



**ASSESSMENT OF STRATEGIC SOURCING IMPLEMENTATION
PRACTICE: THE CASE OF Ethio telecom**

BY: TILAHUN SHIFERAW

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, SCHOOL OF COMMERCE
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE AWARD OF THE DEGREE OF MASTER OF ARTS IN LOGISTICS AND SUPPLY
CHAIN MANAGEMENT**

ADVISOR: BUSHA TEMESGEN (Phd)

June, 2021

ADDIS ABABA, ETHIOPIA

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**APPROVAL SHEET FOR MA THESIS POST GRADUATE
PROGRAM**

**ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS AND
ECONOMICSSCHOOL OF COMMERCE**

This is to certify that the thesis carried out by Tilahun Shiferaw on the topic entitled: “Assessing the Strategic Sourcing Implementation Practice: the case of Ethio telecom, submitted in partial fulfillment of the requirements of the Degree of Master of Art in Logistics and Supply Chain Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality’s .

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Statement of Certification

This is to certify that the thesis carried out by *Tilahun Shiferawon* the topic entitled: *“Assessing the Strategic Sourcing Implementation Practice: the case of Ethio telecom,”* is his original work and is suitable for submission for the award of Master of Art Degree in Logistics and Supply Chain Management.

Advisor: Busha Temesgen (PhD)

Date & Signature

Declaration

I, the under signed, declare that this thesis entitled '*Assessing the Strategic Sourcing Implementation Practice: the case of Ethio telecom*', is my original work and to the best of my knowledge has not been presented for a degree by any other person, and that all the sources of materials used for the thesis have been duly acknowledged.

Declared by: Tilahun shiferaw

Date & Signature

Dedication

This research study is dedicated to my all family, especially Altaye Shiferaw and Tsehay shiferaw, for their constant inspiration and continuous support throughout this research project.

Acknowledgement

My first and utmost thanks go to my family, for her understanding, support and patience in giving me time and support for studying and conducting this research. Next, I would like to express my sincere thankfulness to my advisor **Busha Temesgen (PhD)**, and to all my friends, staffs who contributed in any kind of support and advice for the completion of this research. Last but not the least; I would also like to acknowledge the respondents from ethio telecom who provided valuable information through their response to the questionnaires administered and for interview participants.

Abstract

The implementation of strategic sourcing requires a wide variety of skills. Some of the top competencies needed to excel in making the most of a company's strategic sourcing decision-making process and it is part of Supply Chain Management Process. This research was conducted to assess the strategic sourcing implementation practice in relative to sourcing (policy, procedure, and process including seven step methodologies). Sourcing/procurement planning, supplier relation management, stakeholders/user department's integration, which is one part of strategic planning in ethio telecom. A descriptive research design was conducted to achieve the purpose of the study. From 164 total populations found at ethio telecom head quarter A.A. Which combined both the supply chain division sourcing department and technical division end/user departments, and out of the total population, 56 participants employed as a sample, having a current position of specialists, supervisors and 8 managers' respondents. And they were selected from supply chain divisions and technical division by employing stratified random sampling technique. Questionnaire was used as the formal instrument of data collection. In addition to that interview was made for some eight selected management respondents. A total of 56 questionnaires were printed and distributed and 54 of them were filled and returned, however, out of 56 distributed questioners 2 respondents were missed. The response rate became 96.43 percent from total number of sample (56). These samples were drawn from the total population using stratified random sampling techniques. Moreover, the research approach of this research was mixed approach or the combination of questionnaire, interview (quantitative and qualitative) including document analysis. Data collected using these instruments were analyzed using descriptive design statistics. Finally, the study revealed that the overall current results from the below findings indicates there was low strategic sourcing implementation practice (measured in terms of effective sourcing policy, procedure, process including the seven step methodologies) in accordance with the overall company's strategic sourcing/procurement Planning, supplier development and management, stakeholder's/user departments integration). And also it suggested that the level of strategic sourcing implementation practices needs improvement in terms of its effectiveness and efficiency on timely planning, using supplier relation management /development efficiently, by integrating user departments with sourcing committee and improving policy, procedures in relation with seven step methodology to confirm the sourcing strategy with the overall corporate objectives in the case of ethio telecom as perceived from evaluation of the respondents reply.

Key phrases and words: *Sourcing Strategy, Strategic Sourcing, Sourcing /procurement planning, purchasing management, supplier relation management/development, and inter departmental integration.*

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Acronyms

SCD	Supply Chain Division
COO	Chief Operating Officer
RFP	Request For Proposal
RFI	Request For Information
U.K	United Kingdom
TCO	Total Cost Ownership
SCM	Supply Chain Management
ERP	Enterprise Resource Planning
CPO	Chief Procurement Officer
CFO	Chief Financial Officer

CHAPTER ONE

1. Introduction

This chapter generally deals with the background of the study, statement of the problem, basic research questions, and objectives of the study, scope/delimitation of the study and significance of the study.

1.1. Background of the study

Sourcing is an approach to supply chain management that formalizes the way information is gathered and used so that an organization can influence its consolidated purchasing power to find the best possible values in the marketplace. It is one of the major activities of all organizations to function properly and run sourcing activities. Strategic sourcing requires analysis of what an organization buys, from whom, at what price and at what volume. Nowadays to survive and stay in a market an organization wants to be successful and has wishes to become constantly developing. Our world's Rapid changes in technology and market competition have made an organization to re-think about their success on major inputs, which accounts for a ratio that has remained constant 40 to 80% of the cost of goods sold, and 30 to 50 % of revenues. Therefore, these inputs should need the right sources of supply, a required quality level and delivery schedules. To ensure the required level of quality and delivery schedules, different organizations have employed different methods and practices in line with their policies and procedures, though the actual implementation practices has to be examined. According to Court et al (1997:1) in many organizations, the strategic sourcing process remains the least understood and most ineffectively managed of all the business processes. Special attention needs to be given to this function to increase the performance of the company. According to Quayle, 2002, Carr and Smeltzer, 1997, the aim of strategic sourcing is to increase the bottom-line of the company's income through the most thoughtful use of procurement approaches and strategies. Companies should have to set a strategic sourcing plan to minimize an intended future failure.

In reducing the input cost of materials and components even while increasing the quality and performance of these components the operational considerations have pushed the importance of strategic sourcing in organizations. Developing the sourcing strategy is a fundamental part of the purchasing and supply management process. In order to satisfy business needs from markets through the proactive and planned analysis of supply markets and the selection of suppliers with the objective of delivering solutions to meet pre-determined and agreed business needs',

Ethio telecom strategic sourcing have an objective of Sustainable Supply of Goods & Services; Cost Optimization; Improved (Resource Utilization, Supply Lead Time & Quality Products); Enhance

Communication with External and Internal stakeholders, Strategic Partnership, working systems & Employee Engagement on decision making through Proper communication and action plans by providing relevant trainings & tools. To enhance operational improvements and the steady growth of the country's economy, Ethio telecom re-structured its functions. Supply Chain Division (SCD) and Sourcing Department are a support division /department that will supply goods, services and works needed by end users. Their objectives are: "providing step by step instructions in Sourcing activities, aligning their decision and duty to the Sourcing policy and procedures with the seven steps sourcing methodology; and creating standardized and uniform practice throughout Ethio telecom".

To confirm the process is properly implemented according to the policy and procedure of the company strategy sourcing implementation practices, the first step is to make sure the annual sourcing plan will be made based on ethio telecom goods and services need assessment and forecast result made by the requester units and it will be the basis for all procurements of the company. No sourcing shall be made which is not planned unless and otherwise dictated by unforeseen situations that can be strongly justified and approved in advance by concerned officials. User units shall prepare and submit their schedule of requirements with their specifications to the procurement units in advance taking into consideration the lead-time (the time required to acquire the goods or services), During plan preparation goods that are already available in ethio telecom's premise shall be taken in to consideration to avoid incurring unnecessary cost. Strategic sourcing is an integrated business process consisting of strategic sourcing planning and management of suppliers (Smeltzer et al, (2003:1998).The researcher also observed that end users' annual needs have not been aggregated nor sent to the Sourcing Department as per the stated time period in the Sourcing policy. Rather, without considering supply market and spend analysis, purchase requests were sent to the Sourcing department in dispersed manner for all types of goods, services and works. This is opposite to strategic sourcing which takes into consideration the prioritization, value for money, supply risk and the profit impact of supplies.

Therefore, it will be very crucial to investigate the Strategic Sourcing Implementation Practices in organizations that are highly engaged in material resources inflow and money out flow. Ethio telecom, as a prime telecom service provider in Ethiopia, spends huge amounts of money to acquire goods, services and works every year. Carr and Smeltzer, (1997), said that, foreign procurement (sourcing) enables an organization to identify and select suppliers through strategic long term partnerships, by providing benchmarks, laying emphasis on supplier performance and providing feedback to suppliers. They also noted that, in today's business context organizations compete in a global environment and operate in multiple markets and geographical locations. This is because to reduce costs, to sustain supply of goods

and service and works, to improve performance and to achieve an intended goal, every company has to give emphasis to the Strategic sourcing function.

Accordingly, it would be indispensable to examine what the Strategic Sourcing Implementation practice in Ethio telecom looks like and the associated challenges that are hindering the company with respect to Strategic Sourcing Implementation.

Background of the Organization

Ethio telecom, previously known as the Ethiopian Telecommunications Corporation (ETC), is an integrated telecommunications services provider in Ethiopia, providing internet and telephone services. Ethio telecom is owned by the Ethiopian government and maintains a monopoly over all telecommunication services in Ethiopia. Basing its headquarter in Addis Ababa, it is one of the "Big-5" groups of state owned corporations in Ethiopia, along with Ethiopian Airlines, the Commercial Bank of Ethiopia, Ethio-Insurance, and the Ethiopian Shipping Lines.

Ethio telecom (ET), as the only telecommunication service provider of the country, is a Government-owned and government-managed organization under the minister of communication. It operates and maintains the entire telecommunication network of the country. ET comprises various specialized divisions such as network, marketing, human resource, residential and enterprise sales, supply chain, facility and fleet, finance, IS etc.

According to the company's website, telecommunications service was introduced in Ethiopia by Emperor Menelik II in 1894 when the construction of the telephone line from Harar to the capital city, Addis Ababa, was commenced. Then the interurban network continued to expand satisfactorily in all other directions from the capital. Many important centers in the Empire were interconnected by lines, thus facilitating long distance communication with the assistants or operators at intermediate stations frequently acting as verbal human repeaters between the distant calling parties.

After having several reforms and organizational restructuring during the past period of over a century, Ethio telecom was reborn, on 29th November 2010, from the ambition of supporting the steady growth of the country, within the Growth and Transformation Plan (GTP). The Ethiopian government has decided to transform the telecommunication infrastructure and services to world class standard, considering them as a key lever in the development of Ethiopia. Thus, ethio telecom is born from this ambition to bring about a paradigm shift in the development of the telecom sector to support the steady growth of the country.

Ethio telecom's management was outsourced, on a management contract arrangement from 2010 to 2013 June, to France Telecom. The government said it outsourced the management as ETC was not able to meet the demands of the fast-growing country. It also said that telecommunications services would not be privatized, at least not in the near future, despite the fact that currently it has already been decided to privatize the telecom sector, of course at this time, the plan is only to sell partial shares to foreign companies across the globe. Since then ethio telecom has practically outsourced various expansion projects to be handled by foreign companies. For instance, in recent years, ET signed agreements with two Chinese companies ZTE Corporation & Huawei Technologies and also with one Sweden Company called Ericson to upgrade and expand Ethiopian telecommunications services and to improve the country's telecommunications infrastructure. In addition, almost all of the company's product and service requirements for its operational and sales purpose are being sourced from foreign companies aiming to satisfy the growing needs of its customers with regard to technology and telecom services.

Ethio telecom has a centralized procurement system under its supply chain division at head quarter, Addis Ababa. The supply chain division is solely responsible for the procurement of all goods (materials/spares as well as MRO supplies, commercial items and others) and services required by the different user departments of ethio telecom. Moreover, the division has to manage a huge variety of inventory requirements of more than 30,000 items, among which the majority are procured from foreign suppliers. That is why the foreign procurement (source) of telecommunication materials, spare parts and commercial items is crucial and challenging for the supply chain division of ethio telecom.

1.2.Statement of the problem

According to (Tyndall et al., 1998), Sourcing strategies must be implemented for an organization to reduce the total cost of sourcing materials, goods and services, while maintaining high levels of quality, delivery and technology. Sourcing plays a key role to get a competitive advantage for organization objectives in providing right quality, time and an optimal cost of inputs for end users. Therefore, applying strategic sourcing processes is important to managers. (Tyndall et al., 1998), this can be achieved by developing different sourcing strategies to meet the specific needs of customers' requirement. (McIvor, et al,(2000; 2001), developing partnership with suppliers to provide a stable supply with good quality and low cost.

According to Gelderman et al, (2005;1994), the strategic sourcing process is not simply a way to find the best price for a certain product but it has become a decision-making process that can shape the business of an entire organization. Carr and Smeltzer, (1997), noted that while organizations have transformed their purchasing capabilities into competitive advantage, others are still lagging behind. They further noted

that, over the past four decades, purchasing has evolved from a clerical function in the 1960s, through being an operational activity in the 1980s to the strategic nature in the 1990s. In this day, in an effort to build competitive advantage proactive firms are expected to control their purchasing operations. Every organization has to be strategically sourced from suppliers, to ensure sustainable supply of goods and services, while maintaining high quality and reasonable prices, this can be achieved through thorough evaluation and selection of suppliers. Zenz (1994:5-6) argued that the efficiency of any organization is subject to the availability of component parts and materials purchased in a proper quantity, quality, and price. For this reason, disappointment in any of the above mentioned reasons increases cost and decreases profit and can create an economic crisis for the organization. Sound strategic sourcing process decisions and actions influence almost all internal and external stakeholders among the various Divisions or departments within the organization.

