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EVALUATION OF PURCHASING PRACTICE

AT

ADDIS ABABA UNIVERSITY COLLEGE OF COMMERCE

In Partial Fulfillment for the Requirements of MBA Degree

By : Tewodros Mesfin

Research Advisor: Dr. G.K. Murthy

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July 2007

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Approved by Board of examiners

Dr. G.K Murthy _____ _____
Advisor Signature

Dr. Tilaye Kassahun _____
Examiner

_____
Signature

_____ _____
Name Signature

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Abstract

The objective of this research is to critically evaluate the purchasing practice at AAUCC. It was conducted in a bid to find viable solution for the prevailing inefficient and delayed purchasing practices. To this end, the researcher have gathered data from primary sources using questionnaire, interview and personal observations; and referred secondary sources including purchasing manuals and various documents related to purchasing in AAUCC. SPSS soft ware was applied to present and analyze the data gathered from 40 respondents. The major findings of the study indicate that the purchasing function is inefficient and is not given proper attention by the management. Based on the findings the researcher recommended the purchasing function should be improved utilizing systematic ways of handling purchases and providing managerial proper attention and follow up for the unit.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In Addis Ababa University College of Commerce (AAUCC) 8-10 million birr budget is allocated for purchasing every year, which is more than 75% of the total budget. Since AAUCC is a federal government institution its budget is allocated and approved by Ministry of finance and economic development through AAU. The college is responsible to implement the purchases according to the federal government purchasing guidelines and manual.

The huge amount of budget allocated for purchasing and the strict government regulations and procedures demand careful purchasing management. The purchasing process involves various steps: the purchase requisite might originate from users (academic or administrative staff) or property section, the property section collects and summarizes the purchase requisite and presents for the general services head shall for verification, when the purchase should be done through auction bid document shall be prepared by technical committee and the invitation shall be announced. Then bid evaluation committee shall evaluate the bid documents and select the winner based on price and quality and presents recommendation for final approval to the dean. The winner shall be given purchase order and will deliver the items to the property section. If the items are technical like computers, technical committee shall check the conformance of the delivery to the specification.

There are various categories of items purchased in the college having different levels of importance and budget implication. The major categories are: education and duplication materials, stationeries &office supplies, computers and accessories, teaching aids (like OHP,

LCD), staff uniform, sanitary supplies, books, maintenance expenses, building rent and other operating expenses. The largest portion of the budget is allocated for educational supplies, major purchases under this category includes duplication papers and ink, computers and accessories, teaching aids and white boards markers and the like. These critical items consume around 40% of the purchasing budget. Next major expense is for buildings rent expense followed by maintenances, consuming 30% and 12% respectively. All the other purchases together amount around 18%.

Since purchasing is consuming substantially large budget its management requires considerable attention. Whereas observing the purchasing practice in the college one can realize the importance for thorough analysis and fundamental improvements so that the function plays valuable role for the efficient and effective accomplishment of the college's mission.

This study tries to evaluate the purchasing practice by focusing on the most critical items since they have important implication on the budget and on the operation of the college.

1.2 Statement of the Problem

Purchasing plays a key role for the attainment of organizational objectives by providing right quality of inputs for users at the right time and cost. However the purchasing department of AAUCC is not playing this role effectively.

The preliminary investigation revealed that, there are various instances of items purchased don't match with items requested (wrong quality); purchases are excessively delayed (wrong timing);

the purchasing process takes too long resulting in additional cost due to inflation, suppliers stock out items, user department work hindered, items become obsolete and accessories will not be available anymore. Further it is becoming obstacle for the organizations goal attainment.

This paper intends to clearly identify the causes of the inefficient purchasing, assess the consequences and try to recommend possible solutions.

1.3 Objective of the Study

This study aims at critically reviewing the purchasing procedure of AAUCC, assessing the variables that influence its efficiency and examine the implication of the prevalent purchasing practice on institutional performance.

Further, the study attempts to come up with viable and efficient ways of performing the purchasing function.

To this end, the following sub objects are set:

1. Examine the steps involved in the purchasing process and assess their importance
2. Scrutinize the purchasing policy guidelines and manuals
3. Identify the merits and drawbacks of the purchasing policy, guidelines and manuals
4. Ascertain criteria used to select among suppliers
5. Identify the major items and their related cost
6. Assess mechanisms used to evaluate the performance of purchasing staff
7. Know if there are incentive to encourage efficient and prompt purchases
8. Make viable recommendations to improve the purchasing management

To address the stated objectives the following basic research questions were raised and attempt was made to answer the;

1. What are the steps involved in the purchasing process and how do they affect efficient purchasing practice?
2. What are the impacts of the purchasing policy and manual on efficient purchasing practice?
3. How is the purchasing function organized at AAUCC and what are its basic objectives?
4. What the management is doing to assure purchasing is practiced in accordance with the 5R's principles of purchasing?
5. What different types of purchases are practiced and which are the critical ones?
6. What are the criteria used to select suppliers?
7. Who are the parties involved in the purchasing process and what are their roles?
8. What mechanisms are used to follow up purchases and motivate efficient purchasing?
9. What are users' opinions towards the purchasing practice of AAUCC?

1.4 Significance of the Study

This study is believed to help for the clear understanding of the reasons behind inefficient purchasing practice and its implications on the accomplishment of AAUCC mission. Further through the thorough analysis the paper is believed to discover and recommend mechanisms for viable and efficient purchasing, which would help to save significant amount of public resource that other wise would be wasted.

The study shall also be a useful input for further research on the area.

1.5 Scope of the Study

The focus of this paper is the purchasing management of Addis Ababa University College of Commerce. The time period for the analysis is 2003- 2006. In order to clearly analyze trends regularly purchased and critically important items were given more emphasis.

1.6 Research Methodology

Both primary and secondary data were used in the study.

The primary data collection includes: conducting interview with general services head (who is directly responsible to oversee purchasing activities) and purchasing & materials handling staff; distributing questionnaires to 45 academic and administrative staff which would constitute 22.5% of the AAUCC staff, using quota sampling method. Quota sampling is preferred to secure equal representation of all departments. Also personal observation of the purchasing process is used.

Secondary data are gathered by reviewing various purchasing documents; and federal government purchasing manual. For comprehensive coverage of the subject matter researches on the area were examined and books, journal and Internet resources were reviewed.

Data were analyzed using descriptive statistics applying SPSS soft ware program.

1.7 Organization of the Paper

This paper is organized in four Chapters.

The First Chapter presents the research proposal, briefly stating the research problem and mentioning the purpose of the study also it presents the research methodology.

The Second Chapter examines related researches and review relevant literature.

In the Third Chapter data are presented and analyzed.

The last Chapter deals with summarizing the findings and recommending solutions.

CHAPTER TWO: LITERATURE REVIEW

2.1. Overview of Theoretical Discussion

2.1.1 Introduction

In order to manage organizations effectively and efficiently every functions of the firm shall be given due considerations. Particularly those functions of the organization taking significant portion of the budget rather require preferential attention. Purchasing is one of the major functions of a given organization in most cases; more than 50% of organizations' budget is spent on purchase of materials and various services. Thus considerable attention given to purchasing would have payoff.

As we approach the twenty first century, the materials function will continue to assume increasing importance in the nations of the industrialized world. So, all mangers should understand the general concepts and problems in purchasing and managing materials.

Purchasing is one of the basic functions common to all types of business enterprises. It is basic because no business can operate without it. Thus, the success of a business enterprise depends on the purchasing executive as it does on the executives who administer the other function of business.

2.1.2 Definition

It is very difficult to list all the definitions of purchasing but some of the purchasing definitions are "Purchasing is the activity responsible for getting the \ right material to the right place, at the right time, in the right quantity, at the right price" (Herel , Encyclopedia 1996:994) .

Purchasing refers to a function in business whereby the enterprise obtains the inputs for what it produces, as well as other goods and services it requires. Purchasing is one of the basic functions common to all types of business enterprise. These functions are basic, because no business can operate without, them (Dobler 1984 : 327).

Purchasing is the responsibility of buying the kinds and quantities of materials authorized by the requisitions issued by production scheduling, inventory control, engineering, maintenance and other department of function requiring materials (Leenders, ,1989: 25).

In general purchasing can be defined ***as acquisition of required materials, services and equipment used in the operation of an organization.*** It is one of the basic functions common to all types of business enterprise. In order to fulfill the basic responsibility of optimizing company profit, all business functions must mesh into a unified whole.

In most business organizations the Purchasing Department and the purchasing function are taken as one and the same. There is a distinction between the purchasing function

and the Purchasing Department. The department is a unit of a firm whose duties include some part or all of the purchasing function.

The purchasing function is usually performed economically and efficiently by a specialized, Centralized Purchasing Department, directed by a skilled purchasing manger. But the purchasing function does not have to be performed in such a manner. In practice it is sometimes performed by any member of different executives or departments.

2.1.3 Major tasks of purchasing

"Purchasing in broader terms involves determine the need, selecting the supplier, arriving at proper price, terms and conditions, issuing the contract or order, and following up to ensure proper delivery" (Alijan, 1975:270).

Major types of purchasing activities carried by a typical Purchasing Department of a given organization include:

i. Coordination with user department to identify purchase needs
ii. Doing traditional buying
iii. Discussion with sales representatives
iv. Identification of potential suppliers
v. Conduct market studies for important materials
vi. Negotiation with potential suppliers
vii. Analysis of proposals

viii. Selection of suppliers

ix. Issuance of purchase orders

x. Administration of purchase contracts and resolution of related problems

xi. Maintenance of a variety of purchase records

"In simple terms the basic element involves in performing the purchasing function are obtaining the proper equipment, material supplier and service in the right quality, in the right quantity, at the right price and from' the right source" (Alijan, 1973: 1 -3).

It is a supplies management function that covers the acquisitions stage of supplies from receipt of the 'notice of need' to the final clearance of the invoice including negotiation, placing purchase orders, chasing delivery, recording purchases, clearing price checks on the invoices related to purchases.

2.1.4 Purchasing department responsibilities

Purchasing is one of the basic functions of a given organization shouldering the following major responsibilities.

1. Provide an uninterrupted flow of materials, supplies, and services required to operate the organization.
2. Keep inventory investment and loss at a minimum
3. Maintain adequate quality standards
4. Find or develop competent vendors
5. Standardize where possible, the items bought

6. Purchases required items and service at lowest ultimate price

7. Improve the organizations competitive position.

8. Achieve harmonious, productive working relation ships with other departments with in the organization.

9. Accomplish the purchasing objectives at the lowest possible level of administrative costs (Leenders, 1989: 26).

2.1.5 Objectives of Purchasing

The objectives of purchasing can be classified into three levels including: general managerial level objectives, functional level objectives and detail / operational level objectives (Dobler, 1996:43).

2.1.5.1 General Managerial Level Objectives

"The standard statement of the overall objectives of the purchasing function is that it should obtain the right materials in the right quantity, for delivery at the right time and place, from the right source with the right service {after and before sale) and the right price " (Leenders, 1989:24).

From the top managerial perspective, purchasing has the following objectives, which can be explained in terms of the 5R's of purchasing.

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I ***-Right quality*** -quality is defined as simply 'fitness for purpose' or the British standard institution defines "the totality of features and characteristics of a production or service that bear on its ability to satisfy a given need" (Nair, 1990: 125).

In meeting, this objective purchasing must select items, which have sufficiently quality to fit users requirements and specifications. The term quality as used in the field of purchasing carries quite a different meaning than the meaning that we usually associated with this word. In common usage, it refers to the excellent features of the subject, "The right quality is the suitable of an item for a given purpose" (Nair, 1990: 125).

II. ***Right quantity*** -The right quantity is more relevant to the purchase of consumables or parts or assemblies for manufacturing than for project buying. Fulfilling these objectives will enable to provide a continuous and uninterrupted material at the minimum cost. In most organization the decision of how much to purchase is more important by the close relationship of purchases quantity and schedule use. (Parson, 1982:25)

The decision of how much to acquire follows clarification of what is acquired. Therefore before making decision considering factors that complicate that quantity decisions are essential, including:

- The larger the quantity is the lower the unit price.
- The larger the quantity the higher the storage costs
- The larger the quantity is the higher the risk of damage.
- The larger the quantity the higher the cost of items in storage
- The larger the quantity the fewer orders that will be place and hence the lower the ordering cost.

III. ***Right price*** -A traditional purchasing objective is to obtain the lowest possible purchase price. However, the common practice is to obtain the best life cycle price or the lowest total acquisition cost. "The factor that affect the price of items are quality and quantity required, urgency of requirements, demand and supply of materials in the market, whether there is room for competition or not, whether the past business relationship was good or not' strained " (Parson,1982: 145).

IV. ***Right time*** --The delivery of the contracted item to the right place at the right time is an important procurement function. Proper buying enhances production schedules with out loading warehouse with excessive inventory and also minimizes the unfavorable effects of price changes. In case of regularly used or procuring' items, right time may mean the time when the stock reaches the minimum level adhering the responsibility shared both by the purchasing unit, and the approving body.

V. ***Right supplier*** -the right source is fundamental component or the major purchasing objectives. Basic information about the number and location of potential suppliers, the nature of products, prices charged and forecasts of the economic condition can be acquired if we are to analyze the supply market effectively rather than simply to buy from traditional sources which may not be competitive.

