



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE
GRADUATE STUDIES PROGRAM
DEPARTMENT OF PROJECT MANAGEMENT

Project Procurement Management Practice: The case of Heineken Phase Three
Project

A Project Work Submitted to Addis Ababa University, College of Business and
Economics, School of Commerce, in the partial fulfillment of the requirements for
the Degree of Master of Arts in Project Management

By: Mekdes Amare

Advisor: Teklegiorgis Assefa (Asst. Prof.)

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“PROCUREMENT MANAGEMENT PRACTICE: THE CASE OF HEINEKEN PHASE THREE
PROJECT”

By: MEKDES AMARE

Approved by a Board of Examiners and Advisor:

Teklegiorgis Assefa (Asst. Prof.) _____

Advisor

Signature

Date

Internal Examiner

Signature

Date

External Examiner

Signature

Date

Declaration

I, Mekdes declare that this project work is a result of my independent research work on the topic entitled “Project Procurement Management Practice: The case of Heineken Phase Three Project”. In partial fulfillment of the requirements for the Degree of Masters of Art in project Management at Addis Ababa University. This work has not been submitted for a degree to any other university. All the references are also duly acknowledged.

Mekdes Amare

Signature_____

Date _____

Letter of Certification

This is to certify that Ms. Mekdes Amare has carried out this project work entitled “Project Procurement Management Practice: The case of Heineken Phase Three Project” is under my supervision. This work is original and suitable for the submission in partial fulfillment of the requirement for the award of Master of Arts Degree in Project Management.

Teklegiorgis Assefa (Asst. Prof.)

Date & signature

Acknowledgement

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Acronyms

PMBOK - Project Management Book of Knowledge

PMI - Project Management Institute

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Abstract

The purpose of this study is to describe project procurement management practice in Heineken breweries share company Kilinto phase three Project. To address the objectives of this study a descriptive research design was employed. Primary source of data were employed such as interview and questionnaire as a primary. The data gathered through questionnaire had a sample size of 26 who were directly involved in the project, where 23 had responded to the questions and an interview was conducted with three members of the project. The data gathered from the questionnaire was analyzed using percentage and descriptive analysis was performed. The data gathered from the interview has been analyzed qualitatively. The project work focused within project procurement management practice of Heineken breweries share company Kilinto phase three Project by addressing the process namely: planning, conducting, control and closing procurement. Generally, the project to some extent follows the procurement management theoretical aspect with gaps also being a key part. Some of the major recommendation are to have clear communication regarding the requirements needed, bidder conference should be given more emphasis in order to avoid miscommunication and payments should be made on the agreed terms.

Key words: Project Procurement Management, planning, conduct, control and closing procurement

Chapter One

Introduction

1.1. Background of the study

Project is a series of activities aimed at bringing about clearly specified objectives within a defined time period and with a defined budget. To say one project is successful, the project must be done as per agreed quality, completed with approved time and most importantly completed with approved budget (PMI, 1999).

Project management will require project procurement, which involves the organization obtaining goods or services from third parties in order to complete a specific project. Procuring these goods or services provides several advantages over producing them inside the organization, helping to keep project costs down while still achieving the company's desired objectives (Symes, 2017)

Procurement is the process of obtaining works, goods or services in ways including purchasing, hiring, leasing and borrowing in a contractual means. Procurement includes activities like; identification and definition of needs, surveying the market to identify potential suppliers/bidders and gather market intelligence, sourcing for identifying and selecting suppliers/bidders, negotiations, contract development, ongoing contract management, contractor relationship management, dispute resolution, contract review and so on (Aziz, 2014).

According to PMBOK (2013), Project Procurement Management includes the processes necessary to purchase or acquire products, services, or results needed from outside the project team. The organization can be either the buyer or seller of the products, services, or results of a project. Project Procurement Management also includes controlling any contract issued by an outside organization (the buyer) that is acquiring deliverables from the project from the performing organization (the seller), and administering contractual obligations placed on the project team by the contract.

Heineken breweries Share Company operates in more than 80 countries and has entered the Ethiopian beer market after acquiring Harar and Bedele breweries in 2011. In 2014, it has inaugurated Kilinto Greenfield. Kilinto brewery is located in the outskirts of Addis Ababa, in Kilinto. It started operations in July 2014 and has an annual technical production of 4.5 million hecto liters with more than 200 employees. It is a state of the art and technologically advanced

brewery. The brewery is home to the Walia brand but also produces other brands like Heineken, Walia, Walia Radler, Harar, Bedele, Bedele Special and Sofi. Once Kilinto Greenfield was built, two expansion projects (Phase II & III) were constructed in order to reach the overall market growth.

1.2 Statement of the problem

Procurement management is fundamental part of project management because it is critical to the success of a project. If procurement activity is not managed well, it can affect project objective and this might lead to schedule expansion and even total project failure. Therefore, in order to achieve the final objective of a project, effective procurement management system should be in place and appropriate procurement management shall be implemented (Fikremariam, 2017).

Procurement comprises all activities and processes involved in acquiring needed goods and services from external parties. This may include everything from office supplies, furniture, and facilities to heavy equipment, consulting services, and testing and training. Properly managing all procurement activities not only keeps business operations running smoothly, it also saves money, time, and resources. Procurement management ensures that all items and services are properly acquired so that projects and processes can proceed efficiently and successfully. In short, proper procurement management is imperative for avoiding costly delays and errors.

The Heineken Kilinto phase three project was initiated to keep up with the demand in the beer market. In Kilinto phase III expansion project, procurement includes different goods and services from locally as well as from abroad. Since the project has been requires huge investment and different types of deliverables within short period time, procurement practice has faced different challenges.

Based on a preliminary meeting held with the procurement manager of Heineken breweries share company on May 2, 2019 they have stated that the below problems has been faced during the procurement were poor contract management, late payments from finance side, quality on the local suppliers and lack of knowledge on the requested item specifications.

If this shortcomings continues in current and future projects, it will cause a delay in the project. The need for the study to examine procurement management practices on projects in HBSC has

been found crucial and timely to fill the research gap in the problems that has been affected the effectiveness of procurement management practice.

Therefore, this study will try to evaluate the procurement performance of the company in accordance with both the procurement process and also the theoretical aspect of the knowledge area of procurement activities in the organization of Heineken Ethiopia Breweries.

1.3 Research Question

The following questions will be addressed in the study.

- How was procurement planning undertaken in Kilinto phase III project?
- What process is followed when conducting procurement in Kilinto phase III project?
- What control mechanism was set in place while doing the project?
- What is the process of closing out procurement?

1.4 Objective of the study

1.4.1 General Objective

The general objective is to evaluate the practices of project procurement management in Kilinto Phase III project.

1.4.2 Specific Objectives

The Specific Objectives of the research are described in the below:

- To evaluate procurement planning practice in Kilinto Phase III Project.
- To evaluate procurement conducting procurement in Kilinto Phase III project.
- To identify the procurement control used in Kilinto Phase III project.
- To evaluate the procurement closing in Kilinto Phase III project.
- To determine the effectiveness of the current procurement practice in Kilinto Phase III project.

1.5 Significance of the study

This study will help us in understanding the project procurement management concept while reviewing an actual project. It will give us an insight how the theoretical and practical project procurement management work on a project and how it can be a lesson learned for other similar projects.