In the face of ever-growing customer demand, quickly changing business environment and upcoming competitive market, the major aspiration of Ethio telecom is to: ‘Becoming a world - class telecom company’. In order to meet its mission Ethio telecom, as a Public Enterprise, has established its own sourcing policies and procedures including seven steps strategic sourcing methodology from France Telecom Sourcing University in 2011. The purpose of this strategy is to fulfill the business needs from supply market and the selection of suppliers to meet pre-determined and agreed business needs through sourcing strategy and identifying a long term as partner’s suppliers for each group of items by effectively allocating resources to increase supplier performance and developments. However, the researcher, as an employee of the company, observed that there are unplanned Purchase Requests that have been sent to the Sourcing Department from Requester units throughout the years. As a result, large numbers of Purchase Orders have been created and sent to sourcing units without considering the predetermined sourcing plan, that will be exposed to fail to meet terms and conditions of the contract.

Due the above and other reasons, it is witnessed that Strategic sourcing is an integrated business process comprised of strategic sourcing planning and management of suppliers (Smeltzer et al, (2003:1998). However, as it explained above from the company’s two consecutive year (2019 and 2020) annual performance evaluative meetings report, the researcher (as an employee of the company) observes the following drawbacks:

- ✓ There is supply interruption
- ✓ Delivery of poor quality goods and services to end users of the company and delay in transit.

- ✓ The annual needs of end users shall not be aggregated and submit to Sourcing committee as per the stated time period (before April 30th of each budget year) by using a Standard Plan Template with approved budget in the Sourcing policy.
- ✓ Purchase requests from different units were sent to Sourcing department in dispersed manner and most of the time open tender launched for all types of goods, services and works without conducting supply market.

This is opposite to strategic sourcing which takes into consideration the supply risk and the profit impact of input resources in order to bring efficiency on procuring, and the realization of a company's strategy at an optimal cost is essential.

If the process is properly implemented according to the policy and procedure of the company sourcing strategy implementation practices, the result will enhance at optimal level to achieve its competitive advantage for the organization in the marketplace through its suppliers. These issues if not properly implemented can negatively affect the service delivery of the company and customer dissatisfaction.

Therefore, this study has been designed with the target of assessing the level of strategic sourcing process implementation, gap identification and recommendation of improvement areas. Thus, the following basic research questions are established:

1.3. Research Questions

To achieve the research objectives, the study attempts to address the following questions

1. How does the Strategic Sourcing Implementation Practices look like in Ethio telecom?
2. What does interdepartmental integration look like in Ethio telecom in relation to the Strategic Sourcing Implementation Practices?
3. What are the challenges that are hindering Ethio telecom with respect to Strategic Sourcing Implementation?
4. How does the Supplier Relation Management practice seem like in ethio telecom and the influence brought due to poor practice?

1.4.Objectives of the study

1.4.1 General Objectives

This study attempts to examine the current strategic sourcing implementation Practices in the case of ethio- telecom. The study also tried to specifically meet the below Specific objectives:

1.4.2 Specific Objectives

1. To evaluate Strategic Sourcing Implementation Practices, look like in Ethio telecom
2. To assess interdepartmental integration in relation to Strategic Sourcing Implementation Practices
3. To investigate the Supplier Relation Management practice seems like in ethio telecom.
4. To investigate challenges that hinder Ethio telecom with respect to implementing the seven steps of strategic sourcing process.

1.5. Scope/delimitation of the study

The study is basically a case study, and focused on Ethio telecom. Moreover, though Ethio telecom has different Divisions, Departments and Sections, the case study is mainly focused on Sourcing Department's functions, particularly, on the current Strategic Sourcing Implementation Practices (Seven steps strategic sourcing methodology). The study has not attempted to emphasize supplier selection, negotiation, contract management and vendor financing projects sourcing strategy, post contract performance evaluation process and other supply chain functions. Conceptual geographic scopes are missing.

1.6. Significance of the Study

Strategic sourcing is an important aspect in today's firms, for organizations to achieve competitive advantage. This study enlightened various sourcing managers in understanding how sourcing if properly done can immensely cut down on organizational cost and increase profitability, hence improving the overall organizational operation performance and help to achieve strategic objectives.

Besides academic consumptions (the researcher`s post graduate requirement and as a reference in the study area in the future), the research findings will help Ethio telecom to evaluate its current sourcing practice and to maximize the contribution of the sourcing function to the corporate objective. The findings and recommendations of the study are expected to help the organization to understand the problems associated with the implementation practice of the strategic sourcing process and to take the necessary remedial actions. Especially these days, doing so is an indispensable action that the telecom market in Ethiopia is going to be no more monopoly, but the government has already passed a decision to liberalize

even to foreign operators too. Hence, investigating the gaps in sourcing practice is a very critical issue because sourcing is the gate for resources and satisfies customers and user demands. In addition, other researchers, students working on the Strategic sourcing process can use it as a secondary source of information.

1.7. Organization of the Study

The first chapter was about the background of the study, the second chapter was covering the related literature review. The third chapter was devoted to research methodology. Then the fourth chapter handles findings and data analysis. Finally, the last chapter would be devoted to findings, conclusions and recommendations.

1.8. Definitions of terms

Procurement is the management of a broad range of processes that are associated with an organization's desire to obtain the necessary goods and services needed for manufacturing a product, transforming inputs to outputs, or indirectly operating the organization. These processes include activities such as product and service sourcing, supplier selection, pricing and terms negotiation, transaction and contract management, supplier performance management and supplier sustainability issues. The procurement function can be broken into five main activity categories: Purchasing, Consumption Management, Vendor Selection, Contract Negotiation, and Contract Management (Hugos, 2003:64)

Sourcing: Is a process that covers understanding of ET's deliverables.

Source: ET's sourcing policy document, (2011)

Sourcing Strategy: is by Weele's (Weele, 2009: 10): definition,

“Identifies for a certain category from how many suppliers to buy, what type of relationship to pursue, contract duration, type of contract to negotiate for, and whether to source locally, regionally or globally.” Sourcing strategy mainly concerns developing the most appropriate supplier strategy for a certain commodity or product category, “A sourcing strategy describes how many suppliers the company favors for that commodity or category, what type of relationship to pursue and what type of contract to negotiate for.

Strategic Sourcing is the collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently. It is a disciplined analysis of purchases, markets and suppliers to identify opportunities for savings by negotiating contracts and employing new tools and practices that lowers costs and/or adds value while maintaining goods and services. It is a broader, more transformational process, performed at a higher organizational level. Strategic sourcing takes the procurement process further, examining the whole supply network, its linkages, and how they impact procurement and purchasing decisions. The focus is more on the first level supply network, value creation, risk, and uncertainty in the supply chain and the overall responsiveness and resilience of the supply chain. Finally, they stated that purchasing as an activity and procurement and strategic sourcing as processes. Strategic sourcing is a logical process involving the application of tools by skilled, competent and knowledgeable people; however - developing and implementing strategic sourcing practice is a functional process.

End Users/Requesting Units are end users or requesting units and staff of the ethio telecom who are requesting and using the goods to be procured.

User division: User division is a division that specializes in standardizing deliverables, accessing and aggregating Ethio telecom needs.

Source: (ET's sourcing policy document, (2011))

CHAPTER TWO

2. RELATED LITERATURE REVIEW

2.1. Theoretical Literature Review

According to Gelderman et al, (2005;1994), the strategic sourcing process is not simply a way to find the best price for a certain product but it has become a decision-making process that can shape the business of an entire organization.

Johnson (2005), strategic sourcing defined as “the collaborative and structured process of critically analyzing an organization’s spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently”

According to Reyes-Moro et al. (2003), Strategic sourcing can be defined as a sequence of actions to be performed in order to acquire goods or services that are of strategic importance to a company.

Banfield (1999), Strategic sourcing is a management process used to systematically assess purchasing requirements across a company and identify opportunities, both internal and external, for total cost reductions.

Carr and Smeltzer (1976) saw Strategic sourcing consisting of processes of planning, evaluating, implementing and controlling all sourcing activities undertaken by an organization to achieve its long-term goals.

Rudzki (2006), it is the practice as “a fact-based, rigorous process that involves substantial internal data gathering and evaluation, and extensive external data gathering and interactions, in order to select the most appropriate strategy and negotiations approach and ultimately select the right supplier.

Purchasing; is the transactional function or activity of buying needed goods or services.

Procurements; the management of a broad range of processes that are associated with an organization’s desire to obtain the necessary goods and services needed for manufacturing a product, transforming inputs to outputs, or indirectly operating the organization. These processes include activities such as product and service sourcing, supplier selection, pricing and terms negotiation, transaction and contract management, supplier performance management and supplier sustainability issues.

Strategic Sourcing differs from traditional procurement processes in the following ways;

- **Total Cost, Not Just Purchase Price:** It is not just about price, but quality, service, delivery and all the aspects that make up the total costs or value. Since the purchase is not a onetime affair but a long term one, the delivered price is decomposed into the various cost components like storage cost, transportation cost etc. to determine the origin cost. Effort is always on to find ways to reduce this cost which is beneficial to all concerned.
- **Consolidating Purchasing Power:** Organizations are able to consolidate purchasing power to achieve maximum benefit from the total volume being sourced from each supplier. This further help to reduce the ordering costs.
- **Tighter Supplier Relationships:** The limited number of suppliers used now helps in creating partnerships and entering into mutually beneficial contracts. It helps in achieving standardization and improvements in cost, quality and time. These relationships over time help to identify and eliminate any redundant or superfluous costs, constraints or delays.
- **Realigned Business Processes, Work and Information Flow:** Strategic sourcing redesigns work and information flow to eliminate redundancies and reduce the frequency of purchasing orders as well as the associated cycle times and required inventory levels.
- **Improved Teamwork and Purchasing Skills:** Strategic Sourcing needs detailed information about products, markets and the buyers and sellers' needs. Strategic Sourcing teams include members from logistics, transportation, operations and even suppliers, which inspire collaboration and overcome traditional organizational barriers.

A strategic sourcing program can be segmented in many ways into a step-by-step approach. These steps must address the entire procurement value chain. Ethio telecom, has adopted its own sourcing policies and procedures including seven steps strategic sourcing methodology from France Telecom Sourcing University in 2011, which is different from Public Procurement directives.

2.1.1. Seven steps strategic sourcing processes:

The main objective of 7 step strategic sourcing is to save money and improving the acquisition process, supplier performance and minimizing risk([www.purchasing procurementcenter.com](http://www.purchasingprocurementcenter.com)).Each step is acceptable if it Ensure Sustainable supply of Quality resources through adaptation of Timely, Flexible, and Lean Supply-Chain Solutions to enhance ethio telecom Competitiveness & Customer Satisfaction.

Here below are the basic seven steps of strategic sourcing.

Step 1: Profile sourcing commodity

The first step in the process is the kickoff meeting for the upcoming calendar or fiscal spending year. Essential to the success of this meeting is the establishment of the strategic sourcing committee, which should include, at a minimum, the chief operating officer (COO), chief financial officer (CFO), and if used, the chief procurement officer (CPO) (*Walter L. Wallace & Yusen L. Xia, (2014)*).

According to France Telecom's Sourcing University Training manual (June 2010), most of all, step 1 helps to define what the sourcing team is buying. The key objectives of step 1 are to set up a commodity team; define commodity scope, identify sourcing constraints, define priorities and organize team work, prepare and manage data collection; and savings. The outputs of this step are extended and accurate data collection and key stakeholder mobilization. As explained by Carter, (2000), spend analysis is the first step toward integrating an organization's sourcing strategy with its competitive strategy. It is this critical step that forces an organization to analyze all the goods and services that are purchased and are forecasted to be purchased in the future by the organization. Lasseter, (1998), also noted that spend analysis involves aggregating total purchases across all organizational divisions both for supplies and services and by supplier. He further noted that the spend analysis should also reflect the total cost of ownership, not just the purchase price of the supply or service, as well as the various end users throughout the organization. In addition to details which outlined by Carter, (2000), Lasseter, (1998), Walter L. Wallace & Yusen L. Xia, (2014), also mentioned that, the output of the spend analysis is a complete, documented understanding of the organization's past and future purchases for supplies and services, segregated by users and suppliers.

Step 2: Develop sourcing strategies and tactics

Walter L. Wallace & Yusen L. Xia, (2014), argued that this second step in the strategic sourcing process involves making sure that all the potential sources of supply are identified and viable mechanisms are in place for comparing their capabilities to those of other potential suppliers.

According to Robert et al (2009), while not always the case, companies often use commodity teams to develop purchasing strategies. Purchasing strategies often apply to commodities in the general categories of families of purchased items. Developing a purchase strategy is to fully understand the purchase requirement relative to the business unit objectives. This is typically achieved through a strategy

segmentation tool known as portfolio analysis. As described by Wu & Barnes, (2011), from the perspective of the purchasing function, it is a relevant approach to consider purchasing portfolio models in order to support decisions regarding establishing different kinds of supplier relationships.

Olsen & Ellram, (1997), stated that, the main purpose of portfolio models in purchasing management is being considered to improve the allotment of limited resources. This can be done via a presumably efficient method to recognize which groups of products, suppliers, or relationships necessitate a higher level of attention than others. In addition to that, they noted that, in order to devise a tailor-made supply strategy, while maximizing the buying power and at the same time decreasing the supply vulnerability Kraljic (1983) recommends the following approach: The first phase is called classification and aims at differentiating the purchased material. A company's supply strategy depends on two factors; the importance of purchasing and the complexity of the supply market. The definition of purchasing importance can be made in terms of volume purchased, percentage of the total purchase cost, impact on product quality, impact on profitability etc. The supply market complexity, on the other hand, is assessed in terms of the number of suppliers, availability, competitive demand, substitution possibilities, logistic aspects, complexity and so forth. After selecting suitable criteria for both dimensions, all purchased items are evaluated and positioned into one of the quadrants of the Kraljic portfolio model. These quadrants are namely non-critical, leverage, bottleneck and strategic. Each of the quadrants has a separate purchasing approach which requires information of a different kind for developing a suitable supply strategy. Also, the tasks for the four groups are diverse with regards to the differences in purchasing and supply risks (Kraljic, 1983). Strategy should focus on exiting this quadrant through standardization, specification change, adding new suppliers and supplier development

Step 3: Generating suppliers' portfolio

According to France Telecom's Sourcing University Training manual (June 2010), the purpose of step 3 is to build an exhaustive long list with all potential suppliers, to define factual criteria to screen out non relevant suppliers, send the Request for Information and build the medium list of relevant suppliers for Request For Proposal(RFP). As explained by Walter L. Wallace & Yusen L. Xia, (2014), it is important to fully develop a sourcing strategy that defines the dimensions of the process and the steps to be followed.