But there are problems faced by the purchasing units emending securing right and permanent source of supply. The first problem is identifying potential source of supply, then selecting the right reliable supplier is also challenging. The most difficult challenge is to secure long-term relationship with the right supplier because of the dynamic nature of the business environment and continuous attempt of businesses to make better profit relationship with the right suppliers

might not last long. Hence periodic revision of the status of the relationship and making the necessary amendments in agreements is required.

2.1.5.2. Functional Level Objectives

The operational (Functional level perspective probes more deeply to. develop a set of statements that provide practical and useful targets for decision-making purpose. This perspective contains eight basic objectives:

1. To support company operations with uninterrupted flow of materials and services.

2. To purchase competitively:

It involves keeping a breast of the forces of supply and demand and regulates prices and availability of materials in the market place. It also involves understanding of the suppliers cost structure and then negotiate price and service arrangement that are fair relative to the suppliers actual cost.

3. To keep inventory investment and inventory loss of at a practical minimum.

Maintaining a large inventory is one way to achieve objective one, but it is also costly, hence the supply management job is to achieve a reasonable balance between the level of inventory required to support operations and the cost of carrying the inventory.

4. To buy wisely.

Buying wisely involves a continual search for better values that yield the best combination of quality, service and price relative to buyers' need. It may also involve

coordinating and reconciling user's need with supplier's capabilities, to achieve optional values considering both Issues.

5. To achieve maximum integration with the other departments of the firm.

It is essential to understand the major needs of their using departments, so that these needs can be translated in to materials support actions. The most common types of support actions are forecasting future prices and business conditions, performing economic make or buy analysis etc.

6. To handle the purchasing and supplies management function proactively in a professional, cost effective manner.

Management should expect the preceding the above objective to be achieving in a professional manner at a cost that is appropriate with their value to the organization.

7. To develop effective and reliable sources of supply.

Cooperative suppliers that are willing to work with a buyer to help solve the buying organizations problems and to minimize its materials related costs are valuable resources.

8. To develop good relationship with the supplier community and good continuing relationship with potential suppliers.

The achievement of the preceding objective on a continuing basis is 'possible when mutually satisfactory continuing relationships are maintained (Dobler, 1996:42-44).

2.1.5.3. Detail Level Objectives

At this level precise strategic buying plan are formulated. The focus is on the detailed objectives that are developed when precise buying plans are made for each of the major categories of materials the firm uses in its operation. These objectives are produced from the second level objectives and are applied to fulfill the specific needs associated with each type of purchase.

The precise set of objectives for each material typically varies because the usage requirement, the operating conditions and the markets in which each material is purchased usually are different. These objectives focus on points like quality, sourcing, pricing, production and inventory planning.

2.1.6. General procedure of purchasing

Procedures used in completing a total transaction normally vary among different types of purchases and in different organizations. However, purchasing procedures refers to the way in which a purchase transaction is carried through from its inception to its conclusion. A purchasing proceeding usually begins with an investigation of new suppliers can be made for renegotiating contracts with existing suppliers.

The general cycle of activities in purchasing most operating materials and suppliers is fairly standardized. The following steps constitute the typical purchasing procedures.

1. Organizing of purchase requisition.

The need for a purchase typically originates in one of a firm operating departments or in its inventory control section. It is a stimulus for purchaser to initiate purchasing. The essential information which requisition should contain includes a description of the material; quantity, date required; estimated unit cost; the date; an authorized signature.

2. Verification of purchase requisition.

The purchasing department verifies whether the requisition is appropriately filled or not.

3. Evaluation and selection of the supplier.

As soon as the need has been established and precisely describe, the buyer begins an investigation of the market to identify potential source of supply. In the case of routine items for which supplier relationship have already been developed, little additional investing may be required to select a good source on the other hand the purchase of high-value or new item may require lengthy investigation of potential suppliers to make a decision about the most desirable supplier.

4. Preparation of purchase order.

Once a supplier has been selected the purchasing department prepares and issues a serially numbered purchase order. In most cases the cases the purchase order becomes a legal contract document. For this and other reasons the buyer in preparing and wording the order should take great care.

5. Follow up

Also called expediting, purchasing bears full responsibility for and order until the material is received and accepted. When there is a reasonable chance that the supplier may not stay on schedule important orders with critical delivery date should receive active follow-up attention. There may be a need to speed up (expedite) or even delay (de-expedite) delivery if the buyers timing requirements under go unexpected changes.

6. Receiving and Inspection

The supplier ships materials with the packing slip, which itemizes and describes the contents of the shipments. The receiving clerk uses this packing slip in conjunction with his/her copy of the purchase order to verify that the correct material has been received.

7. Payment

The typical procedure involved is a simultaneous of the purchase order, the receiving report and the invoice. By checking the receiving report against the purchase order, the purchaser determines whether the quantity and type of material ordered was in fact received. Then by comparing the invoice with the purchase order and received.

8. Evaluating the purchasing performance

Purchasers need to evaluate whether the materials purchase from the supplier have satisfied the need of the users. This evaluation will help whether to consider the supplier next time. The specific procedures employed by each should be designed to meet the unique needs of

that firm. Properly designed procedures should accomplish four objectives according to Dobler . These are:-

i. Fulfill each task satisfactorily with minimum of time, effort and proper work.
ii. Effectively communicates and coordinate the efforts of one work group with another.
iii. Minimize overlapping effort and group conflicts.
iv. Permit effective management by exception (Dobler, 1996:89).

2.1.7. Purchasing policy

"A policy is a statement that describes in very general terms may intend course of action" (Ibid:45)

If policies are to function effectively, it is imperative that they be placed in written form. A purchasing policy manual typically has two distinct sections, one containing company policies which spells out in unmistakable terms the responsibility and authority at all departments, and the other containing department policies which inform personnel of the expected patterns of conduct for major buying activities and for relations with suppliers. The purchasing policies should be clearly communicated to the staff and other stakeholders. Medias for communicating this information to the company employee can be published regulation, Company informational booklet and departmental manuals (Alijan, 1973:2-31).

Purchasing policy places the authority and responsibly for purchasing in the purchasing department. Every transaction between a buyer and seller involving the transfer to property is a contract. From the beginning to the completion of a transaction' between a buyer and seller many problems are involved and the paper handling of these and the administering of the business' features connected with them are vital factors in the successful operation of the company. For this reasons, the authority and responsibility of purchasing rests with the purchasing department.

The purchasing department is responsible to establish and administer purchasing policies, institute reports necessary to permit analysis of purchasing performance, negotiate and approve term contracts, analyze prices, paid for materials and generally define how to obtain saving and to co-ordinate purchasing procedures (Westing, 1985:2 -3).

The specific style, format and contents of purchasing policy manuals vary widely. What is important is that all major policies and operating procedures be communicated in writing. They must be stated in simple and unambiguously words in a manual that is easy to use.

2.2 Critical Review of Related Literatures

This section presents the assessment of research papers written in purchasing area. The following six papers are selected because of their recency and because they discuss purchasing problems in public enterprises in Ethiopia, thus would relate to the study.

1. Local purchasing management problems: the case of Almeda (Mehari:2006)
2. Evaluating the purchasing procedure in Ethiopian Grain Trade Enterprise (Biruk:2006)

3. Purchasing management in Commercial printing enterprise (Getachew: 2006)
4. Purchasing Practice problems in Addis Modjo edible oil factory (Tewodros: 2006)
5. Purchasing Management in Customs authority (Abera:2006)
6. Foreign purchasing in EEPCO(Mengistu:2006)

2.2.1 Local purchasing management problems: the case of Almeda textile

This is a senior essay prepared by Mehari Mursue and presented to AAUCC procurement and supplies management department.

Research problems

The research paper discusses a number of problems including poor quality raw material, unavailability of competent and reliable suppliers, shortage of skilled manpower and absence of a purchasing plan hindering effective and efficient purchasing practices.

Research objectives

The research objectives listed in the paper includes analyzing the purchasing process, analyzing the suppliers qualification and selection and examining the level of coordination between purchasing and other units.

Findings

The research findings show that suppliers are selected using multiple criteria, which includes price, quality, supplier reliability and delivery promises. Also the list of permanent suppliers is given with out any comment about their competence.

Another finding is that the company is using both centralized and decentralized purchasing process.

Recommendations

The researcher recommends the company should use least price criteria to address poor quality purchase problems.

And the use of purchasing plan is suggested to enhance the purchasing process.

Comments

i. The research paper presents poor quality of inputs as a purchasing problem, which is hard to accept since Ethiopia is one of the producers of finest cotton in the world and the company is established near to the cotton plantations.

ii. And the claim, that the company lacks reliable and competent suppliers is falsified by its own while listing the suppliers' name but any information or evidence about the incompetence of suppliers is not discussed.

iii. The problem of unskilled manpower is not discussed in the analysis part.

iv. Although analyzing the coordination of purchasing with other units is stated as one of the objectives neither its impact on purchasing efficiency is discussed nor any finding about the issue is mentioned.

v. The discussion about the use of both centralized and decentralized purchasing isn't synchronized with research problem and objectives.

vi. The recommendation given to use least price suppliers' selection criteria to enhance quality purchase is not valid since least price normally compromises quality.

vii. The paper presents acceptable recommendation on the importance of management support for efficient and prompt purchasing practice.

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2.2.2 Evaluating the Purchasing Procedure in Ethiopian Grain Trade Enterprise

This is a senior essay by Biruk Assefa and presented to AAUCC procurement and supplies management department.

Research problems

The paper discusses problems impeding efficient purchasing practice in the organization. The main problems in the enterprise are poor quality of grain purchases, suppliers deceiving purchasers, continuous price fluctuations, unclear purchasing procedures and incompetent purchasing staff.

Research objectives

The paper presents a general research objective analyzing the purchasing procedures and understanding the relationship between purchasing and other units of the organization.

Findings

The research findings show that the poor quality of grain is attributable to the fact that no technical specifications are given to purchasers and disloyal act of suppliers. The paper discusses unreliable suppliers are causes of inefficient purchasing since the enterprise has no permanent source of supply.

Further the problem of unclear purchasing procedure is mentioned as a research finding.

Recommendations

Recommendations are given by the researcher to lessen the said problems. Thus developing a clear purchasing procedure is recommended for speedy purchasing process. Also development of

specification for purchases and training the purchasers on the application of specification is recommended.

Comments

i. Although the problem of unreliable and disloyal suppliers is presented as the critical problem possible ways of solving this problem are not suggested.

ii. The consequence of having unskilled manpower is not mentioned in the findings part.

iii. The finding restates the existence of unclear purchasing procedure, which was predetermined in the statement of the problem but fails to discuss its implication on purchasing performance.

iv. The paper gives viable information about not only the need to have purchasing procedure but also the importance of communicating it to the concerned staff to enhance efficient purchasing practice.

2.2.3 Purchasing Management in Commercial Printing Enterprise

Research paper prepared by Getachew Zeleke and presented to AAUCC purchasing department as partial fulfillment for the requirement of BA degree in procurement and supplies management.

Research problems

The discussion of the research problems states the prevalence of wrong, poor quality and delayed purchases critical hindrances effective purchasing performance. Further the minimal emphasis given by management for the function excaudate the problem.

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Research objectives

The research objectives include analyzing the purchasing procedure, exploring management support and organizational structure and identifying the effects of organizational structure on purchasing performance. Additionally learning how purchases are being expedited and finding out about the purchasing plan of the organization are mentioned as research objectives.

Findings

The paper details a number of findings, which explain the reason behind the critical problems. The list includes;

- There is no sound and strong relationship with suppliers
- Purchases are not properly planned, implemented and expedited
- The purchasing procedure is out dated and can't serve the current purchasing requirements
- The absence of clear specification of items

Recommendations

Viable recommendations are propped by the researchers to improve the purchasing performance. Consequently the need for improved and strong relationship with suppliers is suggested. Besides this, the management is suggested to have effective plan and follow up system for purchasing.

Further the paper proposes that the order processing system should be revised to meet current purchasing needs.

Comments

i. The research objectives are not directly organized under the critical problems.

ii. Even though the findings show wrong purchases resulted from lack of clear specifications, the paper declined to propose on the importance of having specifications.

iii. The management is blamed for not providing sufficient support for purchasing but the nature of support management is required to forward is not presented in detail.

iv. The paper has investigated thoroughly and presented the root causes of purchasing problems.

v. The findings have synchronization with the research problems and recommendations are viable.

2.2.4 Purchasing Practice Problems in Addis Modjo Edible Oil Factory

A senior essay prepared by Tewodros Walelgne and presented to AAUCC procurement and supplies management department.

Research problem

The paper presents a list of problems adversely influencing the company's purchasing performance. The major challenges are continuous price fluctuations in the supply market, shortage of raw materials, poor quality purchases, delayed purchases and unreliable suppliers.

Research objectives

To address the above stated problems the researcher developed research objectives, which are analyzing the effects of purchasing on organizational performance, analyzing the purchasing process and learn about source of supply.

Findings

The research findings present list of problems that contributed for the poor purchasing performance. The list includes the following;

- The absence of permanent suppliers is related to unreliable source of supply, which is bringing poor quality purchases.
- The existence of weak relationship between purchasing and other departments together with unskilled purchasing staff is delaying purchases.
- The least price selection criteria the company is currently using are bringing poor quality materials.
- Inefficient purchasing is causing price fluctuation of inputs.

