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Processes and Challenges of the Global Procurement:

The Case of International Organization for Migration Ethiopia mission Addis Ababa Head Office

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Declaration

I, the undersigned Natnael Abera, declare that this thesis and the work presented in it are my original work.

Processes and Challenges of the Global Procurement: The Case of International Organization for Migration Ethiopia mission Addis Ababa head office

I confirm that:

1. This work was done wholly while in candidature for a graduate degree at this University.
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated.
3. Where I have consulted the published work of others, this is always clearly attributed.
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Statement of Certification

This is to certify that this thesis entitled “Processes and Challenges of the Global Procurement: The Case of International Organization for Migration Ethiopia mission Addis Ababa head office” is conducted by Natnael Abera under my advisory and the declaration made by the candidate is true to the best of my knowledge.

Advisor

Signature and Date

Tariku Jebena (Ph.D.)

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List of Acronyms and Abbreviations

- AAU – Addis Ababa University
- BAS – Bid Analysis Summary
- EAL: Ethiopian Airlines
- ESLSE: Ethiopian Shipping and Logistics Service Enterprise
- ERCA: Ethiopian Revenues and Customs Authority
- IOM – International Organization for Migration
- INSA - Information Network Security Agency
- L/C – Letter of Credit
- MNC – Multinational Company
- Omicron - is a variant of SARS-CoV-2 that was first reported to the World Health Organization from South Africa on 24 November 2021.
- RFQ – Request for Quotation
- UNOPS – United Nations Office for Project Services
- UNIDO - United Nations Industrial Development Organization
- UN – United Nations

ABSTRACT

Global procurement is a sourcing strategy that assists in the acquisition of goods and services from the abroad market. Humanitarian organizations face several challenges in processing global procurement. Some of these are high uncertainty in demand and supply, the nature of the humanitarian environment, oversupply of items and expensive value of global procurements. The general objective of this study was to outline processes and identify the challenges of global procurement in IOM. A mixed approach with collectively applying qualitative and quantitative techniques was employed in this study. The target population of the study was the IOM staff currently actively engaging in the global procurement process in the Ethiopia mission Addis Ababa head office. The study employed a convenient sampling (purposive sampling) method to conduct a survey. The primary data was gathered from respondents through a questionnaire. The secondary collected from organizational manuals, reports, policies, several works of literature academic journals scholarly articles, and the internet. Questionnaire was distributed to participants electronically via email. Furthermore, the procurement process of the UN organizations (IOM, UNIDO, UNOPS) was reviewed along with the procurement policies and manuals. The analysis had a descriptive nature and used Microsoft Excel for data analysis purposes. Graphs, tables, and illustrations were employed to describe and discuss results. The results demonstrated IOM lacks standards and customized definitions for requisitions. In addition, IOM has not had a structured and well-planned global procurement plan. The study recommended that IOM should produce a strategic, planned, attainable, all-rounded, and measurable global procurement plan. This helps to have a coordinated and organized global procurement operation that is aligned with ensuring the organizational objectives are in place. The study suggested that further study can be done on related topics in multiple humanitarian organizations (can be two or three UN agencies) to compare and contrast the findings of this study.

Keywords: PROCUREMENT PROCESS, PROCUREMENT PLANNING, GLOBAL PROCUREMENT

Chapter One

Introduction

1.1 Background of the Study

Today's global crises, human and natural disasters have stressed the cruciality of relief operations that need to reach timely and save lives. Therefore, effective procurement planning is the best way to succeed in relief operations. Procurement planning is an integral part of the efficient and cost-effective acquisition of goods and services to assist the very existence of relief organizations in improving social safety and improving the situation of vulnerable people.

Companies need resources to meet their organizational objectives. However, resources are very scarce, and they cannot own these resources at the time of necessity. Hence, organizations attain those resources through different sourcing strategies. Thus, procurement is a sourcing strategy that assists in the acquisition of goods and services through several means (like procurement, loan, lease, etc.). It serves as the key tool in achieving organizational goals. It comprises an important part of relief and humanitarian organizations all over the world.

Procurement is one of the functions of resource management activity. The procurement function is playing a decisive role to help people in need at the right time and place. Conducting operations at the right time and in the right place is decisive in relief operations. Procurement supports meet this general objective. Since most of these humanitarian agencies work on the provision of aid for people in need, procurement is the most essential part of the relief operations. Statistically speaking, the procurement field is the most expensive part of disaster relief operations with about 80% of total spending (Wassenhove, 2006).

Procurement is the value-added process of selecting suppliers and the respective cooperation structure and it must be supported by advanced analytics & market intelligence, supplier performance information, and concrete and well-developed strategy. The supplier selection is related to all activities, which are required to select the best possible supplier and include determining the mechanism of the initial qualification of suppliers and drawing up the bidders'

list, preparation of the RFQ (request for quotation), and preparation of BAS (bid analysis summary upon receipt of bids) and selection of the supplier (Van Weele, 2010). Procurement, from a strategic point of view, can be explained as a systematic process that guides procurement and supply managers to plan, manage, and develop the supply base in line with the organization's strategic objectives.

One criterion to classify the procurement function is geography. In this way, we can classify it as local and global procurement. Local procurement can be defined as the procurement of goods or services from a supplier or service provider that is based in the same country as the procurement organization. In our case, local procurement implies procurements that are undertaken with suppliers and service providers based in Ethiopia. On contrary, global procurement is as the name indicates the procurement of materials or services from global or international suppliers or service providers.

Organizations adopt both types of procurement functions. The selection of the type of procurement depends on the required quality and quantity of the product or service (in some cases requesting units seek better quality and huge quantity and this may not be manageable locally, in this case, the procurement unit may look for global market), the urgency of the request, the nature of the request (for example mostly vehicle procurement is done with global vendors/suppliers), the availability of the product or service (for example there are some products or services that are solely manufactured/ supplied or provided).

This study aimed to outline the process and define the challenges of the global procurement in the International Organization for Migration Ethiopia mission Addis Ababa head office. It has forwarded the best feasible solution to procurement-related problems specifically in global procurement. It also helps to sustainably keep the good practices of the organization.

1.2 Background of the Organization

IOM is a reputable organization in relief operations that was established in 1951 and based in Geneva, Switzerland, and Manila, Philippines. It is part of the United Nations system, and it works in more than 165 countries, and it is one of the leading organizations in migration and related

affairs for the last 70 years. Governments, other UN agencies, non-governmental organizations, and other implementing partners are among the major partners of the IOM.

IOM is conducting its operations in Ethiopia since 1995. IOM's major engagements in Ethiopia are migration, internal displacement, and family reunification. It has around twelve sub-offices in the whole of Ethiopia such as Mekelle, Semera, Gondar, Bahir dar, Hawassa, Moyale, Dire Dawa, Jijiga, Dollo Ado, Gambella, and Assosa. Provision of food and non-food items to people in need is a major part of the operation. IOM acquires those food and non-food items through local and global procurement. Selection of the type of procurement depends on the nature of the product or service, availability of suppliers, the urgency of the good/ service, etc (IOM Ethiopia, 2022).

1.3 Statement of the Problem

Humanitarian organizations deal with emergency relief operations such as the supply of food aid, water, and non-food items (sanitation, shelter, and the like) to the exposed communities. Relief organizations have numerous contributions to governments and people to recuperate from crises and immense disasters by providing distinct kinds of aid. Humanitarian organizations face a major challenge in responding to a disaster due to its complication and uncertainty accompanied with it.

Several challenges influence the procurement process, these are internal and external. The internal elements are organizational structure, procurement plans, procurement regulations, rules, guidelines, internal control policies, top-management commitment, budget resources, professionalism, and staffing levels. Whereas external factors such as market environment, political, socio-economical, and technological environment have an impact on the process of the procurement function.

High uncertainty in demand and supply, which results from the nature of the environment they are working in, is the major challenge in relief operations (Balcik et al. 2010). Moreover, it has a significant impact on the whole operation because procurement planning in such scenarios is very less to happen. Thus, poor procurement planning results in poor implementation of projects, and these fallouts have unwelcome implications for vulnerable people that are in need.