1.6 Scope and limitation of the study

The study focus on project procurement management for Kilinto phase III project, the result shown in this study doesn't display the full result of the project, rather focus on the procurement management process side only. Other knowledge areas and project components will not be reviewed in this study.

1.7 Organization of the study

This study was composed of five chapters. Chapter one deals with background of the study, problem statement, research questions, objectives of the study as well as limitations and scopes of the study. Chapter two deals with review of related literature. Chapter three focused on research methodology and research design. Chapter four emphasized on data presentation and analysis. And finally chapter five describes finding, conclusion and recommendation of the research.

Chapter Two

Literature Review

2.1 Theoretical Literature Review

2.1.1 Definition of Project

According to PMBOK (2013) project is a temporary endeavor undertaken to create a unique product, service, or result. The temporary nature of projects indicates that a project has a definite beginning and end. A project can create a product that can be either a component of another item, an enhancement of an item, or an end item in itself, a service or a capability to perform a service, an improvement in the existing product or service lines or a result, such as an outcome or document.

A project is a special kind of activity. It involves something that is both unique and important and thereby requires unusual attention. It also has boundaries with other activities so that its extent is defined. And it has a beginning and an end and objectives whose accomplishment signal the end (Ruskin & Estes 1995).

A project is a unique endeavor to produce a set of deliverables within clearly specified time, cost and quality constraints. Projects are different from standard business operational activities as they: Are unique in nature, Have a defined timescale, Have an approved budget, Have limited resources, Involve an element of risk and Achieve beneficial change.(Project Management Guidebook 2018)

Wysocki (2003) Also defines project as Project is a sequence of unique, complex, and connected activities having one goal or purpose and that must be completed by a specific time, within budget, and according to specification. A project comprises a number of activities that must be completed in some specified order, or sequence.

Project management nowadays is regarded as a very high priority as all companies or organization whether small or large, are at one time or another involved in implementing new undertakings, innovation and changes. These projects may be individually diverse, however over time, some

tools, management techniques and problem solving approaches have proven themselves to be more rewarding than others in bringing projects to a successful end (Passenheim, 2014).

Overall it can be understood that Projects are often utilized as a means of directly or indirectly achieving objectives within an organization's strategic plan. Project also has characteristics that specifies what is required at a given time.

2.1.2 Definition of Project management

PMI (2000), states that Project Procurement Management is a subset of project management that includes the processes required to acquire goods and services to attain project scope from outside the performing organization. It consists of: Procurement planning that is determining what to procure and when, solicitation planning which is documenting product requirements and identifying potential sources, solicitation-obtaining quotations, bids, offers, or proposals, as appropriate, source selection-choosing from among potential sellers, contract administration, managing the relationship with the seller and finally, contract closeout-completion and settlement of the contract, including resolution of any open items.

Kerzner (2009) states that project management is about planning, organizing, directing, and controlling of company resources for a relatively short-term objective that has been established to complete specific goals and objectives and is about achieving time, cost and quality targets, within the context of overall strategic and tactical client requirements.

Project management guidebook(2018) states that Project Management comprises of a set of skills (Specialist knowledge, skills and experience are required to reduce the level of risk within a project and thereby enhance its likelihood of success), a suite of tools (Various types of tools are used by project managers to improve their chances of success) and a series of processes (Various management techniques and processes are required to monitor and control time, cost, quality and scope on projects).

Lock (2007) stated that the purpose of project management is to foresee or predict as many of the dangers and problems as possible and to plan, organize and control activities so that projects are completed successfully in spite of all the risks. This process should start well before any resource

is committed, and must continue until all work is finished. The primary aim of the project manager is for the result to satisfy the project sponsor or purchaser and all the other principal stakeholders, within the promised timescale and without using more money and other resources than those that were originally set aside or budgeted.

2.1.3 Definition of procurement

The McGraw Hill dictionary of scientific and technical terms defines procurement as the action or process of acquiring or obtaining material, property or services at the operational level.

According to Edwards (2000), Procurement is the process of obtaining products and services from suppliers. It includes decisions about how much and when to purchase goods and services, the actual purchasing of good and services, and the process of receiving the requested goods and services. The purchasing cycle ensures that the appropriated quantity and quality of equipment's, material, supplies, or services are acquired at the best price and from the most appropriate source. According to Morris& Pinto (2007),Procurement is further referred to in terms of a system, which involves examination of its inputs (e.g., requirements, information), outputs (e.g., purchase orders, received vendor items), transfer function (e.g., vendor selection, vendor management), and environment (e.g., corporation, industry).

Procurement Management is the process by which product is sourced from an external supplier. To request the delivery of product from a supplier, a Purchase Order must be approved by the Project Manager and sent to the supplier for confirmation. The status of the purchase is then tracked using a Procurement Register until the product has been delivered and accepted by the project team (Project management guidebook 2018).

According to Nissen (2009) procurement involves the activities associated with deciding whether an item will be made in-house or purchased from outside vendors i.e. either to make it or buy it. It involves the selection decision from which vendor or collection of vendors to purchase an item. He further states that procurement represents a central activity in terms of supply chain management, which seeks to integrate the processes and activities of vendors, suppliers, producers,

and customers, and organizations are routinely required to shape enterprise strategy based on opportunities to form partnerships, alliances, and joint ventures with vendors.

2.1.4 Definition of project procurement management

According to PMBOK (2013), Project Procurement Management includes the processes necessary to purchase or acquire products, services, or results needed from outside the project team. The organization can be either the buyer or seller of the products, services, or results of a project. Knowledge Areas that acts as a supporting pillar for the Project Management framework. Its main purpose is to establish and maintain a healthy relationship with the vendors providing goods and services throughout the project lifecycle. The relationships with vendors are generally established and legalized through contracts. It ensures that the required goods and services are received at the right time and qualify the project quality standards as stated by the purchasing organization. This greatly helps in the smooth execution of the project development process and ensures that the project meets its objectives.

PMI (2000), states that Project Procurement Management is a subset of project management that includes the processes required to acquire goods and services to attain project scope from outside the performing organization. It consists of: Procurement planning that is determining what to procure and when, solicitation planning which is documenting product requirements and identifying potential sources, solicitation-obtaining quotations, bids, offers, or proposals, as appropriate, source selection-choosing from among potential sellers, contract administration, managing the relationship with the seller and finally, contract closeout-completion and settlement of the contract, including resolution of any open items.

Project procurement management is a collaboration with outside suppliers in order to obtain or purchase goods and services for projects. These relationships are often created based on a contract so that the needed items or services are received on time and meet the standards requested by the purchasing company. The purpose of project procurement management is to establish and maintain relationships with vendors of goods and services during the project life cycle. This unique function

is an essential part of project management, which is concerned with overseeing designated sets of temporary operations.

