

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



**ASSESSMENT OF PROCUREMENT MANAGEMENT PRACTICE ON  
PROJECT SUCCESS: THE CASE OF ETHIOTELECOM CONSTRUCTION  
PROJECTS**

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**A Research Project submitted to school of commerce of Addis Ababa University in  
partial fulfillment of the requirement for MA degree in Project Management**

**(MAPM)**

**Advisor: Wubshet Bekalu (PHD)**

**Addis Ababa, Ethiopia**

**July 2023**

## Statement of Declaration

I, the undersigned, hereby declare that this research project entitled’’ *Assessment of procurement management practice on project success: the case of Ethio telecom construction projects*’’ is studied by myself with the guidance and support of my advisor Dr. Wubshet Bekalu. The study is original and it never has been submitted as a partial fulfillment requirement for any sort of educational qualification at this university or any other. All sources and materials used for this research have been duly and properly acknowledged.

Bezawit Getu

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Signature

Date

## Statement of Certification

This is to certify that the thesis entitled, “*Assessment of procurement management practice on project success: the case of Ethio telecom construction projects*” carried out by Bezawit Getu Mihiret under the supervision of Wubshet Bekalu (PhD), submitted in partial fulfillment of the requirements for the degree of Master of Arts in Project Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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2. INT. Examiner	_____	_____	_____
3. EXT. Examiner	_____	_____	_____

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**Approval Page**

**ASSESSMENT OF PROCUREMENT MANAGEMENT PRACTICE ON PROJECT  
SUCCESS: THE CASE OF ETHIOTELECOM CONSTRUCTION PROJECTS**

**By: Bezawit Getu**

**Approved by the Board of Examiners**

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## **Abstract**

*This project studies assess the procurement management practice on project success the case of Ethiotelecom construction projects. To address this objective census survey were employed to participate 70 staffs of supply chain division from four departments that have direct relation with procurement of construction projects for out sourced projects or construction materials for in house projects to fill structured questionnaire and interview was held with 12 site engineers/supervisors and 2 managers that have involved as a commodity team in procurement process. Descriptive research design was employed to analyze and assess supply relation practice, supplier sourcing and selecting practice, contract administration practice, payment modality practice and inventory management practice from the collected data and draw conclusion. The major gap that this study found and needs improvement for advanced procurement management process are lack of consistent periodic training for newly hired and transferred staffs, latest market research and analysis to keep up with the current market, few attention is given for updating the procurement status to the project team on ERP, not checking the past experience of sellers accordingly while selecting supplier, risk related to contract administration is not considered, poor in organizing document of success and failure audit report and lesson learned for future procurement and due attention is not giving for updating on hand balance in inventory on regular basis. Thus, the researcher recommends that due attention needs to be given for those pointed out major gaps to improve the procurement management practice to enhance the project success.*

**Key words:** *procurement management, supply relation, supplier sourcing and selection, contract administration, payment modality, inventory management*

## **Acronyms**

<b>ET</b>	EthioTelecom
<b>BOQ</b>	Bill of Quantity
<b>RFQ</b>	Request for Quotation
<b>ERP</b>	Enterprise Resource Planning
<b>POR</b>	Procurement Order Request
<b>PO</b>	Purchase Order
<b>MFA</b>	Master Frame Agreement
<b>SPSS</b>	Statistical Package for Social Sciences
<b>ERP</b>	Enterprise Resource Planning

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Background of the study

Project success historically defined as a project that meets its initial objectives under the estimated budget, schedule and quality. For projects to be successful, the products and services that must be purchased must be determined, along with the constraint of time, quality, budget, and project delivery.

(Van Weele & Rozemeijer, 1996) defined procurement as "all operations required to receive the product from the source and get it to the location where it is really consumed. According to (Dobler, Burt, & Lee, 1990), the specific activities of purchasing include "participation in the development of requirements and their specifications; managing value analysis activities; conducting supply market research, managing supplier negotiations, conducting traditional buying activities, administering purchase contracts, managing supplier quality and buying inbound transportation." Although the terms "purchasing" and "procurement" are frequently used synonymously, there may be a difference in that "purchasing" focuses more on developing and managing a business relationship, while "procurement" also addresses the more tangible aspects of material or service delivery control after the contract has been let or the order placed (Quayle, 2006). The project procurement management procedures, according to (PMBOK, 2013), comprise planning, conducting, managing, and closing procurements. Therefore, in order for a project procurement management technique to be successful and efficient, it must take these factors into account.

The four key steps that make up project management for procurement are planning, choosing, managing, and concluding procurements. The initial planning step is when the official procurement management strategy is prepared. The decisions made relate to which things will be purchased internally and which items will be purchased outside. Comparing and contrasting the benefits, drawbacks, and contractual offers of suppliers is part of the decision process. The administration phase, the third main step, produces ongoing procurement documents and spreadsheets that could lead to project changes. The fourth stage closing process, which goes beyond merely canceling procurement contracts, includes noting defects, keeping effective

methods, and summarizing the project for future requirements. In ET the whole process decided by joint forces of civil work design section, civil works operation, civil works contract management & payment and sourcing department. In order to allow different supply chain partners and shareholders to work closely together on improvement and coordination activities, the ET sourcing department prefers to use a smaller number of suppliers with long-term relationships, known as Master frame agreement (MFA), as opposed to using a group of suppliers to outbid each other for the lowest price.

## **1.2 Background of the Organization**

Emperor Menelik II started building the telephone connection from Harar to the capital city, Addis Ababa, in 1894, introducing telecommunications service to Ethiopia. Ethio telecom underwent a number of name changes and organizational changes throughout that era, which ran from 1894 (when it was known as the Central Administration of the Telephone and Telegraph System of Ethiopia) until 1942 (when it was known as the Ministry of Post, Telegraph and Telephone (PT and T)). The Imperial Board of Telecommunications of Ethiopia (IBTE) was founded during the Imperial Regime to upgrade, expand, repair, and maintain Ethiopia's telecommunications infrastructure as well as to operate in the telecom industry for profit. Ethiopian telecoms were renamed Ethiopian Telecoms Authority (ETA) during the Dergue rule in January 1981, and it used that name until November 1996. The Federal Democratic Republic of Ethiopia reorganized the telecommunications industry, and in November 1996, Proclamation No. 49/1996 formed the Ethiopian Telecommunications Corporation (ETC). Ethio telecom was founded on Monday, November 29, 2010, when the Ethiopian government finally chose to concentrate on enhancing telecommunications services, viewing them as a crucial growth lever for Ethiopia. (<https://www.ethiotelecom.et/profile/>, n.d.)

The company structured from four divisions named as CEO office, Commercial, Support and Technical divisions. From those wide divisions the civil work department included in support division and facility and fleet sub-division. Civil work departments major responsibility is to monitor and control infrastructure facilities that helps Ethio telecom to deliver its products and services to customers. Some of the major infrastructures needed for the company are Office buildings, sales offices, call centers, ware house and construction of tower foundation.

As per the new organizational structure (Ethiotelecom, FFD division structure) the civil work department formed by five main civil work sections. Here below listed responsibilities are for each sections respectively.

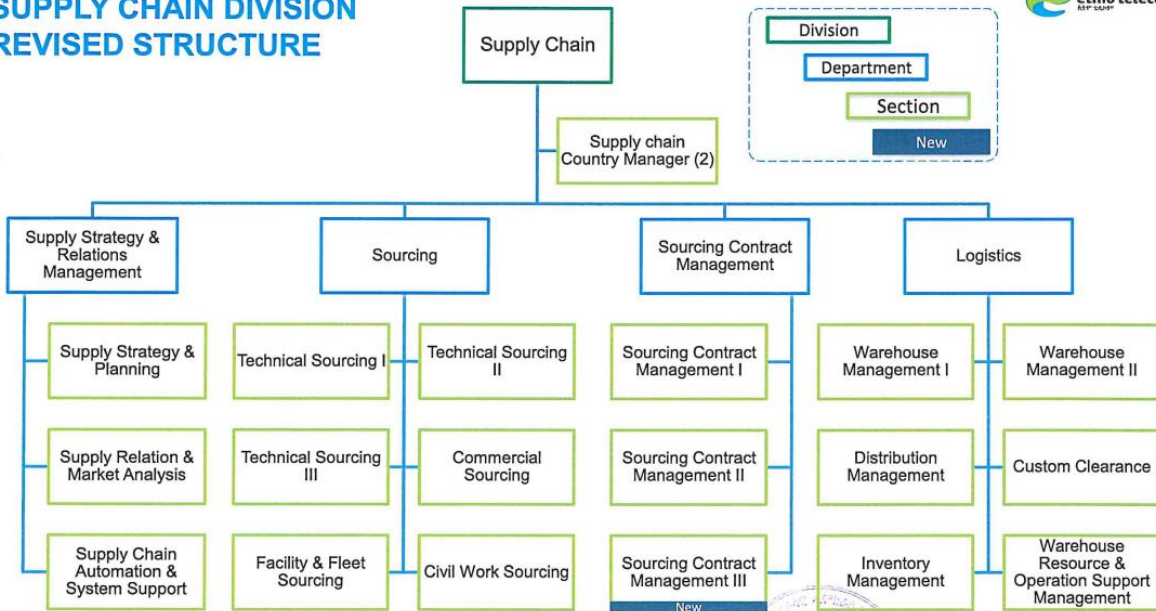
1. Civil works design – This section prepares architectural, structural, electrical and sanitary design, specification and bill of quantity for each projects that undertaken by either civil work new build or civil work operation.
2. Civil works new build – This sections supervise the outsourced projects (constructions undertaken by bid awarded contractors).
3. Civil works operation - This section performs the day to day maintenance works, in house renovation works and medium new building projects.
4. Land and buildings management - This section works on land acquisition and management practices.
5. Civil works contract management and payment – This section administers contract and payment between contracted contractors and ET.

