



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE

Issue on: -

***The Effect of Procurement Methods in the Construction Sector: A case of
Radisson Blu Plaza Hotel in Addis Ababa***

A research submitted to the department of project management

*Presented in partial fulfillment of the requirement for the degree of Master of Arts in Project
management*

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Addis Ababa, Ethiopia

**ADDIS ABEBA UNIVERSITY
COLLEGE OF BUSINESS AND
ECONOMICS
SCHOOL OF COMMERCE
DEPARTMENT OF PROJECT
MANAGEMENT**

**THE EFFECT OF PROCUREMENT METHOD IN THE
CONSTRUCTION SECTOR: A CASE OF RADISSON BLU PLAZA
HOTEL**

**BY
ABSERA ELIAS**

**A RESEARCH PROJECT WORK SUBMITTED TO ADDIS ABEBA
UNIVERSITY SCHOOL OF COMMERCE IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR OBTAINING
MASTERS OF ARTS DEGREE IN PROJECT MANAGEMENT**

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**May 2017
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Declaration

I hereby declare the study entitled “**The effect of procurement method in the construction sector: a case of Radisson Blu Plaza Hotel**” is the result of my research and is my original work except for the literature review which sources have clearly been stated and duly acknowledged. This study has not been presented for any degree in this university or any other.

BY – Absera Elias

Signature

Date

Letter of Certification

This is to certify that Absera Elias has carried out this research work on the topic entitled “**The effect of procurement method in the construction sector: a case of Radisson Blu Plaza Hotel**” under my supervision. This work is original in nature and suitable for the submission in partial fulfillment of the requirement for the award of Masters of Arts Degree in Project Management and the student has my permission to present it for assessment.

Advisor Abdurezak Mohammed(PhD)

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Date

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List of Acronyms

A.A. – Addis Abeba

BOQ – Bill of Quantity

CIOB – Chartered Institute of Building

CM – Construction Manager

EEA – Ethiopian Economic Association

EU – European Union

NGO – Non-Governmental Organization

PCMH – Patient Centered Medical Home

PPP – Public Private Partnership procurement method

RFP – Request for proposal

RFQ – Request for Qualification

SPSS – Statistical Package for the Social Science

UN – United Nations

UNECA – United Nations Economics Commission for Africa

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Abstract

One of the features of the construction industry over the last three decades or so, has been the use of various procurement methods for project such as management contracting, project management, and design and building. With the development of applying these methods several researchers have conducted various research to examine the criteria for their selection and their performance in terms of time, cost, and quality. The aim of this study is to investigate the process and effect of procurement related factors such as procurement selection criteria, and to suggesting methods and variation orders on project performance. The researcher collected data by using mixed approach, which mainly consists of both qualitative and quantitative (qual-quant) approaches. The research design adopted to conduct this study is that of a Case Study approach. To conduct the research, the researcher relied up on non-probability sampling methods. Of this type of sampling, a purposive sampling technique was used to select the specific center. The target groups in this study are the Consultants, Contractors, Procurement experts, Architects, and employees related to the Radisson Blu Plaza Hotel construction project. The research employs gathering of both primary and secondary data to address the research questions. Based on the study the researcher was able to conclude that there weren't that much of a difference between the consultants and the contractors regarding the effects especially on the factor related to clients affect the procurement method of the Radisson Blu Plaza construction project greatly. More than half of the respondents agreed that factors related to clients had a higher effect on procurement method and the performance of the project. Based on the findings the researcher recommended that all parties should familiarize themselves with various types of procurement methods to assist them to make a well-informed decision on procurement and try to mix some of them to fill in some gaps. The clients should also have a clear understanding of what they want and hire a professional and relay on their expert judgments.

Key Words: Procurement Method, Construction, Project performance, Radisson Blu Plaza

Chapter One: Introduction

1.1 Background of the study

Procurement method for construction industry can be defined as the organizational structure adopted by clients for the management of the design and construction of a building project. (Masterman, 2005). Procurement methods define the management, functional and contractual arrangement and relationship amongst project team. Different procurement methods are used for different construction projects and the correct choice may help to avoid problems and be the key to the attainment of project specific goals (Eyitope, 2012). The selection of an appropriate procurement method can reduce construction project costs by an average of 5%. While an appropriate procurement system may enhance the probability of project success (Naoum, 1994; Luu, 2003).

A wrong procurement method often leads to project failure or client's dissatisfaction (Love, P., 1998). The selection of procurement system therefore becomes a very important procurement system which may lead to project failure. Clients have the responsibility to select the most appropriate procurement method for their construction project. This has become imperative because the client is faced with various options to procure his/her project (Okunlola, 2012). Selecting an appropriate project procurement method is a complex decision-making process due to risks and uncertainties. Moreover, it depends largely on the accurate identification of client's requirements. At the time of the decision, the clients and stakeholders often have little information and the project plan are not detailed enough to make a judgment about the project with certainty of outcomes (Daniel, 2012).

In a city like Addis Abeba, which is having a boom in the construction sector especially the hotel industry sector, applying the right procurement method is one of the essence. According to Ethiopian economic association (EEA) (2008) the desire to invest in hotel business in Addis Ababa is usually inspired by the availability of market opportunity for hotel development. The demand for high standard hotel service is high at present. Even though Addis Ababa is a permanent location of the African Union Head quarter and several international institutions, there are limited hotels that can meet international standards to cater to the needs of tourists, diplomats, and businessmen.

Besides, Addis Ababa has become UN third city after New York and Geneva which will give the opportunity to Ethiopia to host many international conferences. This requires expanding the hotel service industry to cope with the surge in demand for international standard hotel service that will cater to the needs of high end clients.

Therefore, while building all the necessary infrastructures, one of the essential thing that needs to be considered is selecting and applying the right procurement method. Several previous studies have identified number of factors influencing the selection of procurement system in construction. The selection criteria for project procurement varies from project to project. Different clients have differing needs and requirements whereby construction projects vary so considerably that no single system of procurement can be suitable for every project (Luu, 2003). Moreover, there are some criteria to establish a profile of the client requirement and preference for the procurement methods such as: speed (during design and construction), certainty, flexibility in accommodating design changes, quality, complexity, risk allocation/avoidance, responsibility, and dispute and arbitration (Love, 2008). When project client, or consultant and decision-makers are selecting a procurement system for a project, their previous experience plays an influential role. This question sought to determine the main criteria used in selecting procurement systems (Shiyamini, 2006).

The decision to select the appropriate procurement method to implement a construction project is crucial. Though it does not necessarily lead to a successful project but with factors taken into consideration can influence the success of the project (Okunlola and Olugbenga, 2010). The use of alternative procurement methods has increased recently due to many factors including the increase in complexity and size of project, increased owner sophistication and requirements, demand for shorter delivery period and others. However, the decision is not easy as there are many factors that affect the project procurement method decision. These factors are related to time, cost, scope, quality, cash flow, project characteristics, risk and relationships. It is important that donors, clients and consultants understand these factors as it will assist them in making the right choice of procurement method for their project (Sari and El Sayegh, 2007).

Hence, this study focuses on the effect of procurement method in the construction sector of Radisson Blu Plaza project.

1.1.1 Radisson Blu Plaza hotel construction project

Radisson Blu will open a second hotel in Ethiopia which, is located on Bole Road, one of the city's busiest axes, and at 2km from the United Nations Economic Commission for Africa (UNECA) and 3km away from international airport, after negotiations with Sahle & Family Business Group, signing a management contract with Carlson Rezidor Group. The agreement was signed on December 19, 2015, between vice Head of Business Development, Africa and Indian Ocean in the Rezidor Group and owner of Sahle Group. It serves as base for Ethiopian Airlines, one of Africa's most successful carriers and the property is also the closest hotel to the Millennium Convention Center which is Addis Ababa's largest conference venue. Many Embassies and EU delegation offices are also nearby (Mamo Gebrehiwot, 2015).

With the realization of the project's location proximity to the ECA, UN Agencies offices and conference hall, and the steady flow of delegates to these places, the owners intend to invest in ultra-modern 5star hotel equipped with state of the art facilities. Each of the rooms will be fully furnished and equipped with state of the art communications and information technology facilities to cater to the sophisticated needs of business communities, tourists and diplomats. (FABB + Partners, 2015)

According to the Ethio-sports article,2015, the hotel is designed to include the necessary facilities and amenities commensurate with 5star hotel standards to cater to the needs and demands of, tourists, business people, and high-end clientele that require luxurious accommodation. The real property is located on the land of base map number 01/77/04, Bole Road, in Kirkos Sub-city, Addis Ababa, less than three kilometers away or five minutes' drive from Bole International Airport, in a bustling, business, and residential area of the affluent society. It is being built on a plot area of 1,242-meter square, initially bought from land lords and later leased from the City Administration of Addis Ababa. The construction is being carried out consistent with the hotel development policy of the Ministry of Culture and Tourism of Ethiopia and the City Administration of Addis Ababa.

The article also indicated that the hotel has a total area of 16,008 m². The features of this hotel include 165 rooms ranging from twin to presidential suites, food and beverage outlets, multi-purpose halls and syndicate rooms, recreational areas, such as (swimming pool, sauna, massage and gymnasium, internet service). The area of the hall is 4000 square meter, and can accommodate over 500 conference guests and 250 for banquet service.

The total investment cost of the caption 5star hotel was estimated approximately at Birr 570.3 million, of which fixed cost accounts for 96%, working capital 4.0% respectively. Construction cost accounts for the lion share of 69% of the investment with Birr 395.0 million, followed by hotel kit (furniture and operating equipment) with 8% (Birr 45.2 million), and others constitute the balance (Mamo Gebrehiwot, 2015).

1.2 Problem statement

Experienced clients can select a procurement approach that has previously worked well for them, or they deem to be suitable when considering their prioritized objectives and attitude to risk (Mortledge, 2006). Inexperienced clients, on the other hand, will need to seek professional advice to assist them through the process (Love, 1998).

The need for selecting and using an appropriate procurement system for a particular construction project, together with the proliferation of differing procurement systems, calls for more systematic methods of selection. To do this, decision criteria and factors pertinent to the selection of procurement approaches must be carefully identified, evaluated, and examine their effects on procurement method selection to overcome this problem.

In most cases studies tend to focus mainly on the critical success factors as assessed at the post-contract stage with less consideration of the pre-contract stages that affect project performance. Because of this it is perhaps not surprising that, to-date, there seems to be not that much general consensus on the optimum procurement method to be adopted for similar construction project. With this in mind, the researcher has conducted a research on the effect of procurement method on construction projects: a case of Radisson Blu Plaza hotel construction project, hoping that this research will be used a guidance for this on-going project and other similar up-coming projects.

1.3 Research questions

The research questions are: -

- What are the procurement methods applied during the construction of Radisson Blu Plaza hotel construction project in A.A.?
- How are the procurement methods chosen?
- What are the criteria's?

- What is the relationship between procurement selection criteria and project performance?

1.4 Objectives of the study

1.4.1 General objective

The general objective of the study is

- To identify the different types of procurement methods and its effects Radisson Blu Plaza hotel construction project

1.4.2 Specific objective

The following specific objectives are necessary to meet the overall objective of the study: -

- To investigate the major practices of variant types of procurement methods used in Radisson Blu Plaza hotel construction project.
- To identify the criteria's for selecting a procurement method.
- To examine how these methods are applied in the construction sector
- To identify the factors that affect the selection of procurement method in Radisson Blu Plaza hotel construction project.
- To examine how procurement selection affects project performance.

1.5 Significance of the study

The findings of the study are hoped to be useful due to the following reasons: -

1. Offer alternative views on the types of procurement methods used in the Radisson Blu Plaza hotel construction project;
2. Contribute to the existing body of knowledge in the field of study;
3. Provide reliable information that could be used by different contractors, hotel sectors, researchers, and so on;
4. Contribute to the attainment of procurement methods that is suitable for the construction industry: in the case of Radisson Blu Plaza hotel construction project in A.A.
5. To see the factors influencing the choosing of procurement methods
6. To come up with an alternative solution on which type of procurement method should be used in the emerging branded hotels in A.A.

1.6 Limitations of the study

This research is about procurement method and its effect on construction: the case of Radisson Blu Plaza Hotel construction project. Due to this the study is limited to only on the effects that procurement method has on this specific project. However, there were some problems that the researcher faced during this study and the major limitations were time constraints, and lack of appropriate data.

1.7 Structure of the research

This research consists of five main chapters which include, chapter one which is Introduction. This chapter shows the background of the study, objective of the study, problem statement, significance of the study, research question, and limitations of the study. Chapter two focuses on literature review. This chapter shows a historical review from previous studies to identify the main factors influencing the selection of procurement method. Chapter three is about research and methodology. This chapter shows the main methodologies used in this research in order to achieve the required objective. Chapter four is about result and discussion. This chapter shows analysis, description and discussion of the results. And finally, chapter five deals with conclusion and recommendations provided by the researcher.

Chapter Two: Literature review

2.1 Theories

2.1.1 Procurement definition

Procurement can be described as the process of purchasing good or services from an outside the organization (Schwalbe K., 2013). Usually, term procurement will use in government sector; while, private sector will use term purchasing or outsourcing to describe the action buying product or services. Schwalbe K. (2013) stated the person or organizations that provide procurement service is such as contractors, subcontractors, sellers, suppliers, vendors and others. The contractors, subcontractors, sellers, suppliers and vendors usually provide product and services or work for person called client (owner of project).

(Charvat W. C., 2000) as cited by Ling, T. (2014) in the construction project, procurement process is representing the effort of client in obtaining efficient construction product and services. Clients are motivated to implement the procurement process when they do not have enough resources or expertise to implement the project. Usually, architects are selected to provide advice regarding the procurement method of the project, identify the procurement method risk, cost and time. But in reality, the competitors in the construction procurement market argue that architect is not suitable for procurements work (Charvat W. C., 2000). According to Ashworth A. (2013) as cited by Ling, T. (2014), initially, in order to construct a project, client will always commission a designer and normally an Architect will responsible for architecture work and civil engineer will responsible for civil work.

As cited by Ling, T. (2014), Building C. I. (2011), defined procurement as the process of identification, selection and accreditation of the contributions required for the execution phase of the project. Different organization have different alternative method of procurement process to reflect the appropriate contribution. But the several of procurement method mean the different allocation of risk and responsibility to achieve the project's goals. To select the best method for project procurement process, it should consider the characteristic of the project, and the project and client requirement.

2.1.2 Procurement Process

As cited by Ling, T. (2014) procurement process is an important process/procedure to every project. This is because every project is depending on the purchasing of raw materials and machinery to execute the project (El-Reedy M., 2011). In order to achieve specific objective and goals of the project, it is necessary to prepare systematic process in order to create relation with external suppliers. In addition, execution phase of the project can be effective with the early define the purchasing strategies as well as the characteristics of the contract and determine the systematic way to monitor and tracking the procurement process. Besides that, it is also necessary to consider the quality of the product and services provided by the suppliers.

As cited by Ling, T. (2014), Charvat W. C. (2011) stated that, the scope of procurement work will be affect by the contract types, the numbers of contract, the duration to awards the contract and the use of fast-tracking system. Charvat W. C. indicated that there are five basic steps that are involved in the construction procurement process, which are:

2.1.2.1 Plan procurement

In this step, the preparation for bidding and negotiation will start. It includes the decision in selecting the project procurement method and determining the structure, award system, payment system and duration of the contract. In addition, this step also will involve the make or buy decision, make or buy decision is making decision whether the work is implement in-house or outsourcing.

2.1.2.2 Identify the pre-qualification sellers

Identify and prepare pre-qualification sellers list based on selection criteria such as company's reputation, financial flow, skill and knowledge, performance's quality and company's experiences. Evaluate the sellers by based on the selection criteria can help the project to meet the appropriate standard.

2.1.2.3 Prepare bidding documents

Bidding documents should be prepared based on the client's requirement such as types of contract and the characteristics of the sellers. The bidding document will include the details information about the project and define the term and condition that include in the contract, advertisement for sellers, instruction to the seller, contract/agreement form, drawing, specifications and others.

2.1.2.4 Receipt of Bids

The construction procurement often using open tendering, close tendering and negotiate tendering in order to select the potential sellers. Observing the proper protocol is essential to prevent bid protest. The selection decision is based on decision of the project's client and normally will assists by project manager or architect.

2.1.2.5 Award the contract

Contract will award to the sellers that win the bids. Procurement consultant such as quantity surveyor, project manager and architect will prepare the documents for any modification and change in the contract. The project's client and sellers should sign the contract as agreement.

2.1.3 Procurement method

Mathonsi and Thwala (2012) stated that Procurement method is a contemporary term, which is known to many practitioners and researchers of the construction industry by different terms; these include terms such as project approach, procurement systems, procurement delivery methods or project delivery systems, etc. Masterman (2005) argues that there is a need to accept that contemporary procurement methods can now embrace not only design and construction, but also financing, operating, facilities management etc.

The following definitions best define a procurement method

- It is an organizational structure adopted by the client for the implementation and at times eventual operation of a project,
- It is a key means through which the clients create the pre-conditions for the successful achievement of project-specific objectives,
- A procurement method (or sometimes known as procurement system) “is an organizational system that assigns specific responsibilities and authorities to people and organizations, and defines the various elements in the construction of a project”.