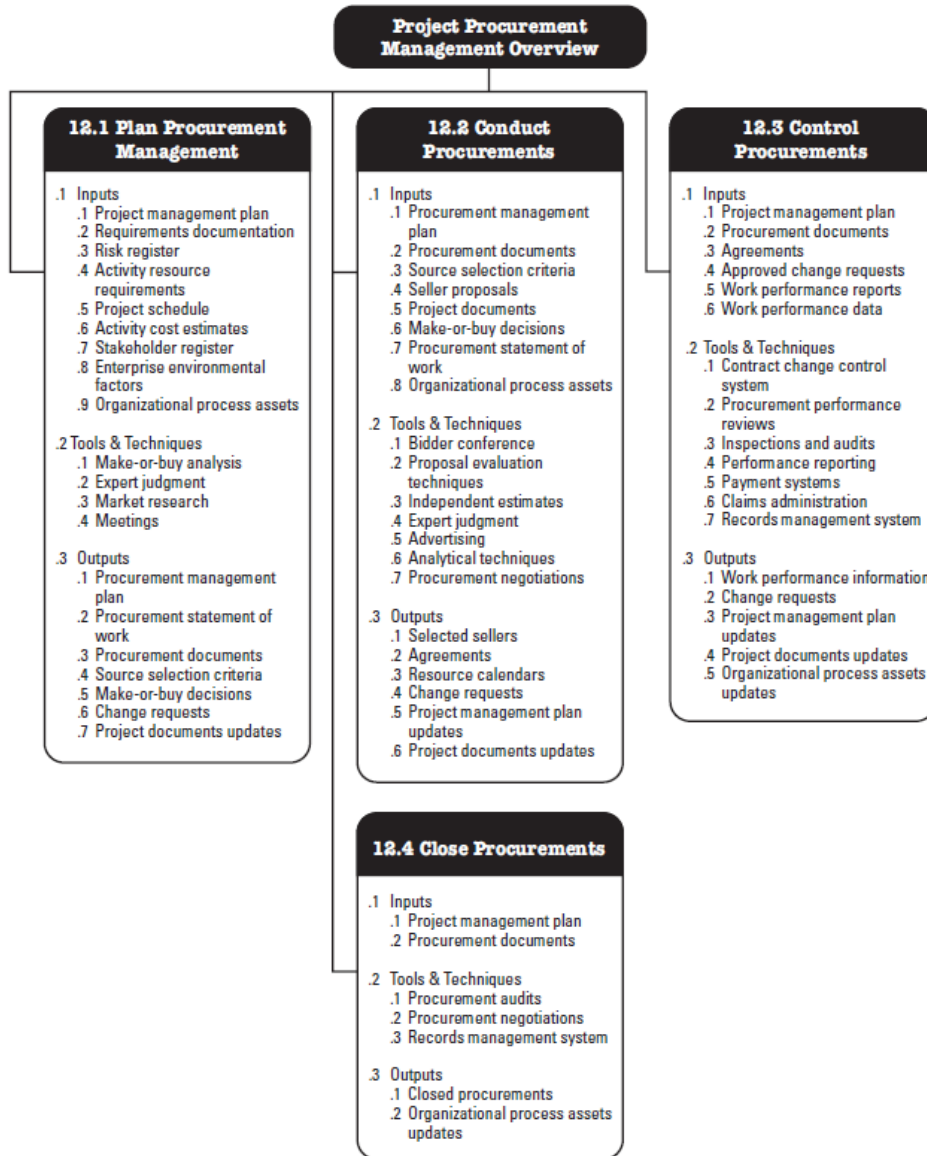
Project procurement is dependent on the objectives and goals of the project which it supports. It is a fundamental part of project management because it is crucial to the success of the project that procurement activities are appropriately planned and executed; hence, project procurement planning and strategy development are vital to the implementation and successful outcome of a project.

2.1.5 Project procurement management process

Procurement process in any organization has processes and procedures that increase internal customer response and reduce nonvalue-added activities. An effective enterprise resource planning system that integrates all aspects of the organization, provides the buyer with up to date information, which reduces the administrative time spent finding information. The time we can then be spent developing new sources of supply, building relationships with current suppliers, and research new ways to improve the procurement process (Edward 2000).

Project procurement management has a process. This process helps ensure that the supplies and goods are ordered and received, and the project is completed. Often, this process consists of four parts which are planning, conducting procurement, control procurement and closing procurement.

Figure 2.1 Project Procurement Management Overview



Source- PMBOK 5th edition, (2013)

2.1.5.1 Plan Procurement

Fleming (2003) stated that project procurement planning Begins at the start of a new project, includes the make or buy analysis, and ends with a published Procurement Management Plan.

According to PMI (2000) Procurement Planning is determining what to procure and when procurement plan can be as simple as a single page Bill of Materials, describing the items to be bought, the quantities required, and the need dates to support the project's master schedule.

Plan procurement management is the initial process of project procurement management knowledge area. In this process, you need to document various procurement decisions, specify the procurement approach and identify the potential and quality sellers. This process is executed once in a while at the predefined points in the project lifecycle and helps in deciding whether there is a need for acquiring goods and services from the outside or not. In case there is a need, it also helps in identifying which resources are to be acquired and when. Required goods and services can be procured either from internally (other parts of your project organization) or from externally (outside sources) (PMBOK, 2013).

The planning process basically seeks to answer certain questions, these include; what to procure, when to procure, when will the item be needed, where will it be procured, when resources will be delivered, which procurement method is appropriate, what is the effect of untimely purchase on the user unit, which personnel will be involved in the procurement (Basheka, 2008)

2.1.5.2 Conduct procurement

Once the requirements are identified and a procurement plan has been prepared, a requisition form for each item to be procured is sent to procurement to begin the procurement or requisition process. The process of conducting the procurements includes Evaluating/confirming specifications, confirming qualified sources, reviewing past performance of sources, reviewing of team or partnership agreements and producing the solicitation package (Kerzner, 2009)

Conduct Procurements is the process of obtaining seller responses, selecting a seller, and awarding a contract. The key benefit of this process is that it provides alignment of internal and external stakeholder expectations through established agreements. During the Conduct Procurements process, the team will receive bids or proposals and will apply previously defined selection criteria to select one or more sellers who are qualified to perform the work and acceptable as a seller. On major procurement items, the overall process of requesting responses from sellers and evaluating those responses can be repeated. A short list of qualified sellers can be established based on a preliminary proposal. A more detailed evaluation can then be conducted based on a more specific

and comprehensive requirements document requested from the sellers on the short list. In addition, tools and techniques described here may be used alone or in combination with select sellers (PMBOK 2013).

2.1.5.3 Control Procurement

Control Procurements is the process of managing procurement relationships, monitoring contract performance, and making changes and corrections to contracts as appropriate. The key benefit of this process is that it ensures that both the seller's and buyer's performance meets procurement requirements according to the terms of the legal agreement. Control Procurements includes application of the appropriate project management processes to the contractual relationship(s) and integration of the outputs from these processes into the overall management of the project. Control Procurements also has a financial management component that involves monitoring payments to the seller. The Control Procurements process reviews and documents how well a seller is performing or has performed based on the contract and establishes corrective actions when needed. This performance review may be used as a measure of the seller's competency for performing similar work on future projects (PMBOK 2013).

2.1.5.4 Close Procurement

Close Procurements is the process of completing each procurement. The key benefit of this process is that it documents agreements and related documentation for future reference. The Close Procurements process also involves administrative activities such as finalizing open claims, updating records to reflect final results, and archiving such information for future use. Close Procurements addresses each contract applicable to the project or a project. The Close Procurements process supports the Close Project by ensuring contractual agreements are completed or terminated (PMBOK 2013).