Recommendations

Based on the analysis made the paper recommends solutions presumed to alleviate the challenges. The researcher proposes further research on the area to come up with viable solutions. Besides this, employing skilled manpower, and establishing permanent source of supply are recommended.

Comments

i. Even though the major objective of the research is stated as analyzing the effects of purchasing on organizational performance neither the findings nor the recommendation address this objective.

ii. The paper presents as though inefficiency of purchasing is causing input price fluctuation when normally the reverse is true.

iii. Also it is arguable that whether it is the price fluctuation causing purchasing inefficiency or other multiple factors contributed for this.

iv. Even if the research finding show that least price criteria might contributed for poor quality purchases, the recommendation not to use the criteria is not acceptable since it doesn't show any better substitute criteria.

v. The recommendation to have permanent suppliers neither discusses the benefit of having them nor mentions how to establish the relationship.

vi. The paper explored the root causes behind poor purchasing performance nevertheless it failed to suggest viable solutions to alleviate the challenges.

2.2.5 Purchasing Management in Customs Authority

A Senior essay Prepared by Abera Sinshaw and presented to AAUCC procurement and supplies management department.

Research problems

The problem statement presents the major challenges that purchasing department is facing these are poor implementation of purchases and purchase of sub standard items.

Research objectives

To address the above major problems research objectives are set. Accordingly the focus of the research would be on analysis of the purchasing procedures, manual and follow up and analysis of suppliers' qualification and selection.

Findings

The research findings illustrate that the prevalence least price criteria and absence of permanent suppliers are bringing sub standard items.

Further due to minimal attention given by the management purchases are not evaluated and there is no effective follow up system. On the top of this, there is shortage of skilled manpower and all these factors have their own contribution for the poor implementation of purchases.

Recommendations

The solutions suggested by the researcher to solve the stated problems are using multiple selection criteria like quality, price reliability delivery speed etc.; providing training for purchasing staff and assign qualified workers and develop clear organizational structure.

Comments

i. The recommendation made to develop clear organizational structure is not supported by the research findings and no comment is given how the existing structure is hindering purchasing performance or how the improved one might facilitate the task.

ii. The paper doesn't suggest how the absence of permanent suppliers is bringing sub standard items nor it discusses how to overcome the problem.

iii. The paper provided practical suggestion to improve purchase implementation through acquiring skilled purchasing staff.

2.2.6 Foreign purchasing in Ethiopian Electric Power Corporation (EEPCO)

This is a senior essay prepared by Mengistu Debelo and presented to AAUCC procurement and supplies management department.

Research problems

The two major problems impeding foreign purchasing practice of EEPCO are stated as delayed purchases and communication gap between purchasing and other units of the organization.

Research objectives

The paper stated two objectives to pursue, which are analyzing the purchasing manual and procedure and analyzing the level of support given by management to the purchasing function.

Findings

The research findings show that the foreign purchasing manual has limitations to serve the complex nature of the job since it is out dated. The follow up system is not effective to expedite foreign purchase. Further the absence of skilled manpower in the area is causing inefficient purchase.

Recommendations

The paper proposes that the foreign purchasing manual and the procedure should be revised to meet with the current requirements of the job. The need for training the staff and assigning skilled manpower and the importance of introducing modern follow up techniques are proposed.

Comments

i. The recommendation to revise outdated manual is acceptable nonetheless the relationship between the communication gap and the manual is not discussed and how the revised manual would bridge the communication gap is not addressed.

ii. The suggestion to implement modern follow up techniques doesn't discuss the feature and benefits of the technique.

Summary

Through the scrutiny on the related literatures and comparison made with the theoretical discussion we can understand the following.

i. Purchasing is becoming the area of concern for academic researchers in recent years; this might be attributed to the initiation of purchasing and related fields of studies in government and private higher education institutions.

ii. The researches show the prevalent gap between theoretical discussions in purchasing and the practical aspect. The basic principles of purchasing i.e. the FIVE RIGHTS are not given much attention in practice.

iii. The existence of common problems in purchasing area includes:

   a. Lack of skilled manpower
   b. Minimal management attention for the function
   c. Unreliability of suppliers and absence of permanent and strong relationship with suppliers
   d. Out dated and ineffective purchasing procedures and manuals
   e. Wide use of least price suppliers selection criteria compromising quality

f. Wrong quality purchases are frequently practiced

g. Delayed purchases are common

iv. The researchers; to enhance efficient and effective purchasing, suggest viable recommendations, which includes:

a. The need for employment of skilled manpower in the area

b. The importance of substantial management attention for the effective and efficient purchasing

c. The need for establishment of strong and long term relationship with reliable suppliers

d. The need for revision of purchasing procedures, and manuals and for clear communication of the same with the concerned staff

e. The importance of incorporating multiple criteria in selecting suppliers so that effective and efficient purchases would be practiced

CHAPTER THREE: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

3.1. Examining Types of Purchasing at AAUCC

To gather data both primary and secondary sources of information were used. The primary sources include data gathered by distributing questionnaire to AAUCC staff, interview conducted with general services head (who is directly responsible to oversee purchasing activities) and interview conducted with the purchasing staff. Further personal observation of the purchasing procedure was done.

Thorough analysis of various documents and personal observation of the researcher revealed that the purchasing function of AAUCC is organized as a unit reporting to general services head (see organization chart) the purchasing unit has a head and two purchasers none of the members in the unit are graduates in related studies except a purchaser who is a student of purchasing and supplies management. The staff had short term (two weeks or less) training in purchasing and two years or less experience.

In AAUCC there are five different types of purchases each having particular situations to be applied and list of requirements to be met while being applied?

The types of purchases are:

1. Open bid
2. Purchase made by invitation for interest
3. Closed bid
4. Purchase made by invitation for quotation /Performa invoice/
5. Purchase from a single supplier

1. **Open bid** – A type of purchase, which is applied with the following requirements:
   i. The invitation for bid must be announced on the media and published on news paper.
   ii. The announcement must clearly state important information like the purchasing institute name, location, the items to be purchased, where and when to collect and return bid documents, the bid bond amount, the time and place for the auction to take place etc.
   iii. Purchases costing 40,000 or more shall be made through open bid.

2. **Purchase made through invitation for interest - T**his type of purchase is used for purchase of consultant services. The process involves: first, announcement would be made for suppliers to present their terms of references and show their interest; then a standard format developed by purchasing agency will be used to guide those suppliers who showed interest to participate in the auction.

3. **Closed bid** – A type of purchase which invites only selected suppliers to participate in the auction.

4. **Purchase made through invitation for quotation of price /Performa invoice/**

   In this type of purchase, first the purchasers collect at least three quotations for price /perform invoice/ from different suppliers in a sealed envelop then envelop will be opened by the purchasing head and, the one quoted the least price will be selected. Purchases less than 40000birr, worth can be made by this method.

5. Purchase made from a single supplier

This type of purchase are made when the followings are satisfied

i. When there already exists a contractual agreement to supply items, and additional supply of not more than 25% of the original purchase is required,
ii. And when the additional purchase is needed with in 6 months period of the conclusion of the original purchase.
iii. When the supplier is the only one to supply the spare parts of the equipments used by the purchaser
iv. When the supplier is the only manufacturer of the item

The classifications of purchases are made strictly based on federal government purchasing manual. The manual states the criteria to be used while classifying different types of purchases. As discussed earlier the purchasing government agency in our case Addis Ababa University College of Commerce shall abide to the manual and should follow the procedures and instructions while categorizing a particular purchase and implementing the same.

According to the purchasing head and the purchasing documents, open purchase is the critical one both in terms of budget consumption and in meeting the operational needs. Since Addis Ababa University College of Commerce is an academic institution, those items purchased for direct academic purposes are considered as critically important for operation. In this respect, education and duplication materials, computers and accessories and stationeries consume the largest budget and are made through open bid. The detail of budget allocation for different purchases is present in the annex.

For different types of purchases there are different steps in the purchasing process. Open purchase is the one that involves the longest of steps in the process.

3.2 Assessment of the Purchasing Process at AAUCC

The purchasing process in AAUCC involves 19 steps, which includes:

1. **Need recognition** : the purchasing unit recognizes need for purchase in three ways :
   i. When users present purchase requisition
   ii. When store demands for replenishment of items in the store or purchase of immediately requested items
   iii. Summarizing annual purchasing plan

2. **Verification of purchase requisition:** the general services head verifies purchase requests by checking whether budget is there for the particular purchase.

3. **Preparations summary of items to be purchased:** The purchasing head prepares list summarizing the items to be purchased.

4. **Bid document preparation**: Technique committee will prepare bid document and the document will be ready with the purchasing manual for bidders.
5. **Invitation for the bid:** The bid will be announced on a well established news paper having wide coverage and on other media.

6. **Bidders shall fill the bid document and return**

7. **Technical c ommittee v erifies b id d ocuments:** If items are technical like computers and accessories IT experts shall verify the bid document against the specification.

8. **Suppliers' evaluation:** Auction committee evaluates suppliers and selects the winner based on least price criteria and presents the winner to the dean for approval.
9. **The dean approves ,**
10. **Presentation of purchase order**: Head of purchasing presents the purchase order to the selected supplier.
11. **Delivery of items:** the supplier delivers the item to store.
12. **Quality check** : For technical items like computers IT expert will check items against specification, bid document and purchase order and if items are non technical, quality committee shall check the items against purchase order and recommends the items to be accepted.

13. **Confirmation for receiving**: Administrative vise dean confirms the items shall be accepted and receiving invoice shall be issued.

14. **Issuance o f r eceiving i nvoice**: The store keeper issues receiving invoice to the supplier. Mostly suppliers deliver the items and leave with out having the receiving invoice since the process of quality check and confirmation for receiving will take a month or more. Which means even though the item is in the store users have to wait for a month or so before collecting the item until receiving invoice is issued and payment is effected.

15. **Request for payment:** Purchasing head requests payment to be effected to the administrative vise dean.

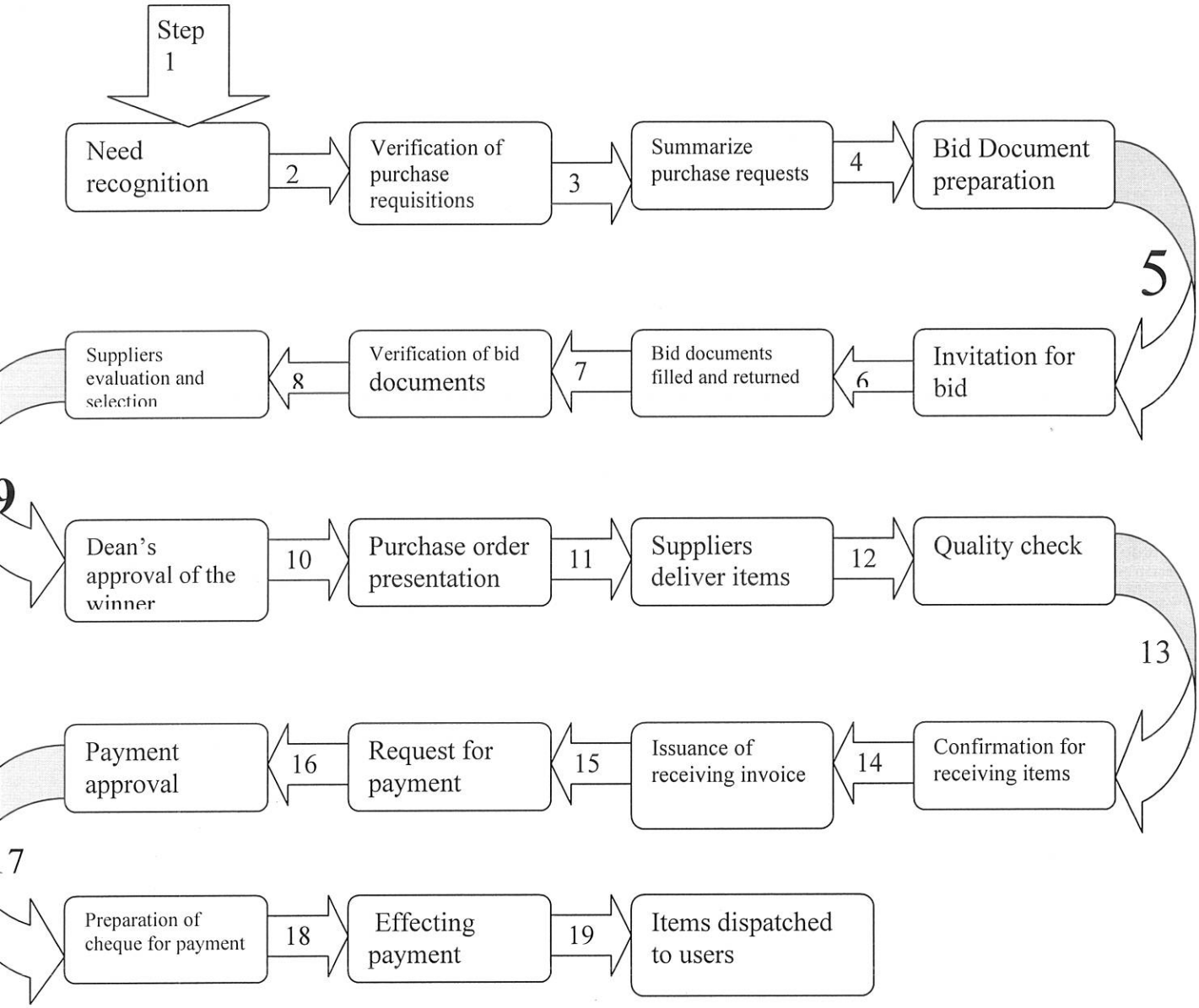
16. **Dean's approval of payment**

17. **Finance prepares the cheque for the payment**

18. **Purchasing head makes the payment**

19. **Purchased items shall be dispatched to users**

A flowchart of AAUCC's purchasing process



Thorough analysis of the purchasing process reveals a number of problems. The major problems are presented as follows:

i. **Lengthy process:** The purchasing process involves 19 steps, which are very lengthy some of the steps are redundant and because of this purchases are often delayed.

ii. **Lots of decision makers:** Besides the lengthy purchasing process, involvement of large number of decision makers delays the process. In a particular open bid purchasing process some 12 parities will be involved out of these 3 are committees each consisting 4 to 7 members. The members are holding the responsibility in the committee as part time duty with out any additional benefit or compensation and minimal direct supervision.