When choosing a procurement method, many factors must be considered depending on the type of client, development and mechanisms for funding the project. At the outset, before a procurement method is chosen, it is important that the client develops a project strategy. This would include

factors such as identifying the objectives for the project, completion of a risk management process, relevance of timescale, degree of quality expected, and appropriate team structure.

As cited by Ling, T. (2014), according to Ashworth A. (2013), the procurement process is the one of the elements that contributes to the success of construction project. Each construction project has its own variables in order to determine the choice of procurement method. The selected procurement method should provide the most advantageous for project and client. It also needed to ensure that the selected procurement will perform the project on time, on budget and on the require specification.

To choose the appropriate procurement method, there are some matters that needs to be considered, such as bidding document, bidding procedure, seller's bid evaluation criteria, the risk level for both client and contractor, solution for the risk, contract types and payment system (sited by Ling, T., 2014, Sutt J., 2011).

2.1.4 Types of procurement methods

Davis et al., (2008) stated that excess of methods for procuring construction projects are available to meet the needs of clients. Deciding what method to use for a given project is a difficult and challenging task as a client's objectives and priorities need to marry with the selected method to improve the likelihood of the project being procured successfully. The decision as to what procurement method to use should be made as early as possible and underpinned by the client's business case for the project. The risks and how they can potentially affect the client's business should also be considered.

Davis et al., (2008) classified procurement systems as the following two major methods

1. Traditional/convention Procurement Method (Separated);
2. Non-Traditional Procurement Method which include the following three methods
 - A. Design and Construct Procurement Method (Integrated);
 - B. Management Procurement Method (Packaged); and
 - C. Public Private Partnership Procurement Method

Mathonsi and Thwala, (2012) stated that over the past number of years, the construction industry has undergone changes in a manner never seen before. The increased size and complexity of the

construction projects, financial challenges, political and social consideration, and information technology are just some of the changes that have been taking place. These changes had led to the development of alternative procurement systems other than the famous traditional one. Although the development of non-traditional procurement systems seemed to be the favorite to most clients of the construction industry, it must, however, be emphasized that there is not yet a specific method used to select the most appropriate procurement method.

Natasa (2007) stated that many clients today, however, are increasingly dissatisfied with the traditional approach and its operational characteristics and actively seek alternative methods of procurement, organization and management to meet their increasingly complex demands.

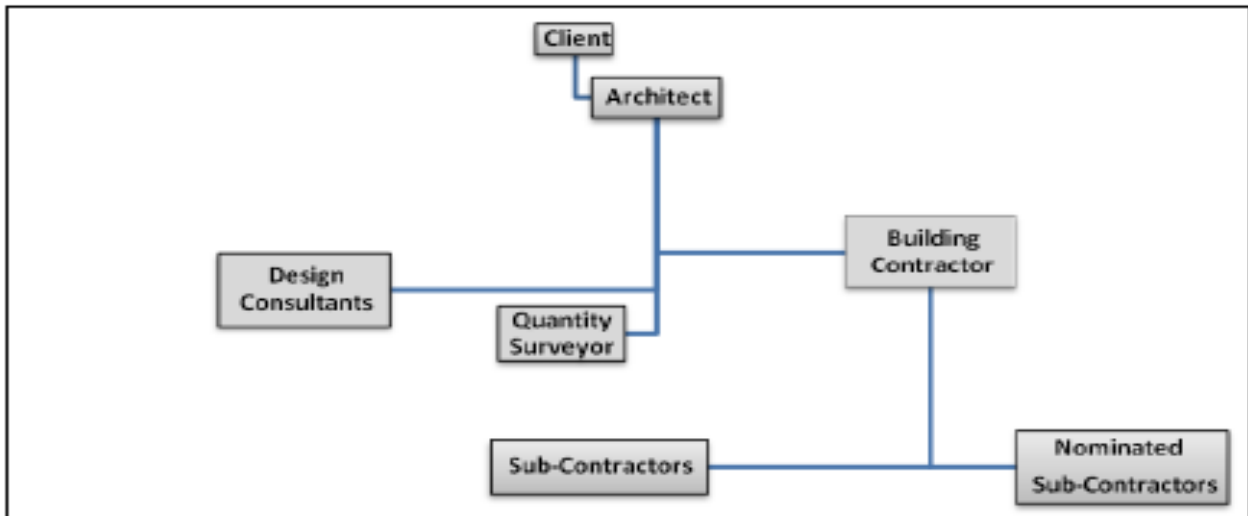
Masterman (2005) defines a non-traditional procurement system as a diversified contemporary procurement system(s) that not only considers design and construction, but also considers financing, operating and facility management.

a. Traditional / Conventional Procurement Method

Mathonsi and Thwala, (2012) stated that this method is called “traditional” because it has been in existence for a long time and has been the only choice available for most clients of the construction industry for many years.

As cited by Ling, T. (2014), traditional procurement method has been used for at least past 150 years by project’s client of the construction industry (Squires B. G., 2011). According to Sutt J. (2011), in the traditional procurement method, the client will enter into the contracts separately with architect and contractor to carry out the design work and prepare contract documents. The architect will be responsible for design work, while contractor will responsible for construction work. Following the completion of this phase, the contractor is then appointed based upon the owner’s criteria and the owner enters a contract with the successful contractor for the assembly of the project elements.

Figure 2.1: Traditional procurement method



Source: Davis et al., (2008)

The traditional procurement method has been identified as the slowest delivery method due to their sequential approach and usually results in maximum cost certainty for a project with a fully defined project. By using the traditional method, the project design phase should finish before the constructions phase of the project begin. Since the pre-contract phase of this method is longer, the project's client and project team have more time to review and correct the project design before construction is start.

Davis et al., (2008) stated that in the traditional approach, the employer accepts that design work will generally separate from construction, consultants are appointed for design and cost control, and the contractor is responsible for carrying out the works. This responsibility extends to all workmanship and materials, and includes all work by subcontractors and suppliers.

There are three types of contract under the traditional procurement method: -

1. **Lump sum contracts:** where the contract sum is determined before construction starts, and the amount is entered in the agreement.
2. **Measurement contracts:** where the contract sum is accurately known on completion and after re-measurement to some agreed basis.
3. **Cost reimbursement:** where the contract sum is arrived at on the basis of the actual costs of labor, plant and materials, to which is added a fee to cover overheads and profit.

Traditional procurement method provides more price certainty to the client at every phase of the project. It can reduce any design and construction uncertainty which often causes the contractor to unnecessarily increase the project cost. Cost of project will be lower when use the bill of quantities to bid the tender. As cited by Ling, T. (2014), according to Building C. I. (2011), usually the contractor will be paid based on fixed price or by lump sum price of the project and work for within the time period for lump sum payment. In terms of quality, traditional procurement method also provides high level of quality and functional certainty. This is because the method gives the client opportunity to integrate the parties that have expertise for working together such as best architect and best contractor.

Davis et al., (2008) argues that the traditional procurement method, using two-stage tendering or negotiated tendering, is sometimes referred to as the “Accelerated Traditional Method” – this is where the design and construction can run in parallel to a limited extent. Whilst this allows an early start on site, it also entails less certainty about cost.

Advantages and disadvantages of traditional procurement

As cited by Ling, T. (2014), according to Peter D. et al (2008) and Sutt J. (2011), the advantage of the traditional procurement method is the project’s client can have full influences toward the overall process of the project. This action can increase the quality and functionality of the project. Other than that, best quality of project is guarantee when the building contract attached with the bill of quantities and project specification. Traditional procurement method is easy to develop the project and arrange, manage and evaluate the effect of change and reduce the number of contract conflict. In addition, its having balanced allocation of risk between project’s client and contractor compare to design and build method. It also known as tried procurement method because it has been tested in the long-term period and is a very familiar procurement method.

Meanwhile the disadvantages of using traditional procurement method are it can lead to the contract conflict about the defects whether the defects are in design or defects are in materials and labor, this is due to separation between design and construction work. In addition, the overall duration of the project may longer than other project procured under others procurement method because the process or traditional method is sequential. Besides that, project’s client can’t tender a specific contractor until the project’s design is finalized and can cause the time consuming and project duration longer (Peter D., (2008) and Steven Y. (2011)).

The main advantages of using a traditional procurement method are

- Accountability due to a competitive selection;
- Competitive equity as all tendering contractors bid on the same basis;
- Design lead and the client is able to have a direct influence which can facilitate a high level of functionality and improve the quality in the overall design;
- Price certainty at the award of the contract;
- Variations (changes) to the contract are relatively easy to arrange and manage; and
- A tried and test method of procurement which the market is very familiar with.

The main disadvantages of using a traditional procurement method are

- Can be a timely process to produce the full contract documentation. Tenders documents from an incomplete design can be produced but can lead to less cost and time certainty, and may lead to disputes;
- Overall project duration may be longer than other procurement methods as the strategy is sequential and construction cannot be commenced prior to the completion of the design; and
- No input into the design or planning of the project by the contractor as they are not appointed during the design stage.

When to uses traditional procurement method

Turner (1990) stated that traditional procurement method should be used when

- A program allows sufficient time;
- Consultant design is warranted;
- A client wishes to appoint designers and contractors separately;
- Price certainty is wanted before the start of construction;
- Product quality is required; and
- A balance of risk is to be placed between the client and constructor.

b. Non-Traditional procurement method

Design and construct/Build procurement method

Different scholars define design and construction or build procurement method in different ways. Some of them are as follows.

Masterman (2005) define the design and construct procurement method as "An arrangement where one contracting organization takes sole responsibility, normally on a lump sum fixed price basis, for the adapted design and construction of a client's project". Mathonsi and Thwala, (2012) stated that this method is a system where one organization, usually but not exclusively the contractor, takes responsibility for the design and construction of the project, in theory at least. The client deals only with one organization.

Design and build procurement method is a one of procurement methods which contractor is responsible to carry out both design and construction work of the project (Ogunsanmi O. E., 2011). Due to unsatisfied with traditional procurement, many project's clients now are choosing design and build method for their procurement process because project completion time is fast, can reduce project cost and single responsibility roles. In addition, contractors are interest to design and build procurement because it allows them to use the relationship with project's client to get more percentage of construction prices. Furthermore, design and build procurement is flexibility in term of money such as profit.

Davis, (2008) stated that with design and construct procurement method, a contractor accepts responsibility for some or all the design. There should be express reference to this in the contract, and the extent of design liability should always be set out as clearly as possible. Unless the contract states otherwise, it seems that the liability for design is an absolute liability under which the contractor warrants fitness for the purpose intended. As sited by Ling, T. (2014), the design and build procurement also known as fast tracking method (Thomas J., 2005). Design and build procurement is consider as fast-tracking method because project delivery systems are integrated between design work and construction work. The close integration between both activities and overlap of both activities ensure the quicker of project implementation.

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project cost and single responsibility roles. In addition, contractors are interested in design and build procurement because it allows them to use the relationship with project's client to get more percentage of construction prices. Furthermore, design and build procurement is flexible in terms of money such as profit.

El Wardani (2004) stated that several definitions have been developed for the various design and construct team's procurement approaches. Molenaar and Gransberg (2001) indicated that the fixed-price approach takes into consideration only the price as the sole criterion for selection. Accordingly, the lowest bidder is awarded the contract in an approach like the traditional general contractor's procurement. In a one-step procurement procedure, the design and construct team may be selected based on price only or a best value combination of financial and technical criteria. A two-step selection approach consists of a prequalification of the prospective design and construct teams using a Request for Qualification (RFQ), followed by an evaluation of the price and technical aspects. This represents the "best value" approach and the weights given to each of the technical and financial criteria differs from one organization to the other.

Design and build procurement provides certainty on the contract sum and benefit in terms of cost. Normally, price for design and build methods are fixed at the tender stage and changes are not allowable, unless instructed by client. Project's cost can be saved if the contractor has expertise and experience in design and construction work. In terms of quality, the quality of project will be good when the contractor utilizes their expertise and experience to develop more effective and efficient project control systems. It also allows the contractor to be innovative in improving the project process and techniques used. Sometimes, the quality of project procured under design and build projects are not good because of lack of management and control by the client due to the client losing their influence in the design work and construction work.

With a design and construct procurement method, it is possible to ensure a quicker start on site, and the close integration of design and construction can result in more effective programming. Time, however, is needed by the client's consultants to prepare an adequate set of requirements, and time is needed to compare and evaluate the schemes from competing tenderers. Once a contract is signed, any changes by the client can prove costly.

The CIOB report (2010) illustrated that design and construct method is popular with clients, as the risk primarily lies with the contractor and the process is relatively easy to understand the project

is specified to be designed (at least in part) and construct by the same contractor, which, in theory, allows for greater communication. Other parts of the design phase may be carried out by consultants hired by the client, though the contractor will be informed of developments during the phase. It is not always as straightforward as this, and there can be numerous changes to the design in the construction phase, or a lack of communication between the two teams. Ideally, the design and construct stage would see both teams working in partnership, with the contractors giving feasibility input in the design stage, and the architect advising on site during the construction phase. Both would result in a more integrated approach, as set out in the Latham Report “Constructing the Team”.

Larmour (2011) stated that this method is used to describe procurement which involves contractor design and construction. It is generally associated with good cost certainty and a minimization of risk to the client. This method is often associated with program benefits as design and construction can be overlapped. There are many variants within this category, such as: -

Turner (1990) stated that several variations of design and construct exist, which include

1. **Direct:** - In this case no competition is obtained in tenders. Some appraisal of the possible competitors may be made before tendering but only one tender is obtained. This is when the designer/contractor is appointed following appraisal and there is no price competition
2. **Competitive:** - Tenders are obtained from documents that are prepared to enable several contractors to offer competition in designs and in prices. This is when the price and design proposal are submitted based on the employer’s concept design. Competitive is prevalent in current procurement, for example building schools for future program.
3. **Develop and construct:** - Develop and construct is the most commonly referred to as “Design and Build” in the private construction sector. Consultants design the building required to a partial stage, often referred to as “scope design”, then competitive tenders are obtained from a select list of contractors to develop and complete the design and construct the building. The amount of consultant design can vary depending on the client’s needs.
4. **Package deal / Turnkey:** - This method is often used where the contractors competing will use a significant part of their own or another proprietary building system or they will be constructing variations of a repetitive theme. There is limited scope for innovation when

this method is used. Some contractors may offer to find a site, to sell, mortgage or lease their product, obtain approvals etc. at a risk to themselves or at a charge to the client.

5. **Novation:** - Sometimes referred to a design, novate and construct. This is where the contractor takes over from the client a previous contract for the design work, completes the design and constructs the work.

El Wardani (2004) classified the design & construct procurement method into the following procurement methods

- **Sole source selection:** - The sole source procurement method involves the direct selection of the design and build/construct team without proposals.
- **Qualifications-based selection:** - In a qualifications-based selection, the owner selects the most qualified design and construct team through an RFQ and often negotiates only with that entity to a “fair and reasonable” price. Selection of the team is primarily based on qualitative criteria such as past performance, design and build team reputation, technical competence and financial stability.
- **Fixed budget/best design selection:** - The fixed budget/best design is a procurement method where the owner specifies the project budget during the RFP process. The design and build teams compete by placing as much scope as they can in their submitted proposals. The design and build teams are selected based on qualitative and technical aspects.
- **Best value selection:** - The best value procurement method is an approach where the design and build teams respond to the owner by submitting proposals that are primarily evaluated based on the technical aspects together with the associated cost of the project. Negotiations may take place after the proposal submittals phase. The owner selects the proposal that offers the best value.
- **Low bid selection:** - The low bid is a procurement method where the owner primarily selects the design and build team based on the project value and related cost items. Cost criteria represent more than 90% of the design and build team procurement selection process.

Rowlinson (1999) suggested that design and construct/build contractors organize their activities in three different ways as the following

1. Pure design and build

The contractor strives for a complete and self-contained approach where all the necessary design and construction expertise resides within one organization that has sufficient resources to complete any task that arises. In such organizations, all aspects of design and construction have the capacity to be highly integrated.

2. Integrated design and build

In this form, a core of designers and project managers exists within the organization, but this type of contractor is prepared to buy in design expertise whenever necessary. Although more effort is needed to integrate the internal and external members of the design and build team, in-house project managers are employed to co-ordinate these functions.

3. Fragmented design and build

Many contractors, both large and small, and including national builders, operate a fragmented approach to design and build projects, whereby external design consultants are appointed and coordinated by in-house project managers whose other main task is to take and refine client briefs. Under this regime, many of the integration and co-ordination problems of traditional approach are likely to manifest themselves along with some role ambiguity among the professions as they come to terms with the builder as leader of the design and construction team.

Advantages and disadvantages of design and construct procurement method

The main advantages of using a design and construct approach to procurement are

- Client should deal with one firm and reduces the need to commit resources and time to contracting designers and contractors separately;
- Price certainty is obtained before construction commences as client's requirements are specified and changes are not introduced;
- Use of a guaranteed maximum price with a savings option split can stimulate innovation and reduce time and cost;
- Overlap of design and construction activities can reduce project time; and
- Improved constructability due to contractor's input into the design.

The main disadvantages of using a design and construct approach to procurement are

- Difficulties can be experienced by clients in preparing an adequate and sufficiently comprehensive brief;
- Client changes to project scope can be expensive;
- Difficulty in comparing bids since each design will be different, project program will vary between bidders, and prices for the project will be different for each design;
- Client is required to commit to a concept design at an early stage and often before the detailed designs are complete; and
- Design liability is limited to the standard contracts that are available.

