



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

**THE ASSESSMENT OF PROCUREMENT MANAGEMENT  
FUNCTIONS IN PROJECT PERFORMANCE: IN THE CASE OF  
ADDIS ABABA CONSTRUCTION BUREAU GULLELE SUB  
CITY PROJECTS**

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**JUNE 2022**

**ADDIS ABABA, ETHIOPIA**

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**The Effect of Procurement Management Functions in Project Performance,  
In the case of Addis Ababa Construction Bureau Gullele Sub City Projects**

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**A Project Work Submitted to Addis Ababa University School of Commerce  
In The Partial Fulfillment of the Requirement for the Award of Masters of  
Arts Degree in Project Management**

**JUNE 2022**

**ADDIS ABABA, ETHIOPIA**

## **Declaration statement**

I am here standing here to prove that this project work titled “The Effect of Procurement Management Functions in Project Performance: In the case of Addis Ababa Construction Bureau Gullele Sub city projects” is my new unique and genuine work. I have done this project work all on by myself with the help of my advisor and giving my testimony on it. This project work have not been submitted by anyone apart from me or used in any kind of university or school to fulfill their educational status. The sources which are used in this project work are properly recorded.

**Declared by: Henok Terefe Shebabaw**

**Signature: \_\_\_\_\_**

**Date: \_\_\_\_\_**

## **Certification statement**

This is to certify and acknowledge that this project work titled “The effect of procurement management functions in project performance, in the case of Addis Ababa Construction Bureau” is a unique work which was carried out by Henok Terefe Shebabaw under the watch of Dr. Abdurazak Mohammed, which is submitted in the partial fulfillment for the award of Masters of Arts Degree in Project Management have matched the codes and principles of the university and it meets the accepted standards, uniqueness, originality, and quality.

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## **Acronyms**

<b>AACB</b>	Addis Ababa Construction Bureau
<b>AACB – GSP</b>	Addis Ababa Construction Bureau Gullele Sub city projects
<b>CIPS</b>	Chartered institution for purchasing and supply
<b>CM</b>	Contract management
<b>IM</b>	Inventory management
<b>NA</b>	Need assessment
<b>RFA</b>	Request for application
<b>RFP</b>	Request for proposal
<b>SPSS</b>	Statistical package for social sciences software
<b>SS</b>	Supplier Sourcing

## ***Abstract***

*This next project work studies how procurement management functions will affect the performance of a governmental urban construction project in the case of Addis Ababa construction bureau Gullele Sub city projects. The researcher will try to fill the gap between governmental project performance and procurement function practices. And also this project work examines how the four functions of procurement management will affect the performance of a project. As a methodology this project work conducted through quantitative approach that is because the data gathered through questionnaire is quantitative (uses number form) and also it used descriptive design. For the project work the empirical data were collected through questionnaire for the examination of presented hypothesis. And also by using Cronbach's alpha, the reliability of the questionnaire were tested by using SPSS 26. This project work used mean analysis to measure the data collected and present it. The general objective of this project work is to analyze the four functions of procurement functions that will affect the performance of governmental funded project in the case of Addis Ababa Gullele sub city projects and give conclusions and recommendations about it. The project work has recommended that Addis Ababa Construction bureau should employ the four functions of procurement management for their projects.*

*Key words: Procurement functions, procurement management*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Through different literatures and different scholars the execution of a project has been given different definitions. For example Project execution is a form of organizational structure and set of processes which will be used by donors or clients to finalize projects, Chan (2007). What kind of procurement approach the project will have to employ on its project will have a huge impact on the performance of the project. On many occasions donors of projects have the urge to find a way to have successful projects. In different kinds of projects different kinds of project performance might exist.

Different literatures and knowledge areas of project management illustrates that how the 3 pillars of project (time, cost and quality) will affect the performance of a project. Clients on the other hand, face challenges as a result of arduous effect of balancing multiple elements that underpin the decision process, Moenaar et al (2009) defined procurement methods as a major factor which will affect the performance of a project through its execution phase and will have you encounter a positive or negative outcome on the performance of a project. Procurement should be efficient and corruption free specially on governmental funded projects because they are utilizing the resource of the citizens. Best or bad project performance might occur due to the proper or improper implementation of procurement management respectively.

For a very long time now on public or private industries procurement were a major issue for discussion. And obviously they need proper implementations as well as rules and regulations on how to implement them depending on the various industry they are on. On layman's terms simply procurement is the buying of products and services from different areas. In our mother country different organizations are trying to implement their best to achieve best procurement policy. As much as the government and private sectors are trying to avoid negative approaches for procurements (such as forge bidding, corruption, embezzlement and etc). The government have its own procurement act which will protect the procurement from any illegal approach and will try to achieve better project performance.

Inadequate regulatory compliance has been the biggest roadblock to procurement. Non-compliance is a problem that affects not only third-world countries but also European Union countries, according to Boström, Jönsson, Lockie, Mol, and Oosterveer (2015). Furthermore, public procurement compliance remains a big issue. Public officers who receive a "Value Gift" must transfer it to a public organization, according to the Leadership and Integrity Regulation Act (2015). These significant gifts will be considered public property and will be received and disposed of according to the Public Procurement and Asset Disposal Act 2005.

Due to the lack of proper procurement management major projects of the government and private sector will be unfinished and transferred to another project ending time, and mostly cost overruns will emerge. Proper procurement management helps the government and the private sector to properly identify their need, how to acquire and fulfill their goals on their project success. Proper procurement will help organizations to assess what the available market is providing, how those items on the market will help to utilize our project, and most importantly how will we acquire those needed items that will help us achieve our project goal. Plus procurement management is one of the knowledge area of project management.

## **1.2 Statement of the problem**

The main and basic purpose of project procurement management in governmental organizations is to ensure that all the acquiring of needs for their projects will be utilized properly in a mannered fashion which is scientific and corruption free and it have to be carried out by experienced professionals. It is rumored and justified that most procurements made by the governmental bodies have an issue of transparency and they are not free of corruption. This kind of approach will kill the motives of competent suppliers for the project and it will lead to the failure of the expected project. It is mentioned that a lot of government organizations, the public procurement process is sheltered with concealment, incompetence and bribery (Nyakundi, et al., 2012). According to studies, procurement operational errors are causing poor service delivery and client discontent, which has become a global issue. April 2013 (OECS).

In many cases project donors, project stakeholders and project stockholders finds the procurement for public projects not very well. Many project works have been done on the donor financing procurement processes and their relationships with project implementation. For

example Asfaw (2009) relationships that exists between. As far as there are lesser project work illustrations has been made on the interrelationships between project management functions and project performance. This project work will try to investigate and examine the four procurement functions those are need assessment, contract management, supplier sourcing and inventory management with performance of governmental project in the case of Addis Ababa construction bureau gullele sub city projects. There are almost no study which examines this portray of view on donor funded project. This project work will try to give an image for governmental urban city construction projects.