A particular purchase shall pass through 7 levels of organizational hierarchy starting from the users to the dean (refer the organizational structure in the annex). The involvement of several decision makers, particular in the form of committee with part time members is creating big challenge for timely purchase.

iii. **Communication gaps** : There exists communication gap among parties involved in the purchasing process, this can be explained as follows:

a. The requesting unit might not clearly state the item required on the purchase requisition form since the form doesn't have enough room to write specification.

b. For purchases that experts and technique committee will not be involved (non bid and non technical purchase) suppliers might deliver different items that users didn't request

c. Purchaser might purchase different items because they don't have clear understanding of the items requested or they simply assume the item they purchased can substitute the requested one.

d. There are instances that for the items which are available in the store, purchase requisition are issued and purchases were made, this is because users directly present their purchase requisition to purchasing unit with out the consent of the store.

e. Neither the users who requested for the purchase nor the purchasers who made the order are present when the supplier is delivering the items and this creates loophole for suppliers to cheat

f. A particular purchase might go back and forward because some information is missing and this will further stretch the already long process.

iv. **Poor record keeping:** There are no well established records for purchasing activities. A particular purchase requisition doesn't have serial number and the purchase progress is not recorded this makes expediting difficult and locating a particular purchase requisition among plenty others intricate.

v. **Absence of follow up:** There is no systematic way to expedite the purchasing process. The users who requested the purchase have to do the expediting by

themselves most of the times information on the progress of the purchase would not be known since there is no record to refer.

vi. **Absence of accountability:** There is no practice that intentional or negligent delay in purchasing would result accountability**.** If a particular purchase is taking too long no consequences will follow. As a matter of fact, there are no positive or negative reinforcements to make purchasers more committed to their work.

vii. **Committee members:** the purchasing process involves varies committees including quality committee, technical committee and auction committees most of the members are taking the assignment as part time to their job and almost all of them have very little knowledge in purchasing. Besides this, part time committee members give priority for their primary responsibility and often they miss meetings. Thus to make important decisions, meetings will be postpone and this will delay the purchasing process. For example, after a particular item is already delivered in the store by the supplier it takes a month or even more before the store issues receiving invoice to the supplier (if the invoice is not issued items can't be dispatched to users) this is because the quality committee or technical expert have to approve the quality of the items and it takes a while to gather the members. This means users can't collect the items they requested even though the material is in store.

viii. **Least price selection criteria: -** Since the government purchasing manual encourages and instructs least price, quality of items is often compromised. The

purchasing system is not established in a way that efficient purchases are linked with some sort of recognition let alone reward. The purchasing manual only shows that all the requirements shall be satisfied and procedures are followed so that utility will be maximized at least cost possible. The importance of other elements in purchasing like right quality, quantity, source and time is not given proper emphasis.

ix. **Lack of expertise:** The purchasing function is staffed with employees having minimal exposure to purchasing profession. The practice shows that the principle of purchasing to secure 5R's (that is right quality, right quantity, right sourcing, right price and right timing) is not recognized by almost all levels of decision makers. The basic objective of a particular purchase as stated by the purchasing officials shall be meeting the requirement /needs for performing the academic mission. This is vague statement and doesn't show how the 5R's are to be secured.

x. **Poor store and inventory management:** There is no stock of items which are frequently requested. Every item will be purchased when the need arises . The store is filled with sanitary supplies and stationeries if some user needs a toner for printer for example; it has to be purchased from the market this means the job will be interrupted until the item is delivered. Besides this, the records kept in the store do not show any classification of items and as a result of this making ABC analysis was difficult. For items having some how similar values and volume (like printing papers and soft papers it will be meaning less to make ABC analysis.)

3.3 Examining the Purchasing Staff Performance

In addition to the interview conducted with general services head of AAUCC data was gathered through interview with purchasing staff. As discussed earlier the purchasing staff profile doesn't fit for a function that performs 10 million birr or more worth variety of purchases in a year. Besides the purchasing unit is responsible for a number of duties including:

1. Summarizing purchase requisition
2. Collection of Performa invoice (invitation for quotation)
3. Evaluation and verification suppliers (for Performa based purchases)
4. Preparation of purchase orders
5. Shopping /purchase items
6. Preparation of requisition for payment for delivered items
7. Processing and effecting payments
8. Supervising stores
9. Payments of bills
10. Refueling vehicles
11. Petty cash disbursement and replenishment

According to the purchasing unit head the unit is over loaded with lots of purchases, in a month on the average they process some 70 purchases this means at least 700 documents this is very difficult to handle by only three staff because of this only 45% of requests are processed in the same week.

In making non bid purchases the purchasers have the discretion to invite particular suppliers for quotation of price and for purchaser below 100 birr they can purchase from a particular supplier with out a need to invite others for quotation. The discretion given for the purchasers is important because as a result of their day to day work they would have information about reliable suppliers. But the chance that purchasers might establish unethical relationship with suppliers remains a threat. Having well established relationship with suppliers is important because one of the problems practiced in the institution is lack of long term relationship with suppliers.

According to purchasing unit head there is no average or expected time for a particular purchase. It all depends on various things including the type of the item to be purchased, the time the purchase was requested (some times the unit will be busy) or the party who made the request (boss or not).

The discussion with the purchasing unit head revealed that the principles of the five right of purchasing have no room in their purchase and the management never communicated the principles to them.

The purchasers seem to be worried about how to tackle the challenges of deceitful suppliers. Several times suppliers try to deliver different items than on the price quotation or intentionally trying to load empty packages or packages containing defective terms. Establishing long term relationship with reliable suppliers would reduce this challenge. Nonetheless, neither the management nor purchasers are acting on this. The purchasing practice shows that there is always emphasis on low price items the simple rule to select among suppliers is the least price.

There is the understanding that user's requirements are not well met. According to purchasing head there are often late purchases due to a number of reasons.

The reasons for delay in purchase include:

i. The purchasing unit has to strictly follow the purchasing process which involves verification and approval at different levels and this will take some time.

ii. There is cash shortage for purchases to be made from petty cash since the amount of petty cash 3000 birr is very small.

iii. Sometimes the requested items, might not be available in the market so the requisition shall be reprocessed

There are also instances users complaining about quality claiming the items are either wrong quality or poor quality.

- Wrong quality means some different type of the same product is purchased which might not met users requirement.
- Poor quality implies the item might be the same but it's below standard and it doesn't effectively serve the intended purpose.

According to the purchasing official the problems happen because:

- users don't clearly state their request
- suppliers frequently deceive

Where as users do not have many complaints on source, price and quantity of purchases since the rule is least price and sufficient quantity is often purchased besides users would not be concerned about how much a particular purchase costs and who supplied it. Their concern is to get the right quality items at the right time in sufficient.

Other problems in the purchasing:

i. Purchasing staff lack skill and experience to make purchases of technical items although this problem is handled by assigning a technical expert to accompany purchasers since it is part time duty for the expert with out any incentive there is a problem of commitment and this is delaying purchases.

ii. The management is not playing satisfactory role predominantly in establishing long lasting relationships with reliable suppliers. This is principally important for regular purchases, which will not require biding.

iii. Users are not exactly specifying the items they request for purchase. The reason might be they lack the knowledge of specification and the purchase requisition form doesn't have space for this. This is causing wrong quality purchases and giving room for suppliers to cheat.

iv. There are cases that suppliers create problems in the purchasing process among the practices of suppliers includes:

   a. Participating in a tender with out possessing the item to supply assuming they can make it ready if they win the tender

   b. Quoting prices with time limit , assuming the purchasing process takes time and would give them room to demand for price revision.

c. They quote price with out specifically stating the item assuming that the can change the item by lower quality and profit more.

3.4 Assessment of the Purchasing Role in Meeting Users Needs/ Requirements

To assess the role of purchasing unit in meeting users requirements questionnaires were distributed to a sample size of 45 selected using quota sampling method so that the samples have good representations from every department and would consist both academic and administrative staff. 40 questionnaires were returned which represents 20% of AAUCC staff. The data is presented and analyzed using SPSS soft ware program.

3.4.1 Respondents Profile and Composition

Table 3.1 respondents profile and composition

Profile	Choices	Number of respondents	Percentage of respondents
1. Education level	Certificate or less	5	12.5
	Diploma	11	27.5
	First Degree	11	27.5
	Masters or more	13	32.5
	Total	40	100%
2.Gender	Male	26	65
	Female	14	35
	Total	40	100%
3. Age	20 – 29	6	15
	30 – 39	26	65
	40 – 49	7	17.5
	Above 50	1	2.5
	Total	40	100%
4. Department	Accounting	8	20
	PSM	5	12.5
	Marketing	7	17.5
	BAIS	6	15
	AMTS	6	15
	Administration	8	20
	Total	40	100%
5.Position	Academic staff	24	60
	Administrative staff	16	40
	Total	40	100%

3.4.2 Examining Respondents' / Users' Requirements

This section assesses the relationship between different users and the purchasing units with respect to various purchases and the frequency of purchase requests. Data were gathered through questionnaire and the findings of the survey are presented below.

i. How frequently purchase is requested

Table 3.2 Frequency of purchase request

	Frequency	Valid Percent	Cumulative Percent
Once in a month	11	29.7	29.7
Quarterly	5	13.5	43.2
Semi Annually	12	32.4	75.7
Annually	9	24.3	100.0
Total	37	100.0	

The above table shows that 29.7% of the respondents make purchase request at least once in a month, 13.5 % of the respondents make purchase request once in a quarter, some 32.4% of the respondents make two purchase requests per year and 24.3% of the respondents make purchase requests once in a year.

This shows that majority of the users do not make purchase requisition very frequently, since some 75.7 % of the respondents are requesting purchases utmost twice a year. This implies that purchasing staff would not be very busy by large and frequent purchase requests.

ii. Relationship between position (academic vs administrative staff) and frequency of purchase requisition

Table 3.3 Relationship between position and frequency of purchase requisitions

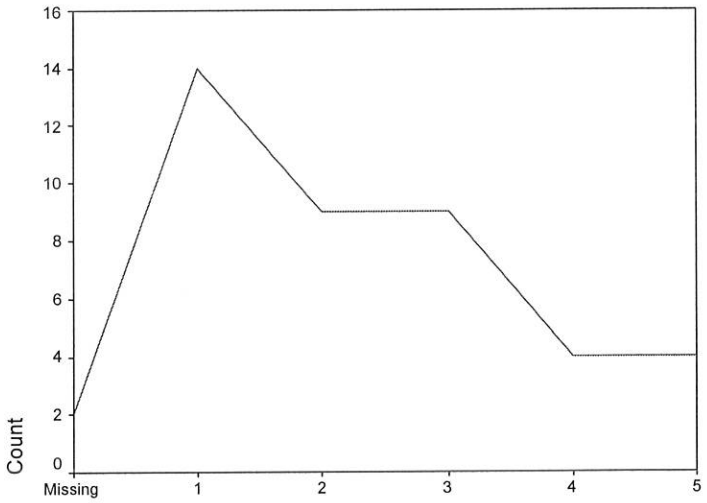
		Position		Total
		Academic staff	:Administrative staff	
Frequency Of Purchase Request	Monthly	1	10	11
	Quarterly	1	4	5
	Semi annually	11	1	12
	Annually	9		9
Total		22	15	37

The above cross tabulation shows that most academic staff request for purchases twice or once in a year 82% of the times. Whereas administrative staffs make most frequent purchase requisitions 10/15 i.e. 67% of the times make purchase requests at least once in a month.

