



**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**  
**DEPARTMENT OF PROJECT MANAGEMENT**

**PROJECT PROCUREMENT PRACTICE AT YARA DALLOL**  
**BV, DALLOL POTASH PROJECT**

**BY**  
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**ADDIS ABABA, ETHIOPIA**

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**BY  
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ADDIS ABABA, ETHIOPIA**

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**Approved Board Committee:**

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**Signature**

## DECLARATION

I declare that the project entitled "Project Procurement Management practice at Yara Dallol BV Dallol potash project" is my original work and has not been presented for a degree in this university or any other university and that all sources of material used for the project have been duly acknowledged.

BY: HABTOM GEBREMEDHIN

DATE: JUNE, 2017

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DATE: \_\_\_\_\_

## **ACKNOWLEDGEMENTS**

I would like to thank almighty God for providing me the courage to finish the program. This program could not have been successful without moral and full support from my wife Mrs. Miraf Mesfin and all the well wishers, who kept encouraging me particularly those who helped me in organizing the research and gave guidance and assistance in providing data that is herein reported.

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## ACRONYMS

FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GTP II	Growth and Transformation plan II
GRN	Good Receiving Note
IFB	Invitation for Bid
ITN	Invitation for Negotiation
KPI	Key performance indicators
MoMPNG	Ministry of Mines for development licenses. Ministry of Mines, Petroleum and Natural Gas
PMBOK	Project Management Book of Knowledge
PMI	Project Management Institute
PO	Purchase order
PR	Purchase requisition
RFI	Request for Information
RFP	Request for Proposal
RFQ	Request for Quotation
SOW	Statement of Work
SOP	Standard operating procedure

## **ABSTRACT**

The purpose of this study is to describe project procurement management practice at Yara Dallol BV Dallol potash project. In order to address this study a descriptive research design was employed as with both quantitative and qualitative approaches were used. The main sources of data were both primary and secondary source of data i.e semi structured-interview and close ended questioner as a primary data and different company publications and reports were used and analyzed as a source of secondary data. The sampling design that was employed for this study was a non-probability sampling and the sampling type that was applied for this study is purposive sampling. In which data was gathered by distributing questionnaires to 35 respondents, where 33 were successfully completed and collected, an interview was conducted with the 4 top level managers. The data obtained through questionnaire has been analyzed quantitatively using percentages and numerical and a descriptive analysis was performed. In addition to this, the data obtained using interviews has been analyzed qualitatively. The study deals with the procurement practice of Yara Dallol BV potash project by dividing the procurement process in to four categories; procurement planning, conducting procurements using SOP, monitoring and controlling procurements and closing procurements. With the findings stated, the appropriate recommendations were presented at the end of this research on what actions should be taken in order to improve project procurement management practice in the project.

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# CHAPTER ONE

## INTRODUCTION

### 1.1. Background

Projects possess certain characteristics that distinguish them from any other activity in the organization. Some of these characteristics include the fact that projects are temporary - meaning that any project will have a start date and end unlike any other operation.

Any project is only successful if it meets its schedule, is on budget, if it achieves the deliverables originally set for it and it is accepted and used by the clients and all stakeholders for whom the project was intended. There are numerous definitions of what projects constitute. Such definitions have multiplied abundantly with the expanded interest in project management which came into vogue in the 1990s.

One such definition somewhat different from the other definitions is as follows: A project is a special kind of activity which involves something that is both unique and important and thereby requires unusual or special attention. It also has boundaries with other activities so that its extent is defined. And it has a beginning and an end and objectives whose accomplishment signals the end (Quentin, 2003).

Project management is the application of knowledge, skills, tools and techniques to project activities to meet the project requirements. One of the main elements to meet project objective is effective project procurement management which includes the processes necessary to purchase or acquire products, services, or results needed from outside the project team. It can be conducted by people from inside the organization or by outsourcing. Project Management Institute (PMI, 2013).

Among the key processes of the quality management system, the process of procurement and management of material resources directly affects the quality of the final products, and therefore the performance of the organization. An efficient process of procurement and management of material resources based on good relationships with the suppliers will help increase the

effectiveness and efficiency of the organization and achieving lasting success by meeting the expectations of all stakeholders (Gheorghe *et.al.*, 2014). Procurement can also be defined as the process of obtaining services, supplies and equipment in conformity with applicable law and regulations (Rowlinson *et. al.*, 2009).

Procurement covers all purchasing activities whose purpose is to give the buyer the best value for money which indicates that both the supplier and purchaser are satisfied. The strategic nature of procurement cannot be overemphasized. In both corporate and governmental procurement, the practice of purchasing has moved from a localized, operational activity to one that is more consolidated and strategic both in nature and practice (Hunja, 2003).

Another definition of procurement management as also a knowledge area that has to do with selecting vendors, negotiating their terms as well as working towards managing the on-going relationships with them within the company's interest (Callender and Matthews, 2002).

Procurement activity is a core activity of any type of sector or project. One of the main project areas includes the mining sector or projects. Geological surveys proved that Ethiopia has abundant mineral resources of: i) metals and precious metals; ii) coal; and iii) industrial minerals. The mining sector remains one of the priority sector in GTP II (Growth and Transformation plan II which is set out by the Ethiopian government for five years), with main strategic directions of attracting sizable foreign direct investment (FDI) for exploration and extraction of minerals, increase (tenfold) foreign exchange earnings of the sector and focus on production of mineral inputs for the manufacturing sector that promote import substitution.

Mining operations within the country are expected to be an important economic catalyst for the Government's export-orientated development strategy. Recognizing the need to promote market-oriented modern mineral production, processing and marketing, the Ministry of Mines established Mineral Market and Value Chain Development Directorate in 2014 bestowed with diverse responsibilities. The goal is to bring the minerals sector to a level of larger than 10 percent GDP contribution within 10 years.

The mining and quarrying sector is highly underdeveloped and its contribution to the GDP is limited to 5.6 percent in 2014/15. Gold is the major exportable commodity, earning US\$300-500

million per year in foreign currency to the Ethiopian economy. As of January 2016 there were about 170 licensed companies engaged in exploration and development of gold where 51 percent of the licenses issued to foreign firms while 21 percent are joint ventures as per MoMPNG.

Many foreign and some local companies have been granted reconnaissance, exploration and mining licenses for gold and base metals, cement and ceramic raw materials, potash, diatomite, other industrial and construction minerals. Generally, an exploration license is issued for ten years; initial three years followed by a yearly renewal for seven years.

The other major potential for earning a significant amount of foreign currency is the potash reserves in the country. The potash reserve in the Danakil, Dallol Depression of the Afar region is believed to be significant. There are three companies working on potash exploration projects, and one of them is Yara Dallol BV potash mining project (A subsidiary of Yara International ASA) which have finalized exploration works and have undertaken feasibility studies. Currently, the company is in negotiation with the Ministry of Mines for development licenses. Ministry of Mines, Petroleum and Natural Gas (MoMPNG) (Janet, 2000).

Potash is used as a raw material for fertilizer production and Yara international ASA is a leading global fertilizer company with sales of fertilizer to about 150 countries globally. As part of Yara International's overall upstream strategy, the company is exploring for suitable raw sources that can be developed and used as a source to Yara International's global fertilizer production and directly as finished product in its product portfolio. To complement these upstream processes, Yara International has started a subsidiary company, Yara Dallol BV, which is involved in the exploration and mining development of potash concessions in Ethiopia. These concessions are located in the Danakil Depression, Afar National Regional State, Ethiopia. Yara International, through its subsidiary, proposes to develop a potash mine at the Yara Dallol Potash Project within these concession areas (Janet, 2000).

## **1.2. Statement of the problem**

Project procurement management begins at the point when the new project is initiated and detailed decisions are starting to be made as to what portion of the project will be performed with

one's own staff, and what portion will be sent to another company for performance (Quentin, 2003).

Procurement Planning is seen to be important, and even more so in large and complex, multi-year and/or multi-million dollar requirements, where people will change over time or requirements will evolve and where risk and scrutiny increases (Deme, 2009).

Procurement activities in mining sector are the main critical activity that should be treated as a major activity in any project. The Yara Dallol BV exploration and mining environment in Ethiopia is very remote, can be extremely dusty and the climate very hot regularly 50°C +and road conditions poor. With the remoteness of the area from major cities of the country, not only the activities of the project will be affected but also the procurement activities will also be in danger of not following both the necessary procurement plan set out by the company and the major procurement practices.

Any mining activity requires the efforts of both the stakeholders and the government as it is an extensive activity and requires both the efforts and resources of the country and anyone involved. The procurement activity of the same mining activities is also one of the major and extensive core activities of the project. It includes both the strategic purchasing activity from the sales point to the remote site where the operation is conducted. There are also constraints experienced by local suppliers arising from the purchasing procedures of large mining corporations and specialist construction companies contracted to construct these mines.

This study will try to evaluate the procurement performance of the company in accordance with both the procurement plan and also the theoretical aspect of the knowledge area of procurement activities.

### **1.3. Research Questions**

It is the conviction of the researcher that the following basic and sub research questions will help realizes the objectives of the study:

- What are the strategic procurement practices that are in place at Yara dallol BV potash mining project that will enable it to achieve its goals?

### **Specific questions**

- What are the procurement planning practices which are undertaken at Yara Dallol BV potash project?
- What is the current procurement practice of the project?
- What are the necessary procurement controlling and closing practices that are being used by the project?
- What are the constraints to the procurement management functions of Yara Dallol BV potash project which disrupt efforts at achieving organizational goals?

### **1.4. Aim and Objectives of the Study**

The overall rationale of the study is to determine and describe the practice and implementation of project procurement activities at Yara Dallol BV, Dallol potash exploration project.

#### **Specific objectives however include:**

- To discuss the strategic procurement practice (planning, conducting, controlling and closing) being employed by Yara Dallol BV potash mining project to achieve its organizational goals
- To determine the effectiveness of the current procurement practice of Yara Dallol BV potash mining project.
- To identify and determine the necessary procurement planning, conducting, controlling and closing practices at Yara Dallol BV potash mining project.
- To identify the constraints to the procurement function of Yara Dallol BV potash mining project goals against meeting organizational goals

### **1.5. Significance of the Study**

The study is relevant in that the findings will not only add to the general body knowledge concerning the effective use of procurement practices to achieve organizational goals but also

assist stakeholders in strategizing the direction of the procurement practices of the project which also helps reviewing the current procurement practice. The study also serves as future reference for researchers interested on the same subject matter.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1. Concept of procurement management

The term Procurement Process is used in this paper to describe the process required to supply equipment, materials and other resources required to carry out a project. This process usually involves sub-processes such as acquisition, purchasing, logistics, monitoring, quality assurance and contract administration (Stuckhart, 1995).

Azeem indicates that, procurement now plays a new role in corporate performance involving value generator, integrator and networking, positioned as a core competency, a driver of business strategy, and enabler of additional business (Azeem, 2007).

