

**THE IMPACT OF ORGANIZATIONAL STRUCTURE ON THE
IMPLEMENTATION OF PUBLIC PROCUREMENTS
POLICY: THE CASE OF PUBLIC PROCUREMENTS UNITS IN
SOME SELECTED PUBLIC ORGANIZATIONS OF THE
FEDERAL GOVERNMENT**

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Degree in Human Resource Management

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The Impact of Organizational Structure on the Implementation of Public Procurements Policy: The Case of Public Procurements Units in Some Selected Public Organizations of the Federal Government

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STATEMENT OF DECLARATION

I, **Sofoneyas Engida**, declare that the thesis entitled “**The Impact of Organizational Structure on the Implementation of Public Procurements Policy : The Case of Public Procurements Units in Some Selected Public Organizations of the Federal Government**” is my original work. I have carried out the present study independently with the guidance and support of the research advisor, **T/Giorgis Assefa (Asst.Professor)** any other contributors or sources used for the study have been appropriately acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other Institution.

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Signature

Date

STATEMENT OF CERTIFICATION

This is to certify that **Sofoneyas Engida** has carried out his research work entitled “**The Impact of Organizational Structure on the Implementation of Public Procurements Policy : The Case of Pubic Procurements Units in Some Selected Public Organizations of the Federal Government**” for the partial fulfillment of Masters of Arts in Human Resource Management at Addis Ababa University School of Commerce. This study is original and is not submitted for any degree in this university or any other universities and is suitable for submission of Masters of Arts in Human Resources Management.

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List of Acronyms

- ◆ MOF = Ministry of Finance
- ◆ MOFED = Ministry of Finance And Economic Development
- ◆ MOFEC = Ministry of Finance And Economic Cooperation
- ◆ PPPDS = Public Procurement and Property Disposal Service
- ◆ FPPA = Federal Public Procurement and Property Administration Agency
- ◆ SIGMA = Support for Improvement in Governance and Management
- ◆ OECD = The organization for Economic Co- Operation and Development(OECD)
- ◆ EU = European Union
- ◆ FEACC = The Federal Ethics and Anticorruption Commission of Ethiopia
- ◆ GDP = Gross Domestic Product
- ◆ PPU = Public Procurement Unit
- ◆ PPDU = Public Procurement Decentralized Units
- ◆ PP = Public Procurement
- ◆ PPS = Public Procurement System
- ◆ CPAR = Country Procurement Assessment Report
- ◆ QDU = Questions related to Decentralized Units Structure
- ◆ QAS = Questions related to Administrative Structure
- ◆ QCIS = Questions related to Centralized Institution Structure
- ◆ QAE = Questions related to Administrative Efficiency
- ◆ ANOVA = Analysis Of Variance
- ◆ SPSS 20 = Statistical Package for Social Science :Version 20

Abstract

The purpose of this research was to examine the impact of organizational structure on administrative efficiency in the case of some selected public organizations of the federal government. The research is qualitative and quantitative research approach using Cross sectional survey method and purposive sampling method was employed to select the sample from the relevant target population. Descriptive and inferential statistics were used to analyze the data. Primary data were collected using five Point Likert-Scale out of 190 questionnaires 181 responses were properly filled and returned and only 6 middle level managers were interviewed out of 10, which cover 93.5 %.

The finding results indicated that the mean value for PPDU (mean=3.21), FPPA (mean=3.43), and PPPDS (mean=2.84) were above average which indicate that public procurement units are moderately contributed to administrative efficiency. The correlation result for PPDU ($r=0.417$, $P<0.01$), FPPA ($r= 0.369$, $p<0.01$) and PPPDS ($r=0.355$, $p<0.01$) indicated that there were positive relationship between all of independent variables and the dependent variable, rejecting all null hypotheses. This implies that any increase or decrease on the independent variable will bring corresponding change on administrative efficiency. It's found that the independent variables has a 43.6% influence on the dependent variable while the remaining 56.4% is influenced by factors which are not covered in this study. Hence, the public procurement units review its structure and system in order to improve the limitation on administrative efficiency.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Organizational structures are considered as important components of organizations due to their significance on the effectiveness of operations and performing of goals (Conner and Douglas, 2005; Armstrong and Rasheed, 2013).

Since 1935, government procurement has been performed in centralized manner. Later a decentralized approach was adopted. The following points show the background of public procurement of the federal government of Ethiopia:

From 1943 to 1958, though all Government institutions' procurements have been made through MOF (Ministry of Finance), serious delay and non-continuous services were noted which ultimately bore problems with regard to the performance of the institutions. However, MOF has completely changed its system and set another improved scheme realizing the problems.

After the Ministry of Stores and Supplies was established, in 1958, government institutions procurements were carried out through this office. Since this institution lacked thorough study and meticulous discussion, it failed to improve the existing problems. It rather aggravated them. Later, the Ministry of Finance and the General Auditor set shared directives that lead all government institutions procurement system by establishing Central Procurement Committee that could inspect over 150,000.00 Birr procurement performances of the institutions. But, the problems could not yet be improved with this system. It rather invited the institutions to exercise small amount procurements than large amount procurement in order to escape from the maximum amount the Committee has put.

Later on, to find solutions for the problems that arose in connection to the problems of Government Procurement Performances, in 1977 the Government Procurement and Material Management Control Department was structured under the Ministry of Finance which carried out its work allowing the institutions delegated to perform procurements up to Birr 150,000.00 by their own until 1981. However, if the procurements were more than the stated ones, systems would be established for inspectors by the committee which was organized from the Ministry of Finance and other executive public bodies. The problems were, of course, solved to some extent with this system. Long lasting solutions for the problems were, nevertheless, needed. The Finance Regulation, which was approved in 1981 to lead Government Procurements in smooth and similar

way, allowed the delegated institutions' procurement right to increase to 250,000 from its Birr 150,000.00.

Based on the above stated Finance Regulation and under Government Procurement and Material Management Control Department, the Secretary General of Central Tender Review Committee was established and approved proposals. The proposals were sent by the concerned government departments to proceed and to purchase without tendering a value more than 250,000.00 Birr in a single purchase order or contract where it was satisfied that there was good reason and also reviewed in detail a value less than 250,000.00 Birr purchased made by any government department. After Structural change was made in 1994, the procurements have been examined and approved by the Central Tender Review Committee in which the delegated government departments were participants as members. In the same year, when structural change was made in a new way, Government Procurement and Material Management Control Department was merged into procurement unit.

The new Government Procurement directive NO 1/1999 was put in to practice Starting from March 1999. Based on this directive, the delegation of procurement of executive public bodies were divided into two ,for national bidding it increased up to Birr 500,000.00 and for international bidding it increased to 2,000,000.00 birr.

In 2001, under Ministry of Finance and Economic Development, Public Procurement and Property Administration Department was established which constituted three teams:-

1. Bid Inspection and Review Team,
2. Procurement Study and Data Analysis Team and,
3. Public Property Administration Team

These teams more or less accomplished the responsibilities till 2005.

The Public Procurement and Property Administration Department conducted Business Process Reengineering /BPR/ as an exemplary departments focusing on Procurements, excluding property. The study brought significant changes regarding the services of the department from 2003 to 2004. Besides, it played great role for the Public Procurement Agency to be born.

Based on the finding of the study, in 2005 Public Procurement Agency was established by Proclamation No. 430/2005 and public procurement was completely given to executive public bodies in a decentralized way. The agency which has already brought solutions partially for the problems that rolled up for many years.

Subsequently, the Public Procurement and property Administration Agency was established by the proclamation 649/2009 and currently Public Procurement is regulated by the Agency.

However, the federal government Public Procurement and Property Administration Agency Proclamation No 649/2009 was not explicit with regards to the position of the procurement unit in the organizational structure of the executive public bodies in the Public Sector of federal government.

In this context, this study aims to investigate the impacts of organizational structures on public procurement unit and design minimum Standard of organizational Structure of procurement unit. Secondly, this study will draw some recommendations and indicate directions for further research.

1.2 Statement of the problem

Managers are not able to design organizational Structure of procurement unit due to lack of knowledge in the field, pure negligence or wrong assumptions and thinking that the unit doesn't have impact on organization's performance. But this is not the case, by assigning tasks to the members of an organization and by allocating resources to organizational entities; the structure of an organization is one of the main prerequisites for efficient task completion (Milgrom and Roberts 1992).

Organizational structure determines how the roles, power and responsibilities are assigned, controlled, and coordinated and how information flows between the different levels of management (Samson and Daft ,2005).

In Government's view, an outdated procurement structure, and poorly trained staff are the major determinants of corruption (FEACC Volume XI, Number IV, and June, 2012). The CPAR has reviewed the Federal Government procurement system and found that it is necessary to improve organizational structure of Procurement unit to ensure the application of procurement laws with adequate monitoring, a proficient and evenly distributed procurement staff, existence of an independent control mechanism, including a functioning system to treat bidders' complaints and carry out independent audits (CPAR, Volume II, November, 2010). But, till now there is no radical change to improve organizational structure of Procurement unit.

Public bodies have always been big purchasers, dealing with huge budgets, Out of the total public resources utilized, procurement constitutes a major share (about 70%) of public expenditure (MOFED, 2010). public procurement represents 18.42% of the world GDP (Roodhooft and Abbeele, 2006). In developing countries, public procurement is increasingly recognized as essential in service delivery and it accounts for a high proportion of total expenditure (Hunja, 2003).

Moreover, since it involves the use of public funds, the procurement activity has become a crucial policy issue in the recent period of financial crisis. In fact, due to current lack of economic resources, there is a consistent pressure on the public agenda of many governments to reform the public procurement sector in order to have a more efficient and more effective system, so as to save public funds. One way to achieve this goal is to implement the most suitable procurement organizational structure. To that respect, an important strategy is the choice between a centralized and a decentralized system. In the case of centralization, there is a central body who is in charge of handling the purchasing activity that is selecting contractors, negotiating prices and conditions, making purchasing decision for end-users (i.e. Procurement units), who are just required to send their requests to it. Conversely, in a decentralized system, Procurement units procure on their own. Several countries are experiencing reforms in this area (sometimes involving sudden changes in procurement practices), in an attempt to find the most suitable system.

According to McDonald (2009), lack of accountability, transparency and integrity has long been associated with public procurement. As a major interface between the public and the private sectors, public procurement provides multiple opportunities for both public and private actors to divert public funds for private gain. For example, according to McDonald, bribery by international firms in different countries is more pervasive in public procurement than in utilities, taxation,

judiciary and state capture, according to the 2005 Executive Opinion Survey of the World Economic Forum.

Due to the huge amount of money involved in government procurement and the fact that the source of the money is the public, there is need for accountability and transparency. Consequently, the regulatory body of the federal government has set minimum standard of organizational structure of Procurement unit of the organizations based on complexity of their procurement and the amount of budget expend for procurement in Procurement law and directive.

Most federal government are facing a problem of rapid changes in procurements which are imparting pressure on how the structure of procurement function or unit designs in order to achieve its objectives (FPPA Procurement Reforms Committee Archive).

1.3 Research Questions

Based on the above stated problem the study tried to answer the following main research questions:

- What are the factors in the organizational structure of Procurement unit that influence the implementation of public procurement policy?
- What is the impact of those organizational structure factors on the implementation of policy of public procurement in the study area?
- How could the organizational structure of procurement of Federal Public Procurement organizations be improved to implement the public procurement policy effectively?

1.4 Objective of the Study

The overall general objective of this research is to find out the major determinant factors(i.e. decentralized units structure, administrative structure, and centralized institution structure) in the organizational structure of public procurement units that could influence the implementation of public procurement policy in Public Organizations and its impact.

Specific Objective of the Study

The specific objectives of this research are:

- To determine the major factors in the organizational structure of public procurement units that influence the implementation of public procurement policy in the study area.
- To find out the impact of those organizational structure factors on implementation of policy of public procurement in the study area.
- To examine the extent of impact the overall bundles of determinant factors have on implementation of public procurement policy.

1.5 Hypothesis

Hypothesis is simply an educated—and testable—guess about the answer to your research question. A hypothesis is often described as an attempt by the researcher to explain the phenomenon of interest. Hypotheses can take various forms, depending on the question being asked and the type of study being conducted. A key feature of all hypotheses is that each must make a prediction. Those hypotheses are the researcher's attempt to explain the phenomenon being studied, and that explanation should involve a prediction about the variables being studied. These predictions are then tested by gathering and analyzing data, and the hypotheses can either be supported or refuted (falsified) on the basis of the data. Two types of hypotheses with which one should be familiar are the null hypothesis and the alternate (or experimental) hypothesis. The null hypothesis always predicts that there will be no differences between the groups being studied. By contrast, the alternate hypothesis predicts that there will be a difference between the groups (Geoffrey Marczyk, 2005). Usually a research hypothesis must contain, at least, one independent and one dependent variable.

The hypothesis assumes that implementation of public procurement policy is affected by and dependent on multiple factors including decentralized units' structure, Centralized Institution Structure (PPPDS) and Administrative Structure (FPPA). This study aims to figure out the effect of above-mentioned variables on the policy implementation of public procurement in which it based on and adopted from the literature (Amaratunga, et al, 2002) . Based on the problem and the research questions of the study, the following hypotheses were developed and tested.

Hypothesis: 1

- H₁: Decentralized Units structure has a positive relationship and significant impact on Administrative Efficiency (Public Procurement Policy Implementation).
- H₀: Decentralized Units structure has no a positive relationship and significant impact on Administrative Efficiency (Public Procurement Policy Implementation).

Hypothesis: 2

- H₁: public procurement Administrative Structure (FPPA) has a positive relationship and significant impact on Administrative Efficiency (Public Procurement Policy Implementation).
- H₀: public procurement Administrative Structure (FPPA) has no a positive relationship and significant impact on Administrative Efficiency (Public Procurement Policy Implementation).

Hypothesis: 3

- H₁: Public procurement Centralized Institution Structure (PPPDS) has a positive relationship and significant impact on Administrative Efficiency (Public Procurement Policy Implementation).
- H₀: Public procurement Centralized Institution Structure (PPPDS) has no a positive relationship and significant impact on Administrative Efficiency.

1.6 Significance of the study

The findings of the research are expected to contribute a lot for different stakeholders. The primary significance of this study will be giving insight to other fellow researchers for their extensive investigation of the field which is the most forgotten function by researchers in Ethiopia. It is also hoped that the research will benefit the Agency (FPPA), the business community and the country at large when formulating and reforming public procurement policy in the country.

The study will help many public procurement units to know what type of structure will suit them and help them to manage the organization effectiveness. The study will assist policy makers /the Federal government/ to consider the reorganization of their structures, with a view to carrying out functions related to the public procurement system.

1.7 Scope of the study

This research is limited to the public procurement units specifically in Public Procurement and Property Administration Agency (FPPA), Public Procurement and Property Disposal Service (PPPDS), Ethiopian Road Authority, Ministry of Education, Ministry of Finance and Economic Cooperation, Addis Ababa University, Ethiopian Agricultural Research Institute , Ethiopian Civil Aviation Authority , House of People Representatives, Federal Supreme Court, Ministry of Urban Development and Housing Construction, and Central Statistics Agency Federal public organizations. The researcher was also focused only on determinant factors that could influence in the implementation of public procurement policy in Public Organizations. Therefore the scope of this research was only delimited to the selected Federal public organizations.