Just because the Seller has made all deliveries doesn't necessarily mean that procurement is completed. There are often residual issues which must be addressed. Among them the orderly close out of each procurement, the storage of all files, and in particular the settlement of all outstanding changes and residual claims the Sellers may have against the Buyer. Claims do not

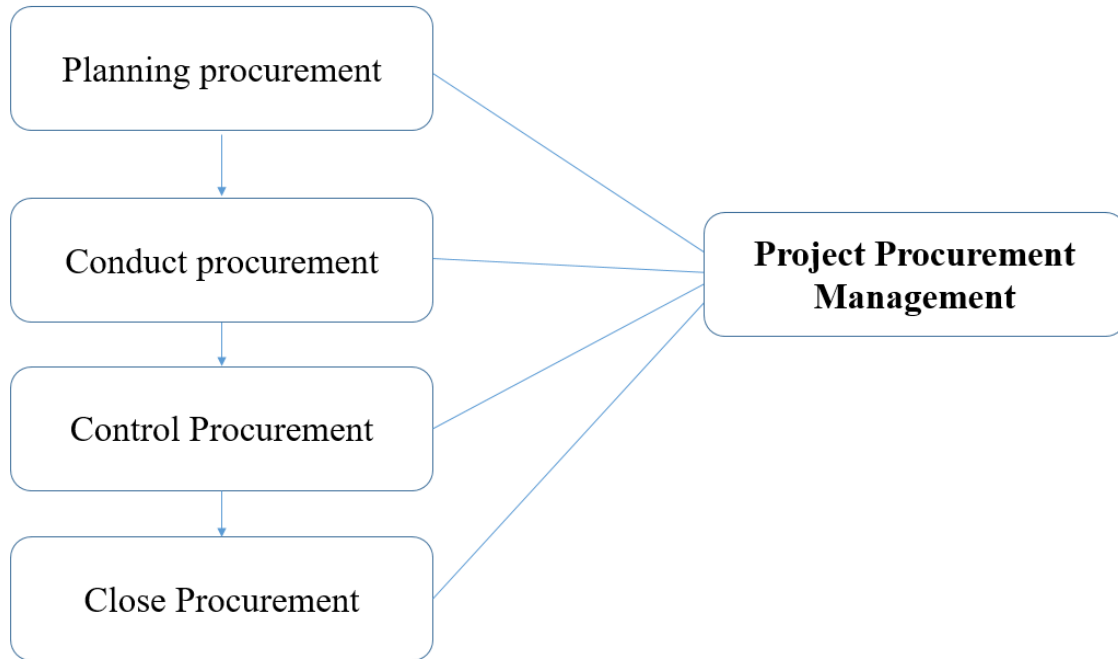
Settle themselves and the passage of time works primarily in the Seller's favor, not the Buyer. The project team may want to go on to exciting new assignments. But the Sellers will want to get paid for everything they did during performance (Fleming, 2003).

2.2 Conceptual framework

The success of a project procurement management's s dependent on having the following process which are planning, conducting, controlling and closing procurement.

Based on the literature gathered the procurement process in a project management can be summarized as follows,

1. Planning procurement management- Before doing any procurement task we have to be able to plan on the required inputs for the project. Planning procurement hence is a process that helps to identify what external resource are required, specify the procurement approach and Identify the potential and quality sellers.
2. Conduct procurement- This process is an execution stage where you receive responses from potential sellers, choose a seller and awarding the contract to the chosen seller.
3. Control Procurement- control procurement process is focused on monitoring and controlling project procurements to ensure all requirements are met and make necessary adjustment if required.
4. Close Procurement- Close procurement is the process of completing the project procurement. At this stage all procurements must be closed out, no matter the circumstances under which they stop, are terminated, or are completed.



Source: Developed by the researcher based from the above theory

2.3 Empirical Research

A research conducted by Fikremariam (2017) with the topic of Procurement management practice in the Bank of Abyssinia viewed in our Empirical review. The researcher came up with a major research gap of which procurement management process. The researcher distributed a questionnaires and had received a 100% response rate and has the following conclusions regarding the procurement process used. The researcher found that there is a procurement plan in place with cost estimate, activity resource requirement and risk related contract decision being consider and less emphasis is given to project schedule and procurement decisions also contract administration was not regularly reviewed to evaluate procurement progress of vendors.

Abdalla (2014) with the undertaking of a research titled Procurement process and its effect on the effectiveness/performance of procurement functions in the organization: the case of Ministry of information, culture, tourism and Sports- Zanzibar found that there were a number of obstacles in the procurement process which hinder the effectiveness or performance in the procurement functions practices in public service such as delay in signing of the contract, failure to identify the need of the organization, low knowledge of specification ,low knowledge of

contract ,delay in tendering process ,supplier selection process with the process existing in the procurement Act itself were some of the obstacles of the performance in the procurement functions.

According to a research conducted by Mwandobo (2013) with a title of the role of procurement processes on the effectiveness of the public procurement System in Tanzania, this study analyzed procurement processes towards achieving effectiveness of public procurement system and means of minimizing and controlling challenges found therein. After in-depth review and analysis of the materials related to procurement processes of the public procurement system, the study found a number of issues related to the study. Procuring entities prepare unrealistic cost estimates for each procurement requirement as only 30.2 per cent of their estimates are based on information gathered from market. It was found out that not all tenders appearing in the procurement plan are implemented. This is supported by the fact that only 45 per cent from public entities agreed that procurement plan is implemented as planned. The study revealed that procuring entities adhere to the planned procurement methods as indicated the procurement plan. Use of appropriate and planned procurement methods eliminate unnecessary transaction costs due to change of methods and enhance effective public procurement system.

Furthermore, the findings revealed that most of the procuring entities do not conduct due diligence on suppliers or contractors awarding contracts. The study revealed that 35 per cent of the respondents from public sectors agreed that in-depth scrutiny is not undertaken prior to awarding the contract to successful bidders. This practice encourages fraud and corruption practices as some dishonest firms might not have existence. The findings of the study revealed that there is no appropriate contract manager appointed by the procuring entities. Also, the findings revealed that only 41 per cent appoints appropriate contract manager in managing procurement contracts. Also, the study found out that most of the procuring entities do not have proper system in for procurement record keeping and maintenance. The findings revealed that 19.8 per cent of respondents agreed that procurement records are well maintained.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The aim of this chapter is to describe the research method and design that is used in carrying out this research. This chapter describes the research methodology adopted throughout this research to meet the research aims and objectives and to address the research questions.

Research methodology is important to any study. Appropriation between research paradigm, type of data, and collection methods has significant implications upon the research findings. The research methods are predominantly divided into two methods i.e. quantitative and qualitative methods (Noor, 2011).

3.2 Project Location

Kilinto Phase III Project is located near a small village named “Kilinto” about 20 KM away from the center of Addis Ababa in south Ethiopia side.

3.3 Research Design and Approach

A research design is the logic that links the data to be collected and the conclusions to be drawn to the initial questions of a study; it ensures coherence (Rowley, 2002). Sekaran (1992) describes methodological research design as representing a planned and structured process of investigation of an identified research question that is logically conceived, developed, and answered as reliably, accurately, and objectively as possible. It is therefore a blueprint that enables researchers to find answers to the questions being studied for any research project. Along with clear research plan it provides, constraints and ethical issues that a study will inevitably encounter must also be taken into account (Saunders et al., 2007).

Gummerson (2000), suggests that choosing appropriate research design and methods is guided by a number of factors including; research objectives; questions, antecedent literature and the philosophical position you take.