When should design and construct procurement be used

Turner (1990) stated that design and construct procurement should be used when a

- Building is functional rather than prestigious;
- Building is simple rather than complex, is not highly serviced and does not require technical innovation;
- Brief for scope design is likely to change;
- Program can be accelerated by overlapping design and construction activities;
- Single organization is required to take responsibility and risk for design and construction.

Management procurement method (Packaged)

Mathonsi and Thwala, (2012) stated that under a management-oriented procurement system, the management of the project is carried out by an organization working with the designer and other consultants to produce the designs and manage the physical operations which are carried out by contractors. When using systems within this category, the client will need to have a greater involvement with the project than when employing any of the other methods.

Larmour (2011) stated that this method is used to describe procurement which involves a contractor providing management services. The two main variants of this are **Management Contracting** and **Construction Management**, which are both very different approaches.

- **Management Contracting**, the contractor provides management services to control and coordinate all site activities, subletting works to suitable contractors on a competitive basis.

In Construction Management, the client enters separate contracts with the construction manager, designers, and trade contractors.

- **Construction Management** is generally associated with program savings, and more control for the client in terms of design quality, but less cost certainty.

Davis, (2008) stated that several variants of management procurement forms exist, which include; **management contracting, construction management, and design and manage**. There are some subtle differences between these procurement methods. In the case of management contracting, the contractor has direct contractual links with all the works contractors and is responsible for all construction work. In construction management, a contractor is paid a fee to professionally manage, develop a program and coordinate the design and construction activities, and to facilitate collaboration to improve the project's constructability.

Management contracting procurement method

As cited by Ling, T. (2014), Jeremy G. (2014), defines management contracting method as one of the procurement methods where the contractors are contracted to carry out the work through work contractors position and at the same time contractually responsible as management contractor. Normally, project's client will be engaged with management contractor to manage the early phase of the project because management contractor usually is an expertise and experience contractor. Management contracting method is an effective method for client to maintain control toward design work while seeking on the experience of construction specialist. Nowadays, this method becomes more popular in some areas and popular on the mega project.

The client appoints an independent professional team, and a management contractor. Their involvement at pre-construction stages will be as adviser to the team, and during construction they will be responsible for executing the works using direct works contracts. With this type of contract, it is possible to make an early start on-site and achieve early completion. Because of its flexibility, it allows the client to change the design during construction because drawings and matters of detail can be adjusted and finalized as the work proceeds.

For a management contract to be successful there must be trust and good teamwork on the part of the client, the design consultants and contractor. The contractor should preferably be appointed no

later than the outline design stage. The contractor can advise on the design program, tender action, delivery of materials and goods, and construction programs.

The management contractor is selected after a careful selection process and is paid a management fee. The basic difference is that works contracts, although arranged and administered by the management contractor, are direct between the client and works contractor. Although in a sense this gives the client a greater measure of control, it also means that the client accepts a considerable amount of risk. The management contractor is simply an agent, and usually cannot guarantee that the project will be finished to time and cost.

The management contractor will normally make a written submission which includes a proposed management fee, and will be appointed after interviews with the client and the design team. The fee will include for the total management service, expressed as a percentage of the total project cost, and for a service to cover pre-construction stages should the project not proceed to site.

The management contractor undertakes the work based on a contract cost plan prepared by a quantity surveyor, project drawings, and a project specification. The client accepts most of the risk because there is no certainty about costs and program. Competitive tenders for works packages follow later and they will usually, though not always, will be lump sum contracts with bills of quantities.

The CIOB report (2010) stated that management contracting works by having a contractor managing a series of works contractors or subcontractors. Advantages include early involvement in the project, and the management contractor can also appoint trusted subcontractors they have worked with previously rather than risk an unknown factor. Disadvantages include the lack of a single point of responsibility for both design and construction phases, which opens the possibility for disputes to arise.

Construction management procurement method

The CIOB report (2010) stated that construction management is not a widely-used procurement method. Its main reason for existence is for the use on large and/or very complex construction works. The system works by having a construction manager as a point of contact, who will typically be head of a design team, who coordinates the project in terms of the various construction

operations on site. Construction management is generally considered to be the least adversarial form of procurement, and is often used when design needs to run in tandem with construction.

As cited by El Agha, I. Osman (2013), Walker (1999) identified Several advantages that can be offered by this approach. These may be summarized as follows;

- Reduced confrontation between the design teams and the team responsible for supervising construction;
- Early involvement of construction management expertise;
- Overlap of design and construction;
- Increased competition for construction work on large projects due to work packaging and splitting the construction activities into more digestible 'chunks'; More even development of documentation;
- Fewer contract variations;
- No need for nominated trade contractors; and
- Public accountability.

Design and manage procurement method

Turner (1990) stated that a design and manage procurement method is similar to management contracting. Under a design and manage contract, the contractor is paid a fee and assumes responsibility, not only for works contractors, but also for the design team. The common variations of design and manage are

- **Contractor:** - A project design and management organization designs and manages the work, generally for a fee and delivers the project by employing works contractors as its subcontractors to design/or construct.
- **Consultant:** - A project designer/manager is the client's agent, who designs and manages the work, obtains subcontract tenders from works contractors who then each enter a direct contract with the client.

Advantages and disadvantages of management procurement method

The main advantages of using a management approach to procurement are

- The client deals with only one firm, which enables improved coordination and collaboration between designers and constructors;

- Potential for time savings for the overall project as design and construction activities are overlapped;
- Under a design and manage form, the contractor assumes risk and responsibility for the integration of the design with construction;
- Works packages can be let competitively at prices that are current;
- Improved constructability through constructor input into the design;
- Roles, risks and responsibilities for all parties are clear; and
- Flexibility for changes in design.

The main disadvantages of using a management approach to procurement are

- Price certainty is not achieved until the final works package has been let
- Informed and proactive client is required.
- Poor price certainty
- Close time and information control required
- Client must provide a good quality brief to the design team as the design will not be complete until resources have been committed to the project (Construction management and management contracting); and
- Client loses direct control of design quality which is influenced by the constructors (design and manage).

Public private partnership procurement method "PPPP"

Larmour (2011) stated that public private partnership (PPP) procurement method involves two or more organizations working together to improve performance through agreeing mutual objectives, devising a way for resolving any disputes, and committing themselves to continuous improvement, measuring progress and sharing gains and pains. Examples include framework agreements and joint ventures. This is a relatively new form of procurement and although discussed in the Latham report in the 1990's, it has taken a long time to come into general use. It is more commonly seen within large civil engineering projects, than individual building projects.

The CIOB report (2010) believes that this method is the "most efficient way of undertaking all kinds of construction work including new buildings and infrastructure, alterations, refurbishment and maintenance". Long-term (strategic) partnering commitments showcase the real benefits of

the procurement method, although short-term (project-specific) partnering has also proved highly beneficial on individual projects.

Under this procurement method, the client lays down a framework for the overall administration of the project within which he/she has the discretion to use the most appropriate of all the procurement systems contained within the other three methods. As cited by El Agha, I. Osman (2013), (Cartlidge, 2002) indicated that in PPP procurement method quantity surveyors play an integral role by providing a wide range of services, which include contractual issues; it also offers quantity surveyors an opportunity to act as independent advisors within the system.

The principles of this method include a decision-making process, mutual objectives, and an overall improvement in performance. As more projects are worked on in tandem, a greater understanding of how to accomplish best practice, reduce costs and attain value for money is achieved.

Figure 2.2: Consultant scope variation by project delivery method

Project Delivery Method	Consulting Opportunities	Service Elements
1) Conventional	Client-1: Project owner	<ul style="list-style-type: none"> • Project planning, • Design brief formulation, • Design, cost plan and programme, • Contract preparation, • Tender documentation, • Calling of tenders, • Construction supervision, etc.
2) Design build	Client-1: Project owner	<ul style="list-style-type: none"> • Project planning, • Formulation of a design brief, • Cost plan and programme, • Contract preparation, • Tender documentation, • Calling of tenders, • Construction supervision, etc.
	Client-2: Design build contractor (as designer)	<ul style="list-style-type: none"> • Preparation and Defence of Bid Design during the bid phase, • Detailed Design and Certification of Construction during the execution phase.
	Client-3: Design build contractor (as independent quality firm)	<ul style="list-style-type: none"> • Certificate of Design, • Quantity survey, • Engineering site supervision, • Contract administration.
3) Public-Private partnership (PPP)	Client-1: Public body/project sponsor	<ul style="list-style-type: none"> • Project planning, • Possible delivery method, • Formulation of a design brief, • Basic design, • Cost plan and programme, • Contract preparation, • Tender documentation, • Calling of tenders, etc.
	Client-2: Project Company / concessionaire	<ul style="list-style-type: none"> • Project planning, • Possible delivery method, • Formulation of a design brief, • Design, • Cost plan and programme, • Contract preparation, • Tender documentation, • Calling of tenders, • Construction supervision, commissioning, operation and maintenance advisory, etc.
	Client-3: Design and build contractor	<ul style="list-style-type: none"> • Preparation and Defence of Bid Design during the bid phase, • Detailed Design and Certification of Construction during the execution phase.
	Client-4: Investor / Lender / Insurer	<ul style="list-style-type: none"> • Project evaluation, • Technical review of documents/drawings provided by project company, • Progress monitoring and evaluation, • Project cost and payment checking

Source: - FIDIC, definition of service guidance

2.1.5 Factors affecting the selection of procurement method

Maizon et al., (2006) presents the various factors influencing the selection of procurement systems in the Malaysian construction industry. The selection criteria that are identified as the most common criteria influencing the choice of procurement method are time, controllable variation, complexity, quality level, price certainty, competition, responsibility division, risk avoidance, price completion, government policy and client's familiarity in a procurement method.

Shiyamini, (2007) focused on the selection criteria in terms of client requirements, project characteristics, and external environment, thus ensuring that the selection criteria have been focused at macro level. The results of factor analysis revealed nine significant factors from client requirements which are risk management, time availability and predictability, price certainty, price competition, accountability, flexibility for changes, quality of works, responsibility and party's involvement, and familiarity. Six factors from the project characteristics which are project cost and funding method, project complexity, project type, time constrains, degree of flexibility, and payment modality. Five factors from the external environment which are market completion, economic conditions and the fiscal policy, technology, socio cultural suitability, and regulatory environment.

Rosli, (2006) mentioned that it is very important at the very outset of the project to carefully consider all factors when selecting the most appropriate procurement approach for a construction project. This is because each system has its own feature and peculiarity that will have effect on the cost, time and quality of the project i.e. the project performance.

2.1.6 The decision to select procurement method

Davis, (2008) stated that the decision as to what procurement system to use should be made as early as possible and underpinned by the client's business case for the project. The risks associated with each procurement system and how they can affect the client should also be considered.

2.1.7 Construction

Construction is a process where things are constructed. It involves the process of converted owner's idea or concept into physical structures and facilities. In addition, construction process included organization and management of all resources such as manpower, raw materials, machinery, method and money to complete the project within time and budget and should according to the standard of quality (Babatunda, 2010). The contractors and clients play an

important role in construction process. Contractor is a group or individual that responsible to executed construction for client and while client is owner of the project.

The construction project should be perfectly and systematically managed to achieve the good quality of final product. One of the most important management in construction project is project procurement management. According to PMBOK (2008), project procurement is a process which client purchase goods or services from outsides the company. In construction management, procurement process is method whereby the client searching, finding and contracting contractor or someone with professional skill to perform the project.

Choosing the right project procurement method is important for project complete success of the project. Nowadays, there are several types of project procurement method for client to choose based on their own needs.

2.1.8 Hospitality industry in A.A.

As the hospitality industry is growing, not only in size, but also in terms of sophistication and expectations of return on investment (ROI), the scene has shifted from the more traditional dominance of independent privately owned small outlets to larger multinationals and multiple brand affiliations (Bailey and Ball, 2006). Where it used to be a matter of small owner-run outlets operating in the same fashion for generations, it is now an industry where investors seek return on their invested capital, and the larger hospitality corporations now count as important and influential companies in most countries (Bailey and Ball, 2006).

According to Tourism report, (2012), the number of tourist arrivals in Ethiopia increased from 148,438 in 2001 to 412,341 in 2009, representing a 13.6% average annual growth rate. The number of business tourists increased by 73% from 26,577 in 2001 to 46,008 in 2005, with data being unavailable from 2006 onward. Tourism data is indeed a challenge in Ethiopia. The number of tourist arrivals may be misleading because it includes a large number of passengers in transit in Addis Ababa. Tourism statistics need to be improved to provide a clear picture of the status of this sector and to permit improvements in service delivery by the relevant authorities.

Addis Ababa is not only the capital city but also the economic center of Ethiopia. It is also where the African Union (AU) is based, as was the case with its predecessor, the Organization of African

Unity (OAU). Consequently, Addis Ababa is often referred to as "the political capital of Africa" due to its historical, diplomatic and political significance on the continent.

According to Tourism report, (2012), Ethiopia has a relatively small number of hotels, particularly at the upper end, considering the role it plays on the political and economic fronts. Furthermore, in relative terms its hotel industry is generally of a poor standard. The country has only 50 hotels in the 5, 4 and 3 star categories, and very few outside Addis Ababa (i.e. a total of 9 hotels in these categories outside of the capital city area). This is a supply-side constraint to developing an upmarket tourism segment, which is exacerbated by the failure of the classification system to enforce international standards.

Addis Ababa has high room occupancy rates, particularly at the top-end of the market, attributable to the lack of high-quality hotels. The average room occupancy rate in the capital city's mid-range segment stands at just over 61% through the various seasons. The low-end hotels in Addis Ababa, in turn, are used almost exclusively by the domestic business market segment and typically experience considerable seasonal variations.

According to tourism report, (May 2012) report, the lack of seasonality in the conference and business travel segment, together with a significant leisure component, contribute substantially to the high occupancy rates prevailing in Ethiopia's hotel industry, particularly in its capital city. The high occupancy rates reported in Addis Ababa throughout the year, as well as in other parts of the country during the high season, point towards a need for an expanded supply of good quality hotel accommodation throughout the country in order to improve the competitiveness of its tourism offer.

2.2 Empirical evidence

There aren't that many previous researches conducted on effect of procurement on construction industry especially in Addis Abeba. But of those few researches conducted the most common factor effecting the procurement method mainly comes from the client's side. Some of the problems that were mentioned include lack of knowledge or understanding about procurement on the client's side, lack of communication between all the necessary parties, lack of trust with each other, lack of transparency, alteration to client's requirements, lack of professional procurement expertise and advice in choosing which method to use, and more.

Let's consider the CIOB (2010) research on procurement in construction industry for instance. According to the CIOB research on procurement in the construction industry 2010, it recognizes that clients should have a greater understanding of the procurement process in the construction industry. To facilitate this, accessible information and guidance is necessary. More than half of respondents have indicated that clients do not have a sufficient understanding of construction procurement. In the words of one respondent, we must "educate the clients who believe that buying a building is the same as buying paperclips". 46% of respondents also highlighted alterations to client requirements as the second-largest problem arising during the procurement process. This can be mitigated with input from contractors at the planning and design phases on the feasibility of client requirements.

The CIOB supports research into, and adoption of, innovative methods of procurement. Most of the respondents have indicated that current procurement methods (most prominently Traditional) have directly contributed to projects overrunning in terms of cost and time, suggesting that those methods are unsuitable for a modern, progressive construction industry.

The respondents have also indicated that a lack of communication is the most significant problem arising during the procurement process. Greater integration and communication has been recommended for the industry as far back, officially, as the Latham report in 1994. When asked for comments, the most common responses gave the impression that transparency would essentially build trust, facilitate communication and increase information sharing between all stakeholders. This lack of communication has been highlighted as a problem with current procurement practices, which therefore will lead to a more integrated approach to projects.