1.8 Limitation of the study

Due to the nature of this research, it is very difficult and beyond the scope of this paper to identify and discuss numerous factors that influence the implementation of policy of public procurement. The researcher was not considered the whole factors in this research. The limitation was directly related with time, budget and availability of resources for not considering all Federal public organizations. There was lack of awareness and willingness of the employees regarding, filling out the questionnaires or providing the required data with care and being unable to return the questionnaire on time basis.

1.9 Organization of the study

This research encompassed a total of five chapters. The first chapter discusses about introduction part of the study, statement of the problem, research question, objective the study both general and specific, and significance of the study, limitation of the study and nature of the result. The second chapter review literatures related to this particular research. The third chapter explains the research design and methodology applied to make the research. The fourth chapter presents, analyze the data, interpret and discuss the findings briefly. Finally the last chapter deals with the major findings, conclusion and recommendation part of the research.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Over View of organization Structure

Organizational structure as defined by Wit and Meyer (2004) is the clustering of tasks and people into smaller groups. People within organizations are clustered with different tasks into divisions/units. This is done with the organizational structure of the firm in mind. One example of this may be the procurement function.

Organization structure displays the system of task and authority relationship that control how employees use resources to achieve the organizational goals. The structure of an organization affects not only the productivity and the efficiency of the economy but also the morale and job satisfaction of the work force. Therefore the Structure should be designed in such a way to encourage the willing participation of members of the organization and effective organizational performance (Mullins, 1999). A good organization structure does not by itself produce good performance. But a poor organization structure makes good performance impossible, no matter how good the individual manager may be. Improved organization structure will therefore always improve performance (Froystad, 2010). Heggstad (2010) claims that the formal bureaucratic organization restricts individual growth, self-fulfillment and, the psychological health of a person, cause a feeling of failure, frustration, and conflict (Heggstad, 2010). Ford demonstrated that work can be performed more efficiently if employees are allowed to specialize (Robinson, 2001).

Every organization has a hierarchy of people and job functions whether it is organic or intentional (Griffin, 1999). Scholars of public organizations have long been interested in understanding how organizational structures shape organizational performance. This is an important question because if links between structure and performance exist, then manipulating organizational structure may lead to improvement in organizational performance (Bohte and Kenneth 2001).

Public Procurement units' structures within the public executive bodies vary with the size of the governmental units, from a very complex to a very simple structure. In small public executive bodies, there is no procurement unit structure as their other supporting departments are responsible for all administrative functions of government including budgeting, accounting, and procurement. In contrast, with large governmental units the procurement unit structure is extremely complicated. Thus, it is essential that each level of management have well-defined authorities and

responsibilities delineated throughout the structure, from the issuance of standards of performance to the supervision and management of the workforce Rozemeijer (2003) .

2.2 Public Procurement Unit

Procurement Unit means a body responsible for procurement with in public bodies without prejudice to the particular organizational structure appropriate to the nature of their duties. Public Procurement units are the factors that effects on the Public Procurement Policy Implementation. Public Procurement means procurement by a public body using public fund (Proclamation No. 649/2009 Article 2/8).

The procurement function of companies can be classified as either centralized or decentralized. The combination of the two systems, conversely, is now practiced by a good number of companies (Gadde and Hakansson, 2001).

2.3 Centralized Procurement

Centralization refers to a powerful central purchasing office, which specifies and buys on behalf of the Divisions/Units. Procurement centralization is nowadays a common way to leverage the benefits of indirect purchasing in an organization (Karjalainen, 2009). In centralized procurement, the procurement is coordinated and regulated from the headquarters of an organization. The main aim of it is to capture the economies of scale by unifying the procurement processes of an organization's different units (Karjalainen, 2009; Lysons and Farrington, 2012).

Procurement centralization should be considered especially when the needs for procured materials between different business units are similar (Iloranta and Pajunen-Muhonen, 2012). Purchasing or procurement centralization also lowers the amount of invoices due to the consolidated purchasing spend. Hence, it also reduces the workload for accounts payables and simplifies the whole invoicing process from the viewpoint of the procuring organization (Ritvanen and Koivisto, 2006). Some scholars observe that, even if most governments have a centralized structure for public purchases, there is a trend toward decentralization in an attempt to make local units more responsible. There is a clear trend towards centralization in Europe, United States and Southern America (Dimitri, 2006). It is difficult to assess which framework is prevalent, at least because governments change frequently the system and sometimes the reforms are conflicting. It is also

demanding because of the peculiarities of each procurement system. Some authors debate on these features and on the factors at work when one or the other system is adopted.

For example, a fully decentralized purchasing process, where procurement is managed at the local level, is usually criticized on the ground that it can be associated with fragmentation, inefficiency and poor transparency. On the other hand, a fully centralized system could suffer from a lack of flexibility, which is required when goods and services to be procured are complex and involve, other than cost considerations, quality and value aspects, too. As a result of this, investigating which system is preferable is not an easy task: many economic variables act simultaneously on the procurement system and could interact in contrasting ways.

2.3.1 Advantages of the Centralized Procurement System

Some advantages of the centralized procurement as enumerated by Iloranta and Pajunen-Muhonen (2012) are:

- Significant reductions in prices of goods and services;
- Better services at lower cost;
- Increased purchasing power for the centralized procurement unit;
- Need for technical standardization (e.g., within the area of IT systems and software applications) and the setting and inclusion of environmental standards for government procurement;
- Non-cost benefits including greater attention to contract management and better problem resolution (e.g., faulty items, below specification services, after sale maintenance);
- Lower costs of training staff because they are fewer in number and centrally located;
- Easier performance management of staff; and
- Encouragement of good transparency provisions such as efficient recording and reporting of procurement contracts and transactions, effective management controls, clearer audit trail.

2.3.2 Disadvantages of the Centralized Procurement System

According to Iloranta and Pajunen-Muhonen (2012), some of the disadvantages of the centralized procurement system are:

- Limit of decision making of the business units;
- Might gain resistance in the business units;
- Narrow focus on the procurement personnel;
- Connection between procurement and other administrative functions can be weak; and
- The distance between the internal customers and the procurement personnel can be large.

Centralized Institution Structure (PPPDS) is the Ethiopian Federal Government Procurement and Property Disposal Service was established on July 2010 by the Council of Ministers Regulation No.184/2010.

The main arguments in favor of centralization are: savings due to bundling quantities, to minimization of duplications, to the reduction of the number of transactions between suppliers and buyers, the improvement of bargaining power, the enforcement of the negotiation position, the possibility to hire more experienced and skilled managers, to reach higher product and service quality, to reduce supply risks and legal costs for litigations, to have better access to resources and markets. On the contrary, the literature stresses the following disadvantages of recurring to a central agency: higher coordination costs and set-up costs, impossibility to satisfy unique requirements and meet different realities, loss of relationship with local suppliers, possible withdrawn of small suppliers, potential lock-in phenomena, inefficient engagement of central unit in operational planning process, complex coordination process, possibly unsatisfactory schedule for single unit needs, higher costs of maintenance of the central agency.(Thai, 2009; Tella and Virolainen, 2005; Albano and Sparro, 2010).

Centralization refers to a powerful central purchasing office, which specifies and buys on behalf of the procurement units, and here he makes the assumption that the purchasing office has the expertise, records and political power(Cousins, 2008).

Attempting to avoid repeating a burdensome process has mainly driven centralization in public procurement, and the expected volume discounts from pooled purchases (Karjalainen, 2010). Further, volume discounts can only be negotiated and maintained when purchasing volumes of all or most units are pooled under joint contracts; a favorable framework agreement would be negotiated by a centralized purchasing department, even though ordering would still occur at a unit level (Karjalainen 2010). He claimed that all three sources of synergies, economies of scale, information and learning, and process could all be gained by the use of centralized framework agreements (Karjalainen 2010).

PPDA is the centralized procurement institution of federal government of Ethiopia. Centralization is one of the factors have an impact on the Public Procurement Policy Implementation. If the centralized procurement unit structure (PPPDS) and procurement system are strong, public procurement units structure (PPPDS) has a positive impact on Public Procurement Policy Implementation. If the centralized procurement unit structure (PPPDS) and procurement system are weak, centralized procurement unit structure (PPPDS) has a negative impact on Public Procurement Policy Implementation.

2.4 Decentralized Procurement

Contradictory to centralized procurement is decentralized procurement. According to Leenders and Johnson (2000), decentralized procurement is defined as when business units, plants and divisions controlled the main procurement activities. This indicates that different divisions/ business units are accountable for their own procurement activities. Decentralized procurement mostly is practice by companies with business units or branches. According to Van Weele (2005), the business unit managements are accountable for all its procurement activities.

Decentralization is the redistribution of functions or tasks from central units in organizations to more widely dispersed units that is it is about where in an organization particular functions are best carried out.

There are two types of decentralized procurement units structure with in the public executive bodies of federal government of Ethiopia and their different structures of each public body that significantly affect the organization performance (Proclamation, No. 649/2009).

I. (According to the Proclamation , Article 9) the procurement department in a public body shall, apart from the responsibilities assigned to it by the procurement directives and the job description prepared by the public body have the following duties and responsibilities:

- execute public procurement in a perfectly ethical and skillful manner;
- carry out public procurement in accordance with this Proclamation, the procurement directives, the procurement manual , the standard bid documents, the forms and the procurement contract; and
- maintain complete record for each procurement in accordance with Article 23 of this Proclamation.

If the decentralized procurement unit's structure within Public bodies and procurement system are strong, public procurement units' structure has a positive impact on Public Procurement Policy Implementation. If the decentralized procurement unit's structure within Public bodies and procurement system are weak, public procurement units' structure has a negative impact on Public Procurement Policy Implementation.

II. (According to the Proclamation , Article 9) Duties and Responsibilities of Procurement Endorsing Committee:

- ensure that public procurement is executed in compliance with this Proclamation, the procurement directives, the procurement manual, the standard bid document and the forms;
- review and endorse procurements within the financial limits set by the directive; and
- advise the head of the public office on methods of achieving effective procurement.

For a business to operate efficiently and systematically, it needs a planned structure that fits the style, size and operations of the organization (Griffin, 1999). A company needs to keep its structure dynamic so that it can respond to the things that impact organizational structure (Anderson, 2013).

The advantages of decentralized purchasing lies in: flexibility, local specialized knowledge, speed and responsiveness; an understanding of local needs; product development support; and ownership (Monczka, 2010). Here the central office makes the policy and does corporate deals meanwhile the divisional staff carry out the actual purchases, the communication and responsibility goes both ways (Cousins, 2008). Since, the divisional staffs gradually take more control of their day-to-day

operations and may even exploit opportunities in local markets that were not possible with a centralized office (Cousins, 2008).

2.4.1 Advantages of the Decentralized Procurement System

Some of the most prominent advantages of decentralized procurement as summarized by OECD (2000), “Centralized and Decentralized Public Procurement”, SIGMA Papers, No. 29, OECD Publishing are:

- Reduced incentives for corruption via large-scale protectionism or favoritism;
- A closer matching of goods and services delivered to the detailed requirements of end users;
- Reduced scope for mistakes affecting large volume purchases that result in unnecessary over-spending;
- Less bureaucracy because of shorter time frames and fewer forms for both purchasers and suppliers;
- Greater possibilities for small and medium-sized enterprises to compete successfully for contracts;
- Opportunities for local purchasers to obtain lower prices for locally manufactured goods; and
- More scope for employees to take individual responsibility and develop a “service” mentality.

2.4.2 Disadvantages of the decentralized Procurement System

According to Iloranta, Pajunen-Muhonen (2012), some of the disadvantages of the decentralized procurement system are:

- Procurement volumes are scattered and negotiation leverage is lost with suppliers;
- Suppliers’ contract, procurement prices and conditions are different in separate business units. As a result of overlapping work;
- Difficulty of standardization;
- Difficult to develop procurement expertise;
- Total cost of procurement on enterprise level are difficult to perceive and control; and
- Main stress is the use of local suppliers; global opportunities are hard to utilize.

2.5 Hybrid Procurement

The main benefit of using a hybrid procurement operational structure approach is that it provides the opportunity to combine the key features of centralized and decentralized structures (Leenders and Johnson, 2000), although they differ in the extent to what is centralized and what is decentralized (Monczka, 2010). The hybrid procurement is applicable if local sourcing preferences are vital parallel to exploiting the strengths of central planning, which can be referred to as centralized pricing with decentralized procurement (Karjalainen, 2010). The hybrid operating model involves a central structure of activities up to and including the completion and management of the central contract/framework agreement for the whole organization to use, meanwhile, the tasks after contracting (e.g. ordering) are considered to be decentralized to local units (Karjalainen, 2010).

The most common hybrid procurement structure has centralized strategic design, a coordination of major spending categories and some support activities, with decentralization of most of the actual procurements. This allows all of the procurement activities to be co-ordinate with a free flow of information through the internet, intranets, and information sharing systems (Monczka, 2010). The hybrid procurement system can also be called federal hybrid procurement system.

2.6 Federal purchasing organizations

A federal hybrid structure means that business units or divisions award the central purchasing office with the power to develop policy and provide them with necessary services with specific mandates , the communication and responsibility occurs between all purchasing parties (Cousins, 2008).

The federal structure has some basic rules; one is to have common rules and procedures in order to avoid conflicts with the corporate policies and strategies (Cousins, 2008). Another is dual citizenship where each staff member is concerned equally about his own department's success and the overall organizations success. The third is giving away power to carry out activities and make decisions to the lowest level possible, meanwhile the centre acts as a coordinating device that answers to the divisions.

A federal procurement structure means that divisions are in constant contact with one another, and they share sourcing information and have both their divisions interest in mind as well as the

organizations as a whole (Cousins, 2008). However, striking the right balance between corporate intervention and business unit autonomy is difficult (Rozemeijer, 2000).

Price fluctuations and political climate may also affect the desired structure of the purchasing function (Van Weele, 2005). If material prices are highly sensitive to the political and economic climate, a centralized procurement approach may be efficient (Van Weele, 2005). A centralized approach may be favorable in coping with shortages of supply as a consequence of political and governmental regulations (Corey 1978). This is due to the fact that a centralized procurement function may identify alternative sources of supply, negotiate contracts, and allocate the resources within the organization (Corey, 1978).

There are several factors that might affect the choice of purchasing structure. However, there is usually not a clear-cut decision between centralization and decentralization, and in most cases, companies rely on a combination of both; companies usually “try to reap the benefits of one organizational form and then minimize its corresponding disadvantages” (Gadde and Håkansson, 2001).

2.7 Consequence of Public Procurement Unit structural Deficiencies

Child (2001) explained the consequences of structural deficiencies:-

- (a) **Low motivation and moral:** This may result from apparently inconsistent and arbitrary decisions, insufficient delegation of decision-making; lack of clarity in job definition and assessment of performance, competing pressures from different parts of the organization, and managers and supervisors overlooked through inadequate support system.
- b) **Late and inappropriate decision:** This may result from lack of relevant timely information to the right people, poor co-ordination of decision-makers in different units. Overloading of decision-makers due to insufficient delegation, and inadequate procedures for re-evaluation of past decisions.
- c) **Conflicts and lack of co-ordination:** This may result from conflicting goals and people working at cross-purposes because of lack of clarity on objectives and activities, failure to bring people together into teams or through lack of liaison; and lack of effective system for communicating the modification of tasks.