The nature of the environment in the relief operations is very contrary to the business operations. The latter deals with profit maximization whereas the former aims to lifesaving and address vulnerable people. Bearing this in mind, the time factor is very crucial in relief operations than business operations. Because every single second is important in saving lives. Specifically in global procurement, the entire process of procurement starts from purchase requisition then approval by intended managers, collection of a quotation from potential vendors, preparation and approval of bid analysis, preparation and approval of purchase orders and communication with vendors, shipments of orders, tracking and tracing shipments, customs clearing, transporting to warehouse and finally ends with provision of commodities to vulnerable communities. As we can see from the above-stated global procurement process, it is an exceedingly lengthy process, it has many stakeholders, and the lead time is longer between the time of purchase requisition and provision of commodities. Procurement managers need to assure a well-prepared procurement plan to guarantee assistance for the exposed people. Thus, preparing a better procurement plan and its better implementation is very crucial.

Furthermore, to overcome the challenges of stock shortages, sometimes relief organizations acquire relief items before the occurrence of disasters. IOM often prepares for crises by pre-stocking relief items in global stock in other missions. Even though this mechanism enhances the capacity to respond to crises swiftly, it also comes with huge costs. During emergencies and crises, sometimes there may be an oversupply of relief items which may result in wastage when the crisis ends.

Relief items purchased from the abroad market take an expensive value and need strict assessment. According to UNOPS report, “In 2009, the United Nations system procured over USD 13.8 billion worth of goods and services from a global supplier base. The regional distribution shows that procurement from suppliers in developing countries and economies in transition reached 54.9 percent. In absolute numbers this translates to over USD 7.6 billion” (UNOPS, 2010) Consideration of procurement policies and procedures is an integral part of the procurement of relief items from the global market, unlike the local one. The procurement unit decides on the type of the sourcing strategy based on specific parameters like nature, quality, quantity, and availability of the item requested. IOM commonly uses two sourcing strategies those are single and multiple

sourcing. Conducting a well-organized assessment of the product and the market is vital in the selection of sourcing strategy.

Yet, adequate research has not been conducted on the processes and challenges of global procurement in relief organizations (IOM) specifically in Ethiopia's mission Addis Ababa head office. Therefore, this study has an inimitable role in the examination of global procurement processes, and challenges in the IOM Ethiopia mission Addis Ababa head office.

1.4 Research Question

The research has been conducted to seek answers to the following research questions:

- ☞ What are the global procurement processes as processed by the IOM Ethiopia mission Addis Ababa head office?
- ☞ What are the major internal challenges of conducting the global procurement at the IOM Ethiopia mission Addis Ababa head office?
- ☞ What are the major external challenges of conducting the global procurement at the IOM Ethiopia mission Addis Ababa head office?

1.5 Research Objectives

General Objective

The general objective of this study is to assess the processes and challenges of the global procurement in the case of the IOM Ethiopia mission Addis Ababa head office.

Specific Objectives

The specific objectives of the study are as follows:

1. To describe the distinct processes of global procurement as processed by IOM Ethiopia mission Addis Ababa head office.
2. To assess major internal challenges of the global procurement process of IOM Ethiopia mission Addis Ababa head office.
3. To assess major external challenges in the global procurement process of the IOM Ethiopia mission Addis Ababa head office.

1.6 Significance of the Study

The study can have a multidimensional significance in humanitarian relief operations and particularly in Ethiopia. The study aims to fill in the literature gap in the subject matter. Most importantly the study is expected to be an input for future studies. Also, this study can be used as reference material for researchers, students, stakeholders in the relief operations, policymakers, implementing partners, and any interested person.

The findings of this study can have a huge importance in all relief operations in humanitarian organizations and particularly in the International Organization for Migration to understand and perform global procurement challenges, and processes effectually. The significance of the study is not only limited to humanitarian organizations, additionally, it also gives some background to the entire process of global procurement vis-a-vis its challenges.

1.7 Scope of the Study

The procurement process comprises distinct types, procedures, and practices. Carrying out the study in all dimensions that encapsulates the procurement process was not supported in time, not economical, and compromises the quality of the thesis work. Consequently, the scope of the study was limited to the processes and challenges of global procurement.

The topic of the study emphasizes examining challenges faced, and processes experienced in the global procurement. The theme of the study was demarcated to the organization's pre-purchasing, purchasing, and post-purchasing procurement processes; the internal challenges related to the organization structure, requesting units, procurement unit - capacity and competency, and the external challenges to the political environment, the legal and market environment, and related to the suppliers.

The physical scope of this study was constrained to the IOM Ethiopia mission Addis Ababa head office.

1.8 Limitation of the Study

Different constraints which can have an impact on the study are expected. Some of these are financial capabilities, time constraints, prior knowledge, experience in conducting a thesis, and difficulty accessing secondary data.

Due to the widespread of the COVID 19 new variant (Omicron), office arrangements have been changed, and the data collection task was quite difficult. As a result, it has an impact on the entire process of the thesis.

1.9 Definition of Operational Terms

- *Global sourcing*: “Global sourcing involves setting up production operations in different countries to serve various markets, or buying and assembling components, parts or finished products worldwide” (Murray, Wildt & Kotabe 1995).
- *International procurement*: can be easily defined as procuring goods from overseas markets to get the best low price, and best quality, and to exploit the competitive advantage that one company tries to get. Acquisition of goods and services, reduction of cost of production, increasing of incomes and employment, learning about advanced technical methods used abroad, and security of raw materials are significant advantages of international trade (Seyoum, 2009).
- *Multiple sourcing*: “purchasing from two or more vendors an identical good or service.” (Trevelen, 1987).
- *Organizational Structure* is a system that defines how certain processes are guided to accomplish the goals of an organization.
- *Procurement planning* is the process of categorizing and consolidating requirements and determining the timeframes for their procurement.
- *Single sourcing*: is defined as “purchasing from only one vendor [an identical good or service]” (Trevelen, 1987).
- *Sourcing strategies*: is part of the overall purchasing strategy and is related to defining how many suppliers a firm will have for one specific component/product/service, given the

importance of the component and the structure of the supply market, and how the suppliers are related to each other (Cousins, et al., 2008).

- *United Nations system*: is a system, in addition to the UN itself, comprises many funds, programs, and specialized agencies, each of which has its area of work, leadership, and budget. (UN)

1.10 Organization of the Study

This thesis work covers five chapters that are organized sequentially as an introduction, review of related literature, research methodology, results and discussions, and conclusions and recommendations. The first chapter encompasses introduction parts covering the background of the study, statement of the problem, research questions, objectives of the study, the significance of the study, scope of the study, limitation of the study, and definition of terms. The second chapter presents a review of related literature. While the third chapter incorporates the research methodology which includes research design, type, the participant of the study; the sources of data; the data collection tools/instruments; the procedures of data collection; and the method of data analysis. Results and discussions were discussed in the fourth chapter. The last chapter summarizes major findings, concludes based on the findings, recommends the area of improvement, and suggests further research.

Chapter Two

Review of Related Literature

2.1 Introduction

The literature review section focuses on several themes that are relevant to the present study concerning the conception of procurement in general and global procurement in particular and its varied facets that are deemed ideal in its actualization. Thus, this chapter briefly presents a review of related literature on the study area.

2.2 Theoretical Review

In this part procurement and related issues (principles, processes, and types) and global procurement challenges and driving forces are discussed, summarized, and presented from the reviewed related literature.

2.2.1 Procurement

Procurement is defined as the overall process of acquiring goods, works, and services, which includes all related functions including planning, forecasting, supply chain management, identification of needs, sourcing, and solicitation of offers, preparation, and award of contracts, as well as contract administration until the final discharge of all obligations as defined in the relevant contract(s). (UNIDO, 2018)

The United Nations Office for Projects Support (UNOPS) defines procurement as “the acquisition of property, plant, and/or equipment, goods, works, or services through purchase, hire, lease, rental, or exchange from any source other than the UN system organizations.” (UNOPS, 2019)

Procurement Principles

According to United Nations Industrial Development Organization (UNIDO), four principles shall be given consideration when undertaking the procurement functions:

The **best value for money** principle shall be applied throughout the whole procurement process. This means that the Procurement Official/Authorized Official is responsible for ensuring that the

goods/services/works are procured competitively and transparently, within a reasonable time frame, meeting the end-user's requirements as well as considering all relevant associated costs and benefits over the whole procurement process.