### **1.3 Research objectives**

#### **1.3.1 General objectives**

The general objective of this project work is to analyze how the four procurement management functions affect the performance of a project in the case of Addis Ababa construction bureau gullele sub city projects

#### **1.3.2 Specific objectives**

The specific objectives of this project work are:

- i. To analyze Addis Ababa construction bureau Gullele sub city project performances in terms of need assessment practices
- ii. To analyze Addis Ababa construction bureau Gullele sub city project performances in terms of supplier sourcing
- iii. To analyze Addis Ababa construction bureau Gullele sub city project performances in terms of contract management
- iv. To analyze Addis Ababa construction bureau Gullele sub city project performances in terms of inventory management

### **1.4 Research questions**

- i. To assess in what extent need assessment practices affects the performance of Addis Ababa construction bureau Gullele sub city projects
- ii. To assess in what extent supplier sourcing practices affects the performance of Addis Ababa Construction bureau Gullele sub city projects

- iii. To assess in what extent contract management practices affects the performance of Addis Ababa Construction bureau Gullele Subcity projects
- iv. To assess in what extent inventory management practices affects the performance of Addis Ababa construction bureau Gullele sub city projects

## **1.5 Scope of the study**

As much as there are wide and various ways to assess impacts of procurement management on the outcome of a governmental project, the researcher uses the four functions of procurement management to come up with a result. And also the project work is being conducted on a single organization and branch which is Addis Ababa construction bureau, Gullele sub city projects/

## **1.6 Significance of the study**

One of the major decisions to be made by the project managers are decisions on procurement for the project. This project work will illuminate the views on project managers how to procure and how the functions of proper procurement management will have impact on their project performance. Having a scientific way to utilize projects procurement will help improve performance of projects. And this project work will give views for governmental and private procurement makers to adopt the four functions of proper project management and also it can be used by other project workers and researchers as a reference.

## **1.8 Definitions of terms**

**NA (Assessment for needs):** is a scientific way to determine what kinds of needs are being needed for the success of a project and how much of those resources are being needed by the project.

**CM (Management of contracts):** It is a proper way of administering contracts by the project managers or other concerned parties for the acquiring of needs

**IM (Management of inventories):** It is the proper utilization of needs for the project work. And the scientific way to manage, store, record and use those resources.

**SS (Sourcing of suppliers):** It is a scientific way of selecting potential external suppliers and managing them softly in a fashioned manner.

**Procurement Management:** Procurement management is one of the basic knowledge areas of project management which will have a huge impact on the success or failure of a project. It also have 4 basic functions which were mentioned above.

**PP (Project performance):** is scientific or traditional way to measure the success or failure of a project on the basis of scope, time and cost which were planned with the project donor.

## **1.9 Organization of the study**

This project work is divided in to five main chapters. The first chapter is consisted of background of the study, statement of the problems, the project work objectives, the purpose of the project work, scope and limitation of the project work and definition of terms. The second chapter is consisted of literature reviews, different theories mentioned by different scholars which will have direct connections with this project work. The third chapter is consisted of the project work methodologies, how samples are selected, how data will be collected, analyzed, interpreted and presented. The fourth chapter is consisted of the analysis, presentation and interpretation of the data collected through questionnaire. The fifth and the final chapter includes conclusions and recommendations based on the facts plus it will have appendixes and references.

# **CHAPTER TWO**

## **2. LITERATURE REVIEW**

### **2.1 Introduction**

This chapter is consisted from different researches, articles and theories which were mentioned before in many ways by different scholars through time about governmental funded procurement management, procurement management functions and their effects in the performance of their projects. The four procurement management functions (NA, CM, IM and SS) will be discussed thoroughly.

### **2.2 Theoretical review**

Projects which will be financed by the government have huge complexity from their inception to their completion. In most cases professionals will focus on a single view to conduct procurement, but they don't try to update themselves through literatures, nor do they try to make new approaches to procurement management (Van Der Veen 2011). This next part will try to elaborate 4 theories, those are: agency theory, stewardship theory, resource dependence theory and stakeholder theory.

#### **2.2.1 Transaction cost theory**

This a theory about outsourcing the needed supplies, goods or services from an external party. It includes variety of costs in it like coordination, transaction, search, and contracting costs and its main idea is about minimizing those costs (Williamson 2010).

For any governmental project cost minimization is important especially in the processes of procuring goods and services. There are variety of costs which will affect the performance of a project, and those costs should be minimized by doing proper feasibility study and a strong procurement management practices. Mostly governmental projects final outcome and proposed outcome doesn't match. This is mostly because of the cost overruns. One of the major reason to cause cost overrun is the improper utilization if governmental project procurement funds. In a matter of like this governments should really have their own procurement policy and regulations, a procurement personnel who was found guilty of the violating the rules and policies of the procurement act should be penalized.

We can see many urban developmental city construction projects being unfinished in time or being run out of budget. This theory suggests that the many costs regarding to the procurement of needs of a project should be minimized as much as possible. There should be a thorough market assessment research bases on the needs of the project, those needs should have to be known first, in order to know and acknowledge those needs the procurement department should have to make an assessment on the project personnel that what is needed for the succession of the project. After those needs are being addressed by the department the procurement department can make a market research or make an advertisement on what they need and they have to call for potential suppliers. This process should be as transparent and accountable as possible. After that a potential outsourcer should be selected based on their performance on similar prior projects. After that there should be a monetary and beneficial negotiation with the potential bidders so that the organization should not be shaken down. After that there should be a contract signing on the obligations of the agent and the principal, what should be done, by whom it should be done, when it should be done and by what standard that should be done would have to be also included in the contract. If any of those clauses in the contract have been violated in any way the violated party should have to be asked in a legal matter.

After that the procurement department should have to implement a proper inventory management strategy. The received goods from the outsourcer should be properly investigated in terms of quality. If those received goods and services doesn't match the criteria which was mentioned in the contract, those goods should have to be returned back and ask for the promised service. But if those goods have been found good in terms of quality the inventory management department should have to warehouse them, record them and distribute them in a fashionable manner for the needy project party, this process will minimize the costs of the procurement department and helps to improve the performance of and ongoing or planned project.

## **2.2.2 Agency theory**

Agency theory is a kind of theory which is concerned about how the donor of a project will administer someone on their behalf which will give them project satisfaction by transferring authority to the agent or the contractor. The term agency refers the interdependency among project donor and the contractor and they will have agency contract to protect them both from fading away from promised objectives. And it will give them segregation of duty on how to perform their expected duties (Tenhlä, Rungtusatham and Miler, 2017).

The major point on agency theory is that when the two parties are working together (the principal and the agent) there might be clashes of interests will occur. They have their own similarity and differences. The principal should give proper payment on time for the agent for the work done, and there should be an honesty among them because if there are msiclarities that will lead the project in to a failure. A pair of major clashes will occur in agency relationships those are: agency problem and risk sharing problem (Xingxing 2012). When there is unexpected project outcome occurs a clash will most likely to be raised between the principal and the agent.

The theory states that the donor will transfer the authority to execute on the project on behalf of them. The decision making ability will be the agents as much as the donor or the project principal. Self-interest will be the main disparity among the donor and the agent.

This theory discusses how the project manager or procurement department of the project will act on behalf of the project sponsor. If there is lack of proper agency connections it will result in poor project outcome, poor procurement, and poor interdependency among suppliers. If there is clash or poor inter connections among the agency, it will result in poor project performance, wastage of resources such as time and money and also losing a name of what a reputation build.

If the project sponsor is having intelligence about how the agent is misconducting the procurement process and they begin to frustrate and back off from the project, there ought to be put a controlling mechanism to be put in their contract. Otherwise it will leads both parties to unsettle and have legal clashes (Keng'ara 2013). This project work will use this theory to determine whether there is an effect between procurement functions and Addis Ababa construction bureau Gullele sub city projects performance.

