. In most cases, the researcher is interested in learning how one variable influence another. To examine such concerns, the researcher collects data on the original factors of awareness and used regression to estimate the quantitative effect of the causal variables on the variable in question.

3.4.1 Linear Regression Analysis

To ensure that the generated data accurately reflected the sample and that the researcher achieved the best findings, the regression analysis assumptions must be met (Hair et al., 1998).

3.4.1.1 Multi-Collinearity

Look for multicollinearity if several of the independent variables have substantial correlations. This study uses the Variance Inflation Factor (VIF) to investigate the impact of independent variable correlations on regression estimation precision. The VIF factor should be under 10, ideally one.

The formula 1–R2 is used to determine how much of each independent variable's variability is not explained by the model's other independent variables. If this number is extremely low (less than 0.10), it means there is a high multiple correlation with other variables, indicating multicollinearity.

Table 4.8: Multicollinearity Test

Coefficients[a]			
Model		**Collinearity Statistics**	
		Tolerance	**VIF**
1	Supplier Selection	.704	1.420
	Buyer Supplier Relationship	.813	1.229
	Contract Management	.753	1.328
a. Dependent Variable: Organizational Performance			

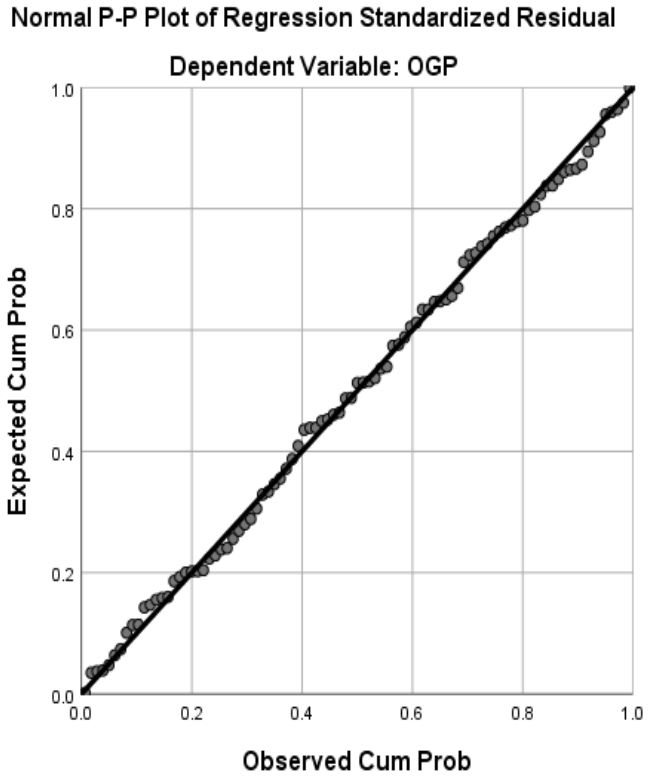
Source: Survey Result, 2022s

The estimated variance inflation factor (VIF) for all independent variables was determined to be between 1 and 10 based on the coefficients calculated, as indicated in the table above (collinearity statistics). This proves that multicollinearity is not a problem.

3.4.1.2 Homoscedasticity

In regression analysis, the assumption of homoscedasticity is that the residuals at each level of the predictor variables have the same variances. That is, residual dispersion along any predictor variable should be rather consistent. The researcher should begin by plotting *ZRESID (Y-axis) against *ZPRED (X-axis) in SPSS, since this plot is critical in defining if the conventions of casual errors and homoscedasticity were satisfied. The graphs of *ZRESID and *ZPRED should appear like a random array of dots evenly spread around zero. There's a strong chance the data is heteroscedastic if this graph funnels out. If there is any kind of curve in this graph, the data has most likely violated the linearity assumption.

Figure 4.1 Scatter Plot



3.4.1.3 Linearity

The degree to which the change in the dependent variable is tied to the change in the independent variable is replicated by the linearity of the connection between the dependent and independent variables. Linear models forecast standards that fall in a straight line by assuming a constant unit change of the dependent variable for a constant unit change of the independent variable (Hair et al., 1998). The researchers examine for patterns in scatter plots of strategic sourcing strategies with organizational performance to check whether there is a linear relationship and if the assumptions are met. Overall organizational performance and strategic sourcing strategies have a linear connection, as seen in the graph above.