The Purchasing Division is in charge of making purchases for the Company. The total purchasing activity is structured in accordance with the procurement policy based on functional breakdown and specialization. Acquiring resources and services from vendors to consumers are the main responsibilities for in house projects of shop renovation, core site standardization, data center & MDC standardization and the procurement of outsourced construction of office buildings.

*Figure 1 ET Supply chain division structure*

*Figure 2 ET civil works department structure*

# SUPPLY CHAIN DIVISION REVISED STRUCTURE

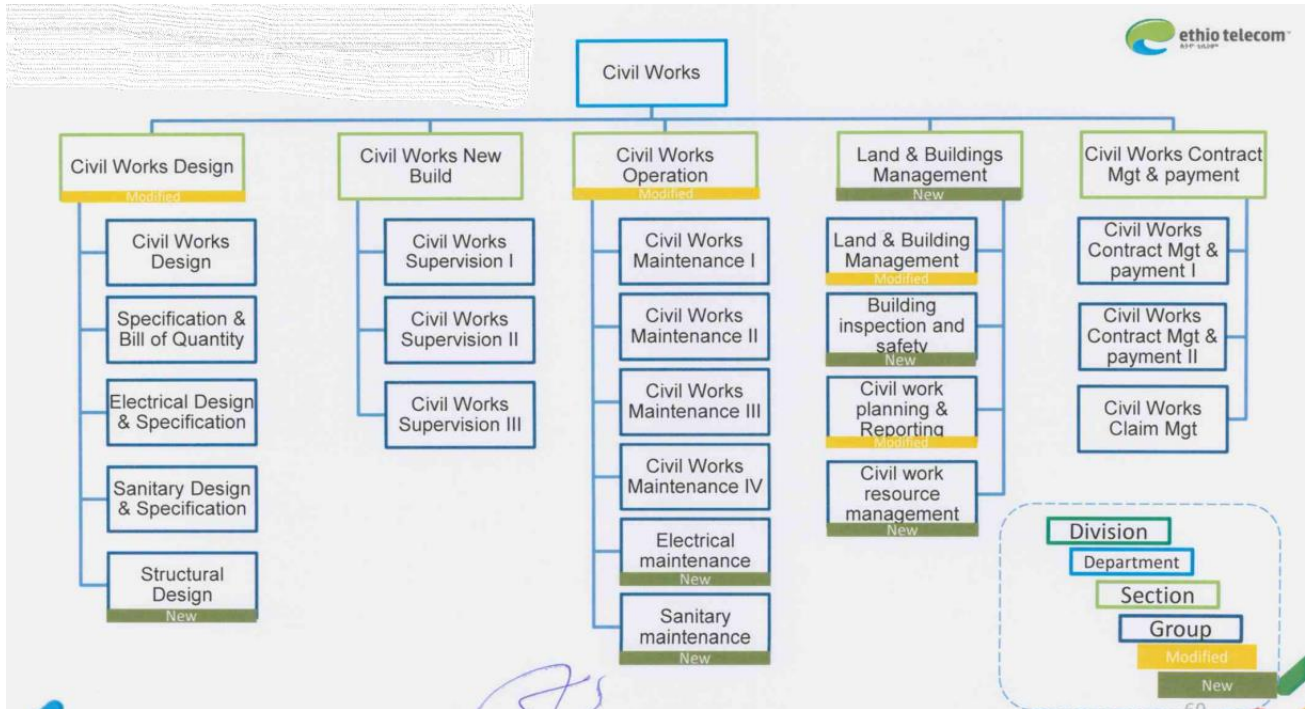


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Human & Organizational Development Department

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### **1.3 Problem Statement**

An organization's procuring department is under constant pressure to save costs through efficient and coordinated service delivery. Organizations are getting better and more effective at obtaining supplies nowadays. (Hassanzadeh & Jafarian, 2010).

The largest current ongoing projects at Ethio Telecom includes regional offices that are found at Dessie, Adama and Jimma from those three Adama regional office was recently terminated and on process for site handover upon termination, due to poor project progress that caused delay of the project causing high financial problem specially for the client Ethio Telecom (Betelhem, 2021). As mentioned above civil work operation and maintenance section that implement construction projects in house experience material purchasing and sourcing for each material straggle to acquire the necessary materials on time, budget and schedule which leads to project delay or stress on employees and project itself. Because they optimize material flows, procurement procedures are viewed as strategic activities that contribute to the organization's profitability and project success. Since, in house projects use a lot of resource of the company in a discrete manner, each section in the supply chain division that support the civil department to acquire materials and services (Supply and fix tasks) needs to be assessed as of contributing for the success of project.

Even though procurement planning, conducting, monitoring and closing steps are practiced in ET, gaps from each step decrease the project performance and success rate. Supply relation practice in planning phase, supplier sourcing, selecting and inventory management in the procurement conducting phase, contract administration and payment modality in the closing phase are the susceptible areas that needs improvement as per researcher's close view to the procurement practice conducted in ET.

Consequently, the following questions were the focus of this study to determine the success of the project: To what extend are Procurement management practices applied to ET construction projects, and Do these procurement management practices especially Purchasing tasks like requirement evaluation & organizing, vendor obtaining, contract administration and stock administration influence the success of the projects in ET.

The study's objective is to evaluate the impact of procurement procedures for construction projects at ET in order to determine how well they correspond with the project procurement management knowledge area and to suggest potential areas for improvement.

#### **1.4 Research Questions**

1. What are the impacts of supply relation management and supplier selection procedures on project success at ET?
2. What are the effects of supplier sourcing on project success at ET?
3. What are contract management and payment modality on project success at ET?
4. To what extent does inventory management affect project success?

#### **1.5 Research Objectives**

##### **1.5.1 General Objective**

This study's main goal is to evaluate how procurement management practices affect the success of ET construction projects.

##### **1.5.2 Specific Objective**

The specific objectives of the study are listed below

- To assess the effect of supply relations and supplier selection procedure on project success.
- To assess how supplier sourcing affects project success at ET.
- To assess the effect of contract administration and payment modality on project success.
- To assess how inventory management affects ET project success.

#### **1.6 Significance of Study**

At the end, the following advantage will be provided by this study that benefits both the organization and future researchers. For ET it will provide some insight into the influence of procurement management practice on projects success and Permit the knowledge about the advantages and disadvantages of current project acquisition processes to be used as input for an upcoming development strategy. The study will also bring about beneficial procurement improvements and help to rationalize the purchase of building supplies. Additionally, it will let university scholars do additional studies on how to improve organizational performance through more efficient and effective procurement. It also serves as a resource for upcoming scholars who wish to conduct studies on the same topic or business.

## 1.7 Scope of the Study

Assessing the impact of procurement management procedures, especially on ET building projects, is the primary objective of the study. The study's range is constrained to construction project Core-site (MDC) standardization and renovation project operated by civil works in-house operation team at Addis Ababa and outsourced projects at the regional state office building construction of Adama and Dessie, the supervision and contract administration done by the corporate team.

## 1.8 Organization of the Study

This research paper is organized into five chapters. The first chapter indicates brief insight into the background of the study, the problem stated, the research objective, and basic research questions. The second chapter shows a review of the theoretical and empirical literature on the same issues with the study and the conceptual framework constructed. The third chapter includes methodologies used in the study. The fourth chapter, present the data analysis and interpretation from the raw data of the questionnaire and interview. The last chapter of the study, presents the major findings of the study, conclusions drawn from the findings, and recommendations.

## 1.9 Definition of Terms

- **Project Procurement Management** - the processes necessary to get the products, services, or results required from parties outside the project team. The company has the option of buying or selling products, services, or project results.
- **Supplier sourcing** - the procedure for evaluating, choosing, and managing suppliers who can offer the inputs required for an organization's daily operations.
- **Contract management** – an essential component of the procurement cycle, helps contract managers manage contracts effectively by managing the transition.
- **Inventory management** - the process of placing orders, keeping inventories, and using them. This covers the storage and processing of such items as well as the management of raw materials, component products, and finished goods.

## CHAPTER TWO

### 2. LITERATURE REVIEW

#### 2.1 Introduction

This chapter presents the literature review for the research area, points related to procurement activities and related concepts and issues stated by some scholars are discussed. The notion of procurement tasks and variables, such as supply relationships and supplier selection, supplier sourcing procedures, contract management and payment methods, and inventory management, as well as their effects on project success, are examined in this chapter.

Theoretical review on procurement functions in organizations emphasizes the general and theoretical views on how the procurement process affect the project success meanwhile the Empirical reviews on literature related to the research problem. Finally, the conceptual framework that clearly demonstrate the possible interrelationship among the independent and dependent variables.

#### 2.2 Theoretical Review on Organizational views

(Bilkis, Mohammed, & Lamina, 2018) A comprehensive method to outline the theoretical stances in addition to the theoretical approaches popular in the field is to conduct a literature review. Five widely applied organizational frameworks that have been suggested to clarify multiple aspects of the management of supply chains and purchasing procedures include the resource-based view (RBV), stakeholder theory (ST), institutional theory (IT), transaction cost theory (TCT), and resource dependence theory (RDT).

##### **Resource-Based View (RBV)**

The company's resource-based view (RBV) suggests that corporate activity might be regarded as an attempt to obtain an advantage over competitors. (Bilkis, Mohammed, & Lamina, 2018). According to Resource Based Theory, competitive advantage in businesses is defined by proper procurement strategy and execution. Parties in the supply chain seek influence over the factors of production within the competitive market structure because those factors can give them a competitive edge over their immediate rivals. (Ahuja, 2000).