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- d) **Rising Costs:** This may result from a long hierarchical of authority with a high proportion of senior positions, an excess of rules, procedures and administrative work at the expense of productive work, and the presence of some, oral of the other organizational problems.

The level of professionalism in the purchasing function is expressed in the: status of the function; role and organizational status of the purchasing department; availability of purchasing information systems; quality of people involved in purchasing; and the level of collaboration with suppliers (Rozemeijer, Weele & Weggeman 2003). Whereas, the status and role of the purchasing department are important situational factors when coordination mechanisms are designed (Rozemeijer, Weele & Weggeman 2003).

The role and organizational status of the purchasing department reflect on how the established organizational structure is, which is necessary for purchasing to be able to fulfill its duties, which can according to, Schiele (2007) be measured upon two things: roles, responsibilities and strategic integration i.e. participation in board meetings. The availability of purchasing information systems can be measured by analyzing whether the structure and communication reflects the underlying departmental technology i.e. the main characteristics of the work processes, and if they do, then the purchasing department can work effectively (Rozemeijer, Weele & Weggeman 2003).

In terms of corporate purchasing initiatives e.g. a category management project, if the centralized purchasing structure has low maturity at the operating level, it represents a situation in which most strategic commodities are contracted from a corporate purchasing department (Rozemeijer, Weele & Weggeman 2003). However, if both similarities across business units and purchasing maturity are high the centralized structure becomes center-led where cross-functional teams, strongly managed by the purchasing staff, participate in coordination activities with active support from the business units (Rozemeijer, Weele & Weggeman 2003).

Thus, the greater the commonality of the purchased products required by the business units, the more benefits can be obtained from a centralized or coordinated approach (Rozemeijer, Weele & Weggeman 2003).

Decentralization is appropriate for organizations that have low purchasing maturity and low corporate coherence, due to the few similarities in purchase specification between business units, the synergy opportunities lie in the exchange of information on supply markets, suppliers, and prices (Rozemeijer, Weele & Weggeman 2003). The federal structure is applicable to

organizations that have a high purchasing maturity yet low corporate coherence, in this structure, purchasing consists of a small corporate purchasing staff that supports a number of autonomous decentral purchasing units in their voluntary efforts to exploit potential synergies (Rozemeijer, Weele & Weggeman 2003). Finally, a hybrid structure fits organizations that have both corporate coherence and purchasing maturity parameters at a medium value, here the organization is likely to have a mix of central purchasing and voluntary purchasing coordination activities (Rozemeijer, Weele & Weggeman 2003).

2.8 Factors Affecting Implementation of Policy of Public procurement

The idea that the structure of an organization determines its performance is described by the system-structural view of organizational design and performance (Ruckert, Walker, and Roering 1985). According to some researchers and practitioners, there are certain factors have an effect on the Public Procurement Policy Implementation in a positive or negative way, including:

2.8.1 Structure of Public Procurement Decentralized Units

a. Decentralization has created units of public services which are closer to the users and able to react more flexibly to their needs and expectations through more autonomy of decision-making at local government level. Decentralization can also shorten many bureaucratic procedures and make such procedures more efficient. The disadvantage obviously lies in the relatively small size of the units, which makes their operations costly owing to lack of volume.

Therefore, decentralization has to ensure that prices are affordable and quality standards of public services are available to all citizens. Accordingly, decentralized public services also have to be submitted to nationwide regulation (B. Martin,2001)

b. Specialization:- refers to the division of labor in the organization (Klebba and Dwyer 1981; Garrido- Samaniego and Gutierrez-Cillan 2004). The case of a functional segmentation entails that jobs are broken down into simple and repetitive tasks which may be efficiently performed (Robbins 1990: 84; Daft 1992: 13). The case of an object-oriented specialization, in turn, helps to reduce interface problems since employees are responsible for different tasks that are logically interconnected. Consequently, functional specialization in purchasing is beneficial in case only few interdependencies arise between different tasks and high efficiency improvements are expected in specializing on a small set of activities, whereas an object-oriented specialization is beneficial in the opposite case (Daft, 1992).

c. Formalization:- describes the degree to which an organization relies on rules and procedures to direct the behavior of its members (Hall, Haas, and Johnson 1967; Robbins ,1990).Formalization can be achieved by defining roles and authority relations or by establishing rules that regulate decision processes, the communication of employees, or the processing of information in the organization (Hall, Haas, and Johnson 1967). Organizations formalize the behavior of their members to reduce its variability and to predict and control it (Robbins 1990), although very high levels of formalization may reduce the motivation of the organization's employees (Hartmann, Trautmann, and Jahns 2008).

2.8.2 Administrative Unit structure (FPPA)

Administrative unit structure (FPPA) is the Ethiopian Federal Government Procurement and Property Administration Agency came into existence on September 2009 by Proclamation No. 649/2009 replacing the former Procurement Agency.

Administrative unit structure (FPPA) is one of the factors have an impact on the Public Procurement Policy Implementation. Public procurements are regulated by formal rules and directives. (According to the Proclamation, Article 9) the objectives of the FPPA are:

- a) ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and modern public property administration;
- b) follow up compliance of public bodies with the provisions of this Proclamation in conducting procurement and administrator property at their disposal;
- c) build the capacity of procurement and property administration within the Federal Government;
- d) work for the prevalence of uniform and consistent system of public procurement and property administration at national level;

2.8.2.1 Media publicity

The media play a critical role in corporate compliance. Through the media, the corporate community is made aware of the regulatory outcomes (Zubcic and Sims, 2011). Wide publication of tenders in the media such as newspapers and websites could help reduce corruption by increasing transparency and participation, thereby enhancing public procurement compliance in Malaysia (Hui, 2011). Therefore that Media publicity improves public procurement compliance.

Media exposure reduces the incidence of wrongdoing through press coverage that highlights instances of wrongdoing. More to that, in an environment of heightened and effective press coverage of misconduct, others contemplating misconduct may be discouraged.

Although the majority part of the government, public procurement unit within the public bodies and centralized procurement unit structure (PPPDS), in their particular oversight and accountability roles, Administrative unit (FPPA) is responsible for identifying problems in public procurement; investigating fraud, corruption, and waste; providing recommendations and solutions; and ensuring that the acquisition workforce and other government employees responsible for carrying out procurement procedures do so within the law and policy restrictions of the procurement system.

2.8.2.2 Enforcement

Enforcement could be broadly viewed as any actions taken by regulators to ensure compliance (Zubic and Sims, 2011). There are mixed opinions regarding the effect of enforcement on compliance. Some scholars such as Sparrow (1994) doubt the direct effect of enforcement on compliance. They argue that enforcement may make violators more sophisticated in how to prevent, and conceal detection by the authorities. However many other scholars agree that enforcement improves compliance (Zubic and Sims, 2011)? Enforcement action and increased penalties lead to greater levels of compliance with laws. Corruption among government procurement officials in developing countries has been linked to a weak enforcement of the rule of law (Raymond, 2008).

A study on corporate governance in Africa revealed that countries such as Nigeria and Ghana suffer from weak law enforcement mechanisms (Okeahalam, 2004). In counties with complaint and review mechanisms, bidders are allowed to verify whether the procurement processes conform to the prescribed procedures. The possibility of review is also a strong incentive for procurement officials to abide by the rules (Hui, 2011).

Firms might choose to implement ineffective compliance systems if legal violations may be profitable in cases where the legal system under-enforces, either because penalties are set too low or because detection is imperfect or ineffective. Gunningham and Kagan (2005) argue that the threat of legal sanctions is essential to regulatory compliance and that enforcement action has a cumulative effect on the consciousness of regulated companies and it reminds companies and individuals that violators will be punished and to check their own compliance programs.

2.8.3 Centralized Institution Structure (PPPDS)

PPPDS is the centralized procurement institution of federal government of Ethiopia. Centralization is one of the factors have an effect on the Public Procurement Policy Implementation. There are many arguments for centralization, specifically better control, expertise , professionalism, political interference, Corruption, and service delivery.

2.8.3.1 Professionalism

Professionalism in public procurement relates not only to the levels of education and qualifications of the workforce but also to the professional approach in the conduct of business activities. If the workforce is not adequately educated in procurement matters, serious consequences; including, breaches of codes of conduct occur (Raymond, 2008).

Ethical code is not only a deterrent of incorrect behavior but also an enabler for all members of the organization to safeguard the ethical legacy of the firm (Rossi, 2010). The level of professionalism in public procurement in Ethiopia is low or non – existent and is not even aware that there are ethical and legal standards involved in procurement. Lack of a high degree of professionalism in public procurement to corruption, which ultimately impedes compliance. The procurement officers must be trained and aware about all regulations in relation to procurement and related procedures (Raymond, 2008). Non-compliance in public procurement to lack of purchasing professionalism in the public sector. Thus, purchasing professionalism increases public procurement compliance.

2.8.3.2 Political interference

Public procurement is considered an inherently a politically sensitive activity (Schapper, 2006).In public procurement, managers take on the role of agent for elected representatives (Bolton, 2006). However, Pillary (2004) argues that senior officials and political leaders use public office for private gain and this has weakened the motivation to remain honest. Raymond (2008) also opined that ministers and political parties receive clandestine payments in government procurement. This ultimately interferes with the procurement process and constrains compliance. This is also re-echoed by Lodhia and Burritt (2004), who recognizes that social and political influences have an important bearing on public sector reform.

In developing countries; one of the major obstacles to the procurement system is ministerial interference with the tender process where ministers intervene and influence tender awards. The

threat of being suspended or fired has in many cases intimidated public officers into obeying illegal ministerial directives leading to non-compliance (Akech, 2005). Interference from the local politicians, business persons, members of parliament and very influential top management, individuals has interrupted the procurement processes and deterred transparency (Hui, 2011). Political influence in public sector management limits information, transparency and favor is extended without management being held to account (Lodhia and Burritt, 2004). Coviello and Gagliarducci (2010) also revealed that politicians influence public procurement through non-compliance acts such as collusion. Therefore, Political interference has a negative effect on public procurement compliance.

2.8.3.3 Service delivery

Regulated procurement frameworks are procedurally costly, slow to adapt to changes and they erode the skill requirements of procurement officials, thereby undermining professionalism (Schapper, 2006). As government departments operate within a framework of public accountability and cost effectiveness, considerable emphasis is placed on the fair treatment of suppliers, compliance, competitive tendering and procedures for ensuring propriety and regularity, hindering the development of collaborative procurement arrangements (Raymond, 2004). This retards service delivery because according to Muhwezi (2009) collaborative purchasing is vital for service delivery. The requirement for compliance reduces the authority and discretion a government official has over matters (Zimmerman, 2001). Since public organizations due to their bureaucratic culture emphasize rules, procedures and stability, they lack orientation towards productivity and efficiency (Parker and Bradley, 2000). The requirement for compliance in public procurement limits employee discretion. Discretion is essential to organizational effectiveness and if too severely limited, it can make the official's task needlessly complex and service inefficient and more costly (Raymond, 2004). Stricter regulation hinders the efficiency of the procurement (Trepte, 2005).

2.8.4 Scale economies, process economies and information economies

The main motivation to organize procurement in a centralized or decentralized way is the possibility to gain considerable cost reductions. One way to achieve this target is to bundle purchasing volumes with one single central buyer in order to obtain quantity discounts. It is straightforward that economies of scale can be easily reached if products are highly standardized. Indeed, on the supply side, standardized products allow firms to lower unit costs and, on demand

side, they permit to pool the requests, to raise the volumes, and to use such leverage to negotiate lower prices. Therefore, the success of the centralization strategy is inherently linked to the product characteristics: the more similar products are, the easier aggregation is.

It is the case, for example, for IT equipments, paper, and stationery, and fuel, coupon for meals, credit cards, and electric power. Conversely, when products are peculiar and/or single units have specific needs, it is difficult to use a centralized framework. In all possible intermediate cases, centralization might lead to costs savings but it also faces several disadvantages. Synchronization of centralized purchasing may be an issue because the timing schedule of central purchase cannot correspond to the timing schedule of the single units. Some local units may need to change their requests in order to make them compatible with central agency's requirements. In this case, the staffs of the local units may be forced to spend time and resources in order to be able to use the product acquired by the central agency on their behalf (Simona Baldi and Davide Vannoni, 2014).

Economies of process relate to benefits derived from establishing a common way of working and exchanging best-practice purchasing procedures. In this sense, centralization allows to lower administrative costs such as tender advertisements in official journals and litigation costs.

In particular, centralization may reduce litigation costs for, at least, three reasons: first, the number of tenders is lower (i.e. the number of possible critical cases reduces as well); second, by using standardized procedures, the probability of making mistakes (such as wrong or incomplete information processing) is lower as it is lower the room available for discretionary valuation or for petition from the side of bidders; third, in case of controversies, litigations are concentrated just in one Court instead of being scattered across several local Courts. Organization expenses can be reduced by using a centralized purchasing unit because the staff employed in a local unit can be released from the purchase activity and shifted to other local core tasks. This applies also for all items required for purchasing, such as software, stationary, documents and, last but not least, for the time spent for preparing all tender procedures and for the day-to-day management of the contract. Finally, since tender procedures managed by the central unit are quite standard, time spent to prepare a single process should be lower as compared to that spent in a decentralized organization. The same applies for the probability to make material errors. Centralized procedures should be standardized also because they have to be used by all different local agencies (as it is the case of software to gather requests). However, these procedures could be tight or burdensome for the local staff. Similarly to the achievement of economies of scale, economies of process are hard

to be achieved in case of not standardized requests. The central unit cannot gain benefits if there is high heterogeneity of products\requests.

In such circumstances, it might not even handle to manage the purchase at all .Economies of information and learning relate to sharing information and knowledge across different sites and locations. (Dimitri, 2006) argue that centralization allows to exploit economies of information because a central agency can concentrate specialists in different relevant areas (e.g. legal experts and market analysts). High-skill personnel means savings in terms of time spent in preparing documents and in designing the procedures. Workers in a centralized department can work together, share information and end up with best practices easier as compared to situations in which they are scattered across different units. Moreover, central agencies are better equipped to hire legal experts and high-skill personnel, while it is difficult for local units to have enough budget, since purchasing is not considered as a core business activity, but rather a back-up activity. As in the other two previous cases, economies of information cannot be reached in the presence of peculiar products or very specific unit needs. In these cases, decentralization works better than centralization. In fact, a local unit can better formalize the peculiar requests, while the time and the resources spent in processing information to send to the central unity could be too big (or it could be too difficult for the central agency to process those data).

In the words Drucker (1999:11) it is the correct design of structure that is of most significance in determining organizational performance. He further explained that good organization structure does not by itself produce good performance. But a poor organization structure makes good performance impossible, no matter how good the individual managers may be. Coming to the task that structure in the present day organization presents complex relationship, there is the need for people to organize their efforts. Hence organization structure defines the format of allocation of work roles to identify the members of the organization.