Due diligence is the cornerstone for developing a sourcing strategy. A key aspect of due diligence is the supplier portfolio screening process, which includes initial supplier research and screening, development of a Request For Information (RFI) and a Request For Proposal (RFP), site visits and follow-up

discussions, and supplier selection. They further explained the purpose of the RFI as establishing whether or not a supplier has the resources, capabilities, and processes to be considered for a more extensive analysis. They also stated that, RFI will request information on the company's background, financial stability, the locations of its manufacturing and distribution facilities' locations, markets serving its ability to provide R&D support to users, its quality systems, and cultural insight. No pricing information is requested in the RFI. In addition to RFI, they also stated the purpose of the RFP as gathering information which is relevant to the user company's needs and wants. Here the potential suppliers are asked for specifics on how they would respond to the request. The potential suppliers are requested to detail their manufacturing and distribution facility locations, lead times, capabilities, and grade and quantity pricing associated with fulfilling the required specifications.

Step 4: Selecting the implementation path

As stated on France Telecom's Sourcing University Training manual (June 2010), this step basically begins with an evaluation of the suppliers that successfully passed the Request for Information (RFI) and Request for Proposal (RFP) screening process and concludes with the awarding of a contract. The pools of suppliers that have passed the screening criteria are deemed acceptable to provide the user's needs and wants. It is now possible, based on the prescreening in Step 2 and the final assessment of qualified suppliers in Step 3, to determine which supplier or suppliers can best meet the user's negotiated requirements. If the item or items are fairly standard and there are a sufficient number of potential suppliers, this activity may be accomplished through the use of competitive bidding. Walter L. Wallace & Yusen L. Xia, (2014), stated that the selection of the ultimate supplier is a key. They noted that the choice of suppliers determines the relationship that will exist between the organization and the supplying firms and the ultimate levels of collaboration, trust, intimacy, procedural justice, and cooperative norms. They further said that, it helps to determine whether the relationship will be a routine partnership or a strategic alliance built over many years Tim Reeve & Bard, (2006) as cited in Philip Lewis Adrian Thornhill, (2007), have stated that, Total Cost of Ownership (TCO) encompasses a broader range of direct, indirect, contingent and less quantifiable costs in purchasing decisions, but does not attempt to consider external social or environmental costs borne by society. Total Cost of Ownership is a decision support method or approach linked to "Total Cost Assessment", "Full Cost Accounting" and "Life Cycle Analysis" – other ways of evaluating environmental and financial costs. TCO evaluation examines hidden costs from production to disposal in addition to the acquisition cost. As noted by Steve Parsons, (2006), when properly applied, Total Cost of Ownership (TCO) reflects the full opportunity cost of a decision i.e., of taking one course of action rather than another. Total Cost of Ownership (TCO) reflects not only the initial purchase price of assets, but also the less obvious initial costs of training personnel to use the new

assets, the costs of upgrades over time, maintenance and operating expenses, and net salvage value (negative or positive) of the asset at the end of its life, and other costs (www.ethio telecom.et)

Step 5: Negotiating and select competitive supplier(s)

This step is the culminating phase of the sourcing process including one to one negotiations and final recommendation. The manual further outlined the key objectives as: to analyze suppliers' proposals, define negotiation strategy & tactics, negotiate with suppliers, build and validate recommendation and finalize and sign corporate contracts. The key success factors of this step are thorough negotiation preparation, conducting commercial and legal negotiations in parallel and strict control of communication with suppliers. Walter L. Wallace & Yusen L. Xia, (2014), described as, the key components of Step 5 are the finalization of the contractual agreement, planning the transition process (particularly if switching suppliers), and the receipt of the specified products or services. With the receipt of the order under a new contract, the procurement team begins the generation of performance data necessary to establish a vendor evaluation system. Another element of Step 5 is the implementation of a benchmarking system aimed at determining the savings generated by the contracted vendor.

Step 6: Integrating suppliers into operations

As described by France Telecom's Sourcing University Training manual (June 2010), step 6 is the implementation phase and its objectives are defining the implementation plan, communication on sourcing results, setting up tracking systems and finalizing contracts at local level. Strategic sourcing involves taking a strategic approach to the selection of suppliers, an approach that is more aligned with the organization's competitive strategy. Strategic sourcing reflects the integration of procurement or sourcing strategy with corporate strategy. The integration of procurement and corporate strategy is reflective of the transformation of purchasing to supply management.

Vonderembse and Tracey, (1999) outlined that, to build more effective relationships with suppliers, organizations are using supplier selection criteria to strengthen the selection process. They also argued that purchasing/sourcing managers should focus on a set of supplier selection criteria that evaluates suppliers across multiple dimensions including product quality, product performance, and delivery reliability. Considering effective evaluation and selection of suppliers, they also noted that it has to be considered as one of the critical responsibilities of purchasing/sourcing managers. The evaluation process often involves the simultaneous consideration of several important supplier performance attributes that include price, delivery lead time, and quality. Ellman & Krause (1994) defined a supplier relationship as: an ongoing relationship between firms which involves a commitment over an extended time period, and

mutual sharing of information and the risks and rewards of the relationship. Both the buyer and the supplier in a buyer-supplier partnership are highly committed to the relationship, and a key driving force behind this commitment is a joint goal of mutual benefit. In order to compete effectively in the world market, a company must have a network of competent suppliers. Supplier assessment and selection is designed to create and maintain such a network and to improve various supplier capabilities that are necessary for the buying organization to meet its increasing competitive challenges. Suppliers can directly support a firm's ability to innovate in the critical areas of product and process technology. To build more effective relationships with suppliers, organizations must use supplier selection criteria to strengthen the selection process. Effective evaluation and selection of suppliers is considered to be one of the critical responsibilities of procurement managers. The evaluation process often involves the simultaneous consideration of several important supplier performance attributes that include price, delivery lead time, and quality.

Step 7: Continuous benchmarking and improvement.

The final step is to update records, including supplier performance scorecards developed in Step 6. Electronic files of the order-related documents are stored. Legal requirements, accounting standards, company policy, and judgment dictate which records are to be kept and for how long. For example, a purchase order is evidence of a contract. It may be retained much longer (normally seven years) than the requisition, which is an internal memorandum (*Walter L. Wallace & Yusen L. Xia, (2014)*).

Total quality in the supply chain would mean that suppliers, as well as customers and our own workforce, would be involved in determining quality. Inspection and supplier assessment are superseded by a shared approach to the elimination of defective work, with the emphasis on prevention rather than detection and cure. As stated by Momme et al (2003), some research in foreign purchasing highlights that continuous improvement in foreign procurement is required after implementation of the global sourcing process, so that problems or poor performed areas are allowed for continuous improvement to enhance the foreign procurement process Wu and Chen, (2006), depicted that the goal of continuous improvement is a company-wide focus to improve performance with involvement of all people in the company from top managers to workers. This implies that people management is a crucial factor in continuous improvement. In addition to people management, process improvement in foreign procurement helps companies to reduce defects and improve productivity, which in turn improves the purchasing performance. Supplier Relation Management Favre & Brooks, (2002), also explained that, in order to compete effectively in the world market, a company must have a network of competent suppliers. Supplier assessment and selection is designed to create and maintain such a network and to improve various supplier capabilities that are

necessary for the buying organization to meet its increasing competitive challenges. They further elaborated that; suppliers can directly support a firm's ability to innovate in the critical areas of product and process technology. They also pointed out that, to build more effective relationships with suppliers, organizations must use supplier selection criteria to strengthen the selection process.

In addition to the above points they also stated that effective evaluation and selection of suppliers is considered to be one of the critical responsibilities of procurement managers. Finally, they noted that the evaluation process often involves the simultaneous consideration of several important supplier performance attributes that include price, delivery lead time, and quality. According to Walter L. Wallace & Yusen L. Xia, (2014), managing supplier relationships is one of the most important components of the procurement process. Over the lifespan of a contract, the procurement team can drive world-class supply chain practices and sustained total cost of ownership results. Managing a supplier relationship and establishing a supplier scorecard does not begin once the contract is signed. It begins on purchasing performance results, not goods and services. Such a mindset not only saves time, but also allows your organization to be better aligned with its internal customers. It is for the benefit of our internal customers and meeting their needs that we are focused on performance, rather than just goods, and services. When supply chain practitioners view their role as procuring goods and services rather than procuring performance results, they are more likely to encounter internal customer frustration and personal job dissatisfaction. According to Momme and Hvolby, et al, (2003), inspection and supplier assessment are superseded by a shared approach to the elimination of defective work, with the emphasis on prevention rather than detection and cure. He also argued that continuous improvement in foreign procurement activities is required after implementation of foreign purchase activities, so that problems or poor performing areas are allowed for continuous improvement to enhance the procurement activities of the organization. Baily et al., (2005), stated that, with higher expenditures and the increased importance on suppliers, come increasing responsibilities for purchasing.

2.1.2. Interdepartmental integration

Internal integration is the coordination between functional areas in the organization (i.e., purchasing, engineering, marketing, logistics, accounting, Legal, etc.). Internal strategic integration requires that all company members have access to an integrated information system, spanning multiple functions and locations. This is often accomplished through a company-wide ERP system, which links internal groups via a single integrated system. ERP software applications support the re-engineering of business processes and form the foundation for an integrated organizational value system (Hadfield and Nichols, Jr, 2002). High internal integration can reach a level of collaborative internal operational, with which the whole

firm works like an integrated system that results in better performance and better interdepartmental effectiveness, such as cycle time reduction, better in-stock performance, increased product availability levels, and improvement in order-to delivery lead times (Harrison et al, 2008).

Paul D Cousins and Robert Spekmen, (1999) studied on Strategic Supply and the Management of Inter and Intra organizational Relationships in the U.K. Their objectives were to explore how, why and to what purchasing is evolving. The authors found that the main reasons for entering into collaboration were primarily for cost reduction purposes, then delivery and quality improvements followed by supply base reduction strategies. They noted that concepts such as improved time-to-market, joint product development; co-design and outsourcing were ranked at the bottom end of the scale. This would indicate that the main reason for entering into long-term relationships was to gain instant cost advantage. They further explained that the skill set for purchasing personnel who work in strategic relationship management tends to focus more on process skills such as team based working; interpersonal communication, commercial awareness, negotiation and analytical skills. These types of skills are much closer aligned to those used for obligation's contractual arrangements. They also noted that, as opposed to the traditional purchasing content skill set of product knowledge, tactical negotiation and brinkmanship, which focus much more on the Arms- Length contractual arrangement model, are also essential. They also suggested that purchasing people take courses in negotiations, rarely do they learn about teams, managing virtual networks or even have insight into relationship management. To view procurement as essential to managing enterprise wide thinking where suppliers contribute value that is leveraged to achieve competitive advantage for the entire supply chain is becoming a reality. Strategic supply implies that supply chain wide skills, expertise and capabilities are brought to bear by the full set of supply chain partners. They are united in the belief that by working collaboratively they will accomplish goals that they could not otherwise have achieved. Procurement should and must play a central role in the process. They further noted that strategic supply is an extremely interesting area of management, however, it tends to be much unexplored, and also purchasing professionals are often reluctant to take on this type of role. At the same time senior management also has been resistant to cast procurement in a strategic light. The study which was conducted by Tan, Lyman, and Wisner (2002) stated that many leading firms in the USA have adopted an integrated strategic approach to purchasing and logistics management known as supply chain management. With regard to knowledge and skill he also noted that, company 's procurement staffs have no adequate knowledge in all respective areas with respect to company 's sourcing procedure and technical knowledge for the respective procured goods. He further explained that, company 's procurement staff did not possess satisfactory negotiation and communication skills to effectively deal with suppliers. Regarding the knowledge of the stakeholder who directly involving the sourcing activities,

he described that, company's other supporting work units which closely work with the division of procurement unit (i.e. Finance division, Legal division and user division) are still lacking clear orientation about procedure duties & responsibilities, procurement unit, and the role that supply department plays toward the achievement of the company's objective.

The procurement can only be interpreted as a strategic function, if it has an integrative role in the business unit's strategic planning process (Carr & Pearson, 2002). The degree that procurement is being characterized as strategic is highly dependent on how top management views it as an important resource of the firm. There exist several internal factors such as management style; the depth of procurement's other responsibilities, firm's policies and distribution of power, which influence the perception associated. In this study interdepartmental integration will focus the sourcing department with the company's user department in their overall activities and relationship towards strategic sourcing activities and implementation process according to the policy, procedures and process in aligning with the 7 step methodology. From the analysis result shown below there is poor relationship b/n the two departments.

2.1.3 Challenges of strategic sourcing process implementation

There are several procurement (sourcing) challenges and problems that have been identified empirically in the academic literature. As a strategic sourcing international procurement (sourcing) has been the subject of many firms' arguments because procuring firms must redefine their position in the international markets in an effort to face or even prevent the consequences faced in procuring internationally due to ongoing globalizing competition over the last decade (Saronga 2008). According to most selected literatures, these challenges are usually presented in distinguishing their type or impact level on the effectiveness of procurement (sourcing) practices of the organizations. For example, according to Yvonne (2015), the major challenges to public procurement in general are: lack of proper knowledge, skills and capacity; non-compliance with SCM policy and regulation; accountability, fraud and corruption; too much decentralization of the procurement system; and ineffective internal policy.

According to Pauw (2011:64), the government acquisition process is influenced by a number of basic environmental forces, such as:

Market forces: Pauw (2011:65) believes that the market forces and conditions mainly determine whether or not the government is able to meet the needs at all and the quality that can be achieved. The law of demand is identified by industry standards and commercial specifications to meet government needs, products and delivery lead time and trends in technology.

Political forces: Pauw (2011:7) argues that various forces from the political environment impact on public financial management. It plays a role in the procurement (sourcing) process.