(Barney, 1991) suggests that different firms may differ at the firm level, allowing some of them to maintain a competitive advantage. As a result, the RBV places a strong emphasis on strategic

Decision-making is delegated to the management of the company, who is tasked with the essential task of determining, creating, and using crucial resources to maximize profits. Additionally, valuable, uncommon, imperfectly imitable, and non-substitutable are the four Analytical measures of a company's resource capacity to provide a competitive edge over time.

Unusual resources maintain rivals at distant and enable companies to make more money. Due to their high installation expenses and the fact that not all firms have adopted their use, businesses who have previously implemented ERP systems are miles ahead of the competition. (Kipkemoi, 2017).

### **Stakeholder Theory (ST)**

The supply chain formation rationale for stakeholder management places companies at the center of an association of stakeholders. The corporation and all of its stakeholders, which often include but not exclusively to its personnel, vendors, shareholders, clients, regulators, and rivals make up the main variables of stakeholder theory. (Freeman, 2010). Primary stakeholders are crucial to a business survival, while secondary stakeholders have no formal claim on the firm; Firms merely ensure to not do them any harm. (Parmar, et al., 2010).

Stakeholder theory suggests bilateral relationships between the firm and its stakeholders based on an interrelated return of components from stakeholders, such as their desires, demands, monetary assistance, staffing, etc., and generates of the company, as such as earnings, products, involvement in society, along with other advantages. (Donaldson & Preston, 1995).

Stakeholders involve in the major decision making activities in supply chain management which includes; Decisions on whether to make or purchase, sourcing methods, supplier approaches, and contracting.

### **Institutional Theory (IT)**

Institutional contexts, in accordance with institutional theory, impose pressure on businesses to seem legitimate and to follow accepted social norms. This idea may be applied to the corporate sector, where institutional pressures may lead firms to seek goals that will boost their credibility and provide the impression that they are in compliance with the rules, regulations, and standards of their particular industries. (Oliver, 1990). According to institutional theory, societal principles that are frequently taken for accepted, widely held, and resistant to change have an impact on how

organizations are structured. (Meyer & Brian, 1977). According to a component of institutional theory, organizations should adapt to external environmental constraints in order to prove that they're legitimate to important stakeholder groups. (Ashworth, Boyne, & Delbridge, 2009).

### **Transaction Cost Theory (TCT)**

Transaction cost theory offers another viewpoint to an agency-based comprehension of governance presumptions. It asserts that governance frameworks are based on the net impacts of internal and external transactions rather than being dependent on contracts with parties outside the organization (such as shareholders). The choice to make or buy is TCT's most basic utility. In a free market, purchasing a standard product from a company that excels at producing it is typically more affordable for a corporation than producing the product in-house. However, the marketplace "fails" because, in the opinion of the important decision-makers in a company, transaction costs are too high. (Bilkis, Mohammed, & Lamina, 2018). Construct, purchase, or Associate is added to the produce or purchase menu. Instead, joint ventures, as an illustration, have traits that help avoid both the problems of markets and organizational structure. (Koh & Venkatraman, 1991).

Transaction costs include those incurred when dealing with an outside party, those incurred during supplier research and supplier negotiations, those incurred during component purchase and bargaining, and those incurred during quality control monitoring and enforcement.

### **Resource Dependence Theory (RDT)**

Resource dependence theory (RDT) is the study of how an organization's external resources affect its behavior. The acquisition of outside resources is a crucial part of any company's strategic and tactical management. The resource dependence theory was developed by (Salancik & Pfeffer, 1978) to explain how an organization's behavior is influenced by the external resources it has. They suggest that businesses should influence their external environment and engage in negotiations in order to gain access to the resources they require to survive. According to RDT, businesses should establish an exchange relationship with society so they can gain access to complementary and heterogeneous resources necessary for their survival and growth. (Bilkis, Mohammed, & Lamina, 2018).

### 2.3 Theoretical View on Project Success

The basis for handling and supervising ongoing projects as well as for planning and directing future initiatives is project success. Numerous research on project success centered on the "iron-triangle" of timing, quality, and price but originally, (Barnes, 1968) showed the time, cost, and quality relationships in building projects by creating a triangle to underline the necessity of controlling quality in addition to time and cost.

*Figure 3 The project management triangle*



The three constraints are a set of minimal project success requirements that are insufficient on their own. As a result, several research was conducted to clarify and broaden the different project success requirements. According to (Bannerman, 2008) The traditional criterion, which is frequently used to assess project success, provides a straightforward assessment of the project's outcome and the project management skills needed to execute the project within the constraints of its most immediate design limits. However, it has significant drawbacks. Most importantly, from an organizational viewpoint, it emphasizes the methods rather than the outcomes of the engagement.

Based on (PMBOK, 2013), The completion of the project within the parameters of the scope, time, cost, quality, resources, and risks as agreed upon by the project managers and the top executives should be used to determine the project's success because projects are transient in nature.

### 2.4 Empirical Review

A case study that was done by (Uwera, 2019) on procurement practices and project performance; a case of Ngali mining adopted a cross-sectional survey using studies to examine the procurement process. in the mining industry. The findings showed that there was a statistically significant association between performance and procurement planning, and the elements

influencing this relationship included requirement evaluation, cost calculation, as well as quality specification. The study recommends for the PPOA to carryout competences profile for all procurement cadres working in the public sector institution in all counties from time to time. The development of crucial personal competencies, which are unclear in the agenda for public sector organization reform, should receive special attention.

(Kipkemoi, 2017) studied the effects of procurement practices on organizational performance with in the public sector; a case of east African Portland cement company limited aiming to establish the effects of procurement practices. The study adopted descriptive research that find truthfulness, reliability, cost savings, and enhanced quality and specifications are all made possible by procurement structures and methods that are appropriate. The workforce's consistency made a significant contribution to project success. And the researcher recommend the corporate website has to be refreshed and filled with up-to-date content. In order to assure productivity, inclusion of a wide number of possible vendors, openness in the procurement process, and uniformity in how specifications are obtained, suppliers should be contacted through the corporate website, and their replies should be received in the same manner.

Biniyam, 2021) The case study to assess the effect of procurement management on project success at Ethiopian Airlines examines three affecting factors of procurement in project are planning, conducting and controlling. To analyze the data, the researcher used inferential statistics and draws a conclusion of procurement planning has a significant impact on project success while the second influencing parameter for project success is the procurement conducting process, and finally the procurement controlling process is the least to affect the project success. The researcher finally recommends some points to ensure project success based on the findings and conclusion. Considering each project is unique conducting research to figure success variables in different projects, hire expert project manager, arrange training for project managers and procurement management staffs, and giving due attention for procurement planning that aligned with the available budget.

(Yasin, 2019) assess project procurement Management Practices Ethiopian airlines. In order to examine the typical methods of project procurement in Ethiopian Airlines projects, the study employed a descriptive research approach. According to the survey, there is a substantial gap in procurement procedures when it comes to risk associated with procurement, cost calculation,

taking expert advice into account while planning, and market research and development. For this reason, the researcher recommends to give intensive training to project managers and procurement office staffs, promote awareness of the company's procurement strategy among all project managers, due attention should be given on Professional judgment, price estimation, market research and development, procurement-related risks, past vendor experience, a consistent culture of pre-meeting with potential vendors, and monitoring and controlling should be made for procured goods to ensure that they are delivered or executed as planned are all factors that should be taken into consideration during procurement planning.

The case study conducted by (Chanyalew, 2020) on the effects of procurement practices on construction project performance in Ethiopia construction works corporation. And recommends All individuals participating in the procurement department should cooperate with the project unit, according to the procurement and supply management units, surveys on market should be done as capability analysis in order to satisfy project demand.

The assessment on procurement practice study by (Biniyam , 2019) at Ethio telecom aims to assess the foreign procurement practice in the company and adopt a descriptive design. ET policy and procedure of the procurement process lack clarity, making it impossible to determine the end-to-end responsibilities of the purchasing staff and management. Additionally, the procurement staff lacks sufficient expertise in all relevant areas with regard to the company's sourcing procedure and technical expertise for the specific goods that have been procured. Finally, the researcher recommends that the company should create opportunities for acceptable coaching and capability building programs to employees and the training program should be continuous along with the technological advancement.

Therefore, from previous studies on project procurement management practice the main points that needs to be improved to enhance project performance and achieve project success listed by the researchers are the following.

- Proper procurement planning including need assessment, cost estimation and quality specification.
- Special emphasis in developing personal competences, capability building program
- continuous training along with the technological advancement.

- Communication through company's website to ensure transparency, accountability, reduced costs and improved quality and specifications.
- Consider past experience during vendor selection.
- Cooperation between procurement and supply management units with project unit.

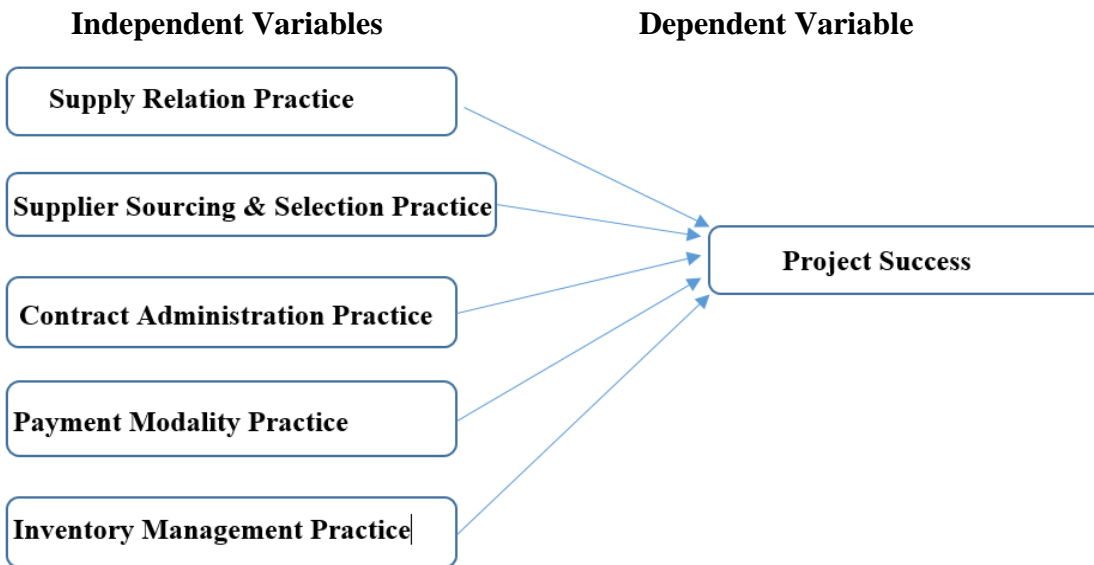
## **2.5 Conceptual Framework**

According to (PMBOK, 2013) the overview of Project Procurement Management processes includes the following steps.