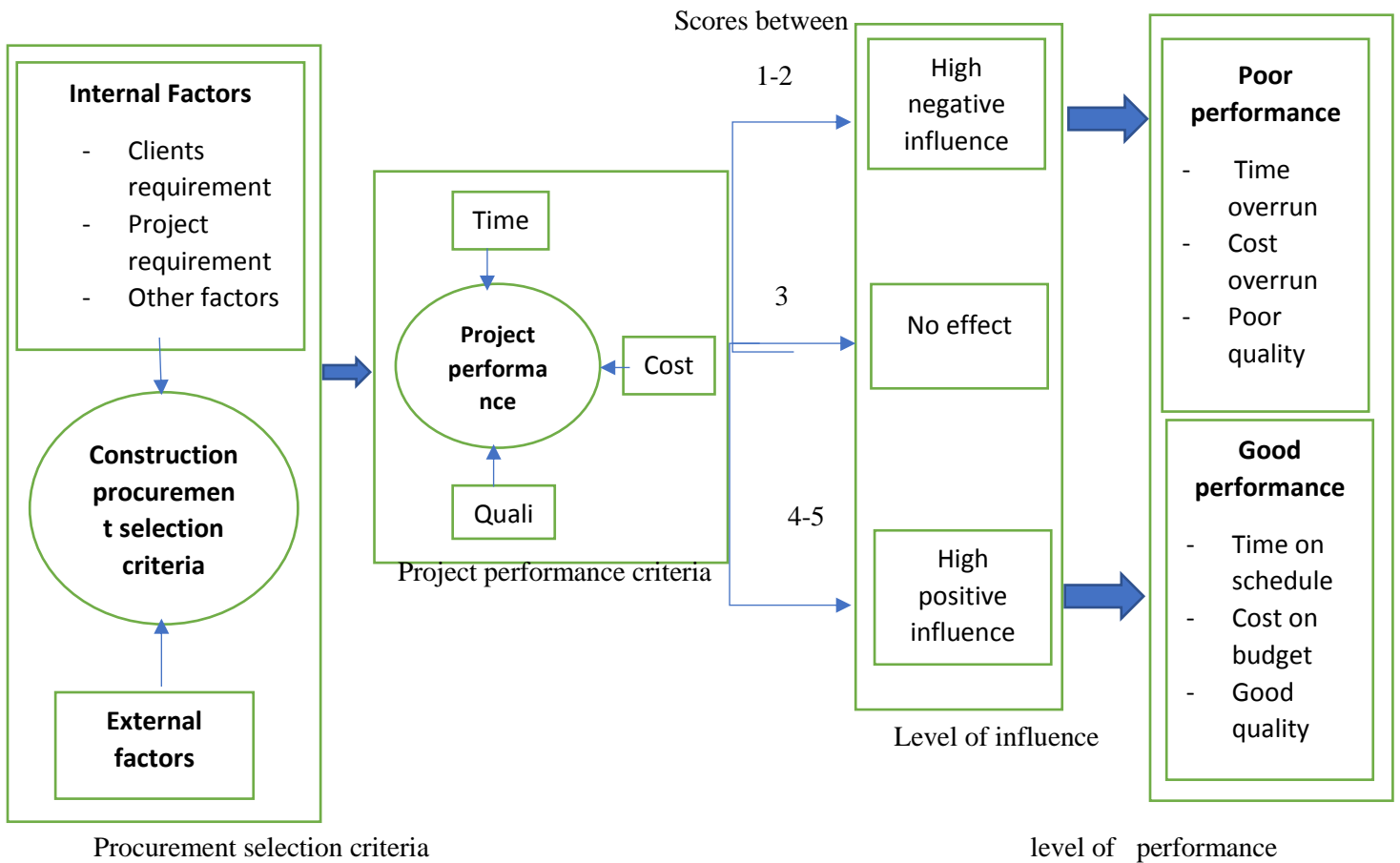
The findings of the study of comparative study on the procurement method used in construction industry of South Africa (Oshungade, O. and Kruger, D., 2015) revealed that the highest user of traditional, design and build, and management procurement methods are designers, private sector clients and contractors respectively. Also, from the findings of this study it is discovered that amongst the traditional, design and build, and management procurement methods used for construction projects in South Africa, the traditional method is still and remains the most popular and frequently used method. Despite its shortcomings, it is still the commonly use method, probably because of its long existence, less awareness of other procurement methods by the various role players, the advantage it has for empowerment and employment creation, and the resistance

to changes by the South African construction industry due to the South African legislation. Lastly, based on the findings of this study, it is concluded that the design and build procurement method will produce the best result in terms of project objectives of time, cost, and quality as compared with traditional and management procurement methods.

2.3 Conceptual framework

Figure 2.3 shows a conceptual framework designed on the topic of “The influence of procurement methods on project performance” by Alaeddin Ghadamsi and Dr. Nuhu Braimah, School of Engineering and Design, Brunel University. The conceptual framework illustrates how knowledge of procurement selection criteria can help establish their impact on project performance. Each of the criterion could impact differently on time, cost and quality, depending on the suitability of the criterion with respect to a given procurement method. The extent of influence each criterion exerts for any given project could be determine by assigning a number using a scale of 1-5; where 1-2 indicates negative influence on performance and 4-5 indicates positive influence, with 3 as no influence or neutral.

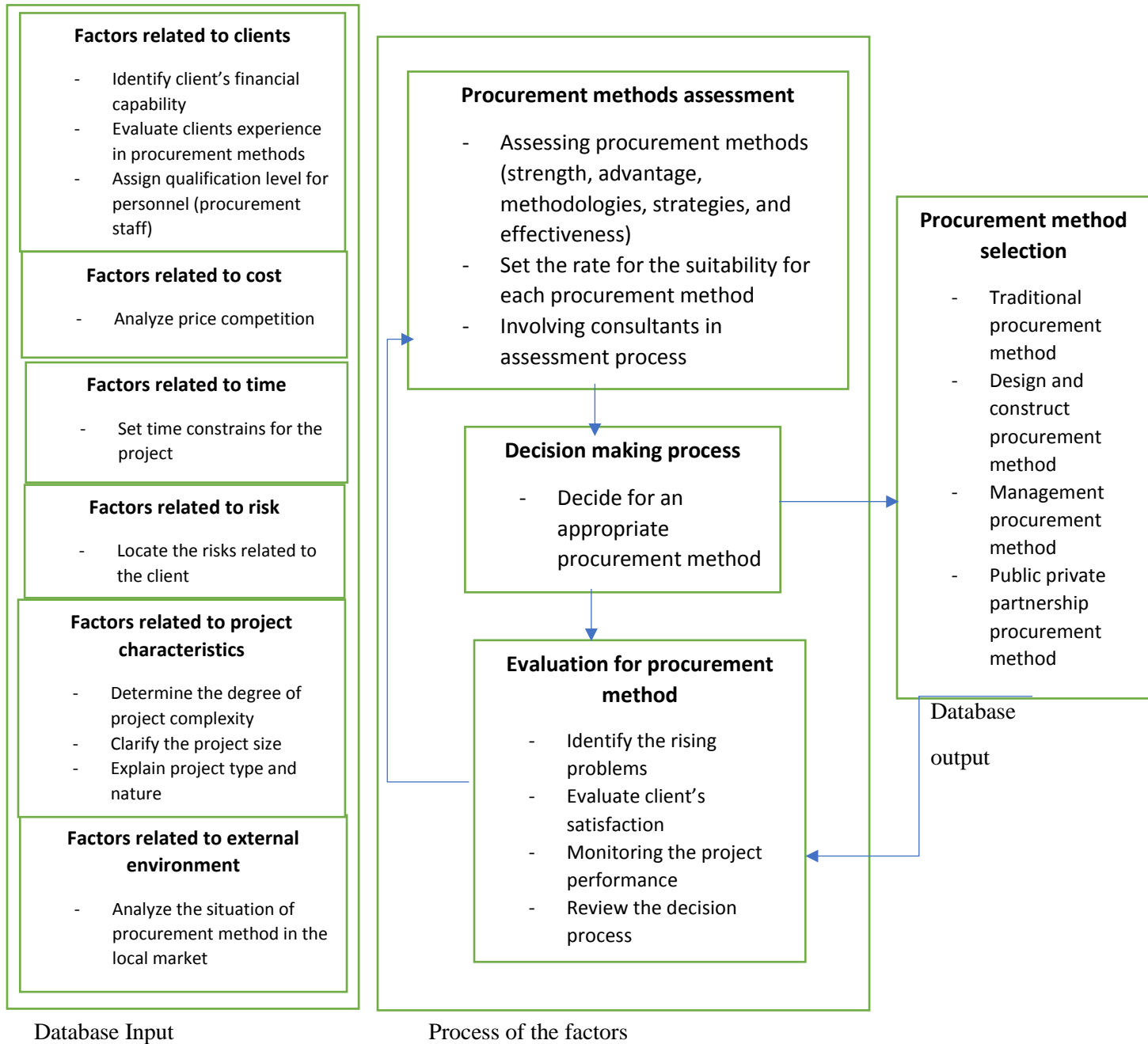
Figure 2.3 Conceptual framework of construction procurement on project performance



Source: CIOB (2010). A Report Exploring Procurement in the Construction Industry.

According to the study conducted by El. Agha, I. Osama (2013) on factors affecting the selection of procurement method in the construction project in Gaza strip, a critical framework was conducted. This paper was conducted based on this conceptual framework hoping that it will help as a guideline for all the necessary personals of the Radisson Blu Plaza hotel construction project and other similar upcoming projects. The main objective of designing this framework was to assist a decision makers for construction procurement method selection. The framework can also assist clients and their representatives in the initial decision on making an appropriate procurement selection for any kind of construction project. it could also provide a better understanding on selection criteria which affect the procurement selection.

Figure 2.4 Framework for the selection of an appropriate procurement method.



Source: Oshungade, (2015). A comparative study on the Procurement Methods used in the Construction Industry of South Africa.

Chapter Three: Research Methodology

3.1 Introduction

This chapter includes the methodology used in this research. It involves the information about the research approach, research design, area of the study, population, sampling technique, data collection method, data analysis techniques, scope of the research, importance of the study, and limitations.

3.1.1 Research approach

This study used mixed approach i.e. both qualitative and quantitative approaches. According to PCMH resource center, (2013) the term “mixed methods” refers to an emergent methodology of research that advances the systematic integration, or “mixing,” of quantitative and qualitative data within a single investigation or sustained program of inquiry.

3.1.2 Research design

This study collected data by using mixed approach, which mainly consists of both qualitative and quantitative (quali-quant) approaches. A case study is an in-depth study of a particular research problem rather than a sweeping statistical survey. It is often used to narrow down a very broad field of research into one or a few easily researchable examples. The case study research design is also useful for testing whether a specific theory and model actually applies to a phenomenon in the real world (Eugene, M. and Christin, E. Lynn., 2017). Saunders, et al., (2009) pointed out that; the case study has considerable ability to generate answers to the question ‘Why?’ as well as ‘what?’ and ‘How?’. The researcher used both exploratory and descriptive survey research approach. It is exploratory because some of the responses in the research are not statistically measurable. The research is also uses descriptive survey research approach for it is a qualitative research.

3.1.3. Areas of the Study

The research is a case study on emerging branded hotels in Addis Abeba the case of Radisson Blu Plaza hotel construction project. Analyzing brand hotel in Addis Ababa is stemmed from the fact that, brand hotels are booming and contributing their own share to the economy of the country and to the increased and flow of tourist’s.

3.1.4 population of the study

The Radisson Blu Plaza hotel construction project has a total number of 60 (excluding the labor workers) professionals working there. And this data was collected from the HR department of the FABB + partners, African consulting partners.

3.1.5 Sampling technique

The researcher found it to be difficult to cover the entire population in the research. Saunders, (2007) contends that sampling provides a valid alternative to a census when it would be impracticable to survey the entire population; you have budget and time constraints or have collected all the data but need the results quickly. Writing about why we need to sample, Miller (2003) points out two major reasons. The first reason is that sampling minimizes the cost of collecting data. Such cost, according to them, can be in terms of money, time, and energy. The second reason is that it increases precision in the data collected.

Thus, taking in to consideration that it is difficult to assess and examine the procurement methods used in all the emerging branded hotel is A.A. it was more realistic to choose one of the emerging branded hotels, in this case Radisson Blu Plaza Hotel construction project.

Accordingly, this research relies up on non-probability sampling methods. Of this type of sampling, a purposive sampling technique was used to select the specific center. The target groups in this study are the Consultants, Contractors, Procurement experts, Architects, and employees related to the Radisson Blu Plaza Hotel construction project

3.1.5.1 Non-Probability sampling

According to explorable.com (2009), non-probability sampling is a sampling technique where the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected. In any form of research, true random sampling is always difficult to achieve. Most researchers are bounded by time, money and workforce and because of these limitations, it is almost impossible to randomly sample the entire population and it is often necessary to employ another sampling technique, i.e. the non-probability sampling technique.

In contrast with probability sampling, non-probability sample is not a product of a randomized selection processes. Subjects in a non-probability sample are usually selected based on their accessibility or by the purposive personal judgment of the researcher.

Some of the advantages of non-probability sampling include the possibility to reflect the descriptive comments about the sample, its cost-effectiveness and time-effectiveness compared to probability sampling, and it is very effective when it is unfeasible or impractical to conduct probability sampling.

There are five techniques under non-probability sampling, out of which the sampling method that is used for this research is the purposive sampling technique to select the sample of the study. For the population of international franchise hotels in Addis Abeba, the researcher uses the Radisson Blu Plaza construction project in Addis Ababa to conduct the study.

3.1.5.2 Purposive Sampling

According to Ashley Crossman (2017), purposive sampling is where the researcher chooses a sample based on their knowledge about the population and the study itself. The study participants are chosen based on the study's purpose. Purposive sampling saves time, money, and effort. It is flexible and meets multiple needs and interests. It enables researchers to select a sample based on the purpose of the study and knowledge of a population.

There are several types of purposive sampling. For the research, the researcher used a critical case sampling.

- **Critical case sampling:** - is a type of purposive sampling in which just one case is chosen for study because the researcher expects that studying it will reveal insights that can be applied to other like cases (Ashley Crossman, 2017). This research studies about Procurement methods and the effects it has on construction or the project. In this study, the researcher chose a franchised 5star branded hotel in Addis Abeba, i.e. Radisson Blu Plaza Hotel, to represent all internationally franchised hotels between 3-5star hotels and provide a necessary solution and recommendations on the methods of procurement, and to serve as a future reference for upcoming branded hotels in Addis Ababa.

3.1.6. Data collection methods

Since it is difficult to rely on one method of data collection; the research employed qualitative and quantitative data collection techniques to counterbalance shortcomings of each technique. Tashakkori and Teddlie in Saunders, (2007) argues that multiple methods are useful if they provide

better opportunity for you to answer your research questions and where they allow you to better evaluate the extent to which your research findings can be trusted and inferences made from them.

And here the research will employ gathering of both primary and secondary data to address the research questions. Structured questionnaires, and interviews will be used together as primary data to generate all the necessary information from different personnel of the area. Similarly, different published materials including archival documents will also be examined to get a better understanding of the area under investigation.

3.1.6.1. Primary data collection methods

- **Questionnaire survey technique-** A questionnaire survey is designed to obtain further information to support the research study objectives and it is also designed to identify the main and sub factors that affect the selection of procurement method in the construction projects the case of Radisson Blu Plaza construction project. It can also be used as a further assistance of the emerging branded hotels in Addis Abeba on how to select the appropriate procurement method. The researcher collect data by distributing questionnaires to consultants and contractors of this project. According to Malhotra and Birks (2003), this survey approach is the most common method of primary data collection in marketing research and the advantages are simple administrations and data consistency.

The questionnaire consists of six pages and was developed as a research tool for this study and it was built mainly using closed questions. Moreover, the questionnaire was developed in English version and consists of the following four sections: -

- **Section one** – General information
 - **Section Two** - Respondents rank of the main factors affecting the selection of procurement method
 - **Section Three** – Respondents rank of the sub-factors affecting the selection of procurement method.
 - **Section Four-** General questions obtained from the necessary persons involved in the Radisson Blu construction project about procurement method used in their organization.
- **Interview-** An interview is a direct conversation between the interviewers and the interviewees, which is one way of gathering the information. The interview was conducted

with the project managers, procurement managers, and the head architect. The interview questions consist of closed but mainly open-ended questions. This research study depended on facts and opinions.

3.1.6.2. Secondary data collection method

Document review- the data was gathered through reviewing books, published documents such as magazine, life-lets, browsers and other related reports.

Internet sources- the research study was searched using the websites and other source of information accessible via information technology.

3.1.7. Data Analysis Techniques

The data collected was analyzed and presented to enable the researcher to answer the research questions and meet the objective of the study from which conclusions and recommendations were drawn. The quantitative data was analyzed using SPSS. For the reader of this study to understand the data properly, the data was reduced to be manageable size and was analyzed using categorization to support the finding of the quantitative result.

The analysis is based on the statement of the problem, research objective and research questions.

3.2. Scope of the research

This research focused on the process and methods of Procurement in the construction sector emphasizing on the brand hotels in A.A.: the case of Radisson Blu Plaza Hotel construction project. In this regard, the targets of this paper were the necessary personals related to the area of the study.

3.3. Importance of the study

This study mainly showcased the process and methods of procurement and its application in the branded hotel industry sector: the case of Radisson Blu Plaza hotel construction project in Addis. It investigated the existing status of the process and methods of procurement and identified some of the major factors that influence a certain hotel to fallow a certain method and the effect that a procurement method has on a project. After conducting analysis of how the methods are selected, the study provided some insights on which factors affect the procurement method selection criteria and how to manage and follow up on those methods that have been selected and investigate on

how those methods are useful on fulfilling the client's interest and desires. It also helps as a guideline in designing the procurement method plan for upcoming branded hotels in A.A.

Chapter 4: Result and Discussion

4.1 Introduction

This chapter is organized according to the research questionnaire and discuss about the interview questions conducted and the results that have been collected form the 47 questionnaires that have been distributed to necessary personals engaged in the Radisson Blu Plaza hotel. 65 questionnaires we distributed out of which 47 questionnaires were collected. Out of these 47 participants, 26 of the respondents were from FABB + Partners, i.e. director and manager of FABB + Partners, architects, consultants, electrical engineers, mechanical engineers, project managers, project assistants, civil engineers, resident engineers/supervisor, and IT experts. and the rest 21 respondents were contractors of the Radisson Blu plaza hotel construction project, respectively. Since the researcher is using both qualitative and quantitative method this chapter will be divided in to two sections. The first one is on findings of the quantitative research which consists of four parts. Part one discusses about the organizational profiles, part two and part three were designed to identify and rank the most common factors and sub-factors affecting the selection of procurement method in Radisson Blu Plaza construction project. And finally, part four discusses about the general questions about the type of procurement method used in the Radisson Blu Plaza hotel construction project. The second section is on findings of the qualitative research which is gathered from the interview questions held between consultants and contractors. In this section the researcher discusses about objective of the project, tools and techniques used, assignment of project managers, identification of the true needs and high level requirement of the clients, project performance criteria, senior management criteria, initial estimated time to do the project, estimation of the resource required to complete the work, financial source of the project, sequencing the work to be done, initial project schedule, preparation of risk management plan, documentation of the project plan, stakeholder communication management plan, and challenges faced or still facing. And finally, the researcher discusses about the findings of this research whether the findings are consistent with previous claims or theories or not.