The description of the concept of procurement management has been varied as the number of different scholars in the field. Procurement is described as the chain linking each element of the manufacturing and supply process from raw materials through to the end user, encompassing several organizational boundaries. Harland describes procurement process as managing business activities and relationships internally within an organization, with immediate suppliers, with first and second-tier suppliers and customers along the supply chain, and with the entire supply chain (Harland, 2001). Thus, according to this definition procurement encompasses the entire value chain and addresses materials and supply management from the extraction of raw materials to its end of useful life.

Rowlinson et. al. defines procurement as the "process of obtaining services, supplies and equipment in conformity with applicable law and regulations. It is also noted that procurement "covers all purchasing activities whose purpose is to give the buyer the best value for money (Rowlinson et. al., 2009).

Kerzner also defined procurement as the acquisition of goods or services. It is a process that involves two parties with different objectives who interact in a given market segment (Kerzner, 2001).

Procurement management represents the processes involved in the acquisition of a defined set of goods and/or services from a third party for use in various project activities (Richardson, 2015).

According to Lysons "the classic definition of the overall procurement function is to obtain materials of the right quality in the right quantity from the right source delivered to the right place at the right time at the right price" (Lysons, 1992).

Quentin says that: project procurement management begins at the point when the new project is initiated and detailed decisions are starting to be made as to what portion of the project will be performed with one's own staff, and what portion will be sent to another company for performance (Quentin, 2003).

Project procurement is distinguished from other forms of procurement in that it is not a onetime action taken rather it is a series of procurement activities carried out during the execution of a project. Based on this, Procurement can be seen as a fundamental part of project management because it is crucial to the success of the project that procurement activities are appropriately planned and executed (Jarocki, 2014).

Project Procurement Management includes the processes required to acquire goods and services, to attain project scope, from outside the performing organization (PMBOK, 2000)

The *PMBOK Guide* breaks the procurement area into six distinct processes. These six processes are:

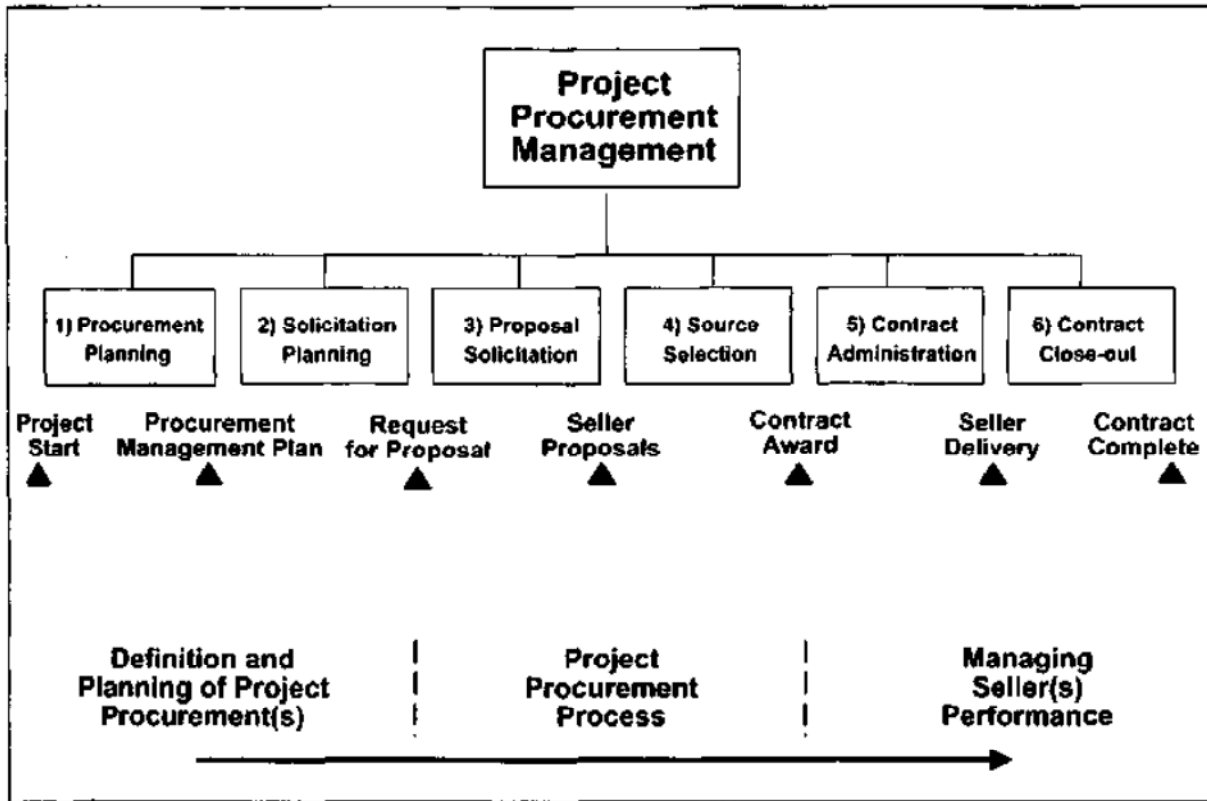


Figure 2.1 Overview of six distinct procurement processes

Source :- (PMI 2000)

### 2.1.1. Procurement Planning:

Begins at the start of a new project, includes the make or buy analysis, and ends with a published Procurement Management Plan.

### 2.1.2. Solicitation Planning:

Starts implementation of the Procurement Management Plan, and ends with a solicitation document typically called the Request for Proposal (RFP).

### 2.1.3. Solicitation:

Takes the RFP, and solicits formal proposals from sellers.

#### **2.1.4. Source Selection:**

Evaluates seller proposals, and ends with the issuance of a contract award to a seller.

#### **2.1.5. Contract Administration:**

Manages seller performance, and manages changes to seller authorized scope.

#### **2.1.6. Contract Closeout:**

Settles all open contractual issues, and closes out each procurement (Quentine, 2003).

### **2.2. Project Procurement Management**

Project Procurement Management includes the processes necessary to purchase or acquire products, services, or results related to the project. It includes the contract management and change control processes required to develop and administer contracts or purchase orders issued by authorized project team members. It also includes controlling any contract issued by an outside organization (the buyer) that is acquiring deliverables from the project from the performing organization (the seller), and administering contractual obligations placed on the project team by the contract.

### **2.3. Procurement**

Procurement can be defined as the acquisition of goods or services. Procurement (and contracting) is a process that involves two parties with different objectives who interact in a given market segment. Good procurement practices can increase corporate profitability by taking advantage of quantity discounts, minimizing cash flow problems, and seeking out quality suppliers. Because procurement contributes to profitability, procurement is often centralized, which results in standardized practices and lower paperwork costs.

All procurement strategies are frameworks by which an organization attains its objectives.

There are two basic procurement strategies:

- Corporate procurement strategy: The relationship of specific procurement actions to the corporate strategy

- Project procurement strategy: The relationship of specific procurement actions to the operating environment of the project (Harold, 2003).

Project procurement management contains four processes according to which are procurement planning, conducting procurement, control procurement and closing procurement on which this literature will use the process project procurement management (PMBOK® Guide, 2013).

The figure below shows a brief summary of the model recommended by PMBOK for procurement process management;

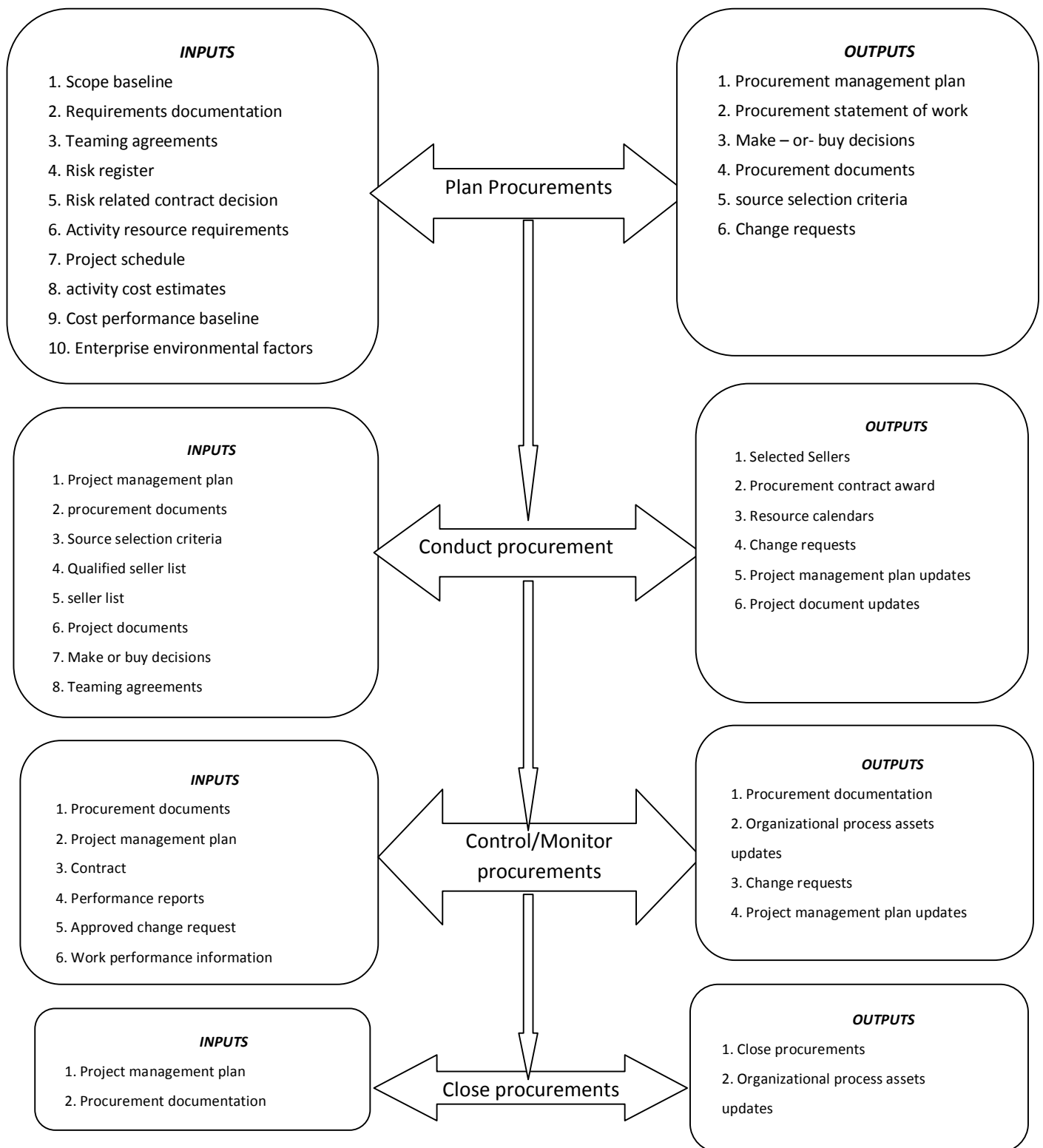


Figure 2.2 Summary of procurement management model

Source:- (PMBOK 4th Edition)

## 2.4. Procurement process

Procurement begins with the planning decision to make the purchase and this will involve in the first place, deciding whether there is a need for the particular goods or services, ensuring that the purchaser has the powers to undertake the transaction, obtaining any relevant approvals within the organization hierarchy and arranging the necessary funding. It is critical for a thorough procurement planning as firms are always facing budget constraints that cannot satisfy all capital acquisition needs (Gianakis M. 2001).