1. Plan Procurement Management - The method for locating possible vendors, outlining the plan, and recording project procurement choices.
2. Execute Procurements - The procedure for requesting seller responses, choosing a seller, and appointing a contract.
3. Control procurements - The process of overseeing relationships with suppliers, keeping tabs on the success of contracts, and making adjustments as necessary.
4. Close Procurements: This refers to the procedure of concluding each project procurement.

The company's supply chain segment is in charge of delivering end users' requests for goods and services. As a user, the civil works department may request outsourcing the whole project to a contractor or purchase each construction material under preparation of BOQ and material list for each WBS for in-house projects. A conceptual framework is established below that will be used to organize a subsequent presentation. It is composed of broad concepts and guiding principles drawn from pertinent theoretical and empirical reviews of inquiry. The study intends to evaluate the relationships between procurement tasks. in ET by defining the following dependent and independent variables. The independent variables: supply relation practiced in planning phase, supplier sourcing, selecting and inventory management are conducted in the procurement executing phase, and contract administration and payment modality are performed in monitoring and controlling phase.

*Figure 3. Conceptual Model of the Study*



*Source: Researcher, 2023*

## **CHAPTER THREE**

### **3. RESEARCH DESIGN AND METHDOLOGY**

#### **3.1 Introduction**

The following section explains the methodology employed in the research. It includes the research design approach, types of data used in the research, target population of the study, sampling technique and sampling size, method of data analysis and presentation and reliability and validity of the study.

#### **3.2 Research Design Approach**

This study used a cross-sectional descriptive research design to offer a true and reliable depiction of the factors that are relevant to assessing effects of procurement management practice on project success of ET construction projects. In order to reach a logical conclusion and findings on the effects of procurement practice in construction project success quantitative technique was used. The quantitative technique provided detailed numerical analysis using statistical procedures of the research problem and assess the relationship between the research variables. To support the quantitative data from the questionnaire summarized qualitative data were used.

#### **3.3 Types and Sources of Data**

Primary and secondary data were both utilized in this study.

##### **3.3.1 Primary data**

The primary data collection systems were close ended questionnaire and structured interview of target population. The questionnaire was created utilizing independent variables that were determined to be pertinent for resolving the research problems and achieving research goals. Based on the advice from (Kothari, 2004) pilot survey for testing the questionnaire was conducted for 15 samples and used as rehearsal of the main survey to bring light of weakness of the questionnaire and the updated version was used for the whole target group.

##### **3.3.2 Secondary data**

The secondary data employed for the research were gathered from mainly the company's project status report, sourcing manual, Procurement policy and procedure, different journals, articles and books.

### 3.4 Target Population and Census Survey

#### 3.4.1 Target population of the study

The desired participants of this study were precise employees of ET. The target population of the study were ET supply chain division staffs, which includes supply relation and market analysis section staffs, civil work sourcing and facility and fleet sourcing staffs, sourcing contract management staffs and warehouse and inventory management staffs.

#### 3.4.2 Census Survey

A census survey is an extensive count of every component of the overall population. It may be assumed that such an investigation, when all factors are included, leaves no space for chance and yields the maximum degree of precision (Kothari, 2004). The population targeted are recently working at a supply chain division that is involved in construction material purchasing and outsourced project procurement. Therefore, considering spreading questionnaires to all employees that are working on the procurement of construction materials and projects, the researcher conducted census survey to obtain adequately precise results.

#### 3.4.3 Census Survey Size

As discussed in the target population, the desired target group was ET supply chain division staffs and the technique employed was census survey. According to human resource department document below table shows number of employees that are involved in construction material and project procurement for in house MDC standardization and renovation project and outsourced region head office construction projects of ET.

*Table 3-1 Sample size numbers from each category*

Categories		Number Employees	Included number of Employees
Department	Section		
Sourcing	Civil work sourcing	14	14
	Facility and fleet sourcing	21	21
Sourcing contracts management	Sourcing contracts management	19	19
Supply strategy & relations management	Supply relation & market analysis	10	10
Logistics	Inventory management	6	6
<b>Total</b>		<b>70</b>	<b>70</b>

*Source: ET Human Resource Department Register, 2022*

Based on human resource document the size of the census study was 70 employees from four departments of ET.

### **3.5 Method of Data Analysis and Presentation**

The unprocessed data gathered through questionnaire was analyzed quantitatively by aid of a computer program known as Statistical Package for Social Scientists (SPSS) V26. Descriptive statistical analysis was carried out in order to statistically aggregate, describe and present by generating summaries of collected data. The quantitative data presented through frequency and percentage to draw a conclusion while the qualitative data collected through semi structured interview was analyzed by summarizing the opinion presented.

### **3.6 Validity and Reliability**

The study used reliable sources as described in primary and secondary sources. As primary source the close ended questions for respondents were prepared referring from different reviewed literature as a benchmark to create a presentable and comparable valid response.

Reliability is the extent of generating same result under usage of same instrument more than one time or repetitively. The questionnaire used in this study referred many researches from previous years conducted in Ethiopia related to procurement management practice as a case study in different companies. But, as a main reference the questionnaire adopted from a research paper conducted by (Yasin, 2019) ‘Assessment of project procurement Management practices in case of Ethiopian airlines’ and modified by the researcher to make compatible with ET procurement culture. The research questionnaire had been tested for reliability by using Cronbach-Alpha test on SPSS 20.00 with a score of 0.713. similarly, the reliability of this study has been examined and scored 0.837 for procurement functions and The outcome is dependable and acceptable, and it indicates the existence of internal uniformity among the components.

*Table 3-2 Reliability Statistics of Cronbach’s Alpha coefficient*

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.837	27

## **CHAPTER FOUR**

### **4. DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter presents the results found through close ended questionnaire to supply chain division, interview with ET civil work project teams involved in the procurement of construction materials for in house projects and outsourced projects as a technical team member in the commodity team and researcher's personal observation.

The data collected from supply chain division through questionnaire was analyzed through a computer programs referred to as Statistical Package for Social Sciences (SPSS Version 26). The study set out to investigate the target group of 70 staffs selected by deliberate/purposive sampling method from four departments namely; sourcing, sourcing contracts management, supply strategy & relations management and logistics in ET were communicated to fill the Questionnaire and out of these staffs 62 were kind enough to respond on time.

The closed-ended questions were developed using five Likert scales that provide alternative answers from strongly disagree (1), disagree (2), neutral (3), agree (4) to strongly agree (5) which was clear to express their opinion, easy to code the results and run the analysis. The reasoning that a mean score of 3 on the Likert scale reflects an impartial viewpoint, a mean score of less than 3 reflects a negative viewpoint, and a mean score of more than 3 represents a positive view was used to identify the attitude. The Likert scale mean score was assigned the following interpretation ranges: Negative Perspective ranges from 1.0-2.4, Neutral Perspective ranges from 2.5-3.4, and Positive Perspective ranges 3.5-5.0. The positive perspective of the mean represents the positive practice of ET that are appreciated for the project success, neutral perspective shows inconsistent practices that are not major factors for the project success, while the negative perspective indicates practices that needs to be improved for the project success.

Descriptive statistics were used to analyses the quantitative data from 62 respondents which offers a definite indicator of the response frequencies, percentage and mean. The structured interview analyzed to clearly define and support the frequency of quantitative analysis. Additionally, the

researcher also made use of their own experiences. as a technical team member and referred to the organization's purchasing strategy used in procurement management.

## 4.2 Respondent Profiles

Examining respondents social background information impact how they think and how they perceive the situation. Below demographic information gender, age experience, education level, current responsibility and experience related to procurement practice in ET construction projects.

*Table 4-1 Respondents profile*

1. Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	36	58.1	58.1	58.1
	Female	26	41.9	41.9	100.0
Total		62	100.0	100.0	
2. Age in years					
		Frequency	Percent	Valid Percent	Cumulative Percent
Age in years	20-25 years	3	4.8	4.8	4.8
	25-30 years	8	12.9	12.9	17.7
	30-35 years	18	29.0	29.0	46.8
	35-40 years	18	29.0	29.0	75.8
	40-45 years	11	17.7	17.7	93.5
	Above 45 years	4	6.5	6.5	100.0
Total		62	100.0	100.0	
3. Level of Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Level of Education	Diploma	4	6.5	6.5	6.5
	Under graduate	38	61.3	61.3	67.7
	Post graduate	20	32.3	32.3	100.0
Total		62	100.0	100.0	
4. Years of Experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Years of Experience	Below 3 years	3	4.8	4.8	4.8
	3-5 years	10	16.1	16.1	21.0
	6-10 years	20	32.3	32.3	53.2
	10-15 years	16	25.8	25.8	79.0
	Above 15 years	13	21.0	21.0	100.0
Total		62	100.0	100.0	

*Source: own survey, 2023*

Table 4-1 the majority respondents were males with total number of 36 (58.1%) and the remaining were females with total number of 26 (41.9%). As the table shows the major ages of respondents cover from 30-40 years with the total number of 36 (58%) and from 20-30 years covers 11 (17.7%) of the target groups and the rest were above 40 years which covers 15 (24.2%). As a result, a significant portion of the samples range in age from 30 to 40, indicating that the respondents were competent.