3.4.1.4 Independent errors

The Durbin–Watson statistic reflects whether or not the independent error assumption is acceptable. Values less than 1 or more than 3 should clearly ring warning bells, according to the conservative rule (Field, 2005). As a result, the desired outcome is when the number is closer to 2, and the value for this data is 1.849, which is so near to 2 that the assumption is virtually likely satisfied.

Multiple Linear Regression Analysis

Linear regression best predicts the value of the dependent variable by estimating the coefficients of a linear equation with one or more independent variables (Field, 2005). The explanatory power of the independent variables was analyzed using multiple linear regression to determine the relationship and the most important components that influenced organizational performance. A significance threshold of 0.05 was applied with a 95% confidence interval. Multiple regression analysis was used to evaluate how the features of strategic sourcing practices influenced organizational performance. The regression study's model summary is presented in table 4.9.

Table 4.9: Model Summary for organizational performance

Model Summary										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin Watson
					R Square Change	F Change	df1	df2	Sig. F change	
1	.655[a]	.430	.410	.15091	.430[a]	22.339	3	89	.000	1.849

a. Predictors: Supplier Selection, Buyer-Supplier relationship, and Contract management

b. Dependent Variable: Organizational performance.

Source: Survey Result, 2022

The above regression model presents how much of the variance in the measure of organizational performance is explained by the underlying strategic sourcing practice variables.

Furthermore, to explain R, R2, adjusted R2 and Durbin–Watson in detail: -

R - shows the multiple correlation coefficient between the predictors and the result, with a value ranging from 0 to 1, with a larger number indicating a stronger correlation and 1 indicating an equation that completely predicts the observed value. According to the model, the linear combination of the independent variables substantially predicts the dependent variable (R = 0.655).

R Square (R^2) - the fraction of variance in the dependent variable that can be explained in a linear way by combining the independent variables. The R2 score reveals how well the predictors can explain the variation in the result. The range of R2 values is 0 to 1. Supplier selection, buyer-supplier relationship, and contract management are the linear combination of strategic sourcing practices variables or predictors that explain 43.0% of the variance in organizational performance, with the remaining 57.0 percent explained by extraneous variables not included in this regression model.

Durbin-Watson - the Durbin–Watson statistic determines whether or not independent mistakes are tolerable. According to the conservative rule, values of less than one or more than three should certainly trigger warning lights (Field, 2005). As a consequence, the expected result is a number that is closer to 2, and the value for this data is 1.849, which is so near to 2 that the assumption has been satisfied.

Table 4.10: ANOVA of organizational performance

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.526	3	.509	22.339	.000[b]
	Residual	2.027	89	.023		
	Total	3.553	92			
a. Dependent Variable: Organizational Performance.						
b. Predictors: supplier selection, buyer-supplier relationship, and contract management.						

Source: Survey Result, 2022

The F value of 22.339 in the ANOVA table above is significant with p <1. When seen as a whole, this indicates that the three independent factors are tightly linked to the dependent variable. As a

result, we may conclude that our regression model dramatically improves organizational performance prediction and that the regression model in general significantly improves organizational performance prediction.

The regression coefficient

The goal of this study is to figure out which independent variable has the most impact on the dependent variable's prediction. As a result, the standardized Beta coefficient may be used to assess the influence of each independent variable (predictor) on the criterion (dependent variable).

The regression coefficient indicates how much a change in the independent variable has an impact on the dependent variable. The more evidence there is that an independent variable is a more important determinant in forecasting the dependent variable, the higher its Beta coefficient.

Table 4.11: Summary of Coefficient on organizational performance

Model		Unstandardized Coefficients		Standardized Coefficient	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(constant)	.954	.320		2.980	.004	.318	1.591
	Supplier Selection	.261	.086	.288	3.017	.004	.089	.432
	Buyer-Supplier Relationship	.199	.059	.299	3.369	.001	.082	.317
	Contract Management	.264	.094	.258	2.800	.006	.077	.452