Legal forces: procurement officials take legislation into account based on legal requirements that governs procurement (sourcing) as it is the legal right of the supplier and institutions. International procurement has several challenges that are stated in numerous literatures. According to the research study by Anwarul (2015) on the Practices and Challenges in the Procurement of Goods of Bangladesh Railway, currency and exchange rate risk is one of the major challenges in international sourcing. the need to manage risks arising from exchange rates in international sourcing is important. for purchasing organizations Fluctuation in foreign exchange rates, represents a source of financial risks. The buyer will end up paying more if the value of the domestic currency is weakening, In addition, according to another literature there are also other factors to perform international procurement that hinders public sector such as: finding qualified suppliers, limited production volume, lack of resources needed for international procurement, regular design changes, cost of travel and communication, delivery delay, , increased paperwork, , agent /broker fees, import quotas, different time zones, lack of government assistance and language/ cultural differences (Presutti 2003).

other challenges of international procurement include; delays in delivery due to weather cargo transfer dock strikes and customs action, means of transportation including terms of transportation used, price rises due to increased cost incurred by supplier and the basis in which these shall be calculated or allowed; specifications especially where there is a different in unit of measurement (Mrope et al. 2005). Avoid misunderstanding the unit of measurement; it should be clear in a contract to each party. In addition, import duties procedures imposed by government tax collectors are also among the challenges (Lysons and Farrington 2007). According to the study by Yvonne (2015) on his research thesis assessing the procurement practices of Victoria Hospital, the impact of procurement corruption is also identified as the major factor. Corruption in procurement has a great financial impact, which results in the high cost of purchases. Therefore, procurement should be economical, in the best quality goods and services for the price paid.

According to (Trent & Monczka (2003), movement through five different levels (domestic purchasing only; international purchasing only as needed; international purchasing as part of a sourcing strategy; global sourcing strategies integrated across worldwide locations; global sourcing strategies integrated across worldwide locations and functional groups. In moving from domestic purchasing to international purchasing, organizations must contend with longer distances, increased rules and regulations, customs and language requirements, currency fluctuations, cultural and time differences.

Strategic sourcing is a means to increase efficiency, reduce costs, and improve performance; therefore, it will be a critical part of any organization. However, there are still certain challenges to implementing strategic sourcing, as well as general principles to develop a strategic sourcing process.

2.1.4 Supplier Relation Management

Supplier relationship management is the business process that provides the structure for how relationships with suppliers are developed and maintained. It has become a critical business process as a result of: competitive pressures; the need to consider sustainability and risk; the need to achieve cost efficiency in order to be cost competitive; and the need to develop closer relationships with key suppliers who can provide the expertise necessary to develop innovative new products and successfully bring them to market. Supplier relationship management represents an opportunity to build on the success of strategic sourcing and traditional procurement initiatives. It involves developing partnership relationships with key suppliers to reduce costs, innovate with new products and create value for both parties based on a mutual commitment to long-term collaboration and shared success. (M. Lambert and A. Schwieterman, 2012)

According to Momme and Hvolby, et al, (2003), inspection and supplier assessment are superseded by a shared approach to the elimination of defective work, with the emphasis on prevention rather than detection and cure. He also argued that continuous improvement in strategic sourcing is required after implementation of the strategic sourcing process, so that problems or poor performing areas are allowed for continuous improvement to enhance the strategic sourcing process. Baily et al., (2005), stated that, with higher expenditures and the increased importance on suppliers, come increasing responsibilities for purchasing.

Favre & Brooks, (2002), also explained that, in order to compete effectively in the world market, a company must have a network of competent suppliers. Supplier assessment and selection is designed to create and maintain such a network and to improve various supplier capabilities that are necessary for the buying organization to meet its increasing competitive challenges. They further elaborated that; suppliers can directly support a firm's ability to innovate in the critical areas of product and process technology. They also pointed out that, to build more effective relationships with suppliers, organizations must use supplier selection criteria to strengthen the selection process. In addition to the above points they also stated that effective evaluation and selection of suppliers is considered to be one of the critical responsibilities of procurement managers. Finally, they noted that the evaluation process often involves the simultaneous consideration of several important supplier performance attributes that include price, delivery lead time, and quality.

According to Walter L. Wallace & Yusen L. Xia, (2014), managing supplier relationships is one of the most important components of the strategic sourcing process. Over the lifespan of a contract, the procurement team can drive world-class supply chain practices and sustained total cost of ownership results. Managing a supplier relationship and establishing a supplier scorecard does not begin once the contract is signed. It begins with purchasing performance results. Such a mindset not only saves time, but also allows your organization to be better aligned with its internal customers. It is for the benefit of our internal customers and meeting their needs that we are focused on performance, rather than just goods and services. When supply chain practitioners view their role as procuring goods and services rather than procuring performance results, they are more likely to encounter internal customer frustration and personal job dissatisfaction.

2.2. Empirical Literature Review

Studies in Ethiopia

"Yonas(2014) conducted a study on the procurement process of Addis Ababa Water and Sewerage Authority". The study used descriptive research design and quantitative and qualitative data analysis. The findings of the study showed that the authority has no procurement strategy and policy. As a result, the researcher recommended that senior managers should protect the department staff from the misperceptions of the procurement department and assist the department to avoid the corruption process with little adverse effect. The department with the involvement of the senior manager should revise the procurement process and evade the unnecessary stage and bureaucratic steps to make the organization material flow effective. Moreover, the internal controlling system should be revised to be more in effect.

“Thewodros Medhanit (2015) conducted his study on assessment and evaluation of the existing foreign purchasing practice of Ethio telecom, Addis Ababa, Ethiopia.” He noted that sourcing seven steps and total cost of ownership are indicated as an example. He further explained that, unlike the procedure which requires purchasing activity to be done following seven steps of sourcing, currently there is no any market assessment activity related to the purchasing process. Likewise based on the procedure even if the Total Cost of Ownership (TCO) approach is a base in commercial evaluation, mostly if not fully it is only quoted price that is considered for supplier award.

“Yirga (2011) conducted a study on procurement reforms in Ethiopia.” The objectives of the study were to give a better insight about the challenges and prospects of the procurement system and assess the nature and system of strategic sourcing practices and the underlying factors that hinder procurement activities in Ethiopia. The study was designed as descriptive unstructured interviews have been conducted

with different stakeholders. In addition, the researcher uses different secondary data. Consequently, the results of this study showed that a significant achievement has been made in reforming the Federal Government's procurement system. Recommendations in the study are suggested including strengthening the capacity of the Procurement Agency 's workforce, making the legislation more comprehensive; work with different stakeholders like the civil society organizations and the media on ensuring transparency and combating corruption.

Similar studies in other countries

“Amemba et.al (2015) on identifying the challenges facing strategic sourcing performance in the Kenyan public sector” study found that the most prevalent challenges in the public procurement process are the selection of the most suitable procurement methods, with appropriate justifications and record keeping. The paper recommends that public procurement performance in Kenya can only be improved through review of existing legislations to encourage extensive use of technology in the management of the procurement process, fostering of long term buyer- supplier relations and stakeholder involvement through trainings and sensitization on practicing ethical behavior when conducting procurements.

“Paul D Cousins and Robert Spekmen, (1999) studied on Strategic Supply and the Management of Inter and Intra organizational Relationships in the U.K.” Their objectives were to explore how, why and to what purchasing is evolving. The authors found that the main reasons for entering into collaboration were primarily for cost reduction purposes, then delivery and quality improvements followed by supply base reduction strategies. They noted that concepts such as improved time-to-market, joint product development; co-design and outsourcing were ranked at the bottom end of the scale. This would indicate that the main reason for entering into long-term relationships was to gain instant cost advantage.

2.3. Conceptual Framework

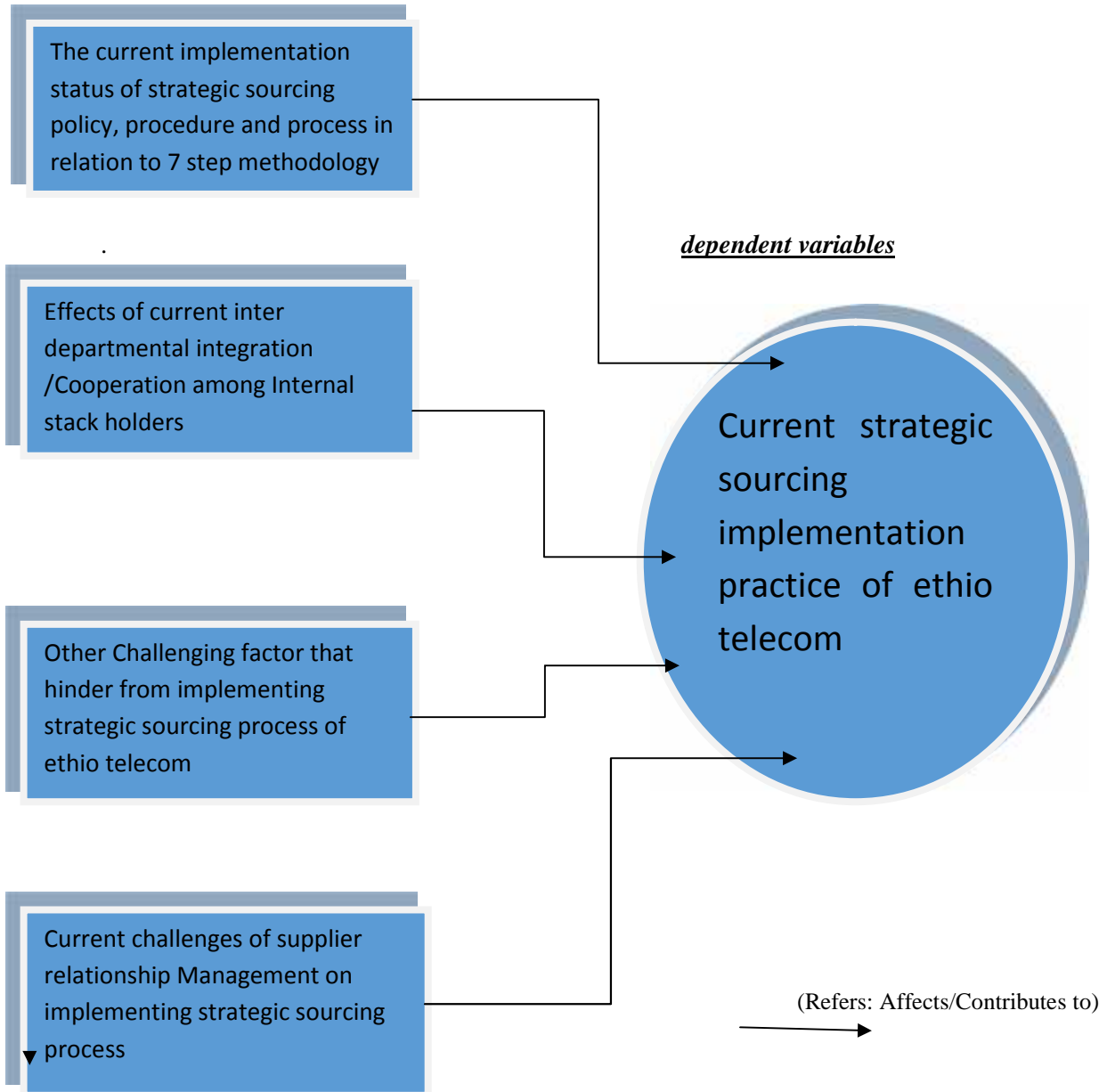
The conceptual framework can provide useful insights on how different factors and actors influence the degree of strategic sourcing implementation practices and successful outcome of the Strategic Sourcing process.

If we forget company internal customers, who are actually the ultimate sources of deliveries, as a source of demand, internal end users in the company are the starting points for the Supply activities in Sourcing practices. These end users will forward their deliveries to the Supply Chain Division using different platforms, such as ERP systems and other organizational platforms. Accordingly, all internal and external

stakeholders were assumed to have direct involvement and contribution on the implementation of Strategic Sourcing Process as independent factors. Ethio telecom Supply Chain Division itself were also undertake its functionalities specially the Sourcing practices by implementing the related its own seven steps strategic sourcing methodology processes, which have different methodologies and procedures from the regular public procurement procedures, with Sourcing Policy, Procedures & processes to reach the market and external(SRM)/internal(Departmental) stakeholders and challenge, as an independent factors once it has received resource deliveries from the end users. This whole process is put in place by, is possible through and involves the roles of Strategic Sourcing Implementation/Practices as dependent factors. Moreover, external stakeholders, specially the market and regulatory governmental bodies can also have direct and indirect contribution to the Strategic Sourcing implementation practices in the company. From a relationship b/n independent and dependent variable perspective the essence of the Strategic Sourcing process of conceptual framework was a fruitful tool in future empirical research studies. These concepts and interactions are elaborated here below graphically.

Figure 2.1: *Conceptual Framework for Strategic Sourcing Implementation Practices*

Independent variables



CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the description of study area, research design, sample and sampling techniques, Source and Tools/Instruments of data collection, procedure of data collection, and methods of data analysis.

3.2. Description of Study Area

The study area for this research is on Ethio telecom Supply Chain Division (SCD), at headquarters of the company in Addis Ababa. Since the company is engaged in providing different types of products and services to the country, its contribution to the speedy growth of the country's economy is paramount. To address the level of expectation, providing goods, services and works at the right time, from the right source, at the right quality and price, to the right place is highly crucial. Therefore, the researcher intended to examine a Sourcing Department function which is engaged in sourcing goods and services from local and international markets, specifically to examine the level of strategic sourcing process implementation, identifying gaps and recommending areas which need improvement.

3.3. Research Approach

This research used a mixed approach, which combines both qualitative and quantitative ones. Best and Kahn (2006) says research can be qualitative, if it describes events and persons scientifically without the use of numerical data while quantitative research consists of research in which data can be analyzed in terms of numbers. In this study, current practices and impact on performance is imagined. Even though a qualitative orientation is predominant, the quantitative analysis contributes to produce a more in-depth understanding of strategic sourcing in the company. It seems appropriate to utilize mixed methods on procurement (sourcing) planning, supplier development ,company sourcing policy, procedure & process, and other related challenging issues in detailed manner and to gain a better understanding by obtaining data from different sources, such as interviews and questionnaire which helps to capture diverse ideas about the same issue and assist in cross-checking the results, and consequently helps to increase the validity, reliability of the findings and comforts data analysis. Thus it intended to explicitly describe and analyze the strategic sourcing practice in ethio telecom with its advantages, impacts and major challenges

that will impair its efficiency. The study seeks to empirically examine the strategic sourcing phenomenon within Ethio telecom.