1.6 Empirical Literature

Different researchers have showed the adverse relationship between organizational structure of public procurement units and administrative efficiency. (Benon C.Basheka, 2014) has realized important information on what respondents consider an appropriate structure for a well governed public procurement system. Such a structure ought to be based on the core principles of public service as opposed to private service. Such structures must be based on the principles of meritocracy as opposed to recruiting people based on nepotism. Once nepotism is allowed to

penetrate a public procurement system, the possibilities of negatively affecting administrative efficiency is high. He suggested that attention must be directed at creating appropriate structures which are rigidly capable of preventing individual abuse ought to be instituted as reliance on market for procurement is encouraged.

Consequently, policy makers and ‘managers’ of the public sector and the public procurement sector in particular should direct their attention more at developing and implementing measures for a well governed procurement system. Our study suggests that a good public procurement system could be built around establishing punitive measures for the politicians and bureaucrats, who interfere in the public procurement process, staffing public procurement units with qualified staff that need to be recruited based on meritocracy and such officers need to be given adequate tools to do their work. This points to the need to empower public procurement units in all government entities. Moreover, procurement regulators and government in general must consider public procurement as a strategic function and appropriate performance standards must be set for all contractors of government. A clear coordinated and well monitored system needs to be instituted to evaluate the performance of all players in the public procurement process (Benon C. Basheka, 2014).

As to the study made by Kirande, J. O. & Rotich, G. (2014) on determinants affecting public procurement performance in Kenyan universities: A case of the Co-operative University College of Kenya, organizational structure affects the performance of public procurement. The organizational structure at the college is bureaucratic due to lack of decentralization. The organization needs to decentralize procurement function as the university to enhance efficiency in all the four campuses.

A study conducted by Khiv. Thai. (2001) in the United States public procurement practices which concluded public procurement is an extremely complicated function of government and public procurement requires interdisciplinary skills and knowledge (or multiple disciplines), including economics, political science, public administration, accounting, marketing, law, operations research, engineering, and architecture, among others. It is impossible to integrate these disciplines into the public procurement knowledge (e.g., students/practitioners are not expected to become experts in engineering, architecture, law, budgeting and accounting, operations research, and economics through their public procurement training and education programs).

Thus, a very important task of public procurement professionals is to communicate effectively with those professionals who are involved in procurement process. But, it is extremely difficult to achieve meaningful communication across these disciplines (Ostrom, 1999).

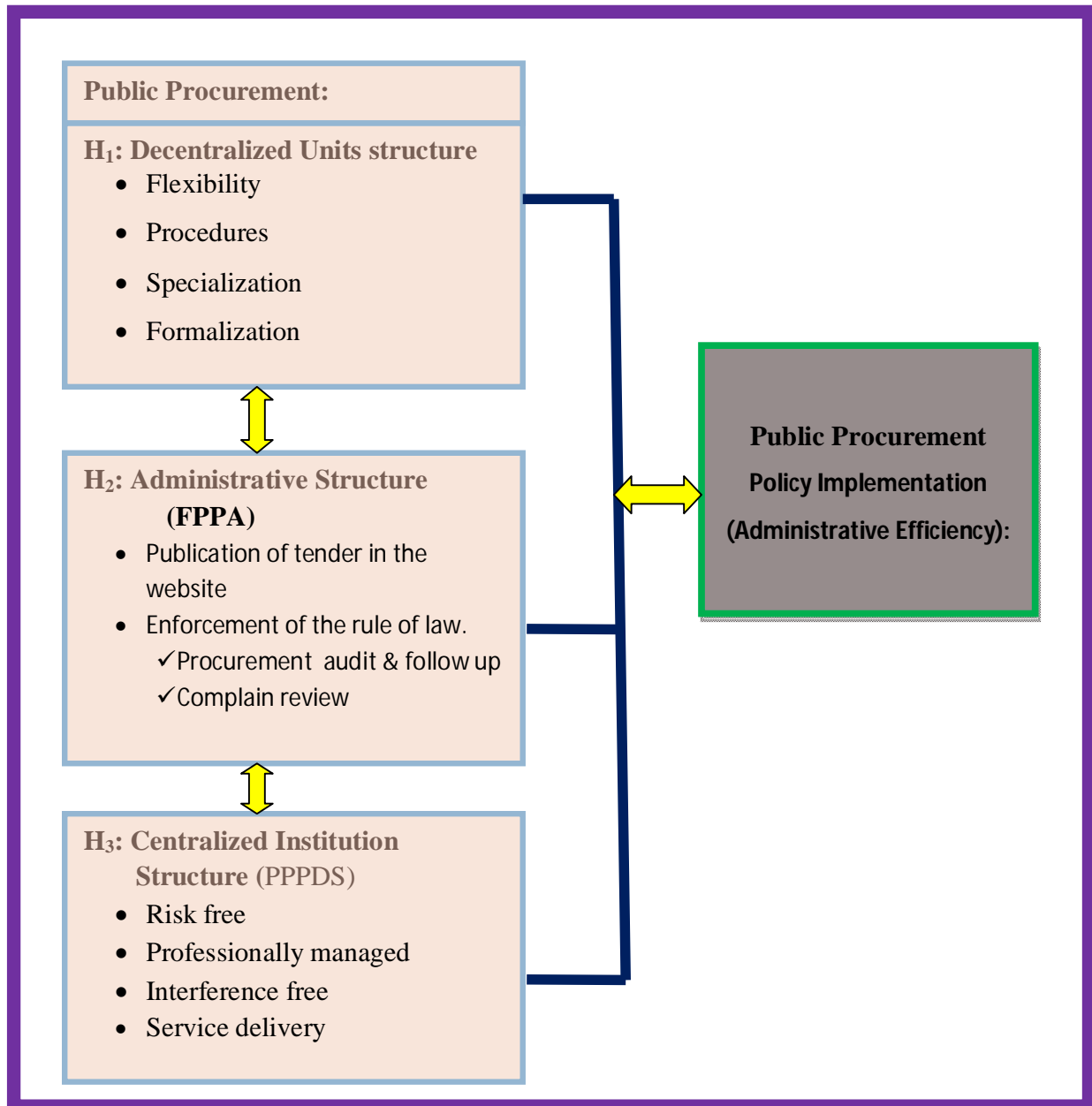
A consensus has emerged in recent years in favor of the liberalization and privatization of public procurement. Procurement agencies even most non- defense government buyers and independent legal entities now have to compete with the private sector. In most cases, buyers sometimes operating together through partnerships or consortia can make transactions with any seller and are no longer required to deal exclusively with one supplier (OECD, 2000).

Central and eastern European countries and EU Member States started from different positions. In the EU countries, there is a long tradition of centralized procurement followed by a gradual liberalization of these procedures over a fairly extended period. The strengthening of financial control and regulation of procurement procedures, as well as annual audits of private sector suppliers have accompanied this process. Arrangements for the training and staff development of procurement personnel have also improved in recent years as the financial importance to individual countries of good procurement practices has come to be realized. The EU Member States benefit from having a developed market sector and many private enterprises and suppliers who can deliver goods and services as needed (OECD, 2000).

Not all these factors are present in central and eastern European countries. They are being pressured to adapt their systems over a very short period of time to systems that in the EU have been developed over a much longer period of time. Under the Soviet regime, the systems in Central and Eastern Europe were entirely centralized. Now most are being encouraged to adopt severely decentralized systems and to train vast numbers of people accordingly.

It is important to get the preconditions right so that a functioning procurement system can actually be achieved. A number of possible procurement strategies centralized or decentralized are available to purchasers in both EU Member States and central and eastern European countries. The mix of strategies must be determined on the basis of balance of advantage for each commodity/organizational structure and should be kept under review.

Fig. 2.1 Conceptual Framework



Source: (Amaratunga, et al, 2002)

CHAPTER THREE

3. Research Design and Methodology

3.1 The Research Design

The research is Explanatory research. Bhattacharjee (2012) stated that explanatory research seeks explanations of observed phenomena, problems, or behaviors and answers to why and how types of questions. Moreover to collect the data needed and address the above mentioned problems the researcher uses both qualitative and quantitative research design for data collection method which is the mixed approach. Mixed methods research is an approach to inquiry that combines or associates both qualitative and quantitative forms. A mixed methods design is useful when either the quantitative or qualitative approach by itself is inadequate to best understand a research problem or the strengths of both quantitative and qualitative research can provide the best understanding (Creswell, 2009).

In this case the researcher uses structured questioner which are close ended where more elaboration and respondents view about the issue are required. At the same time unstructured interviews s are also used so as to collect the information that is relevant to the study from Middle level managers of the organizations.

The reason why this method was used is that firstly, to find out the challenges faced by the various procurement units at public institutions in their day-to-day procurement process as a part of the public procurement process in federal government. Secondly, to obtain first-hand data and information from respondent so as to be able to formulate a credible information for the study.

3.2 Target population

The target population of the study was various employees of 12 selected Federal Public institutions which are found in Addis Ababa and are directly or indirectly connected with the procurement of any goods or services. These include Public Procurement and Property Administration Agency, Public Procurement and Property Disposal Service , Ethiopian Road Authority, Ministry of Education, Ministry of Finance and Economic Cooperation, Addis Ababa University, Ethiopian Agricultural Research Institute , Ethiopian Civil Aviation Authority , House of People Representatives, Federal Supreme Court, Ministry of Urban Development and Housing Construction, and Central Statistics Agency (Source; Ministry of Finance and Economic Cooperation, 2015).

3.3 Sampling techniques and Sample size determination

3.3.1 Sampling techniques

To conduct this research the researcher used purposive and stratified sampling technique to select samples from the target population, and distribute questionnaire and collect the required information from the samples determined.

This technique preferred to assist to get the relevant target population of various employees of 12 selected Federal Public organizations who are employed by the organizations and are directly or indirectly connected with the procurement of any goods or services on the basis of 2015/2016 annual budget and the number of employees working on procurement unit and procurement related jobs within public bodies.

This technique preferred to assist in minimizing bias when dealing with the population. With this technique, the sampling frame was organized into relatively homogeneous groups (strata) before selecting elements for the sample. According to Janet (2006), this step increases the probability that the final sample will be representative in terms of the stratified groups. The strata are decentralized units, centralized unit and administrative unit. The researcher used his own judgment about which respondents to choose, and picks only those who best meet the purpose of the study.

3.3.2 Sample Size

The researcher used the following sample determination table to determine the representative sample size which was developed by Carvalho (1984), as referred from marketing research book written by Naresh Malhotra (2007). Consequently, samples of 200 employees were selected from the target populations which are found in Addis Ababa the capital city of Ethiopia. Since the target population size i.e 1,225 categorized in the sixth row and the samples to be used as lowest (50), medium (125), and highest (200), in order to be more representative in this study the highest sample size of 200 was selected. The following table shows the breakdown of population range the small, medium, and large sample that can be drawn for the study.

Table 3.1 Sample Size

Population Size	Sample Size		
	Low	Medium	High
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1,200	32	80	125
1,201-3,200	50	125	200
3,201-10,000	80	200	315
10,001-35,000	125	315	500
35,001-15,000	200	500	800

Source: Malhorat Naresh, Marketing Research: An Applied Approach, 2007

After determining the size of the sample, employees were selected from each of the selected organization based on purposive sampling. As indicated above sampling was used to gather responses from respondents. Since the study targeted all employees, respondents were selected from each organization.

Table 3.2: List of Sample size

Types of Organization Structure	No. of Public Organizations	Total No. of Staff	Proportional sample size	Expected Sample Size from each stratum
Decentralized Units	10	885	$885/1225 = 0.7224$	$0.7224*200 = 144$
Administrative	1	160	$160/1225 = 0.1306$	$0.1306*200 = 26$
Centralized Institutions	1	180	$180/1225 = 0.1469$	$0.1469*200 = 30$
Total	12	1,225	1	200

Source: MPSHRD Database, November 2015

3.4 Sources of Data and Method of Data collection

This study employed both primary and secondary sources of data collection method. To collect primary data, structured questionnaires and interview was used. . The questionnaires and interview adapted from Benon C.Bashaka (2014) ; Baido Moses(2014) and CPAR (2010). The questionnaire method as instrument of data collection was used because it provides wider coverage to the sample and also facilitates collection of a large amount of data. The questionnaire contained closed ended questions with 5 Likert Scale from “Strongly Disagree” =1 to “Strongly Agree” =5 and it was administered by the researcher and the interview was conducted to gather information from departments’ heads Also the researcher gathered some relevant information through informal discussion with procurement personnel.

The secondary data was collected for this study in order to include a review of key public procurement publications and literature on the subject i.e., academic articles, website publications, published and/or unpublished documents, organizational reports, government documents, relevant legislation, administrative rules, policies and procedures reviewed to make the study fruitful.

3.5 Method of Data Analysis

Data from respondents was analyzed through both descriptive and inferential statistics using SPSS (Statistical Package for Social Science). The descriptive statistics (mean and standard deviation) which helped to assess the relation between the two variables (Organizational structure and Procurement Administrative Efficiency). Frequency distribution method was used to analyze and interpret the data that collected using statics such as percentage, frequency distribution, correlation of variables and also Regression.

The SPSS was used to analyze the data which is obtained from primary sources. Specifically, descriptive statistics (mean, standard deviation and charts) and inferential statistics (ordered logistical regression model) employed in this study.

The data to be gathered from structured questionnaires and interview and other secondary sources were organized and the relationship between variables were analyzed. Finally, the data was interpreted and summarized in order to draw conclusions and foreword recommendations.

3.6 Reliability and Validity of the Instrument

According to Black & Leslie (1999) Cronbach's Coefficient is a reasonable indicator of the internal consistency of instruments that do not have right or wrong marking schemes, thus was used for questionnaires using scales such as rating. Cronbach's alpha coefficients should fall within a range of 0.70 to 1.00. (Sun, Chou, Stacy, Ma, Unger and Gallaher, 2007). Reliability is the extent to which a measurement procedure yields the same answer however and whenever it is carried out. It indicates the degree to which an instrument measures what it is supposed to measure.

In this research content, the researcher used questionnaires to check reliability so as to modify according to the specific topic. Prior to the actual data collection, pilot test was conducted by distributing sample questionnaires to 40 respondents in three different Public institutions to ensure the reliability of the instrument the researcher was tested it using Cronbach's Alpha (α).

According to Zikmund, Babin and Griffin (2010) scales with coefficient alpha between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability.

The reliability of the construct items were evaluated using Cronbach's coefficient alpha. The result of the reliability test was 0.725 which exceeds the minimum acceptable cut-off point. One of the most commonly used indicators of internal consistency is Cronbach's alpha coefficient. All 46 items measured to test reliability showed that there was internal consistency reliability as indicated in Table 3.2 below. This suggested that the internal reliability in this study was acceptable and signified to be good.

Table 3.3: Reliability Analysis of Variables

Cronbach's Alpha	N of Items
0.725	46

Source: Own survey, 2016

Validity is the extent to which it gives the correct answer (Kirk and Miller, 1986). Validity is concerned with the idea that the research instrument measures the constructs of the study while Reliability is about consistency of the research scale items (White, 2002).