Dependent Variable: Organizational performance

Source: Survey Result, 2022

The constant beta value and p-value of the variables are shown in the coefficient table above to analyze the significance of independent variables. Each variable's significance level (P-value) is .004, .001, and .006 respectively, while their standardized coefficients are .288, .299, and .258. All of the independent variables have a p-value of less than 0.05, indicating that they all have a significant relationship with the organization's success. According to these findings, the regression equation for predicting total organization performance based on a linear combination of supplier selection, buyer-supplier relationship, and contract management is as follows:

The regression equation of organizational performance

Y = .954 + .288 X1 + .299 X2 + .258 X3 + e

Where **Y**= Organizational Performance

X1= Supplier Selection

X2= Buyer-Supplier Relationship

X3= Contract Management

e=sampling error

The standardize beta value indicates how many standard deviations a change in predictor affects the outcome. Because standard deviation units are directly comparable, they give a better understanding of the significance of a predictor in the model. The importance of a variable in predicting the dependent variable is proportional to its beta coefficient. The buyer-supplier relationship dimension has a standardized beta value of 0.299. This suggests that this variable is crucial for assessing the influence of strategic sourcing on organizational performance, followed by strategic sourcing supplier selection and strategic sourcing contract management, both of which have beta values of 0.288 and 0.258, respectively.

Factors with higher beta values have a higher level of significance and can contribute considerably to explaining the dependent variable, according to the table above. Variables with lower beta coefficients also have a lesser degree of significance and can't explain the dependent variable very well.

4.7 Discussion of the Result

The section highlights the research's primary findings and compares them to those of earlier studies.

According to the study's findings, there is a strong and favorable association between strategic supplier selection and organizational performance. Supplier selection is viewed as a significant managerial decision in the supply chain literature. According to (Paul D. Cousins, Benn Lawson and Brian Squire,.2008), suppliers consistently provide supplies, components, or products to an organization on time and in good condition. They focus on important business operations including cost, quality, and delivery to ensure that the relationship's organizational goals are satisfied. These metrics are more objective, focused on day-to-day operations, and relatively simple to analyze, and they reveal a significant and positive link between supplier selection and organizational success. Because the organization's suppliers may impact the pricing, quality, delivery reliability, and availability of its products, supplier selection is often viewed as the buying function's most important duty. An effective supplier selection method is required for successful supply chain management. Both supplier and purchasing firm performance have benefited through supplier selection and relationship. As a result, supplier selection has become one of the most critical corporate procedures in today's world. This is due to the fact that it affects organizational performance and, more precisely, final product qualities such as cost, project, and quality (Aseka Japheth Tom).

The research findings show that there is significant and positive relationship between strategic buyer-supplier relationship and organization performance. According to Wambani.W. Amutabi (2017), in many companies across various sectors, buyer-supplier collaboration has a positive influence on performance and quality improvement. Buyer-supplier relationship management is critical to an organization's performance since suppliers determine pricing, quality, delivery, reliability, and accessibility of its products and services.

According to Wambani W.Ambani's empirical study, strong buyer-supplier relationships have a positive correlation that improves the company's performance; good supplier-buyer relationships result in a shorter lead-time for delivery; increased efficiency due to information sharing between suppliers and the company; lower operational costs due to suppliers' involvement in the company's decision-making; real-time supply delivery due to developed supplier relationships. Interactions

in the supply chain that are based on trust, collaboration, mutuality, and commitment, as well as a willingness to share risks, minimize uncertainty and establish quality, delivery, quality, and timeliness improvements.

The outcomes of the study reveal that strategic contract management and organizational performance have a strong and beneficial link. According to, Cherotich Rotich Joyce (2012), on contract management practices and organizational performance in Kenya, contract management practices and organizational performance have a positive association. According to Abeeden Group (2006), contract management is a systematic approach to establishing, executing, complying with, and evaluating corporate contracts in order to improve organizational performance, save costs, and decrease risks, and it has a positive correlation with it.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The major findings, conclusions, and recommendations of the study are summarized in this chapter.

5.1 Summary of the findings

Throughout the research process, the researcher looked into the impact of strategic sourcing on the construction industry, exemplifying the relationship between organizational performance and strategic sourcing dimensions in the case of ECWC, and analyzing strategic sourcing dimensions with the goal of determining the strength of the relationship between the dimensions in this specific case. Based on data provided by business staff, a quantitative approach, correlation, and regression analysis were used to achieve the given objectives.