### **2.2.3 The social exchange theory**

This theory is about having a positive name and reputation for the procuring organization and making a good and procurement contract for the outsourcers by first analyzing the cost benefit analysis of the organization (Hutchinson and Charles worth 2003)

In the context of this project work when we see social exchange theory, it is more about having the outsourcer beneficial in a cost minimized form as a win-win advantage for both the principal and the agent. The agent should have to provide goods and services as promised and the principal should also obligate its duty. The more the needs of the both parties are satisfied the more the performance of the project will be enhanced.

Almost many of urban governmental construction projects are being constructed for the purpose of aiding the community, the main intrinsic motivation of the government is by delivering good projects to its community, it is about satisfying one another. (Corpanzo m and Mitchell M.S). The construction projects might be building of governmental schools, health stations, social areas or youth centers. The government won't get any kind of financial profit in this developmental projects but the satisfaction of the community is the reward and the profit of the government. So the procurement department of these governmental organizations should properly assess their cost benefit analysis. Because they can achieve more for a potential outsourcers whose primary objectives are not just in the justification of monetary exchange but by providing quality goods and services in the appropriate costs (Emerson R.M 1987).

### **2.2.4 Resource based view theory RBV**

This theory major argument is that in order to have a better performance in any kind of industry either governmental or private its final or current outcome which will be measured as performance is based on the needs of the project (Lockett et al. 2009)

For any kind of urban developmental construction project the resources needed for the completion of the project should be assessed and determined properly. The procurement department should have to make a broad research on what is needed in which department, in what factor that needed resource will affect the performance of the project, and the deliverance time of that needed resource should have to be properly addressed. Providing the proper

resources at the right time and quality is the main characteristic of a project procurement department.

It is also a systematic approach to keep the projects performance high with the compliance of competitive advantage (Barney 1991). A project should have to be completed at the estimated time otherwise there will be consequences. The procurement department should have to provide the needed resources at the right time. In most cases the project postpone or project delay will occur by not knowing the proper resources needed for the completion of the project. These needs should have to be carefully assessed in a fashionable manner to achieve higher standard of project outcome or project success. Governmental institutions should have to carefully assess what they need as a resource for the succession of a project. This is one major role of a governmental side project procurement department and it should be carefully done without making any corruption while assessing the needs of the project.

### **2.2.5 Stewardship theory**

The term steward means keeper of something and when we look at the name of the theory it gives hints that managers are the keepers of the project on course. This theory was stated by Donaldson in in the year 1991 and by Davis in the year 1993. The main argument of this theory is managers will be satisfied based on the project successes they are achieving. They will be not motivated by other extrinsic motivations such as finance. The main purpose of the managers are to be stewards of the project as keeping the main objectives of the project donors be in line with the final project outcome. The main intrinsic motivations of the project managers in this theory are the succession of the project or the appreciation from fellow colleagues or building and keeping up their positive reputation.

This theory states that there must be a positive interrelationship between project donors (such as government or private sector) and project managers (stewards), and it states they have to work in peace collaborate as one. In this kind of situations the person who is responsible for the leading of board of directors and the person who is responsible for the execution of project phases of the organization who is the chief executive officer should work together in alignment as one. This was stated by the two British theorists Davies and Donaldson.

This combination of making the leader of the board of directors and the chief executive officer will help the project to achieve better project outcomes and it helps to utilize procurement costs. Which were stated by (Abdulla and Valentine 2009). This combination between leader of the board of directors and the chief executive officer is highly supported in this theory model. It will help the board of directors to select best project managers and project executing and procuring officers for the success of the project, it will help the project by maximizing the profit of proper procurement management by executing procurement management functions. Having more project executive officers in board of directors will help the project to have best outcomes on procurement performance and project success. This were discussed by Letting et al. (2012).

#### **2.2.4 Resource dependence theory**

Resource dependence theory is the kind of theory which will be preached on black February month. This theory dates back the late nineteen forty's. it states that the industrialized or developed countries use force to maximize their wealth by having economic sanctions on the developing countries. The developed countries will put a limitation on how the developing countries can export their natural resources or will put high tax rate on them. In order to have less manufactured goods from the developed countries, the developing countries will have to give most of their unrenowable natural resources, which is not appropriate. In this economical factor the developed countries are getting even fatter than they were ever before and the developing countries are losing more from what they have. There is huge amount of poverty in sib Saharan countries and the need more from the developed countries. This was mentioned by Alkire and Santos (2013).

In a survey more than 300 million populations of sub Saharan countries are grossing less than a single dollar value per day, which is pretty sad reality of today. And these countries are now trying to have a secure economy these days by implementing different economic strategies. According to Chen and Ravalli (2010).

#### **2.2.5 Stakeholder theory**

The term stakeholder in project includes those who have internal or external involvement on the project, the main list of project stakeholders are project donors, board of directors, project staff members, chief executive officers, procurement personnel, contractors and etc. this theory states

that there must be positive relationships between among stakeholders. When there is high positive collaboration of stakeholders occur the more the project will become closer to success. In the year 2004 there was huge change occurred in the stakeholder theory. During that time it was stated that the earlier and traditional approaches of stakeholder governance has become more modernized and it starts to include the many needs and interests of different stakeholders of the government project. This supply chain management theory was studied by Grover and Malhotra (2013). This two researchers had found that transaction cost theory is mainly intended with what to produce, how to produce, for whom to produce, problem related growth and this points are direct economic issues in projects. They also stated that personal and interpersonal skills and relationships are basic supply chain factors which helps to the success of governmental funded projects.

In a massive organizations the project stewards will manage a pair of project members, the one who was assigned to do a job from the project conception to its inception and the second type of members are those collections of consultants, best practitioners or experts from the different departments of the outside project.

As its mentioned earlier project managers are the stewards of a project they are entitled to various types of responsibilities, such as planning, watching the risks, managing funds, keeping interpersonal relationships, keeping the project with in budgeted cost, time, scope, quality and dimension. It is also the responsibility of the project managers to keep peace and positive energies among team members, avoiding conflicts among team members, having a cohesive and positively energized team is the key to have successful project execution. Transparency, accountability and taking responsibility are the basic trends which should be implemented and transferred to the project staff members.

### **2.3 Empirical review**

In this very section the project worker will try to review existing literatures which was done previous by different researchers through time. There are a plethora of researchers amongst worldwide about the functions of procurement management and governmental project performance. The findings of those research were visualizing sad reality which is governmental procurements are mostly corrupted and it will result in poor project implementation and execution, and this will result in bad finalizing between the project donors (government) and the

project takers. The bottom line is there is poor procurement management function implementation and poor rules and regulations of how to implement them.

### **2.3.1 The assessment of project needs in alignment with project outcome**

In the very beginning of every procurement management practices, the needs of the projects must be properly addressed. If those needs weren't addressed properly the execution of the project will have its own downwards. Procurement management have its own procedures to conduct in governmental organizations. Those procedures are a set of scientific sequences or steps to be followed by the procurement department. It was stated by (Lyons and Farrington) 2012. So proper procurement management steps will lead to higher quality of project delivery, it saves money and time of the government or any of the project donors, it was stated by (Burt et al.). The Ethiopian or any international government will likely to invest multi millions of dollars in order to overcome developmental projects. And if those money are not properly utilized and used for proper project procurement by using scientific methods such as procurement management functions, it will most likely to spending the people money in accordingly. So procurement management practices should be done properly by those who are professionals to protect the interest of the government project scope and the people money.