The majority of respondent's education level were first degree holders that covers 38 (61.3%) of the total population and 20 (32.3%) were MA/MSc holders and the rest 6.5% were diploma holders. With these qualifications, The ET supply chain division staff members understood the inquiries posed with ease and supplied accurate information.

The experience of the respondent's majority lies between 6 and 10 years which is 20 (32.3%) of total and 16 (25.8%) were experienced 10-15 years while 13 (21%) were give service above 15 years and the rest 13 (20.9%) were below 5 years. This result shows the staffs were experienced and worked long enough in the company.

*Table 4-2 Current responsibility of respondents*

<b>5. Current responsibility</b>					
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>Current Responsibility</b>	<b>Sourcing Director/Manager</b>	2	3.2	3.2	3.2
	<b>Sourcing Supervisor/ Admin</b>	31	50.0	50.0	53.2
	<b>Supply Strategy and Relation Management Director/Manager</b>	3	4.8	4.8	58.1
	<b>Supply Strategy and Relation Supervisor/Admin</b>	6	9.7	9.7	67.7
	<b>Sourcing Contract Management Director/Manager</b>	2	3.2	3.2	71.0
	<b>Sourcing Contract Management Supervisor/Admin</b>	13	21.0	21.0	91.9
	<b>Warehouse Management Admin</b>	5	8.1	8.1	100.0
<b>Total</b>		<b>62</b>	<b>100.0</b>	<b>100.0</b>	

*Source: own survey, 2023*

Based to their current responsibility 50% of respondents were engaged in sourcing department as a supervisor or admin and while 21% were in sourcing contract management department while the 8.1% were warehouse management admins and the rest 11.2% of the respondents were Managers

and director from each department. The study reveals a variety of scenarios encountered during the procurement management process as responder responsibilities become more diverse.

Table 4-2 Experience related with procurement

6. Years of Experience related with procurement					
		Frequency	Percent	Valid Percent	Cumulative Percent
Years of Experience related with Procurement	Below 1 year	3	4.8	4.8	4.8
	1-3 years	12	19.4	19.4	24.2
	3-5 years	20	32.3	32.3	56.5
	Above 5 years	27	43.5	43.5	100.0
Total		62	100.0	100.0	

Source: own survey, 2023

Table 4-2 shows the experience of respondents related to procurement practice conducted in ET. The majority respondents were experienced above 5 years which were 27 (43.5%) of the total population and the 32.3% of population worked 3-5years related to procurement while the rest 15 people recently started at supply chain division. This furthermore suggests that the participants who were picked had knowledge of the study's subject and were thus best qualified to reply to the inquiries.

### 4.3 General awareness on project procurement management practice

This sub part studies the general awareness of ET staffs related to procurement management practice.

Table 4-3 General awareness on procurement

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
		f	%	f	%	f	%	f	%	f	%	
1.1	Project teams are aware of the importance of project procurement management in project	3	4.84	7	11.29	14	22.58	31	50.00	7	11.29	3.52
1.2	Training is provided for concerned project team on procurement management	6	9.68	15	24.19	17	27.42	17	27.42	7	11.29	3.07
1.3	There are documented policies and procedures on procurement management in the project	2	3.23	6	9.677	11	17.74	26	41.94	17	27.419	3.81
1.4	There is standardized (formal) project	3	4.84	3	4.839	12	19.35	33	53.23	11	17.742	3.74

	<b>procurement management process in place</b>											
<b>1.5</b>	<b>There is a procedure that is set for project teams to make a request for purchasing request</b>	<b>2</b>	<b>3.23</b>	<b>7</b>	<b>11.29</b>	<b>16</b>	<b>25.81</b>	<b>28</b>	<b>45.16</b>	<b>9</b>	<b>14.516</b>	<b>3.57</b>

*Source: own survey, 2023*

From the above table 4-3 we understand based on the respondent’s feedback regarding general awareness on project procurement management practice; due attention was given to prepare Written procurement management procedures and guidelines for projects (mean= 3.81) among others and less attention was given on providing training for concerned project team and newly transferred or newly hired staffs (mean= 3.07) relatively. The researcher discovered from a secondary source that ET has well-planned and recorded and easily available for all in the company portal. Regarding the training for advancement, knowledge enhancement and skill development in many dimension to keep updated on procurement management practice worldwide. According to respondents 15 (24.19%) disagree and 17 (27.42%) keep neutral while the 17 (27.42%) agrees, this shows there is no consistent or periodic training programs across all staffs or from each departments.

#### **4.4 Supply relation practice**

The following Tables and analysis results shows regarding supply relation practiced in ET supply chain division and the opinion from civil work engineers as a technical team involved in procurement.

*Table 4-4 Market research and analysis for supplier selection*

<b>2.1 Market research and analysis is done and taken as an input for supplier selection</b>							
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	<b>Mean</b>	<b>Standard Deviation</b>
	<b>Strongly disagree</b>	<b>5</b>	<b>8.1</b>	<b>8.1</b>	<b>8.1</b>	<b>2.91</b>	<b>1.14</b>
	<b>Agree</b>	<b>22</b>	<b>35.5</b>	<b>35.5</b>	<b>43.5</b>		
	<b>Neutral</b>	<b>15</b>	<b>24.2</b>	<b>24.2</b>	<b>67.7</b>		
	<b>Agree</b>	<b>14</b>	<b>22.6</b>	<b>22.6</b>	<b>90.3</b>		
	<b>Strongly agree</b>	<b>6</b>	<b>9.7</b>	<b>9.7</b>	<b>100.0</b>		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

*Source: own survey, 2023*

As table 4-4 shows, 22 (35.5%) disagrees and 15 (24.2%) are uncertain while 14 (22.6%) agreed on market research and analysis task to use as an input for supplier selection eligible for as material supplier or service provider. This indicates that the market research and analysis practice in place is poor and needs advancement. In supplementary to the outcome stated above from the questionnaire, the researcher find from the interviewers the market analysis is not done considering the market is very volatile and cannot be trusted.

*Table 4-5 process of analyzing planning documents to select eligible suppliers*

<b>2.2 Required planning documents are analyzed and used for selecting eligible supplier for the procurement</b>							
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	<b>Mean</b>	<b>Standard Deviation</b>
	<b>Strongly disagree</b>	<b>6</b>	<b>9.7</b>	<b>9.7</b>	<b>9.7</b>	<b>2.94</b>	<b>1.10</b>
	<b>Disagree</b>	<b>18</b>	<b>29.0</b>	<b>29.0</b>	<b>38.7</b>		
	<b>Neutral</b>	<b>15</b>	<b>24.2</b>	<b>24.2</b>	<b>62.9</b>		
	<b>Agree</b>	<b>20</b>	<b>32.3</b>	<b>32.3</b>	<b>95.2</b>		
	<b>Strongly agree</b>	<b>3</b>	<b>4.8</b>	<b>4.8</b>	<b>100.0</b>		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

*Source: own survey, 2023*

Based on what appears in table 4-5, 20 (32.3%) participants agree and 18 (29%) disagrees while 15 (24.2%) keep uncertain on required planning document analysis to select eligible supplier for the procurement. Regarding analysis of documents there is a dilemma weather the analysis is done or not.

*Table 4-6 MFA agreement for frequent request*

<b>2.3 Prepare master frame agreement (MFA) with specific supplier for frequently requested goods/services</b>							
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	<b>Mean</b>	<b>Standard Deviation</b>
	<b>Strongly disagree</b>	<b>3</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>3.85</b>	<b>1.00</b>
	<b>Disagree</b>	<b>3</b>	<b>4.8</b>	<b>4.8</b>	<b>9.7</b>		
	<b>Neutral</b>	<b>9</b>	<b>14.5</b>	<b>14.5</b>	<b>24.2</b>		
	<b>Agree</b>	<b>32</b>	<b>51.6</b>	<b>51.6</b>	<b>75.8</b>		
	<b>Strongly agree</b>	<b>15</b>	<b>24.2</b>	<b>24.2</b>	<b>100.0</b>		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

*Source: own survey, 2023*

Above table 4-6 reveals that majority of respondents agreed with mean =3.85 on preparing master frame agreement (MFA) with specific suppliers for contracted period of time that will be updated for frequently requested materials/out sourced projects. the majority of respondents agrees on having MFA will help to shorten the procurement process and delivery time of the project which directly helps to achieve successful project. On top of this result, the interviewers explained having specific suppliers on specific tasks that are frequently performed helps especially on urgent renovation works that almost omit the sourcing duration plus the supplier/contractors conducting same projects helps to create experts or skilled manpower on that specific task.

Table 4-7 Updating eligible suppliers with project teams

2.4 Update the eligible supplier lists with project teams for recommendation							
		Frequency	Percent	Valid Percent	Cumulative Percent	Mean	Standard Deviation
	Strongly disagree	11	17.7	17.7	17.7	2.68	1.20
	Disagree	20	32.3	32.3	50.0		
	Neutral	13	21.0	21.0	71.0		
	Agree	14	22.6	22.6	93.5		
	Strongly agree	4	6.5	6.5	100.0		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

Source: own survey, 2023

Regarding updating the eligible supplier lists with the project teams for recommendation, 20 (32.3%) respondent was disagreeing and 11 (17.7%) was strongly disagreeing while 13 (21%) was neutral. Even though 14 (22.6%) agrees on the issue the majority samples with mean = 2.68 were not agreed and the supply relation and market analysis section did not upgrade the eligible suppliers with the project teams who are the main users of the material or the service. Not keeping up with the procurement status may create gaps between the sourcing and project team that will influence the project performance.