Procurement process can be divided into four different activities, or phases: planning, conducting, monitoring and controlling, and closing. Procurement planning calls for early involvement of the purchasing office so that options and alternatives can be explored with the requesting user. The process begins with procurement planning and ends with it after being conducted, monitored and controlled and closed (PMI 2013).

## 2.5. Procurement Planning

The procurement planning process starts with a description of the needed product and/ or services, goes through a make/buy/lease decision process, and then develops a draft statement of work. Procurements usually involve contracts, and deciding which type of contract to use is part of procurement planning (Brandon, 2006).

It is the process of identifying which project needs can be best met by procuring products or services outside the project organization and should be accomplished during the scope definition effort. It involves considering whether to procure, how to procure, what to procure, how much to procure, and when to procure. Procurement planning usually involves the selection of one of the following as the primary objective:

- Procure all goods/services from a single source.
- Procure all goods/services from multiple sources.
- Procure only a small portion of the goods/services.
- Procure none of the goods/services (Harold, 2003).

Once the procurement targets are identified and the class of the activity is chosen, the next step is to seek out sellers the goal is to obtain an acceptable response from the seller and from this obtain sufficient information to select a vendor. For these, different procurement documents are used to solicit proposals from prospective sellers (PMBOK, 2000). The common types of procurement documents are:

- Requests for quotation (RFQ):- It is used when a specification or SOW has already been formulated and the buyer needs only to obtain price, delivery, and other specific terms from the suppliers in order to select the most appropriate source. The specifications are sent to prequalified suppliers soliciting price and other terms and conditions (Fred et.al., 2007).
- Requests for information (RFI):- The request for information (RFI) is used by organizations seeking to develop a bid list or prequalify potential suppliers. Generally, the RFI asks suppliers to submit general information about their companies, such as size, financial performance, years in business, market position, product lines, and a variety of other information that can determine the supplier's suitability for participating in some future competitive event. Of the three requests we discuss in this section, the RFI is used the least because of the advent of the Internet and how easy it is to gather information now (Fred et.al., 2007).
- Requests for proposals (RFPs):- The RFP is used when a specification has not yet been developed, or when the buyer has a general requirement and wants to solicit various ideas on how that requirement can best be met. Included in the RFP are typical objectives of the future contract and as much of the background behind the requirement as is already known. The language of the RFP usually allows the supplier some freedom in determining the most effective solution and often enables the supplier to actually establish the specifications. Sometimes prices are requested along with the proposal, and sometimes suppliers are specifically requested not to submit price quotations.
- Invitations for bid (IFB):- is used when procurement items are standard, but high in price. All items are clearly specified by a SOW. The IFB notifies the potential vendors about the existence of the project by advertising which is called open competitive selection, anyone who is interested in and qualified may want to submit a bid. On the other hand,

closed competitive selection is where private organizations have an acceptable bid list of potential vendors and are made aware of the project. Only those invited to bid in this manner are allowed to bid on the project (Richardson, 2015).

- Invitation to negotiation (ITN):- a document with a purpose to create a control structure for the technical, legal, and financial negotiation areas (Richardson, 2015).

These documents are referred to as a bid document and act as a way of collecting data and selecting the best seller (Richardson, 2015). Solicitation involves obtaining responses (bids and proposals) from prospective sellers on how project needs can be met (PMBOK, 2000).

## **2.6. Conducting procurement**

Richardson states that the major components in conducting procurement are making contact with perspective vendors to establish interest in bidding using the above mentioned solicitation techniques, receiving seller responses from Statement of Works and selecting preferred vendors, negotiating contracts with preferred vendors and communicating status to various stakeholders and processes (Richardson, 2015).

It involves receipt of bids or proposals from the sellers and application of the evaluation criteria to select a seller. Some of the tools and techniques used in conducting procurement activities are; bidder conferences, proposal evaluation techniques, independent estimates, expert judgment, advertising, internet research, procurement negotiations. After applying these techniques, the important outputs that are expected are: awarding the procurement contract to the selected sellers (PMBOK, 2013)

## **2.7. Control or Monitor Procurements**

This ensures that the seller's performance meets procurement requirements. This includes application of appropriate project management processes to the contractual relationship(s) and integration of the outputs from these processes into the overall management of the project. Important Tools and Techniques include Contract change control system, monitoring performance (performance reporting, procurement performance reviews, inspections, and audits), managing payments (payment systems, claims administration, and records management system).

Using these tools and techniques, the major outputs are procurement documentation, change requests, updates to project management plan and organizational process assets (PMBOK, 2000).

## **2.8. Close Procurements**

After the procurement control is done, the next and final stage in procurement process is closing the procurement. This is done by verifies that all work and deliverables from the contract are acceptable by both parties. Sometimes there is an early termination of the contract which is a special case of procurement closure. The main tools and techniques used to procurement closure are procurement audits, negotiation settlements and record management systems. All these together will have an output of a closed procurement and organizational process assets updates.

## **2.9. Procurement department functions**

öThe classic definition of the overall procurement function is to obtain materials of the right quality in the right quantity from the right source delivered to the right place at the right time at the right priceö (Lysons, 1992).

## **2.10. Empirical Literature Review of the Study**

There are different studies which are conducted by different scholars regarding project procurement activities and related issues.

A study by Alarcón et.al. on evaluation and improvement of the procurement process in construction projects in Chile concluded that traditional project management systems do not offer a clear view, in global terms, regarding how the procurement process is being developed because the criteria used to control the process is usually too general. The research proposes several instruments to better understand procurement process performance. It is summarized in a methodology that provides guidelines for diagnosis, evaluation, and improvement of the procurement process. If a particular organization is frequently involved in new projects, it is recommended to apply the methodology developed to the company in general, in order to work over the backgrounds and experience of the company. The use of performance indicators for the procurement process was recommended, since they complement the work of traditional systems for management of the procurement process, introducing concepts for continuous improvement

and instruments of easy visualization. The research identified key areas of the procurement process that are currently failing in Chilean Projects (Alarcón et.al., 1999).

Another study by Elijah which has an objective of determining measures to address the challenges of implementation of procurement strategy at the Kenya Power and Lighting Limited. The study focused on the measures that can bring change in the implementation of procurement strategy and these include the Function fully implementing procurement plan, provision of adequate funds, material specification to be short and brief for suppliers to understand the requirement. The Department has taken initiative by ensuring that there are no material shortages. This measure is implemented through close liaison between users and the procurement department in addressing needs in time so as to avail the materials in the cycle at reasonable lead time. The procurement function was noticed to have taken keen interest in Contract management by drawing Framework Contracts within specific periods with conditions attached to serve as penalty in case of failure to deliver as per the contract agreement. Further, on the same note, the Function is restricting its purchases through the re-order levels by monitoring the day to day consumption of materials adopting suitable procurement technique to procure the materials (Elijah, 2013).

Barasa in a study on Procurement Practices Affecting Effective Projects at the Kenya Civil Aviation Authority reported that 90.6% of respondents believed that procurement planning, contract monitoring & control, as well as choice of procurement procedure were important factors in project implementation (Barasa, 2014).

Abdi studied procurement practices in Kenya's Public Corporations and found that employees understand what each supposed to do, there is also segregation of duties thus there are incidences of collusion among them (Abdi, 2012). Another study shows the roles of ethics in Supply Chain Management of oil Corporations and found that employees should be ethical responsible to enhance the performance of procurement in institutions. Planning generally enhances the gathering, evaluating and interpreting of essential data and information in order to produce knowledge relevant to good policy making. In many African countries, planning has not arrived at the level of achieving the aims described because of problems related to human and technical capacities and financial resources (Basheka, 2010).

According to Kirungu on his study of factors influencing the implementation of the Donor Funded Projects; a case study of Financial and Legal Sector Technical Assistance Project under the Ministry of Finance has failed to achieve its goals within stipulated project timelines due to the challenges attributable to constrained both World Bank and Government of Kenya procurement systems. The project aims to achieve a sound financial system and strengthen the legal framework and judicial capacity that would ensure broad access to financial related legal services. The achievement of this objective has been aided through procurement of goods & services, consultancy and training (Kirungu, 2011).

Kipchilat evaluated the impact of the public procurement regulations on procurement in Kenya Universities. The findings indicate that the Public Universities need to comply with Procurement Regulations in their Procurement Entities. Therefore, managing the risks associated with the complex competitive environment give rise to accountability problems as the roles and responsibilities of the participants in the process are not clear (Kipchilat, 2006).

Edgar and Niegel in their research titled public procurement reform in developing countries: the Ugandan experience, procurement in Uganda consists 70% of the national budget and yet according to the inspector general of government 90% of complaints about corruption in the office are procurement related due to unethical practices resulting from lack of proper Procurement Legislation. Organizations should be able to improve their performances by changing their ways of doing things by putting in place the right policies. Governing the procurement function and also by focusing on key drivers of performance to make them competitive in the market (Edgar and Niegel, 2011).

## **2.11. Conceptual Framework**

A conceptual framework refers to conceptualization of the relationship between variables in the study and it is shown diagrammatically. It shows the direction of the study through the conceptual framework (Mugenda and Mugenda, 2013).