Accountability and transparency should be administered in these projects, and those procurement personnel should feel responsible for what they are spending the people money. If those personnel have been found guilty of violations of public procurement act, there should be consequences for them, most importantly they should be penalized to what they have done. There should be strict procurement policies and regulations should be drawn in the thought of tax payer's money. And it is in the best interest of everybody to finish the projects on the allocated resources with alignment of project procurement and project dimensions such as scope quality and cost.

One of the project manager's activity is planning the cost or budgeting (allocation of resources) to the project from its inception to its completion. In order to avoid cost overrun risks and project delay risks. Those allocated budgets will be maybe for short or longer terms of projects. And it is important to allocate those resources and utilizing the in a scientific manner called procedural procurement management functions. Survey of needs for the project departments will be scanned the project manager will approve appropriate budget to the procurement management department

and that department will properly utilize the needs of the project departments in its best account. This need assessment is crucial because the stakeholder theory states that project team members should also participate in their need assessment and public procurement. This was also mentioned in (CIPS, 2012).

It was shown by researchers that best procurement management will result in higher efficiency of project outcome and helps in promoting innovation from project team members. Accountability and transparency, working under proper rules and regulations of public procurement act, appreciations from external sources on a project will help in result in high project performance, according to Adele, Esquera and Esteban (2009). And also these researchers has proven that the major countries of Europe and the Scandinavian countries promote governmental public procurement assessment. And the main purpose of this strategy is to have a green, suitable and sustainable governmental procurement gatherings. This strategy will help in reduction of poor procurement performance and corruption. The main purpose of this is to have the needs of the project team members fulfilled in a budgeted and fashioned and best of manner.

### **2.3.2 The assessment of sourcing of suppliers in alignment with project outcome**

Each and every project is dynamic and it has its own unique approaches for its temporary endeavors. The project outcome finally be measured through the eyes of the project donor as it has reached the Promised Land that is if met the criteria of budget, scope and quality. This project constraints and project processes have interdependencies have with each other, weather if it is negative or positive. It was discussed by (Sollishand and Semamik in 2007). Assessing the needs of the project team members and planning how to acquire those needs and assessing and measuring of the quality of the acquired good or service is a major function of the procurement department.

When we talk about bid assessment it technically comes after the proper evaluation of needs in procurement. Bid assessment is the outsourcing of materials, goods, services and many things from the outside of the project. And it will affect the outcome of the project very thoroughly. It also examines the potential bidders in a professional manner to acquire proposed quantities of goods and services by the potential suppliers according to the allocated budget and project scope. Cost, reputation, technical ability, positive energy and prior experience to similar projects should

the first criteria to select potential bidders. According to (Lam et al. 2011 Erikson and Laan, 2007). Many departments and scholars will define supply chain management as the ways or connections to distribute the needed supply for the acquiring department in a professional and safe manner. Modern communication ways and software helps to achieve higher standard of procurement management and supply chain management. And this technologies will address and connect potential suppliers with solicitors which will result in higher project performance.

One of the basic roles of project procurement management department is holding a great communication and inter relations with the potential bidders, creating a satisfying contracts to both ends (the project sponsor and the bidder), creating an accountable and transparent environment because it is one foundation for the success of a project.

### **2.3.3 The assessment of management of contracts in alignment with project outcome**

In many dimensions people will clash the concepts of supply chain with the procurement management department. Project procurement management is a sequential steps of assessing and analyzing the needs and wants of the project members to the extent of project success, outsourcing of those needs which were analyzed by need assessment from potential bidders through transparent and accountable approach, the third step is the management of contracts, how the payments should be done, when they will be done and if they are being amortized for how long, and what should the bidder bring to our project and how will they keep their word if not what are the consequences?, and the final and fourth step is the management of inventories, after they receive the goods or services from the potential bidders, how those items will be treated, stored or recorded and how are they being utilized should be the fourth step. And this step of inventory management is more similar with the monitoring phase according to Brown and Hayer (2010)

A project team member must have to implement critical success factors for the success of the project with the alignment of key performance indicators. When we look at project control it is the proper evaluation of how the allocated resources are being utilized according to budget and plan. And also project control gives directions for the project when the planned project result and actual project plan is not meeting, it will provide a course of direction on how the rest of the project should be implemented because it is very important. Project control is the evaluation of

how the project is going currently in parallel with the planned outcome, this might result in positive or negative outcome (Chandra 2008).

According to different scholars and theories, there are many internal and external factors which will affect the execution and the final outcome of the project, mostly these factors will be captured and corrected to the planned course on the project controlling and monitoring phase. Those factors maybe the unexpected turns of budgets which will leads to project cost overrun or, the elasticity of the scope of the project through unwanted or unexpected directions, some risks those we did not see at the very planning of the project, making new corrections for the mental satisfaction of the project donors will most likely factor the outcome of a project. More than ten percentile of project procurement delays are the reason for more than the seventy percentile of project cost overruns or unexpected postpone. It is in the nature of mankind to develop egos, and those persons are project managers. If those project managers are seeing what is coming in front of them and waiting for it like it is not going to affect the project will most likely derive the project to failure. Project managers doesn't have to develop egos, they need to develop open mind ness and be ready for what is coming. As projects are unique and dynamic in their nature, project managers should have to be able to develop the skillset of adaptability to change. In most cases project sponsors will likely request how procurement is being evaluated and how those contracts are being managed by the concerned department.

There are many challenges to find the proper project agent for our project, what most project donors need is a best available party or agent who will deliver the planned outcomes of a project through the limited resources of time scope and quality. It is hard to find best contractor for the most needed projects according to (Kumaraswam and Anvur 2008).

#### **2.3.4 The assessment of management of inventories in alignment with project outcome.**

As it is well known that inventory management will affect either positively or negatively the outcome of a project and one major part of project procurement. Inventory management is the process of accepting, storing, recording and utilizing of different kinds of resources which will help to the succession of the project. Inventory management have many approaches in merchandising industries such as first in first out method, last in first out method or weighted average method. The estimation of the projects have different approaches to come up with good

numbers those are economic order quantity: which is the proper estimation of needs for the project staff members without being extravagant on financial resources, the second approach is re order point: which is the proper estimation and evaluation of resources on when the will be substituted without making any resource deficit or resource surplus, the third and the final approach is re order cycle: it is the estimation of resources and ordering them in some time interval in sequence. According to Cplik, Krzuzniak (2008) these approaches are one of the best.

There is this research which were published back in years, it stated that inventory management, logistics and supply chain costs will hold more than twenty eight percentile of billions and trillions of dollars in the United States of America. Which indeed is quite astonishing figure which shows how important this inventory management is for the success of project. Now we are living in the twenty first century which we will conquer wide verities of project management software those will help us to utilize and maximize our performance on inventories and procurement management in alignment with project success. These days there are a plethora of researches and articles on inventory management, we can find how to use the best of our inventory management depending on various industries or projects. The working together of the project executives and inventory management department will result in higher efficiency of project success we have to bear that in our mind. If there are proper implementation of inventory there will be adequate resources for the life time of the project, cost overruns won't occur because the procurement management department is having a better assessment of inventories, by replacing the deficit ones properly by using the above mentioned inventory management estimation techniques.