#### 4.5 Supplier sourcing and selecting practice

Table 4-8 Standard document to obtain bid/proposal from sellers

3.1 Standardized procurement document is used to obtain bid/proposal from sellers							
		Frequency	Percent	Valid Percent	Cumulative Percent	Mean	Standard Deviation
	Strongly disagree	3	4.8	4.8	4.8	3.82	1.08

	<b>Disagree</b>	<b>6</b>	<b>9.7</b>	<b>9.7</b>	<b>14.5</b>		
	<b>Neutral</b>	<b>6</b>	<b>9.7</b>	<b>9.7</b>	<b>24.2</b>		
	<b>Agree</b>	<b>31</b>	<b>50.0</b>	<b>50.0</b>	<b>74.2</b>		
	<b>Strongly agree</b>	<b>16</b>	<b>25.8</b>	<b>25.8</b>	<b>100.0</b>		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

*Source: own survey, 2023*

Above table 4-8 shows that 50% and 25.8% of the population agreed and strongly agreed respectively that to request a bid or proposal from the vendor, ET has a standardized procurement document. The rest respondents 9.7% was neutral and disagreed each on the issue while 4.8% strongly disagree. Based on secondary data from ET supply chain division library accessible for all staffs, ET sourcing has standardized guidelines how to proceed and obtain bid or proposal from sellers depending on type of material and work, urgency of the project acquiring of bid/proposal method differs. Request for quotations (RFQ), direct purchase, public bid, limited tender, and a two-phase bidding and pro-forma request may take place according to user justification to follow what type of method to be used.

*Table 4-9 Standard pro-forma/proposal evaluation technique*

<b>3.2 There is standardized pro forma/proposal evaluation technique</b>							
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	<b>Mean</b>	<b>Standard Deviation</b>
	<b>Strongly disagree</b>	<b>2</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>	<b>4.00</b>	<b>0.92</b>
	<b>Disagree</b>	<b>2</b>	<b>3.2</b>	<b>3.2</b>	<b>6.5</b>		
	<b>Neutral</b>	<b>8</b>	<b>12.9</b>	<b>12.9</b>	<b>19.4</b>		
	<b>Agree</b>	<b>32</b>	<b>51.6</b>	<b>51.6</b>	<b>71.0</b>		
	<b>Strongly agree</b>	<b>18</b>	<b>29.0</b>	<b>29.0</b>	<b>100.0</b>		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

*Source: own survey, 2023*

As per respondents mean value 4.00 result implies ET has standardized process and procedure to follow while evaluating pro-forma and proposal gathered from sellers. Response from supplier confirms that for most two stage bid evaluation process has four stages, the first one is preliminary examination for responsiveness to formal qualification requirements, the second one is evaluation for compliance with technical requirements including assignment of relative weights for each requirement and numerical rating assigned weights to the technical part, then the third stage is price/financial evaluation to determine supplier that offer the least price and the last stage is evaluating the post qualification of the winning supplier.

Table 4-10 Pre-meeting with suppliers

3.3 A pre-meeting with the supplier like conference, site visit and work briefing will be held to clarify the work							
		Frequency	Percent	Valid Percent	Cumulative Percent	Mean	Standard Deviation
	Strongly disagree	7	11.3	11.3	11.3	2.51	1.04
	Disagree	30	48.4	48.4	59.7		
	Neutral	15	24.2	24.2	83.9		
	Agree	6	9.7	9.7	93.5		
	Strongly agree	4	6.5	6.5	100.0		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

Source: own survey, 2023

Table 4-10 shows 48.4% and 24.2% of the respondents disagrees and uncertain respectively, in addition 11.3% strongly disagrees, summing up with mean value = 2.51 on having a pre meeting or for incase of project outsource site visit prior to submitting financial offer. Pre-meeting with the supplier is very crucial step that shouldn't be missed said an interviewer. Many projects delayed because of the contractor is not visited the site prior to financial offer submission, not knowing the constraints that will influence the project time, budget and scope directly influence the project success.

Table 4-11 Specification/sample check prior selecting supplier

3.4 Specification/ sample of goods and sources of purchase for is confirmed before selecting a supplier							
		Frequency	Percent	Valid Percent	Cumulative Percent	Mean	Standard Deviation
	Strongly disagree	5	8.1	8.1	8.1	3.01	1.13
	Disagree	17	27.4	27.4	35.5		
	Neutral	19	30.6	30.6	66.1		
	Agree	14	22.6	22.6	88.7		
	Strongly agree	7	11.3	11.3	100.0		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

Source: own survey, 2023

Majority of respondents are not sure specification /sample of goods or services are confirmed before selecting a winning supplier. 30.6% of the population are neutral and 27.4% of samples disagrees on checking the sample and specification while 22.6% agrees. Before choosing any supplier, it is apparent that technical, category, quality, quantity, and trademark considerations

should be made but checking samples are usually missed before selecting the supplier and delivering materials will not be exactly specified on the spec is always an issue.

Table 4-12 Experience of supplier related to the work

Table 4-13 Financial and Technical capability of the seller

3.5 Experience of supplier related to the work is considered during selection							
		Frequency	Percent	Valid Percent	Cumulative Percent	Mean	Standard Deviation
	Strongly disagree	6	9.7	9.7	9.7	2.94	1.11
	Disagree	18	29.0	29.0	38.7		
	Neutral	16	25.8	25.8	64.5		
	Agree	18	29.0	29.0	93.5		
	Strongly agree	4	6.5	6.5	100.0		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

3.6 Financial and technical capability of the supplier is considered during selection							
		Frequency	Percent	Valid Percent	Cumulative Percent	Mean	Standard Deviation
	Strongly disagree	2	3.2	3.2	3.2	3.87	1.0
	Disagree	6	9.7	9.7	12.9		
	Agree	30	48.4	48.4	72.6		
	Strongly agree	17	27.4	27.4	100.0		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

Source: own survey, 2023

Equal number of respondents agreed and disagreed on checking past experience of the supplier related to the work. 29% of samples from each group argued on checking past experience of the supplier while 25.8% of the respondents keep neutral and uncertain about the issue. The interviewed suggested that checking the experience of the supplier especially for construction projects helps to achieve the project goals in short period of time. Even the interviewer suggested for having recommendation letter for related work from the past successfully completed work should be set as mandatory technical requirement.

Due attention is given for financial and technical capability of the seller while selecting suppliers. From the respondents 48.4% and 27.4% agrees and strongly agrees respectively while 9.7% and 3.2% of the population disagreed and strongly disagreed respectively. Mean 3.87 shows respondents agreed on consideration of technical and financial capability of supplier during

selection. From the sourcing manual the following lists are mandatory requirements to be fulfilled while technical evaluation by commodity team.

- Bid security
- Renewed trade license for the calendar year
- VAT registration certificate
- Valid tax clearance from Revenue Authority
- Availability of Letter of Authorization to seal the bid proposals.
- Anti-bribery promise document
- Legal establishment document for joint venture.
- Compliance statement

And below listed items are optional requirements to be added with respect to the type of work to be performed.

- Past experience of the supplier related to the work with supporting letter from successfully completed project owners.
- Master work schedule or delivery period
- Key personnel with qualification documents

For checking financial capability, the average annual turnover that audited by external auditor should be submitted.

*Table 4-14 Procurement status update on ERP*

<b>3.7 Procurement status updated on Enterprise Resource Planning (ERP) for the project team to trace.</b>							
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	<b>Mean</b>	<b>Standard Deviation</b>
	<b>Strongly disagree</b>	<b>13</b>	<b>21.0</b>	<b>21.0</b>	<b>21.0</b>	<b>2.38</b>	<b>1.12</b>
	<b>Disagree</b>	<b>27</b>	<b>43.5</b>	<b>43.5</b>	<b>64.5</b>		
	<b>Neutral</b>	<b>10</b>	<b>16.1</b>	<b>16.1</b>	<b>80.6</b>		
	<b>Agree</b>	<b>9</b>	<b>14.5</b>	<b>14.5</b>	<b>95.2</b>		
	<b>Strongly agree</b>	<b>3</b>	<b>4.8</b>	<b>4.8</b>	<b>100.0</b>		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

*Source: own survey, 2023*

Enterprise resource planning (ERP) system is a single, centralized platform for managing the entire business, from financials to sales, customer relationship management, inventory, warehouses,

purchasing, project management, human resources management. Keep updating the procurement status on this platform informs the project team. From the above table 43.5% of the samples disagree and 21% strongly disagree while 16.1% are uncertain. This implies due attention is not giving on updating the procurement status on ERP and the project team is not updated. Interview reveals that updated project team on procurement status will plan the next task to be performed in time which have vital role on project success.

#### 4.6 Contract administration practice

Below Table shows respondents result on contract signing under company policy, regular review on procurement progress status, risk faced while administrating contract, document archiving on success/failure procurement audit and lesson learned and finally closing procedure of the procurement process.