Chart3.1 Categories of frequently requested items

KEY
VAR 0008: Items frequently Requested

1---Education & duplication items
2---Stationeries & office supply
3--- Computers & Accessories
4---Sanitary supplies
5--- Others



The above chart shows that education and duplication materials are most frequently requested (35% of respondent said so), followed by stationeries and office supplies requested 22.5% of the times which are equally requested like computers and accessories sanitary supplies are less

frequently requested i.e. 10% the times. Other items requested constitute 10% include office furniture, components of equipments (like bulb for OHP), publication, staff uniform etc.

iii. Relationship between position and item requested

Table 3.4 comparison between items requested and staff position

		Position		Total
		Academic staff	Administrative staff	
Item requested	Education & duplication material	10	4	14
	Stationeries & office supplies	3	6	9
	Computer & accessories	8	1	9
	Sanitary supplies		4	4
	Others	3	1	4
	Total	24	16	40

The comparison between position and categories of items requested reveal that academic staff mostly (75%) request education and duplication material and computer and accessories while administrative staff mostly request stationeries and office supplies 38% of the times and significant number of administrative staff (25%) make purchase request for education and duplication materials this is because academic department secretaries who are also administrative staff make purchase requests for their respective department members.

3.2.3 Rating Purchasing Performance in Terms of 5R's Purchasing Principles

iv. Does purchasing unit make right quality purchases

Table 3.5 Respondents' replay on right quality purchase

	Frequency	Percent	Cumulative Percent
Always	3	7.5	7.5
Mostly	8	20.0	27.5
Rarely	20	50.0	77.5
Never	9	22.5	100.0
Total	40	100.0	

The table shows some 72% of the respondents replayed purchasing unit is rarely or never making the right quality purchase. This is very significant number showing that users are not satisfied by the quality of the items being purchased. Quality being fitness for the intended purpose or meeting users requirements, if such large number of users are dissatisfied with the quality of purchased items this would indicate some problem in purchasing performance.

vi. . Does purchasing unit make right quantity purchases?

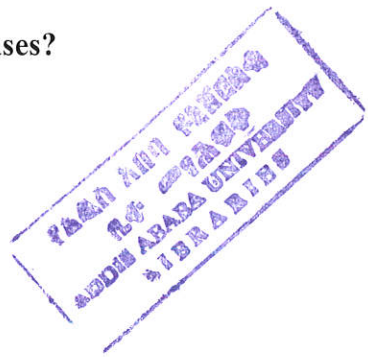


Table 3.6 Respondents' replay on right quantity purchase

	Frequency	Percent	Cumulative Percent
Always	20	50.0	50.0
Mostly	13	32.5	82.5
Rarely	7	17.5	100.0
Total	40	100.0	

The table shows that most respondents are satisfied by the quantity of items purchased. Some 50% of the respondents replayed purchasing unit always makes right quantity purchases and some 22% replayed most of the time purchasing makes right quantity purchases.

vii. Does purchasing unit make purchases from the right source?

Table 3.7 Respondents' replay on right sourcing

	Frequency	Percent	Cumulative Percent
Don't know …	9	22.5	22.5
Mostly…	11	27.5	50.0
Rarely…	8	20.0	70.0
Never…	12	30.0	100.0
Total	40	100.0	

Some 50% of the respondents replayed that purchasing rarely or never make purchases from the right source. And significant number of the respondents (22.5%) said they don't have the information to judge on right sourcing. This is true because users need not necessarily know who

might supply the items. This is also an indication that given the fact that respondents lack sufficient information about suppliers, using their opinion will not be enough and reliable to conclude on whether purchasing unit is making the purchases from the right source.

viii. Does purchasing unit make purchases for the right price?

Table 3.8 Respondents reply on whether purchases are made for the right price

	Frequency	Percent	Cumulative Percent
Don't Know...	12	30.0	30.0
Always...	6	15.0	45.0
Mostly...	14	35.0	80.0
Rarely...	2	5.0	85.0
Never...	6	15.0	100.0
Total	40	100.0	

As the table above shows some 50% of respondents think purchasing is making the purchase for the right price whereas 30% of the respondents don't have the information to respond for the inquiry. This is understandable since users might not know the price of the items purchased and this indicates that before concluding anything about appropriateness the purchase price of items further data should be gathered from those having sufficient information.

ix. Does purchasing unit deliver items at the right time?

Table 3.9 Respondents reply on whether purchases are delivered at the right time

	Frequency	Percent	Cumulative Percent
Always...	4	10.0	10.0
Mostly....	10	25.0	35.0
Rarely...	11	27.5	62.5
Never...	15	37.5	100.0
Total	40	100.0	

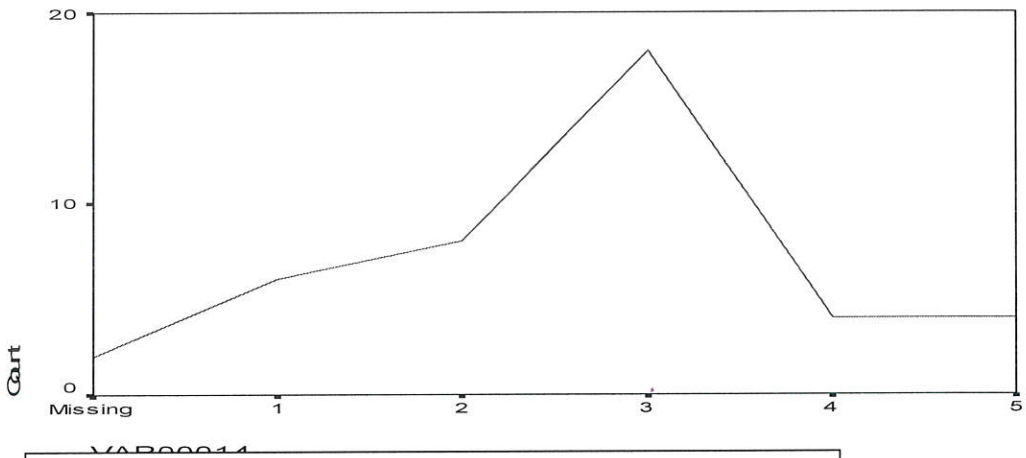
For the inquiry about promptness of purchasing most respondents (65%) replied items are rarely or never delivered on time. This is substantial number and is an indication that there are often

delays in purchasing. This needs quite a consideration since it implies dissatisfaction of users, additional costs due to inflation of items, interruptions of work etc.

Table 3.10 Respondents reply on average time a purchase takes

	Frequency	Percent	Cumulative Percent
1-2 weeks...	6	15.0	15.0
3-6 weeks...	8	20.0	35.0
7-12 weeks...	18	45.0	80.0
13-20 weeks...	4	10.0	90.0
6 months or more..	4	10.0	100.0
Total	40	100.0	

Chart 3.2: Average time a purchase takes to be delivered



KEY
Average time a purchase will take

1: 1 to 2 weeks; 2: 3 to 6 weeks; 3:7 to 12 weeks
4: 13 to 20 weeks; 5: 6 months or more

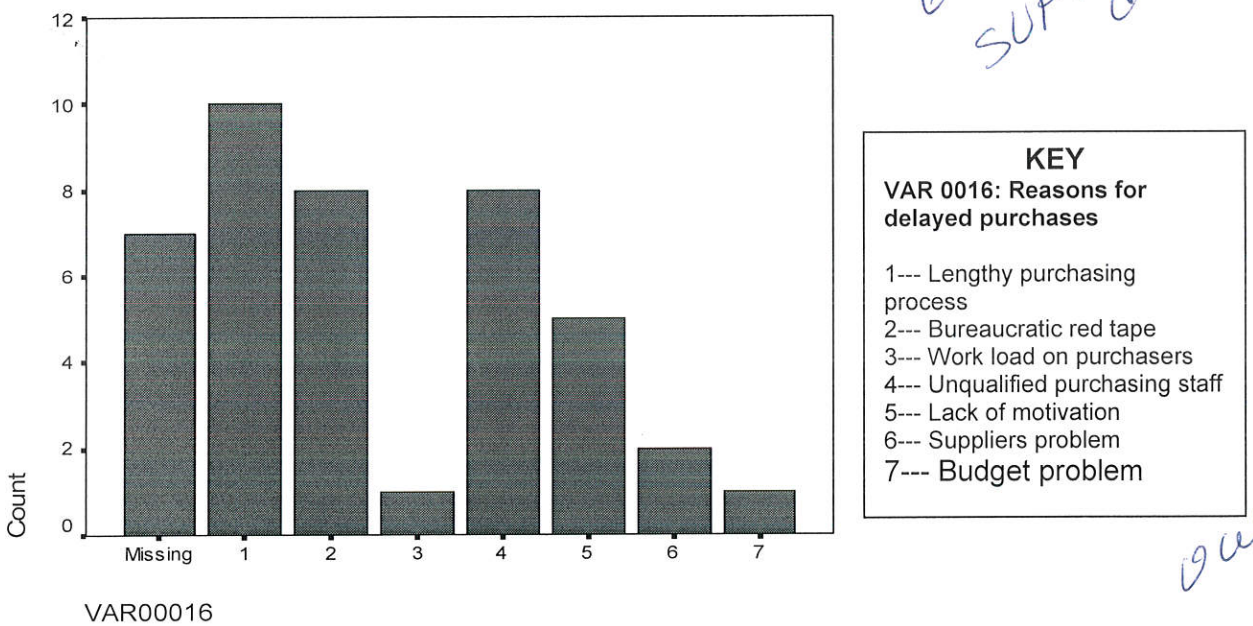
According to respondents a purchase takes four months or more 20% of the times, 45% of the purchases are done in 7-12 weeks time, 20% of purchases are done in a month and half, the table shows only 15% of the purchases are done within two weeks. This data is a clear indication that

purchasing is sluggish . The survey report indicates that 75% of respondents agree with this statement.

Table 3.11 Respondents opinion on reasons for delayed purchases

	Frequency	Percent	Cumulative Percent
Lengthy purchasing process	10	28.6	28.6
Bureaucratic red tape	8	22.9	51.4
Work load on purchasers	1	2.9	54.3
Unqualified purchasing staff	8	22.9	77.1
Lack of motivation	5	14.3	91.4
Suppliers problem	2	5.7	97.1
Budget problem	1	2.9	100.0
Total	35	100.0	

Chart 3.3: Reasons for delayed purchases



Respondents have different opinions on why their purchases are late the highest proportion (28%) blame the lengthy purchasing process for the delay, next bureaucratic red tape and unqualified purchasing staff are considered as causes for the delay each are marked by about 23% respondents, according to respondents workload on purchasing staff and budgetary problem are least likely causes for the delays each marked by about 3% respondents. Further analysis of

this issue disclosed that users don't assume budget as a problem since every year the management is reporting some 1-3 million birr is returned to government as a surplus from every year budget. Most users don't take the busyness of purchasers as an excuse for delay stating they are making purchase requests very rarely, as discusses previously some 70% of the respondents make purchase requests at most quarterly.

x. In which respects the purchasing unit is doing well

Table 3.12 Respondents opinion on areas that purchasing doing satisfactory job

	Frequency	Percent	Cumulative Percent
Right quality purchases	2	6.1	6.1
Right quantity purchases	22	66.7	72.7
Right price purchases	9	27.3	100.0
Total	33	100.0	

Large number of respondents (66.7%) selected right quantity as a measure of good performance of the purchasing function. This shows that if purchases are done there wouldn't be shortage of number. From users side right quantity might not necessarily mean sufficient number it might also mean excess of requirement. If that is the case purchasing right quantity can't be taken as a measure to applaud the purchasing performances if it is not integrated with other measures. Next to right quantity right price is selected by 27%, this is understandable given the fact that purchasing is using least price criteria to select suppliers. However it is a regrettable that very little respondents (6%) voted purchasing is making right quality purchases. It is also a pity that , none of the respondents selected neither right time nor right source of purchasing. These are indication for inefficient purchasing performance.

xi. Areas of purchasing poor performance

Table 3.12 Respondents opinion on areas that purchasing performing badly

	Frequency	Percent	Cumulative Percent
Right quality purchases	11	27.5	27.5
Purchasing from right source	10	25.0	52.5
Purchases made at the right time	19	47.5	100.0
Total	40	100.0	

According to respondent purchasing is performing badly with respect to timing, quality and sourcing rating 47.5%, 27.5% and 25% of the times, respectively. The survey report shows that purchasing has critical problem in making prompt purchases. Also the problem of quality and right sourcing require due attention. The poor performance of purchasing is causing lots of problems in AAUCC; the survey report indicates that 70% of respondents experienced problems in their work as a result of purchasing unit's poor performance.

Some of the incidence and their consequences are:

- Defective and reused typing ribbon was purchased
- Photo copier was purchased and shortly broken but the supplier couldn't fix it
- Teaching materials like white board markers are not purchased on time and are not ready for the academic season
- Printing papers are available in plenty on June(end of year) but are in short during the academic year
- Office equipments like staplers are in short users buy from their pocket
- Lots of stencil printer were purchased on the same time a new duplicating machine that doesn't take stencil was purchased.
- Particularly for computers and accessories, purchasers don't have clues of specifications. They often purchase items just having any word similar to that of

the specification. For example, if one requests D.link hub the purchasers might buy Light wave hub taking a hub is a hub after all. They often buy poor quality accessories and the items would be damaged shortly.