This research used descriptive design. The design tries to reveal and describe the practice and implementation of the procurement process in Heineken Kilinto phase III project. According to Kothari (2004), descriptive design is concerned with describing the characteristics of a particular situation. As the research purpose was to describe a particular phenomenon at a particular point in time it was a cross-sectional study.

Descriptive research is used to describe characteristics of a population or phenomenon being studied. It answer questions about how/when the characteristics occurred. Rather it addresses the "what" question (what are the characteristics of the population or situation being studied).

3.4 Data Type and source

This project work uses primary data.

There are two types of data, types in this case being the sources from which the data has been derived. Primary data is the data collected at source such as survey data, or experimental data, interviews or focus groups. (Collis & Hussey, 2007; Saunders et al., 2007).

3.4.1 Population

During this project work preparation, from the total population which are Heineken share company employees the target group is identified and selected accordingly. In the target population, all participants of the project were selected to participate in this study. The number of the participants were 26. The interview was conducted with three employees which were the project manager, the procurement manager and the project controller.

3.5. Data Analysis procedure

Yin (2003) mentions that the overall goal in data analysis is to treat the evidence fairly, produce compelling, analytic conclusions and rule out alternative interpretations. It has been identified above that reliance on qualitative data will be required for this particular research; as qualitative data is vast and differences are great, its analysis also differs.

The data collected for this study include questionnaires distributed to the project participants as a primary data source. The data collected from the questionnaires were analyzed using a quantitative research method computed in a percentage and presented in the form of tables.

3.6 Content validity & Reliability

Validity is the extent to which the research findings accurately represent what is really happening in the given situation. Validity in positivist research is very low while, in phenomenological research, it is considered to be higher. The purpose of the latter is predominantly to capture the essence of the phenomena and extract data that is rich in content (Collis & Hussey, 2009).

To ensure validity and reliability of the instrument for data collection, the researcher, pre tested the questionnaire guided by doing a pilot study with some of the respondents. The test made possible to eliminate items that were not useful to produce effective data. This stage revealed the suitability of the methods and instruments that were employed in the study. This consequently led to early detection of errors and distortions in the questionnaire which were corrected in the process.

3.7 Ethical Confidential document & Personal interest

In this project work preparation, the ethical confidential documentation was implemented & taken in to account during the overall process. All the documents used during the preparation of this project work will only be used for the accomplishment of this paper. Moreover, there is no personal interest and the project worker will act professionally.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the project work based on the research questionnaire distributed and interviews, analysis of the data and interpretation of the data collected from the respondents. The data collected was analyzed with the use of descriptive statistics. The primary data collected using questionnaires consists of 26 population size which had direct relation to the project. Out of the 26 staff members given a questionnaires, 23 were filled and collected. Interviews were made with 3 employees which were the project manager, the procurement manager and Project controller. Henceforth, the analysis will be listed out.

4.2 Demographic information of the respondents

The respondents were asked about educational background and work experience.

Table 4.1: Educational background of the respondents

Education Background	No of respondents	Percentage (%)
Diploma	2	9%
BA	16	70%
MSC/MA	5	22%
PHD	0	0%
Total	23	100%

Source: (Own survey, 2019)

The educational level of the respondents was 4 respondents (17% of the respondents) are below the age of 26, 13 respondents (57% of the respondents) are between ages 26-35, 5 respondents (22% of the respondents) are between age 36-45 and the remaining 1 respondent (4% of the respondent) is above 45 years.

Table 4.2: Work experience of the respondents

Work experience	No of respondents	Percentage (%)
less than 1	4	17%
2-5	7	30%
6-10	8	35%
Above 10	4	17%
Total	23	100%

Source: (Own survey, 2019)

As the Table 4.2 shows work experience of respondents 35% of them had 6 to 10 years of work experience. The next with the highest years of work experience is between 2 to 5 years of work experience with 30%. Finally work experience less than and above 10 years account for 17%. These distributions implied that most of the respondents are well experienced. Combination of this professionals give ample response to the information been sought which further validate the outcome of the analysis.

4.3 Project Procurement Management Practice

4.3.1 Plan Procurement

Table 4.3: Plan Procurement

Q	Plan Procurement	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree	
		No	%	No	%	No	%	No	%	No	%
1	Clear communication on project requirements during planning for procurements	0	0%	4	17%	2	9%	14	61%	3	13%
2	Considers Risk related contractual decision	0	0%	1	4%	1	4%	12	52%	9	39%
3	Clearly defined Activity resource requirements contain information on specific needs such as people, equipment, or location.	5	22%	11	48%	4	17%	3	13%	0	0%
4	Project Schedule is clearly stated	0	0%	0	0%	1	4%	19	83%	3	13%
5	Considers Activity cost estimate (to evaluate the reasonableness of bids or proposals)	0	0%	4	17%	4	17%	10	43%	5	22%
6	There is stakeholder register that provides details on the project participants and their interests in the project.	0	0%	1	4%	2	9%	17	74%	3	13%
7	Expert judgment is used to develop procurement planning	0	0%	0	0%	0	0%	18	78%	5	22%
8	Market research is done and taken as an input for procurement planning.	1	4%	5	22%	0	0%	13	57%	4	17%
9	Procurement Statement of Work (SOW) is developed that describes details of procurement item like: specification, quantity desired, quality levels.	1	4%	2	9%	0	0%	12	52%	8	35%
10	Request For Proposal is prepared for non-standard and high cost products and services.	2	9%	9	39%	4	17%	8	35%	0	0%
11	A clear evaluation criterion is developed to rate or score vendor proposals.	4	17%	7	30%	0	0%	10	43%	2	9%

Source: (Own survey, 2019)

The first question (Q1) was regarding, whether there is a Clear communication on project requirements during planning for procurements, the result shows that 61% agree and 13% strongly agree while 17% disagree and 2% are uncertain. This shows a large portion of the respondents who filled the questionnaire agree. This is supported with the interview answer provided agreeing that there is a clear communication regarding the project requirement during the planning stage.

Regarding (Q2), whether Risk related contractual decision (may include health, safety, security, performance, environmental, insurance, intellectual property rights, equal employment opportunity, licenses, and permits) are considered, the result shows that 52% agree and 39%

strongly agree while 4% disagree and 4% are uncertain. This is supported with the interview answer provided agreeing that risk related contractual decisions are very much considered, they have stated for health, safety given a high emphasis (“Safety First, Safety Always”), environmental issues are also part of the company initiative in making sure the environment isn’t affected by the project work and license and permits are also the first thing that are reviewed when contacting a vendor. All mentioned above have a clause included in the each of the contracts.

Regarding (Q3), whether there is a Clearly defined Activity resource requirements contain information on specific needs such as people, equipment, or location, the result shows that 48% disagree and 22% strongly disagree while 17% are uncertain and 2% are disagree. This shows a large portion of the respondents who filled the questionnaire disagree, which implies that the activity requirements are not given due consideration.

Regarding (Q4), whether Project Schedule (information on required timeline or mandated deliverable needs) is clearly stated, the result shows that 83% agree and 13% strongly agree while only 4% are uncertain. This indicate that the project schedule is clearly defined stating he timeline for each tasks performed for the purpose of the project.

Regarding (Q5), whether Activity cost estimate (to evaluate the reasonableness of bids or proposals) is considered, the result shows that 43% agree and 22% strongly agree while 17% disagree and 17% are uncertain. This indicate that most of the respondents agree that cost estimate is considered.