4.2 Quantitative Analysis

4.2.1 Part one: organizational profile

Part one mainly consists of the general information collected about the respondents in terms of position, years of experience, qualification, type of institute, and the type of project that their organization their organization deals with.

4.2.1.1 Position of respondents

Table 5.1 shows the frequency and percentage of the respondents. Here it is indicated that out of 47 respondents 3 were Directors/vice directors with a 6.4%, 6 were procurement managers with a 12.8%, 8 were procurement assistants with a 17.0%, 3 were consultants with a 6.4%, 5 were project managers with an 10.6 %, and the rest were categorized under others with a frequency of 22 with a 46.8% making them the largest respondent group for this research.

Table 5.1: Frequency, Position of respondents

Position of respondents			
	Frequency	Percent	Rank
Director/Vice director	3	6.4	5
Procurement manager	6	12.8	3
Procurement assistant	8	17	2
Consultant	3	6.4	5
Project manager	5	10.6	4
Others	22	46.8	1
Total	47	100	

Source: own source (May 2017)

4.2.1.2 Years of experience of the respondents

Under years of experience of the respondents there are five sub categories listed under it. Table 5.2 shows that out of the 47 respondents, 6 of them had the experience ranging from 1 to less than 5 years with a 12.8%, 18 of them had the experience ranging from 5 to less than 10 years with a 38.3%, 15 of the respondents had the experience ranging from 10 to less than 15 years with a 31.9%, 3 of the respondents had the experience ranging from 15 to 20 years, and the final 4 respondents had the experience in their field for more than 20 years with a 8.5%. here it can be seen that respondents with an experience ranging from 5

to less than 10 years have the highest percentage followed by 10 to less than 15 years, from 1 to less than 5 years, more than 20 years, and finally from 15 to 20 years.

Table 5.2: Frequency, Years of experience

Years of experience in the line of work				
	Frequency	Percent	Rank	
From 1 to less than 5 years	6	12.8	3	From 5 to less than 10 years 38.3%
From 5 to less than 10 years	18	38.3	1	
From 10 to less than 15 years	15	31.9	2	
From 15 to 20 years	3	6.4	5	
More than 20 years	4	8.5	4	
Total	47	100		

Source: own source (May 2017)

4.2.1.3 Qualifications of the respondents

Under this section Table 5.3 shows that, majority of the respondents i.e. with the frequency of 32, have a qualification of B.Sc. followed by masters with a 21.3% and diploma with a 10.6% with a frequency of 10, and 5 respectively.

Table 5.3: Frequency, Qualification

Qualification				
	Frequency	Percent	Rank	
Master	10	21.3	2	B.Sc. 68.1%
B.Sc.	32	68.1	1	
Diploma	5	10.6	3	
Total	47	100		

Source: own source (May 2017)

4.2.1.4 Type of institution that the respondents are in

Table 5.4 shows that all the respondents are engaged in a private institution.

Table 5.4: Frequency, Institution type

Institution type				
	Frequency	Percent	Rank	
Private sector	47	100	1	Private sector 100%
Total	47	100		

Source: own source (May 2017)

5.2.1.5 Type of project that the respondent's organization deals with

From the Table 5.5 below, it is understood that 93.3% of the respondents are dealing with building construction and 6.4% of the respondents deal with electro mechanics with a frequency of 44 and 3 respectively.

Table 5.5: Frequency, type of project the respondent's organization deals with

Type of project the respondent's organization deals with				
	Frequency	Percent	Rank	
Buildings	44	93.3	1	Buildings 93%
Electro mechanics	3	6.4	2	
Total	47	100		

Source: own source (May 2017)

4.2.2 Part two: Main factors affecting the selection of procurement method in the respondent's organization

Part two discusses the results obtained from participants about the main factors affecting the procurement methods. In this part, the factors are classified it to six groups which are: -

- Factors related to client
- Factors related to cost
- Factors related to time
- Factors related to risk
- Factors related to project characteristics
- Factors related to external environment

The result of this part of study provides an indication of the frequency, percent and rank of the major groups affecting the selection of procurement in Radisson Blu Plaza hotel construction project in Addis Abeba. Table 5.6 shows summary of frequency, percentage, and ranking according to all respondents.

Table 5.6 indicates that, according to the respondents, out of the 6 main factors that affect procurement method, factor related to clients has a greater impact on the procurement method used in the Radisson Blu plaza hotel construction project, followed by factors related to project characteristics and factors related to cost, factors related to time, factors related to risk, and finally factors related to external environment with the percentage of 74.5%, 53.2%,48.9%,44.7%,40.4%

respectively. So, it can be concluded that factors related to clients mostly affect the Radisson Blu plaza hotel construction project regarding the procurement section by 74.5%.

Table 5.6: Frequency, main factors affecting procurement method

factors related to clients				
	Frequency	Percent	Rank	
very high	35	74.5	1	very high 74.5%
High	12	25.5	2	
Total	47	100		
Min	4			
Max	5			
Mean	4.74			
factors related to cost				
	Frequency	Percent	Rank	
very high	19	40.4	2	high 53.2%
High	25	53.2	1	
Medium	3	6.4	3	
Total	47	100		
Min	3			
Max	5			
Mean	4.34			
factors related to time				
	Frequency	Percent	Rank	
very high	23	48.9	1	very high 48.9%
High	20	42.6	2	
Medium	4	8.5	3	
Total	47	100		
Min	3			
Max	5			
Mean	4.4			
factors related to risk				
	Frequency	Percent	Rank	
very high	15	31.9	2	high 44.7%
High	21	44.7	1	
Medium	11	23.4	3	
Total	47	100		
Min	3			
Max	5			
Mean	4.09			
Factors related to project characteristics				
	Frequency	Percent	Rank	
very high	25	53.2	1	

High	21	44.7	2	very high 53.2%
Medium	1	2.1	3	
Total	47	100		
Min	3			
Max	5			
Mean	4.51			
Factors related to external environment				
	Frequency	Percent	Rank	
very high	3	6.4	3	medium& High 40.4%
High	19	40.4		
Medium	19	40.4	1	
Low	6	12.8	2	
Total	47	100		
Min	2			
Max	5			
Mean	3.4			

Source: own source (May 2017)

4.2.3 Part Three: Sub factors affecting the selection of procurement method

In part one its discussed about the findings of the main factors that are affecting the selection of procurement method in the Radisson Blu Plaza hotel construction project. In part three the points that will be discussed include the detailed findings of the main factors, i.e. the sub factors under each group, affecting the procurement method.

4.2.3.1 Group One: Sub factors related to clients

Table 5.7: Frequency statistics, sub factors related to clients

Factors Related to clients	Valid	Missing	Mean	Minimum	Maximum
client's nature and culture (public or private)	47	0	4.74	4	5
client's reputation	47	0	4.28	3	5
clients experience in procurement methods	47	0	4.64	3	5
clients trust in other parties	47	0	4.36	3	5
flexibility for changes and variations	47	0	3.66	2	5
clients financial capability	47	0	4.64	4	5
Accountability	47	0	4.15	2	5
the degree of desired client involvement	47	0	4.4	2	5
availability of qualified personal (procurement staff)	47	0	4.55	3	5
Average mean			4.38		

Source: own source (May 2017)

From table 5.7 summarized the factors related to clients that affect the procurement method in the Radisson Blu Plaza hotel construction project in Addis Abeba. It indicates that all the data sintered are valid and that there is no missing data shown.

From the above information (table 5.7) it can be concluded that under factors related to clients the one with the highest effect is clients nature and culture with a mean of 4.74% followed by clients experience in procurement method and clients financial capability with a mean of 4.64, availability of qualified personal with a mean of 4.55, clients trust in other parties with a mean of 4.36, clients reputation with a mean of 4.28,accountability with a mean of 4.15, the degree of desired clients involvement with a mean of 4.4 and finally flexibility for changes and variations with a mean of 3.66.

Table 5.8: Frequency, sub factors related to clients

Clients nature and culture (public or private)				
	Frequency	Percent	Rank	
High	12	25.5	2	Very high 74.5%
very high	35	74.5	1	
Total	47	100		
Min	3			
Max	5			
Mean	4.74			
Clients reputation				
	Frequency	Percent	Rank	
Medium	7	14.9	2	Very high and High 46.6%
High	20	42.6	1	
very high	20	42.6	1	
Total	47	100		
Min	3			
Max	5			
mean	4.28			
Clients experience in procurement methods				
	Frequency	Percent	Rank	
Medium	2	4.3	3	Very high 68.1%
High	13	27.7	2	
very high	32	68.1	1	
Total	47	100		
Min	4			
Max	5			
mean	4.64			
Clients trust in other parties				
	Frequency	Percent	Rank	
Medium	3	6.4	3	High 51.1%
High	24	51.1	1	
very high	20	42.6	2	
Total	47	100		
Min	2			
Max	5			
mean	4.36			
Flexibility for changes and variations				
	Frequency	Percent	Rank	

Low	4	8.5	4	Medium 40.4%
Medium	19	40.4	1	
High	13	27.7	2	
very high	11	23.4	3	
Total	47	100		
Min	1			
Max	5			
mean	3.66			
Clients financial capability				
	Frequency	Percent	Rank	Very high 63.8%
High	17	36.2	2	
very high	30	63.8	1	
Total	47	100		
Min	4			
Max	5			
mean	4.64			
Accountability				
	Frequency	Percent	Rank	High 42.6%
Low	2	4.3	4	
Medium	7	14.9	3	
High	20	42.6	1	
very high	18	38.3	2	
Total	47	100		
Min	2			
Max	5			
Mean	4.15			
The degree of desired client involvement				
	Frequency	Percent	Rank	Very high 51.1%
Low	1	2.1	4	
Medium	2	6.4	3	
High	19	40.4	2	
very high	24	51.1	1	
Total	47	100		
Min	2			
Max	5			
Mean	4.4			
Availability of qualified personal (procurement staff)				
	Frequency	Percent	Rank	Very high 59.6%
Medium	2	4.3	2	
High	17	36.2	3	

very high	28	59.6	1
Total	47	100	
Min	3		
Max	5		
Mean	4.55		

Source: own source (May 2017)

Table 5.8 has nine sub-categories under it and shows the frequency and percentage and has ranked the results of the respondents. The first sub category indicates that majority of the respondents believe that clients nature and culture affects the procurement method of their project very highly with a percentage of 74.5%. The second sub category indicates respondents gave equal response to very high and high effect. So, it can be concluded that half of the respondents believe that sub-factors related to client's reputation has a very high effect on procurement method while the other half believe that sub-factors related to client's reputation have a high effect on procurement method. The third sub category is about clients experience in procurement method. Here the respondents responded that factors related to client's experience has a very high effect on procurement method with a 68.1%. The forth sub category is about clients trust in other parties. Here the respondents responded that factors related to clients trust in other parties has a high effect on procurement method with a 51.1%. The fifth sub category is about flexibility for changes and variations. Here the respondents responded that factors related to flexibility for changes and variations has a medium effect on procurement method with a 40.4%. The sixth sub category is about client's financial capabilities. Here the respondents responded that factors related to client's financial capabilities has a very high effect on procurement method with a 63.8%. The seventh sub category is about accountability. Here the respondents responded that factors related accountability has a high effect on procurement method with a 42.6%. The eights sub category is about degree of desired client's involvement. Here the respondents responded that factors related to degree of desired client's involvement has a very high effect on procurement method with a 51.1%. The ninth and the final sub category is about availability of qualified personal. Here the respondents responded that factors related to availability of qualified personal has a very high effect on procurement method with a 59.6%.

4.2.3.2 Group Two: sub Factors related to cost

Table 5.9: Frequency statistics, sub factors related to cost

Factors Related to cost	Valid	Missing	Mean	Minimum	Maximum
price competition	47	0	4.19	2	5
design cost	47	0	3.7	2	4
Consultant fee	47	0	3.79	2	4
price certainty prior to commencement	47	0	4.17	3	5
cost control	47	0	4.45	3	5
Average mean			4.06		

Source: own source (May 2017)

From table 5.9 summarized the factors related to cost that affect the procurement method in the Radisson Blu Plaza hotel construction project in Addis Abeba. It indicates that all the data entered are valid and that there is no missing data shown.

From the above information (table 5.9) it can be concluded that under factors related to cost the one with the highest effect is cost control with a mean of 4.45 followed by price competition with a mean of 4.19, price certainty prior to commencement a mean of 4.17, consultant fee with a mean of 3.79, and finally design cost with a mean of 3.7.

Table 5.10: Frequency, sub factors related to cost

price competition			
	Frequency	Percent	Rank
medium	9	19.1	3
High	25	53.2	1
very high	13	27.7	2
total	47	100	
Min	3		
Max	5		
mean	4.09		
design cost			
	Frequency	Percent	Rank
medium	9	19.1	3

High
53.2%

High	23	48.9	1	High 48.9%
very high	15	31.9	2	
total	47	100		
Min	3			
Max	5			
mean				
Consultant fee				
	Frequency	Percent	Rank	
High	29	61.7	1	High 61.7%
very high	18	38.3	2	
total	47	100		
Min	4			
Max	5			
mean	4.13			
price certainty prior to commencement				
	Frequency	Percent	Rank	
Low	1	2.1	4	High 48.9%
medium	3	6.4	3	
High	23	48.9	1	
very high	20	42.6	2	
total	47	100		
Min	2			
Max	5			
Mean	4.38			
cost control				
	Frequency	Percent	Rank	
very low	1	2.1	5	Medium 38.3%
Low	4	8.5	4	
medium	18	38.3	1	
High	17	36.2	2	
very high	7	14.9	3	
total	47	100		
Min	1			
Max	5			
Mean	4.32			

Source: own source (May 2017)

Table 5.10 has five sub-categories under it and shows the frequency and percentage and has ranked the results of the respondents. The first sub category is about price competition. Here the

respondents responded that factors related to price competition has a high impact on procurement method with a 53.2%. The second sub category is about design cost. Here the respondents responded that factors related to design cost has a high impact on procurement method with a 48.9%. The third sub category is about consultant’s fee. Here the respondents responded that factors related to consultant’s fee has a high effect on procurement method with a 61.7%. The fourth sub category is about price certainty prior to commencement. Here the respondents responded that factors related to price certainty prior to commencement has a high effect on procurement method with a 48.9%. The fifth sub category is about cost control. Here the respondents responded that factors related to cost control has a medium effect on procurement method with a 38.3%.

4.2.3.3 Group Three: sub factors related to time

Table 5.11: Frequency statistics, sub factors related to time

Factors Related to time	Valid	Missing	Mean	Minimum	Maximum
Speed	47	0	4.09	3	5
minimized design time	47	0	4.13	3	5
time constraints of project	47	0	4.38	4	5
time control	47	0	4.32	2	5
delays in obtaining environmental approval	47	0	3.53	1	5
delays in project completion time	47	0	4.51	3	5
delivery time schedule	47	0	4.15	2	5
Average mean			4.1586		

Source: own source (May 2017)

From table 5.11 summarized the factors related to time that affect the procurement method in the Radisson Blu Plaza hotel construction project in Addis Abeba. It indicates that all the data entered are valid and that there is no missing data shown.

From the above information (table 5.11) it can be concluded that under factors related to time the one with the highest effect is delay in project completion time with a mean of 4.51 followed by time constraints of project with a mean of 4.38, time control with a mean of 4.38, delivery time

schedule with a mean of 4.15, minimized design time with a mean of 4.13, speed with a mean of 4.09, and finally delays in obtaining environmental approval with a mean of 3.53.

