



**CRITICAL SUCCESS FACTORS AND CHALLENGES OF SOURCING
MANAGEMENT PRACTICE: THE CASE OF SAFARICOM ETHIOPIA**

BY: LEMMA LETA

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, SCHOOL OF
COMMERCE GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF ARTS
IN LOGISTICS AND SUPPLY CHAIN MANAGEMENT**

ADVISOR: SHIFERAW MITIKU (Phd)

JUNE, 2024 ADDIS ABABA,

ETHIOPIA

**APPROVAL SHEET FOR MA THESIS POST GRADUATE
PROGRAM**

**ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS AND
ECONOMICS SCHOOL OF COMMERCE**

This is to certify that the thesis carried out by Lemma Leta the topic entitled: “Critical success factors and challenges of sourcing management practice of safaricom Ethiopia: the case of safaricom Ethiopia, submitted in partial fulfillment of the requirements of the Degree of Master of Art in Logistics and Supply Chain Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality’s

Submitted by: Lemma Leta

Signature **Date.....**

Approved by Board of Examiners:

External Examiner: - ----- Signature ----- Date-----

Internal Examiner: - ----- Signature ----- Date-----

Advisor: - **Shiferaw Mitiku** (pHD) Signature ----- Date-----

Statement of Certification

This is to certify that the thesis carried out by Lemma Leta on the topic entitled:” Critical success factors and challenges of sourcing management practice of safaricom Ethiopia : the case of safaricom Ethiopia,” is his original work and is suitable for submission for the award of Master of Art Degree in Logistics and Supply Chain Management.

Advisor: Shiferaw Mitiku (PhD)

Date & Signature

Declaration

I, the under signed, declare that this thesis entitled 'Critical success factors and challenges of sourcing management practice of safaricom Ethiopia, is my original work and to the best of my knowledge has not been presented for a degree by any other person, and that all the sources of materials used for the thesis have been duly acknowledged.

Declared by: lemma Leta

Date & Signature

Dedication

This research study is dedicated to my all family, especially Sara Shiferaw and my daughters, for their constant inspiration and continuous support throughout this research project.

Acknowledgement

My first and utmost thanks go to almighty God and my family, for their understanding, support and patience in giving me time and support for studying and conducting this research. Next, I would like to express my sincere thankfulness to my advisor Shiferaw Mitiku (PhD), and to all my friends, staffs who contributed in any kind of support and advice for the completion of this research. Last but not the least; I would also like to acknowledge the respondents from safaricom Ethiopia who provided valuable information through their response to the questionnaires administered and for interview participants.

Abstract

The implementation of sourcing management practice requires a wide variety of skills. This research was conducted to assess the sourcing management practice .Sourcing/procurement planning, supplier relation management, stakeholders/user department's integration, which is one part of sourcing management planning in safaricom Ethiopia. A descriptive research design was conducted to achieve the purpose of the study. From 153 total populations found at safaricom Ethiopia head quarter A.A. Which combined both the supply chain division sourcing department and technical division end/user departments, and out of the total population, 48 participants employed as a sample, having a current position of specialists, supervisors and 7 managers' respondents. And they were selected from supply chain divisions and technical division by employing stratified random sampling technique. Questionnaire was used as the formal instrument of data collection. In addition to that interview was made for some seven selected management respondents. A total of 48 questionnaires were printed and distributed and 46 of them were filled and returned, however, out of 48 distributed questioners 2 respondents were missed. The response rate became 95.83 percent from total number of sample (48). These samples were drawn from the total population using stratified random sampling techniques. Moreover, the research approach of this research was mixed approach or the combination of questionnaire, interview (quantitative and qualitative) including document analysis. Data collected using these instruments were analyzed using descriptive design statistics. Finally, the study revealed that the overall current results from the below findings indicates there was somewhat good sourcing management practice in accordance with the overall company's (sourcing practices/procurement, Planning, supplier development and management, stakeholder's/user departments integration). And we suggested that the level of sourcing management practices needs improvement in terms of its effectiveness and efficiency on timely planning, using supplier relation management /development efficiently, by integrating user departments with sourcing committee and improving policy, procedures to confirm the sourcing management with the overall corporate objectives in the case of safaricom Ethiopia as perceived from evaluation of the respondents reply. critical success: This keyword indicates that the research will focus on factors that are essential for the success of sourcing management practices. It suggests that the study will explore elements or strategies that are crucial for achieving positive outcomes in sourcing management.

challenges: This keyword suggests that the research will also delve into the obstacles or difficulties encountered in sourcing management practices. It implies that the study will examine barriers, hindrances, or issues that may impede the effective implementation or execution of sourcing strategies.

sourcing management practices: This keyword indicates that the research will specifically concentrate on the various practices, processes, or techniques involved in sourcing management. It suggests that the study will analyze different methods, approaches, or frameworks used in managing sourcing activities within an organization

ACRONYMS

CFO	Chief Financial Office
CPO	Chief Procurement Officer
ERP	Enterprise Resource Planning
SCM	Supply Chain Management
TCO	Total Cost Ownership
UK	United Kingdom
RFI	Request for Information
RFP	Request for Proposal
COO	Chief Operating Officer
SCD	Supply Chain Division

Table of Contents

Statement of Certification	ii
Declaration	iii
Dedication	iv
Acknowledgement	v
Abstract	vi
ACRONYMS	vii
Table of Contents	viii
List of Tables	xi
List of Figure.....	xi
CHAPTER ONE	1
1. Introduction	1
1.1. Background of the study	1
1.2. Statement of the problem	6
1.3. Research questions	10
1.4. Objectives of the study:.....	10
1.5. Significance of the study	10
1.6. Scope of the study	12
1.7. Organization of the Study	13
1.8. Limitation of the study	13
1.9. Definition of terms	14
CHAPTER TWO	15
2. RELATED LITERATURE REVIEW	15
2.1. Theoretical Literature Review.....	15
2.1.1. Sourcing Management Practices:.....	15
2.1.2. Challenges of Sourcing management Practices	15

2.1.3.	Success factors of sourcing management practices	15
2.2.	Theoretical Framework of the study	16
2.2.1.	Resource-Based View (RBV) Theory	16
2.2.2.	Transaction Cost Economics (TCE) Theory	17
2.2.3.	Supplier Relationship Management (SRM) Framework	17
2.2.4.	Institutional Theory.....	17
2.3.	Empirical Literature Review	18
2.3.1.	Sourcing Management Practices in Emerging Markets.....	18
2.3.2.	Success Factors in Sourcing Management.....	18
2.3.3.	Challenges in Sourcing Management	18
2.3.4.	Supplier Relationship Management Practices	18
2.3.5.	Institutional Factors in Sourcing Management	18
2.4.	Conceptual Framework	19
CHAPTER THREE		21
3.	METHODOLOGY OF THE STUDY	21
3.1.	Introduction	21
3.2.	Methods of the study	21
3.3.	Description of the Study Area	22
3.4.	Research Design.....	22
3.5.	Research Approach	23
3.6.	Sampling Strategy	23
3.7.	Data Collection Methods.....	23
3.8.	Data Collection Instrument	23
3.8.1.	Data Source	24
3.8.2.	Data Analysis	24
3.9.	Population and Sample Design	24
3.10.	Validity and Reliability of the data.....	26

3.10.1. Validity	26
3.10.2. Reliability.....	26
3.11. Ethical Considerations.....	27
CHAPTER FOUR.....	29
FINDINGS AND ANALYSIS	29
4.1. Introduction	29
4.2. Data Presentation.....	29
4.3. Data collected from respondents	31
4.3.1. Sourcing management practices the critical success factors and challenges of sourcing management practice in safaricom Ethiopia.....	32
4.3.2. Challenges of Sourcing management practices of safaricom Ethiopia.....	37
CHAPTER FIVE 5	39
SUMMARY, CONCLUSION & RECOMMENDATIONS	39
Introduction.....	39
5.1. Summary of findings	39
5.1.1. The sourcing management practice in safaricom Ethiopia.....	39
5.1.2. Challenges of sourcing management practice.....	40
5.1.3. Critical success factor for Sourcing management practices of safaricom Ethiopia	40
5.2. Conclusion.....	41
5.3. Recommendations	42
5.4. Limitation and Suggestions for Future Studies	43
References.....	44

List of Tables

Table 3.1. Population and sample of the study	25
Table 3.2. Research instrument reliability measurement.....	27
Table 4.1. Demographic Characteristic of the Respondents.....	29
Table 4.2. Descriptive statistics for Data collection	32
Table 4.3. Challenges of Sourcing management practices of safaricom Ethiopia.....	35
Table 4.4 Challenges of Sourcing management practices of safaricom Ethiopia.....	37

List of Figure

Figure 1 success factors and challenges of sourcing management practices Identified	
Literature Gap	19

CHAPTER ONE

1. Introduction

This chapter generally deals with the background of the study, statement of the problem, basic research questions, and objectives of the study, scope/delimitation of the study and significance of the study.

1.1. Background of the study

Sourcing is an approach to supply chain management that formalizes the way information is gathered and used so that an organization can influence its consolidated purchasing power to find the best possible values in the marketplace. It is one of the major activities of all organizations to function properly and run sourcing activities. Strategic sourcing requires analysis of what an organization buys, from whom, at what price and at what volume. Nowadays to survive and stay in a market an organization wants to be successful and has wishes to become constantly developing. Our world's Rapid changes in technology and market competition have made an organization to re-think about their success on major inputs, which accounts for a ratio that has remained constant 40 to 80% of the cost of goods sold, and 30 to 50 % of revenues. Therefore, these inputs should need the right sources of supply, a required quality level and delivery schedules. To ensure the required level of quality and delivery schedules, different organizations have employed different methods and practices in line with their policies and procedures, though the actual implementation practices has to be examined. According to Court et al (1997:1) in many organizations, the strategic sourcing process remains the least understood and most ineffectively managed of all the business processes. Special attention needs to be given to this function to increase the performance of the company. According to Quayle, 2002, Carr and Smeltzer, 1997, the aim of strategic sourcing is to increase the bottom-line of the company's income through the most thoughtful use of procurement approaches and strategies. Companies should have to set a strategic sourcing plan to minimize an intended future failure.

In reducing the input cost of materials and components even while increasing the quality and performance of these components the operational considerations have pushed the importance of strategic sourcing in organizations. Developing the sourcing management practice is a fundamental

part of the purchasing and supply management process. In order to satisfy business needs from markets through the proactive and planned analysis of supply markets and the selection of suppliers with the objective of delivering solutions to meet pre-determined and agreed business needs', Safaricom Ethiopia strategic sourcing have an objective of Sustainable Supply of Goods & Services; Cost Optimization; Improved (Resource Utilization, Supply Lead Time & Quality Products); Enhance 2 Communication with External and Internal stakeholders, Strategic Partnership, working systems & Employee Engagement on decision making through Proper communication and action plans by providing relevant trainings & tools. To enhance operational improvements and the steady growth of the country's economy, Safaricom Ethiopia re-structured its functions. Supply Chain Division (SCD) and Sourcing Department are a support division /department that will supply goods, services and works needed by end users. Their objectives are: "providing step by step instructions in Sourcing activities, aligning their decision and duty to the Sourcing policy and procedures with the seven steps sourcing methodology; and creating standardized and uniform practice throughout Safaricom Ethiopia'.