Regarding (Q6), whether there is stakeholder register that provides details on the project participants and their interests in the project, the result shows that 74% agree and 13% strongly agree while 9% disagree and 4% are uncertain. This indicate that most of the respondents agree that there is Availability of stakeholder register. This is supported with the interview answer provided agreeing that stakeholder register provides details on the project participants and their interests in the project.

Regarding (Q7), whether Expert judgment (technical, legal and business expertise) is used to develop procurement planning, the result shows that 78% agree and 22% are strongly agree. The overall result shows there is agreement between the respondents. This is supported with the interview answer provided agreeing that expert judgement is sought when doing a procurement

plan. The experts are equipped with technical knowledge which in this project are engineers, consultants and others whereas legal experts are used to support in the preparing contract and to follow up on legal disputes and finally business expertise are those who are directly involved in the purchase of the items for the project.

Regarding (Q8), shows whether Market research is done and taken as an input for procurement planning, the result shows that 57% agree and 17% are strongly agree however 22% disagree and 4% strongly disagree. Market research includes examination of industry and specific vendor capabilities. Procurement teams may leverage information gained at conferences, online reviews and a variety of sources to identify market capabilities.

Regarding (Q9), shows Procurement Statement of Work (SOW) is developed that describes details of procurement item like: specification, quantity desired, quality levels, the result shows that 52% agree and 35% are strongly agree however 9% disagree and 4% strongly disagree.

The project scope statement contains the product scope description, service description and result description, the list of deliverables, and acceptance criteria, as well as important information regarding technical issues or concerns that could impact cost estimating.

Regarding (Q10), shows whether Request For Proposal is prepared for non-standard and high cost products and services, the result shows that 35% agree ,however 39% disagree, 9% strongly disagree and 17% are uncertain if there is a request for proposal .

Regarding (Q11), whether A clear evaluation criterion is developed to rate or score vendor proposals, the result shows that 43% agree and 9% are strongly agree however 30% disagree and 17% strongly disagree. The result shows no agreement between the respondents. As per the question raised in an interview regarding the availability of evaluation criterion, they agreed that for all local purchases the procurement policy clearly outlines the evaluation criteria but when dealing with foreign purchases they stated Heineken only uses one supplier to purchase all the material and the procurement team is not in control of the price.

4.3.2 Conduct Procurement

Table 4.4: Conduct Procurement

Q	Conduct Procurement	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree	
		No	%	No	%	No	%	No	%	No	%
12	Bidder conference is conducted prior to submittal bid or proposal	10	43%	11	48%	2	9%	0	0%	0	0%
13	There is well defined formal evaluation review process in the procurement policy.	0	0%	2	9%	1	4%	12	52%	8	35%
14	Independent estimate cost is used to benchmark on proposed responses	4	17%	13	57%	0	0%	5	22%	1	4%
15	Expert judgment is used in evaluating seller proposals	2	9%	14	61%	2	9%	5	22%	0	0%
16	Adequate advertising is used to communicate solicitations to the vendor community	1	4%	18	78%	0	0%	4	17%	0	0%
17	Procurement negotiations clarify the structure, requirements, and other terms of the purchases so that mutual agreement can be reached prior to signing the contract	0	0%	3	13%	0	0%	17	74%	3	13%
18	Evaluation committees make seller selection based on weight criteria prior to procurement contract award.	4	17%	15	65%	0	0%	4	17%	0	0%
19	The selection criteria considers the following elements other than price :	0	0%	0	0%	0	0%	15	65%	8	35%
20	Negotiation is made with seller prior to signing the contact to reach mutual agreement	0	0%	8	35%	3	13%	10	43%	2	9%
21	After seller selection process complete, a procurement contract is awarded to the selected seller.	0	0%	0	0%	0	0%	5	22%	18	78%
22	The quantity and availability of contracted resources and those dates on which each specific resource or resource group are actively documented	3	13%	18	78%	0	0%	2	9%	0	0%

Source: (Own survey, 2019)

Regarding (Q12), the respondents were asked Bidder conference is conducted prior to submittal bid or proposal to ensure all prospective sellers have clear and common understanding of the procurement, the result shows that 48% disagree and 43% strongly disagree while 9% are uncertain. As per the question raised in an interview regarding the bidder conference, they agreed that no conference done prior rather after the bid is submitted. All the participant of the bid are called to open the tender and given detail regarding the price and other information by other bidders.

Regarding (Q13), the respondents were asked if there is well defined formal evaluation review process in the procurement policy, the result shows that 52% agree and 43% strongly agree while 9% disagree and 4% are uncertain.

Regarding (Q14), the respondents were asked if Independent estimate cost is used to benchmark on proposed responses, the result shows that 57% disagree and 17% strongly disagree while 22% agree and 4% strongly agree.

Regarding (Q15), the respondents were asked if Expert judgment is used in evaluating seller proposals, the result shows that 61% disagree and 9% strongly disagree while 22% agree and 9% are uncertain.

Regarding (Q16), the respondents were asked if adequate advertising is used to communicate solicitations to the vendor community, the result shows that 78% disagree and 4% strongly disagree while 17% agree. As per the question raised in an interview regarding the Adequate advertising regarding the purchase, they have stated that the information is only communicated with the use of newspaper. The usage of newspaper only limits potential vendors that can provide the needed material for the project.

Regarding (Q18), the respondents were asked if Procurement negotiations clarify the structure, requirements, and other terms of the purchases so that mutual agreement can be reached prior to signing the contract, the result shows that 74% agree and 13% strongly agree while 13% disagree.

Regarding (Q19), the respondents were asked if Evaluation committees make seller selection based on weight criteria prior to procurement contract award, the result shows that 65% disagree and 17% strongly disagree while 17% agree. As per the question raised in an interview regarding the evaluation committee involvement in the seller selection, they have stated that the committee doesn't make any decision and only acts as an observer with little involvement.

Regarding (Q20), most of the respondents agree upon Selection criteria availability, the respondent's result shows 65% agree and 8% strongly agree. The selection criteria considers the past performance of seller, their financial capability and technical capability.

Regarding (Q21), whether Negotiation is made with seller prior to signing the contact to reach mutual agreement, the result shows that 43% agree, 9% strongly agree however 13 % are uncertain and 35% disagree.

Regarding (Q22), shows after seller selection process complete, a procurement contract is awarded to the selected seller, the result shows that 78% strongly agree and 22% agree. The result clearly states that contracts are awarded to the selected vendor.

Regarding (Q23), whether the quantity and availability of contracted resources and those dates on which each specific resource or resource group are actively documented, the result shows that 78% disagree and 13% strongly disagree while 9% agreed. Thus, the result shows that there is poor contract documentation in place. Due to poor documentation, the project teams might lost their valuable time in order to find the required contract document.