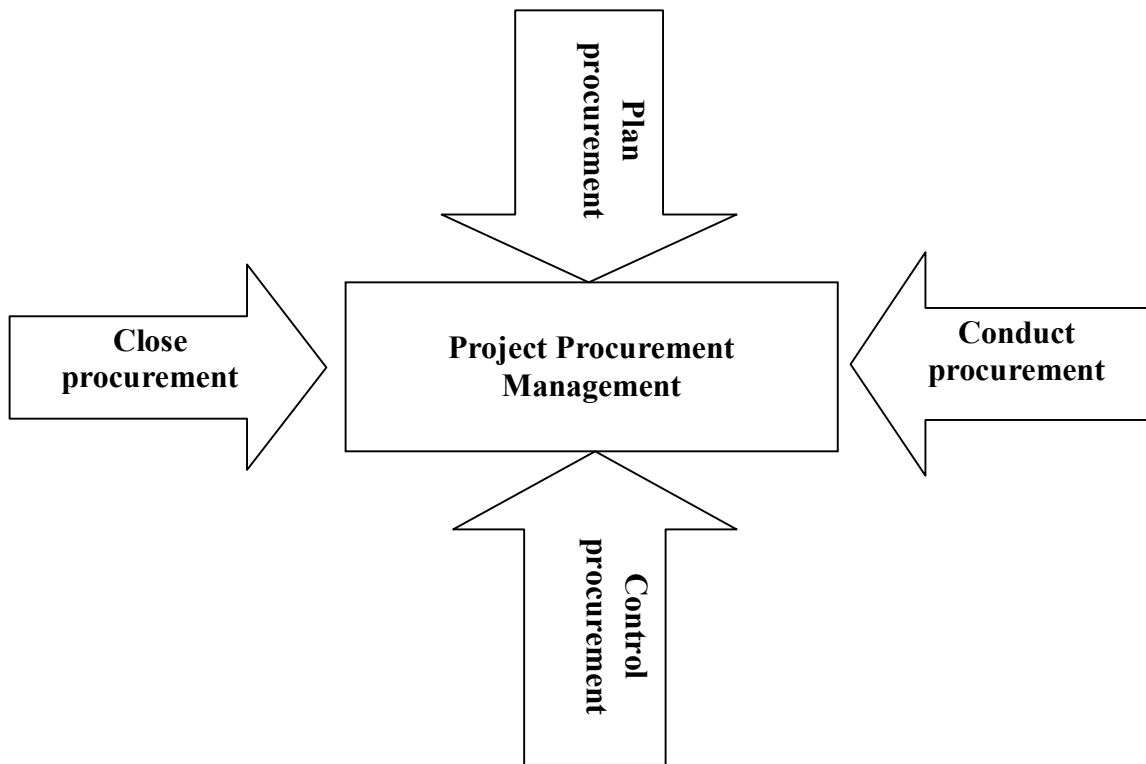


Figure 2.3 Conceptual framework

**Plan procurement :-** As a general planning principle, it is asserted that unlike small projects that involve few activities, complex projects that go beyond a certain threshold level of magnitude should proceed on the basis of a sound formal planning platform without which there may be chaos. Sound formal planning provides the basis for organizing the work on the project and allocating responsibilities to individuals. It is not only a means of communication and coordination between all those involved in the procurement project but also induces people to look ahead besides instilling a sense of urgency and time consciousness. Above all planning provides the basis for monitoring and control (Chandra, 2010).

**Conduct procurement:** - Once the requirements are identified and a procurement plan has been prepared, a requisition form for each item to be procured is sent to procurement to begin the procurement or requisition process (Kerzner, 2009). The major components in conducting procurement are making contact with perspective vendors to establish interest in bidding, receiving seller responses and proposals and selecting preferred vendors, negotiating contracts with preferred vendors and communicating status to various stakeholders and processes. (Richardson, 2015).

Contract Monitoring and Control: - The key things to be planned, monitored and controlled are time (schedule), cost (budget) and scope (performance) (Meredith and Mantel, 2012). It is useful to perceive the control process as a closed-loop system, with revised plans and schedules (if warranted) following corrective actions. The planning-monitoring-controlling cycle is continuously in process until the project is completed. This process should be constructed as an integral part of the organizational structure of the project. It is important to first define the key factors to be monitored and controlled: Scope, cost and time and the boundaries within which they should be controlled.

All the above principles contribute to the overall project procurement management of any organization.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Introduction**

This chapter outlines the methodology that was used in the research study. It gives the details of the research design, population, data collection methods and procedures as well as data analysis methods that were used in the study.

#### **3.2. Research Design**

Research design is a process aimed at answering the research question and solved the research problem (Ngechu, 2010). A research design refers to the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2010). The study used a descriptive research design. The design attempts to reveal and describe systematically the practice and implementation of procurement activities at Yara Dallol BV.

#### **3.3. Type and source of Data**

Both primary and secondary sources of data are employed by the study to get appropriate data. Primary data was gathered through questionnaires as well as semi-structured interviews, whereas secondary data was obtained through reports obtained from the company and other written documents of the project. In addition to these, relevant, articles, journals and online information were visited to supplement the primary data and serve as bases of the results of the study.

#### **3.4. Sample size and procedure**

The total number of the company employed personnel is 120 employees among which thirty five employees are directly and indirectly related to the procurement activities. These comprises of the top level managers, the procurement department head and employees in the procurement department, employees in the finance department, outsourced companies who takes care of procurement activities for the company in Addis Ababa, Ethiopia.

Due to small number of the employees related to this specific research the sample taken is the whole of thirty five employees working in the company and as contractors. Thus, the sample consisted of 3 respondents from top level management of the project and 32 respondents from project, contractors and functional departments who engage in project procurement.

Given the fact that information on procurement activities of Yara Dallol BV cannot be obtained from any other employees of other departments but only through privileged few, the researcher deemed it appropriate to adopt the purposive sampling or judgmental technique to gather the primary data from these management members and related employees whose core functions entail executing various shades of procurement activities.

Purposive sampling is a non-probability sampling technique in which an experienced individual selects the sample based on his or her judgment about some appropriate characteristics required of the sample member (Pfeil and Zaphiris, 2010),

### **3.5. Methods of Data Analysis**

The data collected through questionnaires, interviews as well as secondary data collection methods were analyzed using qualitative methods. The data were mainly analyzed using descriptive method of analysis. The analysis involved comparisons of data obtained from the data collected from primary sources with the data available from secondary sources such as reports of the project. Generalizations were also made based on the results of the study.

By obtaining background information, clarifying problems using interviews and assumptions made and going through literatures, using different graphs and charts, an exploratory or qualitative research method were employed.

### **3.6. Ethical Consideration**

It is conventional and necessary to take a number of ethical issues into consideration in order to obtain the best results. The research was conducted in such a manner as to command respect and acceptability with the respondents. The quality and integrity of this project work is insured by the researcher. The respondents were given full consent on what the research is all about and the confidentiality and anonymity of the voluntary respondents was also guaranteed.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.1. Introduction**

This chapter deals with the data analysis and interpretations of the information collected from procurement department of yara Dallol BV potash project. The analysis was done by collecting data by issuing questionnaires to the concerned departmental personnel, conducting interviews with top level management of the company and also collecting documented reports as a secondary data from the company. Questionnaires were distributed to 35 employees among 120 employees of the company and its contractors. Interviews had been conducted with two top level managers, the general manager and the procurement manager of the company. The outcome of all the data collected are outlined here under.

#### **4.2. Respondents Profile**

The demographic information considered and collected in this study included educational background and experience of respondents working in the position overall and specifically within the organization.

#### **4.3. Response Rate**

Among all the employees of the company, 35 questionnaires were administered to respondents who are directly and indirectly related to the procurement department and its activities within the company. In all thirty three (33) answered questionnaires were retrieved representing Ninety four (94) percent response rate. The high response rate could be attributed to the desire of respondents in ensuring that there is an effective and efficient procurement management practices in the company which is a key towards achieving their organizational goals.

## 4.4. Characteristics of respondents

### 4.4.1. Educational background

The educational background of the respondents that were involved in the research is listed below.

Table 4.1 Educational background of respondents

	Certificate	Diploma	Degree	Post graduate degree	Total
No. of respondents	0	3	24	6	33
Percentage	0%	9.1%	72.72%	18.18%	100%

Source:- (own survey, 2017).

### 4.4.2. Overall years of work experience

As per the above mentioned data, the company has 120 employees among which 35 are directly involved with the procurement activities of the company of which 33 responded for the questionnaire and interview. The below table shows the overall work experience of the employees:-

Table 4.2 Work experience of respondents

	Below 5 years	Between 6 and 10 years	Above 11 years	Total
No. of respondents	23	7	3	33
Percentage	69.7%	21.2%	9.1%	100%

Source :- (own survey, 2017)

### 4.4.3. Years of experience in the company

The overall experience of the employees was depicted on the above table. Not only the overall experience, but also the work experience of the respondents were also considered and depicted below:-

Table 4.3 A General Characteristics of respondents

	Below 2 years	Between 2 and 4 years	Above 5 years	Total
No. of respondents	12	16	5	33
Percentage	36.36%	48.48%	15.16%	100%

Source :- (own survey, 2017)

As can be seen from the above data, the educational level of respondents as can be seen from the first table, 9.1% of the respondents hold diploma, 72.72% hold first degree while 18.18% of the respondents hold a second degree and none of the respondents hold certificates or other educational awards. On the overall experience of the respondents, which is indicated on the second table, 69.7% of the respondents have an overall experience of below 5 years in procurement area, 21.2% of the respondents have a experience of between 6 and 10 years and 9.1% have above 11 years of experience in procurement area. While on the experience of respondents on their experience at Yara Dallol BV, 36.36% of them have worked below 2 years at the company, 48.48% of the respondents have worked between 2 and 4 years and the other 15.16% of the respondents have above 5 years of experience in the company. Overall, most of the respondents hold a first degree and have an experience of up to 5 years which shows that the respondents have enough educational knowledge and experience to thoroughly respond to the area of the study.

### 4.5. Issues related to procurement management process

A general question related to the availability of a standard procurement management process for the project was raised and among the 33 respondents who participated in the questionnaire, (24)

of them or 72.72% of the respondents responded yes while (9) respondents or 27.27% of the respondents responded that they are not sure whether such a standard process exists which strongly indicates that the process needs to be communicated among the project personnel.

Table 4.4 Data on procurement management

Q	Availability of procurement management	Strongly Agree		Agree		Not sure		Disagree		Strongly disagree	
		No	%	No	%	No	%	No	%	No	%
1	Important for the project team as a whole	13	39.4	18	54.5	2	6.1	0	0.0	0	0.0
2	Used as a training tool for the project team	3	9.1	17	51.5	13	39.4	0	0.0	0	0.0
3	Used as a procedure for acquiring goods and services	6	18.2	21	63.6	5	15.2	1	3.0	0	0.0
4	Creates uniform procurement systems	4	12.1	21	63.6	7	21.2	1	3.0	0	0.0

Source :- (Own survey, 2017)

#### **4.6. Project team awareness on the availability of procurement management and its effectiveness on the project**

This section of the questionnaire sought to get information from the respondents on the awareness and effect of Procurement management on effective implementation of the Projects at the company.

The first question (Q1) was regarding whether the availability of procurement management is important for the project as a whole. Among the respondents, 13 (39.4%) of them said they strongly agree, where as 18 (54.5%) said they agree, 2 (6.1%) said they are not sure and there was no respondent who disagreed or strongly disagreed. The data showed that most of the respondents agree that availability of procurement management is important for the project team as a whole. The data collected from all the interviewees also suggested that the availability of the procurement management is vital to the project team as a whole. As Panayiotou et. al. suggested that availability of procurement management maximizes the possibilities of a successful procurement implementation, the above response shows how important project management process is for the project team as a whole (Panayiotou et. al., 2003).

Regarding the second question (Q2), the response of the respondents on the issue of availability of procurement management to be used as a training tool for the project, 3 (9.1%) of the respondents said they strongly agree, 17 (51.5%) of the respondents said they agree while 13 (39.4%) of them they were not sure. The collected data showed that most of the respondents (51.5%) agreed that the availability of the procurement management system can be used as a training tool for the project team on procurement issues. The procurement function has become an integral part of every firm's competitive success (Reck & Long, 1998). Performance measurement is a central element in procurement management which cannot be considered in isolation. Therefore, in order to increase the performance of the project team, there needs to be training tools on which one of it availability of project management system.