- For some reason the purchasers don't adequately search the market they simply invite few suppliers to request for quotation (Performa invoice) repeatedly and make the purchase from them.
- Items that the user (the person who requested for the purchase) personally seen in a number of suppliers will be reported unavailable in the market.
- The parties assigned to receive items (quality committee) lack expertise to verify whether items are being delivered in accordance with specification and purchase order. Particularly for computers and accessories there are crucial problems since none of the members of quality committee are IT professional.

xii. Instances of requested items never purchased and/ or wrong items purchased

Table 3.14 Relations between item requested never purchased and items never requested purchased

Items requested but not purchased	Items purchased but never requested		Total
	Yes	No	
Yes	16	7	23
No	12	5	17
Total	28	12	40

About 57% of the times the item users requested were never purchased. And out this 49% of respondents were never given explanations why the items they have requested would not be purchased. Simply their purchase requests ended up in the trash. The findings of the survey show that if a user requests for a purchase the chance the item would be purchased is less than 50%

(exactly 43%). If the user is lucky he would be informed in time that the item would not be purchased with some 50% chance.

The irony is that while items requested are least likely to be purchased it is highly likely that items never requested or items different from users request would be purchased. 70% of the respondents experienced the incidence of receiving items they never requested. Meaning the purchasing unit purchased items which are different or slightly similar to requested items. The above cross tabulation presents the combination of item requested never purchased and items purchased never requested. Some 40% of respondents faced the incidence that the items they requested never purchased while items they never requested for were purchased. This is a clear indication that how much disorganized and inefficient the purchasing function is.

xiii. Reasons for purchasing of items different from requested

Table 3.15 Respondents opinion on reasons for purchasing mismatch

	Frequency	Percent	Cumulative Percent
Unclear specification of items	18	64.3	64.3
Purchasers unawareness of items	6	21.4	85.7
Suppliers don't have items	2	7.1	92.9
Other reasons	2	7.1	100.0
Total	28	100.0	

According to the survey report most of the mismatches in purchases happen because of problems in specifying the item. The purchase request form doesn't have space to state the specification. Further neither the purchasers nor the receiving party have expertise particularly with respect to IT devices. More than 64 % of the respondents stated that specification problems are causing mismatches between purchasing and the request. Next to that the lack of adequate and related

skill and experience by the purchasing staff is stated as a reason for wrong purchases; 21.4% of respondents said so.

Such mismatch between purchase requisition and item purchased has several consequences.

- The item purchased might not effectively substitute the item requested
- Users might decline to receive the item
- Suppliers will not be willing to change the item
- The purchased items might seem to fit for the intended purpose for a while and might not last long
- Work will be interrupted
- Users will be forced to wait for another lengthy purchasing process
- Items will be simply discarded
- Conflict between users and purchasers will happen
- Waste of resource for items to be repurchased

CHAPTER FOUR: CONCLUSION AND RECOMMEDATIONS

4.1 Conclusion

To gather information for the paper primary sources including questionnaire, interview and observation were used, and also secondary sources including purchasing documents, manuals and reports were revised. Both the primary and secondary sources revealed that the purchasing management of AAUCC has lots of problems and is inefficient. The major areas of poor performance can be summarized as follows:

i. The management is not giving sufficient emphasis for the purchasing function. This can be observed from the following:
   a. Not assigning qualified staff for the unit
   b. Not effectively communicating the principles of purchasing (5 rights) for the members
   c. Not establishing systematic ways of expediting and follow up of the purchasing process
   d. Not establishing long term mutually benefiting relationship with reliable suppliers
   e. Not devising mechanism to reward efficient purchases and penalize inefficiencies
   f. Not closely monitoring the performance of different committees involved in the purchasing process and taking prompt decision when ever needed

ii. The members of purchasing unit lack skill and experience to meet the purchasing requirements of the college, as a result of this wrong items are purchased creating waste of public resources

manual

iii. Purchase requisition forms are not properly designed, they do not have space for specification and also they don't have serial number so identifying a particular requisition is difficult

iv. There is no comprehensive record for purchasing activities each individual purchase is handled separately and have separate file thus consolidated reports are hard to find

v. The receiving process is not properly organized, parties assigned lack expertise to verify quality of items; there is also a gap in the receiving process i.e. neither the purchaser nor the user will not be checking the items and this gives loophole for suppliers to cheat

vi. There is no direct and immediate consequence for inefficient purchases given they are made according to the manual

vii. There is no stock of items which are frequently requested every item will be purchased when the need arises this exposes to additional costs if rush order is there or interruption of work because of long lead time

viii. Every one is giving high emphasis only for least price other principles of purchasing to secure right quality, quantity, sourcing and timing of purchases are not given any attention.

ix. Suppliers are exercising despiteful practices and this is causing challenge for the purchasers and bringing in poor quality items.

x. The purchasing process is very long and involves some unnecessary steps and parties

4.2 Recommendations

To alleviate the above stated problems and practice efficient purchasing management the following recommendations are forwarded

i. The management should give proper emphasis for purchasing function and should give consideration for the following

   a. Assigned qualified staff for purchasing
   b. Effectively communicating the importance of having efficient purchasing management which can be met by securing the purchase of right quality item, in the right quantity, from the right source, purchased for the right price and delivered at the right time.
   c. Establishing systematic ways of expediting and follow up of the purchasing process
   d. Seeing ways to establish long term mutually benefiting relationship with reliable suppliers since this will reduce suppliers cheating problem and to a higher extent tackle low quality purchases and delayed deliveries.
   e. The management should also device mechanism to motivate purchasers through recognizing and rewarding efficient purchases while making sure intentional inefficiencies would result in substantial accountability.
   f. Above all close monitoring of the performance of different committees involved in the purchasing process and taking prompt decision when ever needed is required.

ii. In addition to the management effort the purchasing unit shall improve its performance by considering the following:

a. Designing suitable forms to process purchases including purchase requisition and purchase order having sufficient space for specification and serial number.

b. Maintaining comprehensive records for purchasing activities

c. Developing ways to expedite purchases

d. Establishing effective stores management and inventory control systems, stocking supplies and accessories which are frequently requested by users as this will reduce delays and work interruptions and also unnecessary rush order expenses.

e. The receiving process shall be organized in such a way that it blocks loopholes for chances of wrong item deliveries.

f. Revising the purchasing process and avoiding steps which are redundant and make sure the parties involved are mandatory in the process and have the ability and willingness to contribute for efficient purchasing practice.

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ANNEXES

Addis Ababa University FBE: MBA Program

Questionnaire for AAUCC staff

Dear respondents:

My Name is Tewodros Mesfin. I am a post graduate student At AAU.

This questionnaire is designed to gather information on purchasing activities of AAUCC. For the research conducted in partial fulfillment of MBA degree. Your cooperation is a valuable input for the research findings. Please provide your genuine opinion. You may choose more than one option when applicable. Please tick your choice.

Respondent's Profile

1. Education level

    1) Certificate or less
    2) Diploma
    3) First Degree
    4) Masters or more

2. Gender

    1) Male
    2) Female

3. Age

    1) 20 – 29
    2) 30 – 39
    3) 40 -49
    4) 50 or above

4. Department

    1) Accounting
    2) AMTS
    3) BAIS
    4) Marketing
    5) PSM
    6) Administrative services

5. Work/ Position

1) Academic staff
2) Administrative staff

6. Do you make purchase request?

1) Yes
2) No

7. How often do you fill purchase requisition?

1) At least once in a month
2) At least once in a quarter
3) At least twice a year
4) Once in a year

8. Which items do you request mostly?

1) Education and duplication materials
2) Stationeries and office supplies
3) computers and accessories
4) sanitary supplies
5) Others_____

How do you rate the performance of purchasing function in the following respects?

It purchases the	Always(1)	Most of the time(2)	Rarely (3)	Never (4)	Don't know (0)
9. RIGHT QUALITY					
10. RIGHT QUANTITY					
11. From RIGHT SOURCE					
12. For RIGHT PRICE					
13. At RIGHT TIME					

14. What is the average time it takes you to receive an item you requested?

1) 1-2 weeks
2) 3-6 weeks
3) 7-12 weeks
4) 13- 20 weeks
5) more than 6 month

15. Do you think it takes too long to receive the items you requested?

1) Yes
2) No

16. If you answered yes for question 7, what do you think the reason is?

1) Lengthy purchasing process
2) Bureaucratic red tape
3) Work load on the purchasing staff
4) Lack of skill and experience by the purchasing staff
5) Lack of motivation
6) Suppliers problem
7) Budget problem
8) Others (mention)_____

17. In which area do you think the purchasing function doing well?

1) Right quality
2) Right quantity
3) Right price
4) Right source
5) Right time

18. In which area do you think the purchasing function doing badly?

1) Right quality
2) Right quantity
3) Right price
4) Right source
5) Right time

19. Have you encountered any problem because of the poor performance of purchasing?

1) Yes
2) No

20.If yes, please write

A. The incidence

_____

_____

B. The Result

_____

_____

21. Were there instances that the items you requested never purchased?

1) Yes
2) No

22. If yes were you informed why they will not be purchased on time?

1) Yes
2) No

23.Are there instances that the purchasing unit purchased items for you, which are different from your request?

1) Yes
2) No

24. If yes, what do you think would be the reason?

1) Unclear specification of items on the purchase request
2) Purchasers lack of knowledge to identify the item
3) Suppliers don't have the item
4) Others_____

25. What is the consequence of such mismatch purchasing activity?

_____

Thank you very much

Interview questions for purchasing staff

Position_____

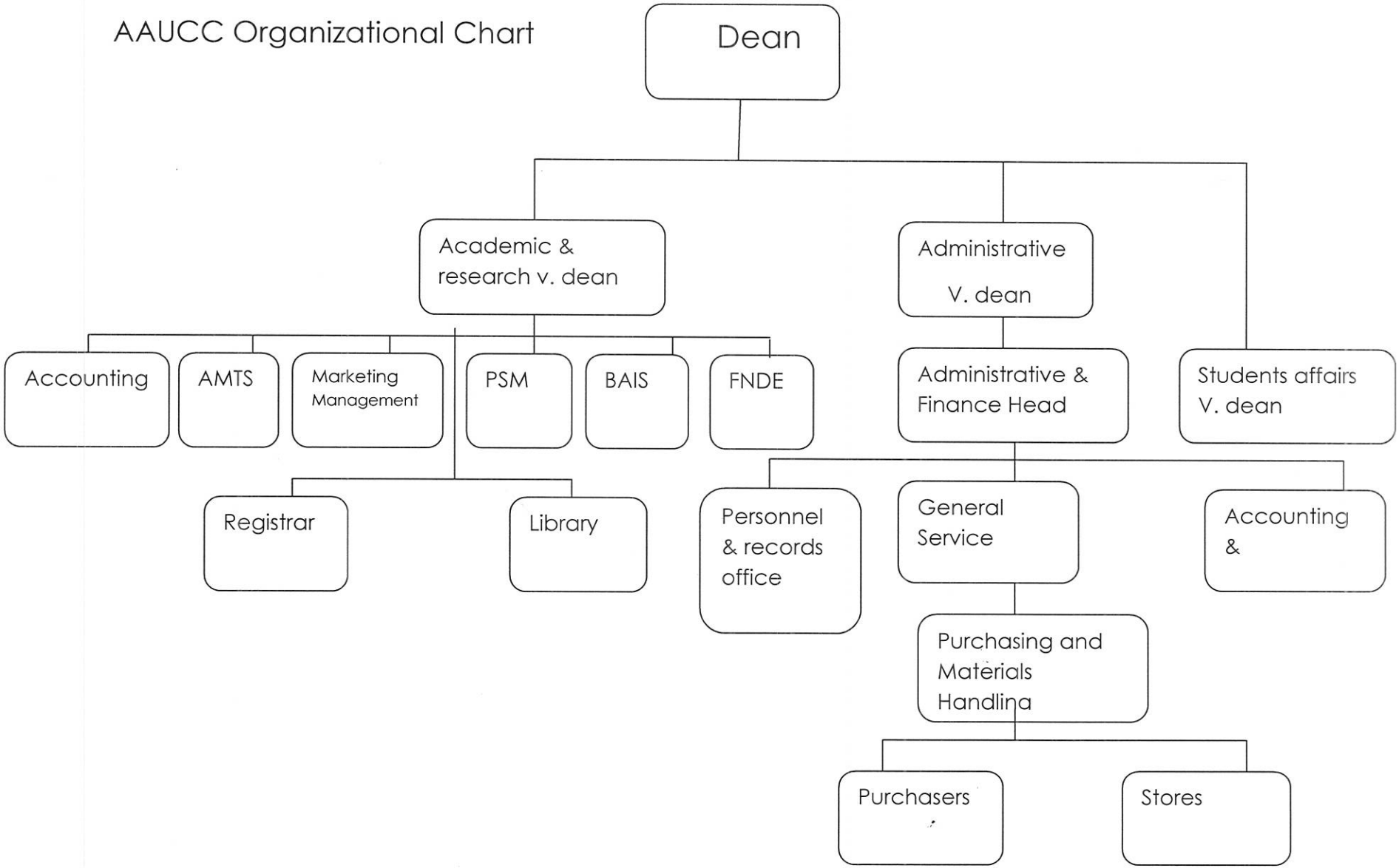
Qualification / Training_____

1. Briefly describe the nature of your job
2. What different types of purchases do you make?
3. What is your responsibility in process?
4. What kind of decisions can you make by your own?
5. How many purchase requisitions do you receive per week on the average?
6. How many of them do you process / make a purchase per week?
7. How long a particular purchase would take you on the average?
8. How do you identify the right supplier?
9. What do you think is the most important objective to be meet in a particular purchase?
10. Which of the FIVE RIGHT of purchasing [right quality, right quantity, right price, right time and right source] if done wrong would have serious consequences?
11. Which of the FIVE RIGHT of purchasing [right quality, right quantity, right price, right time and right source] if well met would have satisfactory reward?
12. Is there a mechanism to encourage efficient and prompt purchase in the organization?
13. Is there a mechanism to expedite the purchasing process?
14. Do you think the management evaluates your performance based the FIVE RIGHTS of purchasing?
15. Are there instances users complaint about the following:
    a. Late purchases __ yes __no
    b. Wrong quality items __ yes __no
    c. Wrong quantity of items __ yes __no
    d. Wrong sourcing of items __ yes __no
    e. Wrong pricing of items __ yes __no
16. Which of the complaints directly attributable to your inefficiency?
17. Which of the complaints directly attributable to the management problem?
18. Which of the complaints directly attributable to users problem?
19. Which of the complaints directly attributable to suppliers' problem?
20. Which of the complaints directly attributable to the purchasing process problem?