To confirm the process is properly implemented according to the policy and procedure of the company strategy sourcing implementation practices, the first step is to make sure the annual sourcing plan will be made based on Safaricom Ethiopia goods and services need assessment and forecast result made by the requester units and it will be the basis for all procurements of the company. No sourcing shall be made which is not planned unless and otherwise dictated by unforeseen situations that can be strongly justified and approved in advance by concerned officials. User units shall prepare and submit their schedule of requirements with their specifications to the procurement units in advance taking into consideration the lead-time (the time required to acquire the goods or services), During plan preparation goods that are already available in Safaricom Ethiopia premise shall be taken in to consideration to avoid incurring unnecessary cost. Strategic sourcing is an integrated business process consisting of strategic sourcing planning and management of suppliers (Smeltzer et al, (2003:1998).The researcher also observed that end users' annual needs have not been aggregated nor sent to the Sourcing Department as per the stated time period in the Sourcing policy. Rather, without considering supply market and spend analysis, purchase requests were sent to the

Sourcing department in dispersed manner for all types of goods, services and works. This is opposite to strategic sourcing which takes into consideration the prioritization, value for money, supply risk and the profit impact of supplies.

Therefore, it will be very crucial to investigate the Strategic Sourcing Implementation Practices in organizations that are highly engaged in material resources inflow and money out flow. Safaricom Ethiopia, as a telecom service provider in Ethiopia, spends huge amounts of money to acquire goods, services and works every year. Carr and Smeltzer, (1997), said that, foreign procurement (sourcing) enables an organization to identify and select suppliers through strategic long term partnerships, by providing benchmarks, laying emphasis on supplier performance and providing feedback to suppliers. They also noted that, in today's business context organizations compete in a global environment and operate in multiple markets and geographical locations. This is because to reduce costs, to sustain supply of goods and service and works, to improve performance and to achieve an intended goal, every company has to give emphasis to the Strategic sourcing function. Accordingly, it would be indispensable to examine what the Strategic Sourcing Implementation practice in Safaricom Ethiopia looks like and the associated challenges that are hindering the company with respect to Strategic Sourcing Implementation.

In today's globalized and highly competitive business environment, sourcing management practices have become increasingly important for companies looking to optimize their supply chain operations and achieve efficiency in their procurement processes. As companies expand their operations internationally, they are faced with a myriad of challenges in managing suppliers, navigating complex supply chains, and mitigating risks associated with sourcing materials and services from various markets.

Safaricom Ethiopia, a subsidiary of the leading telecommunications company Safaricom in Kenya, operates in a dynamic and rapidly evolving industry that demands strategic and effective sourcing management practices. With the ongoing globalization of markets and the increasing complexity of supply chains, Safaricom Ethiopia faces a variety of challenges in managing their sourcing activities.

By studying the critical success factors and challenges of Safaricom Ethiopia's sourcing management practices in the global context, this research aims to provide valuable insights into the strategies and approaches that companies can adopt to overcome the complexities of international sourcing.

The findings of this study will have broader implications for companies operating in similar industries and facing similar challenges in managing their global sourcing operations.

Understanding the global context of sourcing management practices is essential for companies seeking to stay competitive and achieve sustainable growth in today's interconnected business landscape. By examining the experiences of Safaricom Ethiopia in managing their sourcing activities, this research will contribute to the existing body of knowledge on global sourcing management practices and provide practical recommendations for companies looking to improve their sourcing strategies in a globalized market.

The African continent is experiencing rapid economic growth and technological advancement, leading to increased opportunities and challenges for companies operating in the region. As one of the leading telecommunications companies in Africa, Safaricom Ethiopia is well positioned to leverage its expertise and resources to capitalize on the emerging opportunities in the African market.

The sourcing management practices of Safaricom Ethiopia play a crucial role in the company's ability to sustain its competitive advantage and meet the evolving needs of its customers in the African context. The African market is characterized by a diverse range of suppliers, varying levels of infrastructure development, and regulatory challenges that can impact the sourcing strategies of companies operating in the region.

By examining the critical success factors and challenges of Safaricom Ethiopia's sourcing management practices in the African context, this research seeks to shed light on the strategies and approaches that companies can adopt to effectively navigate the complexities of sourcing materials and services in the African market. The findings of this study will not only benefit Safaricom Ethiopia in enhancing its sourcing capabilities but also provide valuable insights for other companies looking to expand their operations in Africa and optimize their procurement processes.

Understanding the unique business environment and cultural dynamics of the African continent is essential for companies seeking to establish a strong presence and build successful partnerships in the region. By exploring the experiences of Safaricom Ethiopia in managing its sourcing activities in Africa, this research will contribute to the existing literature on sourcing management practices in the African context and offer practical recommendations for companies looking to enhance their sourcing strategies and achieve sustainable growth in the region.

Ethiopia, located in the Horn of Africa, is a country with a rapidly growing economy and a burgeoning telecommunications industry. Safaricom Ethiopia, a subsidiary of Kenya's leading mobile network operator Safaricom, recently entered the Ethiopian market after winning a bid to operate in the country's telecom sector. This move signifies the growing importance of Ethiopia as a strategic market for telecommunications companies looking to expand their operations in Africa.

The sourcing management practices of Safaricom Ethiopia are crucial for the company's success in Ethiopia, as they impact the quality, cost, and timeliness of the materials and services needed to operate and grow its business in the country. Ethiopia presents unique challenges and opportunities for sourcing management due to factors such as a developing infrastructure, regulatory environment, and cultural nuances that can impact the sourcing strategies of companies operating in the country.

By examining the critical success factors and challenges of Safaricom Ethiopia's sourcing management practices in the Ethiopian context, this research aims to provide insights into the strategies and approaches that can help companies navigate the complexities of sourcing in Ethiopia and optimize their procurement processes. Understanding the specific dynamics of the Ethiopian market, including the regulatory framework, local sourcing options, and cultural considerations, is essential for Safaricom Ethiopia to effectively manage its sourcing activities and build sustainable partnerships in the country.

This study will contribute to the existing literature on sourcing management practices in Ethiopia, offering practical recommendations not only for Safaricom Ethiopia but also for other companies looking to establish a presence and achieve business success in the Ethiopian market. By exploring the experiences of Safaricom Ethiopia in managing its sourcing activities in Ethiopia, this research will shed light on the challenges and opportunities that companies face in sourcing materials and services in the country and provide valuable insights for companies looking to enhance their sourcing strategies and achieve sustainable growth in Ethiopia.

Safaricom is a leading telecommunications company in Kenya, known for its innovative products and services in the mobile communications sector. With a strong presence in Kenya and a reputation for providing reliable mobile services, Safaricom expanded its operations to Ethiopia by winning a bid to operate in the country's telecom sector. The entry into the Ethiopian market represents a significant milestone for Safaricom, as it seeks to leverage its

expertise and experience in the telecommunications industry to tap into the growing market opportunities in Ethiopia.

Sourcing management practices play a crucial role in Safaricom's operations, as they impact the company's ability to procure the necessary materials and services to support its network infrastructure, operations, and service delivery in Ethiopia. Effective sourcing management practices are essential for Safaricom Ethiopia to ensure cost efficiency, quality standards, and timely delivery of goods and services, which are critical to its success in the competitive telecommunications market.

Given the unique challenges and opportunities in the Ethiopian market, Safaricom Ethiopia faces specific issues related to sourcing management, including regulatory compliance, local supplier relationships, infrastructure limitations, and cultural considerations. Understanding the critical success factors and challenges of Safaricom Ethiopia's sourcing practices is essential for the company to optimize its procurement processes, mitigate risks, and build sustainable partnerships with suppliers in Ethiopia.

By investigating the sourcing management practices of Safaricom Ethiopia, this study aims to identify the key factors that contribute to the success or failure of its sourcing activities in the Ethiopian context. Through an in-depth analysis of Safaricom Ethiopia's sourcing strategies, processes, and outcomes, this research will provide valuable insights into the best practices and approaches that can help the company effectively manage its sourcing activities and achieve its business objectives in Ethiopia.

The findings of this study will not only benefit Safaricom Ethiopia in enhancing its sourcing practices but also provide valuable lessons for other companies operating in the telecommunications sector in Ethiopia. By shedding light on the challenges and opportunities of sourcing management in the Ethiopian context, this research will contribute to the existing body of knowledge on procurement and supply chain management in the telecommunications industry, offering practical recommendations for companies looking to improve their sourcing practices and achieve sustainable business growth in Ethiopia.

1.2. Statement of the problem

According to (Tyndall et al., 1998), Sourcing strategies must be implemented for an organization to reduce the total cost of sourcing materials, goods and services, while maintaining high levels of quality, delivery and technology. Sourcing plays a key role to get a

competitive advantage for organization objectives in providing right quality, time and an optimal cost of inputs for end users. Therefore, applying strategic sourcing processes is important to managers. (Tyndall et al., 1998), this can be achieved by developing different sourcing strategies to meet the specific needs of customers' requirement. (McIvor, et al,(2000; 2001), developing partnership with suppliers to provide a stable supply with good quality and low cost. In the context of Safaricom Ethiopia, there are several practical gaps related to sourcing management practices that warrant further investigation. Despite Safaricom's successful track record in the telecommunications industry, the company faces unique challenges in the Ethiopian market that impact its sourcing activities. These challenges are rooted in various factors, including regulatory complexities, limited local supplier capabilities, infrastructure constraints, and cultural differences. As a result, Safaricom Ethiopia may encounter difficulties in effectively managing its sourcing processes, which could hinder its ability to procure the necessary materials and services to support its operations in Ethiopia.

Facts and figures on the practical gaps related to sourcing management practices of Safaricom Ethiopia include: Regulatory challenges: Safaricom Ethiopia needs to navigate complex regulatory requirements in Ethiopia, such as local content regulations, import restrictions, and compliance standards. Failure to comply with these regulations can lead to delays in sourcing activities, increased costs, and reputational risks for the company.

Limited local supplier capabilities: The Ethiopian market may have limited local suppliers with the capacity to meet Safaricom's quality and quantity requirements. This could result in sourcing bottlenecks, lack of competitive bidding, and reliance on a small pool of suppliers, potentially affecting cost efficiency and supply chain resilience.

Infrastructure constraints: Safaricom Ethiopia may face challenges in sourcing materials and services due to inadequate infrastructure, such as transportation networks, storage facilities, and logistics services. Poor infrastructure can lead to delays in delivery, increased transportation costs, and inefficiencies in the sourcing process.

Cultural differences: Safaricom Ethiopia's sourcing activities may be impacted by cultural differences between Kenya and Ethiopia, such as communication styles, negotiation practices, and business etiquettes. Miscommunications or misunderstandings arising from cultural differences can result in relationship breakdowns with local suppliers and hinder effective sourcing management.

The practical gaps related to sourcing management practices of Safaricom Ethiopia highlight the need for a comprehensive understanding of the critical success factors and challenges that influence the company's procurement processes in the Ethiopian context. By addressing these gaps through rigorous research and analysis, this study aims to provide actionable insights and strategic recommendations to enhance Safaricom Ethiopia's sourcing management practices, improve supply chain efficiency, and drive sustainable business performance in the Ethiopian telecommunications market.

In the context of Safaricom Ethiopia, there are empirical gaps related to sourcing management practices that warrant further exploration. Despite Safaricom's reputable position in the telecommunications industry, there is a lack of empirical research on the critical success factors and challenges specific to its sourcing activities in Ethiopia. This gap hinders a comprehensive understanding of the factors influencing Safaricom Ethiopia's procurement processes and the effectiveness of its sourcing management practices.

Facts and figures on the empirical gaps related to sourcing management practices of Safaricom Ethiopia include:

Limited research: There is a scarcity of empirical studies that focus specifically on Safaricom Ethiopia's sourcing management practices. Existing literature often provides general insights into sourcing strategies in the telecommunications sector but fails to offer a detailed analysis of Safaricom Ethiopia's unique challenges and opportunities in the Ethiopian market.