The largest share (65.6 percent) of responders were male, with the balance (34.4 percent) being female. Furthermore, the majority of respondents (75.5 percent) were from the departments of procurement management, supply management, and cost and budget, accounting for more than half of the total participants. Finally, when it came to the respondents' job experience, the researcher found that they had appropriate exposure to the work area and the ability to bring about variation in the firm, which boosted the research's validity.

The average mean score values of strategic sourcing characteristics such as supplier selection, buyer-supplier relationship, and strategic sourcing contract management (M= 3.45, M=3.52, and M=3.48, respectively) were higher than the average mean value, according to the findings.

The result of correlation analysis depicts that supplier selection of strategic sourcing has positively and moderately correlated with organizational performance at ($r=0.532$, $p<0.1$). Strategic sourcing supplier selection has a considerable impact on organizational performance, according to the research. Furthermore, supplier selection has a direct impact on the company's cost reduction, profitability, and delivery time; sourcing division decisions have a substantial impact on the effectiveness of the organization.

Another feature of strategic sourcing is the buyer-supplier relationship, which is favorably and substantially connected to organizational success at ($r=.0.500$, $p<0.1$), solid relationships with suppliers contribute to a firm's financial performance because they foster efficient communication, information sharing, and trust, which leads to increased organizational performance.

The finding also shows that contact management of strategic sourcing has also positively and strongly correlated with organizational performance at ($r=0.492$, $p<0.1$). Successful strategic sourcing contract management is a systematic approach for the formulation, implementation, and analysis of purchasing contracts that maximizes a firm's organizational performance. Companies with effective contract tools inspire suppliers to do business with them because things are straightforward, needs and goals are met, and expenditures are appropriately handled to generate improved organizational performance.

5.2 Conclusions

The main purpose of the study was to see how strategic sourcing affected overall organizational performance. The research focused on Ethiopian Construction Works Corporation. The strategic sourcing variables/dimensions selected all have a significant influence on organizational performance.

As a consequence, in this study, three research aspects were developed and addressed. The study's primary purpose was to look at the impact of strategic sourcing supplier selection on the performance of the ECWC. Based on the data, the researcher may conclude that strategic sourcing supplier selection has an impact on the performance of the ECWC.

The study's second research goal was to assess the impact of the buyer-supplier connection on ECWC's organizational performance, and the researcher came to the conclusion that the buyer-supplier connection has a substantial and beneficial influence on ECWC's overall success.

The study's third research goal was to look into the impact of strategic sourcing on ECWC organizational performance, and the researcher came to the conclusion that contract management has a good and significant impact on ECWC organizational performance.

The correlation matrix indicated that all independent variable coefficients were positive and significantly related to the dependent variable, indicating that the correlation analysis was done on the study data to explore the relationships between variables. The effect of the buyer-supplier relationship, according to the regression results, is greater than the influence of other strategic sourcing practices.

Based on the results of regression analysis, it is reasonable to infer that all three elements of strategic sourcing, namely supplier selection, buyer-supplier relationships, and contract management, have a substantial impact on organizational performance.

5.3 Recommendation

The researcher offers the following ideas as viable solutions to the problem based on the study findings.

1. The study suggests that in order to enhance strategic sourcing supplier selection, which has a beneficial impact on the organization's performance, the construction business should examine and acquire feedback on the supplier from other customers, in addition to that the researcher recommends that, the construction firm should set up a proper strategic sourcing supplier selection process for the company, taking into account various factors that can assist the company in achieving its competitive advantage and strategic needs, as it is very difficult to achieve organizational performance without effective strategic supplier selection.
2. The study advises that construction businesses use strategic sourcing with solid buyer supplier relationships since the study discovered that buyer supplier relationships have a beneficial influence on organizational performance. As a result, the firm must collaborate closely to develop strong and positive relationships between the buying company and the supplier company in order to have a smooth and long-term purchasing relationship.
3. Finally, the study recommends that construction firms ensure that strategic sourcing contract management is properly managed, that the firm strives to have skilled and experienced manpower in the area of sourcing contract management by providing training and coaching to its employees, and that the firm anticipates (pro-active) any issues or problems that may arise and offers timely solutions because contract management avoids disputes and resolves misunderstandings between the supplier and the buyer. The research also suggests that any difficulties in the overseas purchase contract be addressed as soon as feasible.