This study combined published statistical data reports, secondary data, is used as the selected quantitative method, and a purposive case study and semi-structured interviews used as the selected qualitative method.

3.4. Research Design

Research design is defined as the general plan of how the research questions would be answered. It is the conceptual structure within which research is conducted, and also it constitutes a blueprint for the collection, measurement and analysis of data

According to Collis & Hussey, (2009), researches can be classified according to their purposes, processes, logics, and outcomes. Depending on the purpose of one research, it can be described as exploratory, descriptive, analytical or predictive.

Since the plan of this study is to assess the Strategic Sourcing Implementation practice in case of Ethio telecom the researcher has employed descriptive research design. Descriptive research is defined as a research method that describes the characteristics of the population or phenomenon studied. This methodology focuses more on the “what” of the research subject than the “why” of the research subject. Descriptive research consists with statistical outcomes, Investigates the phenomenal in natural settings, employed to validate existing condition, does not manipulate variables or environment, means to describe the characteristics of a population and functions of phenomenon in present circumstances information is collected for the purpose of describing a specific group with no intention of going beyond that group..

Descriptive studies report summary data such as measures of central tendency including the mean, median, mode, deviance from the mean, variation, percentage. To do and get required further information, (10) semi-structured interviews were executed. To minimize any potential misunderstandings, the supporting documents containing the desired questions were sent to the respondents in advance.

3.5. Population and Sampling

The population selected for this research was all population of 164 employees found under SCM division. The population selected for this research was all of 164 employees found under SCM division of ethio telecom at head quarter AA. Out of the total population, 64 targeted employees were selected, who were directly or indirectly involved in the strategic sourcing implementation practices of the company. Since

the focus of this research is to describe and explain the current strategic sourcing implementation practices in relation to the company's strategic objectives, it is acceptable to limit the target population in the members of supply chain division and user department of the company, who were more likely assumed to know more about the profession or in other words, who have at least participated in the strategic sourcing implementation practices of the company. Based on the above justification, sourcing department, logistics department (warehouse) & user's department are determined as source list or sampling frame from which sample was drawn.

Therefore, the sample frame of this study has been the three departments which are sourcing department & logistics department under the supply chain division of ethio telecom and the user department. Because of the specific nature of the study that needs familiar respondents in the strategic sourcing or related area of practices, a useful sampling method which allows a researcher to get information from a sample of the population that one knows most about the subject matter. Therefore, it is believed that the data collected from staff members of these departments and sections under them as a good representative of the target population. The sample size was 56 respondents out of a target population of 64 supply chain division and user department. To determine the sample size, a formula of Yamane (1997) was used. The researcher has used this formula to calculate the sample sizes and meet the 95% confidence level. The formula to find the sample size is:

$$n = N / 1 + (N * e^2)$$

Where;

N= population size

e= Tolerance at desired level of confidence, take 0.05 at 95% confidence level

n= sample size. How the formula is used is shown below?

Therefore:

$$n = 64 / (1 + (64 * 0.05 * 0.05))$$

$$\underline{\mathbf{n = 56}}$$

For the purpose of this study, the sampling technique preferred to use a purposive sampling method from non-probability techniques to gather data both from questionnaires and interviews. Purposive sampling is selected based on the knowledge of the population and the purpose of the study. The subjects are selected based on some characteristics, Kothari, (2004). For the purpose of this study, out of the total population of the SCM which fulfills the research purpose is at headquarter, the sample drawn at headquarter from the

whole supply chain division and user department employee, it is because the headquarter have a great experience in the area of sourcing practices where most of the goods and services of the company were purchased. The number of employees relevant to the research objectives is 64 who work in five sections. 100% of the subject i.e. 64 is taken from the supply chain division and user departments. Out of which 51 (91.1%) were staffed (supervisor and specialist) and 5(8.9%) were members of the division at different managerial levels. Thus, based on the above justification the researcher used the non-probability sampling technique as the participants deliberately selected the sample size of 56 respondents out of a target population of 64 sourcing departments and user departments. Form 56 sample respondent's 54 (96.43%) were filled and returned, 2(3.57%) were missed.

The following table provides a summary of the population figure

Table 3.1: Population and sample of the study

Departments	Sections	Target Respondents	Sample Size
Sourcing department	Sourcing	Sourcing Department director	1
		Sourcing Department Managers	4
		Sourcing department Supervisors and specialist	21
	Supplier relationship management	Supplier relationship management section manager	1
		Supplier relationship supervisor/specialist	5
	Contract management	Contract management manager,	1
		Contract management supervisor/specialist	2
Requesters/Users Department	Requesters/Users	Requesters/User (having direct involvement with sourcing department)	15
Logistics department	Ware house	ware house managers	2
		Ware house supervisor/specialist	4
Total Number			56

Source: Human Resource Department of ET

3.6.Data Source

Primary data was collected through questionnaires and interviews. **Secondary data** collected from secondary sources. (Books, articles, journals, web sites, work papers and research works conducted related to the subject by others.)

3.7.Data Collection Methods

Primary data will be gathered through questionnaires and interviews. the questionnaires prepared in English language. The targeted groups for the questionnaire were selected staff/managers who are working in Supply Chain Division and end user's department ethio telecom.

Secondary data collected from secondary sources available at the company's archive, log books, official documents of the company including Enterprise Resource Planning (ERP) system. The researcher also reviewed related literature in the strategic sourcing processes from books, web sites, journals, work papers, articles.

3.8.Data Collection Instrument

Both questionnaires and interview data collection instruments were utilized as data collection instruments. The questionnaire's data collection instrument was used to collect primary quantitative data from specified samples. And, the primary qualitative data was collected through open-ended questionnaires and also through interview data collection method which was arranged and conducted through face to face interview sessions with selected respondents. Moreover, as part of a data collection instrument through open and close ended questionnaires, the items related to the role of Strategic Sourcing Implementation Practices and their impacts on operational performance were rated using the five point Likert Scale.

3.9.Validity and Reliability of the data

3.9.1. Validity

Validity is the extent to which the research findings accurately reflect the phenomena under study (Collis & Hussey, 2009). The data collected through all the interviews will be validated through respondent validation. Accordingly, different techniques will be used to triangulate the data from respondents and the analysis.

Hence, review of related literature was conducted and questionnaires were developed and tested for their consistency. Moreover, all the structured questions will be designed in a way to be sincere. Therefore, the researcher will spend a considerable amount of time on the cover letter and design of the questionnaire in order to enhance the ease of responding. The questionnaires will be emailed to the interviewees in order to give them enough time and make them prepared beforehand and get the information validated.

3.9.2 Reliability

To measure the consistency of the scores obtained, and how consistent they were for each individual from one administration of an instrument to another and from one set of items to another, the study used Cronbach 's alpha (a measure of the internal consistency of the questionnaire items) using data from all the respondents. Separate reliability tests for each of the variables were computed. The key statistic in interpreting the reliability of the scale was the alpha listed under the reliability coefficient section at the end of the output. The value of coefficient alpha ranges from zero (no internal consistency) to one (complete internal consistency); accordingly, the alpha coefficient for the thirty-one items were (. 982), suggesting that the items have relatively high internal consistency. (Note that a reliability coefficient of 0.70 or higher is considered "acceptable" in most social science research situations). Hair et al. (2007) mentioned that the rationale for internal consistency is that the individual items or indicators of the scale should all be measuring the same construct and thus be highly inter-correlated. The measurement scales for the variables in this study were based on a 5-point Likert scales ranging from "strongly agree" to "Strongly disagree". The researcher compiled and adapted the research instruments after reviewing literature and consulting experts in the field. The researcher was confident in the software which is used and the data collection method which is triangulated (using more than one source of data or data collection method) helped to improve the validity and reliability of the results.

Table 3.2 Research instrument reliability measurement

Reliability Statistics for all variables

Cronbach's Alpha	N of Items
. 982	31

Variables	N of Items	Cronbach's Alpha if Item Deleted
Strategic sourcing implementation practices ET	13	. 971
Interdepartmental integration ET	5	. 930

Supplier management practice of ET	7	.933
Challenges that are hindering ET	6	.850

Source: Survey result 2021

3.10. Data Analysis Methods

To examine the level of respondent's consent on the strategic sourcing process implementation and widen their choices, the five points Likert- scales ranging from strongly disagree to strongly agree will be implemented. The data after collected through questionnaires and interviews will also be expressed by comparing the percentage of responses given to each factor. Descriptive data analysis techniques will be used by applying SPSS software. In order to derive the findings of the study, the researcher will apply statistical tools such as percentage and mean.

3.11. Ethical Consideration

In undertaking any research, there is an ethical responsibility to do the work honestly and with integrity (Adams et al, 2007). In light of this view, I have treated any information I got from any individual confidentially without disclosing the respondent's identity, and I was going to be as open minded as possible and express opinions as they are given and be as optimistic as possible. The literatures consulted in this study are acknowledged appropriately and honestly by describing the sources of any literature that has been included in this thesis.

CHAPTER FOUR:

4. FINDINGS AND ANALYSIS

4.1. Data Presentation and Analysis

The below table explore the overall biography status of respondents in accordance with their current valid (Gender, Age, work experience, Educational status and current position) of the company's managements (8), supervisors & specialists (56) staff's participation for distributed questionnaire to gather their personal opinion on the stated study at ethio telecom Headquarter A.A.

Table 4.1: Demographic Characteristic of the Respondents

Characteristics of the Respondents		Frequency	Percent	Valid Percent	Cumulative Percent
Valid Gender	Male	29	51.8	51.8	51.8
	Female	25	44.6	44.6	96.4
	Not mentioned	2	3.6	3.6	100
	Total	56	100.0	100.0	
Valid Age	Below 20	0	0	0	0
	21-30	29	51.8	51.8	51.8
	31-45	19	33.9	33.9	85.70
	Above-45	6	10.7	10.7	96.4
	Not mentioned	2	3.6	3.6	100
	Total	56	100.0	100.0	
Valid Experience at the ethio telecom	Below-5	5	8.9	8.9	8.9
	6-15	38	67.9	67.9	76.8
	16-25	10	17.9	17.9	94.7
	Above-26	1	1.8	1.8	96.4
	Not mentioned	2	3.6	3.6	100

	Total	56	100.0	100.0	
Valid Educational qualification	First degree	32	57.1	57.1	57.1
	Master's degree	22	39.3	39.3	96.4
	Not mentioned	2	3.6	3.6	100
	Total	56	100.0	100.0	
Valid Position	Middle level Management	8	14.3	14.3	14.3
	Supervisor/Specialist	46	82.1	82.1	96.4
	Not mentioned	2	3.6	3.6	100
	Total	56	100.0	100.0	

Source: Own survey, 2021

Gender: Table 4.1 shows that the majority of the respondents were male comprising 29 (51.8%) of the total respondents while females were 25(44.6%) implying that more males are involved in the strategic sourcing related duties than females who participated in the study. (Not mentioned respondents are 2(3.6%). The study has sought to determine the respondents' background information in terms of their gender distribution. This was necessary to determine the number of male and female employees in the organization and establish any gender disparities in the organization's workforce.

Age: The above table 4.1 depicts that 51.8 % (29) of the total respondent holds ages below 30 years and 33.9 % (19) holds age between 31-45years the remaining 10.7 % (6) is above 45, 2(3.6%) missing value for respondents who did not mention his/her age.

Educational Level: Concerning the educational background of the respondents who have filled questionnaires indicates 32(57.1%) of them have first degree and 22(39.33%) of the respondents have second degrees. As the above figure indicates the majority of the respondents have first degree. (Not mentioned respondent are 2(3.6%)

Work Experience: According to table 4.1, the work experience of the respondents indicates that 38 employees 67.9% of the total participants have worked 6-15 years, which means the majority of the respondents have experience of more than 10 years in ethio telecom, 10(17.9%) of the respondents have work experience from 16-25 years, 5(8.9%) of the respondents have experience of below 5 years, and

finally there is 1 respondent (1.8%) of the total respondents has experience of above 26 years. This implies that the majority of the respondents in ethio telecom had worked for considerable periods of time thus were aware of strategic sourcing implementation practice and therefore they were in a position to give credible information relating to this study.

Job Position: When we are looking for job position the above table 4.1, depicts that 14.3% (8) of the respondents were top & middle level management and 82.1% (46) were Supervisors and specialists who are more close to the process and 2 (3.6%) missing value for respondents who did not mention their position. From the above information the researcher recognized those respondents' qualifications, experiences and positions that they hold allow them to knowledgeable and reasonably put their extent of agreement, so that it has a positive contribution on the validity of the study.

4.2. Analysis of data collected from respondents

The data was presented and analyzed using the SPSS software program, and also interview results have been analyzed qualitatively. To examine the level of strategic sourcing process implementation in the case of ethio telecom, 56 questionnaires were distributed to the targeted population group and 54 (96.4%) questionnaires were filled and returned. The researcher applied a five points Likert scale (1 =strongly disagree, 2= Disagree, 3= Neutral, 4= agree 5= strongly agree, rated questionnaire research tools were employed to collect data from respondents. The findings and conclusion of the study depends partly on utilizing statistical data analysis tool which is the mean value of the items out of the high score of 5.

4.2.1. The level of strategic sourcing implementation practice in ethio telecom

4.2.1.1. Knowledge about Sourcing working Documents

The below table 4.2, shows respondents' response on the overall knowledge about Sourcing working Documents by using applied statistical tool (SPSS), mean and standard deviation to examine its application on their day to day activity in accordance with the response distributed questionnaire.