Table 4-15 Contract administration practice

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
		f	%	f	%	f	%	F	%	f	%	
4.1	Contract documents are signed with supplier according to company's policy	2	3.23	4	6.45	8	12.90	29	46.77	19	30.65	3.95
4.2	Regular review is made on progress of procurement status according to the specification	5	8.06	20	32.26	14	22.58	17	27.42	6	9.6774	2.98
4.3	The risks faced while administrating the contract are taken into consideration	12	19.35	23	37.1	11	17.74	12	19.35	4	6.4516	2.56
4.4	Procurement audit (lesson learned, procurement success and failure) of the project is documented	17	27.42	19	30.65	12	19.35	11	17.74	3	4.8387	2.42
4.5	The project has a clear defined process for closing the procurement	5	8.06	7	11.29	12	19.35	25	40.32	13	20.968	3.55

Source: own survey, 2023

As per the above table 4-15 result 46.8% and 30.6% of population agrees and strongly agrees respectively on contract signing procedure as per company's policy while 12.9% population are neutral. The contract signing process after awarding comprises as per secondary sources is a contract review is the legal procedure used to pinpoint and examine the important clauses in a contract. Each contract will be carefully analyzed by the legal department to comprehend the terms

and conditions and to identify any potential risks or important information that works in the organization's benefit.

Also, table 4-15 depicts that 32.3% disagree, 27.4% agree, 22.6% neutral, 9.7% strongly agree while the rest of respondents 8.1% strongly disagree. According to the findings previously mentioned, there is an oversight in the monitoring and regulating procedures for the goods and services acquired by project teams and the sourcing department. This issue confirmed via interview that the sourcing team leaves the monitoring and controlling task for the project team after purchase order (PO) is released and the communication gap between these two departments cause delay on procured material delivery and controlling according to the specification.

Regarding risk faced while administrating contract, majority of the respondents strongly disagreed and disagreed with mean value =2.56 that risks faced while administrating contract are not considered. In addition, majority of respondents 27.4% and 30.6% strongly disagreed and disagreed on having procurement success and failure audit and lesson learned document. 19.4% of the sample were neutral while 17.7% and 4.8% agreed and strongly agreed respectively. To sum up with the interview data, ET doesn't have a well-organized procurement success and failure audit and keeping documents with lessons acquired for later usage.

At last, 40.3% and 21% of respondents are in agreement and strongly in agreement respectively that the project's procurement procedure is well-defined and transparent. 19.4% of them are neutral on this issue while the rest 11.3% and 8.1% respondents are disagreed and strongly disagreed respectively.

#### 4.7 Payment modality practice

Table 4-16 Payment modality notification to the supplier

Table 4-17 Penalty for non-conformity material delivery and delay

5.1 The suppliers are communicated the payment modality of the company							
		Frequency	Percent	Valid Percent	Cumulative Percent	Mean	Standard Deviation
	Strongly disagree	3	4.8	4.8	4.8	3.47	1.10
	Disagree	10	16.1	16.1	21.0		
	Neutral	14	22.6	22.6	43.5		
	Agree	25	40.3	40.3	83.9		
	Strongly agree	10	16.1	16.1	100.0		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

5.2 Penalty will be applied for non- conformity of good/ services and for delivery delay							
		Frequency	Percent	Valid Percent	Cumulative Percent	Mean	Standard Deviation
	<b>Strongly disagree</b>	<b>8</b>	<b>12.9</b>	<b>12.9</b>	<b>12.9</b>	<b>2.77</b>	<b>1.17</b>
	<b>Disagree</b>	<b>22</b>	<b>35.5</b>	<b>35.5</b>	<b>48.4</b>		
	<b>Neutral</b>	<b>12</b>	<b>19.4</b>	<b>19.4</b>	<b>67.7</b>		
	<b>Agree</b>	<b>16</b>	<b>25.8</b>	<b>25.8</b>	<b>93.5</b>		
	<b>Strongly agree</b>	<b>4</b>	<b>6.5</b>	<b>6.5</b>	<b>100.0</b>		
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>			

Source: own survey, 2023

Based on 4-20 table, 40.3% and 16.1% of the respondents agreed and strongly agreed respectively on notification of the payment modality practice ET suggested to the suppliers. 22.6% were neutral while 16.1% disagreed and 4.8% strongly disagreed. As ET secondary source suggested to notify the payment terms and conditions of ET according to the volume of work executed. As per interview point of view for urgent projects, advance payment processing will take time which final payment will be paid after provisional acceptance certificate issuance and this procedure will be communicated while negotiation. This method had been helpful to shorten project time and enhance project success.

Above table 4-21 depicts, 35.5% respondents are in disagreement while 16% of respondents are in agreement with applying penalty for suppliers that delivers non confirmed materials and for those who not delivers the material according to settled time. As discussed in specification/sample check prior selecting supplier, if the supplier is not delivered the approved material while sample approval penalty should be applied.

#### 4.8 Inventory management system

Table 4-18 Standard inventory management system

6.1 Rate the company's level of store management system						
		Frequency	Percent	Valid Percent	Cumulative Percent	Mean
<b>Valid</b>	<b>Strongly disagree</b>	<b>4</b>	<b>6.5</b>	<b>6.5</b>	<b>6.5</b>	<b>3.31</b>
	<b>Disagree</b>	<b>13</b>	<b>21.0</b>	<b>21.0</b>	<b>27.4</b>	
	<b>Neutral</b>	<b>14</b>	<b>22.6</b>	<b>22.6</b>	<b>50.0</b>	
	<b>Agree</b>	<b>22</b>	<b>35.5</b>	<b>35.5</b>	<b>85.5</b>	
	<b>Strongly agree</b>	<b>9</b>	<b>14.5</b>	<b>14.5</b>	<b>100.0</b>	
	<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>100.0</b>		

6.2 There is standardized inventory management system for teams						
		Frequency	Percent	Valid Percent	Cumulative Percent	Mean
Valid	Strongly disagree	1	1.6	1.6	1.6	4.00
	Disagree	2	3.2	3.2	4.8	
	Neutral	6	9.7	9.7	14.5	
	Agree	40	64.5	64.5	79.0	
	Strongly agree	13	21.0	21.0	100.0	
Total		62	100.0	100.0		

Source: own survey, 2023

On average score of 3.31 means they rate the company's level of store management system is good but some improvements should be made to qualify. As per the above level only 50% of respondents rate it good while 22.6% rate it not bad and the rest rate it as not good. Regarding having standardized inventory management system majority of respondents are agreed. 64.5% of sample agreed, 21% strongly agreed while 9.7% were neutral. Due attention is given in developing standard for inventory management system as per the result (mean = 4.00).

Table 4-19 On hand balance update for project teams

6.3 Inventory management teams keep updated the on hand balance for the project team					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	12	19.4	19.4	19.4
	Disagree	21	33.9	33.9	53.2
	Neutral	13	21.0	21.0	74.2
	Agree	12	19.4	19.4	93.5
	Strongly agree	4	6.5	6.5	100.0
Total		62	100.0	100.0	

Source: own survey, 2023

As per the above table, 33.9% disagreed and 19.4% sample population strongly disagreed on updating on hand balance at inventory stores to project teams. While 21% respondents were neutral, 19.4% were in agreement related with this issue. Having updated resource balance helps to the project team to plan according to the demand.

Table 4-20 Tracing storage location system

6.4 Storage systems are easy to trace material location					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	12	19.4	19.4	19.4
	Disagree	18	29.0	29.0	48.4
	Neutral	16	25.8	25.8	74.2
	Agree	12	19.4	19.4	93.5
	Strongly agree	4	6.5	6.5	100.0
Total		62	100.0	100.0	

*Source: own survey, 2023*

From the above table, we understand that 29% of the population disagrees and 19.4% population strongly disagrees on tracing storage location while 25.8% were neutral. Even knowing that the material is on hand not able to trace them where they are stored will be an issue. Therefore, organized storage system should be in place to make accessible when in need plays major role in providing necessary materials for the project.

## CHAPTER FIVE

### 5. SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

This chapter presents the study major findings based on the data collected through questionnaire and interview, conclusion drawn from the analysis findings and recommendation in order to improve and advance the project procurement management practice as well as suggestions for future researches.

#### 5.2 Summary of major findings

Based on the objective of the study to assess the effects on procurement management practice on the project success in Ethio telecom construction projects. 70 employees were selected as a sample and out of these 62 samples working in supply chain division fill out the questionnaire for further analysis to triangulate the findings, interview was conducted for 12 civil work engineers/supervisors and 2 section managers that involved in commodity team for sourcing process.

The major findings in the study are summarized here below under the procurement function structured in the questionnaire and analysis.

- **Demographic profile of respondents**

The result of the respondent's demography shows that majority were male with (58.1%) to (41.9%) ratio with female and most of respondents were between the age of 30 – 40 constituting 58.0%. regarding educational qualification to get reliable information, majority of respondents were first degree holders that covers 61.3% of the total population while MA/MSc holders cover 32.3%. As the analysis reveals the majority of respondents were experienced 6-10 years and experienced above 5 years for procurement related responsibility. Finally, majority of respondents were from sourcing department working as admins and supervisors.

- **General awareness on project procurement management practice**

This section reveals that the company has standardized and formal documented policies and procedures on procurement management for projects with mean= 3.81. Less attention was given

on providing consistent or periodic training programs for concerned project team and newly transferred or hired staffs with mean= 3.07.

- **Supply relation practice**

Regarding market research and analysis practice conducted in ET, it is not done considering the market is very volatile and cannot be trusted which needs advancement. With respect to analyzing required planning documents used for selecting eligible supplier for the procurement the company doesn't have a clear procedure/guideline that the staffs are aware of. The strongest sourcing procedure ease up for repetitive works that frequently requested were preparing master frame agreement (MFA) with specific suppliers for contracted period of time. While not keeping up with the procurement status creates a gap between the sourcing and project team that influence the project performance and success.

- **Supplier sourcing and selecting practice**

To request bids or proposals from vendors, ET has a standardized procurement document that is to be utilized depending on type of work and urgency level of the project. Also, ET has standardized process and procedure to follow while evaluating pro-forma and proposal gathered from sellers. But, the company lacks pre meeting or site visit prior to submitting financial offer causes unknown constraints that influence the project time, budget and scope directly influence the project success. Even though, specification is defined before procurement checking sample are usually missed that creates inconvenience in the project life time. Regarding checking past experience of the sellers, recommendation and certification for successfully completed projects needs to be used as a mandatory requirement for selection. Due attention is given for financial and technical capability of the seller while selecting suppliers. Nevertheless, Enterprise resource planning (ERP) system is a single, centralized platform for managing the entire business used in ET due attention is not given on updating the procurement status on ERP to notify the current status of the procurement to allow planning a head for the project team.