Interview guidelines for AAUCC general services head

1. What are different types of purchases do you have?
2. How do you classify among different types of purchases?
3. Which type of purchase is more critically important for the academic operation?
4. Which purchases consume more budgets?
5. What are the fundamental documents guiding your purchasing process?
6. What are the basic objectives of the purchasing function?
7. What are the steps involved in the purchasing process?
8. Do you think any of the steps in the process are pointless at least some times?
9. Have you practiced problems in implementing a purchase process due to any of the steps involved?
10. Which of the FIVE RIGHTS of purchasing [right quality, right quantity, right price, right time and right source] is/ are given more emphasis in your purchasing process?
11. Do you think the purchasing manual gives more emphasis to some of the FIVE RIGHTS of purchasing?
12. Which of the FIVE RIGHTS of purchasing if not met would have more consequences?
13. Which of the FIVE RIGHTS of purchasing if met would have more rewards?
14. What are the criteria used in selecting suppliers?
15. Are there loopholes of these criteria, which impede efficient and prompt purchase?
16. Are there ways to evaluate whether purchases are done according to FIVE RIGHTS of purchasing [right quality, right quantity, right price, right time and right source]?
17. Are there incentives to encourage efficient and prompt purchases?
18. How do you expedite the purchasing process?
19. What are the major items to be purchased and how are they distributed in terms of value and volume?

AAUCC Organizational Chart



Summary of literature review on research papers of purchasing management in Ethiopia

Research title	Research problem	Research objectives	Findings	Recommendation	Remark
Purchasing practice problems in Addis Modjo edible oil factory	Price fluctuation	Analyze purchasing effects of on the organization	Inefficient purchase	No comment given	
	Shortage and poor quality of raw materials		Absence of effective purchasing plan	Conduct research to address the problem	No solution reached from this research
			Least price criteria	Don't use least price	No alternatives given
	Delayed purchases	Analyze purchasing process	Unskilled staff	Employ skilled workers	
	Lack of reliable suppliers	See source of supply	No permanent suppliers	Have permanent suppliers	No comment how to pursue
Purchasing management in Customs authority	Purchasing sub standard items	Analyze supplier qualification and selection	Least price criteria, No permanent supplier	Use multiple Selection criteria	No comment given on suppliers problem
	Poor implementations of purchases	Analyze purchasing procedure, manual and follow up	Unskilled staff	Train staff	
			Absence of purchase evaluation & management attention	Develop clear structure	Unrelated findings and recommendation
Foreign purchasing problems in EEPCO	Delayed purchases	Analyze purchasing procedure and manual	Unskilled manpower Ineffective follow up used	Train and assign skilled manpower use modern techniques to follow up	
					The techniques are not discussed
	Communication gap		Out dated purchasing manual	Revise the manual	Relations between communication gap and the manual not discussed

Research title	Research problem	Research objectives	Findings	Recommendation	Remark
Local purchasing management problems: The case of Almeda	Poor quality items	Analyze supplier qualification and selection	Suppliers are selected based on multiple criteria	Suppliers should be selected based on price criteria	Wrong suggestion least price brings poor quality
	Absence of reliable & competent suppliers		Suppliers are listed	No recommendation	No discussion about suppliers incompetence
	Shortage of skilled manpower	Analyze coordination between purchasing and other units	Management gives less attention for purchasing	Train the purchasing staff and employee skilled manpower	The problem is not discussed in the analysis part
	Absence of purchasing plan	Learn the purchasing process	Centralized and decentralized purchases are there	Develop purchasing plan	Gap between research problem, objective, finding and
Evaluating the purchasing procedure in Ethiopian Grain Trade Enterprise	Poor quality grains purchased	Not mentioned	No clear specifications are there Suppliers deceive	Develop technical specification	Permanent relationship with suppliers might be suggested
	Unclear purchasing procedure	Understand the purchasing procedure	Purchasing policy and procedure not clearly communicated to staff	Develop and communicate purchasing procedure	
	Lack of skilled manpower	Not mentioned	Not mentioned	Give training	
	Unreliable suppliers	Not mentioned	No Permanent suppliers	Not mentioned	Establishing reliable suppliers should be suggested
Purchasing management in commercial printing enterprise	Wrong & poor quality purchase	Not mentioned	No clear specification,. Weak relationship with suppliers, unskilled staff	Train staff, Improve relations with suppliers	No comment given on specification
	Delayed purchases	Analyze management support	No follow up No purchasing plan	Plan and implement and follow up purchases	
		Analyze the purchasing procedure	Purchasing procedure is out dated	Revise order processing system	
	Lack of management support	Analyze organizational structure	Purchasing is not given proper emphasis	Not mentioned	No comment given on management support

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የዕቃ ግዥ መጠየቂያ

ለ፣ ዕቃ ግዥ ክፍል

ከ፣_____ ቀን _____

ተ.ቁ	የዕቃው ዓይነት	ብዛት	ምርመራ
1.			
2.			
3.			
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8.			

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የርዕስ መስሪያ ቤት ኮድ	312
ተቋርዕስ መስሪያ ቤት ኮድ	02
ንዑስ ተቋርዕስ መስሪያ ቤት ኮድ	09
ተጨማሪ ንዑስ ተቋርዕስ መስሪያ ቤት ኮድ	
ተጨማሪ ንዑስ ተቋርዕስ መስሪያ ቤት ኮድ	

የተሻሻለ የመጀመሪያ በጀት

የተፈቀደ በጀት

ሥራ ዘርፍ	ዝርዝር	ድምር	የተሻሻለ በጀት	ጭማሪ	ቅነሳ	
1	2	3	4	5	6	7
5000		27,755,900	19,508,700	8,247,200		
6100	ሰብዓዊ ለሆኑ አገልግሎቶች	11,230,900	4,372,100	6,858,800		
	ለሠራተኞች የሚከፈሉ ክፍያዎች	10,941,500	4,082,700	6,858,800		
	ለቋሚ ሠራተኞች ደመወዝ	4,082,700	4,082,700	-	-	
	ለኮንትራት ሠራተኞች ምንዳ	428,800	-	428,800	-	
	ለሠራተኞች የሚደረጉ የተለያዩ ክፍያዎች	6,430,000	-	6,430,000	-	
	አበል ጥትግ ጥትምበላ	44,400	44,400	-	-	
	ለቋሚ ሠራተኞች አበል	44,400	44,400	-	-	
	የመንገድ ጉዞ ፈቃድ መኖሪያ	245,000	245,000	-	-	
	ለቋሚ ሠራተኞች የሙሪታ መኖሪ	245,000	245,000	-	-	
6200	ለዕቃዎች እና አገልግሎቶች	15,748,600	15,136,600	612,000		
	ለደንብ ልብስ ለልብስ ለፍራሽና አልጋ ልብስ	10,736,900	10,736,900	-	-	
	ለአላቂ የቢሮ ዕቃዎች	52,900	52,900	-	-	
	ለሕትመት	80,900	80,900	-	-	
	ለአላቂ የሕክምና ዕቃዎች	70,000	70,000	-	-	
	ለአላቂ የትምህርት ዕቃዎች	250,000	250,000	-	-	
	ለምግብ	4,065,000	4,065,000	-	-	
	ለነዳጅና ቅባቶች	6,000,000	6,000,000	-	-	
	ለሌሎች አላቂ ዕቃዎች	80,900	80,900	-	-	
	ለተለያዩ መገሪያዎችና መጻሕፍት	77,200	77,200	-	-	
	ለምርምር እና ለልማት አላቂ ዕቃዎች	10,000	10,000	-	-	
	ለጉምና ለመሰተንገጽ አገልግሎቶች	62,500	25,000	37,500		
	የውሎ አበል	10,000	10,000	-	-	
	ለትራንስፖርት ክፍያ	15,000	15,000	-	-	
	ለመሰተንገጽ	37,500	-	37,500	-	
	ለጽሕፈት ሕትመትና አገልግሎቶች	1,284,800	1,284,800	-		
	ለተሽከርካሪዎች እና ለሌሎች መጓጓዣዎች ዕድሳት እና ጥ	61,300	61,300	-	-	
	ለፐላንት ለግሽነሪ እና ለመገሪያ ዕድሳት እና ጥገና	60,000	60,000	-	-	
	ለህንፃ ለቁላቁል እና ለተገማጣጣሚዎች ዕድሳት እና ጥገና	1,163,500	1,163,500	-	-	
	በውል ላሚፈፀሙ የአገልግሎት ክፍያዎች	3,614,400	3,089,900	524,500		
	በውል የሚፈፀሙ የሙያ አገልግሎቶች	10,000	10,000	-	-	
	ለክራይ	3,062,600	2,588,100	474,500	-	
	ለማስታወቂያ	50,000	-	50,000	-	
	ለኢንሹራንስ	10,000	10,000	-	-	
	ለጥገና	7,500	7,500	-	-	
	ለአገልግሎት ክፍያዎች	10,100	10,100	-	-	
	ለኢሊክትሪክ አገልግሎት ክፍያ	250,000	250,000	-	-	
	ለቴሌኮሙኒኬሽን አገልግሎት ክፍያ	141,700	141,700	-	-	
	ለውኃ ፖሊሳ እና ለሌሎች አገልግሎት ክፍያዎች	72,500	72,500	-	-	
	ለሥልጠና አገልግሎቶች	50,000	-	50,000	-	
	ለአገር ውስጥ ሥልጠና	50,000	-	50,000	-	
6300	ቋሚ ንብረቶች እና ግንባታ	776,400	-	776,400	-	
	ቋሚ ንብረቶች ዕቃ	776,400	-	776,400	-	
	ለፐላንት ለግሽነሪ እና ለመገሪያ መገኛ	388,200	-	388,200	-	
	ለሕንፃ ለቁላቁል እና ለተገማጣጣሚዎች መገኛ	388,200	-	388,200	-	