The best value for money decisions is influenced by several factors, including but not limited to the choice of the procurement procedure, effective competition, non-discrimination, the geographical spread of the relevant supply chain market, performance, risk, and financial and contractual considerations.

The manual added that **fairness, integrity, and transparency** shall be applied throughout the procurement process. All procurement activities shall be conducted based on clear and appropriate rules and procedures that are applied consistently to all bidders.

According to the UNIDO procurement manual, **Effective competition** must be demonstrated that the organization creates equal opportunities for potential bidders to participate in the organization's procurement activities. This requires the organization to ensure that all information relevant to a particular procurement activity is provided to all bidders on a timely basis, without any favoritism. It also requires that bidders be not influenced to fix prices of goods and services in an attempt to hinder open international competition.

Effective competition is achieved under the following conditions:

- ☞ Wide advertisement of the procurement opportunity,
- ☞ A sufficient number of independent potential bidders are invited,
- ☞ Potential bidders that act independently of each other,
- ☞ Competition for the same business opportunity under the same conditions,
- ☞ Response to the procurement opportunity by a sufficient number of bidders.

Procurement in **the best interest of the organization** has to be adhered to conducting procurement activities in a manner that assists the organization in meeting its organizational objectives and goals, in strict compliance with the organization's Financial Regulations and Rules and procurement principles. (UNIDO, 2018)

The Procurement Process

The UNOPS, in its procurement manual, outlines the procurement process based on sequentially the tasks/ activities. As stated in the manual, the procurement process consists of ten steps that can be categorized into three groups: **pre-purchasing, purchasing, and post-purchasing.** (UNOPS, 2019)

From the procurement strategy, and planning to contract management, as shown in the below figure, each group entails sequential steps. The first group (pre-purchasing) is concerned with tasks or activities that are needed to be finalized before the actual procurement takes place. It involves the preparation of an organizational procurement strategy and plan (which needs to be completed long before the actual purchasing). In this stage, requirements need to be defined clearly and a standard definition of requests/ requirements shall be set. Sourcing is the final activity in this group. The sourcing process gives helpful information regarding the specifications and products which also assists to determine the suitable solicitation approach.

The purchasing group includes activities that are related to the actual procurement. The purchasing group is an integral part of the entire procurement process. It involves *solicitation* (the method by which used to disclose a procurement requirement and request quotes from potential suppliers), *management of submissions*, and *evaluation* (the process of assessing and comparing offers per the evaluation methodology and criteria definite in the solicitation documents.), and *review* (to ensure the procurement activities are conducted per the organization's pertinent policies, and procedures and are under generally acknowledged "leading business practices") and *award* ("the decision that authorizes the establishment of a contract with a selected supplier").

The last activities of the procurement process are included in the post-purchasing group. This group involves the *logistics* ("the process of planning, implementing, and controlling the efficient, effective flow and storage of goods and related information from point of origin to point of consumption to conform to customer requirements") and the *finalization* (to safeguard the appropriate elements are primed to finalize a written agreement that guards the best interest of the organization and shows the proposal offered the vendor), *issuance*, and *management* ("refers to all actions undertaken after the award of a contract and relates to activities such as vendor

performance monitoring, contract amendments, payments, contract closure, record retention, maintenance of the contract file, etc.”) of the contract.

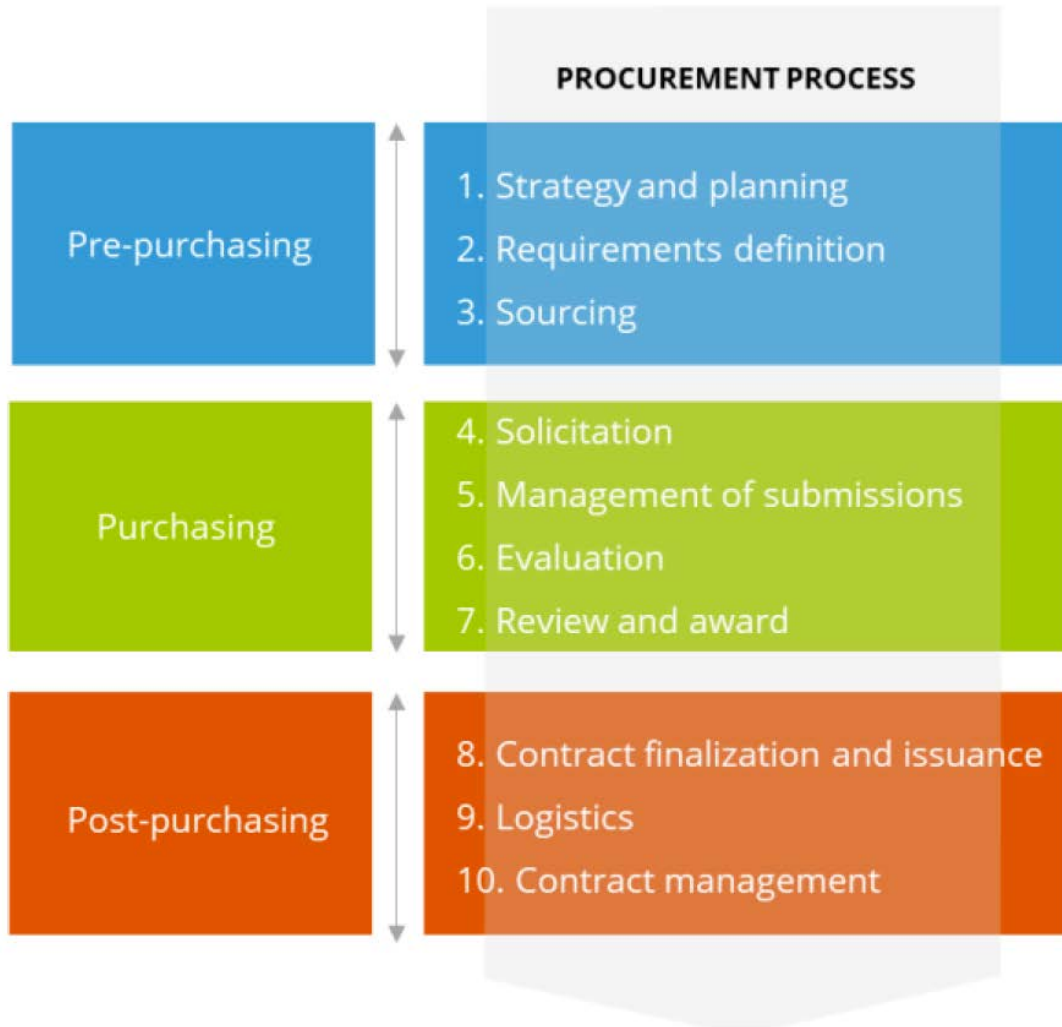


Figure 1: The procurement process

2.2.2 Comparison between types of procurements

Geographically speaking, the procurement function can be classified in diverse ways in which it is undertaken in many organizations. These are local or domestic procurement, international procurement, and global procurement. Their differences are discussed below.

2.2.2.1 Differences between local procurement and international procurement

Procurement implies a function in which an organization tries to acquire supplies to achieve its objectives. The procurement activity includes request, an order, order chasing, inspection, receiving goods, and payment.

According to Trent, “international procurement relates to a procurement activity between a buyer and a supplier located in a different country. This type of purchase is typically more complex than domestic purchases.” Organizations must struggle with challenges that occur due to longer material pipelines, increased rules and regulations, currency fluctuations, customs requirements, and a host of other variables such as language and time differences (e.g., Trent & Monczka, 2003; Monczka, Trent, & Petersen, 2008).