4.3.3 Control Procurement

Table 4.5: Control Procurement

Q	Control Procurement	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree	
		No	%	No	%	No	%	No	%	No	%
23	There is a tracking tool used to monitor the procurement	0	0%	5	22%	7	30%	11	48%	0	0%
24	There is quality audit conducted during seller's execution of the work	3	13%	9	39%	0	0%	11	48%	0	0%
25	All payments are made in accordance with the procurement contract terms and conditions	3	13%	7	30%	0	0%	13	57%	0	0%
26	There is Contract administrator to ensure seller's performance meets contractual requirements.	19	83%	3	13%	1	4%	0	0%	0	0%
27	Work performance data and reports supplied by sellers are evaluated against the agreement requirements	0	0%	8	35%	0	0%	10	43%	5	22%

28	Procurement contract can be amended at any time by mutual consent and negotiation between buyer and seller.	0	0%	0	0%	0	0%	17	74%	6	26%
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Source: (Own survey, 2019)

Regarding (Q23), whether there is a tracking tool used to monitor available to monitor, the result shows that 48% agree, 30% are uncertain and 22% disagree. The overall result shows there is no agreement between the respondents and shows the limited usage of the tool.

Regarding (Q24), the respondents were asked if there is a quality audit available during the seller's execution of the work, the result shows that 48% agree, 39% are disagree and 13% strongly disagree. The quality audit reviews different contracts and contracting processes to determine the completeness, efficacy as well as the accuracy of the procurement process. The overall result shows there is no agreement between the respondents and shows the limited usage of the tool.

Regarding (Q25), the respondents were asked if payments are made in accordance with the procurement contract terms and conditions, the result shows that 57% agree, 30% disagree and 13% strongly disagree. As per the question raised in an interview regarding the payment process, they agreed that the payments are made according to agreed amount but the payments take longer process before the vendor receives the payments. The process starts with raising purchase quote and getting an approval from the project manager, the next step is preparation of the purchase order which is then sent to the project controller which reviews the order against the budget. Once the controllers release the purchase order it is then sent for another approval to the procurement manager then the payment is summited to the finance department to be invoiced and prepare a check. The internal process is lengthy which causes issues with the vendors.

Regarding (Q26), the respondents were asked if contract administrator was available to ensure seller's performance meets contractual requirements, the result shows that 83% strongly disagree, 13% disagree and 4% are uncertain. As per the question raised in an interview regarding the availability of contract administrator, they said the there is no administrator that monitoring of suppliers, contractors and service providers' performance in the fulfillment of their

contractual obligations, and to ensure appropriate actions are taken to promptly remedy any deficiencies observed in contract implementation, scope or terms and conditions.

Regarding (Q27), the respondents were asked if Work performance data and reports supplied by sellers are evaluated against the agreement requirements, the result shows that 43% agree, 22% strongly agree, and 35% agree. Work performance reports are a great communication tool for project managers to communicate project status and progress with project stakeholders. The respondents mainly agree on that work performance is evaluated as stated in the agreement.

Regarding (Q28), the respondents were asked if Procurement contract can be amended at any time by mutual consent and negotiation between buyer and seller, the result shows that 74% agree and 26% strongly agree. As per the interview made the respondents they have stated that there is a room for amendment of contract depending on the project need.

4.3.4 Close procurement

Table 4.6: Close Procurement

Q	Close Procurement	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree	
		No	%	No	%	No	%	No	%	No	%
29	The project has a clear defined process for closing the Procurement.	0	0%	6	26%	5	22%	10	43%	2	9%
30	Upon closing procurements, it is verified that all works and deliverables are acceptable.	0	0%	3	13%	0	0%	17	74%	3	13%
31	There is a procurement audit in place after the closure of the procurement	16	70%	5	22%	2	9%	0	0%	0	0%
32	There is a record management system	9	39%	11	48%	3	13%	0	0%	0	0%

Source: (Own survey, 2019)

Regarding (Q29), most of the respondents agree that there is a clearly defined closing process which accounts for 22% and 9%. While the remaining 26% disagree and 22% are uncertain. As per the interview made the respondents have stated that there is an exit checklist available and used that verifies the work done.

Regarding (Q30), most of the respondents agree upon closing procurements, it is verified that all works and deliverables are acceptable which accounts for 74% agree and 13% strongly agree, while 3% disagree. The need to have a verification of the work done will help in making sure the vendor have actually complete the task they have been assigned to which will help in the completion of the project.

Regarding (Q31), in respects to procurement audit after the completion of the project, the respondents strongly disagree with 70% and disagree with 22% where as 9% are uncertain on the availability of the procurement audit once the procurement is finalized.

Regarding (Q32), the availability of record management 48% disagree and 39% strongly disagree whereas 13% are uncertain. Having a record management system in place will help in maintain a trail of the requirement from the initial receipt of the procurement requisition to the closing out of the procurement.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1. Introduction

In this chapter I will summarize the findings, conclusions and provide recommendation regarding the Heineken Brewery share company Kilinto phase three project. The project work started with an objective of assessing the procurement management process. The project work has also reviewed related literature to give an insight of procurement management process. Finally based on the collected data from the respondents, the project was able to come up with major findings that address the project and give possible recommendation for future reference.

5.2 Summary of Findings

The results of the project work provide important insights on the procurement management process. The summary of this research finding is as follows:

The project analysis started with the Plan procurement process where project requirements were clearly stated, risk consideration on contractual decisions were handled properly with Heineken breweries share company taking initiatives to address all the risky issues and also enforcing them on each decisions, the plan also had a clear project timeline to ensure all task are running by the planned schedule, initial cost estimation were also made at the planning stage, Stakeholder register which is also a key part of the project planning were detailed regarding the project participants and interest in the project, expert judgement was also sought on planning the procurement, market research and procurement statement of work were done while doing the procurement planning.

While the above are agreed by the respondents, defining activity requirements were found to have a disagreed response from the respondents, the specific needs such as people, equipment or location were not clearly defined. On the other hand request for proposal for non-standard and high cost product and service and clear evaluation criterion to rate vendor proposal received mixed response, specifically for the evaluation criterion for foreign vendor was a big concern.

The findings on the conduct procurement were that there is a well-defined formal evaluation review process which is clearly stated in the procurement policy. The procurement negotiation also clarifies the structure, requirements and other terms of the purchase which creates a mutual agreement with the suppliers. There is also a clearly defined selection criteria used to identify suppliers. Once the selection process then the contract is awarded. On the other hand, the finding also showed that there is no bidder conference done prior to bid submission which can create a communication gap on the requirements. There is also low independent cost estimate made to benchmark proposed response. Expert judgement even though they are used on the planning of the procurement there involvement on the evaluation of the seller proposal is limited. In terms of adequate advertising, the use of newspaper is not enough to reach potential sellers and finally the evaluation committee doesn't make any seller selection based on the weighted criteria rather only plays the role of an observer.

The finding regarding control procurement showed that work performance is evaluated against agreement requirements and procurement contracts are open to amendments as per the project need. The finding also showed there is a delay in payments made to suppliers in accordance with the contract term, the lengthy process of payments go above the stated timeline on the contracts. Availability of contract administrator, the result showed that there was no available person/ team responsible for the monitoring of sellers performance. On the other hand, there was a limited usage of tracking tool to monitor procurement and limited quality audit conducted during the seller execution of work.

The finding regarding closing a procurement states that there is a clearly defined closing procedure in place which is also called an exit checklist. The respondents also agreed that upon closing the procurement, the work done is verified and deliverables are accepted. The respondent disagreed on the procurement audit taking place once the procurement is closed and also on the availability of record management, which maintains a trail of the procurement.

5.2 Conclusions

From the research findings, the project procurement management process implemented in Heineken Brewery Share Company Kilinto Phase three Project includes plan procurement,

conduct procurement, control procurement and close procurement. Based on the above the following conclusions are made.