Table 5.12: Frequency, sub factors related to time

Speed				
	Frequency	Percent	Rank	
Medium	9	19.1	3	High 53.2%
High	25	53.2	1	
very high	13	27.7	2	
Total	47	100		
Min	3			
Max	5			
Mean	4.09			
Minimized design time				
	Frequency	Percent	Rank	
Medium	9	19.1	3	High 48.9%
High	23	48.9	1	
very high	15	31.9	2	
Total	47	100		
Min	3			
Max	5			
Mean	4.13			
Time constraints of project				
	Frequency	Percent	Rank	
High	29	61.7	1	High 61.7%
very high	18	38.3	2	
Total	47	100		
Min	4			
Max	5			
Mean	4.13			
Time control				
	Frequency	Percent	Rank	
Low	1	2.1	4	High 48.9%
Medium	3	6.4	3	
High	23	48.9	1	
very high	20	42.6	2	
Total	47	100		
Min	2			
Max	5			
Mean	4.38			

Delays in obtaining environmental approval				
	Frequency	Percent	Rank	
Very low	1	2.1	5	Medium 38.3%
Low	4	8.5	4	
Medium	18	38.3	1	
High	17	36.2	2	
very high	7	14.9	3	
Total	47	100		
Min	1			
Max	5			
Mean	4.32			
Delays in project completion time				
	Frequency	Percent	Rank	
Medium	4	8.5	3	Very high 59.6%
High	15	31.9	2	
very high	28	59.6	1	
Total	47	100		
Min	3			
Max	5			
Mean	3.53			
Delivery time schedule				
	Frequency	Percent	Rank	
Low	1	2.1	4	High 48.9%
Medium	7	14.9	3	
High	23	48.9	1	
very high	16	34	2	
Total	47	100		
Min	2			
Max	5			
Mean	4.51			

Source: own source (May 2017)

Table 5.12 has seven sub-categories under it and shows the frequency and percentage and has ranked the results of the respondents. The first sub category is about speed. Here the respondents responded that factors related to speed has a high impact on procurement method with a 53.2%. The second sub category is about minimized design time. Here the respondents responded that factors related to minimized design time has a high impact on procurement method with a 48.9%. The third sub category is about time constraints of projects. Here the respondents responded that factors related to time constraints of projects has a high effect on procurement method with a

61.7%. The fourth sub category is about time control. Here the respondents responded that factors related to time control has a high effect on procurement method with a 48.9%. The fifth sub category is about delays in obtaining environmental approval. Here the respondents responded that factors related to delays in obtaining environmental approval has a medium effect on procurement method with a 38.3%. The sixth sub category is about delivery in project completion time. Here the respondents responded that factors related to delivery in project completion time has a very high effect on procurement method with a 59.6%. The seventh and the last sub category is about delivery time schedule. Here the respondents responded that factors related delivery time schedule has a high effect on procurement method with a 48.9%.

4.2.3.4 Group four: sub factors related to risk

Table 5.13: Frequency statistics, sub factors related to risk

Factors Related to risk	Valid	Missing	Mean	Minimum	Maximum
risk avoidance/allocation	47	0	3.89	1	5
responsibility allocation	47	0	3.87	2	5
dispute and arbitration	47	0	4.02	3	5
geotechnical investigation	47	0	4.55	4	5
Average mean			4.0825		

Source: own source (May 2017)

From table 5.13 summarized the factors related to risk that affect the procurement method in the Radisson Blu Plaza hotel construction project in Addis Abeba. It indicates that all the data entered are valid and that there is no missing data shown.

From the above information (table 5.13) it can be concluded that under factors related to risk the one with the highest effect is geotechnical investigation with a mean of 4.54 followed by dispute and arbitration with a mean of 4.02, risk avoidance/allocation with a mean of 3.89, and finally responsibility allocation with a mean of 3.87.

Table 5.14: Frequency, sub factors related to risk

Risk avoidance/allocation					
	Frequency	Percent	Rank		
Very low	1	2.1	3	High 44.7%	
Low	1	2.1	3		
Medium	12	25.5	2		
High	21	44.7	1		
Very high	12	25.5	2		
Total	47	100			
Min	1				
Max	5				
Mean	3.89				
Responsibility allocation					
	Frequency	Percent	Rank		
Low	2	4.3	4	High 36.2	
Medium	15	31.9	2		
High	17	36.2	1		
Very high	13	27.7	3		
Total	47	100			
Min	2				
Max	5				
Mean	3.87				
Dispute and arbitration					
	Frequency	Percent	Rank		
Medium	10	21.3	3	High 55.3%	
High	26	55.3	1		
Very high	11	23.4	2		
Total	47	100			
Min	3				
Max	5				
Mean	4.02				
Geotechnical investigation					
	Frequency	Percent	Rank		
High	21	44.7	2	Very high 55.3%	
Very high	26	55.3	1		
Total	47	100			
Min	4				
Max	5				
Mean	4.55				

Source: own source (May 2017)

Table 5.14 has four sub-categories under it and shows the frequency and percentage and has ranked the results of the respondents. The first sub category is about risk avoidance/allocation. Here the respondents responded that factors related to risk avoidance/allocation has a high impact on procurement method with a 44.7%. The second sub category is about responsibility allocation. Here the respondents responded that factors related to responsibility allocation has a high impact on procurement method with a 36.2%. The third sub category is about dispute and arbitration. Here

the respondents responded that factors related to dispute and arbitration has a high effect on procurement method with a 55.3%. The forth and the final sub category is about geotechnical investigation. Here the respondents responded that factors related to geotechnical investigation has a high effect on procurement method with a 55.3%.

4.2.3.5 Group five: sub factors related to project characteristics

Table 5.15: Frequency statistics, sub factors related to project characteristics

Factors Related to Project characteristics	Valid	Missing	Mean	Minimum	Maximum
Degree of project complexity	47	0	4.68	4	5
Project type and nature	47	0	4.55	4	5
Funding methods	47	0	4.45	4	5
Project site location	47	0	3.57	3	5
Project size	47	0	4.62	4	5
Project payment modality	47	0	3.89	3	5
Quality level of project	47	0	4.64	3	5
Project methodology	47	0	4.53	2	5
Expected performance of project	47	0	3.91	3	5
Available resource of project	47	0	4.47	3	5
Constructability of design	47	0	3.85	3	5
Project completion at estimated time	47	0	4.15	2	5
Project completion at estimated cost	47	0	3.94	2	5
Average mean			4.25		

Source: own source (May 2017)

From table 5.15 summarized the factors related to project characteristics that affect the procurement method in the Radisson Blu Plaza hotel construction project in Addis Abeba. It indicates that all the data entered are valid and that there is no missing data shown.

From the above information (table 5.15) it can be concluded that under factors related to project characteristics the one with the highest effect is degree of project complexity with a mean of 4.68 followed by quality level of project with a mean of 4.64, project size with a mean of 4.62, project type and nature with a mean of 4.55, project methodology with a mean of 4.53, available resource of project with a mean of 4.47, funding method with a mean of 4.45, project completion at estimated time with a mean of 4.15, project completion at estimated cost with a mean of 3.94, expected performance of project with a mean of 3.91, project payment modality with a mean of

3.89, contractibility of design with a mean of 3.85, and finally the last sub factor is project site location with a mean of 3.57.

Table 5.16: Frequency, sub factors related to factors related to project characteristics

Degree of project complexity				
	Frequency	Percent	Rank	
High	15	31.9	2	Very high 68.1%
Very high	32	68.1	1	
Total	47	100		
Min	4			
Max	5			
Mean	4.68			
Project type and nature				
	Frequency	Percent	Rank	
High	21	44.7	2	Very high 55.3%
Very high	26	55.3	1	
Total	47	100		
Min	4			
Max	5			
Mean	4.55			
Funding methods				
	Frequency	Percent	Rank	
High	26	55.3	1	High 55.3%
Very high	21	44.7	2	
Total	47	100		
Min	4			
Max	4			
Mean	4.45			
Project site location				
	Frequency	Percent	Rank	
Medium	25	53.2	1	Medium 53.2%
High	17	36.2	2	
Very high	5	10.6	3	
Total	47	100		
Min	3			
Max	5			
Mean	3.57			
Project size				
	Frequency	Percent	Rank	
High	18	38.3	2	Very high 61.7%
Very high	29	61.7	1	
Total	47	100		
Min	4			
Max	5			
Mean	4.62			

Project payment modality				
	Frequency	Percent	Rank	
Medium	13	27.7	2	High 55.3%
High	26	55.3	1	
Very high	8	17	3	
Total	47	100		
Min	3			
Max	5			
Mean	3.89			
Quality level of project				
	Frequency	Percent	Rank	
Medium	1	2.1	3	Very high 66%
High	15	31.9	2	
Very high	31	66	1	
Total	47	100		
Min	3			
Max	5			
Mean	4.64			
Project methodology				
	Frequency	Percent	Rank	
Low	1	2.1	4	Very high 66%
Medium	4	8.5	3	
High	11	23.4	2	
Very high	31	66	1	
Total	47	100		
Min	2			
Max	5			
Mean	4.53			
Expected performance of project				
	Frequency	Percent	rank	
Medium	11	23.4	2	High 61.7%
High	29	61.7	1	
Very high	7	14.9	3	
Total	47	100		
Min	3			
Max	5			
Mean	3.91			
Available resource of project				
	Frequency	Percent	Rank	
Medium	1	2.1	2	Very high and High 48.9%
High	23	48.9	1	
Very high	23	48.9	1	
Total	47	100		
Min	3			
Max	5			
Mean	4.47			
Constructability of design				

	Frequency	Percent	Rank	
Medium	14	29.8	2	High 55.3%
High	26	55.3	1	
Very high	7	14.9	3	
Total	47	100		
Min	3			
Max	5			
Mean	3.85			
Project completion at estimated time				
	Frequency	Percent	Rank	
Low	2	4.3	4	High 51.1%
Medium	5	10.6	3	
High	24	51.1	1	
Very high	16	34	2	
Total	47	100		
Min	2			
Max	5			
Mean	4.15			
Project completion at estimated cost				
	Frequency	Percent	Rank	
Low	1	2.1	4	High 48.9%
Medium	12	25.5	2	
High	23	48.9	1	
Very high	11	23.4	3	
Total	47	100		
Min	2			
Max	5			
Mean	3.94			

Source: own source (May 2017)

Table 5.16 has thirteen sub-categories under it and shows the frequency and percentage and has ranked the results of the respondents.

The first sub category is about risk avoidance/allocation. Here the respondents responded that factors related to risk avoidance/allocation has a very high impact on procurement method with a 68.1%. The second sub category is about project type and nature. Here the respondents responded that factors related to project type and nature has a very high impact on procurement method with a 55.3%. The third sub category is about funding method. Here the respondents responded that factors related to funding method has a high effect on procurement method with a 44.7%. The fourth sub category is about project site location. Here the respondents responded that factors related to project site location has a medium effect on procurement method with a 53.2%. The fifth sub category is about project size. Here the respondents responded that factors related to project size

has a very high effect on procurement method with a 61.7%. The sixth sub category is about project payment modality. Here the respondents responded that factors related to project payment modality has a high effect on procurement method with a 55.3%. The seventh and the final sub category is about quality level of project. Here the respondents responded that factors related to quality level of project has a very high effect on procurement method with a 66%. The eighth sub category is about project methodology. Here the respondents responded that factors related to project methodology has a very high effect on procurement method with a 66%. The ninth sub category is about expected performance of project. Here the respondents responded that factors related to expected performance of project has a high effect on procurement method with a 61.7%. The tenth sub category is about available resource of project. Here the respondents responded that factors related to available resource of project has a very high and high effect on procurement method with a 48.9%. The eleventh sub category is about constructability of design. Here the respondents responded that factors related to constructability of design has a high effect on procurement method with a 55.3%. The twelveth sub category is about project completion at estimated time. Here the respondents responded that factors related to project completion at estimated time has a high effect on procurement method with a 51.1%. The thirtieth and the final sub category is project completion at estimated cost. Here the respondents responded that factors related to project completion at estimated cost has a high effect on procurement method with a 48.9%.

4.2.3.6 Group six: sub factors related to external environment

Table 5.17: Frequency statistics, sub factors related to external environment

Factors Related to external environment	Valid	Missing	Mean	Minimum	Maximum
Procurement policy	47	0	3.66	3	5
market completion/structure	47	0	3.7	3	5
market competitiveness	47	0	4.45	3	5
Economic condition	47	0	4.11	2	5
Political conditions	47	0	4.28	3	5
Social factors	47	0	3.51	2	4
Environmental impact	47	0	3.19	2	4
Other parties' involvement/role/participation	47	0	3.66	2	5
Commercial condition	47	0	3.89	3	5

legal issues/factors	47	0	4.3	3	5
Availability of procurement system in the local market	47	0	4.3	3	5
Number of competitors	47	0	4.51	3	5
Technology	47	0	4.51	4	5
Stakeholders integration	47	0	3.94	3	5
Worker conditions	47	0	3.7	3	5
Material availability	47	0	4.6	4	5
Average mean			4.019375		

Source: own source (May 2017)

From table 5.17 summarized the factors related to external environment that affect the procurement method in the Radisson Blu Plaza hotel construction project in Addis Abeba. It indicates that all the data entered are valid and that there is no missing data shown.

From the above information (table 5.17) it can be concluded that under factors related to external factors the one with the highest effect is degree of material availability with a mean of 4.6 followed by number of competitors and technology with a mean of 4.51, market competitiveness with a mean of 4.45, political conditions with a mean of 4.28, economic condition with a mean of 4.11, legal issues/factors and availability of procurement system in the local market with a mean of 4.3, stakeholder's integration and worker conditions with a mean of 3.94, commercial condition with a mean of 3.39, market completion/structure and worker condition with a mean of 3.7, other parties' involvement/role/participation and procurement policy with a mean of 3.66, social factors with a mean of 3.5, and lastly environmental impact with a mean of 3.19.

Table 5.18: Frequency, sub factors related to external environment

Procurement policy				
	Frequency	Percent	Rank	
Medium	23	48.9	1	Medium 48.9%
High	17	36.2	2	
Very high	7	14.9	3	
Total	47	100		
Min	3			
Max	5			
Mean	3.66			
Market completion/structure				
	frequency	Percent	Rank	
Medium	16	34	2	High 61.7
High	29	61.7	1	
Very high	2	4.3	3	
Total	47	100		

Min	3			
Max	5			
Mean	3.7			
Market competitiveness				
	Frequency	Percent	Rank	
Medium	2	4.3	3	Very high 48.9%
High	22	46.8	2	
Very high	23	48.9	1	
Total	47	100		
Min	3			
Max	5			
Mean	4.45			
Economic condition				
	Frequency	Percent	Rank	
Low	1	2.1	4	High 48.9%
Medium	8	17	3	
High	23	48.9	1	
Very high	15	31.9	2	
Total	47	100		
Min	2			
Max	5			
Mean	4.11			
Political conditions				
	Frequency	Percent	Rank	
Medium	7	14.9	2	Very high and High 42.6%
High	20	42.6	1	
Very high	20	42.6	1	
Total	47	100		
Min	3			
Max	5			
Mean	4.28			
Social factors				
	Frequency	Percent	Rank	
Low	1	2.1	3	High 53.2%
Medium	21	44.7	2	
High	25	53.2	1	
Total	47	100		
Min	2			
Max	4			
Mean	3.51			
Environmental impact				
	Frequency	Percent	Rank	
Low	9	19.1	3	Medium 42.6%
Medium	20	42.6	1	
High	18	38.3	2	
Total	47	100		

Min	2			
Max	4			
Mean	3.19			
Other parties' involvement/role/participation				
	Frequency	Percent	Rank	
Low	4	8.5	5	Medium 40.4%
Medium	19	40.4	1	
High	13	27.7	2	
Very high	11	23.4	4	
Total	47	100		
Min	2			
Max	5			
Mean	3.66			
Commercial condition				
	Frequency	Percent	Rank	
Medium	15	31.9	2	High 46.8%
High	22	46.8	1	
Very high	10	21.3	3	
Total	47	100		
Min	3			
Max	5			
Mean	3.89			
Legal issues/factors				
	Frequency	Percent	Rank	
Medium	5	10.6	3	High 48.9%
High	23	48.9	1	
Very high	19	40.4	2	
Total	47	100		
Min	3			
Max	5			
Mean	4.3			
Availability of procurement system in the local market				
	Frequency	Percent	Rank	
Medium	6	12.8	3	High 44.7%
High	21	44.7	1	
Very high	20	42.6	2	
Total	47	100		
Min	3			
Max	5			
Mean	4.3			
Number of competitors				
	frequency	Percent	Rank	
Medium	2	4.3	3	Very high 55.3%
High	19	40.4	2	
Very high	26	55.3	1	
Total	47	100		

Min	5			
Max	5			
Mean	43			
Technology				
	Frequency	Percent	Rank	
High	23	48.9	2	Very high 51.1%
Very high	24	51.1	1	
Total	47	100		
Min	3			
Max	5			
Mean	4.51			
Stakeholders integration				
	Frequency	Percent	Rank	
Medium	14	29.8	2	High 46.8%
High	22	46.8	1	
Very high	11	23.4	3	
Total	47	100		
Min	3			
Max	5			
Mean	3.94			
Worker conditions				
	Frequency	Percent	Rank	
Medium	16	34	2	High 61.7%
High	29	61.7	1	
Very high	2	4.3	3	
Total	47	100		
Min	3			
Max	5			
Mean	3.7			
Material availability				
	Frequency	Percent	Rank	
High	19	40.4	2	Very high 59.6%
Very high	28	59.6	1	
Total	47	100		
Min	4			
Max	5			
Mean	4.6			

Source: own source (May 2017)

Table 5.18 has sixteen sub-categories under it and shows the frequency and percentage and has ranked the results of the respondents.

The first sub category is about procurement policy. Here the respondents responded that factors related to procurement policy has a very medium impact on procurement method with a 48.9%.