5.4 Further Research for the study

1. Research that will assess the issues affecting strategic sourcing in the construction industry, highlighting the consequences that must be addressed in order to improve performance.
2. According to the researcher, a contrast study of the impact of strategic sourcing on organization performance should be conducted with other similar organizations in the nation.
3. Future studies should also analyze the hurdles to strategic sourcing adoption in the building industry. This research is important since it will help the organization discover market sectors that need to be refined in order to boost performance.
4. The concept may not apply to other sectors of the economy because the study is limited to construction businesses. As a result, future research may focus on replicating this model in the other economic sectors.

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Appendixes

Appendix A: Questionnaire

Addis Ababa University School of Commerce

Dear participants:

First and foremost, I'd want to express my gratitude for your readiness to react to my inquiries. My name is Chaneyalew Wondemalem, and I am a master's degree student in the Department of Logistics and Supply Chain Management at Addis Ababa University's School of Commerce. I'm researching "The effects of strategic sourcing on the construction organizational performance of the Ethiopian Construction Works Corporation" for my master's degree.

I kindly request you to participate in this research study by completing the attached questionnaire. Knowing that your time is available please, please take few minutes of your time to complete the questionnaire. The questioner has close-ended please read each statement carefully and show the extent of your agreement on the statements by putting “√" or "X" mark in the boxes which most accurately reflects your opinion. Please answer all the questions.

In order to ensure that all information will remain confidential please do not include your name.

Regards,

Email address: chanyalew123@gmail.com

Cell Phone: 0912199005

Part 1: General Information

1.1. Gender

Male ☐ Female ☐

1.2. Age Bracket

20 – 30 years ☐ 31 – 40 years ☐ 41 – 50 years ☐ Above 51 years ☐

1.3. Education Background

Certificate ☐ BA/BSC Degree ☐ Other, please specify _____

Diploma ☐ MSc/MA ☐ _____

1.4. Yours Department in ECWC

Procurement Department ☐

Supply Department ☐

Cost and budget Department ☐

Project Management Department ☐

Equipment specification and Management Department ☐

Head of Department ☐

1.5. Your present responsibility

Manager ☐ Unit lead ☐

Team leader ☐ Officer ☐

Other, please specify _____

1.6. How long have you been working with ECWC?

Below 3 years ☐ 4 – 6 years ☐ 7 – 10 years ☐

11 – 15 years ☐ Above 15 years ☐

Part 2: Strategic Sourcing Practices

2.1. Supplier Selection

Kindly indicate your extent of agreement with the following statement on the effect of strategic sourcing on performance of Ethiopian Construction Works Corporation (ECWC). In the questionnaires the **number 5 is strongly agree (SA), number 4 is agreed (AG), number 3 uncertain (NU), 2 is disagree (DA) and 1 is strongly dis agree (SD).**

No.	Measurement Item	Score				
	Supplier Selection	**5 (SA)**	**4 (AG)**	**3 (NU)**	**2 (DA)**	**1 (SD)**
2.1.1	ECWC's supplier selection practices, which utilize quality assessment, increase the project deliverable quality.					
2.1.2	The ECWC's supplier selection process that uses quality assessment has improved its performance in terms of project delivery time.					
2.1.3	ECWC's supplier selection processes include quality assessment in order to improve its cost-cutting performance.					
2.1.4	ECWC supplier selection practices enhance the quality of its project deliverables in terms of their service level as a measure of performance.					
2.1.5	Supplier service level is used as a criterion in ECWC's supplier selection methods, which helps to reduce project costs.					
2.1.6	ECWC's supplier selection practice takes the suppliers' service level into account when selecting suppliers to improve project delivery time.					
2.1.7	ECWC's method of selecting suppliers based on their technological capabilities improves its project cost reduction performance.					
2.1.8	ECWC's supplier selection strategy considers their technological capacity when estimating project delivery times.					