The best procurement management approach will help project staff member to utilize better and almost best project out comes, most importantly it will help governmental organizations and tax payers money to be used in a cost efficient manner. It is also admirable to examine the inventory management of the projects through time because it will give a blast of understanding between project inventory management staffs and project executives. If governmental projects have proper inventory management they will have cost reductions on many bases: such as in transportation, loading and unloading, fragility of the goods, warehousing costs. And it enhance the satisfaction of the project donor or sponsor.

The bottom line is in order to avoid the deficit or surplus of inventories through time, project procurement department should focus on monitoring, controlling and evaluating the inventory management department because it is one of the most sensitive area for the success or failure of governmental funded projects.

## **2.4 Research gap**

Even though our mother country had undergone through many years and ways of governmental funded project procurement approaches, there is still lack of proper procurement management practices that will create no satisfaction to project donors by creating poor project outcome. As it is mentioned earlier in the above sections there are plethora of researches which were focused on procurement management and their significance for their organizations weather if they are funded by the government or privately. Acquiring of resources will be done through different mechanisms in many kinds of industries. But what we are looking at here is an urban developmental construction projects which in return will need no financial profit for the donor apart from aiding the citizens. And finally we can conclude that the four procurement management functions and their implications on governmental funded urban developmental construction projects remain untouched. What we discussed earlier is shelf or steady point for project procurement practices and how they are either negatively or positively affecting the outcome of a project (weather if the project is ongoing or finished). Our government understands that procurement management practices will positively or negatively affect its project performance depending on how it is being approached. Even though it is one of the knowledge areas of project management (project procurement management) the procurement planning, procurement assessing, procurement monitoring and evaluating are understudied field of literature. This project work will try to bring light on how project procurement functions are affecting the outcome of a project is the case organization of Addis Ababa construction bureau Gullele sub city projects.

## **2.5 Matters influencing the outcome of a project**

City wide construction projects are the most important kind of projects for the government and the society. It will help and aid the community by delivering construction outcomes such as governmental schools, health stations, youth centers, libraries and etc. and these construction projects will be influenced by many things. From those are shortage of construction workers,

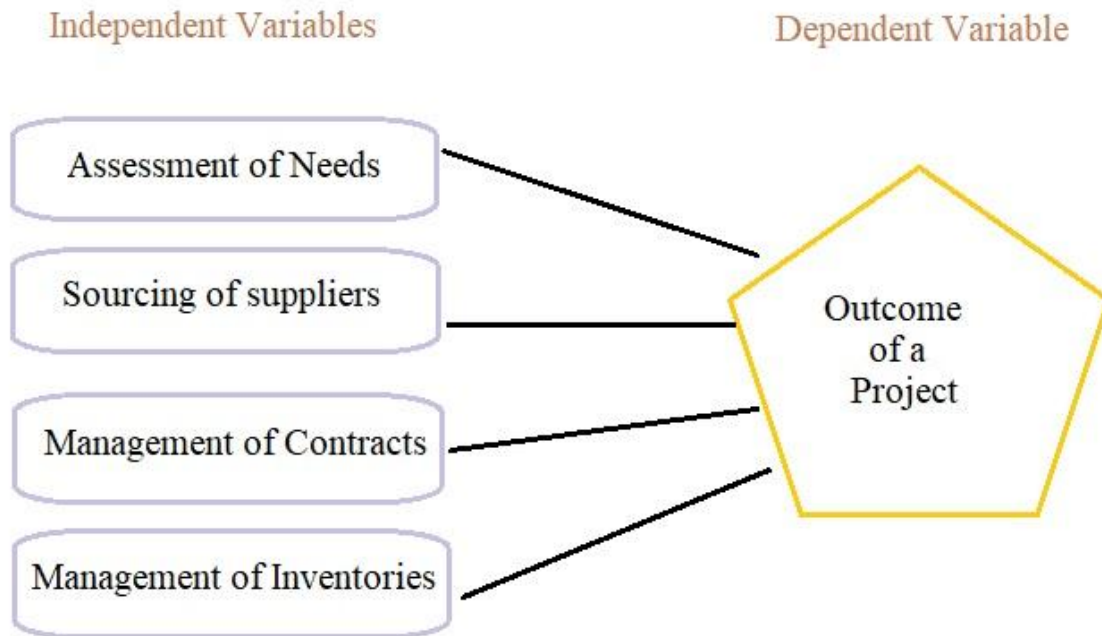
shortage of supplies for the construction, deficit of quality materials, misbalanced planning, and procurement management incompetency's are some of the influencers.

Urban construction project needs proper project planning, implementing, executing, monitoring and evaluating, especially monitoring and evaluating through time to time because, if there is a lack of some resource the project will delay in some point and that will result in the dissatisfaction of government and community.

If construction projects are being properly utilized by the project procurement department of the donor organization, by using the four procurement management functions, the more it will have positive project outcome (project success).

## **2.6 Conceptual framework**

Simply elaborating a conceptual framework is a written or drawn diagrammatical representation of ideas about something, and that something should contain at least two variables, the major variables used in most project works and researches are independent and dependent variables. Dependent variable is a variable which result will lean on the independent variable and Independent variable is the one that positively or negatively affect the dependent variable. In this project work the researcher will try to elaborate how the four functions of project procurement management (independent variables), will influence the project performance (dependent variable)



**Figure 2. 1 Interrelationships of the independent variables and the dependent variable**

## **CHAPTER THREE**

### **3. RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

In this very section it is discussed that how the researcher has conducted the project work. Research methodology is the scientific expression of how a certain project work or thesis is conducted how the raised questions will be answered and how the data will be analyzed, interpreted and presented in a fashionable manner. Plus it will open doors for the evaluation of certain project work.

#### **3.2 Research approach**

This project work has employed a quantitative approach. Which the answers will be dependent on a mathematical and statistical figures. Those answers were derived from the structured questionnaire which were distributed.

#### **3.3 Research design**

This project work was done by descriptive research design. This design helps a researcher to gather data about varying subjects. This data aims to know the extent to which different conditions can be obtained among these subjects.

#### **3.4 Target population**

It is a group of personals or selected individuals whom were selected to a study and derive an answer for the raised questions and helps to provide conclusion about certain outcome. Those targets should be similar to the project work approach. This project work will try to investigate all the 43 project employees of Addis Ababa Construction Bureau Gullele Sub City branch. The aim of this project work is to investigate those employees within the context of the project work hypothesis.

#### **3.5 Sample size and procedure**

This project work has employed census sampling because there are few employees in this department (a total of 43 employees) and all those members have their own insights about how project procurement management will positively and negatively will affect the final outcome of a

project. Census is a way to record and acquire large amount of data from a given or needed population.

### 3.5.1 Sampling mechanism

As it is mentioned above this project has employed census technique. Some of the importance of census are, it will help the researchers gather large amount of data from large amount of people, and those persons who engaged in the census will have different perspectives on how a project outcome will be influenced by the procurement management functions, plus it will give all levels of the project workers to answer independently just their thoughts, because the instrument is close ended questionnaire which will be analyzed quantitatively. Those variety of responses from the individuals had helped the researcher to draw conclusions about the raised matter and give recommendations.

### 3.5.2 Data collection instrument

The data collection instrument for this project work is close ended questionnaire, and that questionnaire is a primary data which were collected by the researcher in person at Addis Ababa Construction Bureau Gullele sub city branch which is around Addisu Gebeya. And this close ended questionnaire will authorize the target population to give answers from certain 5 choices. Those data will be analyzed and presented in the next chapter.