The second sub category is about market completion/structure. Here the respondents responded that factors related to market completion/structure has a high impact on procurement method with

a 61.7%. The third sub category is about market competitiveness. Here the respondents responded that factors related to market competitiveness has a very high effect on procurement method with a 48.9%. The fourth sub category is about economic conditions. Here the respondents responded that factors related to economic conditions has a high effect on procurement method with a 48.9%. The fifth sub category is about political consideration. Here the respondents responded that factors related to political consideration has a very high and high effect on procurement method with a 42.6%. The sixth sub category is about social factors. Here the respondents responded that factors related to social factors has a high effect on procurement method with a 55.2%. The seventh sub category is about environmental impact. Here the respondents responded that factors related environmental impact has a medium effect on procurement method with a 42.6%. The eighth sub category is about other parties' involvement/role/participation. Here the respondents responded that factors related to other parties' involvement/role/participation has a medium effect on procurement method with a 40.4%. The ninth sub category is about commercial condition. Here the respondents responded that factors related to commercial condition has a high effect on procurement method with a 46.8%. The tenth sub category is about legal issues/factors. Here the respondents responded that factors related to legal issues/factors has a high effect on procurement method with a 48.9%. The eleventh sub category is about availability of procurement system in the local market. Here the respondents responded that factors related to availability of procurement system in the local market has a high effect on procurement method with a 44.7%. The twelfth sub category is about number of competitors. Here the respondents responded that factors related to number of competitors has a very high effect on procurement method with a 55.6%. The thirtieth sub category is technology. Here the respondents responded that factors related to technology has a very high effect on procurement method with a 51.1%. The fourteenth category is project completion at estimated cost. Here the respondents responded that factors related to project completion at estimated cost has a high effect on procurement method with a 48.9%.

The fifteenth sub category is project completion at estimated cost. Here the respondents responded that factors related to project completion at estimated cost has a high effect on procurement method with a 48.9%. The sixteenth and the final sub category is project completion at estimated cost. Here the respondents responded that factors related to project completion at estimated cost has a high effect on procurement method with a 48.9%.

4.2.4 Part Four: General Questions regarding the procurement method used in the Radisson Blu Plaza hotel construction project

4.2.4.1 Are you satisfied about procurement method of your organization?

Table 5.19 shows that out of 47 respondents, 74.5% are satisfied with the procurement method that their organization uses and the other 25.5% of the respondents indicated that they are not satisfied about the procurement method used by their organization.

Table 5.19: Frequency, general question regarding satisfaction

Are you satisfied about procurement method of your organization?				
	Frequency	Percent	Rank	
Yes	35	74.5	1	Yes 74.5%
No	12	25.5	2	
Total	47	100		

Source: own source (May 2017)

4.2.4.2 What is the most common procurement method selected by your organization?

Table 5.20 shows that the most common procurement method used is the traditional procurement method with a 70.2% followed by design and construct with a 27.7%, and management procurement method with a 2.1%.

Table 5.20: Frequency, General question regarding procurement method selected

What is the most procurement method selected by your organization?				
	Frequency	Percent	Rank	
traditional procurement method	33	70.2	1	Traditional procurement method 70.2%
design and construct	13	27.7	2	
management procurement method	1	2.1	3	
Total	47	100		

Source: own source (May 2017)

4.2.4.3 If Traditional, what is the most common type of traditional procurement method selected by your organization?

Table 5.21 shows the most common type of traditional procurement method selected by the respondent's organization. And most of the respondents replied measurement method with a 85.1% followed by lump sum method with a 10.6% and finally cost reimbursement as cost plus method with a 4.3%.

Table 5.21: Frequency, general question regarding type of traditional procurement selected

If traditional, what is the most common type of traditional procurement method selected by your organization?				
	Frequency	Percent	Rank	
Lump sum method	5	10.6	2	measurement method (based on bill of quantity) 85.1%
measurement method (based on bill of quantity)	40	85.1	1	
cost reimbursement as cost plus method	2	4.3	3	
Total	47	100		

Source: own source (May 2017)

4.2.4.4 What procurement method are you familiar with?

Table 5.22 shows the procurement method that the respondents are familiar with. And most of the respondents respond traditional method with a 51.1%, design and construct by 44.7%, and management procurement method by 2.3%.

Table 5.22: Frequency, General question about procurement method familiarity

What procurement method are you familiar with?				
	Frequency	Percent	Rank	
traditional procurement method	21	44.7	2	design and construct 51.1%
design and construct	24	51.1	1	
management procurement method	2	2.3	3	
Total	47	10		

Source: own source (May 2017)

4.2.4.5 What type of procurement method would you like to see more used in this Radisson Blu Plaza Hotel construction project or other hotel industries in Addis Ababa

Table 5.23 shows that respondents will like to use design and construct on Radisson Blu Plaza construction project on other emerging branded hotels. And most of the respondents responded by replying design and construct with a 68.1%, traditional procurement method with a 23.4%, and finally management procurement method with 8.5%.

Table 5.23 Frequency: general question about form of procurement method preferred

What form of procurement method would you like to see used more in upcoming hotel projects?				
	Frequency	Percent	Rank	
traditional procurement method	11	23.4	2	design and construct 68.1%
design and construct	32	68.1	1	
management procurement method	4	8.5	3	
Total	47	100		

Source: own source (May 2017)

4.3 Qualitative Analysis

The market demand and supply analysis for hotel accommodation in Addis Ababa particularly for the demand segmentation represented by high end customers, diplomats, tourist that come for leisure, vacation and conference, commercial individuals generally show that there is a considerable gap between demand and supply, which needs to be bridged particularly for high category star hotels.

Ethiopia has a relatively small number of hotels, particularly at the upper end, considering the role it plays on the political and economic fronts. Furthermore, in relative terms its hotel industry is generally of a poor standard.

According to an Overseas Development Institute (2009) report, the lack of seasonality in the conference and business travel segment, together with a significant leisure component, contribute substantially to the high occupancy rates prevailing in Ethiopia's hotel industry, particularly in its capital city. The high occupancy rates reported in Addis Ababa throughout the year, as well as in other parts of the country during the high season, point towards a need for an expanded supply of good quality hotel accommodation throughout the country in order to improve the competitiveness of its tourism offer.

4.3.1 Objective of the project

The major objective of the business is to meet the burgeoning demand for hotel service convenience and recreational requirements of the ever-growing international, national and business institutions and individuals in the City. The specific objectives include:

- Building and operating 4star upscale Luxury Hotel in Addis Ababa
- Contribute to the development of hotel and tourism industry in Ethiopia
- Contribute to curbing the shortage of International standard hotels and facilities to cater to the needs of tourists, diplomats and business men that arrive in the Addis Abeba for conference, business and leisure.
- Generate employment opportunity to the residents of Addis Ababa.

4.3.2 Tools and techniques

The high occupancy rates reported in Addis Ababa throughout the year, as well as in other parts of the country during the high season, point towards a need for an expanded supply of good quality hotel accommodation throughout the country in order to improve the competitiveness of its tourism offer. The decision to invest in hotel business in Addis Ababa by the owners is inspired by the availability of market opportunities for hotel development. The demand for high standard hotel service is high at present. Despite the fact that Addis Ababa is a permanent location of the African Union Head quarter and several international institutions, there are limited hotels that can meet international standards to cater to the needs of high end clientele, diplomats and business men. Besides, Addis Ababa has become UN third City after New York and Geneva which will give the opportunity to Ethiopia to host many international conferences. This requires expanding the hotel service industry to cope with the surge in demand for international standard hotel services that will cater to the needs of high end clientele.

So before starting the project, the owners had to do a feasibility study. To do that they hired a professional consultant, GTMC consultant, to do a feasibility study on the market. To conduct the feasibility study, they used both primary and secondary data source.

4.3.3 Assignment or recruitment of project manager

In this project, they divided project management in to three and each had their own managers.

- Client
- Consultant
- contractor

on the clients side the managers were selected based on favoritism, i.e. the managers selected were friends or family members. And for the consultants, they were selected through recommendation due to their impeccable work and talents. Then those that were recommended got in to the bid and the one that won the bid was awarded. But as for the contractor's international auction was floated then the one who passed all the necessary requirements was awarded. And the ones who got hired got to nominate their own manager.

4.3.4 Identification of the true needs and high-level requirement of the clients

Under this section two steps were taken

GTMC consultant – who were hired by the clients to conduct a feasibility study of the hotel market in Addis Abeba.

Contractors – who are hired by the clients and who also act as an agent to the clients conducted a research and tried to interpret the client's needs.

To identify the true needs first a feasibility study of the market was conducted by GTMC consultants to give a better understanding of the hotel industry market in Addis Abeba. then this study was reviewed and approved by the clients. Then after the feasibility study was conducted and approved by the clients, the next step was regarding the consultants. Here the clients explained and prepared a document about the project for the consultants, who in this case act as the client's agent. Then the consultants tried to analyze and interpret the clients need and prepare a design.

The market research included primary and secondary data gathering on the hotel industry in Addis Ababa exclusively. Interviews were conducted with the Ministry of Culture and Tourism, Addis Abeba City Administration Culture and Tourism Bureau and other stakeholders were interviewed to give their opinion on trends in demand for hotel service in Ethiopia in general and Addis Ababa in particular. Effort was also made to get the opinions of Local public officials; some representatives of competitive facilities about the market potential for hotel industry in Addis Ababa.

The research has also covered scanning secondary data sources for vital information on hotel industry in the country. Accordingly, the Tourism Development Policy document launched in 2009 by the MOCT, Tourism Statistics Bulletin (2009-2012), published by the Ministry, the new Hotels-Grading Requirements and Classification Manual were reviewed to figure out the past performance of the industry, future direction and Regulatory requirements for star level hotel grading. Past trends in the arrival of international tourists in the country and foreign exchange earned from the sector were also examined.

The consultant has been also able to access the total stock of hotels licensed by the Addis Ababa City Administration Culture and Tourism Bureau including star classification, number of rooms and beds each hotel has. Based on the findings from primary and secondary sources, growth trends in demand for hotel service have been projected. This has been weighted against existing supply of room service in the areas and possible increase in the supply that are deemed to be competitors with the proposed hotel projects.

4.3.5 The project performance criteria

In this project, the success criteria are divided in to four

1. time
2. cost
3. quality
4. scope

the project is not able to meet most of this criteria's due to several reasons. For example, let's take the case of time. This project was started in December 2015. The plan was to finish the project and become fully functional by 2017. Yet still it is very much lacking and falling under schedule. If we take the case of cost, due to the extended time schedule the cost that is incurred will also increase. And plus, since the clients have no experience in procurement methods or construction in general, it was very difficult for the consultants to explain the situation, so they had to do an additional concept design so that the clients could see the full picture. In the case of quality, the clients ordered or signed a deal with different procurement experts which made it very difficult because each product are not of the same quality. And the delay in time can cause a problem in the quality of the product terms of technology. In terms of scope, there were a lot of scope changes that occurred while doing the project and still happening. The major scope change was, at first it was not intended to be a Radisson Blu Plaza hotel so they had to make a lot of changes to meet the standards of the hotel. And due to this there were a lot of changes made on cost and quality.

4.3.6 Senior management approval

When conducting the project, the steps and procedures that is followed is first there is the clients then under the clients there are the consultants and under them were the contractors and under them were the laborious. So, if any issue occurs the consultants will review it and bring it to the client's attention if necessary. But it doesn't always fall under these steps, which caused a lot of problems for this project. The fact that it didn't go according to these steps it somehow contributed to the delay of the project.

4.3.7 Initial estimated time to do the project

In the case of time the building was set to be finished in 2017. But due to some of the delays that occurred it is still under construction and hoped to be finished after 18months.

4.3.8 Estimation of the resource required to complete the work

When conducting this project, a proper estimation for the project was made and all the required resources and equipment's were all laid out. But a problem of unity and trust was occurring between the client and the consultant/contractor. Since the clients have no experience on procurement for hotel business or even for hotel business in general there was and still is a huge gap between the two. Here the clients made an agreement about procurement with different parties in different countries without consulting with the consultants, it became difficult to keep up with all of them and most of them were not able to meet the quality requirement of the hotel. So, this created a huge gap between the estimated resources required and the actual. So, these changes had a massive impact on the cost as well.

4.3.9 Financial source of the project

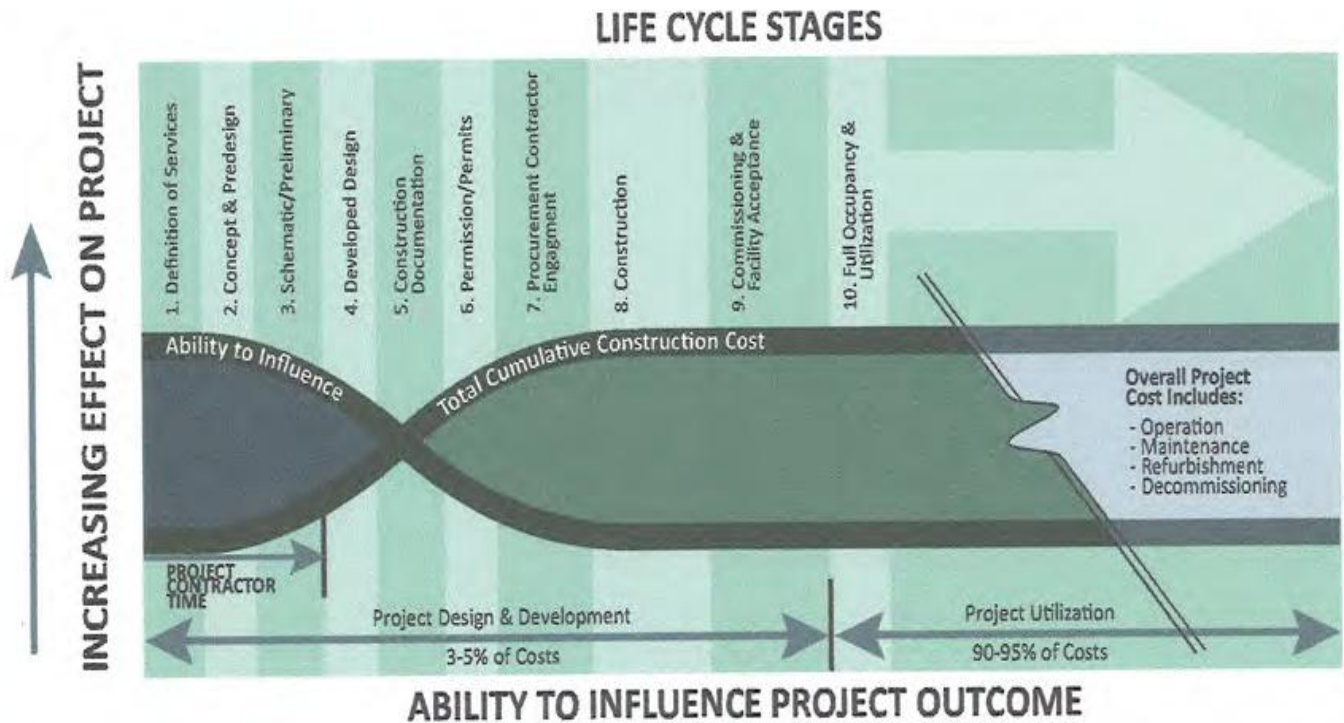
The hotel is planned to be financed from two sources: equity and Bank loan. Debt financing is estimated at 68.4%, and equity 31.6%, respectively. Accordingly, loan from bank is estimated at Birr 389.9 million, and equity Birr 180.3 million respectively. The loan is scheduled to be paid over 13 years excluding the grace period of two years assumed to be granted by lenders until construction is completed and the hotel starts to generate revenues from operation to service debts. The new building, which has been under construction for the past two years, which is named 'Radisson Blu Plaza' is hoped to begin operation in 18 months.

4.3.10 Sequencing the work to be done

The consultant's main responsibility is to do design, quantify and prepare a specification document. So here in the project planning process the consultants used the FIDIC life cycle stage. The first stage includes the definition of service. This is where the client specifies all the things that they want to be done for the project to the consultants. Based on the client's specification the consultant developed a concept or an idea that can satisfy the client's needs (interpretation stage) then puts that concept in to drawing or on paper so that the clients have a clear picture of what is to be done. Then they discuss this concepts with the clients and see if they like and accept it. Then the next step would be to move to a preliminary design, which is a detailed design which include detailed description and cost of the project. after the client reviews the preliminary design, if the needs of the clients are satisfied then they move on to the next stage if not then they will modify or redesign the project. after they get the approval from the clients then they will move to the

design development stage. After developing the design, the next step would be to develop the construction documentation. At this stage, the clients have no say in it and cannot change. This document is a full detailed document which include the specification of the project. this document includes all the necessary information about the project which include design, quantity, and all other necessary detailed specification about the project. This is the document that will be ready for bidding. Then the bidding process starts. And based on the specification laid out by the consultants on the specification document, the competing parties i.e. the contractors, will review the document and set their price and submit it to the consultants. Then comes permission/permit which is basically getting a construction permit form the municipality. After dealing with the legal issues the next step would be procurement contractor engagement. This is the stage where the procurement method is selected. So, in the biding process, the specification also includes the type of procurement method selected. So, when they bid out they also specified the type of procurement method that they will be using. Here they had two components. The technical and the financial components. So, when reviewing the contractors bid document whoever wins or full fills the technical criteria part will then move to the financial component or vice versa depending on the project. then after the winning party is awarded then the next step is to move to construction. Then according to it the consultants will check if it is being done to the compliance or not. Then the final stage is the full occupancy and utilization.

Figure 4.1 impact of value management



Source FIDIC: - definition of service guideline

4.3.11 Initial project schedule

The project schedule estimation was prepared after the consultants were selected. Then the consultants submitted a schedule then the schedule was reviewed and approved by the clients and acted accordingly to some extent.

4.3.12 Preparation of a risk management plan

There was no proper or formal risk management plan done by any of the parties. Whenever an expected event occurs they just discuss among themselves and solve it or take a measure by themselves without discussing with all the necessary people. And this caused a major problem on the project.