Table 4.2: Descriptive statistic for Knowledge about sourcing working documents

Description	N	Mean	Std. Deviation
knowledge about Sourcing policy,	56	3.58	1.14060
knowledge about Sourcing procedure,	56	3.75	1.08293
knowledge about Sourcing processes,	56	3.76	1.02675
knowledge about Seven Steps Sourcing methodology	56	3.48	1.22089
Valid N (list wise)/ Cumulative mean	56	3.64	

Source: Own survey, 2021

Table 4.2. Reveals the participants' response Cumulative mean (**3.64**) shows the overall Knowledge, on sourcing working documents, nearly neutral out of a possible high score of 5. The high ranked mean value (**3.76**) shows Knowledge about sourcing processes, which indicates respondents had better understand on Sourcing processes than the other working documents. However, the smaller mean score (**3.48**), near to neutral, is knowledge about seven steps sourcing methodologies, which significantly affects the overall implementation of the strategic sourcing. The other mean scores (**3.75**) (sourcing procedure) and (**3.75**) (Sourcing processes) are relatively better than the cumulative mean score but still neutral. The cumulative mean score (**3.64**) on knowledge about sourcing working documents demonstrates that those who are directly involved in sourcing activities have no clear understanding about knowledge on sourcing working documents. The above findings show that, most of the respondents have no sufficient knowledge about all sourcing working documents which are basics to execute the sourcing activities. This tells us that, Sourcing Department (SD) has not provided adequate training on the sourcing working documents.

Information obtained from sourcing policy and procedure regarding the orientation on the sourcing documents, both documents stated that as it is the responsibility of the Sourcing Department to provide the training on the working documents. To implement the strategic sourcing process and achieve sourcing objectives, the sourcing team and others who have direct involvement should acquire adequate knowledge about sourcing working documents. Thus, the sourcing department is in charge of delivering the necessary training and orientations to all those concerned.

4.2.1.2. Data collection & profiling

The above table 4.2 deals about knowledge sourcing documents, and the below table 4.3 reveals about data collections and profiling of strategic sourcing gathered from participants.

Table 4.3: Descriptive statistics for Data collection

Description	N	Mean	Std. Deviation
Ethio Telecom applies different types of sourcing strategies for different types of commodity positions/categories (Strategic, Bottleneck, Leverage, Non-critical) based on their business impacts for supply risk	56	3.83	1.04057
Requester units and Sourcing in collaboration identify sourcing strategies to set priorities for goods and services	56	3.67	1.11367
Commodity/sourcing team collects information on suppliers market, conduct spend analysis and formalize sourcing strategy	56	3.78	1.23162
Resources are procured according to planned lead time.	56	3.48	1.14401
Sourcing receives aggregated annual needs of goods and services from Requester units which considers the sourcing lead time	56	3.69	1.04307
Before launching RFP, the commodity team acquires long list of bidders, screen potential suppliers to set fact based evaluation criteria	56	3.58	1.15643
Ethio Telecom provides benchmarking and experience sharing program to Sourcing team	56	3.60	1.33046
Ethio telecom evaluates the level of implementation of seven steps strategic sourcing processes to make improvements when needed	56	3.39	1.07329
Top level management offers satisfactory support in control, follow and implement seven steps sourcing strategy	56	3.55	1.17426
Valid N (list wise)/ Cumulative mean	56	3.62	

Source: Own survey, 2021

The **Cumulative** mean value (**3.62**) on the above table about Data collection & profiling respondents' level of agreement demonstrates that the respondents' responses were neutral. The high ranked but neutral (**3.83**) items out of nine items is application of different types of sourcing strategies for different types commodity categories (Strategic, Bottleneck, Leverage and Non-critical) based on their business impacts

and supply risk are not fully applied. The reason behind this is respondents' less understanding on the categorization of goods and services. Interviewees were also asked whether ethio telecom categorized goods, services and works according to their business impact, supply risk, by the relationship strategy of suppliers and set appropriate strategies for each or not. The respondents collectively reported that though the structure of the Sourcing department has been classified by category of items that is Network Materials /equipment, for IS/IT items, for Commercial Equipment and Facilities and Fleet and others such as Supplier Relation and Contract Administration units, good, services and works have not been yet categorized by their business impact, supply risk and type of relationships with suppliers.

On the other hand, according to the respondent response on the above table the less score mean value **(3.39)**, which is neutral or weak response that needs to be improved on the overall evaluative measure and corrective action on seven step methodology implementing activity.

The mean value **(3.67)** result of respondents on "Requester units and Sourcing in collaboration identify sourcing strategies to set priorities for goods and services" shows neutral (poor), that need improvements on their internal integration b/n the two units to identify sourcing strategies.

The mean value **(3.78)** respondent on" collecting information on supplier's market, conduct spend analysis and formalize sourcing strategy "is somewhat weak, that need improvement, the response demonstrates that the commodity team has not been collecting information on supply market, not conducting spend analysis and formalizing different sourcing strategies based the information; which is the first and most basic step of seven steps strategic sourcing process

The mean value **(3.48)** shows neutral; respondents do not have enough knowledge about whether Resources are procured according to planned lead time or not, that need improvement.

The mean value **(3.69)** neutral, shows respondents do not have confirmation about aggregated annual needs of goods and services from Requester units which considers the sourcing lead time.

The mean value **(3.58)** neutral, which demonstrates respondents do not have enough knowledge about the commodity team, acquires a long list of bidders, screen potential suppliers to set fact based evaluation criteria, before launching RFP. "That needs improvement"

The mean value**(3.60)** neutral, shows most of the respondents do not know about Ethio Telecom providing benchmarking and experience sharing programs to the Sourcing team. "That needs improvement"

The mean value(3.55) neutral, which demonstrates respondents do not know “Top level management offers satisfactory support in control, follow and implement seven steps sourcing strategy,” needs improvement.

From the above findings, data collection and profiling, which are basic pillars to apply the strategic sourcing processes have not been practiced properly.

To compromise the questioner with the interview by sourcing managers the companies conducting spend analysis and supply market. Their response that the Sourcing Department structured in a good way and ERP systems facilitates the ongoing process; however, the function cannot be implemented by the responsible body. In addition to this sourcing process is the first area to start and it lacks the attention of top level management.

4.2.2. Interdepartmental integration in ethio telecom in relation to strategic sourcing implemented practice

Depending on the findings from the respondents, This section of the study discusses about the interdepartmental integration practice with sourcing department in ethio telecom in terms of awareness creation for the user departments, user departments involvement in sourcing activities before and after contracts, user department preparation of effective and valuable specifications, sourcing departments gather feedback from user departments and using it for effective implementation of sourcing and the level satisfaction of user departments on the overall sourcing activities of the company.

Table 4.4 Interdepartmental integration in ethio telecom in relation to strategic sourcing implemented practice (N = 56)

Descriptive Statistics			
Description	N	Mean	Std. Deviation
Ethio telecom provides awareness creation secessions to all stakeholders on Sourcing processes including seven steps strategic sourcing methodology	56	3.46	1.11133
Requesters from user departments send request with comprehensive specification to Sourcing Department.	56	3.60	1.20119

Sourcing Department gathers feedback from user departments on the existing sourcing process and ensures their compatibility with their processes	56	3.50	1.17551
User departments work together with sourcing team to undertake sourcing activities, they feel that the goals of their respective area in accord with sourcing goals	56	3.85	1.08592
User departments are satisfied on over all sourcing activities	56	3.61	1.10665
Valid N (list wise)/ Cumulative mean	56	3.61	

Source: Own survey, 2021

Table 4.4 shows that, the cumulative mean value of the cooperation among user departments and Sourcing departments in relation to implementation of strategic sourcing process is (3.61), which tends to be somewhat neutral and needs improvement in this area.

The lowest score (3.46) of the item “awareness creation sessions to all stakeholders on Sourcing processes including seven steps strategic sourcing methodology” shows that all stakeholders have not been trained sufficiently and have no common idea about the strategic sourcing process. It Needs improvement.

In the above table the respondents mean value (**3.60**) of “user departments send request with comprehensive specification to Sourcing Department”, which is below the cumulative mean (3.61) neutral, and needs strict improvements, it tells us user departments either lack product understanding or they are negligent for their request. It needs improvement.

The individual mean value of (**3.50**) shows, the involvement of the sourcing department in gathering feedback from user departments on the existing sourcing process is very weak. This indicates that the commitment of the sourcing department in gathering feedback from all internal and external stakeholders about its processes and activities needs serious improvement.

In the above table mean value (**3.61**) “user departments are satisfied on sourcing activities”, shows user departments are not satisfied in the procured items, delivery time or quality of materials.

The interviewees’ replied that, in previous year’s SCD has not been fully involved at the development process of the corporate strategy. They further noted that, sourcing function has not seen as a strategic function and lacks attention, more focus has been given only for Technical, Commercial and Financial domains. As a result, SCD’s strategy has been developed and its structure also been established after the establishment of other Divisions’ strategies. Considering

its impact on company's success, currently sourcing function getting more focus and attention and seen as a strategic function. In respect to planning of goods and services, interviewees also explained that, at company level from top to bottom level management and staff lack forecasting and planning skill. In today's unpredictable market situation, being flexible is indispensable. For example, even though the company's plan is validated at corporate level, user divisions have not been sending their comprehensive annual plan as per the sourcing policy guideline before April 30th of each year. These show that other divisions do not giving due attention to sourcing function and do not understand sourcing process's lead time.

4.2.3. Supplier Management Practice of ethio telecom

To achieve the objectives of ethio telecom Sustainable Supply of Goods & Services, on continuous basis through Establishing Strong Suppliers Partnership, Improve the Quality of Suppliers Database, creating cost sensitive culture, Promote Purpose and Planned Base Purchases, increasing aggregate purchase share and improving Negotiation Skill, Partnership management the respondents were analyzed and presented as follows.

Table 4.5 supplier management practice of the company (N = 56)

Descriptive Statistics			
Description	N	Mean	Std. Deviation
ethio telecom considers managing supplier relationships as one of the most important components of the strategic sourcing process.	56	3.60	1.10665
Suppliers/partners are categorized to pool into groups based on their performance for strategic long-term partnerships for supplier development programs.	56	3.85	1.16664
The use of multiple contracts awarding with different suppliers/partners minimize supply interruption and delay of delivery in sourcing strategy.	56	3.85	1.05190
ethio telecom gives an opportunity for suppliers to give feedback about existing sourcing process.	56	3.80	1.15080
ethio telecom evaluates suppliers on a regular basis based on pre-established selection criteria.	56	3.44	1.26376
ethio telecom makes improvements according to supplier's feedback.	56	3.66	1.10003

ethio telecom established monitoring measurement guideline for suppliers/partners performance after the closure of each contract.	56	3.48	1.22089
Valid N (list wise)and Cumulative mean	56	3.66	

Source: Own survey, 2021

As it is seen from table 4.5, the cumulative mean value for all variables under supplier management practice is **3.66**, which shows that it is somewhat neutral, based on the standards given to respondents. The group mean score (3.66) demonstrates that supplier management practice has been poorly managed and probably one of the most unseen parts of strategic sourcing effort.

The practice ethio telecom on managing supplier relationships are one of the most important components of the strategic sourcing process **3.60** mean values which is neutral and (below the cumulative mean) as per the given standard, needs improvement.

The response for question “Suppliers/partners are categorized to pool into groups based on their performance for strategic long-term partnerships for supplier development programs” is **3.85** mean value which is somewhat agreeing but it needs improvement for better efficiency of supplier development.

The response for question “The use of multiple contracts awarding with different suppliers/partners minimize supply interruption and delay of delivery in sourcing strategy” mean value (**3.85**), which is somewhat agree (need improvement), which implies that the respondents knows the increased number of competent suppliers give opportunity for optimal cost, quality and sustainable deliverables.

The establishment of monitoring guidelines for supplier ‘s performance measurement after the closure of contracts mean value is **3.48** which is neutral (need improvement), which depicts, respondents do not know that guidelines for supplier ‘s performance measurement will confirm sustainability or breach of contracts of suppliers in the future.

ethio telecom gives an opportunity for suppliers to give feedback about existing sourcing processes (mean value **3.80**) , somewhat neutral, and ethio telecom makes improvements according to supplier’s feedback. (Mean value **3.66**), neutral, both need improvement. This shows that a respondent does not know the opportunity of suppliers’ contribution from feedback information on improvement of company’s effective sourcing practice.

ethio telecom evaluates suppliers on a regular basis based on pre-established selection criteria. Respondents' response shows a mean value of **3.44**, which is very poor and needs strict improvements and concentration.

According to the response from the interview supplier management is not satisfactory and some critical activities like supplier performance review, supplier's satisfaction survey, supplier's list recording program and supplier monitoring guideline are not implemented yet. Some respondents also noted that ethio telecom didn't have a good supplier 'database profile. The other question passed to respondents was whether there is a guideline for the development and implementation of maintaining long term partnership with suppliers or not. Most of them replied that a guideline/process to evaluate, select and recognize suppliers for long-term partnership is developed but not implemented efficiently yet. According to Smeltzer et al, (1999) strategic sourcing is an integrated business process consisting of strategic sourcing planning and management of suppliers. He added that, by properly managing the suppliers, long term relationships, loyalty and trust can be developed, ultimately, the suppliers would provide high quality items, products or services.

According to, 2019/20 annual panel report the company describes in its, long term relationship with suppliers and quality product delivery for some critical items is necessary. However, all the potential suppliers, regardless of types of goods and services have been selected through open tendering process, which leads to long tendering time and most of the time this leads to engaging with new and unreliable suppliers. According to Favre & Brooks (2002), on-going assessment on the performance of suppliers will make firms able to appropriately manage their future relationship with the suppliers, follow-up compliance with the contracts; recognize and fix problems with products or delivery, and collect the necessary information that will be required when a contract approaches for renewal. As mentioned earlier, despite the importance of supplier management in the entire supply chain process for the delivery of quality products and for goods and services in required lead time delivering, ethio telecom has a weak supplier management practice that needs improvement.

4.2.4 What are the challenges that are hindering Ethio telecom with respect to Strategic Sourcing Implementation?

This section discusses challenges that hinder ethio telecom to implement the strategic sourcing process. The results found through questionnaires and interviews were analyzed and presented here below.