Fan states “International procurement refers to the utilization of global resources, searching for a bargain with the highest quality from all over the world. From the aspect of supply-chain management, international procurement requires companies to set up a global manufacturing chain to make a rational procurement plan and acquire high-quality goods at a rational price. Besides, it is an effective way to measure and supervise the efficiency of procurement processes so that it minimizes the total cost of procurement.”

Fan adds that with economic globalization, the competition among companies is becoming increasingly fierce, which requires all the businesses to enhance the level of T, Q, C, and S (Time of research and development; Quality of products; Cost control; satisfaction with Service) so that they can operate their business successfully in the market. In contrast to domestic procurement, the international procurement mode has the following characteristics (Fan, 2007):

- i. Increased procurement scope:** The scope of procurement activities extends to the global arena, and they no longer just focus on the resources available in one country, they can acquire their resources from all over the world. Therefore, it is more possible for the companies to obtain their ideal resources and products at a rational cost because of the greater abundance of potential vendors.

- ii. **Increased procurement risk:** International procurement always involves a series of purchases, companies usually buy the materials or goods on a larger scale, which requires greater monetary transactions. Larger scale transactions are exposed to greater risks due to currency fluctuations. Moreover, the cross-border transaction results in complicated procedures and processes, which exposes the company to lots of additional existing potential risks.
- iii. **Decreased procurement price:** Because all resources from the entire world can be considered, the business can “shop around” to obtain high-quality goods with a rational price through the mode of comparative cost.
- iv. **The need for a systematic criterion in supplier selection:** Due to the difference in the origins and locations of the suppliers under the international procurement, they hold various models, standards, and cultures. Hence, it is significant for businesses to develop systematic and standardized criteria and conditions to select a dependable supplier.
- v. **Stable procurement channels:** A business using global procurement cooperates with suppliers worldwide because of the concept of supply-chain management. Therefore, the buyer and seller are developing a relationship of strategic cooperation. Hence, this business with an international procurement strategy forms a stable procurement channel.

2.2.2.2 Differences between international procurement and global procurement

Global procurement, which differs from international purchasing in scope and complexity, involves proactively integrating and coordinating common items and materials, processes, designs, technologies, and suppliers across worldwide procurement, engineering, and operating locations (Trent & Monczka, 2003). “The process of global procurement is a long-term strategy, which includes the evaluation and selection of foreign potential suppliers, while international procurement involves daily activities supporting operations. To advance from the international procurement stage to global procurement, the procurement department must be elevated to a higher level where it can make more strategic decisions for the business.” (Trent & Monczka, 2003).

2.2.3 Global Procurement

Global procurement is a procurement strategy for an organization, in which a central purchasing organization seeks economies of scale through corporate-wide standardization and benchmarking. According to Ellram (1994), having academic and managerial attention over the recent decades, procurement and supply-chain management have been shown to play a significant role in achieving competitiveness (Ellram & Carr, 1994). The progression from domestic procurement to international procurement and then finally to global procurement can be visualized as a movement through five diverse levels (domestic procurement only; international procurement only as needed; international procurement as part of a procurement strategy; global procurement strategies integrated across worldwide locations; global procurement strategies integrated across worldwide locations and functional groups (Trent & Monczka, 2003)). Shifting from domestic procurement to international procurement, organizations need to struggle with currency fluctuations, longer distances, cultural and time differences, increased rules and regulations, customs, and language requirements. Organizations that compete in global procurement must cope with the problems during operations that influence international procurement, in addition, they manage a higher level of cross-location and cross-functional coordination (Trent & Monczka, 1994; Trent & Monczka, 2005).

Solish & Semanik define global procurement as a type of procurement in which suppliers are located outside the country. It is a procurement process and an integral part of any organization's business strategies (Sollish & Semanik 2009). Securing a sustainable advantage has been a challenge in global procurement. Waters states that "in the last 40 years, global procurement has fueled the growth of GDP, in developing countries and exported jobs to countries with skilled and low-cost labor. Global trade gives economic benefits to both mature and emerging economies. World Trade Organization (WTO) foresees that global supply is the future. It is an ongoing trend and companies are leaving developed markets because they cannot compete with low-cost imports. A global procurement strategy is becoming more important to the organizations which generate value to both customers and shareholders." (Waters 2007, 331-334.)

2.2.3.1 Driving forces of global procurement

“According to Porter's generic strategies, the competitive strategies can be divided into low-cost strategy and product-differentiation strategy. Both of these are highly related to global procurement strategy. There is no doubt that the search for lower costs has been the greatest driver of global procurement. Other factors include a search for higher quality, and greater material availability.” (e.g., Monczka, Trent, & Petersen, 2008; Kotabe, 1998). According to Qi (2007), these factors can be classified as: "**Pull**" driving force and "**Push**" driving force. “Pull” factors of global procurement are negative and passive, in which the organization is forced to be involved in the global procurement due to the pressures that arise from the international competition and the high demand of customers. Due to its nature in the humanitarian context, the ‘pull’ factors are not powerful and do not apply to the business environment. Whereas, the "Push" factors are positive and voluntary, which means global procurement is the main part of business strategy and it can help the business to be continuously competitive (Kotabe, 1998). In humanitarian organizations, the "Push" factors of global procurement force the management to be action because of the urgency of the operations, availability of needs in the local market, and quality and size of the product needed.

Swamidass argues that a global procurement strategy is decided by the top management of the organization, and a global procurement strategy is the main significant direction of competitive strategy for organizations. Therefore, global procurement should be completely coordinated with the other organization's strategies. The procurement activity just focuses on operational boost, but not the whole strategic optimization (Swamidass, 1993). An operational boost does not always end up with organizational objective success. Thus, the global procurement strategy can assist organizations to be responsive to that extent as the strategy can be adopted within the general organizational framework.

Qi claims that the global procurement based on the "pull" factors usually results in the passive and negative procurement strategy, namely concentrating on searching for the cheapest supply resources(Qi, 2007). Under the global strategy caused by "Pull" factors, most managers consider the global strategy as an approach that can achieve low-cost advantages in a brief time, instead of

a sustainable competitive advantage eventually. Purchasing usually highlights the current procurement cost and product quality, instead of the long-term total cost and improving quality-control measures. The passive and negative mode of procurement is always decided by the low functional departments and these decisions are isolated from other departments in one business. This means these procurement decisions are just at the level of function and tactic, instead of being part of a whole coordinated strategy.

Currently, global procurement has been considered a positive strategic activity under the pressure from global competition. Because it is an integration and coordination of procurement requirements across the worldwide business units, looking at common items, processes, technologies, and suppliers (Stevens, 1995). John Stevens states motives force involvement in global procurement as materials are not available domestically, unsatisfactory quality of domestic products, price, and technology.

2.2.3.2 Challenges in Global Procurement

Organizations face multiple-faceted challenges in undertaking global procurement. These challenges are both internal and external. Some of these are:

i. Complicated logistics in global procurement

In global procurement, international management of logistics is a necessary and crucial procedure. Logistics in global procurement refers to plenty of additional problems such as transportation delays, border-crossing procedures, and longer inventory management (Bradley, Thomas, Gooley, & Cooke, 1998). Moreover, a lack of holistic logistics knowledge in low-cost developing countries would trouble the procurement executives when implementing global procurement. Nowadays, logistics management has dramatically improved in developed countries. On the other hand, less-developed country suppliers are short of experience with the most advanced approaches and are usually unfamiliar with high-standard requirements, such as sequence deliveries combined with Just-In-Time; electronic data interchange communications, and vendor-managed inventory solutions (Cho & Kang, 2001). These capabilities of supply chain management are important in determining how many benefits a company can derive from global procurement.

In addition, the low-grade infrastructure of logistics in developing countries influences the efficiency of global procurement. We can take an example if a company plans to purchase products from China, they have to consider the logistics capability in China. To be more specific, they must face the problem of inland transport. The roads in China are not yet as developed by European or American standards. This is because transportation infrastructure did not develop at the same pace as international trading. Besides, some unqualified vehicles and drivers also cause problems with logistics. Although these troubles are being mitigated, they do affect the supply chain performance of enterprises' procurement from every point in China.

ii. The cultural and lingual differences in global procurement

Cultural issues in global procurement are manageable, but they still should be recognized as a concern that must be dealt with (Cook, 2006). Perfect global procurement management requires that mutual respect must be shown to the people, language, and culture of the countries where a company operates. It is meant to take the time to learn basic information about the special culture and learn some basic language skills, at least how to say “Hello,” “Thank you” and so on.