In this research content, the researcher used questionnaires to check validity so as to modify according to the specific topic. Before conducting the study, the validity of the questionnaire was tasted to know whether or not the questionnaire measures what it claims to measure. The content validity was compared with other related researches. Items which are identified as being vague to conduct the study, or flaw in any other way, was revised. The questioners are adapted from journal of from journal of Benon C.Bashaka (2014); Baido Moses (2014) and CPAR (2010) under related research title.

CHAPTER FOUR

4. DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF RESULTS

This chapter deals with presentation, analysis and interpretation of the data which has been obtained by questionnaire. It analyzes the demographic characteristics, the major factors in the organizational structure of public procurement units and the impact of those factors on implementation of policy of public procurement in the organization.

4.1 The Response Rate of respondents

Table 4.1: Response Rate

Tier	No. of Public Organizations	Expected Sample Size	Actual Responded	Percentage
Decentralized Units	10	138	134	97.1%
Administrative	1	24	24	100%
Centralized Institutions	1	28	27	97.36 %
Total	12	190	185	95.5 %

Source: Sample Survey April, 2016

Out of the 190 questionnaires distributed to the respondents a total of 185 were collected which accounted for 97.36% response rate. However, out of the collected questionnaires major errors that can affect the study were noted on 4 (2.1%) of the questionnaires. Thus these questionnaires were not considered during the study.

Among the questionnaires distributed, 5 (2.6%) of the respondents fail to return the questionnaire whereas 4(2.1%) of them returned incomplete or erroneously filled questionnaires. Only 181 questionnaires were used in the study that accounts to 95.26 % response rate.

4.2 Analysis of Demographic Characteristics of Respondents

Table 4.2 Personal Profile of Respondents

Demographic Data		Frequency	Percent
Gender	Male	146	80.7
	Female	35	19.3
	Total	181	100.0
Age	<25	4	2.2
	25-30	70	38.7
	31-35	48	26.5
	36-40	27	14.9
	>40	32	17.7
	Total	181	100.0
Marital Status	Single	102	56.4
	Married	76	42.0
	Divorce	2	1.1
	Widowed	1	.6
	Total	181	100.0
Educational level	Degree	146	80.7
	Master	35	19.3
	Total	181	100.0
Experience	1-4 years	51	28.2
	5-9 years	69	38.1
	10-20 years	48	26.5
	Above 20 years	13	7.2
	Total	181	100.0
Job Position	Middle level Manager	29	16.0
	Senior Procurement Expert	43	23.8
	Procurement Expert	65	35.9
	Tender Review committee	12	6.6
	Other	32	17.7
	Total	181	100.0

Source: Own survey, 2016

The demographic data of respondents in this research are described in relations to the gender, age, marital status, educational level, experience and position. Such information is useful in not only giving us a context in which the interpretation of our results must be attached, but is also useful for more advanced statistical analysis.

Regarding genders as shown in table 4.2 above 80.7 % are male and 19.3% are female. This indicates that the number of male employees dominates the number of female employees in the selected public organizations.

The sample population age distribution was clearly depicted at fig. 4.2 below is largely dominated by respondents who are at the age of 25 – 30 years old covering 70 (38.7 %). The next higher group was 48 (26.5%) fall under age categories of between 31- 35. The remaining groups 32 (17.7%), 27 (14.9%) and 4 (2.2%) were under the age categories of >40, 36-40 and below 25 years respectively. Here the data indicated that most of the employees in the public procurement units are in the maturity age that are productive and can contribute for the achievement of their objectives.

4.2.1 Marital status of Respondents

Table 4.3 Marital Status of Respondents

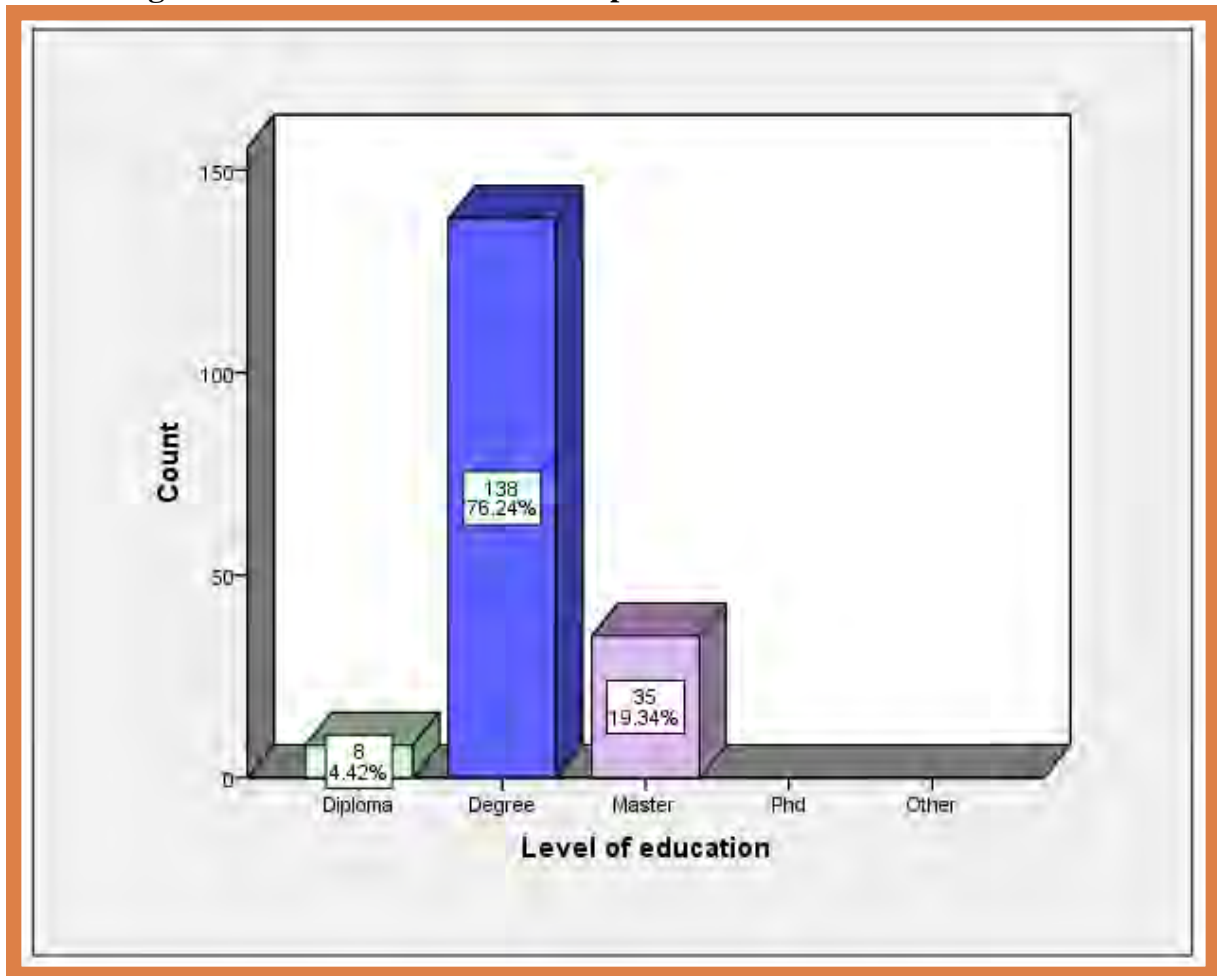
Marital Status			
		Frequency	Percent
Valid	Single	102	56.4
	Married	76	42.0
	Divorce	3	1.7
	Total	181	100.0

Source: Own survey, 2016

The table 4.3 above indicates, single respondents dominated which covers 102 (56.4%), followed by married respondents which stands second highest number 76 (42%) and the remaining 3(1.7%) are divorce participate as a respondent in the research.

4.2.2 Educational Qualification of Respondents

Figure 4.1 Educational levels of respondents

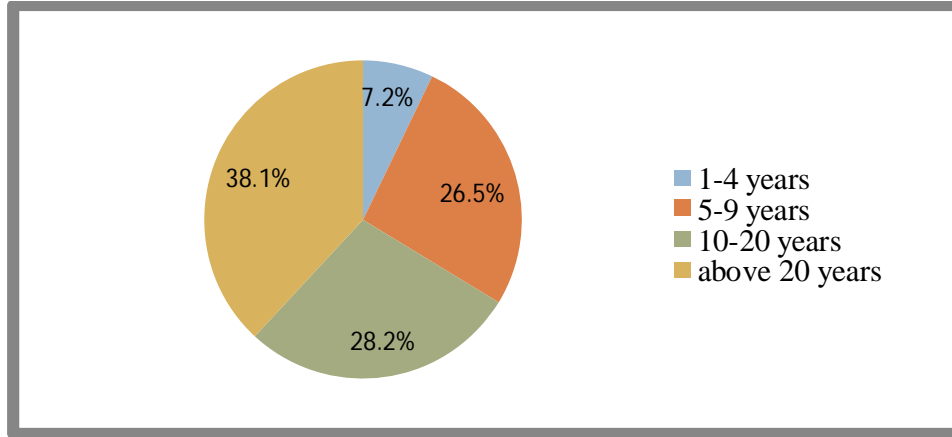


Source: Own survey, 2016

Figure 4.1 summarizes the level of education of respondents, 35 (19.34%) of the respondents have master's degree, 138 (76.24.7%) of the respondents have 1st degree and 8(4.42 %) of the respondents have diploma. Based on the above data it's possible to say that most respondents 95.58 (173) in the selected Federal Public bodies are holders of 1st . degree and above which means most respondents are well educated. And since the majority of the respondents were educated, it can be concluded that almost all employees are capable of doing their jobs and assume that the information provided was valid and reliable information.

4.2.3 Experience of Respondents

Figure 4.2: Experience of respondents

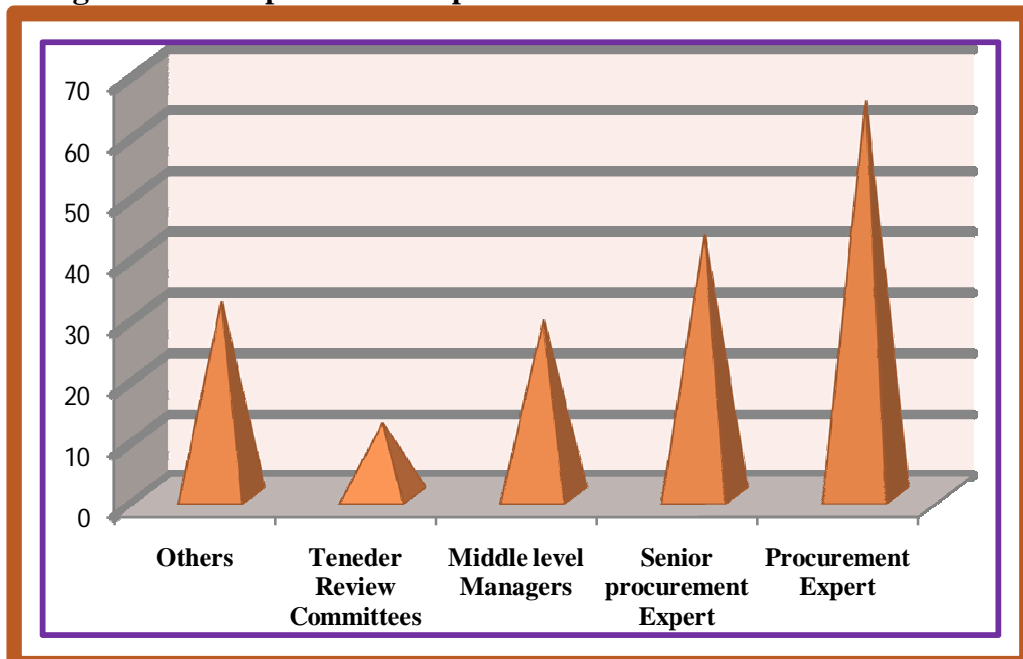


Source: Own survey, 2016

Figure 4.2 above shows the duration of work of the respondents not necessarily with the current employer, 7.2% of the respondents have worked between 1 to 4 years, 26.5% between 5 to 9 years, 28.2% between 10 to 20 years, and 38.1% above 20 years respectively. This shows the majority of respondents are experienced and well exposed and still the respondents are able to give accurate information.

4.2.4 Current Job Position of Respondents

Figure 4.3: Job position of respondents



Source: Own survey, 2016

Figure 4.5 illustrate that the position of respondents 65 (35.9%) of them were Procurement Expert, the second higher respondents fall in senior Procurement Expert job position which covers 43 (23.8 %). And the remaining 32 (17.7%), 29 (16%)and 12 (6.6%) fall under the job category of others (Procurement Contract Administrator experts, Finance experts, Public Procurement Audit and Follow up experts, Public Procurement Complaints Handling experts, etc.), middle level managers, and Tender review committees respectively. This data indicated that almost all employees of the public procurement units were involved in the study, and this might give a good result of study and purposively full representation of respondents.

4.3 Analysis of Procurement Units Structure

The idea that the structure of an organization determines its performance is described by the system-structural view of organizational design and performance (Stanley 1993; Zey- Ferrell 1981; Ruekert, Walker, and Roering 1985). According to some researchers and practitioners, there are certain factors have an impact on the Public Procurement Policy Implementation in a positive or negative way, including decentralized structure of public procurement, centralized structure of public procurement and administrative structure of public procurement.

In this section various statistical data analysis tools such as mean, standard deviation, frequency and percentile are used to analyze the collected data. The summary of descriptive statistics of all variables that are evaluated based on a 5-point Likert scale (“1” being “strongly disagreed” to “5” being “strongly agreed”).

According to Zaidaton & Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considers as high as illustrated by Comparison bases of mean of score of five point Likert scale instrument. Thus, detail of the analysis is presented as follows:

Table 4.4. Analysis of the Decentralized Units structure

Questions		SD	D	U	A	SA	M	SD
PPDU structure reduce procurements that take a long process	Freq	12	6	6	84	73		
	%	6.6	3.3	3.3	46.4	40.3	4.1	1.078
PPDU structure have independence by Public Procurement and Disposal Service in performing its duties	Freq	34	126	10	11	--		
	%	18.8	69.6	5.5	6.1	--	1.99	.699
PPDU structure have procedural manuals and clear instructions for staff to follow	Freq	--	2	2	82	95		
	%	--	1.1	1.1	45.3	52.5	4.49	.583
PPDU structure provide for proper recordkeeping system	Freq	32	127	17	5	--		
	%	17.7	70.2	9.4	2.8	--	1.97	.619
There are appropriate procedures to monitor delivery of goods and services to verify quantity, quality and timeliness.	Freq	3	11	15	136	16		
	%	1.7	6.1	8.3	75.1	8.8	3.83	.734
The procurement staff, in particular at the federal level are quite familiar with the rules and procedures.	Freq	62	66	11	32	10		
	%	34.3	36.5	6.1	17.7	5.5	2.24	1.249
PPDU structure aim at getting better quality products rather than lowest prices	Freq.	10	22	16	117	16		
	%	5.5	12.2	8.8	64.6	8.8	3.59	.999
The responsibility for conducting procurement is decentralized to the lowest level of administration (Federal Public Procurement Unit), with each public entity required to establish a procurement unit	Freq	5	6	10	139	21		
	%	2.8	3.3	5.5	76.8	11.6	3.91	.74
Equip procurement people with project and risk management skills	Freq	12	98	14	40	17		
	%	6.6	54.1	7.7	22.1	9.4	2.73	1.158
Over All Average Mean		11	26.9	6.19	37.39	18.52	3.21	

Source: Own survey, 20161

Strongly Disagree = (SD) , Disagree= (D) , Undecided = (U) Agree = (A) ,Strongly Agree = (SA)

According to the above table 4.4 a majority 86.7 % (SA=46.4+A=40.3) of the respondents agreed that PPDU structure reduce procurements that take a long process while 9.9% of the respondents (SD=6.6+D=3.3) disagreed and the remaining 3.3% are undecided (neutral). These indicate that, it is flexible, high speed and high responsiveness(less bureaucracy). And Respondents were asked PPDU structure have independence by PPPDS (the centralized procurement institution) in performing its duties. Out of the total respondents 88.4 % (SD=18.8+D=69.6) of the respondent's disagreed, 6.1% of the respondents agreed and 5.5% of the respondents were undecided. These indicates that, PPDU structure have not independence by PPPDS (the centralized procurement institution) in performing its duties.