- **Contract administration practice**

Contract documents in ET are signed with supplier according to company's policy and with legal team consultation. While monitoring and controlling the sourcing team leaves the task for the project team after purchase order (PO) is released and the communication gap between these two

departments cause delay on procured material delivery and controlling according to the specification. Risks that might be involved in the contract administration was not considered and a well-organized procurement success and failure audit and keeping lesson learned documents are not kept.

- **Payment modality practice**

Notifying final payment paying method after provisional acceptance certificate issuance according to the volume of work executed and project level of urgency helpful to shorten project time and enhance project success.

- **Inventory management system**

Due attention is given in developing standard for inventory management system as per the result mean = 4.00. Updating on hand resource balance for project teams are not a culture in ET inventory system and not able to trace the storage location to provide necessary materials on time for the project team is an issue.

### **5.3 Conclusion**

This research aimed to analyze the impact of procurement management practice on the project success on ET projects, the summary of findings and data analysis performed on the research's sample population led to the following conclusions.

Ethio Telecom have a clearly defined and structured formal documented policies and procedures on procurement management for projects. Evidently, the results of this study show that offering regular or continuous training regimens has not received much attention for concerned project team and newly transferred or hired staffs.

Regarding the supply relation practice in ET, market research and analysis practice conducted doesn't consider the market volatility. Results from the respondents and secondary information showed that master frame agreement (MFA) is prepared for repetitive works that frequently requested with specific suppliers for contracted period of time to eliminate repetitive sourcing procedure for the same good/service purchasing. However, not updating the procurement status creates gap between the sourcing and project team that influence the project performance and success.

The company have standardized method for obtaining bid/proposal and evaluating pro-forma and proposal from sellers that depends on type of work and level of urgency. This uniform policy and practice includes the methodical use of and consideration of seller selection criteria, financial and technical capacity, and proposal evaluation procedures. However, pre meeting or site visit prior to submitting financial offer and updating the procurement status on ERP to notify the current status of the procurement are merely practiced.

As stated by those who responded to the survey and interview contract documents in ET are signed with supplier according to company's policy and with legal team consultation. On the other hand, once purchase order (PO) is issued the sourcing team leaves the task for the project team, this communication gap cause delay on procured material delivery and controlling according to the specification. In addition, Risks that might be involved in the contract administration was not considered and a well-organized procurement success and failure audit and keeping lesson learned documents are not kept.

Finally, updating on hand resource balance for project teams and storage location traceability to provide necessary materials on time is an issue in inventory management system.

#### **5.4 Recommendation**

Considering the results of the study the following points below listed are gaps identified in the study that needs improvement to advance the existing good procurement management practice in supply chain division.

- There should be consistent or periodic training programs for concerned project team and newly transferred or hired staffs.
- Market research and analysis practice needs to be conducted considering the market is very volatile and cannot be trusted. Market research in constant basis helps to minimize any investment risk, potential treats and opportunities and facilitate strategic planning.
- The project teams should be updated on constant time interval about the procurement status.
- Checking past experience through recommendation and certification for successfully completed and delivered goods/projects of sellers should be used as a mandatory requirement for selection.

- Updating the procurement status on ERP to notify the current status of the procurement to allow planning a head for the project team. Updating the status on ERP when reaching one milestone should be a culture for project performance enhancement and success
- Monitoring and controlling while contract administration should be made to make sure if the delivered good or executed project is performed as planned. The sourcing team needs to monitor the procured material delivery along with the project team throughout the procurement process.
- Risks that might be involved in the contract administration should be considered and prepare mitigation methods to eliminate risks.
- There should be a well-organized procurement success and failure audit report and lesson learned documents should be prepared and kept along with the audit report for future procurement processes on company's portal to make it accessible for all staffs.
- On hand resource balance should be updated on regular basis for the project teams that used on resource planning in project.

### **5.5 Limitation of the Study and Suggestions for future research**

The objective of this study were to assess the impacts of project procurement practice adopted in ET building projects and their effect in terms of project success. During this research valuable data were collected and analyzed relating to the construction projects in ET and found that many gaps are need to be aimed at enhancing the procurement management process. Nevertheless, this study only concerned on the practices adopted to procure outsourced construction projects and materials for in house projects.

Therefore, the researcher suggests that effects of project procurement management practice needs to be studied relating to each division projects and the summary of gaps will be used to improve and standardize procedure and policy.

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## Questionnaire

Dear Participants;

My name is Bezawit Getu; I am a MA student in Project Management at Addis Ababa University School of Commerce. As part of my MA project work, I am studying the effect of procurement management practice on the project success on Ethio telecom construction projects.

I kindly request you to participate on this research study by filling the attached questionnaire. Knowing that your time is valuable, please take few minutes of your time to complete the Questionnaire and I thank you in advance for your assistance for my educational endeavors.

### General Instruction and Information

- In order to ensure that all information will remain confidential please do not include your name.
- The questionnaire has close-ended questions, please indicate the extent to which you agree or disagree with the following statements by placing a circle on the number which most accurately reflects your opinion.

## PART I

### GENERAL INFORMATION

Please tick appropriately in the boxes using a tick (✓) or cross mark (x)

1. Gender:    \* Male [   ]            \* Female [   ]
2. Age in years:    \* 20-25 [   ]            \* 25-30 [   ]            \* 30-35 [   ]  
                         \* 35-40 [   ]            \* 40-45 [   ]            \* 45-50 [   ]  
                         \* Above 50years [   ]
3. Level of Education    \* Diploma [   ]            \* Undergraduate [   ]  
   \* Postgraduate [   ]            \* Others, please specify, \_\_\_\_\_

4. Years of Experience \* Below 2 years [ ] \* 3-5 Years [ ]  
 \* 6-10Years [ ] \* 11-15 Years [ ]  
 \* Above 15 Years [ ]
5. Current responsibility  
 \* Sourcing Director/Manager [ ]  
 \* Sourcing Supervisor/ Admin [ ]  
 \* Supply Strategy and Relation Management Director/Manager [ ]  
 \* Supply Strategy and Relation Supervisor/Admin [ ]  
 \* Sourcing Contract Management Director/Manager [ ]  
 \* Sourcing Contract Management Supervisor/Admin [ ]  
 \* Warehouse Management Admin [ ]
6. Years of Experience related with procurement  
 \* Below 1 year [ ] \* 1-3 Years [ ]  
 \* 3-5Years [ ] \* Above 5 Years [ ]

**PART II**

**PROCUREMENT FUNCTIONS**

**A. AWARENESS ON PROJECT PROCUREMENT MANAGEMENT**

N o	Questions	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	Project teams are aware of the importance of project procurement management in project					
2	Training is provided for concerned project team on procurement management					
3	There are documented policies and procedures on procurement management in the project					
4	There is standardized (formal) project procurement management process in place					
5	There is a procedure that is set for project teams to make a request for purchasing request					

## B. SUPPLY RELATION PRACTICE

No	Questions	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	Market research and analysis is done and taken as an input for supplier selection					
2	Required planning documents are analyzed and used for selecting eligible supplier for the procurement					
3	Prepare master frame agreement (MFA) with specific supplier for frequently requested goods/services					
4	Update the eligible supplier lists with project teams for recommendation					

## C. SUPPLIER SOURCING AND SELECTING PRACTICE

No	Questions	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	Standardized procurement document is used to obtain bid/proposal from sellers					
2	There is standardized pro forma/proposal evaluation technique					
3	A pre-meeting with the supplier like conference, site visit and work briefing will be held to clarify the work					
4	Specification/ sample of goods and sources of purchase for is confirmed before selecting a supplier					
5	During selecting a supplier below lists are considered					
	a. Experience of supplier related to the work					
	b. Financial and technical capability of the supplier					
6	Procurement status updated on Enterprise Resource Planning (ERP) for the project team to trace.					

#### D. CONTRACT ADMINISTRATION PRACTICE

No	Questions	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	Contract documents are signed with supplier according to company's policy					
2	Regular review is made on progress of procurement status according to the specification					
3	The risks faced while administrating the contract are taken into consideration					
4	procurement audit (lesson learned, procurement success and failure) of the project is documented					
5	The project has a clear defined process for closing the procurement					

#### E. PAYEMENT MODALITY PRACTICE

No	Questions	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	The suppliers are communicated the payment modality of the company					
2	Penalty will be applied for non-conformity of good/ services and for delivery delay					

#### F. INVENTORY MANAGEMENT PRACTICE

No	Questions	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	Rate the company's level of store management system					
2	There is standardized inventory management system for teams					
3	Inventory management teams keep updated the on hand balance for the project team					
4	Storage systems are easy to trace material location					

## **PART III**

### **INTRVIEW QUESTIONS**

1. Can you tell me your role in the project procurement management process in the company?
2. Are project team members involved in procurement aware on how to manage project procurements?
3. Do you have a standardized documented process guide for supplier relation management, supplier sourcing and selection process, contract administration and inventory management?
4. How is procurement conducted in the company?
5. What kind of mechanism is conducted to monitor and control the procurement process in accordance with the specification provided by the user section?
6. What requirements are used to choose the type of bid?
7. Which of the following procurement documents are used in selecting suppliers open bid, restricted tender, request for quotation (RFQ), direct purchasing, two-stage bidding, and pro-forma?
8. What is the process of closing the procurement process?
9. Can you tell me please the inventory management process used?