2.1.9	ECWC's supplier selection process, which takes into account their technological capabilities, increases project deliverable quality.					
2.1.10	When ECWC uses the supplier profile to select their suppliers, they are able to improve their performance in terms of project delivery time.					
2.1.11	The ECWC supplier selection technique, which uses the supplier profile, improves the organization's cost-cutting performance.					
2.1.12	The ECWC supplier selection method of leveraging the supplier profile improves the organization's project delivery time performance.					
2.1.13	The ECWC supplier selection method, which took into account risk variables, improved the organization's project delivery time.					
2.1.14	The ECWC supplier selection process considering risk factors improved organization performance in terms of project deliverable quality.					
2.1.15	The ECWC supplier selection procedure, which took into account risk variables, increased the organization's project cost-cutting performance.					
2.1.16	ECWC's supplier selection practice took into account cost criteria to improve project delivery time.					
2.1.17	ECWC's supplier selection practice took into account cost criteria to improve project deliverable quality.					
2.1.18	ECWC's supplier selection practice took into account cost criteria to improve project cost reduction.					

2.2. Buyer Supplier Relationship

Kindly indicate your extent of agreement with the following statement on the effect of strategic sourcing on performance of Ethiopian Construction Works Corporation (ECWC). In the questionnaires the **number 5 is strongly agree (SA), number 4 is agreed (AG), number 3 uncertain (NU), 2 is disagree (DA) and 1 is strongly dis agree (SD).**

No.	Measurement Item	Score				
	Buyer Supplier Relationship	**5 (SA)**	**4 (AG)**	**3 (NU)**	**2 (DA)**	**1 (SD)**
2.2.1	Communication is a key component of ECWC's buyer supplier relationship practice, which improves its project quality deliverables.					
2.2.2	Communication is a key component of ECWC's buyer supplier relationship practice, which improves its project delivery time.					
2.2.3	Communication is a key component of ECWC's buyer supplier relationship practice, which improves its project cost reduction.					
2.2.4	The dedication of ECWC to buyer-supplier partnerships improves its performance in terms of project cost reduction.					
2.2.5	ECWC's focus to buyer-supplier partnerships enables them to complete projects on time.					
2.2.6	ECWC's commitment to buyer-supplier relationships boosts its performance in terms of improve project deliverable quality.					
2.2.7	In terms of project quality deliverable, ECWC's buyer-supplier relationship approach of contemplating collaboration improved its performance.					
2.2.8	In terms of project delivery time, ECWC's buyer-supplier relationship practice of collaboration improved its performance.					
2.2.9	ECWC's buyer-supplier relationship approach of contemplating cooperation improved its project cost-cutting performance.					
2.2.10	ECWC's practice of buyer-supplier relationships based on mutual goals increased the speed of delivery for its projects.					

		5 (SA)	4 (AG)	3 (NU)	2 (DA)	1 (SD)
2.2.11	ECWC's buyer-supplier relationship approach of working toward a common objective improved the project's quality delivery.					
2.2.12	ECWC's buyer-supplier relationship technique of working toward a common objective improved its project cost-cutting performance.					

2.3. Contract Management

Kindly indicate your extent of agreement with the following statement on the effect of strategic sourcing on performance of Ethiopian Construction Works Corporation (ECWC). In the questionnaires the **number 5 is strongly agree (SA), number 4 is agreed (AG), number 3 uncertain (NU), 2 is disagree (DA) and 1 is strongly dis agree (SD).**

No.	Measurement Item	Score				
	Contract Management	**5 SA**	**4 AG**	**3 NU**	**2 DA**	**1 SD**
2.3.1	ECWC's contract management methodology, which takes contract development into consideration, improves project cost reduction interims.					
2.3.2	In terms of project quality, the ECWC contract management technique of considering contract development improves its performance.					
2.3.3	ECWC contract management practice using considering contract development enhances its performance by in terms of project delivery time.					
2.3.4	ECWC's contract management technique, which includes contract communication, improves the organization's performance by reducing project costs in the interim.					