As we can see from the above table 4.4 Almost all 97.8% (SA=52.5+A=45.3) of the respondents responded by saying that PPDU structure have procedural manuals and clear instructions for staff to follow, 1.1% of the respondents disagreed; 1.1% of the respondent were undecided and no respondent strongly disagreed to the above premise and this undoubtedly indicates that decentralized units structure has a major impact on the implementation of policy of public procurement. The fourth section on this function has asked respondents about PPDU structure provide for proper recordkeeping system, on which 87.9 % (SD=17.7+D=70.2) disagreed, 9.4 % were undecided 2.8 % agreed on this regard. This implies that public procurement decentralized units structure have not proper recordkeeping system for internal and external audits.

Concerning the analysis of whether there are appropriate procedures to monitor delivery of goods and services to verify quantity, quality and timeliness. 7.8 % (SD=1.7+D=6.1) of the respondents disagreed; 8.3% of the respondent were undecided. 83.9 % (SA=8.8+A=75.1) of the respondents agreed to this premise. This indicates that there are appropriate procedures to monitor delivery of goods and services to verify quantity, quality and timeliness.

The sixth section on this function has asked respondents about the procurement staff, in particular at the federal level are quite familiar with the rules and procedures. 70.8 % (SD=34.3+D=36.5) of the respondents disagreed; 6.1% of the respondent were undecided. 17.7% of the respondents agreed and 5.5% of the respondents strongly agreed to this premise. This shows that there are procurement staffs at the federal level not familiar with the rules and procedures of public procurement and public procurement compliance is decreased.

The seventh section on this function has asked respondents about PPDU structure aim at getting better quality products rather than lowest prices on which 73.4 % (SA=8.8+A=64.6.) agreed, 17.7 % (SD=5.5+D=12.2) disagreed, 8.8 % were indifferent. This is an indication that, the decentralized public procurement units are not used technical standardization of the product and not concerned about lower price. But, they focused only quality of products.

As we can see from the above table 4.4 88.4% (SA=11.6+A=76.8.) of the respondents responded by saying that the responsibility for conducting procurement is decentralized to the lowest level of administration (Federal Public Procurement Unit), with each public entity required to establish a procurement unit, 6.1% (SD=2.8+D=3.3) of the respondents disagreed, 5.5% of the respondent were undecided. This implies that each public procuring entity required establishing a public procurement unit and this is Consistent with the proclamation no. 649/2009 article 8/a.

For carrying out the category management project, procurement people need to have specialized knowledge of the particular synergy, the process and interpersonal skills to bring about the desired results (Rozemeijer, 2003). The last item in the above table 4.4 the respondents were asked to equip procurement people with project and risk management skills on which 60.7 % (SD=6.6+D=54.1) disagreed, 7.7 % were undecided, 31.5 % (SA=9.4+A=22.1) agreed on this regard. The analysis shows that, there is an absence of coordinated capacity building strategy for procurement people at federal government level.

Table 4.5 Analysis of the Administrative Structure (FPPA)

Questions		SD	D	U	A	SA	M	SD
FPPA structure have strong appeals mechanism for complaints	Freq.	49	127	4	--	1		
	%	27.1	70.2	2.2	--	0.6	1.77	.539
Procedures exist to enforce the outcome of the dispute resolution process	Freq.	20	94	12	44	11		
	%	11.0	51.9	6.6	24.3	6.1	2.62	1.146
Encourage entities to reduce internal inefficiencies	Freq.	3	8	4	84	82		
	%	1.7	4.4	2.2	46.4	45.3	4.29	.848
Enforcement and follow-up on findings and recommendations of the control	Freq.	1	7	4	113	56		
	%	.6	3.9	2.2	62.4	30.9	4.19	.708
Ensure adequate systems for challenging procurement decisions	Freq.	1	10	8	121	41	4.06	
	%	.6	5.5	4.4	66.9	22.7		.736
Encourage alternative dispute resolution mechanisms than courts	Freq.	2	13	10	138	18		
	%	1.1	7.2	5.5	76.2	9.9	3.87	.726
Promote whistle blowing as an administrative culture	Freq.	24	97	22	32	6		
	%	13.3	53.6	12.2	17.7	3.3	2.44	1.035
FPPA structure evaluate procurement plan performance and Carry out annual procurement audits in all entities	Freq.	45	129	7	--	--		
	%	24.9	71.3	3.9	--	--	1.79	.495
FPPA emphasize discouraging unfair competitive practices	Freq.	-	3	3	53	122		
	%	-	1.7	1.7	29.3	67.4	4.62	.608

Table 4.5 Analysis of the Administrative Structure (FPPA)

Questions		SD	D	U	A	SA	M	SD
Identify potential areas of corruption in the procurement process	Freq.	24	84	6	37	30		
	%	13.3	46.4	3.3	20.4	16.6	2.81	1.354
Encourage procurements that generate value for money	Freq.	2	5	1	50	123		
	%	1.1	2.8	.6	27.6	68.0	4.59	.745
A Federal Complaints Board which is independent of the FPPA	Freq.	49	118	8	6	--		
	%	27.1	65.2	4.4	3.3	--	1.84	.651
Due to the decentralized procurement system in federal government the procuring entities are themselves responsible for publishing relevant procurement information	Freq.	2	9	4	83	83		
	%	1.1	5.0	2.2	45.9	45.9	4.3	.831
Disqualify providers based on criminal activities	Freq.	1	9	10	53	108		
	%	.6	5.0	5.5	29.3	59.7	4.43	.851
Efficient management of policy making in government	Freq.	4	15	11	121	30		
	%	2.2	8.3	6.1	66.9	16.6	3.87	.863
Over All Average Mean		6.36	24.17	4.54	28.6	36.4	3.43	

Source: Own survey, 2016

Strongly Disagree = (SD) , Disagree= (D) , Undecided = (U) Agree = (A) ,Strongly Agree = (SA)

In the above table 4.5, the premise (FPPA structure have strong appeals mechanism for complaints), on which 97.3% of the respondents ($SD=27.1+D=70.2$) disagreed, 2.2% were undecided and 0.6 % strongly agreed on this regard. The majority of the respondents responded by saying that the administrative structure (FPPA have not strong appeals mechanism for complaints). From these responses: we can conclude that no decision taken within timeline stipulated for decision making on federal public procurement directive 2010, article 47/f.

As we can see the second section from the above table 4.5, the majority 62.9% ($SD=11+D=51.9$) of the respondents responded by saying that procedures to enforce the outcome of the dispute resolution process does not exist, 6.6% were undecided and 30.4% ($SA=6.1+A=24.3$) agreed on this regard. This indicates that there is no direct enforcement mechanism to the outcome of the dispute resolution process. According to federal public procurement directive 2010, article 50, it may take the matter to a competent court. The sixth section on this function has asked respondents about encourage alternative dispute resolution mechanisms than courts, on which 86.1% ($SA=9.9+A=76.2$) of the respondents agreed to this premise, 8.3% ($SD=1.1+D=7.2$) of the respondents disagreed and 5.5% of the respondents were undecided. This shows that, (FPPA) is encouraged alternative dispute resolution mechanisms than courts.

The above table 4.5 section three shows that, 91.7% ($SA=45.3+A=46.4$) of the respondents agreed that FPP encourage entities to reduce internal inefficiencies, 6.1% ($SD=1.7+D=4.4$) of the respondents disagreed and 2.2% of the respondents were undecided to this premise. From this we conclude that, FPPA is encouraged entities to reduce internal inefficiencies by giving training and advising focused on the procurement regulation and procedures. The eleventh section on this function has asked respondents about FPPA encourage procurements that generate value for money, on which almost all 95.6 % ($SA=68+A=27.6$) of the respondents agreed on this regard, 3.9% ($SD=1.1+D=2.8$) disagreed and 0.6% were undecided. This indicates that the administrative structure (FPPA) is encouraged procurements that generate value for money.

The fourth section on this function has asked respondents about FPPA enforcement and follow-up on findings and recommendations of the control. The majority 93.3% ($SA=30.9+A=62.4$) of the respondents agreed on this regard, 4.5% ($SD=0.6+D=3.9$) disagreed and 2.2% were undecided. The analysis indicates that, this compliance procurement audit is to some extent minimized public

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procurement corruption The eighth section on this function has asked respondents about the administrative structure (FPPA) evaluate procurement plan performance and carry out annual procurement audits in all entities, 96.2% (SD=24.9+D=71.3) disagreed and 3.9% were undecided on this regard. From these responses, we conclude that, some procuring public entities are not evaluated procurement plan performance and Carried out annual procurement audits by the administrative structure (FPPA). The tenth section on this function has asked respondents about the administrative structure (FPPA) identify potential areas of corruption in the procurement process, 59.7% (SD=13.3+D=46.4) disagreed, 37% (SA=16.6+A=20.4) agreed and 3.3% were undecided on this regard. This implies that, the number of procurement performance audits carried out by FPPA is limited and below their own targets.

The above table 4.5 section five shows that, the majority 89.6 % (SA=22.7+A=66.9) of the respondents agreed that, FPPA ensure adequate systems for challenging procurement decisions, 6.1% of the respondents (SD=0.6+D=5.5) disagreed, 4.4% were undecided. This indicates that the administrative structure (FPPA) is ensured adequate public procurement systems for challenging procurement decisions. As we can see section seven of the above table 4.4, 66.9% (SD=13.3+D=53.6) of the respondents disagreed that FPPA promote whistle blowing as an administrative culture, 21% (SA=3.3+A=17.7) of the respondents agreed and 12.2% of the respondents were undecided . This indicates that the administrative structure (FPPA) promoting a whistle blowing as an administrative culture is weak.

As we can see from the above table 4.5, no respondent strongly disagreed to premise, Almost all (96.7) of the respondents responded by saying that the administrative structure (FPPA) is emphasized discouraging unfair competitive practices, 1.7% of the respondents disagreed and 1.7% of the respondent were undecided. This indicates that, the administrative structure (FPPA) is Contributed more to the administrative efficiency of public procurement units. The fourteenth section on this function has asked respondents about the administrative structure (FPPA) disqualify providers based on criminal activities. 89% (SA=59.7+A=29.3) agreed on this regard, 5.6% (SD=0.6+D=5) disagreed and 5.5% were undecided. This indicates that the administrative structure (FPPA) try to ensure the application of fair, competitive, transparent, and non-discriminatory and value for money procurement based on the Proclamation No. 649/2009, Article 9.

In the above table 4.4, the premise (a federal complaints board which is independent of the FPPA), 92.3% (SD=49+D=118) disagreed, 8(4.4%) were undecided and 6(3.3%) agreed on this regard. This indicates that the federal complaints board which is not independent of the administrative structure (FPPA). The federal public procurement directive 2010, article 36 states that one member of the board from FPPA and also chairperson of the board from the Ministry of Finance And Economic Cooperation. Therefore, we conclude that a federal complaints board which is not independent of the FPPA. And this is consistent with the respondents answer.

The above table 4.5 section thirteen shows that, 91.8 % (SA=45.9+A=45.9) of the respondents responded by saying that, due to the decentralized procurement system in federal government the procuring entities are themselves responsible for publishing relevant procurement information, 6.1% of the respondents (SD=1.1+D=5) disagreed and 2.2% were undecided. This indicates that, wide publication of annual procurement plan in the media such as websites could help reduce corruption by increasing transparency and participation of bidders. But, the number of federal public organizations that posted annual procurement plan of the current year in the websites of FPPA are 6(12%) out of 50. Therefore, we can conclude that the public procurement compliance is not enhanced. The last section on this function has asked respondents about the administrative structure (FPPA) efficiently manage policy making in government, 83.5 % (SA=16.6+A=66.9) of the respondents agreed, 10.5% of the respondents (SD=2.2+D=8.3) disagreed and 6.1% were indifferent. This indicates that the administrative structure (FPPA) work for the prevalence uniform and consistent system of public procurement at national level based on the Proclamation No. 649/2009, Article 9.

Table 4.6 Analysis of the Centralized Institution Structure (PPPDS)

Questions		SD	D	U	A	SA	M	SD
PPPDS have strong institutions with quality public service	Freq	73	99	6	1	2		
	%	40.3	54.7	3.3	0.6	1.1	1.67	.674
The procurement system of PPPDS has greater impact on its ability to serve its customers	Freq	7	8	7	89	70		
	%	3.9	4.4	3.9	49.2	38.7	4.14	.967
There being good capacity for negotiating government contracts.	Freq	24	89	11	47	10		
	%	13.3	49.2	6.1	26.0	5.5	2.61	1.166
PPPDS emphasize reducing overall administrative cost of procurement	Freq	1	5	6	138	31		
	%	.6	2.8	3.3	76.2	17.1	4.07	.602
PPPDS emphasize using the market to determine procurement prices	Freq.	-	5	4	138	34		
	%	-	2.8	2.2	76.2	18.8	4.11	.557
PPPDS emphasize relying on prices quoted by providers	Freq.	51	116	14	-	-		
	%	28.2	64.1	7.7	-	-	1.80	.565
PPPDS emphasize allowing negotiations to come to reduced prices	Freq.	41	122	18	-	-		
	%	22.7	67.4	9.9	-	-	1.87	.558
Automate key stages of the public procurement process	Freq.	79	92	10	-	-		
	%	43.6	50.8	5.5	-	-	1.62	.590
Limited interference from politicians in decision making	Freq.	5	22	25	110	19		
	%	2.8	12.2	13.8	60.8	10.5	3.64	.924
Over All Average Mean		15.1	27.8	6.19	39	11.91	2.84	

Source: Own survey, 2016

Strongly Disagree = (SD) , Disagree= (D) , Undecided = (U) Agree = (A) ,Strongly Agree = (SA)

In the above table 4.6, the premise (PPPDS have strong institutions with quality public service), on which 95 % of the respondents ($SD=40.3+D=54.7$) disagreed, 3.3% were undecided and 1.7% ($SA=1.1+A=0.6$) agreed on this regard. The majority of the respondents 95% (172) responded by saying that PPPDS have not strong institutions with quality public service. This indicates that decentralized public procurement units are not satisfied with service delivery of PPDS. The second section on this function has asked respondents about the procurement system of PPPDS have greater impact on its ability to serve its customers, on which the majority 87.9% ($SA=38.7+A=49.2$) of the respondents agreed, 8.3% ($SD=3.9+D=4.4$) disagreed and 3.9% were undecided on this regard. This indicates that there is a correlation relation with administrative efficiency.