**Table 3. 1 Listing of dependent and independent variables**

Kinds of variables administered	List of all Variables	Instrument
Dependent	Outcome of a project	Close ended questionnaire
Independent	Assessment of needs for the project	Close ended questionnaire
Independent	Sourcing of suppliers	Close ended questionnaire
Independent	Administering and managing of contracts	Close ended questionnaire
Independent	Management of inventories	Close ended questionnaire

### **3.5.3 Steps of data gathering**

Before administering and distributing all the forty three questionnaires, the researcher has deployed 5 questionnaires for a test on how the questions are clear and easy to understand by the staffs of the Addis Ababa construction bureau Gullele subcity branch, after that all the unclarified questions were clarified and a total of forty three questionnaires were distributed, and then finally those questionnaire were collected by the researcher a week after.

### **3.6 Validity and reliability**

Reliability is the level of consistency of something, in this matter reliability questions the trustworthiness of the close ended questionnaire. The project worker has a test-retest reliability test by administering Cronbach's alpha by using a special statistical software called SPSS 26.

As a general rule, if the result of the Cronbach's alpha level of the instrument is more than 0.6 then we should accept it. Then this project works instrument has administered 0.9 level of alpha. This shows how trustworthy or reliable the instrument is.

### **3.7 Processing and analysis of gathered data**

Data processing is a set of steps to encode data on a certain platform and give them meaning and making them valuable, while data analysis concerned with presenting those processed data in to easier way for an audience or a reader to understand, that may be employed by using tables, descriptions or graphs. To avoid statistical presentation errors, the researcher has used codes for the questions while analyzing and processing it. And also the researcher had tried to be descriptive as much as possible by using mean, sd and frequencies. This was done by using SPSS 26

### **3.8 Ethical consideration**

It is better to acknowledge that the code for ethical considerations for this project work is divided in to 3 main sections, those are the proper treatment of study subjects, the potential competence, and being honest. These above mentioned considerations are the basis of this project work, not just this but many of researches were done on this ethical considerations. The equal distribution of questionnaires and the anonymity of the respondents are confidential.

## CHAPTER FOUR

### 4. DATA ANALYSIS AND INTERPRETATION

#### 4.1 Response rate

For the fulfillment of this project work the researcher has distributed a total of forty three questionnaires to be filled out by the project staff members of Addis Ababa Construction bureau Gullele subcity branch. From those distributed forty three questionnaires the thirty six of them were returned, that means we have eighty three point seven percentile of response rate. Standing from this position the researcher has decided that it is modern to draw conclusions about the above mentioned research questions.

43 = Questionnaires distributed

36 = Returned

83.7% = Response rate

#### 4.2 Demographical representations of the respondents

For the project work the researcher has determined that it is better to classify the very demographical factors of the respondents. Those factors are in terms of sex, age, educational background and their level of work experience. The analyzed data show that from the forty three respondents the thirteen of them are females which carry the thirty six percent of the respondents, and the large part of the respondents were males, there were 23 male respondents which will cover the sixty four percent of the respondents. Next those frequency levels of the demographic factors will be presented by using tables.

	F	P
Male	23	63.9%
Female	13	36.1%
Total respondents	36	100%

**Table 4. 1 Frequency of Gender**

Age	F	P
26-30	5	14.9%
31-35	12	33.3%
36-40	13	36.1%
41-50	3	8.3%
51 and more than 50	3	8.3%
Total respondents	36	100%

**Table 4. 2 Frequency of age**

Educational level	F	P
Degree level	23	63.9%
Masters and Above level	13	36.1%
Total	36	100%

**Table 4. 3 Frequency of educational level**

Experience	F	P
Less than 3 years	2	5.6%
Between 3 and 6 years	15	41.7%
Between 7 and 10 years	14	38.9%
More than 10 years	5	13.9%
Total	36	100%

**Table 4. 4 Frequency of experience**

Standing from the presented data above on the tables we can conclude that the vast majority of the staff members of Addis Ababa construction bureau Gullele sub city are aged between 36 and 40 years, which will make them the 36.1 percentile of the total population. The second majority of respondents are aged between 31-35 years of age which covers the 33.3 percentile of the project staff members. The third place age frequency is between the age of 26-30 the junior staff, which they will cover 13.9 percentile of the respondents. The ages frequencies between the age of 41 and 50, and 51 years and above share the exact same number of 3 respondents respectively, which gives them an equal share of 8.3 percentile of the entire respondents.

From the frequency tables above the researcher can say that the staff members of Addis Ababa Construction bureau Gullele sub city branch project employees are well educated. From the total of the 43 respondents the 23 of them or the 63.9 percentile of the respondents are bachelor's degree holders and the rest 13 project staff members have specialized in master's level education

which gives them the 36.1 percentile of the entire respondents. From this we can say that the project staff members are well aware of the questions they were answering about.

Standing from the listed data above the researcher can say that the vast majority of experience level of the staff members of Addis Ababa construction bureau Gullele subcity branch are between the years of 3-6, which will gives them the 41.7 percentile of the entire population, are between these ranges. The second ranked experience level is between 7 up to 10 years, these employees have a wide of experience in the sector and knows more about project executions, they will carry a total of 38.9 percentile of the entire respondents. The third rank is the senior staffs of the branch, the 5 of them have an experience level of more than 10 years which makes them an important employees of the project, and they carry 13.9 percentile of the entire population. And at last, the least experienced employees have a lower number of respondents, that is 2 of the employees are experienced under 3 years, this project staff members will carry the 5.6 percentile of the entire respondents.

From the above mentioned statistical numbers we can easily conclude that the respondents (or the staff members of Addis Ababa Construction bureau) are competent enough to understand and answer the distributed questionnaire carefully.

The main discussion of this project work will be presented in this very section, the proving of the above mentioned hypothesis, and how those independent variables are influencing the dependent variables in the case organization of Addis Ababa Construction Bureau Gullele Sub city branches.

## **4.2 Descriptive statistics**

The main answers for the research questions above and the testing of the hypothesis mentioned in the chapter one will be presented here.

### 4.3.1 The assessment of needs in for the projects

Questions	Very poor		Poor		Medium		Satisfying		Very Satisfying		Mean
	F	P	F	P	F	P	F	P	F	P	
Periodical report of procurement	0	0	0	0	26	72.2	10	27.8	0	0	3.27
Servers for procurement recording	0	0	0	0	16	44.4	17	47.2	3	8.3	3.63
Worldwide solicitation	0	0	0	0	14	38.9	19	52.8	3	8.3	3.69
Procurement review committee	0	0	0	0	14	38.9	20	55.6	2	5.6	3.66
Promotion	0	0	0	0	14	38.9	21	58.3	1	2.8	3.63
Acquisition plans	0	0	1	2.8	12	33.3	17	47.2	6	16.7	3.77
Report for the needs monitoring	0	0	0	0	14	38.9	13	36.1	9	25.0	3.86
Evaluation of risks associated with procurement	0	0	0	0	11	30.6	18	50.0	7	19.4	3.88
Total mean average											3.67

**Table 4. 5 Means of assessment of needs**

The above mentioned table describes that the answers of the respondents in terms of their needs of assessment and its influence on project outcome. Most of the respondents have believed that the step of evaluation of risk associated with procurement will hold the majority of the mean scores by 3.88. The second rank is scored on the question called reports for the needs monitoring with a mean score of 3.86, the third mean score is recorded by acquisition plans with a mean of 3.77. The fourth ranked questioned in terms of mean are worldwide solicitation with a mean

score of 3.69. The fifth position of the mean rank on the assessment of needs are cover by procurement review committee question with a mean score of 3.66. The sixth and the seventh place of the mean ranking is placed by the questions server for procurement recording and promotion with an equal mean score of 3.63. The final and least of the mean score is recorded by periodical report of procurement (the period could be annually, semiannually, quarterly or monthly) with a mean score of 3.23. In general the assessment of needs have scored a total of 3.67 mean average.