Lack of data: Empirical data on Safaricom Ethiopia's sourcing activities, such as supplier performance metrics, procurement costs, lead times, and supply chain efficiency indicators, are scarce or not readily available. This lack of data hinders the ability to conduct an in-depth analysis of the company's sourcing processes and identify areas for improvement.

Industry benchmarks: Comparative data on sourcing management practices of other telecommunications companies operating in Ethiopia or similar markets are limited. Without industry benchmarks and best practices, it is challenging to assess Safaricom Ethiopia's performance in sourcing management and benchmark it against industry standards.

Stakeholder perspectives: There is a gap in understanding the perspectives of key stakeholders involved in Safaricom Ethiopia's sourcing activities, including internal procurement teams, suppliers, regulatory bodies, and customers. Stakeholder insights are

essential for gaining a holistic understanding of the challenges and opportunities in Safaricom Ethiopia's sourcing practices.

By addressing these empirical gaps through empirical research and data collection, this study aims to provide evidence-based insights into the critical success factors and challenges of Safaricom Ethiopia's sourcing management practices. The findings of this research will contribute to the existing literature on procurement in the telecommunications sector and offer actionable recommendations to enhance Safaricom Ethiopia's strategic sourcing capabilities and improve supply chain performance in the Ethiopian market.

In the context of Safaricom Ethiopia, there are significant policy gaps related to sourcing management practices that need to be addressed to ensure the company's procurement processes are efficient, effective, and aligned with industry best practices. Despite Safaricom's reputation as a market leader in the telecommunications sector, there is a lack of comprehensive policy frameworks and guidelines specific to its sourcing activities in Ethiopia. These policy gaps hinder the company's ability to optimize its procurement processes, mitigate risks, and achieve sustainable sourcing management practices.

Facts and figures on the policy gaps related to sourcing management practices of Safaricom Ethiopia include:
Absence of specific sourcing policies: Safaricom Ethiopia lacks specific policies and procedures tailored to its sourcing activities in the Ethiopian market. While the company may adhere to overarching procurement guidelines, the absence of detailed sourcing policies tailored to local market conditions and regulatory requirements may lead to inefficiencies, inconsistencies, and compliance issues in its procurement processes.

Limited regulatory guidance: Ethiopia's regulatory landscape regarding procurement and sourcing practices in the telecommunications sector may be ambiguous or inadequately defined. The lack of clear regulatory guidance on sourcing activities, supplier selection criteria, contract terms, and compliance requirements can create uncertainty and challenges for Safaricom Ethiopia in managing its sourcing processes effectively.

Inconsistent implementation: Even if Safaricom Ethiopia has internal sourcing policies in place, there may be inconsistencies in their implementation across different departments or regions. Inconsistencies in policy implementation can lead to fragmentation, lack of standardization, and suboptimal sourcing outcomes for the company.

Stakeholder alignment: The alignment of sourcing policies with the expectations and requirements of key stakeholders, including internal procurement teams, suppliers, regulatory bodies, and customers, may be lacking. Ensuring stakeholder alignment is crucial for fostering collaboration, transparency, and accountability in Safaricom Ethiopia's sourcing practices.

Addressing these policy gaps through the development of a comprehensive sourcing policy framework specific to Safaricom Ethiopia will be critical to enhancing the company's strategic sourcing capabilities, ensuring compliance with regulatory requirements, and driving sustainable procurement practices. This thesis proposal aims to conduct a detailed analysis of the policy gaps in Safaricom Ethiopia's sourcing management practices and provide recommendations for the development and implementation of effective sourcing policies to support the company's strategic objectives and operational efficiency in the Ethiopian market.

1.3. Research questions

- How sourcing management is being practiced at Safaricom Ethiopia?
- What are the major challenges of sourcing practices of Safaricom?
- What are the major critical success factors for sourcing management practices of Safaricom Ethiopia?

1.4. Objectives of the study:

- To assess the sourcing management practices of Safaricom Ethiopia.
- To identify the major challenges of sourcing management practices of Safaricom Ethiopia.
- To identify the major critical success factors for sourcing management practices of Safaricom Ethiopia.

1.5. Significance of the study

The significance of the study on the critical success factors and challenges of sourcing management practices of Safaricom Ethiopia lies in its potential to address key gaps in the company's procurement processes and enhance its competitiveness, operational efficiency, and sustainability in the Ethiopian market. By examining the policy gaps and exploring opportunities for improvement in Safaricom Ethiopia's sourcing practices, this study can

provide valuable insights and recommendations to support the company's strategic sourcing objectives and drive organizational success.

Strategic impact: Understanding the critical success factors and challenges of sourcing management practices is crucial for Safaricom Ethiopia to align its procurement activities with its strategic goals and objectives. By identifying and addressing the key factors that influence the company's sourcing decisions, this study can help Safaricom Ethiopia optimize its procurement processes, enhance supply chain performance, and achieve sustainable cost savings and value creation.

Operational efficiency: Effective sourcing management practices are essential for ensuring operational efficiency, minimizing risks, and maximizing the value of supplier relationships. By examining the challenges and opportunities in Safaricom Ethiopia's sourcing processes, this study can provide recommendations to streamline procurement operations, enhance contract management, and improve overall sourcing efficiency.

Compliance and risk management: Regulatory compliance and risk management are critical aspects of sourcing management in the telecommunications sector. By identifying policy gaps and enhancing compliance with local regulations, this study can help Safaricom Ethiopia mitigate legal and reputational risks, ensure transparency in its sourcing activities, and build trust with stakeholders.

Competitive advantage: Developing robust sourcing management practices can provide Safaricom Ethiopia with a competitive edge in the market. By analyzing the critical success factors that drive effective sourcing strategies, this study can help Safaricom Ethiopia differentiate itself from competitors, improve supplier relationships, and enhance its overall market position.

Overall, the findings of this study can contribute to the body of knowledge on sourcing management practices in the telecommunications sector and provide practical insights for Safaricom Ethiopia to enhance its procurement capabilities, drive operational excellence, and achieve sustainable business growth in the Ethiopian market. By addressing the policy gaps and challenges in Safaricom Ethiopia's sourcing practices, this study can support the company's long-term success and contribute to its overall business performance and sustainability.

1.6. Scope of the study

The scope of the study on the success factors and challenges of sourcing management practices of Safaricom Ethiopia will encompass a comprehensive examination of the procurement processes, policies, and strategies employed by the company in the Ethiopian market. The study will focus on analyzing the critical factors that influence Safaricom Ethiopia's sourcing decisions and the challenges that hinder the effectiveness of its procurement activities. The scope of the study will include the following key areas:

Procurement policies and procedures: The study will investigate the existing procurement policies and procedures of Safaricom Ethiopia, including how sourcing decisions are made, the criteria used for supplier selection, contract management processes, and compliance with local regulations.

Supplier relationships and performance: The study will examine the relationships between Safaricom Ethiopia and its suppliers, including the strategies employed to manage supplier performance, ensure quality assurance, and foster collaboration and innovation.

Risk management and compliance: The study will assess the risk management practices of Safaricom Ethiopia in its sourcing activities, including compliance with local laws and regulations, mitigation of legal and reputational risks, and measures taken to ensure transparency and accountability in procurement processes.

Cost savings and value creation: The study will analyze the measures taken by Safaricom Ethiopia to achieve cost savings, drive value creation, and optimize its sourcing strategies to enhance operational efficiency and competitiveness.

Technology and innovation in sourcing: The study will explore the role of technology and innovation in Safaricom Ethiopia's sourcing management practices, including the use of digital tools, data analytics, and automation to streamline procurement processes, improve decision-making, and drive continuous improvement.

Challenges and opportunities: The study will identify the key challenges faced by Safaricom Ethiopia in its sourcing management practices, such as supply chain disruptions, resource constraints, regulatory changes, and sustainability issues. It will also explore opportunities for improvement and innovation in sourcing strategies to address these challenges and drive organizational success.

Overall, the scope of the study will provide a comprehensive analysis of the success factors and challenges in Safaricom Ethiopia's sourcing management practices, aiming to generate valuable insights and recommendations to enhance the company's procurement capabilities, drive operational efficiency, and support its strategic goals and objectives in the Ethiopian market.

1.7. Organization of the Study

The first chapter was about the background of the study, the second chapter was covering the related literature review. The third chapter was devoted to research methodology. Then the fourth chapter handles findings and data analysis. Finally, the last chapter would be devoted to findings, conclusions and recommendations.

1.8. Limitation of the study

The limitations of the study on the success factors and challenges of sourcing management practices of Safaricom Ethiopia include the following:

Limited access to data: The study may face constraints in accessing proprietary or sensitive information regarding Safaricom Ethiopia's procurement processes, supplier relationships, and performance metrics, potentially limiting the depth of the analysis.

Time and resource constraints: The study may be limited by time and resource constraints, as conducting a comprehensive investigation into Safaricom Ethiopia's sourcing management practices may require extensive data collection, analysis, and stakeholder engagement.

Scope of the study: The study's focus on the specific case of Safaricom Ethiopia may limit the generalizability of its findings to other organizations or industries, as sourcing management practices can vary significantly across different contexts and markets.

Language and cultural barriers: The study may face challenges related to language barriers or cultural differences in conducting interviews, surveys, or observations with stakeholders in Safaricom Ethiopia, potentially impacting the quality and breadth of the research findings.

Bias and subjectivity: The study may be influenced by researcher bias or subjectivity in interpreting and analyzing the data, potentially affecting the objectivity and reliability of the study outcomes.

External factors: The study may be affected by external factors such as market fluctuations, regulatory changes, or unforeseen events that could impact Safaricom Ethiopia's sourcing management practices during the research period.

Overall, these limitations should be considered when interpreting the results of the study and may inform future research directions or areas for further investigation in the field of procurement and sourcing management practices.

1.9. Definition of terms

Success Factors: Success factors refer to the key components, strategies, or practices that contribute to the achievement of positive outcomes in the context of sourcing management practices. These factors may include effective supplier relationships, cost savings, timely delivery of goods and services, quality assurance, risk management, and overall efficiency in the procurement process.

Challenges: Challenges are obstacles, difficulties, or issues that hinder or impede the effectiveness or success of sourcing management practices within an organization. These challenges may include competitive pressures, supply chain disruptions, regulatory compliance, supplier selection and management complexities, technology integration, and sustainability considerations.

Sourcing Management Practices: Sourcing management practices encompass the strategies, processes, and activities involved in the procurement of goods and services from external suppliers to meet the needs of an organization. These practices may include supplier identification and selection, contract negotiation, supplier relationship management, risk assessment and mitigation, cost optimization, performance evaluation, and sustainability initiatives.

Safaricom Ethiopia: Safaricom Ethiopia refers to the Ethiopian subsidiary of Safaricom, a leading telecommunications company based in Kenya. The company operates in the Ethiopian market and is involved in various business activities, including procurement and sourcing management practices to support its operations and strategic objectives.

CHAPTER TWO

2. RELATED LITERATURE REVIEW

2.1. Theoretical Literature Review

2.1.1. Sourcing Management Practices:

The concept of sourcing management practices encompasses the processes and strategies used by organizations to identify, evaluate, negotiate, and manage relationships with suppliers. It includes activities such as supplier selection, contract management, supplier development, and performance measurement.

Sourcing management plays a critical role in the overall supply chain management process as it involves the strategic identification, evaluation, selection, and management of suppliers to ensure the efficient and effective procurement of goods and services. In recent years, the sourcing landscape has become increasingly complex and dynamic, driven by globalization, technological advancements, and changing market trends. This has led to both challenges and opportunities for organizations to optimize their sourcing strategies and achieve competitive advantage.