The capability to successfully cooperate on a personal level with foreign businesses will go a long way in developing a win-win working relationship, which is helpful to maximize the possibility of reaching successful global procurement processes. However, language barriers always threaten cultural communication and even technology transfer in global procurement. Although many suppliers from developing countries have technical staff and salespeople with English skills, difficulties still arise when they need to interact with Western experts to discuss professional technical issues. The main personnel of suppliers in developing countries does not always have sufficient command of English or other Western languages to engage in lengthy, detailed exchanges. Using translators is one option, but they often do not have the technical background to address industry specifics. The risk of misunderstanding and communication impasse cannot be underestimated in global procurement (Accenture, 2007).

iii. The volatile economic and political environment in global procurement

The local and regional economic environment can be a primary risk factor for global procurement. Due to the cheap labor and other factors, developing countries may be experiencing uncertain economic situations (Cook, 2006). A pronounced monetary crisis happened in 1999 leading to a

decline in every Asian economy and the currency decreased sharply over one weekend. Plenty of banks and companies went bankrupt in Asian countries. Even as late as 2006, although many Asian countries have seen their economies revived, some still have not recovered. Many European and American companies were financially stricken by this horrible occurrence. Many U.S. companies are not willing to invest in overseas factories in Latin America and Africa because of the uncertainty of the local economic environment (Cook, 2006). Therefore, many strong enterprises engage experts to inspect local economies where they plan to source. The economic risks are more severe for the medium and small companies; they must find a reliable way to cover this risk.

There are also some problems caused by political factors in global procurement. For instance, events in the Middle East and North Africa show that local politics can dominate how companies set up commercial relationships with the companies in these countries (Cook, 2006). According to the study by Thomas A. Cook, there are more than fifty countries around the world where the political environment is not conducive to dealing with local businesses.

iv. Fluctuation of the currency exchange rate in global procurement

In global procurement, the money has to be moved between domestic countries and foreign partners. The stability of currency enables international trade to be easier while instability makes it more complex and introduces risk. If trade amounts to tens of millions of dollars, a 0.5% deviation of the exchange rate could affect the effectiveness of the global procurement strategy and the profitability of the whole supply chain. Moreover, a 4% deviation could result in a disastrous end (Cook, 2006). Large multinational companies, usually have specific personnel in the financial departments who are in charge of collecting and managing the information on currency valuations. But for the small companies planning to conduct global procurement, normally they do not have the specific financial experts, but they still must set up an internal management system or outsource the work to predict and hedge against currency fluctuations. But on another side, if the companies can make wise use of the risk from currency fluctuation, sometimes experienced companies can put themselves in a beneficial position by managing currency correctly. Hence, the opposition to risk from currency fluctuation is also present when discussing currency problems.

v. **Different standards and regulations in global procurement**

Due to the various phases of industrialization in different countries, industrial standards vary among different countries in the world. Therefore, evaluating the situations and clarifying the differences are important and necessary before the companies share designs with their suppliers who may use different technical standards. Once again, misunderstanding may filter into the scenario (Accenture, 2007). But actually, it takes an inordinate amount of time for the suppliers to understand complicated explanations of required industrial standards, which may be self-explanatory in the buyer's country.


Although many international business organizations are striving to unitize different standards to facilitate international cooperation, existing industrial standards which are not synchronized with international standards or expectations still can cause costly troubles and even the failure of global procurement. In addition to the different standards, the special regulations promulgated by governments also influence global procurement directly and indirectly and often make it complicated. The main regulations impacting global procurement are tariffs and quotas (Sowinski, 1999). Non-tariff restrictions including complicated documentation requirements for border-crossing processes, and many kinds of international trade bills are also difficult challenges that the buyers from abroad have to face (Cho & Kang, 2001).

Governments make use of tariffs and quotas for two purposes: first, to earn revenue; second, to make foreign goods more costly to protect national products. The latter is becoming more important nowadays (Jeannet & Hennessey, 1995). Several restrictions indicated by international trade bills are examples of protectionism as well. These protectionism regulations are interrupting the improvement of global procurement processes.

vi. **Supplier selection complexity in global procurement**

The means to manage global procurement effectively and efficiently is an additional challenge. Supplier selection is a vital aspect of the performance of global procurement implementation. Unlike dealing with domestic suppliers, the costs involved in identifying, selecting, and evaluating foreign suppliers can be prohibitive. Supplier selection and evaluation have a vital role in the

supply chain process and are crucial to the success of a manufacturing firm (Hartley & Choi, 1996). There are several supplier selection methods that persist in the contemporary business world. Supplier selection is a fundamental decision that a buyer makes and also a critical one. The process of selecting a group of competent suppliers for important materials, which can potentially impact the firm's competitive advantage, is a complex one and should be based on multiple criteria. Some of the factors that firms should consider while selecting suppliers suggested by Wisner in 2005 are as follows (Wisner, Leong, & Tan, 2005):

- | | |
|---|--|
|  Quality |  Capacity |
|  Cost |  Communication capability |
|  Reliability |  Location |
|  Order system and cycle time |  Service |

Different companies have different criteria based on their products, the price offered, quality, on-time delivery, after-sales services, response to order change, supplier location, and supplier's financial status, etc. (Ting & Cho, 2008). After determining which criteria should be involved in the selection process, choosing a method to calculate or evaluate the right suppliers is a complex one.

For supplier selection method, AHP (Analytical Hierarchy Process) is a popular approach used for solving problems that have multiple criteria. This method is applied by many researchers and practitioners. It is a widely used technique that has attained much attention as this process deals with both quantitative and qualitative criteria. It will provide the decision-makers with a way to structure this complicated process in the form of a hierarchy that includes three levels of stages: goal, dimensions, and criteria (e.g., Narasimhan, 1983; Barbarosoglu & Yazgac, 1997; Nydick & Hill, 1992).

“Categorical method” (e.g., Timmerman, 1986; Wills & Huston, 1990) is an example of such methodologies. After establishing a list of attributes to be used in the evaluation process, this method seeks to assess the suppliers' performance by applying the labels “good,” “fair,” and “poor.” A chosen supplier is the one who receives the “best” ratings. “Cost-ratio method (Timmerman, 1986)” is another method used in selecting suppliers. By this method, the total cost related to quality, delivery, and service is calculated and expressed as a proportion of the total firm's purchase price. The supplier selected by decision-makers can provide the lowest cost. There are numerous other methods that a firm must consider and combine to determine the standards by which suppliers are selected. How many suppliers to use for each purchased item is another

challenge for the procurement manager. Theoretically, firms should use a sole source or as few as possible to enable the development of close relationships with the best suppliers. However, by increasing reliance on one supplier, the firm increases its risk that poor supplier performance will result in plant shutdowns or poor-quality finished products.

2.3 Empirical Review

In this section, studies that are related to the procurement processes, practices, and challenges are reviewed and discussed. As such, research conducted in Ethiopia and international organizations is reviewed.

- *The practice of Green and Sustainable Procurement*

Achamyeleh Begashaw (2016) studied the practice of green procurement in UN agencies in Ethiopia using primary data obtained directly from procurement practitioners in UN agencies through interviews and questionnaires and secondary data collected from the policies of the organizations, journal articles, newspapers, and research reports.

He concluded that green procurement practice is at the infant stages in UN agencies that operate in Ethiopia and green procurement is not fully exercised. The researcher identified two reasons for the gap based on the preliminary interview conducted with the procurement practitioners. These are a lack of management support and a lack of awareness among procurement practitioners and employees. He also identified additional challenges such as the complexity of evaluating environmentally friendly goods, the lack of adequate vendors, and the high initial cost of products.