#### 4.3.2 The evaluation of sourcing of suppliers

Questions	Very poor		Poor		Medium		Satisfying	Very Satisfying			Mean
	F	P	F	P	F	P	F	P	F	P	
Application of purchasing instructions	0	0	0	0	16	44.4	14	38.9	6	16.7	3.72
Satisfaction of suppliers by procurement staff members	0	0	0	0	17	47.2	13	36.1	6	16.7	3.69
Application of procurement regulations by the department	0	0	1	2.8	4	11.1	19	52.8	12	33.3	4.16
The department have implemented Procurement management functions	0	0	0	0	10	27.8	17	47.2	9	25.0	3.97
Efficiency of projects	0	0	1	2.8	18	50.0	11	30.6	6	16.7	3.61
Solicitation of proposals, RFP and RFA	0	0	0	0	13	36.1	20	55.6	3	8.3	3.58
Implementation of procurement regulations	0	0	0	0	13	36.1	20	55.6	3	8.3	3.72
Strong communication between the project donor and the suppliers	0	0	0	0	7	19.4	16	44.4	13	36.1	4.16
Total mean Average											3.82

**Table 4. 6 Evaluation of sourcing of suppliers**

The other perspective of this project work is to evaluate the responses gathered from the staff members of Addis Ababa construction bureau Sub city branch in the thought of sourcing of suppliers from different dimension. ‘The application of procurement regulations by the procurement department’ and ‘strong communication between the project donor and its suppliers’ have scored an exact mean score average of 4.16 which is higher than the other questions. The second mean score was ranked by the question of the department have

implemented procurement management functions with a mean score of 3.97. The third higher mean score was recorded by ‘application of purchasing instructions’ and implementation of procurement regulations with a mean score of 3.72. The fourth highest mean score was registered by the question about efficiency of projects with a mean score of 3.61. According to the perspectives of the staff members of Addis Ababa construction bureau Gullele sub city branch, in general the sourcing of suppliers have scored a total mean average of 3.82.

### 4.3.3 The evaluation of the management of contracts

Questions	Very poor		Poor		Medium		Satisfying		Very satisfying		Mean
	F	P	F	P	F	P	F	P	F	P	
Assessment of needs and acquiring them	0	0	0	0	19	52.8	11	30.6	6	16.7	3.63
The ending of projects in line with projects objective	0	0	0	0	12	33.3	20	55.6	4	11.1	3.77
Reputation of contractors	0	0	0	0	16	44.4	12	33.3	8	22.2	3.77
Transparent and accountable contract administration	0	0	0	0	13	36.1	14	38.9	9	25.0	3.88
Appraisal of contracts	0	0	1	2.8	14	19.4	10	44.4	11	33.3	4.08
Scoping and investigating of received goods	0	0	1	2.8	14	38.9	10	27.8	11	30.6	3.8
Total mean average											3.82

**Table 4. 7 The evaluation of management of contracts**

Standing from the table above the researcher can discuss some points about the management of contracts. The highest number of mean score was registered by the appraisal of contracts. The second highest mean score was recorded by the question called transparent and accountable contract administration with a mean value of 3.88. The third highest score were registered by the scoping and investigating of received goods with a mean score average of 3.80. The fourth highest score was registered by ‘reputation of contracts’ and ‘the ending of projects in line with the objectives of the project’ with a mean score average of 3.77. The fifth and the least mean average score was registered by the assessment of needs and acquiring them with a mean score average of 3.63. In this department the evaluation of the management of contracts has scored a total mean average of 3.82.

#### 4.3.4 The evaluation of inventory approaches by the case organization

Questions	Very poor		Poor		Medium		Satisfying		Very satisfying		Mean
	F	P	F	P	F	P	F	P	F	P	
Cost minimization by applying PF	0	0	0	0	10	27.8	16	44.4	10	27.8	4.00
Quality outcome of the temporary endeavor	0	0	0	0	7	19.4	21	58.3	8	22.2	4.02
Level of warehousing	0	0	0	0	11	30.6	12	33.3	13	36.1	4.05
Cost minimization by administering IM	0	0	0	0	9	25.0	20	55.6	7	19.6	3.94
IM doesn't match between the needs of the project	0	0	0	0	5	13.9	15	41.7	16	44.4	4.30
Total mean average											4.06

**Table 4. 8 The evaluation of inventory approaches**

The project worker has analyzed the answers those were gathered from the respondents and presented the above table. From the above mentioned statistical figures the researcher can determine the following numerical facts. Those are, the IM doesn't match with the needs of a

project has scored a total of 4.30 mean value. The second highest score was registered by the level of warehousing with the mean average of 4.05. The third highest score was recorded by the quality outcome of the temporary endeavor with a mean score of 4.02. The fourth highest was registered by the cost minimization mechanisms which will be implemented by the procurement management functions with a mean average of 4.00. The final and least amount of the mean was scored by the department of inventory management for the reduction of costs in the project with a mean of 3.94. Totally the mean average for the evaluation of inventory approaches for the case organization has score 4.06.

#### **4.4.2 Discussion of the final report**

From the analyzed answers of target population of this project the project worker has proven that the evaluation of the inventory approaches have a large mean score average from the other four independent variables (SS, CM, and NA). The exact figure for IM is a  $M = 4.06$ . The assessment of contracts have a second larger mean score average form the other 3 independent variables (NA, SS and IM). The exact figure for CM is  $M = 3.82$ . The third argument of this project work is about the impact of sourcing of suppliers from outside of the organization in order to achieve a better project out come and full fill project needs. The management of sourcing of suppliers will share an exact mean average number with the contract management which is 3.82. The final and fourth argument of this project work is the assessment of needs for the success or governmental funded urban construction developmental projects from the distributed questionnaires and after the analysis of those questionnaire data, the project worker has come up with a mean average score of 3.67. And it is the least mean average score from the other mentioned independent variables

## CHAPTER FIVE

### 5. CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Conclusion

For the fulfillment of this project work the researcher has distributed a total of forty three questionnaires to be filled out by the project staff members of Addis Ababa Construction bureau Gullele subcity branch. From those distributed forty three questionnaires the thirty six of them were returned, that means we have eighty three point seven percentile of response rate. Standing from this position the researcher has decided that it is modern to draw conclusions about the above mentioned research questions.