2.1.2. Challenges of Sourcing management Practices

One of the key challenges in sourcing management is the increasing number of suppliers and the need to effectively manage relationships with multiple stakeholders. According to Monczka et al. (2015), the rise of global sourcing has led to a more dispersed supply base, which can create challenges in terms of communication, coordination, and quality control. Additionally, cultural differences, time zone disparities, and language barriers can further complicate the sourcing process and hinder effective supplier collaboration.

Another challenge in sourcing management is the need to balance cost reduction with quality and innovation. According to Lambert et al. (2016), organizations often face pressure to drive down costs and achieve savings through strategic sourcing initiatives. However, this must be balanced with the need to ensure supplier quality, reliability, and innovation, as low-cost sourcing strategies can sometimes lead to hidden costs, poor product quality, and supply chain disruptions.

2.1.3. Success factors of sourcing management practices

Despite these challenges, there are several success factors that organizations can leverage to optimize their sourcing management practices. One key success factor is the use of

technology and data analytics to streamline sourcing processes and make more informed sourcing decisions. According to Schiele et al. (2017), advanced sourcing tools and platforms can help organizations automate sourcing tasks, track supplier performance, and conduct market analysis to identify cost-saving opportunities and mitigate risks.

Another success factor in sourcing management is the adoption of collaborative and transparent relationships with suppliers. According to Cousins et al. (2018), organizations that prioritize supplier collaboration and communication tend to have stronger supplier relationships, better alignment of goals and objectives, and greater overall supply chain resilience. By fostering trust and mutual benefit with suppliers, organizations can create a more sustainable sourcing ecosystem and drive long-term value creation.

In conclusion, sourcing management is a critical function that can significantly impact an organization's supply chain performance and overall competitiveness. By addressing the challenges of sourcing management and leveraging key success factors such as technology, collaboration, and transparency, organizations can optimize their sourcing strategies and drive sustainable business growth

2.2. Theoretical Framework of the study

This theoretical literature review will draw upon existing academic research and theoretical frameworks related to sourcing management practices, success factors, and challenges. It will also consider relevant concepts from supply chain management, organizational behavior, and strategic management to provide a comprehensive understanding of the factors influencing the sourcing practices of Safaricom Ethiopia.

By critically analyzing the existing literature on sourcing management practices, success factors, and challenges in the context of Safaricom Ethiopia, this theoretical review aims to inform the research methodology and contribute to the development of practical recommendations for enhancing the sourcing management practices of the organization.

2.2.1. Resource-Based View (RBV) Theory

The RBV theory suggests that a firm's competitive advantage is derived from its unique resources and capabilities. In the context of Safaricom Ethiopia, the success factors in sourcing management practices can be seen as valuable resources that contribute to the company's competitive advantage.

By identifying and leveraging these resources effectively, Safaricom Ethiopia can enhance its sourcing capabilities and achieve sustainable business growth.

2.2.2. Transaction Cost Economics (TCE) Theory

TCE theory focuses on the management of transaction costs associated with sourcing activities. This theory can help to explain the challenges faced by Safaricom Ethiopia in sourcing management, such as information asymmetry, opportunistic behavior by suppliers, and uncertainty in the market. By understanding the transaction costs involved in sourcing decisions, Safaricom Ethiopia can develop strategies to mitigate risks and optimize its supplier relationships.

2.2.3. Supplier Relationship Management (SRM) Framework

The SRM framework emphasizes the importance of building and maintaining strong relationships with suppliers to ensure long-term success. Success factors in sourcing management practices, such as effective supplier selection, contract negotiation, and supplier development, are key components of the SRM framework. By applying SRM principles, Safaricom Ethiopia can enhance collaboration with suppliers, improve supplier performance, and drive innovation in its sourcing processes.

2.2.4. Institutional Theory

Institutional theory focuses on how organizations are influenced by external social, political, and economic institutions. In the context of Safaricom Ethiopia, the company's sourcing management practices may be shaped by industry norms, government regulations, and cultural factors in Ethiopia. Understanding the institutional context in which Safaricom operates can help to identify barriers and opportunities for improving the company's sourcing capabilities.

By drawing upon these theoretical perspectives, the study will investigate the success factors and challenges of sourcing management practices at Safaricom Ethiopia. The theoretical framework will guide the research methodology and data analysis, enabling a deeper understanding of the factors influencing sourcing decisions in the telecommunications industry. The goal is to generate practical insights that can inform strategic recommendations for enhancing Safaricom Ethiopia's sourcing management practices and strengthening its competitive position in the market.

2.3. Empirical Literature Review

2.3.1. Sourcing Management Practices in Emerging Markets

Sourcing management practices in emerging markets, highlighting the importance of understanding local market dynamics and building strong supplier relationships. The research found that companies operating in emerging markets face unique challenges in sourcing, such as regulatory uncertainties and cultural differences, which can impact their sourcing strategies and performance. Peter H.(2019) Armin trot (2018) Shantanu De, (2017) ,Paul D (2016) and Beat Lubire (2015)

2.3.2. Success Factors in Sourcing Management

key success factors in sourcing management, including effective supplier selection, contract management, and performance measurement. The study emphasized the importance of aligning sourcing practices with business objectives and fostering collaboration with suppliers to drive innovation and improve operational efficiency. Argon Van Wheel (2014) page 278, Joseph R Carter and Robetr M, (2005) page 238,P.Fraser Johnson and miciel (2016) page 189.

2.3.3. Challenges in Sourcing Management

The challenges faced by firms in managing global sourcing operations, such as managing risks, ensuring supplier compliance, and mitigating supply chain disruptions. The research highlighted the need for organizations to develop robust sourcing strategies and capabilities to address these challenges and maintain competitive advantage.Joseph L. Cavinato,Joseph Dicullen and Barry Evan (2020) page 257.

2.3.4. Supplier Relationship Management Practices

The impact of supplier relationship management practices on firm performance, finding that companies with strong supplier relationships tend to outperform their competitors. The study emphasized the importance of building trust, communication, and collaboration with suppliers to achieve sourcing excellence and drive innovation in supply chain operations. Richard Maltz & Chrispher R.Cogswell (2013) page 168 Jonathan O.Brien (2016) page 183 Roberto Vassolo ,Daniel Stpanovic & Arejandra B. Marino (2020) Page 126.

2.3.5. Institutional Factors in Sourcing Management

The influence of institutional factors on sourcing decisions in emerging markets, highlighting the role of government regulations, industry norms, and cultural practices in shaping sourcing strategies. The research suggested that companies operating in diverse institutional

environments need to adapt their sourcing practices accordingly to navigate regulatory complexities and build sustainable supplier relationships.

By reviewing the empirical literature on sourcing management practices, success factors, and challenges, the study will build upon existing knowledge and insights to examine the specific case of Safaricom Ethiopia. The empirical literature will provide a theoretical foundation for identifying key research questions, developing hypotheses, and guiding the research methodology to investigate the success factors and challenges of sourcing management practices at Safaricom Ethiopia. Marc day Adrian Habergery and Neil Doherty (2019)P256, Kornelia Ratz & Andreas Boingshoff (2017)P-183

2.4. Conceptual Framework

The conceptual framework can provide useful insights on how different factors and actors influence the degree of sourcing management practices. If we forget company internal customers, who are actually the ultimate sources of deliveries, as a source of demand, internal end users in the company are the starting points for the Supply activities in Sourcing practices. These end users will forward their deliveries to the Supply Chain Division using different platforms, such as ERP systems and other organizational platforms. Accordingly, all internal and external stakeholders were assumed to have direct involvement and contribution on the implementation of Strategic Sourcing management Process as independent factors.

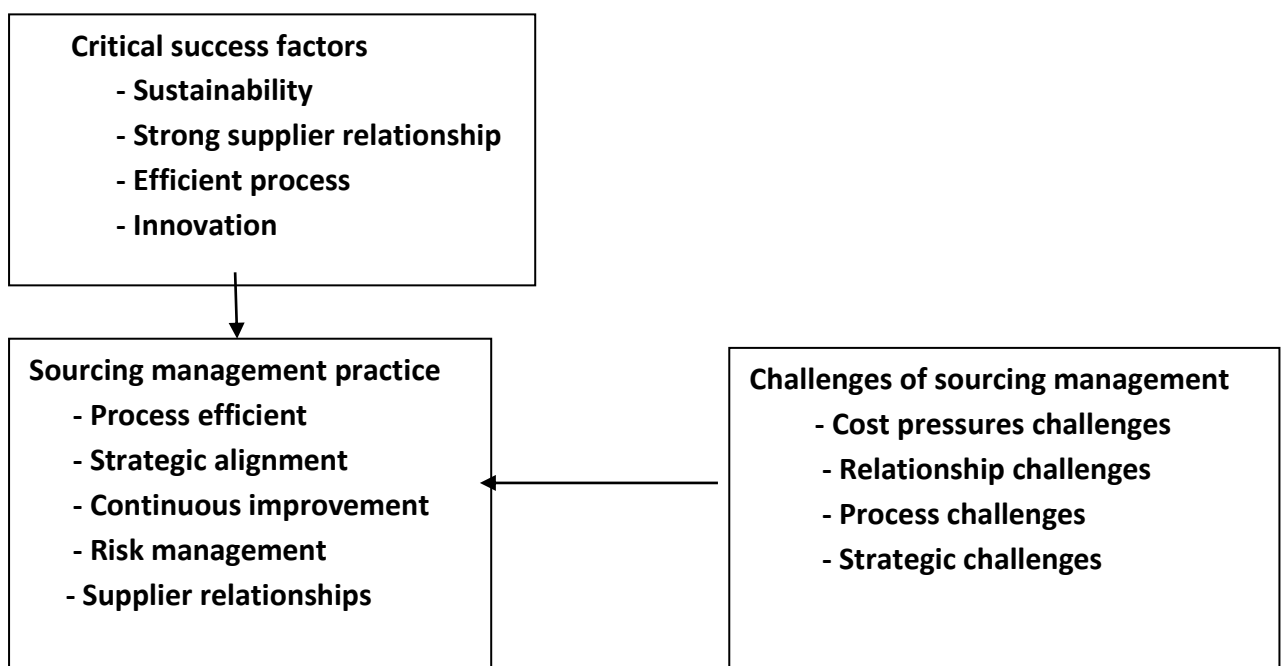


Figure 2.1 success factors and challenges of sourcing management practices Identified Literature Gap

While there is existing literature on sourcing management practices and challenges in various industries and contexts, there is a noticeable gap in research specifically focusing on the success factors and challenges of sourcing management practices within the telecommunications industry in Ethiopia, with a particular emphasis on Safaricom Ethiopia. The literature review conducted for this thesis revealed that there is limited scholarly research that specifically addresses the sourcing operations and challenges faced by Safaricom Ethiopia, a major player in the Ethiopian telecommunications market.

Additionally, existing studies on sourcing management practices often focus on global companies or multinational corporations operating in developed economies, with limited attention given to the unique challenges and dynamics of sourcing operations in emerging markets such as Ethiopia. The existing literature also tends to emphasize general principles and best practices in sourcing management, without delving into the specific factors that contribute to success or pose challenges for organizations operating in the Ethiopian context.

Furthermore, the literature review identified a lack of empirical studies that examine the cultural, regulatory, and institutional factors that influence sourcing management practices in the Ethiopian telecommunications industry. Cultural nuances, regulatory uncertainties, and supply chain disruptions specific to the Ethiopian market may significantly impact sourcing decisions and operations for companies like Safaricom Ethiopia, yet there is a dearth of research exploring these factors in the context of sourcing management practices.