The third question Q3 is related to whether the availability of procurement management is used as a procedure for acquiring goods and services. In this regard the responses of the respondents were as follows. 6 (18.2%) of the respondents said they strongly agree, 21 (63.6%) of them said they agree, 5 (15.2%) of them said they were not sure while 1 (3%) of the respondents disagreed

that the procurement management system is not useful in acquiring goods and services. With the above result, most of the respondents said that the availability of a procurement management system is essential and is used as a procedure for acquiring goods and services for the project.

The result of the fourth question Q4 with regard to the availability of a procurement management system as a tool for creating uniform procurement system shows, 4 (12.1%) of the respondents said they strongly agreed with the concept, 21 (63.6%) said they agree, 7 (21.2%) said they were not sure while 1 (3%) of them said they disagree. The general result shows that most of the project procurement team members agree that the use of procurement management system is used as a tool for creating a uniform procurement system.

Overall all the interview data collected from the respondents also shows that availability of procurement management system is one part of a procurement system which is an essential part of any organization's procurement system and is used as a tool for creating a uniform system in order to be effective and efficient.

#### **4.7. Issues related to the availability of procurement plan**

A general question, Q7, on whether the company has a well planned set-out procurement plan on which it uses for any procurement shows that 22 (66.67%) of the respondents said they know that it is available while 11 (33.33%) of them said they were not sure such a plan exists.

Sound formal planning provides the basis for organizing the work on the project and allocating responsibilities to individuals. Brown and Hyer explain that planning involves identifying the purpose, defining the scope, determining customer requirements (user needs), as well as identifying tasks (key procurement activities), estimating time (delivery schedules for goods and services) and cost, assigning responsibilities and other activities. Planning answers the question: What does the organization hope to accomplish by successfully completing this project? What organizational result is expected? In underscoring the critical role planning plays in successful project implementation (Brown and Hyer, 2010).

Regarding this, the following results were collected from the respondents on the effect of the availability of procurement plan in different angles.

Table 4.5 Data on procurement plan

Q	Availability of procurement plan	Strongly Agree		Agree		Not sure		Disagree		Strongly disagree	
		No	%	No	%	No	%	No	%	No	%
1	Increases quality of orders	3	9.1	9	27.3	11	33.3	10	30.3	0	0.0
2	Decreases the time required for purchase and delivery	10	30.3	22	66.7	1	3.0	0	0.0	0	0.0
3	Increases number of parts of the project completed on time	4	12.1	27	81.8	2	6.1	0	0.0	0	0.0
4	Creates uniform procurement systems	2	6.1	22	66.7	9	27.2	0	0.0	0	0.0
5	Effective utilization of available resources	0	0.0	13	39.4	16	48.5	4	12.1	0	0.0
6	It reduces Conflict of interest	0	0.0	5	15.1	16	48.5	12	36.4	0	0.0
7	Improves performance of the department	6	18.2	27	81.8	0	0.0	0	0.0	0	0.0
8	Reduces costs	2	6.1	22	66.7	7	21.1	2	6.1	0	0.0
9	Helps in finding the right suppliers at the right time	13	39.4	19	57.6	1	3.0	0	0.0	0	0.0
10	Helps meet key performance indicators set on procurement	0	0.0	17	51.5	16	48.5	0	0.0	0	0.0
11	help acquire goods or services that are needed for the project effectively and efficiently	1	3.0	32	97.0	0	0.0	0	0.0	0	0.0

Source :- (Own survey, 2017)

The first question Q1, with regard to whether the availability of procurement plan increases the quality of orders for the project. The responses were; 3 (9.1%) of the respondents said they strongly agree, 9 (27.3%) of the respondents said they agree, 11 (33.3%) of them said they were not sure that it increases the quality of orders is the result of availability of procurement plan. Meanwhile 10 (30.3%) said they disagree. The above result indicates that most of the respondents think that the availability of a procurement plan does not increase the quality of orders for the project procurement.

The second question Q2 deals with whether availability of procurement plan results in decreased time required for purchase and delivery. As per the collected data, 10 (30.3%) said they strongly agree, 22 (66.7%) said they agree, 1 (3%) said they were not sure. There was no one who disagreed on this issue. The result strongly indicates that the availability of procurement plan in the company decreases the time required for purchase and delivery of goods and services in the project.

As per the third question Q3, which asked whether the availability of the procurement plan increases the number of parts of the project completed on time, 4 (12.1%) strongly agreed with the idea, 21 (81.8%) said they agree, while 2 (6.1%) of the respondents were not sure. Again this is another indication that the project team believes the availability of the procurement plan increases the completion of the number of any part of the project on time. As per the PMBOK, one of the three essential components of a project is time among quality and cost.

The fourth question Q4 on whether the availability of a procurement plan creates a uniform procurement system, 2 (6.1%) said they strongly agree, 22 (66.7%) said they agreed, 9 (22.7%) of the respondents said they are not sure. Accordingly, most respondents agreed on the above idea while some of the respondents were not sure whether it creates uniform procurement plan. As per the interview conducted, the availability of the procurement plan helps in creating a uniform procurement system in the project. Uniform procurement system helps in creating a strong procurement department as well as improving the department's ability in its performance.

The fifth question Q5 proposes that the availability of a procurement plan helps in effective utilization of available resources. None of the respondents strongly agreed, 13 (39.4%) of the

respondents agreed, 16 (48.5%) said they were not sure while 4 (12.1%) of the respondents disagreed on the matter. The overall responses on the utilization of resources indicate that most of the respondents were not sure whether to conclude the availability of a procurement plan helps in the effective utilization of available resources. But some of the respondents agrees that resources will be effectively utilized if there is a uniform procurement plan in the project procurement. Based on the interview conducted on resource utilization, procurement planning is one of many considerations in utilization of the available resources effectively and efficiently. It helps in timely planning of procuring goods and services from suppliers and hence helps in utilization of resources.

The sixth question Q6 on whether the availability of procurement plan reduces conflict of interest, the results of the respondents were, none of the respondents said they would strongly agree, 5 (15.1%) of the respondents agreed, 16 (48.5%) said they were not sure while 12 (36.4%) of the respondents said they would disagree. Overall, most of the responses from this question indicate that members of the procurement department do not believe or not sure that having a procurement plan reduces the conflict of interest. Meanwhile a majority of the respondents did not agree. As per Fred, conflict of interest occurs when procurement employees conduct the organization's business in such manner as to further their own personal gain or that of their families and friends. This includes providing insider tips on activities that would affect the price of stock, or buying and selling from relatives. It also includes owning a share of any organization that conducts business with the organization that employs you (Fred, 2007).

The seventh question Q7 asks if the availability of procurement plan improves the performance of the procurement department. 6 (18.2%) of the respondents said they strongly agree, 27 (81.8%) said they would agree, while none of the respondents think that it would not increase the performance of the department. The result strongly suggests that all the respondents think the availability of a procurement plan has a major role in improved procurement department. As per the interview conducted, one of the key elements for the project's procurement department improvement is the availability of procurement plan as per the general manager of the company.

The eighth question Q8 suggests that the availability of a procurement plan is helpful in reducing the costs of the project. Among the respondents, 2 (6.1%) of the respondents said they strongly

agree, 22 (66.7%) said they agree, 7 (21.1%) said they were not sure while 2 (6.1%) said they disagree. The overall result suggests that most of the respondents think that procurement plan reduces costs of the project. Having a procurement plan has a major impact in cost minimization as it is used as a budgetary reference for the project.

The ninth question Q9 I asks whether the availability of the procurement plan in the project helps in finding the right supplier at the right time. In accordance with this, the responses were, 13 (39.4%) of the respondents strongly agreed on the matter, 19 (57.6%) of the respondents said they would agree while 1 (3%) of the respondents said they were not sure. The result strongly suggests that the procurement plan plays a key role in finding the right suppliers at the right time. In any project, timely supply of resources is a key to the success of the project. The results of the interview also indicate the same result that the procurement plan helps in finding the right suppliers at the right time.

The tenth question Q10 which suggests that the availability of the procurement plan helps in meeting key performance indicators set on procurement management. 17 (51.5%) of the respondents agrees on the issue, 16 (48.5%) of the respondents said they were not sure while there were no respondents who strongly agreed or disagreed on the above indicator. This suggests that half of the respondents think procurement plan is essential in meeting KPIs while half of them were not sure whether procurement plan has anything to do with meeting the KPIs set by the procurement management. The results of the interview also strongly suggest that in meeting the KPIs of the project, the availability of the procurement plan is very essential. According to Brown and Hyer, effective project implementation or simply put, project success can be measured on the basis of time, cost and quality (performance), commonly known as the triple constraint. These three factors represent the Key Performance Indicators (KPIs) (Brown and Hyer, 2010).

The eleventh question Q11 says that the availability of the procurement plan helps in acquiring goods and services which are important to the project effectively and efficiently. 1 (3%) of the respondents said they strongly agree, 32 (97%) said they agree while none of the respondents disagreed. The result of the interview with this matter also suggests the same. This shows that

having a procurement plan has a major impact on acquiring goods and services for the project effectively and efficiently.

## **4.8. Conducting procurement (Supplier selection, contract agreement, making purchases)**

### **4.8.1. Standard operating procedures (SOP)**

Employing best practices in procurement ensures that the organization and ultimately the procurement professional make correct decisions. This means that an organization must develop plans that are in alignment with its goals and best interests. Frequently, these plans evolve from well-defined sourcing strategies developed to help the organization achieve its overall objectives. In turn, sourcing strategies rely on a clear set of tactical procedures to ensure their implementation. At the root of these tactical procedures are the day-to-day methods the organization employs to convey its requirements to the supplier. Many organizations refer to these processes as standard operating procedures (*SOPs*) and maintain them in formalized document libraries (Fred, 2007).

As indicated on the above literature review, conducting procurement involves receipt of bids or proposals from the sellers and application of the evaluation criteria to select a seller. A general question on whether the project has a set of standard operating procedures (SOP) for conducting procurements, the response 100% suggests that there is a standard set of SOP available for conducting procurements.

The following results were collected from the respondents on the results of the availability of SOP for conducting procurements and its effectiveness on the project.