43 = Questionnaires distributed

36 = Returned

83.7% = Response rate

From the analyzed answers of target population of this project the project worker has proven that the evaluation of the **inventory** approaches have a large mean score average from the other four independent variables (SS, CM, and NA). The exact figure for IM is a  $M = 4.06$ . When we look at the mean score of this independent variable we can see that:

- Cost minimization by applying the four PF ( $M = 4.00$ )
- Quality outcome of the temporary endeavor ( $M = 4.02$ )
- The level of warehousing ( $M = 4.05$ )
- Cost minimization by administering IM ( $M = 3.94$ )
- IM doesn't match the needs of the project ( $M = 4.30$ )

This project work has also done an empirical investigation on how the final or current outcome of a project will be influenced by the management of **contracts**. From the analyzed answers from the target population of this project the project worker has proven that the assessment of contracts have a second larger mean score average form the other 3 independent variables (NA, SS and IM). The exact figure for CM is  $M = 3.82$ . We can look at the mean scores of this independent variable:

- Assessment of needs for the project and acquiring them (M = 3.63)
- The ending of projects in line with projects objective (M = 3.77)
- Reputation of contractors (M = 3.77)
- Transparent and accountable contract administration (M = 3.88)
- Appraisal of contracts (M = 4.08)
- Sourcing and investigating of received goods (M = 3.8)

The third argument of this project work is about the impact of sourcing of **suppliers** from outside of the organization in order to achieve a better project out come and full fill project needs. This is a sensitive department, the procurement department should have to give a constant focus on how external sources will be managed. From the distributed questionnaires the project worker has concluded the following facts about management of suppliers. The management of sourcing of suppliers will share an exact mean average number with the contract management which is 3.82. When we look in depth the questions raised to come up with the numbers:

- Application of purchasing strategies (M = 3.72)
- Satisfaction of suppliers by procurement staff members (M = 3.69)
- Application of procurement regulations by the department (M = 4.16)
- The department have implemented procurement management functions (M = 3.97)
- Efficiency of projects (M = 3.61)
- Solicitations of proposals, RFP and RFA (M = 3.58)
- Implementation of procurement regulations (M = 72)
- Strong communication between the project donor and its suppliers (M = 4.16)

The final and fourth argument of this project work is the assessment of **needs** for the success or governmental funded urban construction developmental projects. From the distributed questionnaires and after the analysis of those questionnaire data, the project worker has come up with a mean average score of 3.67. And it is the least mean average score from the other mentioned independent variables. The list of questions on the evaluation of needs for the success of the project are listed below:

- Periodical report of procurement (M = 3.27)
- Servers for procurement recording (M = 3.63)
- Worldwide solicitation (M = 3.69)

- Procurement review committee (M = 3.66)
- Promotion (M = 3.63)
- Acquisition plans (M = 3.77)
- Report for the needs monitoring (M = 3.86)
- Evaluation of risks associated with procurement (M = 3.88)

Now the project worker has finalized its conclusions based on the facts drawn. The project work has proven that the four procurement management functions which are the independent variables of the project (those are IM, CM, NA and SS) will play an important role for the success of a governmental funded project.

## **5.2 Recommendations**

This project work recommends that Addis Ababa Construction Bureau Gullele sub city project department should have to include the four procurement functions which are IM, CM, NA and SS in their procurement procedures. There should be a deep NA processes possessed such as periodical report of procurement, servers for procurement recording, worldwide solicitation, procurement review committee, promotion, acquisition plans, report for the needs monitoring and evaluation of risks associated with procurement will help to improve and enhance the outcome of the performance of Addis Ababa Construction Bureau projects, furthermore other governmental projects should also follow this scientific way to assess and utilize project needs properly.

The other dimension is the sourcing of suppliers, which is a also a special function of project procurement management. There should be a deep SS processes possessed such as application of purchasing strategies, satisfaction of suppliers by project staff members, application of procurement regulations by the department, the department have implemented proper procurement management functions, efficiency of projects, solicitation of proposals RFP and RFA, implementation of procurement regulation, strong communication between the project donor and its suppliers, this processes will help to achieve better project current or finished outcomes (PP Performance). And the Addis Ababa Construction Bureau Gullele Sub City projects should have to employ these practices of supplier sourcing to have better performance.

The other perspective of this project work is contract management. Which is another function of procurement management, there should be core processes like assessment of needs for the project and acquiring them, the ending of projects in line with projects objective, reputation of contractors, transparent and accountable contract administration, appraisal of contracts, sourcing and investigating of received goods this processes will help to achieve better project current or finished outcomes (PP Performance). And the Addis Ababa Construction Bureau Gullele Sub City projects should have to employ these practices of supplier sourcing to have better performance.

When we look at the other dimension of the project work which is Inventory management, which is another function of the procurement management department, there should be better implementation in this following processes to have achieved better project performance. Those are: cost minimization by applying the four procurement functions, quality outcome of the temporary endeavor, the level of warehousing, cost minimization by administering proper inventory management practices and matching of inventory management with the needs of the project. Inventories should have to be utilized properly. The more the inventories of a project is properly managed the higher the efficiency of the final or current outcome of a project. So Addis Ababa Construction Bureau Gullele Sub city branch should have to employ this Inventory management processes and functions on their projects. Not just them other governmental or privately funded projects should have to employ these important functions for better project outcome.

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# APPENDIX

## QUESTIONNAIRE

### INTRODUCTION

Dear Sir/Madam, I am a student at Addis Ababa University School of commerce doing an academically project work, as a case organization I chose your organization Addis Ababa Construction Bureau Gullele Sub city branch. My project work involves the effect of the four procurement management functions in performance (final or current outcomes) of a project. The answers you give for this close ended questionnaire will be analyzed and presented and most importantly the anonymity of you (the respondents) will remain confidential.

The questions will be divided into 5 main parts

#### Part 1

#### Demographic assessment questions

1. Gender	
Male	Female

2. Age					
20 - 25	25 – 30	31 - 35	36 – 40	41 - 50	More than 50

3. Educational level	
Bachelor’s degree	Master’s degree and above

4. Experience			
<3 years	3-6 Years	7-10 Years	>10 Years

**Part 2: Questions about the four procurement functions**

**a. Need evaluation questions**

	Questions	Very Poor	Poor	Medium	Satisfying	Very Satisfying
6	Periodical report of procurement					
7	Servers of procurement recording					
8	Worldwide solicitation					
9	Procurement review committee					
10	Promotion					
11	Acquisition Plans					
12	Report for the needs monitoring					
13	Evaluation of risks with procurement					

**b) Questions based on the Sourcing of suppliers**

	Questions	Very Poor	Poor	Medium	Satisfying	Very Satisfying
14	Application of purchasing strategies					
15	Satisfaction of suppliers by procurement staff members					
16	Application of procurement regulations by the department					
17	The department have implemented procurement management functions					
18	Efficiency of projects					
19	Solicitation of proposals, RFP and RFA					
20	Implementation of procurement regulations					
21	Strong communication between the project donor and the suppliers					

**C) Questions based on the assessment of contract management**

	Questions	Very Poor	Poor	Medium	Satisfying	Very Satisfying
22	Assessment of needs and acquiring them					
23	The ending of projects in line with projects objectives					
24	Reputation of contractors					
25	Transparent and accountable contract administration					
26	Approval of contracts					
27	Scoping and investigating of received goods					

**D) Questions based on the management of inventories**

	Questions	Very Poor	Poor	Medium	Satisfying	Very Satisfying
28	Cost minimization by applying PF					
29	Quality outcome of the temporary endeavor					
30	Level of warehousing					
31	Cost minimization by administering IM					
32	IM doesn't match between the needs of the project					

### Part 3

#### Questions based on the project performance or outcome

	Questions	Very Poor	Poor	Medium	Satisfying	Very Satisfying
33	Level of purchasing cost minimization					
34	Metrics of expenditure monitoring and control					
35	The level of properly utilization of resources					
36	The reliability of acquired goods and services					
37	Budget utilization of your organization in the past 2 years					
38	How much is the project being influenced by the purchasing department					