Table 4.6 challenges that hinder ethio telecom from fully implementing the strategic sourcing process

Description	N	Mean	Std. Deviation
Lack of Implementing proper planning, Lack of increasing aggregated purchase share for improving Negotiation Skill, Lack of Improving Partnership management positively affect Strategic Sourcing Implementation	56	3.82	1.11367
Different culture, language, political system and standards between different countries affect the processes of international sourcing in your company	56	3.69	1.09411
Currency exchange is one of the problems in conducting strategic sourcing processes?	56	3.51	1.19074
There is Lack of knowledge & experience on strategic sourcing implementation practices in Sourcing Department staff.	56	4.00	1.07872
Top level management acknowledges the importance of strategic sourcing process that contributes a lot for the quality of service and success of the organization	56	4.28	1.17205
Sourcing Department promotes cooperation between individuals, groups and department which is vital to achieve sourcing objectives	56	4.19	1.06035
Valid N (list wise) Cumulative mean	56	3.91	

As can be seen from the above table the **Cumulative** mean value of **(3.91)**, shows somewhat near agreement and needs improvement, which shows there are challenges that hinder ethio telecom to execute the seven steps strategic sourcing process. The less mean value **(3.51)** shows neutral that needs improvement, which respondents depicts instability in foreign currency exchange rates, foreign currency Shortage, challenges caused by currency reduction by government, are major challenges that hinder ethio telecom to implement seven steps strategic sourcing process.

The mean value **3.82** depicts, somewhat agree that needs improvement, on Lack of (implementing proper planning, increasing aggregate purchase share for improving Negotiation Skill, Improving Partnership management affect Strategic Sourcing Implementation), respondents are biased because these activities are done by top level management as a strategic objective. However, this implies that there is a lack of empowering employees to participate in strategic sourcing practice and decision making process.

The mean value **4.00** on the above table respondents response depicts “**Agree**” which is lack of knowledge & experience on strategic sourcing practices from supply chain division staff, inadequate service from third party logistics service providers, political, cultural and language difference in industry practices among countries, geographical distance, and all factors related to standards, regulations & policies difference among countries indicated that the variables are somewhat a challenging factor for the company during performing strategic sourcing practices.

According to the mean value on the table score **4.28(Agreed)** shows, participants were asked whether top level management acknowledges the sourcing function as a strategic function for the quality of service and success of the organization or not. This is because the previously sourcing function was not acknowledged as a strategic function. However, there has been a recent improvement noted on the part of top level management with regard to their understanding of the impact of sourcing function on the overall success of the company, recognizing sourcing function as being strategic.

In addition, interviewers further justified that, critical & major sourcing decisions are made by the top level management including CEO on a regular basis and all purchase order requesting divisions are participating and contributing for the success of ethio telecom’s objectives. However, to make ethio telecom a world-class company and to cope up with today’s fast moving market situation, becoming more flexible and giving more emphasis to sourcing functions is imperative. As stated by Freeman and Cavinato, (1990), the strategic purchasing is involved in the firm’s strategic planning process and purchasing is treated as an equal to other major functions in the firm.

CHAPTER FIVE

5. SUMMARY, CONCLUSION & RECOMMENDATIONS

5.3. Introduction

This chapter was dedicated to briefly explain the summary, conclusion and recommendation parts of the case study under the title “Assessing the level of current strategic sourcing implementation in the case of ethio telecom”, after the findings has been identified and analyzed according to the respondents response collected and summarized by using descriptive design, and a mixed approach which includes both the quantitative and qualitative data were collected through structured and semi structured questionnaire To accomplish the objectives of the research 56 questionnaires are a distributed and 54 were returned (2 missed). In addition, interviews were conducted with 8 Top level Management. Thus, this section reports the summary of findings, conclusions and recommendations of the study.

5.2 Summary of findings

The purposive sampling technique used and Out of the sample size of 64, 56 questionnaires were prepared and distributed 2 missed, the entire 8Sourcing committee Manager’s for interview was included. Hence, Likert's five point scales have been developed to all participants’ responses for closed ends Questions. The data gathered through questionnaires and interviews were compiled and well maintained. Thus, summary, conclusion and recommendation retrieved from the data presented in this section are:

5.2.1. The level of strategic sourcing implementation practice in ethio telecom

- ❖ According to the Information gathered and interpreted on findings above, sourcing policy and procedure lack clarity and conflict with each other which hinders proper implementation of the seven steps strategic sourcing process. They have an impact on the next step of all sourcing activities.
- ❖ The **Cumulative** mean score (**3.64**) on knowledge about sourcing working documents demonstrates that those who are directly involved in sourcing activities have no clear understanding about knowledge on sourcing working documents. Limitation on continuous improvement of Working Systems. I.e. Policy, Procedures, and Process, lack of standard working Documents
- ❖ An individual mean value of **3.62** which is depicted on table **4.3** about the categorization of goods, services and works as ‘Strategic’, ‘Bottleneck’, ‘Leverage’ and ‘Non-critical’ the result somewhat

neutral. This implies that. There was a lack of Profiling and categorization of products & Suppliers and Limited capability to identify Product & Service requirements.

- ❖ Information stated under table 4.3 reveals that, End user or Requester units do not give due attention for sourcing functions and also lack forecasting & planning skills. User Divisions were lacking in providing Clear, Complete, Exhaustive requirement, Evaluation criteria and Purchase Order Request (POR) as well as timely assignment of committed Commodity Teams and timely provision of Legal Comments/advice. Purchase objective and purpose are also expected to be submitted/attached with Purchase Order Requests
- ❖ On the Data collection table 4.3 the mean value (3.69) shows that the Requester Units have not been sending consolidated and categorized annual needs of goods, services and works to the Sourcing department. Which results in work overload on the sourcing team, in turn leads to buying less quality and costly items on a delayed time period. The result demonstrates, there were lacks of Developing: requirements on technical relative weights, confirming of final requirements reviewed by Commodity Team, provide technical inputs on the technical evaluation result, Attending and participating on the scheduled business review meeting organized by contract management unit, with the suppliers/ partners to identify improvement areas and action plans.
- ❖ The less mean score (3.60) depicted under table 4.3 about provision of benchmarking, experience sharing program, product knowledge training and different related skills to the Sourcing team demonstrates that there is a lack of Enhancing employee capacity, empowerment and engagement by providing relevant training & tools. Lack of. Ensuring employees participation and creating a reward and recognition platform for best performers. Limitation on employee skill gaps identification and Capacity building.

5.2.2. Interdepartmental integration in ethio telecom in relation to strategic sourcing implemented practice

- The mean score 3.46 are, Ethio Telecom provides awareness creation sessions to all stakeholders on sourcing processes including strategic sourcing methodology shows, there was low understanding about Ethio Telecom strategic sourcing policy, procedures and processes including the 7 step methodologies for all internal/external stakeholders.
- Requesters from user departments send requests with comprehensive specification to Sourcing Department show 3.60 mean values and the level of gathering feedback from user departments on the existing sourcing process has shown on the table above that there is a weak integration between the user department and sourcing units.

- The mean value **3.61**(neutral), about the satisfaction level of user departments on the sourcing system is neutral response. Which means, there was not satisfaction on the user side due to poor quality items and delay of materials and supply interruption? The main objective of the sourcing department should be to satisfy its customers/user departments to achieve the overall company goal. Therefore, it needs integration between sourcing department and user departments in the overall process of sourcing activities in the company.
- Based on the interview questions, the integration between user departments and sourcing units is not strong

5.2.3. Supplier management practice of the company

- ethio telecom believes that managing supplier relationships is one of the most important components of the strategic sourcing process”, however**3.60** mean value shows that attention has not been given for supplier relation management and supplier development.
- The individual mean 3.85 indicates that categorizing suppliers into groups based on their performance for strategic long-term partnerships is neutral, and “ethio telecom established monitoring measurement guideline for supplier’s/partners performance after the closure of each contract” has also weak as the mean value 3.80 indicates, respondents have given low consideration for supplier management practice. This will indicate that most respondents have no or low knowledge about policy procedures including 7 step methodologies of the company and misunderstanding of the overall corporate objectives.
- The use of multiple contracts awarded with different suppliers/partners minimizes supply interruption and delay of delivery in sourcing strategy” mean value (3.85), which is somewhat below agreed scale but above cumulative mean value (3.66). This implies that most respondents replied that the presence of multiple contracts awarded with different suppliers/partners does not minimize supply interruption.
- ethio telecom evaluates suppliers on a regular basis based on pre-established selection criteria. (Individual mean 3.48) neutral, below (**Cumulative mean** 3.66). The result indicates the main cause for this is likely lack of knowledge about the company's strategic objectives and policy on the process and benefit of managing suppliers. However, “The policy provides guidelines for the supply planning, acquisition, Supplier/ partner relationship”
- Based on the interviewers' response made with sourcing managers, suppliers are not managed properly and the company faces challenges with new suppliers for each contract and this burdens high costs, delay of delivery, supply interruption and low quality delivery.
- Over all there is poor supplier management practice at ethio telecom that needs improvement and support from the top level management side to increase sustainable supply.

5.2.4. Challenges that are hindering Ethio telecom with respect to Strategic Sourcing Implementation

- ✓ Based on the score of **3.82** mean value (somewhat neutral) on the data presented and analyzed in chapter four table 4.4 concerning challenges that hinder ethio telecom strategic sourcing implementation practice, the results revealed that, Lack of Implementing proper planning, Lack of increasing aggregate purchase share for improving Negotiation Skill, Lack of Improving Partnership management will have impacts on strategic sourcing practices performance mainly in terms of its efficiency, effectiveness and consistency of deliveries.
- ✓ Based on the score of **3.69** on table 4.4, about Different culture, language, political system and standards between different countries affect the processes of international sourcing in your company, respondent response; shows they do not have enough knowledge about the stated challenges. However, from the strategic objective points of view, Understanding Partners/Suppliers business models, culture, language, political system, behavior and International Rules and Regulations, such as failure of the suppliers to meet the requirements and to provide materials in the agreed delivery time, were expected to be challenges in international sourcing.
- ✓ Foreign currency exchange among the major challenges of strategic sourcing practices of the company. In line with these findings, most of the above-mentioned factors are also reported as the major challenges on the company's supply chain division annual performance reports held in 2019 and 2020.
- ✓ Lack of knowledge & experience of strategic sourcing process, Top level management acknowledgement on strategic sourcing process and Sourcing Department cooperation and importance on strategic sourcing process are agreed by all respondents. As a result, the Sourcing function has been recognized as a strategic function and SCD's Chief Officer has been involved in the development of the corporate strategy. Thus, both corporate and sourcing strategies have to be close linkage

5.3. Conclusions

The composite mean scores of the scales of the variables, namely sourcing/procurement planning habit of ethio telecom, the level of strategic sourcing implementation practice, inter departmental integration practice, supplier management practice and challenges that hinder ethio telecoms with respect to strategic sourcing implementation practice discovered that the respondents recognize that ethio telecom exerted relatively low efforts towards the improvement of these variables. Based on this the following conclusion has drawn.

- ✓ Sourcing policy and procedure lack clarity and conflict with each other which hinders proper implementation of the seven steps strategic sourcing processes. Both documents favor and guide to follow an open competitive bidding. Furthermore, sourcing team has no clear picture on seven steps strategic sourcing processes.
- ✓ Ethio telecom apply basic guidelines which is sourcing policy, procedure and process including seven steps strategic sourcing methodologies as a sourcing strategy, however, Both Internal and external stakeholders have no clear understanding to execute the sourcing activities. Mainly among the internal stakeholder Requester units are uncertain or lack assurance and are not willing to take responsibility to involve in sourcing activities.
- ✓ According to sourcing strategy Goods, services and works have not been positioned and categorized as 'Strategic', 'Bottleneck', 'Leverage' and 'Non-critical' based on their business impacts and supply risk. However, this was an efficient method to distinguish which groups of products, suppliers, or relationships require a higher level of attention than others. According to Kralijic (1983), each of the categories has a separate purchasing approach which requires information of a different kind for developing a suitable supply strategy. As explained by Olsen & Ellram, (1997), the main purpose of portfolio models in purchasing management is being considered to improve the allotment of limited resources. This can be done via presumably efficient method to recognize which groups of products, suppliers, or relationships necessitate higher level of attention than others implementing group-wide category strategies that could help the ethio telecom to leverage its full purchasing power among the group. Since the classification of sourcing units is not accompanied by proper categorization of items, the ground fact of these items is negative. As a result, ethio telecom fails to achieve the benefits of categorizing goods and services which can help to identify the right source, at the right prices and quality and time.
- ✓ Due to lack of executing a sourcing strategy process properly, almost all PORs are sent to Sourcing Department in dispersed manner, because of this currently ethio telecom is launching an open competitive bid repeatedly to all types of goods, services and works throughout the year as

per the sourcing policy, which results on work overload to sourcing activities, buying costly, less quality of goods, unexpected transaction processing cost and time and long delivery lead time.

- ✓ In today's ever changing environment and competitive market, a company that lacks forecasting and planning strategic function will no longer survive in the current market. Ethio telecom User Divisions or Requester units do not give emphasis for sourcing functions; they lack forecasting skill, lack adequate knowledge to establish complete specification, lack to consolidate and categorize annual need of goods, services and works needed. This demonstrates that, at company level, ethio telecom needs to be proactive rather than reactive in all strategic objectives.
- ✓ Supplier development/management in the company is very weak. Top level management does not allow procurement specialists direct communication with suppliers, no updated supplier list, no means of accepting supplier feedback and improvement based on the feedback. Generally, the focus on suppliers as a major partner is weak.
- ✓ The study revealed that there is a problem in preparing clarified and complete specifications of goods and services from the user department to the sourcing unit. A precise specification of the physical characteristics, quality, or desired outcomes of a commodity to be procured should be formulated as accurately and precisely, which a supplier must be able to produce or deliver to be considered for award of a contract.
- ✓ According to the study result, ethio telecom's procurement staff have no adequate knowledge in all areas with respect to the company's sourcing procedure and technical knowledge for the respective procured goods. This implies that there is an indication of a knowledge gap in these areas that need to be properly addressed by the company.
- ✓ Ethio telecom is by default a type of business which has been exposed to a continuous technological changes industry in generation from year to year (from 2G to 3G to 4G), this is another issue to unable to execute sourcing function effectively. Each technological change from generation to generation needs its own technical specification, categorization and new supplier selection. End users in the internal departments have a problem in preparation of purchase requisition such as lack of well defined, up-to-date, and complete technical specifications in accordance to technological change, which leads to additional clarification requests and also they usually exposed to submit unplanned or scattered purchase requisitions, which result in waste of time and cost for unplanned and small purchases and which in turn leads to the difficulty to find willing and qualified foreign suppliers to participate on the tender for very small quantity. This gap identification should be considered during planning and forecasting the company strategic sourcing in accordance with the overall company strategic objectives.