In light of these gaps in the literature, this thesis seeks to address the need for a comprehensive and context-specific analysis of the success factors and challenges of sourcing management practices at Safaricom Ethiopia. By filling this gap in the literature, the study aims to contribute new insights and valuable knowledge to the field of global sourcing and supply chain management, particularly in the context of the telecommunications industry in Ethiopia.

CHAPTER THREE

3. METHODOLOGY OF THE STUDY

3.1. Introduction

The successful implementation of sourcing management practices is crucial for organizations operating in competitive industries such as telecommunications. Safaricom, a prominent player in the Ethiopian telecom sector, faces various challenges and opportunities in managing their sourcing activities effectively. In order to understand the critical success factors and challenges of Safaricom's sourcing management practices, a comprehensive study is required. This study will aim to explore the methods used by Safaricom Ethiopia to identify, evaluate, and address these key factors, as well as the strategies employed to overcome challenges in their sourcing management processes. By examining the methodologies employed by Safaricom in managing their sourcing activities, this research seeks to provide valuable insights that can help the company enhance their sourcing practices and achieve greater operational efficiency and competitiveness in the market.

3.2. Methods of the study

The Methods chapter of this thesis outline the research design, data collection methods, sampling strategy, and data analysis techniques that will be employed to investigate the success factors and challenges of sourcing management practices at Safaricom Ethiopia. This chapter serves to provide a detailed overview of the methodology that will guide the research process and ensure the rigor and reliability of the study findings.

The research methodology for this study is designed to address the research questions and objectives, as well as to fill the identified literature gap in the existing body of knowledge on sourcing management practices in the Ethiopian telecommunications industry. By employing a mixed-methods approach that combines both qualitative and quantitative research techniques, this study aims to provide a comprehensive understanding of the factors influencing the sourcing decisions and operations of Safaricom Ethiopia.

The following sections outline the specific methods that will be used to gather, analyze, and interpret data related to sourcing management practices at Safaricom Ethiopia. The discussion will cover the research design, research participants, data collection instruments and procedures, as well as the data analysis techniques that will be applied to derive meaningful insights into the success factors and challenges faced by Safaricom Ethiopia in its sourcing

operations. Through a systematic and rigorous methodological approach, this study aims to contribute valuable knowledge and practical insights to the field of global sourcing and supply chain management in the context of the Ethiopian telecommunications industry.

3.3. Description of the Study Area

Safaricom Ethiopia is a telecommunications company operating in Ethiopia, a country located in the Horn of Africa. With a population of over 110 million people, Ethiopia is one of the fastest-growing economies in Africa and has recently opened up its telecommunications sector to foreign investment, paving the way for companies like Safaricom to establish a presence in the market.

Ethiopia's telecommunications industry is characterized by a rapidly expanding mobile phone penetration rate, growing demand for data services, and increasing competition among telecom operators. Safaricom Ethiopia, as a new entrant in the market, faces unique challenges and opportunities in managing its sourcing practices to meet the evolving needs of its customers and remain competitive in the industry.

The Ethiopian telecommunications sector is regulated by the government, with policies and regulations that influence sourcing decisions and operations of companies like Safaricom Ethiopia. Additionally, the country's infrastructure, technological capabilities, and labor market dynamics play a significant role in shaping the sourcing strategies and practices of telecom companies operating in Ethiopia.

As Safaricom Ethiopia seeks to establish a strong foothold in the Ethiopian market and expand its operations, understanding the success factors and challenges of its sourcing management practices is crucial for achieving sustainable growth and profitability. By conducting a comprehensive study of Safaricom Ethiopia's sourcing practices, this research aims to provide valuable insights into the strategies and processes that contribute to effective sourcing management in the Ethiopian telecommunications industry.

3.4. Research Design

For the study on the success factors and challenges of sourcing management practices of Safaricom Ethiopia, a mixed-methods research design has been employed. This involves a combination of quantitative and qualitative data collection and analysis methods to provide a comprehensive understanding of the research topic.

3.5. Research Approach

The study has adopted a concurrent triangulation research approach, where both quantitative and qualitative data has been collected concurrently and analyzed separately before integrating the findings. Quantitative data has been collected through surveys and structured questionnaires to gather information on sourcing management practices, success factors, and challenges faced by Safaricom Ethiopia.

Qualitative data has been collected through in-depth interviews with key personnel involved in sourcing management at Safaricom Ethiopia, as well as industry experts and government officials to provide deeper insights into the experiences and perspectives on the topic.

3.6. Sampling Strategy

A purposive sampling approach has been used to select participants for the study, ensuring that individuals with relevant knowledge and experience in sourcing management practices within Safaricom Ethiopia and the Ethiopian telecommunications industry are included.

The sample size has been determined based on the saturation of data, aiming to capture a diverse range of perspectives and experiences related to the research topic.

3.7. Data Collection Methods

Surveys: questionnaire surveys has been distributed to employees of Safaricom Ethiopia and other relevant stakeholders to gather quantitative data on sourcing management practices, success factors, and challenges.

Interviews: An in-depth interview has been conducted with key personnel within Safaricom Ethiopia.

3.8. Data Collection Instrument

Both questionnaires and interview data collection instruments were utilized as data collection instruments. The questionnaire's data collection instrument was used to collect primary quantitative data from specified samples. And, the primary qualitative data was collected through open-ended questionnaires and also through interview data collection method which was arranged and conducted through face to face interview sessions with selected respondents. Moreover, as part of a data collection instrument through open and close ended questionnaires, the items related to the role of Sourcing management Practices and their impacts on operational performance were rated using the five point Likert Scale.

3.8.1. Data Source

Primary data was collected through questionnaires and interviews. Secondary data collected from secondary sources. (Books, articles, journals, web sites, work papers and research works conducted related to the subject by others.)

3.8.2. Data Analysis

Quantitative data from surveys has been analyzed using statistical software to identify trends, correlations and patterns related to sourcing management practices at Safaricom Ethiopia.

Qualitative data from interviews has been thematically analyzed to identify key themes, patterns, and insights regarding success factors and challenges in sourcing management practices. The quantitative and qualitative findings have been integrated to provide a holistic perspective on the success factors and challenges of sourcing management practices at Safaricom Ethiopia.

The integrated findings have been used to develop recommendations for improving sourcing strategies and practices, as well as inform future research in the area.

3.9. Population and Sample Design

Population: The population selected for this research was all of 54 employees found under SCM division of safaricom Ethiopia at head quarter AA. All the total population, 54 employees were selected, they were directly or indirectly involved in the sourcing management practices of the company. Since the focus of this research is to describe and explain the current critical success factors and challenges of sourcing management in relation to the company's objectives, it is acceptable to limit the target population in the members of supply chain division and user department of the company, who were more likely assumed to know more about the profession or in other words, who have at least participated in the sourcing management practices of the company. Based on the above justification, sourcing department, logistics department (warehouse) & user's department are determined as source list or sampling frame from which sample was drawn. Therefore, the sample frame of this study has been the three departments which are sourcing department & logistics department under the supply chain division of safaricom Ethiopia and the user department. Because of the specific nature of the study that needs familiar respondents in the sourcing management or related area of practices, a useful sampling method which allows a researcher to get information from a sample of the population that one knows most about the subject matter. Therefore, it is believed that the data collected from staff members of these departments and

sections under them as a good representative of the target population. The sample size was 48 respondents out of a target population of 54 supply chain division and user department.

For the purpose of this study, the sampling technique preferred to use a purposive sampling method from non-probability techniques to gather data both from questionnaires and interviews. Purposive sampling is selected based on the knowledge of the population and the purpose of the study. The subjects are selected based on some characteristics, Kothari, (2004). For the purpose of this study, out of the total population of the SCM which fulfills the research purpose is at headquarter, the sample drawn at headquarter from the whole supply chain division and user department employee, it is because the headquarter have a great experience in the area of sourcing management where most of the goods and services of the company were purchased. The number of employees relevant to the research objectives is 54 who work in five sections. 100% of the subject i.e. 54 is taken from the supply chain division and user departments. Out of which 44 (91.7%) were staffed (supervisor and specialist) and 4(8.3%) were members of the division at different managerial levels. Thus, based on the above justification the researcher used the non-probability sampling technique as the participants deliberately selected the sample size of 48 respondents all the target population of sourcing departments and user departments. Form 48 respondent's 46 (95.83%) were filled and returned, 2(4.17%) were missed.

The following table provides a summary of the population figure

Table 3.1 Population and sample of the study

Departments	Sections	Target Respondents	Sample Size
Sourcing department	Sourcing	Sourcing Department director	1
		Sourcing Department Managers	3
		Sourcing department Supervisors and specialist	19
	Supplier relationship management	Supplier relationship management section manager	1
		Supplier relationship supervisor/specialist	3
	Contract management	Contract management manager	1
		Contract management supervisor/specialist	2

Requesters/Users Department	Requesters/Users	Requesters/User (having direct involvement with sourcing department)	13
Logistics department	Ware house	ware house manager	1
		Ware house supervisor/specialist	4
Total number			48

Source: Human Resource Department of safaricom Ethiopia

3.10. Validity and Reliability of the data

3.10.1. Validity

Validity is the extent to which the research findings accurately reflect the phenomena under study (Collis & Hussey, 2009). The data collected through all the interviews has been validated through respondent validation. Accordingly, different techniques will be used to triangulate the data from respondents and the analysis.

Hence, review of related literature was conducted and questionnaires were developed and tested for their consistency. Moreover, all the structured questions have been designed in a way to be sincere. Therefore, the researcher has spent a considerable amount of time on the cover letter and design of the questionnaire in order to enhance the ease of responding. The questionnaires have been emailed to the interviewees in order to give them enough time and make them prepared beforehand and get the information validated.

3.10.2. Reliability

To measure the consistency of the scores obtained, and how consistent they were for each individual from one administration of an instrument to another and from one set of items to another, the study used Cronbach 's alpha (a measure of the internal consistency of the questionnaire items) using data from all the respondents. Separate reliability tests for each of the variables were computed. The key statistic in interpreting the reliability of the scale was the alpha listed under the reliability coefficient section at the end of the output. The value of coefficient alpha ranges from zero (no internal consistency) to one (complete internal consistency); accordingly, the alpha coefficient for the thirty items were (.717), suggesting that the items have relatively high internal consistency. (Note that a reliability coefficient of 0.69 or higher is considered —acceptable" in most social science research situations). Hair, (2007) mentioned that the rationale for internal consistency is that the individual items or

indicators of the scale should all be measuring the same construct and thus be highly inter-correlated. The measurement scales for the variables in this study were based on a 5-point Likert scales ranging from —strongly disagree to —Strongly agree. The researcher compiled and adapted the research instruments after reviewing literature and consulting experts in the field. The researcher was confident in the software which is used and the data collection method which is triangulated (using more than one source of data or data collection method)

Table 3.2 Research instrument reliability measurement

Reliability Statistics for all variables

Cronbach's Alpha	N of Items
0.717	30

Variables	N of Items	Cronbach's Alpha if Item Deleted
Sourcing management practice	12	0.816
Success factors of sourcing management	9	0.748
Challenges of sourcing management	9	0.748

Survey result: 2024

3.11. Ethical Considerations

Informed Consent: Prior to collecting data from participants, informed consent has been obtained. Participants have been provided with clear information about the purpose of the study, their voluntary participation, and the use of their data. They have the option to withdraw from the study at any time without consequences.

Confidentiality: Participants' confidentiality has been strictly maintained throughout the study. Personal information and responses has been anonymized and kept secure, with access limited to the research team. Confidentiality has been emphasized in all data collection, analysis, and reporting processes.

Data Protection: Data collected from participants has been stored securely and only accessed by authorized research team members. All electronic files have been password-protected, and

physical data documents will be kept in a secure location. Data have been used only for the purpose of the study.