4.3.13 Documentation of the project plan

Regarding the documentation of Radisson Blu plaza hotel construction project, all parties, i.e. the clients, the contractors, and the consultants, have a properly documented every necessary information about the project.

4.3.14 Stakeholder communication management planning

The contractors directly report to the consultants monthly, weekly, and daily (if necessary). Then the consultants will monitor the contractors and review those reports they receive from the contractors and then report to the clients by preparing a proper document and update the clients on all the progress of the project. The consultant presents a report on a monthly or weekly bases based on its importance and has meetings every week as needed to follow up on the project. The consultant's report includes, for example financial report so that the clients can understand whether the project is going per plan, schedule, cost, or quality or not. In order to monitor the project performance, they do site visits so that they can actually see the progress.

4.3.15 Challenges

most of the challenges that were faced by the consultant and the contractors side was due to the clients. One of the most challenge that the consultants face while doing this project or other project is to identify client's needs. This is mainly because the clients themselves don't know what they exactly need. Which makes it hard for the consultants to understand and full fill their client's needs. The other thing is knowledge gap. Most of the clients don't know what they want and plus the don't have any king of knowledge or understanding of construction. Which makes it even difficult to communicate with the consultants or the contractors. And this in turn will cause a trust issues between the parties. In the case of the Radisson Blu Plaza hotel construction project, both the clients have no educational background and have no experience about the hotel industry and it procurement methods. This caused a huge problem for the project and sis still causing a major problem. The fact that they don't have a clear understanding about it makes it difficult to communicate and have a mutual understanding with the consultants. And since the don't have the technical knowhow it immediately opened a path of trust issue between them, i.e. the consultants and the contractors. another challenge was communication gap. This communication gap also arose due to the lack of know how. This communication gap caused a huge problem on the procurement. In this case, for example, the clients made a deal with different procurement experts around the world without informing the consultants. And this made it very difficult to keep in track with all of them. And this communication gap was not just between the clients and the consultants or the contractors, there was and still is a communication gap between the clients themselves. The fact that they didn't have the same financial capacity let them to not trust each other and create some sort of conflicts between the clients. And even in terms of the quality of the products there

were some gaps that occurred. The hotel is supposed to be built in the standard of Radisson Blu Plaza hotel which means that almost all of the products or equipment's are custom made in order to meet the standards of other Radisson hotels i.e. products with high quality. And high quality means higher cost and the clients were no very happy about that. So, the clients decided to take a measure of their own by dealing with different procurement experts with a cheaper price which caused a huge conflict and in this case, can be considered a one of the factors that led the project to fall back. And there was no appropriate project manager on the client's side. Also, the clients are very much miss informed by the people around them.

Other that factors related to clients, some of the challenges that were faced include contractor's capacity to deliver, lack of technical know-how, and most importantly availability of materials.

4.4 Discussion

Based on the research conducted, i.e. the interview and the questionnaire, the researcher was able to understand that among the six main factors that affect the selection of a procurement method the one that affect the most is factors related to clients. During the research, the researcher was able to understand that there is a huge gap of knowledge on procurement methods. And because of this gap a lot of issues arise. Similar challenges were also observed in "The influence of procurement methods on project performance" which is a research conducted in Burnel University, London. The research illustrates how knowledge of procurement selection criteria can help establish the impact on project performance. So, it is a major issue and all necessary participants should pay more attention to it and fill in the gaps.

In the literature review, i.e. chapter two, Charvat W.C., 2000 stated that architects are not suitable for procurement. But in this research case, it was the architects who were providing advices regarding the procurement method of the project, identifying the procurement method risk, cost, and time.

For this project, the consultants followed the Charvat W. C (2011) steps which are involved in the construction procurement process. The process includes, first preparing documents for bidding and negotiation. Then the second step was identifying and pre-qualification sellers based on the selection criteria which in this case was quality and cost. The third step was preparing a bidding document and finally the forth step was awarding the contract. But since there were some trust

issues that arose from the knowledge gap, as mentioned earlier, the project was not able to follow this exact procedure.

Mathonsi and Thwala (2012) stated that procurement is a contemporary term, which is known to many practitioners and researchers of the construction industry by different terms. This include terms such as project approach, procurement delivery method, project delivery systems etc. this theory applies perfectly to this study because the researcher had to explain almost every procurement methods not because the participants were not aware of the methods, but because they know it and use it in a different way. So basically, they were familiar with the techniques but the names were a bit confusing to them.

Chapter 5: Conclusion and Recommendation

5.1 Introduction

There're are several procurement methods that clients can select to implement their construction project and achieve their objectives. The selection of an appropriate procurement method is crucial to project success. To assist the clients and consultants in choosing the appropriate procurement method, a number of factors should be considered. A case study was conducted to study the factors affecting the selection of procurement method and determine the level of impact and influence for each factor. The researcher relied on literature review, primary and secondary data's, and field survey to achieve the goals of this research.

In the process of this research, the researcher was able to draw some conclusions about the research and include general recommendation for this project and recommendations that can be used for further or upcoming projects of Radisson Blu or any other related upcoming branded hotels in Addis Abeba.

5.2 Conclusion

Based on the results obtained from this research, the following research conclusions are drawn.

- Based on the study the researcher was sable to conclude that the procurement method used for this project was Traditional procurement method. Under this method, the consultants used a Lump sum contract, this is where the contract sum is determined before construction starts, and the amount is entered in the agreement and measurement contracts, where the contract sum is determined before construction starts, and the amount is entered in the agreement.
- The selection of appropriate procurement method depended on different things like client's preference, financial capability, project type etc. this project used traditional method because it is a big project, the clients wished to appoint designers and contractors separately, product quality was highly required, and wanted to balance the risk between the client, consultant, and contractors. after selecting the procurement method, the consultants had two criteria's i.e. qualification and financial. So, the contractors who met with these standards were awarded with a contract.

- The relationship between procurement method and project performance is very high. In this research, the researcher was able to conclude that right procurement method has a high effect on project performance. If the right method is not selected for the right project then the chance of that project failing or being delayed is very high.
- A total of 54 sub factors affecting the selection of procurement method were synthesized under the main six group, i.e. factors related to clients, cost, time, risk, project characteristics, and factors related to external environment, which were shown to be valid. Data was collected from relevant parties involved in the Radisson Blu Plaza construction project. the findings from the study shows that out of the six main factors the most influential factor affecting the selection of procurement method in construction project in Radisson Blu Plaza is factor related to clients followed by factors related to cost and project characteristics, factors related to time, and lastly factors related to external environment.
 1. Factors related to clients = 74.5%
 2. Factors related to cost and factor related to project characteristics = 53.2%
 3. Factors related to time = 48.9%
 4. Factors related to risk = 44.7%
 5. Factors related to external environment = 40.4%
- Under factors related to clients, nine sub factors were listed. Out of those nine sub factors five factors scored above 50%. from the questionnaire that were distributed, the respondents responded saying that client's nature and culture has a higher effect on procurement method followed by clients experience in procurement method, client's financial capability, availability of qualified personal and finally 51.1% of the respondents responded by saying clients trust in other parties has a higher effect on procurement method of the project.
- Under factors related to cost, the top two scores that the respondents believe it affects the procurement method are consultant fees and price competition. Out of the 47 respondents 23 and 25 responded by saying that under factors related to cost these sub-factors affect procurement method the most.

- Under factors related to time, the top three components that were identified by the respondents include time constraints of the project, delays in project completion and speed.
- Under factors related to risk, respondents identified two main sub-factors which are dispute and arbitration and geotechnical investigation. According to the survey conducted, these two have a higher effect on procurement method of the project.
- Under factors related to project characteristics, four sub factors have a very high impact on procurement method, which include degree of project complexity, quality level and project methodology, project size, and finally project type and nature.
- Under factors related to external environment, it can be concluded that material availability, number of competitors, and technology have a very high effect on procurement methods. And factors like market competition/structure, worker's conditions, and social factors have a high effect on procurement method.
- When conducting the research the researcher was able to conclude that there weren't that much of a difference between the consultants and the contractors regarding the effects especially on the factor related to clients affect the procurement method of the Radisson Blu Plaza construction project greatly.
- The result gives a general indication that more than 70% of the respondents are happy about procurement method that their organization uses i.e. traditional method. Among the variety types of traditional procurement method, measurement method on bill of quantity had the highest selection share of 85%.
- It is concluded that some of the respondents especially the consultants preferred to use design and construct for this project and hopefully for upcoming projects to be more effective and have a better result.

5.3 Recommendations

the recommendations for this research are: -

- The researcher observed that there is a huge knowledge gap between parties. So, in order to solve that problem all parties, i.e. clients, contractors, and consultants, especially the clients should familiarize themselves with various procurement

methods a this will assist them in making well-informed procurement method. It will also help them to save time, cost, and narrow the trust issue there is between the clients and the consultants and the contractor.

- It is recommended that training courses, seminars, and workshops in procurement should be conducted. This activity would improve the practice in the selection process and increase the capabilities of procurement staff in using different methods for the selection of an appropriate procurement system.
- All parties should monitor the quality and performance of procurement method which is used in their organization in terms of hire qualified procurement staff from all around the world to get a better understanding and to obtain the true decision related to the selection of procurement method.
- The clients should have a clear understanding so that their actual needs, requirements, objectives, and project goals can be interested and accurately conveyed to the project team in order to enable the project team to develop a sound procurement strategy and system.
- The clients should hire professional teams to guide them in the right direction and consult them in any aspects necessary.
- The project managers specially the one on the client's side, should be encouraged to study the alternative procurement method before deciding which approach to be selected.
- The clients should rely on expert's judgments. This is because, a clear type of procurement system was established at a very early stage (planning stage) of the project which determined broadly what must be done, how it must be done, by whom it must be done, where it must be done and when it must be done. And this could avoid any miss understanding and eliminates unnecessary project confusion.
- The construction planner and the consultants should try to mix non-traditional method with that of traditional method, so as to get a better result and a better way of using the procurement method instead of just sticking to just one method.
- Follow up on advance study regarding the non-traditional procurement method locally or even abroad to get a better understanding.

- It is recommended to follow up on different studies and future researches that impact the type of procurement method on the project performance.
- It is absolutely necessary to keep on researching because time is changing and modern technology and new way of doing things are always on the way. So, it is highly recommended to do a research at least yearly.

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Annex 1: Questionnaire (English)

Part One: General information: Please circle the choice from the given letters:

1. Position

- a. Director/Vice director c. Procurement assistant e. Projects Manager
b. Procurement manager d. Consultant f. Other

2. Years of experience in the line of work

- a. From 1 to less than 5 years c. From 10 to less than 15 years
b. From 5 to less than 10 years d. From 15 to 20 years e. More than 20 years

3. Qualification

- a. PhD c. B.Sc.
b. Master d. Diploma

4. Institution type

- a. Governmental c. Non-governmental (NGO) e. Private Sector
b. International d. Municipality f. Consultancy office

5. Type of projects your organization dealing with

- a. Buildings c. Water & Sewage
b. Roads d. Electro mechanics

Part Two: Main Factors affecting the selection of procurement method in your organization

Please identify (carefully) the degree of importance of the main factors affected the selection of procurement method in your organization

- Very High Importance = 5
- High Importance = 4
- Medium importance = 3
- Low importance = 2
- Very low importance = 1

No	Main factor	Degree of importance				
		Very high = 5	High = 4	Medium = 3	Low = 2	Very low = 1
A	Factors related to client					
B	Factors related to cost					
C	Factors related to time					
D	Factors related to risk					
E	Factors related to project characteristics					
F	Factors related to external environment					

Part Three: Sub-factors affecting the selection of procurement method in your organization

From your experience, please express your opinion on the importance of the following sub-factors affecting the selection of procurement method in construction projects in the Radisson Blu Plaza hotel construction project. (Please tick the appropriate box).

- Very High Important = 5
- High Important = 4
- Medium important = 3
- Low important = 2
- Very low important = 1

No	Main factor	Degree of importance				
		Very high = 5	High = 4	Medium = 3	Low = 2	Very low = 1
A	Factors related to client					
1	Client's nature and culture (public or private)					
2	Client reputation					
3	Client's experience in procurement methods					
4	Client's trust in other parties					
5	Flexibility for changes and variations					
6	Client's financial capability					
7	Accountability					
8	The degree of desired client involvement					
9	Availability of qualified personnel (procurement staff)					

B	Factors related to cost					
1	Price competition					
2	Design cost					
3	Consultant fees					
4	Price certainly prior to commencement					
5	Cost control					
C	Factors related to time					
1	Speed					
2	Minimize design time					
3	Time constrains of project					
4	Time control					
5	Delays in obtaining environmental approval					
6	Delay in the project completion time					
7	Delivery time schedule					
D	Factors related to risk					
1	Risk avoidance/allocation					
2	Responsibility allocation					
3	Disputes & arbitration					
4	Geotechnical investigation					
E	Factors related to project characteristics					
1	Degree of project complexity					
2	Project type and nature					
3	Funding method					
4	Project site location					
5	Project size					
6	Project payments modality					
7	Quality level of project					
8	Project methodology					

9	Expected performance of project					
10	Available resources of project					
11	Constructability of design					
12	Project completion at estimated time					
13	Project completion at estimated cost					
F	Factors related to external environment					
1	Procurement policy					
2	Market completion /structure					
3	Market competitiveness					
4	Economic conditions					
5	Political considerations					
6	Social factors					
7	Environment impact					
8	Other parties' involvement /role/participation					
9	Commercial conditions					
10	Legal issues/factors					
11	Availability of procurement system in the local market					
12	Number of competitors					
13	Technology					
14	Stakeholder integration					
15	Worker conditions					
16	Material availability					

Part Four: General Questions

1. Are you satisfied about procurement system of your organization?

Yes

No

2. What is the most common procurement method selected by your organization?

Traditional Procurement Method (Separated)

Design and Construct Procurement Method (Integrated)

Management Procurement Method (Packaged)

Public Private Partnership Procurement Method (PPPP) as Build-Operate-Transfer method (BOT Method)

3. If traditional, what is the most common type of traditional procurement method selected by your organization?

Lump Sum Method

Measurement Method (Based on Bill of Quantities)

Cost Reimbursement as Cost Plus Method

4. What procurement methods are you familiar with?

Traditional Procurement Method (Separated)

Design and Construct Procurement Method (Integrated)

Management Procurement Method (Packaged)

Public Private Partnership Procurement Method (PPPP) as Build-Operate-Transfer method (BOT Method)

5. What forms of procurement method would you like to see more use of in hotel industry in Addis Ababa?

Traditional Procurement Method (Separated)

Design and Construct Procurement Method (Integrated)

Management Procurement Method (Packaged)

Public Private Partnership Procurement Method (PPPP Method)

Thanks for your cooperation...

Researcher

Absera Elias

Annex 2: Interview (English)

Interview question

1. Summary about the Radisson Blu Plaza construction project in A.A.
2. What is your knowledge on Procurement process and procurement methods?
3. What type of procurement methods are commonly used? Which type of procurement method did you use for this project

3.1 Traditional

If traditional, what is/are the type of contract/s used? (**Lump sum contracts, Measurement contracts, Cost reimbursement**) why?

3.2 Non-Traditional

a. Design and construct/build

How do you organize your activities? (**Pure design and build, Integrated design and build, Fragmented design and build**) why?

Design and construct is classified in to five according to El Wardain (2004). Sole source selection, Qualification based selection, fixed budget/best design selection, best value selection, low bid selection. Which procurement method/ selection did/do you use? And which method do you normally use? Why?

b. Management procurement method

Which procurement method do you use? (**Management Contracting, Construction Management**) why?

c. Public private partnership (PPP)

If Public private partnership procurement method "PPPP", why?

4. What are the criteria for the selection of procurement methods?
5. Do you believe it is the right method?
6. What is/are the performance in terms of time, cost, quality and the effects it has on the project?
7. When do you make the decision for procurement?

8. Who makes the decision for procurement?
9. What are the main factors affecting the selection of procurement method?
10. What are the main factors that affect your procurement work?
11. What are the main factors affecting the selection of procurement method?
12. What is the level of procurement impact on project performance?
13. Does it fulfill or meet the needs and desires of the clients?
14. What is the procurement policy for hotel industry? Is it different from other construction procurement policy?
15. What are the common gaps or problems observed in construction in relation to procurement?
16. What methods do you use to avoid these problems?
17. How do you identify these problems?
18. How do you handle risk related to procurement?
19. How do you define client's requirements? What is the process?
20. How Is procurement method in relation to hotel industry in AA? How is it different from other construction industries?
21. What are the effects of procurement methods on projects?
22. Who is selected to provide advice regarding the procurement method of the project, identify the procurement method risk, cost and time? (who makes the decisions?)
23. Do you consider the characteristic of the project, and the project and client requirement when deciding for procurement method?
24. What does the procurement process look like? Did you use the five basic steps that are involved in the construction procurement policy? (plan procurement, identify the pre-qualification sellers, prepare bidding document, receipt of bid, award the contract.)
25. To achieve objective and goals of the project, did u prepare a systematic process to create a good relationship with external suppliers? If so what?
26. Did you consider the quality of the product and service provided by the supplier? How?
27. Did u determine the systematic way to monitor and track the procurement process? How?
28. Did you define the purchasing strategies as well as the characteristics of the contract? How?

29. What were some of the procurement related problems or challenges that you faced/ is facing while doing this project and other projects?