One of the main findings highlighted in this study is the fact that the member states are not in agreement on the implementation of green procurement as a policy since all the vendors are not at equal capacity to implement the green procurement concept. Particularly the developing nations or the group of seventy-seven rejected the proposal presented by the Procurement Division of the UN headquarters in New York.

Ermias Wosenyeleh Asefa (2019) assessed the sustainable public procurement practices in the cases of Ethiopian public procurement and property disposal services and public procurement and

property administration agency. The objective of the study was to assess the sustainable public procurement practices in two public organizations. The research used the quantitative and qualitative approaches. In addition, it employed both descriptive and explanatory research designs. The intended population of the study was employees involved in the procurement, contracting team, property administration team, market research, and valuation team of the two public procurement organizations.

The findings of the study were the practice of sustainable public procurement in the two public procurement organizations is at a lower level, adequate variables of the sustainability causes were not included in the public procurement proclamation, directives, working manuals, framework agreement, and general and special conditions of contract. In addition, the environmental and social sustainability agendas were neglected in the daily activities. The result from the correlation analysis revealed that there existed a positive relationship between the *independent variables* (level of knowledge on sustainable public procurement, adequacy of training on sustainable public procurement, various challenges) and the *dependent variable* (practices of sustainable public procurement).

Besides, the study recommended the improvement shall be started from the top management. The management needs to take the initiative to formulate sustainable public procurement policies and national implementation strategies partnering with the concerned stakeholders. Also, the study call for procurement reform in the two public procurement organization the make the overall procurement process sustainable.

▪ *International Procurement Practice*

Asfaw Tsegaye (2017) analyzed the international procurement practices of Addis Ababa University and the challenges being faced by the university while navigating this process. He used interviews and questionnaires to gather data from members of the procurement directorate at AAU as well as the finance and budget department and a few user departments. He also used published documents as secondary sources.

He identified some gaps and challenges in the international procurement process such as a lack of capability among end-users in preparing well-defined and up-to-date technical specifications and absence of a marketing department that could guide them in doing this, the total absence of e-procurement and database systems, instead of which the procurement staff uses outdated manual systems, and as a result, the below-expectation levels of long-term supplier ties that have been established. He also rated the performance of the procurement staff as poor at most stages of the process, which is made worse by the work overload they face as a result of the staff not being large and diverse enough. The other stakeholders like the finance department and the banks involved are also not providing adequate services for the international procurement process.

To tackle these problems, he recommended establishing a marketing department that would help end-users provide detailed specifications, implementing e-commerce and database systems that enable the procurement staff to engage ably in the modern procurement landscape, creating strategic long-term supplier relationships for strategic items, providing tailored training for end-users and procurement staff on procurement process according to their needs, hiring procurement staff from more diverse fields of studies so the staff could have the ability to assess the needs of and communicate ably with different end-users.

Girum Mesay (2019) assessed the challenges of global sourcing practices at Ethio telecom and analyzed their level of impact on global sourcing practices as well as on procurement performance. He interviewed all the fifty-five employees in the supply chain management department using interviews and questionnaires.

He found that global sourcing practices and procurement performance were affected by challenges from the end user side because of unplanned and scattered requisitions without up-to-date and complete technical specifications on their purchase and that the risk of a fluctuating currency rate is one major problem for global sourcing practices of ethio telecom. Another challenge he identified was an inadequate performance by internal and external stakeholders concerning international sourcing. For example, the finance division makes significant delays in performing L/C opening instructions to banks, and in making different payment requests and instructions. On the other side, organizations like the Commercial Bank of Ethiopia, Ethiopian Shipping and Logistics Service Enterprise and Ethiopian Airlines Cargo Section, Ethiopian Revenue and

Customs Authority, and other government authorities like INSA cause delays in the international sourcing process.

From the supplier side, he concluded that the company was to some extent inconvenienced by supplier inefficiency as most foreign suppliers do not perform as expected concerning offering short delivery time or delivering goods as per the agreed delivery time, handling claims timely, and responding to different requests and claims on time. To some extent, there is also difficulty in finding the right or qualified supplier from foreign sources, and also some foreign suppliers do not comply with the requested goods and service requirements in terms of goods functionality and quality.

However, the experience of Ethio telecom and its enormous size has enabled it so that these challenges are not key issues that interfere with its operations. It has separate logistics departments to deal with complicated sourcing deals and also sometimes utilizes third-party logistics service providers to deal with such issues.

He recommended that the organization needed to give high emphasis to the preparation of technical specifications by end-users through consulting the appropriate technical persons from the right user unit and also, they should follow the pre-approved annual procurement plan to present their purchase requisitions. And the supply chain division staff should constantly follow up to make sure that the procurement plan is implemented well. Regarding inefficient suppliers, the paper recommends that Ethio telecom to source from suppliers who are deemed efficient based on the previous history. The study also recommends that the company should follow and monitor the payment system at the bank to avoid unnecessary delays in processing payments to suppliers. Similarly, there should be strict follow-up on every step of global sourcing activities with all stakeholders like ESLSE, EAL, ERCA, and other regulatory government agencies that are concerned during the whole sourcing and import processes of the goods sourced from abroad countries.

▪ *Sourcing and Sourcing Decision*

Limenh Gashaw (2019) studied the challenges faced by Ethiopian Airlines Group regarding strategic sourcing and contract administration. He used a questionnaire to collect data from eighteen employees in the strategic sourcing department of the organization and also conducted interviews with the two high-level managers of the department.

He eventually concluded that the major challenges are lack of Human resources and resources, supplier source and selection difficulties, lack of proper planning and forecasting, complicated logistics in global sourcing, lack of understanding of total cost of ownership, volatile economic and political environment, different standards and requirements between countries, supplier development difficulties, cultural and lingual difference, currency fluctuation in global sourcing, and contract management challenges. He also observed that most projects were delayed as a result of a lack of a reasonable number of Human resources, lack of proper project planning and way of handling such as user section limitation on the preparation of the specification, evaluation result delay by the technical team, shortage of adequate resource and facility, the technical team assigned from the user and support section have their main duty and consider the strategic sourcing project evaluation as an additional duty.

He also noted that strategic sourcing sometimes faced cost-saving plan shortfall. The main reasons were doing operational things other than doing the planned spend analysis sourcing, strategic sourcing staffs did not negotiate contracted items due to the urgency of the projects and the workload they have, management interference to work on all low value and one-time purchase goods/ services to support the daily operation, lack of management commitment to avail the necessary facility and resource support and due to the firefighting operational works. Furthermore, the research concludes that failure to see things in 360 degrees and sometimes exaggerated plans are some of the causes of cost-saving plan shortfall.

The company needs to empower and include additional Human Resources capable of both mechanical and professional, by providing continuous international training, ensuring proper planning, and allocating reasonable time for each project before requesting the strategic sourcing section to oversee the subject and restructuring by including the composition of capable staffs from

the technical team to prevent firefighting in sourcing and delays in project execution. He suggested that sourcing capacity should be improved by doing an international market assessment physically since electronic web sourcing has limitations and most of the suppliers do not respond to online requests. In addition, he suggested allowing employees to participate in trade shows and exhibitions would improve sourcing capacity.

Kate Hughes and Sarah Schiffing (2017) studied the factors that influence sourcing decisions in humanitarian supply chains by conducting thirty-eight semi-structured interviews with individuals involved in both developmental and emergency humanitarian responses. They found that sourcing was a topic of importance for the interviewees involved in developmental responses.

Respondents expressed a keen awareness of the importance of local sourcing, particularly in developing countries, as the import of goods can contribute to creating aid dependencies and may undermine the development and sustainability of local supplies. It was agreed by respondents in this study that local sourcing is desirable, principally for reasons of sustainability. However, a particularly pertinent issue in developmental humanitarian responses that was highlighted by the interviewees was that sourcing decisions are products of a combination of organizational beliefs and external factors. Several respondents favored global sourcing to ensure consistent quality across all of their organization's operations, stating that it is unacceptable to provide beneficiaries in developing countries with goods of inferior quality to what would be used in donor countries, particularly for medical supplies. Other respondents favored the move to local sourcing of products and services for humanitarian responses as far as possible.