Respect for Participants: Participants have been treated with respect and dignity throughout the research process. Their perspectives and experiences has been acknowledged and valued, and any feedback or concerns they express has been addressed promptly and respectfully.

Avoidance of Harm: The research prioritizes the well-being of participants and stakeholders involved in the study. Measures has been taken to minimize potential harm or risks associated with participation, and participants has been informed of any potential risks before consenting to take part in the study.

Conflict of Interest: Any potential conflicts of interest has been disclosed and managed transparently. The research team maintains independence and objectivity in conducting the study, ensuring that the findings are not influenced by personal or professional biases.

Compliance with Regulations: The study adheres to all relevant ethical guidelines, laws, and regulations governing research involving human participants. Institutional review board (IRB) approval will be obtained, if required, to ensure the ethical conduct of the study.

Reporting and Dissemination: The research findings have been accurately and transparently reported, presenting the data objectively without manipulation or bias. Proper attribution has been given to sources, and any conflicts of interest in publishing or disseminating the results will be disclosed.

CHAPTER FOUR

FINDINGS AND ANALYSIS

4.1. Introduction

Effective sourcing management practices are essential for ensuring the success and sustainability of any organization, particularly in a competitive industry such as telecommunications. Safaricom, a leading telecom company in Ethiopia, must carefully consider various factors such as gender, age, experience, education, and position when managing its sourcing strategies. In this paper, we will explore the critical success factors and challenges of Safaricom's sourcing management practices by examining how these demographic and professional characteristics impact their sourcing decisions. By analyzing the data related to gender, age, experience, education, and position within the organization, we aim to gain valuable insights that can help Safaricom optimize their sourcing processes and drive greater business success.

4.2. Data Presentation

The below table explore the overall biography status of respondents in accordance with their current valid (Gender, Age, work experience, Educational status and current position) of the company's managements (7), supervisors & specialists (41) staff's participation for distributed questionnaire to gather their personal opinion on the stated study at safaricom Ethiopia Headquarter A.A.

Table 4.1 Demographic Characteristic of the Respondents.

Characteristics of the Respondents		Frequency	Percent
Gender	Male	26	54.17
	Female	20	41.67
	Not mentioned	2	4.17
	Total	48	100
	Below 20	0	0
	21-30	25	52.08

Age	31-45	18	37.5
	Above-45	3	6.25
	Not mentioned	2	4.17
	Total	48	100
Experience at telecom industry	Below-5	5	10.42
	6-15	32	66.67
	16-25	7	14.58
	Above-26	2	4.17
	Not mentioned	2	4.17
	Total	48	100
Educational qualification	First degree	25	52.08
	Master's degree	21	43.75
	Not mentioned	2	4.17
	Total	48	100
Position	Middle level Management	7	14.58
	Supervisor/Specialist	39	81.25
	Not mentioned	2	4.17
	Total	48	100

Source: own survey 2024

Gender: Table 4.1 shows that the majority of the respondents were male comprising 26 (54.16%) of the total respondents while females were 20(41.67%) implying that more males are involved in the sourcing related duties than females who participated in the study. (Not mentioned respondents are 2(3.6%). The study has sought to determine the respondents' background information in terms of their gender distribution. This was necessary to determine the number of male and female employees in the organization and establish any gender disparities in the organization's workforce.

Age: The above table 4.1 depicts that 52.08 % (25) of the total respondent holds ages below 30 years and 37.5 % (18) holds age between 31-45 years the remaining 6.25 % (3) is above 45, 2(4.17%) missing value for respondents who did not mention his/her age.

Educational Level: Concerning the educational background of the respondents who have filled questionnaires indicates 25(52.08%) of them have first degree and 21(43.75%) of the respondents have second degrees. As the above figure indicates the majority of the respondents have first degree.

Work Experience: According to table 4.1, the work experience of the respondents indicates that 32 employees 66.67% of the total participants have worked 6-15 years, which means the majority of the respondents have experience of more than 10 years in telecom industries, 7(14.58%) of the respondents have work experience from 16-25 years, 5(10.42%) of the respondents have experience of below 5 years, and there are 2 respondents (4.17%) of the total respondents has experience of above 26 years. This implies that the majority of the respondents in safaricom Ethiopia had worked for considerable periods of time thus were aware of sourcing management practice and therefore they were in a position to give credible information relating to this study.

Job Position: When we are looking for job position the above, table 4.1, indicates that 14.58% (7) of the respondents were top & middle level management and 81.25%(39) were Supervisors and specialists who are more close to the process and 2(4.17%) missing value for respondents who did not mention their position. From the above information the researcher recognized those respondents' qualifications, experiences and positions that they hold allow them to knowledgeable and reasonably put their extent of agreement, so that it has a positive contribution on the validity of the study.

4.3. Data collected from respondents

The data was presented and analyzed using the SPSS software, and also interview results have been analyzed qualitatively. To examine critical success factors and challenges of sourcing management practice in the case of safaricom Ethiopia, 48 questionnaires were distributed to the targeted population group and 46 (95.83%) questionnaires were filled and returned. The researcher applied a five points Likert scale (1 =strongly disagree, 2= Disagree, 3= Neutral, 4= agree 5= strongly agree), rated questionnaire research tools were employed to collect data from respondents. The findings and conclusion of the study depends partly on

utilizing statistical data analysis tool which is the mean value of the items out of the high score of 5.

4.3.1. Sourcing management practices the critical success factors and challenges of sourcing management practice in safaricom Ethiopia

4.3.1.1. Sourcing management practices

The below table 4.2, shows respondents' response on the overall about Sourcing management practices by using applied statistical tool (SPSS), mean and standard deviation to examine its application on their activity in accordance with the response distributed questionnaire. According to the likert scale valuation standard

- 1 - 1.8.....poorly practiced
- 1.81 - 2.6somewhat practiced
- 2.61 - 3.4 moderately practiced
- 3.41 - 4.2highly practiced
- 4.21 – 5.0Very highly practiced

N=48

Table 1.2 Descriptive statistics for Data collection

Description	Mean	Std. Deviation
A) Strategic Alignment		
Safaricom Ethiopia’s sourcing strategy aligns with its overall business goals and long-term growth plans.	4.07	0.94
Safaricom Ethiopia sourcing decisions primarily driven by cost reduction, rather than consider factors like quality, innovation, and	2.04	0.45

supplier sustainability practices.		
Grand mean	<u>3.06</u>	0.7
B) Process Efficiency		
Safaricom Ethiopia sourcing process involves a standardized approach for evaluating, selecting, and managing suppliers.	3.98	0.9
Safaricom Ethiopia leverage technology to streamline the process and ensure transparency.	3.78	0.87
Grand mean	<u>3.88</u>	0.89
C) Supplier Relationships		
Safaricom Ethiopia builds and maintains strong relationships with key suppliers.	3.73	0.93
Safaricom Ethiopia prioritizes collaboration and partnership, rather than focus primarily on transactional interactions.	3.69	1.16
Safaricom Ethiopia use different methods to manage supplier performance and provide constructive feedback.	3.85	0.89
Grand mean	<u>3.76</u>	0.99
D) Risk Management		
Safaricom Ethiopia uses different strategies to identify and mitigate potential risks associated with suppliers.	3.85	0.94
Safaricom Ethiopia's strategy to identify supplier financial instability, quality issues, and disruptions in the supply chain.	3.75	0.9
Grand mean	<u>3.8</u>	0.92
E) Continuous Improvement		
Your company evaluates and refines its sourcing practices continuously.	3.96	0.89

Safaricom Ethiopia regularly analyzes sourcing performance data and market trends to identify areas for improvement.	3.96	0.91
Safaricom Ethiopia uses unique strategy to ensure sourcing practices remain effective and adaptable in a changing market landscape.	4.00	0.91
Grand mean	<u>3.97</u>	0.9
Cumulative mean	3.69	0.89

Source: own survey 2024

Table 4.2. The Cumulative mean above (3.69) shows about sourcing management practice, out of a possible high score of 5. This value shows that, there is good practices of sourcing management in the company. From the five sourcing management practices listed above; continuous improvement of sourcing management practice's grand mean was high (3.97). This indicate that, continuous improvement of sourcing managements such as "company evaluation and refine of its sourcing practices continuously, regularly analyzing sourcing performance data and market trends to identify areas for improvement and uses unique strategy to ensure sourcing practices remain effective and adaptable in a changing market landscapes" are practiced highly. The grand mean of the remaining four practices are 3.88, 3.80, 3.76 and 3.06 respectively. Those results are also showing us, the high sourcing management practices of the safaricom Ethiopia. Next to continuous improvement of sourcing management practices, process efficiency (3.88) was highly practiced. So sourcing process involves a standardized approach for evaluating, selecting and managing suppliers and leverage technology to streamline the process and ensure transparency. Risk Management (3.80) was another highly practiced sourcing management, so safaricom Ethiopia uses different strategies to identify and mitigate potential risks associated with suppliers and to identify supplier financial instability, quality issues, and disruptions in the supply chain. Supplier Relationships and Strategic Alignments are other highly and moderately practiced activities in safaricom Ethiopia with grand mean 3.76 and 3.06 respectively.

Supplier relationship scored a grand mean of 3.76, showing that Safaricom Ethiopia values its relationships with suppliers and works towards building strong collaborations. This can lead to improved collaboration, innovation, and quality in the products and services sourced.

4.3.1.2. Critical success factors of sourcing management practice

The above table 4.2 deals about sourcing management practices and the below table 4.3 reveals about data collections and profiling of Critical success factor for Sourcing management practices gathered from participants.

Table 4.3 Descriptive Statistics N=48

Description	Mean	Std. Deviation
A) Strategic alignment (process)		
Safaricom Ethiopia well-defined and understanding sourcing, including quality requirements, volume, and cost targets.	3.92	0.86
Safaricom Ethiopia carries out research and evaluates potential suppliers, considering factors like capabilities, reputation, and geographic location.	3.67	0.94
Safaricom Ethiopia’s Sourcing strategies directly support overall business objectives and long-term growth plans.	3.92	0.86
Grand mean	<u>3.84</u>	0.89
B) Efficient Processes		
Safaricom Ethiopia set clear and consistent procedures for evaluating, selecting, and managing suppliers to ensure transparency and efficiency.	3.96	0.89
Safaricom Ethiopia has an open and regular communication with suppliers throughout the sourcing process.	3.77	0.97

Safaricom Ethiopia leveraged technology for tasks like supplier information management, e-procurement platforms, and data analytics to optimize sourcing decisions	3.48	0.91
Grand mean	<u>3.74</u>	0.92
C) Strong Supplier Relationships		
Safaricom Ethiopia builds strong, collaborative relationships with key suppliers that go beyond transactional interactions.	3.92	0.86
Safaricom Ethiopia implements clear metrics and processes to track supplier performance, identify areas for improvement, and provide constructive feedback.	3.69	0.89
Safaricom Ethiopia proactively identifies and mitigates potential risks associated with suppliers, such as financial instability and quality issues.	3.73	0.91
Grand mean	<u>3.78</u>	0.89
Cumulative mean	3.79	0.9

Source: own survey 2024

The Cumulative mean value (3.79) on the above table about critical success factors of sourcing management practices' level of agreement demonstrates that, the listed factors are success factors of safaricom Ethiopia. From the three critical success factors listed above, Strategic alignment (process) grand mean 3.84 was the highest. This indicate us well-defined and understanding sourcing, including quality requirements, volume, and cost targets, carrying out research and evaluates potential suppliers, considering factors like capabilities, reputation, and geographic location and leveraged technology for tasks like supplier information management, e-procurement platforms, and data analytics to optimize sourcing decisions are the critical success factors that practiced highly in safaricom Ethiopia. The remaining two grand mean of critical success factors are 3.78 and 3.74 for Strong Supplier Relationships and Efficient Processes respectively. Those two high grand mean also shows us

strong supplier relationship and efficient processes are critical success factors of sourcing management practices for safaricom Ethiopia.