The planning procurement for the project showed that defining activity requirements which include the specific needs such as location availability are not put into consideration which has resulted in items being stored outside being exposed to different conditions , misunderstanding the activity requirements has also resulted in items being obsolete. Not having a clear outlined evaluation criteria for foreign purchases has made the project dependent on one supplier without the option of evaluating the vendor proposal.

In conducting procurement process, there is no bidder conference available to ensure there is a clear understanding of the required items. This can create a misconception of the required purchases and in turn can prolong the purchasing process to find the right supplier. The inadequate advertising in place has also affected the project because there was only one means of communicating the bid.

Regarding conduct procurement, there is a delay in payment as stated in the contract terms. The internal process is very prolonged and not accommodating the urgency of the payments. Due to this the sellers require early payment in order to proceed with the project work. There is also no contract administrator in place to review the performance of the seller.

In closing the procurement, there is no audit that takes place to evaluate the procurement done. Auditing will help in verifying whether the seller has provided the deliverable as per the outlined requirement. There is no record management system in place which can help in understanding the whole procurement and gain a lesson learning opportunity.

5.3 Recommendations

The practice of project procurement management in Heineken Breweries Share Company Kilinto phase three project showed a deviation from the theoretical aspect of the knowledge area. This project work recommends the following in order to enhance the procurement management process on the next project to be undertaken,

- There should be a clear communication on the project activity resource requirements such as people, equipment or location that are needed and a having all responsible parties of the project involved will help in clarifying the requirements
- The company should consider foreign purchases to be handled by more than one suppliers which can help in having more option of products and sellers.
- Bidder conference should be done prior with relevant stakeholders, contractor and suppliers to reduces the miscommunication of the required deliverables.
- Payments should be made as per the stated time in the contract agreement.
- Contract administrator should be hired to help monitor the supplier which will help in making sure the supplier is doing the task as per the requirement.
- Quality audit should be given more emphasis to avoid the hustle after the completion of the project
- There should be a standardized record management system to clarify what has been done and give a clear picture on the procurement in general.

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APPENDIX



ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
DEPARTMENT OF PROJECT MANAGEMENT

Dear Participants:

My name is Mekdes Amare, I am MA student in Project Management at Addis Ababa University School of Commerce. As part of my MA requirement, I am doing project work entitled: “Project Procurement Management Practice: The Case of Heineken Breweries Share Company: The Case of Kilinto Phase III project.

I kindly request you to participate in this project work by completing the attached questionnaire. In order to ensure that all information will remain confidential please do not include your name anywhere in the questionnaire. I also sincerely request you to respond to the questions as honestly as possible and return the completed questionnaires.

Your willingness and cooperation in giving reliable information is well appreciated and the information you provide will be used for academic purpose and will be kept strictly confidential.

Knowing that your time is valuable please, take few minutes of your time to complete the questionnaire.

In case of any question please contact me via Mekdi19@yahoo.com/+251-927-27719968.

Thank you in advance for your co-operation.

Sincerely, Mekdes

General Instructions

- There is no need of writing your name
- In all cases where answered options are available please tick (X) in the appropriate box

Part I: demographic information

1. Educational background Diploma BA/BS MA/MSc PHD
2. Work experience < 1 2-5 6-10 Above 10

Part II: Project procurement management practice

Please indicate by ticking the extent to which you agree with the following statements.

Key:

- Strongly agree- 5
- Agree - 4
- Uncertain - 3
- Disagree - 2
- Strongly Disagree -1

1. Plan Procurement						
	Indicator	1	2	3	4	5
1	Clear communication on project requirements during planning for procurements					
2	Considers Risk related contractual decision(may include health, safety, security, performance, environmental, insurance, intellectual property rights, equal employment opportunity, licenses, and permits)					
3	Clearly defined Activity resource requirements contain information on specific needs such as people, equipment, or location.					
4	Project Schedule (information on required timeline or mandated deliverable needs) is clearly stated					
5	Considers Activity cost estimate (to evaluate the reasonableness of bids or proposals)					

6	There is stakeholder register that provides details on the project participants and their interests in the project.					
7	Expert judgment (technical, legal and business expertise) is used to develop procurement planning					
8	Market research is done and taken as an input for procurement planning.					
9	Procurement Statement of Work (SOW) is developed that describes details of procurement item like: specification, quantity desired, quality levels.					
10	Request For Proposal is prepared for non-standard and high cost products and services.					
11	A clear evaluation criterion is developed to rate or score vendor proposals.					

2. Conduct procurement						
	Indicator	1	2	3	4	5
12	Bidder conference is conducted prior to submittal bid or proposal to ensure all prospective sellers have clear and common understanding of the procurement.					
13	There is well defined formal evaluation review process in the procurement policy.					
14	Independent estimate cost is used to benchmark on proposed responses					
15	Expert judgment is used in evaluating seller proposals					
16	Adequate advertising is used to communicate solicitations to the vendor community					
17	Procurement negotiations clarify the structure, requirements, and other terms of the purchases so that mutual agreement can be reached prior to signing the contract					
18	Evaluation committees make seller selection based on weight criteria prior to procurement contract award.					
19	The selection criteria considers the following elements other than price : <ul style="list-style-type: none"> • Past performance of seller • Financial capability • Technical capability 					
20	Negotiation is made with seller prior to signing the contact to reach mutual agreement					

21	After seller selection process complete, a procurement contract is awarded to the selected seller.					
22	The quantity and availability of contracted resources and those dates on which each specific resource or resource group are actively documented.					
3. Control procurement						
	Indicator	1	2	3	4	5
23	There is a tracking tool used to monitor the procurement					
24	There is quality audit conducted during seller's execution of the work					
25	All payments are made in accordance with the procurement contract terms and conditions					
26	There is Contract administrator to ensure seller's performance meets contractual requirements.					
27	Work performance data and reports supplied by sellers are evaluated against the agreement requirements					
28	Procurement contract can be amended at any time by mutual consent and negotiation between buyer and seller.					
4. Close procurement						
	Indicator	1	2	3	4	5
29	The project has a clear defined process for closing the Procurement.					
30	Upon closing procurements, it is verified that all works and deliverables are acceptable.					
31	There is a procurement audit in place after the closure of the procurement					
32	There is a record management system					

Interview Guide

Dear Interviewee,

First of all I would like to thank you for your willing's to respond to my questions. My name is Mekdes Amare, I am a Masters of Art student in Project Management at Addis Ababa University School of Commerce. As part of my MA project work, I am studying the project contract management practice in real projects and I have taken the case of Heineken Kilinto phase three project for my study. This interview is made so as to have more in depth on the matter under study.

Thus, I kindly request you to answer all the questions assuring you that all responses will be used only as an input for this study.

1. Is there a clear communicators regarding the process requirements during planning for procurement?
2. Do you consider risk related contractual decision?
3. Is there a stakeholder register available?
4. Is there clear evaluation criteria?
5. Do you prepare a bidder concerns prior to submitting a bid?
6. Is there an adequate advertising used to communicated solicitors?
7. Are the evaluation committee involved in seller selection?
8. Do you process the payments in accordance with the agreed terms in the contract?
9. Is there a contract administrator to ensure seller's predominance meets contractual requirement?
10. Can contract get amended at any given time?
11. Do you have a closing process when doing your procurement?