2.3.5	ECWC contract management considering contract communication enhances its performance in terms of project deliverable quality.					
2.3.6	ECWC contract management improves project delivery time by taking contract communication into account.					
2.3.7	The ECWC contract management practice of contract administration improves project delivery time interims.					
2.3.8	The ECWC contract management practice of contract administration improves project cost reduction interims.					
2.3.9	The contract management practice of ECWC, which employs contract administration, improves its performance by providing interims of project quality deliverable.					
2.3.10	In order to improve delivery management's performance interims of project deliverable quality, ECWC contract management practice is being used.					
2.3.11	The use of ECWC contract management approach in the context of delivery management improves project delivery time interims.					
2.3.12	The use of ECWC contract management approach in the context of delivery management improves project cost reduction interims.					
2.3.13	The ECWC contract management approach of relationship management increases interim project cost reduction performance.					
2.3.14	The ECWC contract management approach of considering relationship management improves project delivery time interims.					
2.3.15	The ECWC contract management technique of taking relationship management into account increases project delivery quality interims.					

Part 3: Organizational Performance

Please indicate your level of agreement with the following comments regarding ECWC's strategic sourcing performance in the questions below. In the questionnaires the **number 5 is strongly agree (SA), number 4 is agreed (AG), number 3 uncertain (NU), 2 is disagree (DA) and 1 is strongly dis agree (SD).**

3.1. Project Quality

No.	Measurement Item	Score				
	Project Quality	**5 SA**	**4 AG**	**3 NU**	**2 DA**	**1 SD**
3.1.1	ECWC's supplier selection process takes into account the project's quality deliverables in order to improve its performance.					
3.1.2	ECWC's buyer-supplier relationship approach, which took this into account, improved the quality of project deliverables.					
3.1.3	ECWC's contract management practice, which took this into account, improved the quality of project deliverables.					

3.2. Project Delivery Time

	Measurement Item	Score				
	Project Delivery Time	**5 SA**	**4 AG**	**3 NU**	**2 DA**	**1 SD**
3.2.1	ECWC's supplier selection process incorporates this consideration, which improves project delivery time.					
3.2.2	ECWC's buyer-supplier relationship practice, which takes this into account, improves its project delivery time.					
3.2.3	ECWC's contract management technique, which took this into account, improved its project delivery time.					

3.3. Project Cost

No.	Measurement Item	Score				
	Project Cost	**5 SA**	**4 AG**	**3 NU**	**2 DA**	**1 SD**
3.3.1	ECWC's supplier selection process takes this into account and improves its performance in terms of project cost reduction.					
3.3.2	ECWC's buyer-supplier relationship practice, which takes this into account, improves its performance in terms of project cost savings.					
3.3.3	The ECWC contract management method that takes this into account improves the project's performance in terms of cost reduction.					

Appendix B: SPSS Out Puts

RELIABILITY TEST RESULT

Case Processing Summary			
		N	%
Cases	Valid	93	88.6
	Excluded[a]	12	11.4
	Total	105	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.811	54

DESCRIPTIVE ANALYSIS OF VARIABLES

Descriptive Statistics			
	N	Mean	Std. Deviation
SSS	93	3.4450	.21695
BSR	93	3.5125	.29461
CMT	93	3.4810	.19208
Valid N (listwise)	93		

CORRELATION ANALYSIS

Correlations					
		SSS	BSR	CMT	OGP
SSS	Pearson Correlation	1	.405**	.475**	.532**
	Sig. (2-tailed)		.000	.000	.000
	N	93	93	93	93
BSR	Pearson Correlation	.405**	1	.325**	.500**
	Sig. (2-tailed)	.000		.001	.000
	N	93	93	93	93
CMT	Pearson Correlation	.475**	.325**	1	.492**
	Sig. (2-tailed)	.000	.001		.000
	N	93	93	93	93
OGP	Pearson Correlation	.532**	.500**	.492**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	93	93	93	93
**. Correlation is significant at the 0.01 level (2-tailed).					

REGRESSION ANALYSIS

Model Summary[b]										
					Change Statistics					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.655[a]	.430	.410	.15091	.430	22.339	3	89	.000	1.849
a. Predictors: (Constant), CMT, BSR, SSS										
b. Dependent Variable: OGP										

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.526	3	.509	22.339	.000[b]
	Residual	2.027	89	.023		
	Total	3.553	92			
a. Dependent Variable: OGP						
b. Predictors: (Constant), CMT, BSR, SSS						

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.954	.320		2.980	.004		
	SSS	.261	.086	.288	3.017	.003	.704	1.420
	BSR	.199	.059	.299	3.369	.001	.813	1.229
	CMT	.264	.094	.258	2.800	.006	.753	1.328
a. Dependent Variable: OGP								