ጨማሪ የተደይናንስ መረጃ

ዝርዝር	የገንዘብ መጠን(በብር)	የአርዳታው መለያ ቁጥር

ለ አዲስ አበባ ቧኒቨርሲቲ
አዲስ አበባ

ተገለጸው የ1999 በጀት ዓመት የተደተሰ በጀት ጠቅላላ ድምር 27,755,900.00 ብር ብቻ እንዳለው አረጋግጠናል

ያዘጋጀው

ስለ ገንዘብና ኢኮኖሚ ልማት ሚኒስቴር

የመንገዘብና ኢኮኖሚ ልማት ሚኒስቴር

ቅጽ ቁጥር _____

የኢትዮጵያ ፌዴራላዊ መንግስት
የ 1998 በጀት ዓመት የተፈቀደ መደበኛ በጀት ማስታወቂያ

የኢትዮጵያ ፌደራላዊ መንግስት

- የበጀት አደረጃጀት

	312	የአዲስ አበባ ዩኒቨርሲቲ
	02	ከፍተኛ ትምህርት
	09	አዲስ አበባ ንገድ ሥራ ኮሌጅ

- የውጭ እርዳታ መገለጫ

- የተፈቀደ በጀት

1	2	3	4	5	6	7
6000		23,306,600	15,059,400	8,247,200		
	ለቋሚ ሠራተኞች ደመወዝ	3,729,700	3,729,700	-	-	
	ለኮንትራት ሠራተኞች ምንዳ	395,200	-	395,200	-	
	ለሠራተኞች የሚደረጉ የተለያዩ ክፍያዎች	5,755,000	-	5,755,000	-	
		44,400	44,400	-	-	
	ለቋሚ ሠራተኞች አበል	44,400	44,400	-	-	
		223,800	223,800	-	-	
	ለቋሚ ሠራተኞች የጡረታ መዋጮ	223,800	223,800	-	-	
6200		12,158,500	11,061,500	1,097,000		
		10,873,100	10,471,100	402,000		
	ለደንብ ልብስ፣ ለልብስ፣ ለፍራሽና አልጋ ልብስ	52,900	48,400	4,500	-	
	ለአላቂ የቢሮ ዕቃዎች	161,000	61,000	100,000	-	
	ለሕትመት	105,000	55,000	50,000	-	
	ለአላቂ የሕክምና ዕቃዎች	245,000	245,000	-	-	
	ለአላቂ የትምህርት ዕቃዎች	4,122,600	3,992,600	130,000	-	
	ለምግብ	5,893,200	5,893,200	-	-	
	ለነጻጅና ቅባቶች	123,200	78,200	45,000	-	
	ለሌሎች አላቂ ዕቃዎች	80,700	55,700	25,000	-	
	ለተለያዩ መሣሪያዎችና መጻሕፍት	22,000	12,000	10,000	-	
	ለምርምር እና ለልማት አላቂ ዕቃዎች	67,500	30,000	37,500	-	
		62,600	25,100	37,500		
	የውሎ አበል	10,100	10,100	-	-	
	ለትራንስፖርት ክፍያ	15,000	15,000	-	-	
	ለመስተንግዶ	37,500	-	37,500	-	
6240		528,100	203,100	325,000		
	ለተሽከርካሪዎች እና ለሌሎች መጓጓዣዎች ዕድሳት እና ጥገና	80,600	60,600	20,000	-	
	ለፐላንት፣ ለግሽናሪ እና ለመሣሪያ ዕድሳት እና ጥገና	92,500	42,500	50,000	-	
	ለህንፃ፣ ለቴላቴሰ እና ለተጣጣሚዎች ዕድሳት እና ጥገና	355,000	100,000	255,000	-	
6250		644,700	362,200	282,500		
	በውል የሚፈፀሙ የሥያ አገልግሎቶች	10,000	10,000	-	-	
	ለኪራይ	205,000	20,000	185,000	-	
	ለግለታወቂያ	50,000	-	50,000	-	
	ለኢንሹራንስ	10,000	10,000	-	-	
	ለጥገና	20,000	5,000	15,000	-	
	ለአገልግሎት ክፍያዎች	25,000	5,000	20,000	-	
	ለኤሌክትሪክ አገልግሎት ክፍያ	161,900	156,900	5,000	-	
	ለቴሌኮሚኒኬሽን አገልግሎት ክፍያ	90,300	85,300	5,000	-	
	ለውኃ፣ ፖስታ እና ለሌሎች አገልግሎት ክፍያዎች	72,500	70,000	2,500	-	
6270		50,000		50,000		
	ለአገር ውስጥ ሥልጠና	50,000	-	50,000	-	
6300		1,000,000		1,000,000		
		1,000,000		1,000,000		
	ለፐላንት፣ ለግሽናሪ እና ለመሣሪያ መገዣ	500,000	-	500,000	-	
	ለሕንፃ፣ ለቴላቴሰ እና ለተጣጣሚዎች መገዣ	500,000	-	500,000	-	

ክፍል ፣ - ተጨማሪ የፋይናንስ መረጃ

ክፍል ፭ መፅደት

አዲስ አበባ ዩኒቨርሲቲ

ቀን _____

የመለያ ቁጥር _____

የኢትዮጵያ ፌዴራላዊ መንግስት
የ1997 በጀት ዓመት የተፈቀደ መደበኛ በጀት ማስታወቂያ

ክፍል 1 - የበጀት አደረጃጀት

15-00-000-312-02-09-00-000 / ፌደራል

የፌዴራል መንግስት ተቋም	312	የአዲስ አበባ ዩኒቨርሲቲ
ንዑስ ተቋም	02	ከፍተኛ ትምህርት
ፕሮግራም	09	አዲስ አበባ ንግድ ሥራ ኮሌጅ
ንዑስ ፕሮግራም	00	
ፕሮጀክት	000	

ክፍል 2 - የውጭ ዕርዳታ መግለጫ

ረዳትነት/ብድር ኮድ	የአገልግሎት ሰጪው ፓርቲ/ክፍለ ሀገር/ድርጅት ስም	የአገልግሎቱ/ብድር ዓይነት አጭር መግለጫ	ለአገልግሎቱ የተገመተ ዓመታዊ መጠን (ብር)
ጠቅላላ የውጭ ዕርዳታ			

ክፍል 3 - የተፈቀደ በጀት

የሠራዊ መደብ	መግለጫ	ድምር	የተሻሻለ ንዑስ ምድብ		ዕርዳታ	
			ከገንዘብ ሚኒስቴር	ከመስሪያ ቤቱ ገቢ	የገንዘቡ መጠን	የአይነቱ መጠን
1	2	3	4	5	6	7
6000	ደመወዝ	21,078,100	11,657,000	9,421,100		
6100	ለብዛዊ ለሆኑ አገልግሎቶች	9,895,000	3,965,900	5,929,100		
6110	ለሠራተኞች የሚከፈሉ ክፍያዎች	9,628,600	3,699,500	5,929,100		
6111	ለቋሚ ሠራተኞች ደመወዝ	3,699,500	3,699,500			
6113	ለኮንትራት ሠራተኞች ምንዳ	351,600		351,600		
6116	ለሠራተኞች የሚደረጉ የተለያዩ ክፍያዎች	5,577,500		5,577,500		
6120	አበል /ጥቅማ ጥቅም	44,400	44,400			
6121	ለቋሚ ሠራተኞች አበል	44,400	44,400			
6130	የመንገሥት የጡረታ መዋጮ	222,000	222,000			
6131	ለቋሚ ሠራተኞች የጡረታ መዋጮ	222,000	222,000			
6200	ለዕቃዎች እና አገልግሎቶች	8,733,100	7,691,100	1,042,000		
6210	ለአላቂ ዕቃዎችና መሣሪያዎች	7,522,800	7,120,800	402,000		
6211	ለደንብ ልብስ፣ ለልብስ፣ ለፍራሽና አልጋ ልብስ	52,900	48,400	4,500		
6212	ለአላቂ የቢሮ ዕቃዎች	161,000	61,000	100,000		
6213	ለሕትመት	96,000	46,000	50,000		
6214	ለአላቂ የሕክምና ዕቃዎች	225,000	225,000			
6215	ለአላቂ የትምህርት ዕቃዎች	2,569,000	2,439,000	130,000		
6216	ለምግብ	4,140,000	4,140,000			
6217	ለነዳጅና ቅባቶች	113,000	68,000	45,000		
6218	ለሌሎች አላቂ ዕቃዎች	79,200	54,200	25,000		
6219	ለተለያዩ መሣሪያዎችና መጻሕፍት	19,200	9,200	10,000		
6223	ለምርምር እና ለልማት አላቂ ዕቃዎች	67,500	30,000	37,500		
6230	ለጉዞና ለመስተንግዶ አገልግሎቶች	67,500	30,000	37,500		
6231	የውሎ አበል	15,000	15,000			
6232	ለትራንስፖርት ክፍያ	15,000	15,000			
6233	ለመስተንግዶ	37,500		37,500		
6240	ለዕድሳትና ጥገና አገልግሎቶች	450,500	180,500	270,000		
6241	ለተሽከርካሪዎች እና ለሌሎች መጓጓዣዎች ዕድሳት እና ጥገና	78,000	58,000	20,000		
6243	ለፕላንት፣ ለማሽነሪ እና ለመሣሪያ ዕድሳት እና ጥገና	72,500	22,500	50,000		
6244	ለህንፃ፣ ለቁላቁስ እና ለተገጣጣሚዎች ዕድሳት እና ጥገና	300,000	100,000	200,000		
6250	በሙያ ለሚፈፀሙ የአገልግሎት ግዥዎች	638,300	355,800	282,500		
6251	በሙያ የሚፈፀሙ የሙያ አገልግሎቶች	5,000	5,000			
6252	ለኪራይ	205,000	20,000	185,000		
6253	ለማስታወቂያ	50,000		50,000		
6254	ለኢንሹራንስ	28,000	28,000			
6255	ለሞኒት	20,000	5,000	15,000		
6256	ለአገልግሎት ክፍያዎች	25,000	5,000	20,000		
6257	ለኤሌክትሪክ አገልግሎት ክፍያ	161,900	156,900	5,000		

ቁጥር _____

የመለያ ቁጥር _____

የኢትዮጵያ ፌዴራላዊ መንግስት
የ1996 በጀት ዓመት የተፈቀደ መደበኛ በጀት ማስታወቂያ

ክፍል 1 - የበጀት አደረጃጀት

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	ኮድ		ሥም
መንግስት መለያ ቁጥር	የርዕስ መለያ ቁጥር	311	የትምህርት ሚኒስቴር
ፕሮግራም	ንዑስ ርዕስ መለያ ቁጥር	02	ከፍተኛ ትምህርት
ሥራ ክፍል	ን.ንዑስ ርዕስ መለያ ቁጥር	12	የአዲስ አበባ ንግድ ሥራ ኮሌጅ
ዑደተ ፕሮግራም	ን.ን.ን. ርዕስ መለያ ቁጥር	00	
ፕሮጀክት	ን.ን.ን.ን. ርዕስ መለያ ቁጥር	000	

ክፍል 2 - የውጭ ዕርዳታ መግለጫ

አርዳታው/ብድር ኮድ	የእርዳታ ሰጪው ያፕሮጀክት መለያ ቁጥር እና ሥም	የእርዳታው/ብድር ሰጪው አጥር መጠርያ	በዕርዳታ የተገኘው ገንዘብ መጠን (ብር)
	ጠቅላላ የውጭ ዕርዳታ		

ክፍል 3 - የተፈቀደ በጀት

የመረጃ መደብ	መግለጫ	ድምር	የፋይናንስ ምንጭ			
			ከጠቃላይ ቢት	ከመስሪያ ቤቱ ገቢ	ዕርዳታ	
					የገንዘቡ መጠን	የእርዳታው መለያ ቁጥር
1	2	3	4	5	6	7
6000	ድ ም ር	17,676,600	10,657,700	7,018,900		
6100	ለብዓዊ ለሆኑ አገልግሎቶች	8,096,000	3,707,400	4,388,600		
6110	ለሠራተኞች የሚከፈሉ ክፍያዎች	7,844,300	3,455,700	4,388,600		
6111	ለቋሚ ሠራተኞች ደመወዝ	3,455,700	3,455,700			
6113	ለኮንትራት ሠራተኞች ምንዳ	230,600		230,600		
6116	ለሠራተኞች የሚደረጉ የተለያዩ ክፍያዎች	4,158,000		4,158,000		
6120	አበል / ጥቅማ ጥቅም	44,400	44,400			
6121	ለቋሚ ሠራተኞች አበል	44,400	44,400			
6130	የመንግሥት የጡረታ መዋጮ	207,300	207,300			
6131	ለቋሚ ሠራተኞች የጡረታ መዋጮ	207,300	207,300			
6200	ለዕቃዎች እና አገልግሎቶች	7,347,600	6,752,300	595,300		
6210	ለአላቂ ዕቃዎችና መሣሪያዎች	6,301,900	6,079,700	222,200		
6211	ለደንብ ልብስ፣ ለልብስ፣ ለፍራሽና አልጋ ልብስ	47,900	43,900	4,000		
6212	ለአላቂ የቢሮ ዕቃዎች	98,000	60,000	38,000		
6213	ለሕትመት	85,200	46,000	39,200		
6214	ለአላቂ የሕክምና ዕቃዎች	218,100	218,100			
6215	ለአላቂ የትምህርት ዕቃዎች	2,108,000	2,064,200	43,800		
6216	ለምግብ	3,489,600	3,489,600			
6217	ለነዳጅና ቅባቶች	147,000	82,000	65,000		
6218	ለሌሎች አላቂ ዕቃዎች	68,900	37,900	31,000		
6219	ለተለያዩ መሣሪያዎችና መጻሕፍት	9,200	8,000	1,200		
6223	ለምርምር እና ለልማት አላቂ ዕቃዎች	30,000	30,000			
6230	ለጉዞና ለመስተንግዶ አገልግሎቶች	58,000	20,000	38,000		
6231	የውሎ አበል	26,000	16,000	10,000		
6232	ለትራንስፖርት ክፍያ	16,000	6,000	10,000		
6233	ለመስተንግዶ	16,000		16,000		
6240	ለዕድሳት እና ጥገና አገልግሎቶች	472,500	272,500	200,000		
6241	ለተሽከርካሪዎች እና ለሌሎች መጓጓዣዎች ዕድሳት እና ጥገና	62,500	50,000	12,500		
6243	ለፕላንት፣ ለማሽነሪ እና ለመሣሪያ ዕድሳት እና ጥገና	35,000	22,500	12,500		
6244	ለህንፃ፣ ለቁሳቁስ እና ለተገጣጣሚዎች ዕድሳት እና ጥገና	375,000	200,000	175,000		
6250	በውል ለሚፈፀሙ የአገልግሎት ግዥዎች	881,100	676,100	205,100		
6251	በውል የሚፈጸሙ የሙያ አገልግሎቶች	5,000	5,000			
6252	ለኪራይ	106,000	36,000	70,000		
6253	ለማስታወቂያ	30,300	16,500	13,800		
6254	ለኢንሹራንስ	20,700	20,700			
6255	ለጭነት	19,300	11,000	8,300		
6256	ለአገልግሎት ክፍያዎች	5,000	5,000			
6257	ለኢሌክትሪክ አገልግሎት ክፍያ	120,000	115,000	5,000		

DECLARATION

I, the undersigned, declare that this research paper is my original work, prepared under the guidance of my Advisor Dr. G.K. Murthy. All the materic used for the study have been fully acknowledged.

Teodros Mesfin

July 25, 2007

AAU: Addis Ababa