- ✓ Based on the findings, the study concluded that the risk of a fluctuating currency exchange rate is one a major problem at minimum risk impact (risk of cost addition) for all sourcing practices of ethio telecom. But when it comes to the shortage of foreign currency, it seems unavoidable in the overall sourcing practices especially for countries like Ethiopia.
- ✓ For the strategic sourcing practices, differences in standards, culture, rules and regulations between importers (Ethiopian) and exporters (suppliers') are assumed to be a minor challenge. But language barrier issues sometimes have likely to affect the processes in foreign sourcing for ethio telecom.

5.4. Recommendations

This part of the research depicts recommendations on the identified gap to ensure the implementation practice of strategic sourcing, in the case of Ethio telecom. The company's seven steps strategic sourcing methodology which is aligned and articulated with the policy, procedure and process were considered as a strategy. However, as we observe from the above research output it has not been properly implemented. In order to reduce the total cost of sourcing materials, goods and services, while maintaining high levels of quality, delivery and technology. It needs to enhance the implementation practice. Therefore, ethio telecom should recognize and give greater emphasis to the identified gaps and ensure the effective implementation of the deployed strategy.

Thus, the researcher recommends the following major points of action:

- 🌟 Ethio telecom has to build employee capacity, engagement, Satisfaction and Retention through professional trainings, knowledge sharing and integrated knowledge management to Requester units to help them to develop complete specification for goods, services and works, consolidate and categorize their annual needs, which enable them to improve their forecasting, planning and product knowledge/technical skills.
- 🌟 User Divisions are assumed to provide Clear, Complete, Exhaustive requirement, Evaluation criteria and Purchase Order Request (POR) as well as timely assignment of committed Commodity Teams and timely provision of Legal Comments/advice. Purchase objective and purpose are also expected to be submitted/ attached with Purchase Order Requests.
- 🌟 Avoid Limitation on continuous improvement of Working Systems. i.e Policy, Procedures, and Process, lack of knowledge on standard working Documents.
- 🌟 To cope up with the competitive market situation and enable ethio telecom to bring in the benefits of proper implementation of strategic sourcing, continuous improvement of Working Systems, i.e. Policy, Procedures, and Process have to be revised and clearly expressed in accordance with the seven steps strategic sourcing methodologies.
- 🌟 Enhance working systems (policy, procedures, processes, forms, templates) through/by Automating working processes and optimal utilization of existing systems (ERP) in order to ensure effectiveness and efficiency of the overall sourcing implementation practice.
- 🌟 To enable the sourcing team to apply the policy and procedure, ethio telecom should arrange an experience sharing program with those companies who have been implementing a similar strategy. In addition to that, Top level management should give due attention and support for the proper implementation of the strategies.

- ✚ Top management must take the responsibility of monitoring and evaluating aspects of effective execution of the sourcing strategy, by providing prompt support and direction.
- ✚ All Divisions in the company need to view sourcing function as a strategic function and give due attention to its activities. This results in allowing it to receive the resources and capabilities to form and manage collaborative relationships internally and externally.
- ✚ Ethio telecom has to arrange and provide skills & knowledge sharing that purchasing/sourcing and user department personnel are expected to exhibit as: inter- personal communication, ability to make decision, ability to work in team, analytical skills, negotiating skills, ability to manage change, customer focus, influencing and persuasion skills, strategic skills and understanding business conditions.
- ✚ Enhancing Employees Working Culture in related to ensuring adaptation of organizational culture and improved level of Commitment and dedication. Comply with Division working systems such as Policy, Procedure and Processes, delegation while doing Operational activities.
- ✚ Enhancing Employee Engagement on decision making through Proper communication/cascading of the Company and Divisional strategic objectives and action plans, Enhancing employee capacity, empowerment and engagement by providing relevant training & tools and Ensuring employee's participation and creating reward and recognition platform for best performers.
- ✚ Goods, services and works have to be categorized as 'Strategic', 'Bottleneck', 'Leverage' and 'Non-critical' based on their business impacts and supply risk. This can be achieved by profiling all the company needs of the goods and services.
- ✚ The commodity team purchasing mechanism should take place through organizing formal training and or workshops for those target groups to create awareness on purchasing department objectives, procedures and department's role towards the achievement of the overall company's objective.
- ✚ Concerning Currency Fluctuations: When dealing with suppliers or customers overseas, the company must plan for fluctuating charges and income from foreign exchange rate variations.
- ✚ Regarding the challenges of foreign currency shortage, this study proposes a recommendation to Ethiopian government to evaluate and revise the existing privatization policy towards several sectors such as the printing sector, telecom, IT and technological sectors. This means that the government should speed up the ongoing privatization tendencies especially in the printing or producing of different commercial and technical telecom item, so that international voucher card and SIM card printing companies can invest here in Ethiopia and as such lots of foreign currency that would be incurred for goods if sourced from abroad can be saved.

- ✚ Even if the problems of standards, regulations and policies aren't that much of a challenge to ethio telecom while sourcing goods from abroad, it is important to follow the practices of other internationally accepted standards and countries' regulations in order to facilitate international cooperation for smooth functioning of cross border business. Besides, the government should periodically review and update the existing tariff rates laid on import goods according to the international or other well experienced countries' trend towards the reduction of customs tariff
- ✚ Considering the need for evaluating strategic sourcing practice, top level management should increase the level of their involvement in giving emphasis for the strategic role of sourcing functions and acknowledging the importance of sourcing/procurement relative to other functions in the company by involving skilled procurement professionals and by assigning a dedicated endorsing committee.
- ✚ Increasing Sustainable Supply of Goods & Services (without Interruption) through, Established Strong Suppliers Partnership, Planned base Purchases, Enhancing Communication with External and Internal stakeholders.

5.5. Limitation and Suggestions for Future Studies

Like many research works, this particular study is also subjected to some limitations. First and foremost, this study does not comprehensively capture all aspects of sourcing processes as applicable to strategic sourcing implementation practice, rather it made emphasis in revealing the associations and impact relationships that four strategic sourcing implementation practice dimensions of Ethio telecom. In order to benefit from a comprehensive assessment of the factors that truly assess the strategic sourcing implementation practice of the organization, future studies shall consider with more dimensions of strategic sourcing implementation practice (logistic integration, supplier selection, contract negotiation and administration, outsourcing procedure) that haven't been considered in this particular study as all domains cannot be covered in just one study.

Therefore, future researchers can expand the domain of strategic sourcing practices by considering these additional strategic sourcing dimensions and supply chain parties. Moreover, future research shall be done with multiple organizations with a large number of respondents to enhance the research finding.

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Human Resource Department of ET

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT
GRADUATE PROGRAM
The case of Ethio Telecom

Dear Respondents:

I would like to express my earnest appreciation for your generous time, honest and prompt responses.

Objective

This questionnaire is designed to collect data about the role of strategic sourcing implementation practice. The information that you offer to me with this questionnaire will be used as a primary data in my case research which I am conducting as a partial requirement of MBA degree at Addis Ababa University under the School of Commerce. Therefore, this research is to be evaluated in terms of its contribution in understanding the challenges of strategic sourcing implementing practice at Ethio Telecom and its contribution to improvements in these areas.

General Instructions

- There is no need to writing your name
- In all cases where answer options are available please tick (✓) in the appropriate box
- For question that demands your opinion, please try to honestly describe as per the questions on the space provided.

If you have any question about the questionnaires, please give me call at 091125 5115, I will be happy to answer your query. I am grateful for your participation and would like to extend my sincere gratitude. Your prompt attention to this study will help me to achieve my MBA degree and will support me to contribute little to the challenges in implementation of the seven steps strategic sourcing.

Confidentiality

I want to assure you that this research is only for academic purpose authorized by the School of commerce under Addis Ababa University. No other person will have to access the data collected. In any sort of report, I might publish, but I will not include any information that makes it possible to identify any respondent.

Thank you for your cooperation!!!

Appendix -1- Research questionnaire

Section 1: Demographic Information

1. Sex:

Male Female

2. Which of the following age category labels you?

Below 20

From 21- 30

From 31- 45

Above 45

3. Number of experience you have worked in Ethio Telecom (in years):

Below 5

From 6– 15

From 16 - 25

Above 26

4. Educational Qualification:

College Diploma

First degree

Master's degree

And above (If any) -----

5. Employee position

Top Level Management

Middle level Management

Supervisor/Specialist

Section 2: Research questionnaire

Please indicate to what extent you agree or disagree with each of the following statements *by putting a check mark (✓) in the appropriate column.*

The item scales are five-point Likert scales:

1 = strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= strongly agree

- 1. Please indicate the extent to which you agree or disagree with the following statements by ticking (✓) on your response concerning the Strategic Sourcing Implementation Practice: ethio telecom.**

No.	Description	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1.1	All ethio telecom sourcing & user department employees have enough knowledge on the following Sourcing documents					
	Sourcing policy,					
	Sourcing procedure,					
	Sourcing processes,					
	Seven Steps Sourcing methodology					
1.2	Ethio Telecom applies different types of sourcing strategies for different types of commodity positions/categories (Strategic, Bottleneck, Leverage, Non-critical) based on their business impacts for supply risk					
1.3	Requester units and Sourcing in collaboration identify sourcing strategies to set priorities for goods and services					
1.4	Commodity/sourcing team collects information on suppliers					

No.	Description	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
	market, conduct spend analysis and formalize sourcing strategy					
1.5	Resources are procured according to planed lead time.					
1.6	Sourcing receives aggregated annual needs of goods and services from Requester units which considers the sourcing lead time					
1.7	Before launching RFP, the commodity team acquires long list of bidders, screen potential suppliers to set fact based on evaluation criteria					
1.8	Ethio Telecom provides benchmarking and experience sharing program to Sourcing team					
1.9	ethio telecom evaluates the level of implementation of seven steps strategic sourcing processes to make improvements when needed					
1.10	Top level management offers satisfactory support in controlling, following and implementing seven steps sourcing strategy					

2. Please indicate the extent to which you agree or disagree with the following statements by ticking () on your response concerning the interdepartmental integration in Ethio telecom in relation to the Strategic Sourcing Implementation Practices?

No.	Description	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
2.1.	ethio telecom provides awareness creation secessions to all stakeholders on Sourcing processes including seven steps strategic sourcing methodology					
2.2.	Requesters from user departments send request with comprehensive specification to Sourcing Department.					
2.3	Sourcing Department gathers feedback from user departments on the existing sourcing process and ensures their compatibility with their processes					
2.4	User departments work together with sourcing team to undertake sourcing activities,they feel that the goals of their respective area in harmony with sourcing goals					
2.5	User departments are satisfied on over all sourcing activities.					

3. Please indicate the extent to which you agree or disagree with the following statements by ticking () on your response concerning the Supplier Relation Management practice in ethio telecom.

No.	Description	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
3.1	ethio telecom considers managing supplier relationships as one of the most important components of the strategic sourcing process.					
3.2	Suppliers/partners are categorized to pool into groups based on their performance for strategic long-term partnerships for supplier development programs.					
3.3	The use of multiple contracts awarding with different suppliers/partners minimize supply interruption and delay of delivery in sourcing strategy.					
3.4	ethio telecom gives an opportunity for suppliers to do feedback about existing sourcing process.					
3.5	ethio telecom evaluates suppliers on a regular basis based on pre-established selection criteria.					
3.6	ethio telecom makes improvements according to supplier's feedback.					
3.7	ethio telecom established monitoring measurement guideline for supplier's/partners performance after the closure of each contract.					

4. Please indicate the extent to which you agree or disagree with the following statements by ticking () on your response concerning the challenges that are hindering Ethio telecom with respect to Strategic Sourcing Implementation

No.	Description	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
4.1	Lack of;(Implementing proper planning, increasing aggregated purchase share, improving Negotiation Skill, Improving Partnership management)affects Strategic Sourcing Implementation?					
4.2	Different culture, language, political system and standards between different countries affect the processes of international sourcing in your company?					
4.3	Currency exchange is one of the problems in conducting strategic sourcing processes?					
4.4	There is insufficient knowledge & experience on strategic sourcing implementation practices at Sourcing Department staff.					
4.5	Top level management acknowledges the importance of strategic sourcing process that contributes a lot for the quality of service and success of the organization					
4.6	Sourcing Department promotes cooperation between individuals, groups and department which is vital to achieve sourcing objectives					

Appendix -2- Interview questions:

I. Semi-structured interview question to directors and managers of ethio telecom supply chain division

The following part is interview questions for selected managers and directors that are directly involved in the strategic sourcing processes of Ethio telecom. This semi-structured interview questions will be conducted with ethio telecom's sourcing department director, manager and contract management section manager, and supplier relationship management section manager.

1. How to minimize/eliminate supply interruption and delay of delivery in sourcing strategy of ethio telecom? Please explain?
2. What are the challenges you observe in strategic sourcing implementation practice in relation to internal/external stakeholder of the company? Please explain your opinion?
3. Do you think an existing database supports in categorizing and classifying supplier's/partner?
1. Yes 2. No. If your answer is No, would you explain?
4. What is the main Problem from end users side in preparation of purchase requisition? Please can you explain?
5. Are needs identified in advance with adequate specification?
6. How does ethio telecom manage its key suppliers/partners which support the move to become a world-class company?
7. The interdepartmental integration is sufficient for you? How?
8. Is there a guideline for the development and implementation of establishing and maintaining long – term partnership with suppliers?
9. Does ET evaluate and monitor supplier's performance at a regular base? Why? And How?
10. Anything to be added regarding the challenges of strategy sourcing implementation practice?