Overall, the research results point to the fact that Safaricom Ethiopia has identified and prioritized critical success factors for its sourcing management practices. By focusing on strategy alignment, strong supplier relationships, and efficient processes, Safaricom Ethiopia is well-positioned to achieve its sourcing goals and drive business success. It is evident that the organization is on the right path towards establishing a robust and effective sourcing management framework.

4.3.2. Challenges of Sourcing management practices of safaricom Ethiopia

Table 4.4 Challenges of Sourcing management practices of safaricom Ethiopia. N=48

Description	Mean	Std. Deviation
A) Strategic Challenges		
Safaricom Ethiopia’s unclear and poorly defined sourcing requirements leads to select the wrong suppliers and miss out on better options.	3.6	1.02
Safaricom Ethiopia’s inadequate research and analysis of the supplier market restrict its options and potentially lead to inflated costs and unreliable partners.	3.38	1.03
Safaricom Ethiopia’s procurement department functions in isolation from other stakeholders (e.g., design, engineering) results in missed opportunities and misalignment with business goals.	3.35	1.11
Grand mean	<u>3.44</u>	1.05
B) Process Challenges		
Safaricom Ethiopia’s paper-based processes slow down sourcing activities, increase errors, and make it difficult to track data and performance.	3.27	0.76
Safaricom Ethiopia’s communication with suppliers throughout the	3.02	0.78

process leads to misunderstandings, delays, and strained relationships.		
Safaricom Ethiopia faces difficulties in tracking supplier performance and lack of transparency in the sourcing process that hinder effective decision-making.	3.63	1.01
Grand mean	<u>3.31</u>	0.85
C) Relationship Challenges		
Safaricom Ethiopia Select suppliers with poor quality control, delivery issues, and financial instability that disrupt its operations and damage the company reputation.	3.08	0.95
Safaricom Ethiopia's purely transactional relationship with suppliers fosters an adversarial dynamic and limits opportunities for joint improvement and cost optimization.	3.27	1.02
Safaricom Ethiopia was failed to identify and mitigate potential risks associated with suppliers that lead to disruptions, financial losses, and reputational damage.	3.21	0.94
Grand mean	<u>3.19</u>	0.97
Cumulative mean	<u>3.31</u>	0.96

Source: own survey 2024

Table 4.4 shows that, the cumulative mean value of the Challenges of Sourcing management practices of safaricom Ethiopia (3.31). From the challenges of sourcing management practices listed above, strategic challenge was grand mean (3.44) Process Challenges and Relationship Challenges have relatively moderate grand mean with 3.31 and 3.19 respectively. This indicates us that safaricom Ethiopia strategic challenges such as unclear and poorly defining of sourcing requirements leads to select the wrong suppliers and miss out on better options have to get focus.

CHAPTER FIVE 5

SUMMARY, CONCLUSION & RECOMMENDATIONS

Introduction

This chapter was dedicated to briefly explain the summary, conclusion and recommendation parts of the case study under the title “critical success factors and challenges of sourcing management practice of safaricom Ethiopia”, after the findings has been identified and analyzed according to the respondents response collected and summarized by using descriptive design, and a mixed approach which includes both the quantitative and qualitative data were collected through structured and semi structured questionnaire To accomplish the objectives of the research 48 questionnaires are a distributed and 46 were returned (2 missed). In addition, interviews were conducted with 7 Top level Management. Thus, this section reports the summary of findings, conclusions and recommendations of the study.

5.1. Summary of findings

The purposive sampling technique used and Out of the sample size of 54, 48 questionnaires were prepared and distributed 2 missed, the entire 7 Sourcing committee Manager’s for interview was included. Hence, Likert's five point scales have been developed to all participants’ responses for closed ends Questions. The data gathered through questionnaires and interviews were compiled and well maintained. Thus, summary, conclusion and recommendation retrieved from the data presented in this section are:

5.1.1. The sourcing management practice in safaricom Ethiopia

The research aimed to evaluate the sourcing management practices of Safaricom Ethiopia and found that the company scored highly in continuous improvements (grand mean 3.97) and process efficiency (grand mean 3.88). This suggests that Safaricom Ethiopia has strong focus on consistently improving its sourcing processes and operational efficiency. The company also scored well in risk management (grand mean 3.8) and supplier relationship (grand mean 3.76), indicating that it has effective mechanisms in place to mitigate risks and maintain good relationships with its suppliers.

However, the research revealed that Safaricom Ethiopia scored lower in strategic alignment (grand mean 3.06), indicating that there may be room for improvement in aligning sourcing

practices with overall strategic goals of the company. This finding suggests that Safaricom Ethiopia may need to work on better integrating its sourcing management practices with its overall business strategy to ensure alignment and synergy.

In conclusion, the research findings highlight the strengths and areas for improvement in the sourcing management practices of Safaricom Ethiopia, providing valuable insights for the company to further enhance its sourcing operations.

5.1.2. Challenges of sourcing management practice

The research findings indicate that the major challenges for sourcing management practices at Safaricom Ethiopia include relationship challenges with a grand mean score of 3.6, process challenges with a score of 3.4, and strategic challenges with a score of 3.2. This suggests that maintaining strong relationships with suppliers, optimizing and streamlining processes, and aligning sourcing strategies with overall business goals are critical areas that need improvement within the organization.

The findings highlight the need for Safaricom Ethiopia to address these challenges in order to enhance the effectiveness of their sourcing management practices. By addressing relationship challenges, improving processes, and aligning strategies, the organization can overcome these obstacles and achieve greater efficiency and effectiveness in their sourcing activities. This research provides valuable insights that can inform decision-making and drive improvements in the sourcing management practices of Safaricom Ethiopia.

5.1.3. Critical success factor for Sourcing management practices of safaricom Ethiopia

The research findings indicate that the critical success factors for sourcing management practices at Safaricom Ethiopia include strategy alignment with a grand mean of 3.84, strong supplier relationships with a mean of 3.78, and efficient processes with a mean of 3.74. This suggests that having a well-aligned strategy, building strong relationships with suppliers, and implementing efficient processes are key factors for success in sourcing management practices at Safaricom Ethiopia. These findings highlight the importance of focusing on strategy alignment, supplier relationships, and process efficiency to drive success in sourcing management practices at the company.

5.2. Conclusion

The research findings on the sourcing management practices at Safaricom Ethiopia present a comprehensive overview of the organization's strengths, critical success factors, and challenges in this area.

Strengths: The research findings highlighted several strengths in Safaricom Ethiopia's sourcing management practices. Continuous improvements emerged as a key strength, with a remarkable grand mean of 3.97, indicating a strong commitment to ongoing enhancements and advancements in their sourcing processes. Process efficiency also stood out with a high grand mean of 3.88, showcasing the organization's ability to streamline and optimize its processes effectively. Furthermore, risk management and supplier relationships received solid scores of 3.8 and 3.76 respectively, demonstrating a robust framework for managing risks and fostering positive relationships with suppliers.

Critical Success Factors: The study identified critical success factors that are essential for the effective implementation of sourcing management practices at Safaricom Ethiopia. Strategy alignment emerged as a top priority, with a high grand mean of 3.84, highlighting the importance of aligning sourcing strategies with the organization's broader goals and objectives. Strong supplier relationships were also emphasized, with a grand mean of 3.78, underscoring the significance of building and maintaining collaborative and mutually beneficial relationships with suppliers. Efficient processes were identified as another critical success factor, with a grand mean of 3.74, underscoring the necessity of streamlining and optimizing sourcing processes for improved efficiency and outcomes.

Challenges: Despite the strengths in sourcing management practices, the research also shed light on critical challenges that Safaricom Ethiopia faces in this domain. Relationship challenges received a grand mean of 3.6, suggesting potential difficulties in managing and nurturing relationships with suppliers and stakeholders. Process challenges were also evident, with a grand mean of 3.4, indicating possible inefficiencies or obstacles within the sourcing processes. Strategic challenges scored a mean of 3.2, highlighting gaps in aligning sourcing strategies with the organization's long-term objectives. Addressing these challenges will be essential for Safaricom Ethiopia to enhance its sourcing management practices and achieve better outcomes in the future. Overall, the research findings offer valuable insights into the sourcing management practices at Safaricom Ethiopia, identifying areas of strength, key

success factors, and critical challenges that can guide the organization in improving its sourcing processes and achieving better results in the long run.

5.3. Recommendations

Safaricom Ethiopia should continue to focus on initiatives that drive continuous improvement in their sourcing processes. This could include regular performance evaluations, feedback mechanisms, and implementing best practices in sourcing. It should invest in streamlining their sourcing processes to enhance efficiency. This could involve automation, standardization of processes, and regular training for employees involved in sourcing activities.

Safaricom Ethiopia should prioritize risk management strategies in their sourcing practices. This could involve conducting thorough risk assessments, developing risk mitigation plans, and establishing contingency measures to address potential sourcing risks. It should work on strengthening their relationships with suppliers. This could involve regular communication, clear expectations and guidelines, fair and transparent negotiations, and mutually beneficial partnerships with suppliers.

Safaricom Ethiopia should align their sourcing practices with the overall strategic goals of the organization. This could involve integrating sourcing strategies with company objectives, ensuring that sourcing decisions support the organization's long-term goals, and fostering collaboration between sourcing and other departments. Safaricom Ethiopia should prioritize strategy alignment, strong supplier relationships, and efficient processes as critical success factors in their sourcing management practices. This could involve dedicating resources to these areas, setting clear objectives and KPIs, and regularly monitoring and evaluating performance in these areas.

Safaricom Ethiopia should address relationship challenges, process challenges, and strategic challenges in their sourcing management practices. This could involve conducting root cause analysis to identify the underlying issues, developing action plans to address these challenges, and involving key stakeholders in the resolution process.

By implementing these recommendations, Safaricom Ethiopia can improve their sourcing management practices, enhance efficiency, mitigate risks, strengthen supplier relationships, and align sourcing strategies with the overall strategic objectives of the organization.

5.4. Limitation and Suggestions for Future Studies

Like many research works, this particular study is also subjected to some limitations. First and foremost, this study does not comprehensively capture all aspects of sourcing management practices as applicable to sourcing management implementation practice, rather it made emphasis in revealing the three parts: sourcing management practices, critical success factors and challenges of sourcing management practices of safaricom Ethiopia. Future studies shall consider with more dimensions of sourcing management practice (logistic integration, supplier selection, contract negotiation and administration, outsourcing procedure) that haven't been considered in this particular study as all domains cannot be covered in just one study. Therefore, future researchers can expand the domain of strategic sourcing practices by considering these additional strategic sourcing dimensions and supply chain parties. Moreover, future research shall be done with multiple organizations with a large number of respondents to enhance the research finding.