As we can see the third section from the above table 4.6, the respondents were asked there being good capacity for negotiating government contracts, on which 62.5% ($SD=13.3+D=49.2$) of the respondents disagreed, 31.5% ($SA=5.5+A=26$) of the respondents agreed and 6.1% of the respondents were undecided to this premise. This indicates that Centralized Institution Structure (PPPDS) is not better equipped with legal experts and high-skill personnel. The fourth section on this function has asked respondents about the Centralized Institution Structure (PPPDS) emphasize reducing overall administrative cost of procurement, 93.3% ($SA=17.1+A=76.2$) of the respondents agreed, 3.4% ($SD=0.6+D=2.8$) disagreed and 3.3% were undecided. This confirms that one of the advantages of the centralized procurement is Significant reductions in administrative cost of procurement (Iloranta and Pajunen-Muhonen , 2012).

The above table 4.6 section five shows that, almost all (95%) of the respondents responded by saying that PPPDS emphasize using the market to determine procurement prices, no respondent strongly disagreed, 95% ($SA=18.8+A=76.2$) of the respondents agreed, 2.8% of the respondents disagree and 2.2% were undecided. This indicates that Centralized Institution Structure (PPPDS) has a major impact on the implementation of policy of public procurement. As we can see the sixth section from the above table 4.6, no respondent agreed to the above premise (PPPDS emphasize relying on prices quoted by providers), on which 92.3% of the respondents ($SD=28.2+D=64.1$) disagreed and 7.7% were undecided on this regard. This indicate that Centralized Institution Structure (PPPDS) is not emphasized relying on prices quoted by providers.

The seventh section on this function, no respondent agreed to the above premise (PPPDS emphasize allowing negotiations to come to reduced prices). 90.1% (SD=22.7+ D=67.4) disagreed and 9.9% were undecided on this regard. This indicates that Centralized Institution Structure (PPPDS) is not emphasized allowing negotiations to come to reduced prices.

The above table 4.6 section eight shows that, no respondent agreed to the above premise (automate key stages of the public procurement process), 94.4% (SD=43.6+ D=50.8) disagreed and 5.5% were undecided on this regard. This indicates that Centralized Institution Structure (PPPDS) is not automated key stages of the public procurement process.

The last section on this function has asked respondents about limited interference from politicians in decision making, on which 71.3 % (SA=10.5+A=60.8) of the respondents agreed, 15% (SD=2.8+D=12.2) disagreed and 13.8% were indifferent. This indicates that there is limited interference from politicians in decision making. Coviello and Gagliarducci (2010) also revealed that politicians influence public procurement through non-compliance acts such as collusion. Therefore, Political interference has a negative effect on public procurement compliance.

Table 4.7 Analysis of the Administrative Efficiency

Questions		SD	D	U	A	SA	M	SD
The functionality of the technology used in procurements	Freq.	65	112	4	-	-	1.65	.511
	%	35.9	61.9	2.2	-	-		
The lead time for service delivery related to procurements	Freq.	47	123	11	-	-	1.08	.531
	%	26.0	68.0	6.1	-	-		
The amount of time a user spends in need of a service	Freq.	50	126	5	-	-	1.75	.493
	%	27.6	69.6	2.8	-	-		
Well-functioning administrative review procedures	Freq.	30	86	8	45	12	2.57	1.216
	%	16.6	47.5	4.4	24.9	6.6		
Adequate policies for all government functions	Freq.	2	6	6	101	66	4.23	.761
	%	1.1	3.3	3.3	55.8	36.5		
Pooling of demand within public procurement	Freq.	14	110	20	27	10	2.5	1.02
	%	7.7	60.8	11.0	14.9	5.5		
Responsive systems to customer needs	Freq.	57	57	14	40	13	2.42	1.32
	%	31.5	31.5	7.7	22.1	7.2		

Source: Own survey, 2016

Strongly Disagree = (SD) , Disagree = (D) , Undecided = (U) Agree = (A) ,Strongly Agree = (SA)

Table 4.7 Analysis of the Administrative Efficiency

Questions		SD	D	U	A	SA	M	SD
Fully functional federal government systems of operations	Freq.	12	83	28	45	13	2.80	1.108
	%	6.6	45.9	15.5	24.9	7.2		
Involvement of users in decisions	Freq.	-	7	8	143	23	4.01	.572
	%	-	3.9	4.4	79.0	12.7		
Public Procurement Process improvement initiatives being mandatory	Freq.	1	3	6	116	55	4.22	.638
	%	.6	1.7	3.3	64.1	30.4		
There being serious monitoring of public procurement units activities	Freq.	42	77	6	47	9	2.47	1.241
	%	23.2	42.5	3.3	26.0	5.0		
There being alignment of sectoral policies with federal government strategy	Freq.	-	-	7	152	22	4.08	.393
	%	-	-	3.9	84.0	12.2		
Public Procurement units of federal government encouraging professionalism and ethics in its activities	Freq.	-	1	5	149	26	4.10	.428
	%	-	.6	2.8	82.3	14.4		
Over All Average Mean		14.11	30.1	5.39	39.1	11.3	2.91	

Source: Own survey, 2016

Strongly Disagree = (SD) , Disagree = (D) , Undecided = (U) Agree = (A) , Strongly Agree = (SA)

In the above table 4.7, no respondent agreed to the above premise (the functionality of the technology used in procurements), 92.3% of the respondents (SD=35.9+D=61.9) disagreed and 2.2% were undecided on this regard. This indicates that the functionality of the technology used in procurements is not implemented. But our law Proclamation No. 649/2009, Article 31(1) stated that "to achieve economy, transparency and modernization in public procurement, Administrative Structure (FPPA) conduct a study and submit proposal on a system of conducting procurement by means of electronic exchange of information (e-procurement)". The eighth section on this function has asked respondents about fully functional federal public procurement systems of operations, on which 52.5% of the respondents (SD=6.6+D=45.9) disagreed, 15.5% were undecided and 32.1% (SA=7.2+A=24.9) agreed on this regard. This indicates that public procurement units are not fully supported for federal public organizations.

The above table 4.7 section two shows that, no respondent agreed to the above premise (the lead time for service delivery related to procurements), 94% of the respondents (SD=26+D=68) disagreed and 6.1% were undecided on this regard. This indicates that all or some of the public procurement units do not have lead time for service delivery related to procurements. The third section on this function has asked respondents about the amount of time a user spends in need of a service, 97.2% (SD=27.6 + D=69.6) disagreed and 2.8% were undecided on this regard. This indicates that users are not satisfied by the amount of time spends in need of a service.

As we can see the fourth section from the above table 4.7, the respondents were asked about Well-functioning administrative review procedures, on which 64.1% of the respondents (SD=16.6+D=47.5) disagreed, 4.4% were undecided and 31.5% (SA=6.6+A=24.9) agreed on this regard. This indicates that, public procurement units do not have Well-functioning administrative review procedures.

The above table 4.7 section five shows that, the majority 92.3% (SA=36.5 +A=55.8) of the respondents responded by saying that there are adequate policies for all federal government functions, 4.4% of the respondents (SD=1.1+D=3.3) disagreed and 3.3% were undecided on this regard. This indicates that FPPA is contributed for improvement of administrative efficiency.

The sixth section on this function has asked respondents about Pooling of demand within public procurement, 68.4% of the respondents ($SD=7.7+D=60.8$) disagreed, 11% were undecided and 20.4% ($SA=5.5 + A=14.9$) agreed on this regard. The majority of the respondents were disagreed the premise. This indicates that all various demands pre-assessed and pooled by centralized institutions were not included when PPPDS annual public procurement planned.

As we can see the seventh section from the above table 4.7, the respondents were asked about the responsive systems to Customer needs, 63% ($SD=31.5+D=31.5$) disagreed, 7.7% were undecided and 29.93% ($SA=7.2+A=22.1$) agreed on this regard. This indicates that the public procurement units are delayed in procurement process. According to the above table 4.6 section nine, almost all 91.7% ($SA=12.7 + A=79$) of the respondents agreed that users are involved in the decision making procurement process while 3.9% of the respondents ($SD=6.6+D=3.3$) disagreed and the remaining 4.4% were undecided (neutral). These indicate that, in decentralized public procurement units the users of the procured materials can affect the decision making more.

In the above table 4.7 section ten, 94.5% ($SA=30.4+A=64.1$) of the respondents agreed to the above premise (Public Procurement Process improvement initiatives being mandatory), on which 2.3% of the respondents ($SD=0.6+D=1.7$) disagreed, 3.3% were undecided. This shows that, the legal framework for procurement should be updated by FPPA. As we can see from the above table 4.7 section twelve, no respondent disagreed to the above premise (there being alignment of sectoral policies with federal government strategy), on which 96.2% ($SA=12.2 + A=84$) of respondents agreed and 3.9% were undecided. This indicates that, there are no problems of alignments of sectoral policies and federal government strategy.

The eleventh section on this function has asked respondents about there being serious monitoring of public procurement units activities, 65.7% of the respondents ($SD=23.2+D=42.5$) disagreed, 3.3% were undecided and 31% ($SA=5 + A=26$) agreed on this regard. This indicates that there being monitoring of public procurement units' activities but not serious.

The last section on this function has asked respondents about Public Procurement units of federal government encouraging professionalism and ethics in Public Procurement, on which almost all 96.7% ($SA=14.4+A=82.3$) of the respondents agreed, 0.6% of the respondents disagreed and 2.8% were undecided. According to Ato Nebiyu Kokeb, FPPA public procurement administration

directorate director, there is a recurring 5 day training program for federal procuring entities offered yearly by FPPA focusing on the procurement regulation and procedures. However, there is an absence of an actual coordinated capacity building strategy (procurement professional training) and it is evident that the needs of the system exceed the available programs.

4.4 The relationship between Organization Structure and Administrative Efficiency of Public Procurement Unit

The analysis shows that the relationship between two variables is negligible, low, moderate, substantial, or very strong. The researcher has made a correlation analysis to test to what extent how these variables are related (Decentralized Units structure, Administrative Structure (FPPA), Centralized Institution Structure (PPPDS), and its impact on Public Procurement Policy Implementation (Administrative Efficiency).

Table 4.8 the Relationship between Organizational structure of public procurement units and administrative efficiency (N=181)

Variables	1	2	3	4
1. Decentralized Units structure	1	.209** .000	.264** .000	.417** .000
2. Administrative Structure (FPPA)		1	.356** .000	.369** .000
3. Centralized Institution Structure (PPPDS)			1	.355** .000
4. Administrative Efficiency (Public Procurement Policy Implementation)				1

****.** Correlation is significant at the 0.01 level (2-tailed).

As we can see from the above table 4.8, there are positive relationships between all the measures of organizational structures of public procurement units and administrative efficiency.

- In the above table 4.8, the first independent variable (Decentralized Units structure) the correlation between public procurement Decentralized Units structure and administrative efficiency is $r=.417^{**}$, (sig, 0.000) at 99% confidence level. This implies that any improvements in the Decentralized Units structure (PPDU) are likely to have a similar positive contribution towards improved administrative efficiency.

- The above table also indicates that there is a positive relation between the administrative Structure (FPPA) and administrative efficiency is $r=.369^{**}$ at 99% confidence level (sig=0.000). This indicates that any improvements in the administrative Structure (FPPA) are likely to have a similar positive contribution towards improved administrative efficiency.
- Finally, our results also support a positive relation between Centralized Institution Structure (PPPDS) and administrative efficiency ($r=.355^{**}$, sig.0.000) at 99% confidence level. This shows that any improvements in the Centralized Institution Structure (PPPDS) are likely to have a similar positive contribution towards improved administrative efficiency. Existence of relationships among the measures of organizational structure of public procurement units and administrative efficiency does not imply causation (that one automatically affects the other). We thus use the co-efficient of determination to assess the likely impact of each of the independent variables on administrative efficiency.

4.5 The Impact of Organizational Structure on Administrative Efficiency

4.5.1 Linear Regression Analysis

Linear regression analysis is used to measure the statistical significance of the effect of each individual independent variable on the dependent variable through F and P value. This measurement is made by inferring the value of R^2 to explain the magnitude of the impact of the independent variable on the dependent variable. Here below depicted and explained are the linear regression of various independent variables and dependent variable.

Table: 4.9 the Impact of Decentralized Units Structure on Administrative Efficiency

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1181.891	1	1181.891	37.722	.000 ^b
	Residual	5608.319	179	31.331		
	Total	6790.210	180			

a. Dependent Variable: QAE

b. Predictors: (Constant), QDU

According to the above table 4.9, the relationship between Decentralized Units Structure and Administrative Efficiency is significant ($P<0.01$). F value, which is the ratio of variance between

groups and variance within groups, is well above 1 (if F value is close to 1, it implies that the null hypothesis is accepted). As a result, **the null hypothesis (Ho)** which states that Decentralized Units structure has no a positive relationship and significant impact on Administrative Efficiency (Public Procurement Policy Implementation) is **rejected**.

Table: 4.10 the Impact of Administrative Structure (FPPA) on Administrative Efficiency

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	924.604	1	924.604	28.216	.000 ^b
Residual	5865.606	179	32.769		
Total	6790.210	180			

a. Dependent Variable: QAE

b. Predictors: (Constant), QAS

As table 4.10 shows that the relationship between Procurement Administrative Structure (FPPA) and Administrative Efficiency is significant ($P < 0.01$). F value, which is the ratio of variance between groups and variance within groups, is well above 1 (if F value is close to 1, it implies that the null hypothesis is accepted). As a result, **the null hypothesis (Ho)** which states that Administrative Structure (FPPA) has no a positive relationship and significant impact on Administrative Efficiency (Public Procurement Policy Implementation) is **rejected**.

Table: 4.11 the Impact of Centralized Institution Structure (PPPDS) on Administrative Efficiency

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1305.310	1	1305.310	42.599	.000 ^b
Residual	5484.900	179	30.642		
Total	6790.210	180			

a. Dependent Variable: QAE

b. Predictors: (Constant), QCIS

As we have seen the above table 4.11, the relationship between Public procurement Centralized Institution Structure and Administrative Efficiency is significant ($P < 0.01$). F value, which is the ratio of variance between groups and variance within groups, is well above 1 (if F value is close to 1, it implies that the null hypothesis is accepted). As a result, **the null hypothesis (Ho)** which states that Public procurement Centralized Institution Structure has no a positive relationship and significant impact on Administrative Efficiency (Public Procurement Policy Implementation) is **rejected**.

Table: 4.12 Summary of Descriptive and Regression result for QDU,QAS,QCIS and QAE

Variables	Average mean(M)	Regression Coefficient (R^2)	ANOVA Regression (F-value)	Hypothesis
QDU	3.21	0.174	37.72	Ho=0, rejected
QAS	3.43	0.136	28.22	Ho=0, rejected
QCIS	2.84	0.126	42.6	Ho=0, rejected
QAE	2.91			

Significant at the 0.01 level.