Table 4.6 SOP for conducting procurements

Q	Availability of SOP for conducting procurements	Strongly Agree		Agree		Not sure		Disagree		Strongly disagree	
		No	%	No	%	No	%	No	%	No	%
1	Helps in increased quality of purchases by assessing different market segments	1	3.0	18	54.6	7	21.2	7	21.2	0	0.0
2	Decreases the time required for procurement and delivery	6	18.2	25	75.7	2	6.1	0	0.0	0	0.0
3	Increases reliability of suppliers	7	21.2	15	45.4	9	27.3	2	6.1	0	0.0
4	Creates uniform procurement systems	15	45.4	16	48.5	2	6.1	0	0.0	0	0.0
5	Helps in effective utilization of available resources	1	3.0	13	39.4	9	27.3	10	30.3	0	0.0
6	Helpful in confirming the right quality of goods and sources of purchase	2	6.1	23	69.7	5	15.1	3	9.1	0	0.0
7	Improves performance of the department	16	48.5	17	51.5	0	0.0	0	0.0	0	0.0
8	Helps in reducing costs	2	6.1	16	48.5	10	30.3	5	15.1	0	0.0
9	Helps in finding the right suppliers at the right time	10	30.3	17	51.5	5	15.1	1	3.0	0	0.0

10	Helps to use preferred suppliers effectively to streamline the Procurement process	3	9.1	27	81.8	2	6.1	1	3.0	0	0.0
11	Used as a standardized tool for supplier selection	23	69.7	10	30.3	0	0.0	0	0.0	0	0.0

Source :- (Own survey, 2017)

The first question Q1 is with regard to whether the availability of SOP for conducting procurement helps in increased quality of purchases by assessing different market segments. As per the respondents, 1 (3%) of them said they strongly agree, 18 (54.6%) of the respondents said they agree, 7 (21.2%) said they were not sure while the same number of respondents 7 (21.2%) said they would disagree. The interview result with regard to SOP suggest that its availability has a strong indication in helping in increasing the quality of purchases and also helps in assessing different market segments. The result of the questionnaire indicates that even if there are a number of respondents who agree with the indicator, there are also others who think that having SOP would not guarantee in having an increased quality of purchases.

The second question Q2 states that the availability of SOP for conducting procurement decreases the time required for procurement and delivery of goods and services. The results were, 6 (18.2%) of the respondents strongly agree, 25 (75.7%) said they agree while 2 (6.1%) of the respondents were not sure. It overall indicates that SOP for conducting procurements is an essential tool in decreasing the time required for procurement and delivery of goods and services. SOP can also be a benchmarking tool the project organization has for procurement activities in order to create standard in the process. Procurement benchmarking therefore is the effort to measure performance of a supplier of goods or services on the basis of quality, price and timely delivery of goods and services (Tudor, 2005).

The third question Q3 asks if the availability of SOP increases the reliability on suppliers. 7 (21.2%) of the respondents responded that they strongly agree, 15 (45.4%) said they agree, 9

(27.3%) said they were not sure while 2 (6.1%) of them disagreed. The results of the questionnaire suggest that more than 66% of the respondents agree that the availability of the SOP increases the reliability on suppliers. While there are those in agreement, there are also who were not sure that the SOP has any impact on the reliability on suppliers.

The fourth question Q4 implies the ability of the availability of SOP on creating uniform procurement system. Among the respondents, 15 (45.4%) of the respondents said they would strongly agree, 16 (48.5%) of them responded that they agree while 2 (6.1%) said they were not sure. In addition to the availability of the procurement plan which helps in creating a uniform procurement system stated above, the availability of SOP creates a uniform procurement system on which majority of the respondents agreed to it.

The fifth question Q5 asks whether the availability SOP on helping in effective utilization of available resources. The same amount of respondents were questioned and 1 (3%) of them said they strongly agreed, 13 (39.4%) of the respondents said they agree, 9 (27.3%) said they were not sure, while 10 (30.3%) said they disagree. As per the data collected, even if there are significant numbers of respondents who agree on the issue, there are also almost equal numbers of respondents who disagree that availability of SOP helps in effective utilization of resources. The researcher argues that since resources are scarce, it is imperative that it is effectively utilized. In return SOP is a general tool on procurement process and resource utilization is one part of it.

The sixth question Q6 deals with the availability of SOP for conducting procurement helps in confirming the right quality of goods and sources of purchase. The response of the respondents for this question was, 2 (6.1%) strongly agreed, 23 (69.7%) of them agreed, while 5 (15.1%) were not sure on what to decide and the rest 3 (9.1%) said they would disagree. As per the results of the interview conducted, SOP for conducting procurements plays a vital role in helping confirming the right quality of goods and sources of purchase. The same result was obtained from the questionnaire respondents as majority (more than 75%) of respondents agree that in order to improve quality of goods and sources of purchase, there must be an SOP of procurement activities aligned.

The seventh question Q7 in case of the availability of SOP for conducting procurement to improve the performance of the department, the participants responded that 16 (48.5%) strongly agree, 17 (51.5%) agree and there was no participant who was not sure on their decision and no one disagreed. The result shows that the whole of the participants agree that the availability of SOP for procurement improves the performance of the procurement department.

The eighth question Q8 states that the availability of SOP for conducting procurement activities helps in reducing cost, the participants responded that 2 (6.1%) strongly agree, 16 (48.5%) agreed, 10 (30.3%) were not sure and 5 (15.1%) disagreed. As per the result of the respondents, about half of them agreed that availability of SOP for conducting procurement activities helps in reducing cost. As mentioned earlier, cost is one (among cost and schedule) of the three components of any project. Reduction of cost is one of the main aims of any project activity. Also according to the respondent's result, 15.1% do not believe it helps in reducing costs.

The ninth question Q9 asks whether the availability of SOP for conducting procurement activities helps in finding the right supplier at the right time. The participants responded 10 (30.3%) said they strongly agreed, 17 (51.5%) said they agree, 5 (15.1%) said they were not sure and the remaining 1 (3.1%) of the respondents said they disagree. As per the result, more than 80% of the respondents agreed that the availability of SOP helps in finding the right supplier at the right time.

The tens question Q10 deals with whether the procurement SOP helps to use preferred suppliers effectively to streamline the procurement process. 3 (9.1%) of the respondents strongly agreed with the concept, 27 (81.8%) said they agreed, 2 (6.1%) were not sure while 1 (3%) disagreed. The interview result collected also shows that SOP significantly helps to use preferred suppliers effectively. Also as per the result of the questionnaire, majority of the respondents think the same as the interview results.

The Last question Q11 on conducting procurements is whether SOP can be used as a standardized tool for supplier selection. The response was, 23 (69.7%) of the respondents strongly agreed, 10 (30.3%) also agreed and there was no disagreement on this matter. Therefore

as per the result, all the respondents think that the availability of procurement SOP is a major standardized tool for supplier selection.

#### 4.9. Monitor and control procurements

Monitor and control project work is the means by which activities in the project are tracked, reviewed, and regulated in order to determine the progress of the work being done to meet the performance objectives defined in the project management plan. This enables the stakeholders understand the current state of the project, whether the project is being carried out within the defined scope of the project.

With this issue, a general question was raised on the questionnaire on whether the project have an effective system of controlling and monitoring the procurement activities of the project. Out of the 33 respondents responded 32 of them responded that there is a standard effective monitoring and control system that is set for the project. 1 of the respondents said they were not sure.

The below more detailed questions were raised on the effectiveness of controlling and monitoring activities on the project and the following results were obtained from the same number of respondents.

Table 4.7 Data on monitoring and controlling

Q	Monitoring and controlling procurements	Strongly Agree		Agree		Not sure		Disagree		Strongly disagree	
		No	%	No	%	No	%	No	%	No	%
1	Increases quality of orders	11	33.3	17	51.5	3	9.1	2	6.1	0	0.0
2	Increases the continues improvement of the company	6	18.2	27	81.8	0	0.0	0	0.0	0	0.0
3	Increases number of parts of the project completed on time	0	0.0	28	84.8	4	12.1	1	3.0	0	0.0

4	Helps to ensure that procured goods are delivered/executed as planned	3	9.1	11	33.3	16	48.5	3	9.1	0	0.0
5	Effective utilization of available resources	0	0.0	20	60.6	11	33.3	2	6.1	0	0.0
6	It reduces wastage of procurement and delivery time	1	3.0	16	48.5	10	30.3	6	18.2	0	0.0
7	Improves performance of the department	17	51.5	16	48.5	0	0.0	0	0.0	0	0.0
8	Helps in reducing costs	0	0.0	28	84.8	5	15.2	0	0.0	0	0.0
9	Helps in finding the right suppliers at the right time	2	6.1	13	39.4	14	42.4	4	12.1	0	0.0
10	Improves transparency	16	48.5	17	51.5	0	0.0	0	0.0	0	0.0

Source :- (Own survey, 2017)

A thorough analysis was done by raising more detailed questions on controlling and monitoring procurements and below is the responses received from the participants.

The first question Q1 raises whether monitoring and controlling procurements in the project helps to increase the quality of orders. The response of the participants were; 11 (33.3%) strongly agreed, 17 (51.5%) agreed, 3 (9.1%) were not sure while 2 (6.1%) of them disagreed. As can be seen from the result obtained, majority of the respondents (more than 84%), agreed that monitoring and controlling of a procurement activity of the project increases the quality of orders put forward by the procurement team.

The second question Q2 asks whether the monitoring and controlling of procurements increases the continues improvement of the company. With this regard, the participants response was; 6 (18.2%) strongly agreed that it will improve the company continuously, 27 (81.8%) agreed on the issue, and there was no participant who was not sure or disagreed. The collected result shows

that 100% of the participants believe that monitoring and controlling of procurement activities of the project has a significant impact on the improvement of the company overall.

The third question Q3 is with regard to monitoring and controlling procurement activities increasing the number of parts of the project completed on time. The results of the question were; 28 (84.8%) of the participants agreed, 4 (12.1%) were not sure, 1 (3%) of them disagree. Timely conclusion of a project is considered as a major success for any project activity and as per the above result, a big part of the respondents agreed that monitoring and controlling of procurements increases the number of parts of the project completed on time.

The fourth question Q4 is about if monitoring and controlling procurement activities helps to ensure that procured goods or services are delivered/executed as planned. The participants responded; 3 (9.1%) of them strongly agreed, 11 (33.3%) agreed, 16 (48.5%) were not sure and could not decide, and 3 (9.1%) of them disagree. As can be seen from the above result, most of the participants could not decide whether monitoring and controlling activities has an impact on ensuring the procured goods or services are executed as planned. But a large number of groups of participants agreed that it has a positive impact.

The fifth question Q5 is about whether monitoring and controlling of procurement activities helps in effective utilization of available resources. The response of the participants was: 20 (60.6%) of them agreed, 11 (33.3%) were not sure, 2 (6.1%) of them disagreed and there was no one who strongly agreed or disagreed. The above result collected shows that even if there are participants who agreed that the monitoring and controlling activities helps them in effective utilization of available resources, there are also some participants who were not sure about its effect.

The sixth question Q6 deals with whether monitoring and controlling activities helps in reduction of wastage of procurement and delivery time. 1 (3%) of the participants responded that they strongly agree, 16 (48.5%) of them agreed, 10 (30.3%) of them were not sure while the remaining 6 (18.2%) disagreed. The overall data collected from the response to this question suggests that even though there are a slight majority of participants agreed, there are also a part

of them who were not sure and who disagreed. It shows that the monitoring and controlling activities reduce the wastage of procurement and delivery time.