They found that there are some challenges with local sourcing, especially in the emergency response sector, as the availability of goods and services is often severely curtailed with limited regional sourcing. Considerations of quality, quantity, and cost made global sourcing desirable - and even necessary - in many scenarios. Larger organizations in particular are keen to achieve savings based on economies of scale. Furthermore, many organizations pre-position supplies in disaster-prone regions or store pre-assembled kits centrally to enable a quicker response. Both strategies are commonly tied to global sourcing. Nevertheless, respondents acknowledged that continuity and coordination of sourcing are major sources of complexity in humanitarian logistics. This includes import regulations, which in many countries were reported to be cumbersome, to the

extent of disabling international supply chains into an affected region, thus necessitating the use of local products and services.

- *Global Supply Chain Strategy Process*

Cagliano, Loppacher, and Spina (2007) studies 7 multinational corporations in Italy expanding to the MERCOSUR area (which embodies the largest Latin American economy (54%) and the fourth economic region in the world), explores the process of global supply strategy process definition and development, focusing on the relationship between its two key dimensions: a) supply sourcing, i.e. the level of supply globalization as related to MNC's worldwide operating needs - and b) location purchase, i.e. the level of centralization of relevant purchasing decisions. Data were collected through personal, in-depth interviews with members of the top management team in each firm, including key company officials in charge of international supply management areas, as well as subsidiaries' general managers and supply and purchasing area managers, ensuring interviewers' control, instant feedback, and clarification of specific issues.

The results of the research indicated the considerable influence of companies' evolution in their globalization processes on their global sourcing and purchasing strategies. Indeed, companies in the later stages of their Globalization Process Evolution adopted global sourcing and purchasing strategies that involved more centralized relevant decisions (especially as regards benchmark price negotiations and critical suppliers' selection and certification). On the other hand, companies in their earlier globalization process stages tended to pursue Global Sourcing and Purchasing Strategies based on more local autonomy and focusing on local supply solutions.

The research found that there are different variables at play in the definition of both strategic dimensions and that these variables depend on purchased product characteristics, market, and, in some cases, companies' global strategies. These variables include world availability, economic convenience, and specialization level as regards supply source strategy definition, product relevance and negotiation leverage in terms of purchase location strategy, and global management centralization level.

It also found that in the case of strategic or business-related supplies, companies tend to pursue a global supply strategy, whereas local supplies are preferred for all other materials, as long as external vendors do not offer substantial advantages. Also, companies are likely to rely on local definitions, regardless of supply source, as long as no relevant grounds were found for headquarters' involvement. Thus, although global purchasing strategy definition (both as regards supply sourcing as well as purchase location) at multi-national corporations is part of their evolution towards globalization, it requires a specific analysis for each type of product and market, calling for a dynamic and selective revision to ensure the best global supply chain management performance.

▪ *Procurement Practices, Challenges, and Performance*

Argachew Abebe (2021) studied the effect of procurement practice on organizational performance in the case of Ethiopian defense force higher educational institutions. The research aimed to examine the procurement practices, determine the relationship between procurement practices and organizational performance, and outline the challenges of procurement practices. He employed explanatory and descriptive research designs with the use of cross-sectional data.

The study revealed that the procurement practices are not well implemented, and improvements were not shown in the Ethiopian Defense Force's higher educational institutions. The study identified three organizational performance metrics that were highly affected by the procurement practices which are: quality of goods/services, cost reduction, and lead time. Moreover, it was shown that procurement practices displayed positive relation with the organizational performance. The study has recommended the studied institutions need to pay due attention to the overall procurement practice to improve the organizational performance.

Tsegaye Turga (2019) studied the factors affecting the procurement performance of the international organization for migration Ethiopia office. The objective of the study was to determine the factors influencing the procurement performance of the international organization for migration Ethiopia office. The study has used descriptive and explanatory research design techniques.

The findings showed that challenges from the requesters, organizational structure, and procurement unit were the major factors affecting the procurement performance. Whereas the level of professionalism and competency of the staff exhibited a lesser effect on the procurement performance. The study added that the market environment was demonstrated as the main external challenge posing an adverse effect on procurement performance.

The study recommended that the procurement unit needs to provide training on the overall procurement process to the requesting units. In addition, the organization ought to strengthen partnerships with the supply chain stakeholders. Moreover, the study suggests future research to investigate other factors that can affect procurement performance.

Mesfin Mekonnen (2018) studied the challenges in the public procurement process in the case of the same selected Ethiopian federal public sector. The study aimed at assessing the potential challenges and examining the level of their impact and identifying the efficiency level of the procurement unit. The study employed a descriptive survey technique to determine the qualitative and quantitative factors. In addition, the study used the stratified random sampling technique.

The study revealed that there is no accountability regarding poor performance and poor execution of national policy, regulation, rules, and procedures. Moreover, insufficient political commitment and low efforts have been demonstrated in the areas of improvement. Also, inadequacy in the availability of procurement plans and poor specification and bid documentation was shown. The study recommended reviewing the procurement policies, rules, and procedures in line with the demonstrated challenges. Moreover, it recommended taking necessary and due action and calling for a collective effort.

2.4 Research Gaps

After reviewing the various empirical literature, the study arrived at the question of how the International Organization for Migration (IOM) can harness the full potential of the procurement unit. Despite the growing academic and institutional engagements of the procurement concepts, research on global procurement is in its infancy. Existing studies have focused on governmental organizations. However, the literature has paid insufficient attention to non-governmental and

intergovernmental organizations. Consequently, little is known about the processes and challenges of the procurement process in non-governmental and intergovernmental organizations.

Another research problem in this area is the fact that most research in procurement processes is highly dominated by the business contexts. The unavailability of research in humanitarian settings and specifically in Ethiopia is, hence, another research gap that is addressed by this thesis.

2.5 Conceptual framework

The conceptual framework is set to provide a valuable and clearer picture of several challenges (internal and external) the organization is facing in handling global procurement. In addition, the framework shows key processes of procurement in an organization. The summarized conceptual framework is presented below diagram:

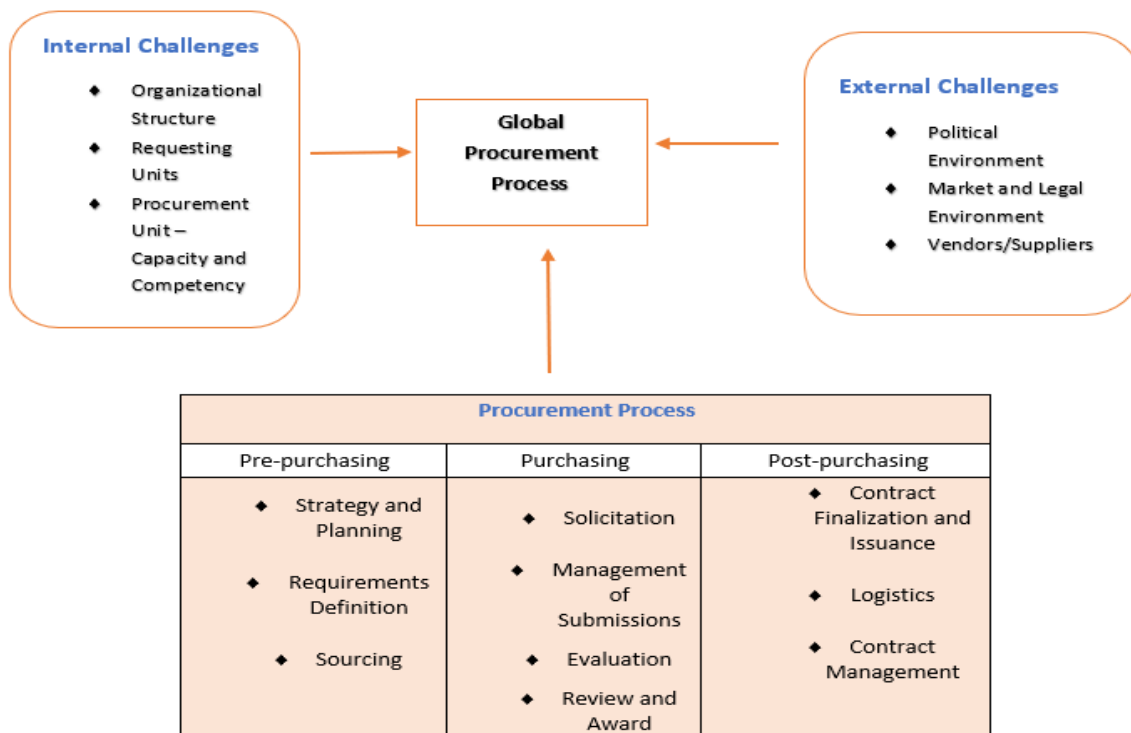


Figure 2: Conceptual Framework of the study

Source: Own source from literature review, 2022

Chapter Three

Methodology

3.1 Introduction

This chapter presents the methodological techniques that were employed in conducting the study. The chapter includes the description of the study area, research approach, research design, population and sample, data sources and types, data collection procedures, ethical consideration, and data analysis.