In general, the result indicate that the organizational structures of the public procurement units could explain up to 43.6% of the variations in administrative efficiency and the factors which ought to explain administrative efficiency. The unexplained percentage could be explained by other factors.

CHAPTER FIVE:

5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

The summary of the research are summed up and presented based on objectives of the research outlined in the study. With regards to the objectives, the research was aimed at determining the major factors in the organizational structure of public procurement units that influence the implementation of public procurement policy in the study area and to find out the impact of those organizational structure factors on implementation of public procurement policy in the study area.

The data analyzed in chapter four using descriptive statistics, correlation and regression and major findings are presented below in a summarized manner:

When we observe from the above table 4.11 summary of descriptive, correlation and regression result, the arithmetic mean generated by the descriptive statistics, it shows that PPPDS (mean=2.84) is below the average cut-off point of 3. While other factors such as PPDU (mean=3.21) and FPPA (mean=3.43) are above average. From this we can understand that public procurement decentralized units structure (PPDU) and public procurement administrative structure (FPPA) are moderately contributed to administrative Efficiency. The organizational structures of public procurement units are not appropriately designed. If organizational are appropriately designed, administrative efficiency ought to be promoted. Still it needs improvements. Especially the centralized institution structure (PPPDS) which have the lowest mean values, are in need of greater attention. And, the administrative Efficiency of the selected federal government under this study is good since the mean score for administrative Efficiency is 2.91 which is closer to average mean.

When we see from the above tables, the values generated in the Pearson correlation for PPDU ($r=.417$, $P<0.01$) and ($r^2=0.174$) ; FPPA ($r=0.369$, $P<0.01$) and ($r^2=0.136$) ; PPPDS ($r=0.355$, $P<0.01$) and $r^2=0.126$ are significantly and positively correlated with administrative Efficiency. Additionally, the total variation (fluctuation) 43.6% (17.4 + 13.6 + 12.6) in y (administrative efficiency) can be explained by the PPDU, FPPA and PPPDS. Therefore, the null hypotheses (H_0) of all independent variables are rejected.

5.2 Conclusion

The goal of the research was to address the impact of organization structure on administrative efficiency. The study, based on the research's objective and the collected and analyzed data above, the following conclusions were reached:

The study assessed the determinant factors of the organizational structure of public procurement units, especially decentralized units structure in some selected federal organizations are not well structured and public procurement policy are not being implemented properly as they have to be put into effect. That means they depend on PPPDS (the centralized procurement institution) in procuring common user items, there are still limitations in recordkeeping system of public procurement, there are procurement staffs at the federal level not familiar with the rules and procedures of public procurement and procurement staffs in decentralized units structure not equipped with project and risk management skills. Regardless of moderately contributed to administrative Efficiency, the public procurement policy implementation of the decentralized units is not bad. But partially the decentralized units not implemented the public procurement policy due to the above limitations.

Administrative structure (FPPA) has significant positive correlation and impact on implementation of policy of public procurement (administrative efficiency). But, FPPA structure has not strong appeals mechanism for complaints and procedures to enforce the outcome of the dispute resolution process, FPPA structure is not evaluated procurement plan performance and Carry out annual procurement audits in all entities, procurement performance audits carried out by FPPA is limited, promoting a whistle blowing as an administrative culture is weak, a federal complaints board which is not independent of the FPPA, the public procurement compliance is not enhanced by media. These hinder administrative efficiency of the public procurement units.

Centralized institution structure (PPPDS) has significant positive correlation and impact on implementation of policy of public procurement (administrative efficiency). But, Centralized Institution Structure (PPPDS) not delivered quality public service for decentralized public procurement units, PPPDS is not better equipped with legal experts and high-skill procurement personnel, PPPDS is not automated key stages of the public procurement process and there is limited interference from politicians in decision making. These problems are not promoted to the administrative efficiency of the public procurement units.

5.3 Recommendation

The study investigated that the federal public procurement units are not appropriately designed and have limitations in properly implementing of the Public Procurement Policy. In light of the discussions, findings and the conclusions, the researcher has forwarded the following specific recommendations for the concerned policy makers and decision makers of the organizations:

- Higher officials should appropriately design the organization structure of public procurement units based on federal public procurement directive and manual (2010) to promote the administrative efficiency of the organizations.
- The Centralized institution structure (PPPDS) should be signed a framework agreement with the successful bidder for a supply of common user items which may be valid for up to three years based on federal Public Procurement (Proclamation No. 649,2009) and directive (2010).And the decentralized public procurement units should plan annual procurements based on common user items which is not included in a framework agreement and their needs; the decentralized public procurement units should have independence by Public Procurement and Disposal Service in performing its duties.
- Since organizational structure of public procurement was found to be a positive predictor of administrative efficiencies, the organizations should provide for proper recordkeeping system, so as to increase their administrative efficiencies.
- Skills have a direct impact on the ability of procurement professional to fulfill their role proficiently. Therefore, public procurement units should equip procurement people with project and risk management skills and the administrative unit structure (FPPA) should strategically plan for the training and development of procurement personnel(procurement professionals).
- FPPA should develop strong procurement complaint handling structures by developing strong appeals mechanism for complaints and issuing procedures to enforce the outcome of the dispute resolution process.

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- FPPA should do anti-corruption measures by identifying potential areas of corruption in the procurement process (procurement performance audit); carrying out annual procurement audits (procurement compliance audit) in all entities and promoting whistle blowing as an administrative culture.
 - Electronic means of procurement is becoming a central issue in the procurement system worldwide. Therefore, FPPA should adopt the system and automate key stages of the public procurement process in order to enhance administrative efficiency of the public procurement units (to deliver quality public service, to reduce overall administrative cost of procurement, to solve undue delays and long process in the procurement of goods and service).
 - Due to highly decentralized procurement system in federal government the procuring entities are themselves responsible for publishing relevant procurement information. But federal government does not have a procurement Gazette or other specialized media for procurement information and no strategic decision has been made as to what kind of information is needed. Therefore, FPPA should decide what kind of information is needed for suppliers and the government; should launch procurement media and should have legal enforcement mechanism for decentralized public procurement units to use the procurement media.
 - Politicians influence public procurement through non-compliance acts such as collusion and Political interference has a negative effect on public procurement compliance. Therefore, the Centralized institution structure (PPDS) should free or minimize public procurement from Political interference.
 - PPPDS should equip with better legal experts and high-skill procurement personnel and automate key stages of the public procurement process in order to deliver quality public service for decentralized public procurement units.
 - The Centralized institution structure (PPDS) should procure common user items list given by the administrative unit structure (FPPA) to satisfy the decentralized public procurement units demands.
 - The public procurement units should have lead time for service delivery related to procurements so as to satisfy their customer needs.

5.4 Suggestion for Further Research

The study was limited due to its cross-sectional study design. However, these types of relationships may require a longitudinal analysis; so the future researches should examine this relationship over a longer period of time. The researcher was limited to three factors which affect administrative efficiency of federal public procurement units but the future researchers may focus on different variables or combination of those variables included in this study. The study was conducted in some selected federal public organizations to limit its scope. The future researches may examine those factors on other public organizations at regional level.

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Annex

APPENDIX A: QUESTIONNAIRE

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE MASTERS IN HUMAN RESOURCE MANAGEMENT RESEARCH QUESTIONNAIRES

Research Topic:-

The Impact of Organizational Structure on the Implementation of Public Procurements Policy: The Case of Public Procurements Units in Some Selected Public Organizations of the Federal Government.

Researcher Name: Sofoneyas Engida

Dear sir/madam

I am a post graduate student of Human Resource Management in Addis Ababa University. Currently, I am conducting a study entitled “**The Impact of Organizational Structure on the Implementation of Public Procurements Policy**”. You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding on the Impact of Organizational Structure of Public Procurement Unit in the Implementation of Public Procurement Policy in selected Public Organizations of the Federal government within Addis Ababa City. It is purely academic exercise. Your response shall be deemed very confidential and useful for this study.

Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. No individual’s responses will be identified as such and the identity of persons responding will not be published or released to anyone. All information will be used for academic purposes only. Thank you in advance for your kind cooperation and dedicating your time.

Sincerely, Sofoneyas Engida

Instructions

- No need of writing your name
- For Likert scale statements indicate your answers with a check mark (✓) in the appropriate block.

SECTION A: GENERAL INFORMATION (DEMOGRAPHIC DATA)

Fill in the blanks provided by a means of a cross (X) by indicating your correct choice.

A. Gender:

1. Male

2. Female

B. Age

1. Less than 25

2. 25- 30

3. 31- 35

4. 36 - 40

5. Above 41

C. level of education

1. Diploma

2. Degree

4. PhD

3. Master

Other state here: _____

D. Marital Status

1. Single 2. Married 3. Divorce 4. Widowed

E. Year of service you have work in your organization?

1. 1 – 4 years 2. 5 – 9 years 3. 10 – 20 years 4. Above 20 years

F. Position

1. Procurement Expert 2. Senior Procurement Expert 3. Middle level Manager

4. Tender Review Committee 5. Other state here: _____

SECTION B: PUBLIC PROCUREMENT UNIT STRUCTURE RELATED QUESTIONS

I. Questions related to Decentralized Units structure.

Please indicate your responses to each of the following statements with regard to Public Procurement Decentralized Units (PPDU) structure. Please place \surd mark in the appropriate answer box, according to the following code definitions:

Please rate your response as follows:

1 = Strongly Disagree (SD) 2 = Disagree (D) 3 = Undecided (U) 4 = Agree (A) 5 = Strongly Agree (SA)

N	Questions	1 SD	2 D	3 U	4 A	5 SA
1.	PPDU structure reduce procurements that take a long process					
2.	PPDU structure have independence by Public Procurement and Disposal Service in performing its duties					
3.	PPDU structure have procedural manuals and clear instructions for staff to follow					
4.	PPDU structure provide for proper recordkeeping system					
5.	There are appropriate procedures to monitor delivery of goods and services to verify quantity, quality and timeliness.					
6.	The procurement staff, in particular at the federal level are quite familiar with the rules and procedures.					
7.	PPDU structure aim at getting better quality products rather than lowest prices					
8.	The responsibility for conducting procurement is decentralized to the lowest level of administration (Federal Public Procurement Unit), with each public entity required to establish a procurement unit					
9.	Equip procurement people with project and risk management skills					

II. Questions related to Administrative Structure (FPPA).

Please indicate your responses to each of the following statements with regard to Administrative Structure of public procurement (FPPA). Please place \surd mark in the appropriate answer box, according to the following code definitions:

Please rate your response as follows:

1 = Strongly Disagree (SD) 2 = Disagree (D) 3 = Undecided (U)
4 = Agree (A) 5 = Strongly Agree (SA)

No	Questions	1 SD	2 D	3 U	4 A	5 SA
1.	FPPA structure have strong appeals mechanism for complaints					
2.	Procedures exist to enforce the outcome of the dispute resolution process.					
3.	Encourage entities to reduce internal inefficiencies					
4.	Enforcement and follow-up on findings and recommendations of the control.					
5.	Ensure adequate systems for challenging procurement decisions					
6.	Encourage alternative dispute resolution mechanisms than courts					
7.	Promote whistle blowing as an administrative culture					
8.	FPPA structure evaluate procurement plan performance and Carry out annual procurement audits in all entities					
9.	FPPA emphasize discouraging unfair competitive practices					
10.	Identify potential areas of corruption in the procurement process					
11.	Encourage procurements that generate value for money					
12.	A Federal Complaints Board which is independent of the FPPA.					
13.	Due to the decentralized procurement system in federal government the procuring entities are themselves responsible for publishing relevant procurement information.					
14.	Disqualify providers based on criminal activities					
15.	Efficient management of policy making in government					

III. Questions related to Centralized Institution Structure (PPPDS).

Indicate your response to each of the following statements with regard to Centralized Institution Structure of public procurement (PPPDS). Please place \surd mark in the appropriate answer box according to the following code definitions:

Please rate your response as follows:

1 = Strongly Disagree (SD) 2 = Disagree (D) 3 = Undecided (U) 4 = Agree (A) 5 = Strongly Agree (SA)

No.	Questions	1 SD	2 D	3 U	4 A	5 SA
1.	PPPDS strong institutions with quality public service					
2.	The procurement system of PPPDS has greater impact on its ability to serve its customers.					
3.	There being good capacity for negotiating government contracts					
4.	PPPDS emphasize reducing overall administrative cost of procurement					
5.	PPPDS emphasize using the market to determine procurement prices					
6.	PPPDS emphasize relying on prices quoted by providers					
7.	PPPDS emphasize allowing negotiations to come to reduced prices					
8.	Automate key stages of the public procurement process					
9.	Limited interference from politicians in decision making					

IV. Questions related to Administrative Efficiency.

Indicate your response to each of the following statements with regard to Administrative Efficiency of Federal Public Procurement Units on the policy implementation of public procurement. Please place \surd mark in the appropriate answer box according to the following code definitions:

Please rate your response as follows:

1= Strongly Disagree (SD) 2= Disagree (D) 3 = Undecided (U)
4= Agree (A) 5= Strongly Agree (SA)

No.	Questions	1 SD	2 D	3 N	4 A	5 SA
1.	The functionality of the technology used in procurements					
2.	The lead time for service delivery related to procurements					
3.	The amount of time a customer spends in need of a service					
4.	Well-functioning administrative review procedures					
5.	Adequate policies for all federal government functions					
6.	Pooling of demand within public procurement					
7.	Responsive systems to customer needs					
8.	Fully functional federal public procurement systems of operations					
9.	Involvement of users in decisions					
10.	Public Procurement Process improvement initiatives being mandatory					
11.	There being serious monitoring of government /public procurement units/ activities					
12.	There being alignment of sectoral policies with federal government strategy					
13.	Public Procurement units of federal government encouraging professionalism and ethics in Public Procurement					

APPENDIX B: INTERVIEW QUESTIONS

I. Questions related to Structure of Federal Public Procurement Units and the Administrative Efficiency of Public Procurement.

My name is Sofoneyas Engida, I am a post graduate student of Human Resource Management in Addis Ababa University. Currently, I am conducting a study entitled "**The Impact of Organizational Structure on the Implementation of Public Procurements Policy**". I have designed few questions concerning the Public Procurement Units Structures and Administrative Efficiency. I therefore kindly appreciate for your time and I hope your frank and straightforward responses for the following questions.

Thank you in advance!

1. What factors influence on the policy implementation of public procurement?
2. What are some of the challenges facing the procurement system of decentralized public procurement units?
3. What are some of the benefits of decentralized procurement units?
4. some of these benefits of decentralized procurement units are relevant in this current economic environment.
5. What are some of the challenges facing the procurement system of centralized public procurement unit?
6. What are some of the benefits of centralized procurement unit?
7. Some of these benefits of centralized procurement unit are relevant in this current economic environment?
8. How much decentralized is the Ethiopian federal public procurement? How much freedom is given to the procuring entities to purchase their own goods and services?
9. Are there central IT tools to support efficiency in the procurement process?
10. Is there a defined career path for procurement employees focusing on professional skills?