The seventh question of this matter Q7 deals with if monitoring and controlling of procurement activities improves the performance of the procurement department. 17 (51.5%) strongly agreed, and the remaining 16 (48.5%) agreed. With regard to this, there was no participant who disagreed or was not sure which shows that monitoring and controlling of procurements improves the performance of the procurement department.

The eighth question Q8 is about if monitoring and controlling of procurement activities helps in reducing costs, the participants responded:- 28 (84.8%) of them responded they agree while the remaining 5 (15.2%) said they were not sure. As can be seen from the above result the majority of the respondents agreed that monitoring and controlling procurement activities helps in reducing costs of the project and the company.

The ninth question Q9 states that monitoring and controlling of procurement activities helps in finding the right suppliers at the right time. The participants responded in the following way; 2 (6.1%) of them strongly agreed, 13 (39.4%) of them agreed, 14 (42.4%) were not sure about it and the remaining 4 (12.1%) disagreed with the above idea. The generalization drawn from this is that almost equal number of participants agreed with the concept and also was not sure whether to agree or disagree. The general result obtained from the interview suggests that any monitoring and controlling of procurement activity helps in finding the right suppliers at the right time because with monitoring, the department can distinguish the right from the wrong suppliers.

The last and tenth question Q10 asks if monitoring and controlling of the project procurement activities improves transparency; The respondents' response was; 16 (48.5%) of them strongly agreed, 17 (51.5%) agreed while there was no participant who disagreed with the idea of monitoring and controlling procurement activities creating transparency in the project. The result strongly shows that the monitoring and controlling activities improve transparency.

## 4.10. Close procurement

Richardson states that in closing stage of procurements, the buyer verifies that all tasks and requirements defined in the contract have been produced and the contract is completed and closes the procurement accordingly (Richardson, 2015).

Two general questions which were raised on the questionnaire were if it is necessary to close procurements with which all of the respondents agreed that it is necessary to close procurements. The second question raised was if there is a systematized way or clearly defined process of closing procurements once the purchase is done? 19 of the participants agreed while the remaining 14 of respondents were not sure about what to decide.

A more detailed question was raised and the following table shows the results of the questionnaire;

Table 4.8 Data on closing procurements

Q	Closing procurements	Strongly Agree		Agree		Not sure		Disagree		Strongly disagree	
		No	%	No	%	No	%	No	%	No	%
1	Provides bases for best supplier selection	6	18.2	24	72.7	1	3.0	2	6.1	0	0.0
2	Decreases lead time	0	0.0	24	72.7	9	27.3	0	0.0	0	0.0
3	Increases quality of work provided	2	6.1	26	78.8	5	15.1	0	0.0	0	0.0
4	Creates uniform procurement systems	23	69.7	10	30.3	0	0.0	0	0.0	0	0.0
5	Increases effective utilization of available resources	0	0.0	18	54.5	12	36.4	3	9.1	0	0.0
6	It reduces Conflict of interest	0	0.0	7	21.2	24	72.7	2	6.1	0	0.0

7	Improves performance of the department	22	66.7	11	33.3	0	0.0	0	0.0	0	0.0
8	Helps in reducing costs	0	0.0	25	75.7	6	18.2	2	6.1	0	0.0
9	Helps in finding the right suppliers at the right time	0	0.0	15	45.4	14	42.4	4	12.2	0	0.0
10	Helps in meeting key performance indicators	0	0.0	26	78.8	4	12.2	3	9.1	0	0.0
11	Increases client loyalty	5	15.1	28	84.9	0	0.0	0	0.0	0	0.0

Source :- (Own survey, 2017)

The more detailed data collected on the issue of whether closing procurement activity helps in different ways is analyzed as follows;

The first question Q1 suggests that closing procurements provides bases for best supplier selection, in accordance with the participant's response; 6 (18.2%) strongly agreed, 24 (72.7%) agreed, 1 (3%) was not sure while the remaining 2 (6.1%) of the participants disagree. As per the result, more than 90% of participants said they agree to the fact that closing a procurement activity provides the bases for best supplier selection.

The second question Q2 implies that closing procurement decreases lead time. The response of the participants were; 24 (72.7%) agreed, 9 (27.3%) were not sure while there are no participants who disagreed. This shows that every procurement activity needs to be closed in order to decrease the lead time over purchasing, acquiring, delivering and using of the purchased good or service.

The third question Q3 asks if closing procurement activity of the project increases the quality of work provided; the respondent's response was; 2 (6.1%) strongly agreed, 26 (78.8%) agreed while the remaining 5 (15.5%) were not sure. As closing of procurement activity is part of the

procurement process, it increases the quality of the work provided by the procurement department. The above result shows the same as around 85% of the participants think the same.

The fourth question Q4 is about whether closing a procurement activity creates uniform procurement systems on which the participants responded; 23 (69.7%) of them said they strongly agreed, 10 (30.3%) said they agreed, while there are no participants who disagreed with the above principle. The result shows that 100% of the respondents think that closing a procurement activity creates a uniform procurement system. This is in accordance with the result of the interview conducted about closing procurement in which the interviewees all agreed that it creates a uniform procurement system.

The fifth question Q5 asks if closing procurement activity increases effective utilization of available resources, in which the results were 18 (54.5%) of the participants agreed with the principle while 12 (36.4%) of them were not sure on what to decide and the remaining 3 (9.1%) disagreed. Since resources are scarce, closing one procurement process and trying to utilize the next resource effectively and efficiently needs a proper procurement procedure. The result shows the same. More than half of the participants agreed that available resources can be better utilized if procurement activities are closed properly.

The sixth question Q6 is asking if closing procurement activity reduces conflict of interest. The result was; 7 (21.2%) agreed, 24 (72.7%) were not sure while 2 (6.1%) disagree. As mentioned above earlier conflict of interest occurs when procurement employees conduct the organization's business in such manner as to further their own personal gain or that of their families and friends. The above result shows about 98% of the participants agree that effective closure of a procurement activity tends to reduce conflict of interest among employees and other teams of the project.

The seventh question Q7 is about if closing of procurement activities improves the performance of the department. 22 (66.7%) of the respondent strongly agreed while 11 (33.3%) of them agreed. As the performance of any procurement department is measured by effectively following the procurement processes set out, the results for this question strongly backs this principle.

100% of the participants agree that effectively closing a procurement activity improves the performance of the procurement department.

The eighth question Q8 asks if closing of procurement activity helps in reduction of costs. 25 (75.7%) of the respondents agreed that this activity helps in reducing costs, 6 (18.2%) said they were not sure while the remaining 2 (6.1%) of the respondents disagree. Cost minimization is one part of effective project completion therefore; the result above indicates that most of the participants believe that effectively closing a procurement activity helps in reducing the costs of the project.

The ninth question Q9 asks if effective closure of procurement activity helps in finding the right suppliers at the right time. For this question, 15 (45.4%) of the respondents agreed, 14 (42.4%) of them were not sure while the remaining 4 (12.2%) of the participants disagree. As per the above result, less than half of the participants have only agreed that proper closure of procurement activity helps in finding the right supplier at the right time and almost the same number of participants were not sure what to decide. Again there are also some participants who disagreed on this fact.

The tenth question Q10 suggests that effectively closing a procurement activity helps in meeting key performance indicators of the project. 26 (76.8%) agreed, 4 (12.2%) were not sure while the remaining 3 (9.1%) of the participants disagreed. As per the above result, most of the participants believe that effective closure of any procurement activity helps in meeting the KPIs of the project and also the company.

The last question Q11 asks if effective closure of procurement activity increases client loyalty. 5 (15.1%) of the participants strongly agreed on the issue while 28 (84.9%) of them agreed that if a procurement activity is effectively closed, it increases client's loyalty. The above result shows 100 % of the participants agree that if a project procurement activity is properly closed, it will increase the loyalty of the clients.

#### 4.11. Procurement procedure of Yara Dallol BV

Procurement Procedure is a standing plan and general stapes should be followed in procuring goods and services to the company. The procurement procedure followed can be determined by type of procurement and from where the procurement is executed.

The company procures the following products and services.

Table 4.9 Company procurement list

Feature	Product and service					
	Consumables	Parts	Fuel and Lubricants	Small Equipment	Assets	Services
Quantity	Large	Large	Large	Relatively large	Small	Relative
Frequency	High	High	High	Relatively high	Low	Relatively high
Value	Low	Low	High	Relatively large	High	Relative
Nature	Operational	Operational	Operational	tactical	Strategic	Relative
Type	Routine and Leverage	Bottle neck	Bottle neck	Routine and Bottle neck	Strategic	Relative
Example	Building Material	Car parts	Gas oil	It tools Head tools PPE	Big Machines	Transport Specialize services

Source: - Secondary data from company

Generally Yara Dallol BV procurement follows 8 to 11 steps to purchase goods and services depending on the location of the purchase.

Table 4.10 Company procurement process

S/N	Procedure	Type of Procurement	
		Foreign	Local
1	Need recognition and transmission	ç	ç
2	Out sourcing decision	ç	ç
3	Supplier investigation and selection	ç	ç
4	Actual purchase	ç	ç
5	Follow up	ç	ç
6	Main transport	ç	
7	Custom clearance and forwarding	ç	
8	Inland transport	ç	ç
9	Receiving	ç	ç
10	Costing	ç	
11	Closing and Reporting	ç	ç

Source: - Secondary data from company

#### 4.11.1. Need recognition

The following entities can submit a material requisition (MR) based on identified requirements: Department representatives, store keeper/ manager, other managers in the company. The MR is issued to the company's site manager. The site manager issues a purchase requisition (PR) to the Procurement Manager with exhaustive specifications and details of the product or service to be procured. The PR shall contain a classification of priority (1-3), as well as a recommendation on whether the product should be procured locally or be imported.

### **4.11.2. Outsourcing decision**

The procurement manager decides on whether to outsource the procurement guided by the following criteria and based on an assessment of the internal and external available capacities:

### **4.11.3. Supplier due diligence and quality approval**

Price, quality, reliability and lead time are the key parameters governing the selection of supplier. A preferred vendors list is developed to ease the supplier investigation process and keep procurement efficient (detail below). A transparent set of criteria must be set up when selecting a supplier. Outsourced procurement can be subject to audit of these criteria by Yara. All suppliers must sign and comply with the Yara Internal Due Dilligence form, and the Yara Code of Conduct. Whenever there is ambiguity in the make, model or quality of a product, the procurement department will seek a quality approval from site manager before proceeding.

### **4.11.4. Actual purchase**

A purchase is initiated through a purchase order (PO) issued by procurement department (Yara or outsourced). Based on monetary value of the procurement, an approval of PR/PO must be given in accordance with the attached approval matrix before commitment towards a supplier.

### **4.11.5. Follow-up**

Outsourced procurement status must be given to procurement department on a weekly basis. Procurement department issues a weekly report to relevant stakeholders in the company updating the status of all approved PRø.