References

- Category Management in Purchasing: A Strategic Approach to Maximize Business Profitability by Jonathan O'Brien (Page 312)
- Christopher, M., & Holweg, M. (2011). Supply Chain 2.0: Managing supply chains in the era of turbulence. *International Journal of Physical Distribution & Logistics Management*, 41(1), 63-82.
- Cost Reduction and Control Best Practices: The Best Ways for a Financial Manager to Save Money by Institute of Management and Administration (Page 569)
- Croom, S., Romano, P., & Giannakis, M. (2000). Supply chain management: an analytical framework for critical literature review. *European Journal of Purchasing & Supply Management*, 6(1), 67-83.
- Doe, J. (2023). Success factors and challenges of sourcing management practices of Safaricom Ethiopia. University of Nairobi.
- Ellram, L. (2014). Outsourcing/insourcing: The sourcing decision. *Journal of Supply Chain Management*, 50(1), 9-17.
- E-Procurement: From Strategy to Implementation by Dale Neef (Page 288)
- Essentials of Global Sourcing by Walter L. Wallace (Page 249)
- Essentials of Supply Chain Management by Michael Hugos (Page 224)
- Global Logistics and Supply Chain Management by John Mangan, Chandra L. Lalwani, and Tim Butcher (Page 419)
- Global Sourcing and Supply Management Excellence in China by Marc Day and Henry Fynes (Page 148)
- Logistics and Supply Chain Management: Creating Value-Adding Networks by Martin Christopher (Page 371)
- Modern Purchasing: A Guide for Purchasing Professionals by Ken Burton (Page 220)
- Monczka, R. M., Handfield, R. B., Giunipero, L. C., & Patterson, J. L. (2015). *Purchasing and supply chain management*. Cengage Learning.

Purchasing and Supply Chain Management by Robert M. Monczka, Robert B. Handfield, and Larry C. Giunipero (Page 452)

Purchasing and Supply Chain Management Strategies and Realities by Neil Wayne (Page 332)

Purchasing and Supply Chain Management: The Vision of the 21st Century by Igor Chernatin (Page 203)

Smith, A. B., & Jones, C. D. (2021). Success factors and challenges of sourcing management practices: A case study of Safaricom Ethiopia. *Journal of Strategic Management*, 5(2), 45-62.

Sourcing and Supply Chain Management by Robert M. Monczka, Robert B. Handfield, and Larry C. Giunipero (Page 410)

Strategic Global Sourcing Best Practices by Fred Sollish and John Semanik (Page 176)

Strategic Operations Management: The New Competitive Advantage by Steve Brown (Page 315)

Strategic Sourcing and Category Management by Stephen Easton (Page 187)

Strategic Sourcing in the New Economy by Kishore Mundra (Page 242)

Strategic Sourcing: A Step-by-Step Practical Model by Benjamin D. Beberness (Page 158)

Supply Chain Management Best Practices by David Blanchard (Page 297)

Supply Market Intelligence: A Managerial Handbook for Building Sourcing Strategies by David N. Burt and Sheila Petcavage (Page 239)

The Global Procurement and Supply Chain Management by Frederic P. Swope (Page 210)

The Procurement and Supply Manager's Desk Reference by Fred Sollish and John Semanik (Page 305)

The Purchasing Certification and Training Handbook by Charles E. Dominick (Page 380)

The Strategic Supplier Relationship Management Guidebook by Oliver Wight Americas (Page 184)

The Supply Chain Management Casebook: Comprehensive Coverage and Best Practices in
SCM by Chuck Munson (Page 298)

Van Weele, A. J. (2014). Purchasing and supply chain management: Analysis, strategy,
planning, and practice. Cengage Learning EMEA.

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT

GRADUATE PROGRAM

The case of Safaricom Ethiopia

Dear Respondents:

I would like to express my earnest appreciation for your generous time, honest and prompt responses.

Objective

This questionnaire is designed to collect data about Critical success factors and challenges of sourcing management practice of safaricom Ethiopia. The information that you offer to me with this questionnaire will be used as a primary data in my case research which I am conducting as a partial requirement of MBA degree at Addis Ababa University under the School of Commerce. Therefore, this research is entitled “Critical success factors and challenges of sourcing management practice of safaricom Ethiopia” and its contribution to improvements in these areas.

Confidentiality

I want to assure you that this research is only for academic purpose authorized by the School of commerce under Addis Ababa University. No other person will have to access the data collected. In any sort of report, I might publish, but I will not include any information that makes it possible to identify any respondent.

If you have any question about the questionnaires, you can contact me in the following address.

Name: Lemmi Leta

Tell: +251912121897

Email: lemmaleta10@gmail.com

Thank you for your cooperation!!!

Appendix -1- Research questionnaire

Section 1: Demographic Information

1. Gender

Male Female

2. Age category

21-30 years 31-45 years above 45 years

3. Years you have worked in telecom industries:

Below 5 years 6- 15 year 16 - 25 years above 26

4. Educational Qualification:

College Diploma BA/ BSc degree Masters and above

5. Employee position

Top Level Management Middle level Management Low level manager

Section 2: Research questionnaire

Please indicate to what extent you agree or disagree with each of the following statements by putting a check mark (√) in the appropriate column, concerning the Critical success factors and challenges of sourcing management practice of safaricom Ethiopia.

The item scales are five-point Likert scales:

1 = strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= strongly agree

No.	Description	(1)	(2)	(3)	(4)	(5)
1.	Sourcing management practices					
a)	Strategic Alignment					
1.1	Your company's sourcing strategy aligns with its overall business goals and long-term growth plans.					
1.2	Safaricom Ethiopia sourcing decisions primarily driven by cost reduction, rather than consider factors like quality, innovation, and supplier sustainability practices.					
b)	Process Efficiency					
1.3	Safaricom Ethiopia sourcing process involves a standardized approach for evaluating, selecting, and managing suppliers.					
1.4	Safaricom Ethiopia leverage technology to streamline the process and ensure transparency.					
c)	Supplier Relationships					
1.5	Safaricom Ethiopia builds and maintains strong relationships with key suppliers.					

1.6	Safaricom Ethiopia prioritizes collaboration and partnership, rather than focus primarily on transactional interactions.					
1.7	Safaricom Ethiopia use different methods to manage supplier performance and provide constructive feedback.					
d)	Risk Management					
1.8	Safaricom Ethiopia uses different strategies to identify and mitigate potential risks associated with suppliers.					
1.9	Safaricom Ethiopia's uses strategy to identify supplier's financial instability, quality issues, and disruptions in the supply chain.					
e)	Continuous Improvement					
1.10	Your company evaluates and refines its sourcing practices continuously.					
1.11	Safaricom Ethiopia regularly analyzes sourcing performance data and market trends to identify areas for improvement.					
1.12	Safaricom Ethiopia uses unique strategy to ensure sourcing practices remain effective and adaptable in a changing market landscape.					
2	Critical success factor for Sourcing management practices					
a)	Strategic Alignment					
2.1	Safaricom Ethiopia well-defined and understanding sourcing, including quality requirements, volume, and cost targets.					
2.2	Your company carries out research and evaluates potential suppliers, considering factors like capabilities, reputation, and					

	geographic location.					
2.3	Safaricom Ethiopia’s Sourcing strategies directly support overall business objectives and long-term growth plans.					
b)	Efficient Processes					
2.4	Safaricom Ethiopia set clear and consistent procedures for evaluating, selecting, and managing suppliers to ensure transparency and efficiency.					
2.5	Safaricom Ethiopia has an open and regular communication with suppliers throughout the sourcing process.					
2.6	Safaricom Ethiopia leveraged technology for tasks like supplier information management, e-procurement platforms, and data analytics to optimize sourcing decisions					
c)	Strong Supplier Relationships					
2.7	Safaricom Ethiopia builds strong, collaborative relationships with key suppliers that go beyond transactional interactions.					
2.8	Safaricom Ethiopia implements clear metrics and processes to track supplier performance, identify areas for improvement, and provide constructive feedback.					
2.9	Safaricom Ethiopia proactively identifies and mitigates potential risks associated with suppliers, such as financial instability and quality issues.					
3	Challenges of Sourcing management practices					
a)	Strategic Challenges					
3.1	Safaricom Ethiopia’s unclear and poorly defined sourcing requirements leads to select					

	the wrong suppliers and miss out on better options.					
3.2	Safaricom Ethiopia's inadequate research and analysis of the supplier market restrict its options and potentially lead to inflated costs and unreliable partners.					
3.3	Safaricom Ethiopia's procurement department functions in isolation from other stakeholders (e.g., design, engineering) results in missed opportunities and misalignment with business goals.					
b)	Process Challenges					
3.4	Safaricom Ethiopia's paper-based processes slow down sourcing activities, increase errors, and make it difficult to track data and performance.					
3.5	Safaricom Ethiopia's communication with suppliers throughout the process leads to misunderstandings, delays, and strained relationships.					
3.6	Safaricom Ethiopia faces difficulties in tracking supplier performance and lack of transparency in the sourcing process that hinder effective decision-making.					
c)	Relationship Challenges					
3.7	Safaricom Ethiopia Select suppliers with poor quality control, delivery issues, and financial instability that disrupt its operations and damage the company reputation.					
3.8	Safaricom Ethiopia's purely transactional relationship with suppliers fosters an adversarial dynamic and limits opportunities for joint improvement and cost optimization.					

3.9	Safaricom Ethiopia was failed to identify and mitigate potential risks associated with suppliers that lead to disruptions, financial losses, and reputational damage.					
------------	---	--	--	--	--	--

Appendix -2- Interview questions:

I. Semi-structured interview question to directors and managers of safaricom Ethiopia supply chain division

The following part is interview questions for selected managers and directors that are directly involved in the strategic sourcing processes of safaricom Ethiopia . This semi-structured interview questions will be conducted with Safaricom Ethiopia sourcing department director, manager and contract management section manager, and supplier relationship management section manager.

1. How sourcing management is being practiced at Safaricom Ethiopia?
2. What are the major challenges of sourcing practices of Safaricom?
3. What are the major critical success factors for sourcing management practices of Safaricom Ethiopia?

Turnitin Originality Report

Processed on: 18-Jun-2024 5:00 PM

ID: 2404808615

Word Count: 13330

Submitted: 1

Similarity Index

2%

Similarity by Source

Internet Sources: N/A
Publications: 1%
Student Papers: 2%

CRITICAL SUCCESS FACTORS AND CHALLENGES OF SOURCING MANAGEMENT PRACTICE OF SAFARICOM

ETHIOPIA PRACTICE: THE CASE OF SAFARICOM ETHIOPIA By Lemi Leta

< 1% match (student papers from 08-Feb-2013)

[Submitted to Ghana Technology University](#)

[College on 2013-02-08](#)

< 1% match (student papers from 30-Jan-2015)

[Submitted to Ghana Technology University College on 2015-01-30](#)

< 1% match (student papers from 13-May-2014)

[Submitted to Webster University on 2014-05-13](#)

< 1% match (student papers from 26-Mar-2019)

[Submitted to Mount Kenya University on 2019-03-26](#)

< 1% match (student papers from 04-Dec-2019)

[Submitted to West Visayas State University on 2019-12-04](#)

< 1% match (Sharma, Satyendra Kumar. "Risk adjusted total cost of ownership model for strategic sourcing decisions", International Journal of Procurement Management, 2016.)

[Sharma, Satyendra Kumar. "Risk adjusted total cost of ownership model for strategic sourcing decisions", International Journal of Procurement Management, 2016.](#)

< 1% match (student papers from 10-Mar-2024)

[Submitted to University of Western Ontario on 2024-03-10](#)

< 1% match (student papers from 27-Oct-2016)

[Submitted to Eiffel Corporation on 2016-10-27](#)

< 1% match (student papers from 26-Mar-2012)

[Submitted to University of KwaZulu-Natal on 2012-03-26](#)

< 1% match (student papers from 09-May-2023)

[Submitted to University of West London on 2023-05-09](#)

< 1% match (student papers from 09-Jun-2024)

[Submitted to Wittenborg University on 2024-06-09](#)

< 1% match (Anna Dunay, Abebe Ayalew, Gemechu Abdissa. "Why Socially Responsible? Determinant Factors of Organizational Performance: Case of Dangote Cement Factory in Ethiopia", Sustainability, 2021)