### **4.11.6. Receiving**

A Good Receiving Note (GRN) must be issued by stores department when receiving the right quality and quantity of goods. The GRN is submitted to procurement manager and finance manager. Stock level is updated by the stores department in the electronic inventory system immediately upon receiving goods.

#### **4.11.7. Supplier selection and preferred vendors list**

Yara procurement policy and code of conduct shall govern the practices of supplier selection both for Yara and outsourced procurement. For procurement which are not done through a preferred vendor, the procurement department shall collect three quotes. Suppliers are evaluated based on the following criteria, on order of importance: Quality, Price and Service. A transparent auditable supplier selection system must be in place for all purchases.

## CHAPTER FIVE

### MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

The final chapter of the research highlights the summary of finding; conclusion drawn and recommendation have been provided as per the findings of the study in order to improve the project procurement management practice of Yara Dallol BV potash project.

The major purpose of the study was to analyze and examine the project procurement practices in areas of procurement planning, conducting, controlling and closing activities at Yara dallol BV potash mining project that will enable it to achieve its goals.

It was with the intent to find out the weakness and strength of the procurement process and activity and recommend possible ways of improving the problems that might exist in the project. To this end, basic questions or indicators addressing the issues related to procurement planning, conducting, monitoring and controlling and closing activities were all raised.

To address the research questions, the investigator reviewed the relevant literature, prepared a questionnaire for employees of the project team as well as outside parties involved in the procurement activity of the project and also the management team of the project. Also interview guide questions on the basis of the reviewed literature to collect data from the management team were also prepared and employed.

#### 5.1. Major Findings

Based on the above data obtained, it was analyzed and interpreted by using percentage and frequency. Based on this, the following major findings were drawn from the analysis;

##### **On procurement planning issues**

The project's procurement department has set up its own procurement plan and the major findings on this issue from the data collected are:-

- The data showed that the company has a well set out procurement plan and the first finding of the study shows that most of the respondents think that the availability of a procurement plan does not increase the quality of orders for the project procurement.
- Availability of procurement plan in the company decreases the time required for purchase and delivery of goods and services in the project.
- The availability of the procurement plan increases the completion of the number of any part of the project on time.
- The availability of the procurement plan helps in creating a uniform procurement system in the project. Uniform procurement system helps in creating a strong procurement department as well as improving the department's ability in its performance.
- Procurement planning is one of many considerations in utilization of the available resources effectively and efficiently and the availability of a procurement plan has a major role in improved procurement department.
- The company has a good procurement plan set out and having a procurement plan has a major impact in cost minimization.
- Procurement plan plays a key role in finding the right suppliers at the right time and procurement plan is essential in meeting the project's KPI.

### **On availability of SOP for conducting procurement**

The major findings related to the availability of SOP for conducting procurements are as follows;

- The company has a well prepared SOP for its project activities and its availability has a strong indication in helping in increasing the quality of purchases and also helps in assessing different market segments.
- Availability of SOP not only helps in creating a uniform procurement system but also decreases the time required for procurement and delivery of goods and services.
- SOP for conducting procurements plays a vital role in helping confirming the right quality of goods and sources of purchase and improves performance of the department.
- SOP can be used as a standardized tool for supplier selection.

## **On monitoring, controlling and closing procurement**

As can be found from the findings, in the controlling and closing practice of procurement the result from the response reveals that there is a good monitoring and controlling done to ensure that procurement is being conducted as per the plan. But there is no documentation on lessons learned. Even if there is a procurement controlling stage, there is no clearly defined procurement monitoring and controlling process for the project. As per the results of the research and the secondary data collected, the project has a closing stage for procurements but the process is not well defined and well documented.

## **5.2. Conclusion**

Based on the findings and data analysis of the research, the following conclusions were drawn on the practice of project procurement management. Even if Yara Dallol BV has a procurement plan for all its purchases, it is essential that this plan is followed according to the policy set out. Also in conducting the procurement by using SOP developed by the company, the external or supplier's environment must also be considered. For example in supplier selection, the company should consider not only the availability of competitive suppliers but also their experience in performing huge procurement activities.

Finally, from the study it can be concluded that there is poor monitoring and controlling and closing undertaken with regard to the procurement practice being applied as to what was planned. It is also noticed that the company uses outsourcing companies for its procurement practices. Rather than rushing to give purchase orders to third party organizations, the company had to consider all its options and create a good controlling mechanism and lessons learning document. Due to which taking a timely corrective action will be difficult to undertake for inappropriate action that might occur on delivery of procured goods. As a result future procurement practice cannot take lessons from what has occurred currently or in the past as there is a lack of proper documentation.

### 5.3. Recommendations

Based on the findings and conclusions, the following recommendations are forwarded.

- Good procurement procedure require follow up evaluation of suppliers, sometimes even of the individual purchases in order to ensure whether they are buying the best value in terms of the best quality, prices and services since the result indicates that less than 40% of the respondents think that having a good procurement plan helps in effective utilization of available resources. A constant follow up is needed on the implementation of the procurement procedures.
- The availability of standard operating procedure (SOP) helps in having a smooth procurement operation and helps in effective utilization of available resources. Only 41% of the respondents agreed to this and the company should make efforts, such as trainings, to have the remaining employees have the idea of the necessity of SOP in effective utilization of resources.
- Even if the company has a good procurement plan set out and having a procurement plan, as it has been found from the analysis, only 66% of the respondents know about its existence. Therefore, since having a good procurement plan, has a major impact in cost minimization, among others, the company should effectively and efficiently communicate this to the rest of the employees.
- Detailed trainings on procurement processes should be provided to the project teams as well as outsourcing companies on current project procurement practices of the company, as it will enable them to develop their knowledge and increase their productivity when in need.
- In selecting and awarding purchase orders for clients, a thorough background check, experience and ability of suppliers must be done and the company should specifically present its expectations clearly and precisely as the data shows in conducting procurements, only 67% of the respondents think that availability of SOP increases the reliability of suppliers.
- Even though the company has a procurement closing stage, it can be seen that the process is not a much detailed process and due attention was not given to the process. Therefore,

in order to follow the procurement process and also improve the performance of the procurement department, due attention must be given to this stage.

- The study recommends that delays in the procurement process can be reduced by giving procurement planning the needed attention by management of the organization. It is important to have a well setout procurement planning in order to get the best out of the department.
- Finally, the researcher recommends for further research to include other knowledge areas of project management related to procurement practices. As the scope of the study is limited to only one company's project procurement department, generalization of the result is limited. Therefore it is suggested that a wider research need to be made on other project areas as well.

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## **Appendix: Questionnaires and Interview**

Dear respondent:

My name is Habtom G/medhin, MA student in Project Management at Addis Ababa University School of Commerce. I am carrying out a study on practice and implementation of project procurement activities at Yara Dallol BV. For completing the study, I kindly request you to participate in this research study by completing the attached questionnaire. I sincerely request you to respond to the questions as honestly as possible and return the completed questionnaires as soon as possible.

1. Please indicate your highest level of education.

Certificate	Diploma	Degree	Post graduate
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	_____		

2. Please indicate your position in the project.

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3. For how long have you worked in procurement area?

Below 5 years	between 5 and 10 years	11 and above
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. For how long have you worked in this organization?

Below 2 years	between 2 and 4 years	4 and above
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### **Availability of procurement management process**

5. Is there a standard procurement management process for the project?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Not sure	<input type="checkbox"/>
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6. Can you please indicate your extent of agreement with the following statement on the availability of procurement plan and its effectiveness on the project?

<b>Availability of procurement management</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Not sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>
Important for the project team as a whole					
Used as a training tool for the project team					
Used as a procedure for acquiring goods and services					
Creates uniform procurement systems					

### Availability of procurement Planning

7. Does the company have a set-out procurement plan on which it uses?

Yes  No  Not sure

8. Can you please indicate your extent of agreement with the following statement on the availability of procurement plan and its effectiveness on the project?

<b>Availability of procurement plan</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Not sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>
Increases quality of orders					
Decreases the time required for purchase and delivery					
Increases number of parts of the project completed on time					
Creates uniform procurement systems					
Effective utilization of available resources					
It reduces Conflict of interest					
Improves performance of the department					
Reduces costs					
Helps in finding the right suppliers at the right time					
Helps meet key performance indicators set on procurement management					
Used to help acquire goods or services that are needed for the project effectively and efficiently					

**Conducting procurement (Supplier selection, contract agreement, making purchases)**

9. Does the project have a specific set of standard operating procedures (SOPs) for conducting procurements?

Yes

No

Not sure

10. Can you please indicate your extent of agreement with the following statement on the results of the availability of SOPs for conducting procurements and its effectiveness on the project?

<b>Availability of SOP for conducting procurements</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Not sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>
Helps in increased quality of purchases by assessing different market segments					
Decreases the time required for procurement and delivery					
Increases reliability of suppliers					
Creates uniform procurement systems					
Helps in effective utilization of available resources					
Helpful in confirming the right quality of goods and sources of purchase					
Improves performance of the department					
Helps in reducing costs					
Helps in finding the right suppliers at the right time					
Helps to use preferred suppliers effectively to streamline the Procurement process					
Used as a standardized tool for seller selection					

**Monitor and control procurements**

11. Does the project have an effective system of controlling and monitoring the procurement activities of the project?

Yes

No

not sure

12. Can you please indicate your extent of agreement with the following statement on the effectiveness of monitoring and controlling procurements?

<b>Monitoring and controlling procurements</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Not sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>
Increases quality of orders					
Increases the continues improvement of the company					
Increases number of parts of the project completed on time					
Helps to ensure that procured goods are delivered/executed as planned					
Effective utilization of available resources					
It reduces wastage of procurement and delivery time					
Improves performance of the department					
Helps in reducing costs					
Helps in finding the right suppliers at the right time					
Improves transparency					

**Close procurement**

13. Is it necessary to close procurements?

Yes  No  not sure

14. Is there a systematized way or clearly defined process of closing procurements once the purchase is done?

Yes  No  not sure

15. Can you please indicate your extent of agreement with the following statement on the effectiveness of closing procurements?

<b>Closing procurements</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Not sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>
Provides bases for best supplier selection					
Decreases lead time					
Increases quality of work provided					
Creates uniform procurement systems					
Increases effective utilization of available resources					
It reduces Conflict of interest					
Improves performance of the department					
Helps in reducing costs					
Helps in finding the right suppliers at the right time					
Helps in meeting key performance indicators					
Increases client loyalty					

## **Interview questions**

- (i)** Do you have a procurement management system in the project? How effective is it as far as procurement of goods and services is concerned?
- (ii)** Do you have a standardized operating procedure (SOP) for procurement activities?
- (iii)** It is understood that most of your operational materials are overseas sourced: How effective or ineffective is this source as far as the users in the project are concerned?
- (iv)** Is there a procurement plan at your project?
- (v)** How is procurement conducted?
- (vi)** Are there mechanisms to control and monitor procurements?
- (vii)** Do you close procurements? When do you think the procurement process closed?
- (viii)** What type of system do you use to select suppliers?