3.2 Description of the Study Area

The research has been conducted in areas of global procurement process and challenges in the International Organization for Migration (IOM) Ethiopia mission Addis Ababa head office. It will be concerned only with global procurement and the local procurement process will not be taken into consideration.

Regarding the physical description of the study area, the thesis has been conducted only on the engagement of IOM in Ethiopia. Hence, the study has only included the IOM Ethiopia mission Addis Ababa head office located in Addis Ababa.

3.3 Research Approach

It is known that the finest research approach is established based on the basic intent of the study, the type of the data, and the associated research questions. Kothari (2004) argued mixed research method is a way the study mixes or merges quantitative and qualitative research techniques, approaches, procedures, and concepts for particular research.

The research has been conducted using a mixed approach with qualitative and quantitative techniques. The mixed research is effective to catch the best of the two techniques to capture all the relevant information and triangulate what is needed (Greener, 2008, Saunders et.al, 2007).

3.4 Research Design

The study employed descriptive design of study. The study ought to define the variables to measure clearly and look for suitable techniques for measuring them accompanied by a precise description of the population. The design to be followed needs to be intended in such a way that the study can attain comprehensive, detailed, and correct information (Kothari, 2004). The descriptive design was appropriate in determining the processes and the challenges of global procurement as an operation.

Based on the study area, as the study aimed to assess processes and identify challenges in the global procurement process, a descriptive research method with both quantitative and qualitative methods has been employed to conduct the study.

The study used both qualitative and quantitative techniques. A quantitative method was chosen as the method was perceived successful to collect large data at a particular time. Whereas the qualitative technique was preferred because it allows the study to produce meanings and facts within the real context of the research participants and to fill the gap left by the quantitative method (Kothari, 2004). Therefore, a mixed approach was implemented for the better reliability of the study.

3.5 Population and Sample

3.5.1 The population of the Study

The target population of the study is the IOM staff currently actively engaging in the global procurement process in the Ethiopia mission Addis Ababa head office. As of March 2022, there was around 175 staff (national and international) that are actively engaging in the day-to-day global procurement activities of the organization. Out of these, two-thirds of the population is directly taking part in the programs and projects while the rest one-third is assisting the programmatic implementations or in the resources management.

3.5.2 Sampling Design

Kothari (2004) states that a study needs to pay due attention while developing a sampling design to the type of universe, sampling unit, source list, size of the sample, parameter of interest, and sampling procedure. The study has ensured that the above-listed conditions have been strictly adhered to. Based on their active engagement, the resources management unit (the procurement, the logistics, the accounting, and finance; and the information technologies), the emergency post-crisis unit, and the migration management unit has been included in the survey (bearing in mind there exist some units which are not involved in the global procurement activities).

The study employed a convenient sampling (purposive sampling) method to conduct a survey. This method was considered more appropriate for the study as it allowed to choose respondents based on their engagement and comparative exposure to the research topic. Kothari (2004) argues non-probability sampling technique particularly the purposive sampling gives the organizer (the researcher) free space to *'purposively choose the particular units of the universe for constituting a sample on the basis that the small mass that they so select out of a huge one will be typical or representative of the whole'*.

Table 1 Staff distribution across the actively engaged departments in the global procurement

No	Department	Total Population	Proportion (%)
1	Emergency Post Crisis	73	41.7
2	Migration Management	52	29.7
3	Resources Management	50	28.6
Total		175	100

The sample size was **122** respondents of a target population of **175** of the above-mentioned department sections. These were selected to guarantee that the sampling size had a typical representation of the population.

The sample has been drawn using the below-depicted formula created by Mugenda and Mugenda (2003):

$$n = \frac{N}{1 + (N * e^2)}$$

Where:

N = population size

E = Tolerance at the desired level of confidence,

n = sample size.

With the above formula the sample size has been calculated as:

N = 175 staff

e = take 0.05 at 95% confidence level,

n = **122 staff**

Backed by the above-stated theoretical background and by employing the stated sampling technique, as depicted in the table above the sample has been drawn proportional to the size of the department and the total population which is 87.

3.6 Data Sources and Types

Both primary and secondary sources of data were used for this study. The primary data was gathered from respondents through a questionnaire. The secondary collected from organizational manuals, reports, policies, several works of literature academic journals scholarly articles, and the internet.

3.7 Data Collection Procedures

The researcher employed a questionnaire for this particular research. Before starting the actual data collection, the questionnaire was distributed to five potential respondents to check the reliability of the instrument. The five people who participated in the pilot testing of the questionnaire were omitted from the actual data collection process. The researcher applied a “five-point Likert scale from 1 to 5” rating from strong agreement to strong disagreement to measure the questionnaire items.

The digital data collecting platform, www.surveymonkey.com, was employed to collect responses. As all the respondents have access to email and online data collecting platforms, the researcher

distributed the questionnaires electronically via email. To avoid confusion and ease the administration, a close follow-up was maintained during the filling up of the questionnaire. This helped the research to have a good portion of the questionnaire filled.

In addition, the procurement process of the UN organizations (IOM, UNIDO, UNOPS) was reviewed along with the procurement policies and manuals.

3.8 Data Analysis

Data gathered from the survey was analyzed to understand the context and interpret them into findings. Interpretation of the collected data was conducted per the research topic, objectives of the study, country/ organization context, and methodology. Moreover, since the survey was the sole data instrument and the response rate was quite good, the study was highly dependent on the survey conducted.

The analysis, as mentioned above, had a descriptive nature. Considering this, the data analysis has used Microsoft Excel for data analysis purposes. In this regard, to show and describe the results of the research, graphs, and illustrations were employed.

3.9 Ethical Consideration

The researcher has secured confirmation to research the organization in the stated study area from the organization's Office of Ethics and Conduct. In addition, the researcher has informed the purposes of the study are only academic and during the data collection process and the course of the study anonymity, nonreferentiality, and the consent of the participants has been kept.

3.10 Validity of the Research Instruments

Validity refers to the degree to which evidence and theory strengthen the interpretation of test scores implied by the use of tests. The validity of an instrument is the extent to which it does measure what it is supposed to measure. According to Mugenda and Mugenda (1999), validity is the accuracy and meaningfulness of inferences, which are based on the research results.

To check the validity of the data instrument the study has employed different techniques. Firstly, the content of the instrument has been checked in line with other literature, academic experts, and industry practitioners. Besides, by organizing the instrument with close-ended questions, the study has guaranteed no ambiguous and irrelevant responses are made.

3.11 Reliability of the Research Instruments

Burns (2008) states that reliability is the uniformity and accuracy of the results that allows findings to be reproduced. Cronbach's Alpha is a tool to measure the reliability of the data instruments. It is highly effective in measuring the items in which it indicates if the items are measuring the same construct (Burns, 2008). Burns argued that a Cronbach's Alpha coefficient of greater than 0.70 yields a reliable scale whereas any score less than 0.70 should be removed.

Table 2 Reliability Statistics Result

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.834	.869	5

The result of the Cronbach's Alpha for the data instrument of the study is 0.834, which is greater than the minimum acceptable alpha coefficient of 0.70, which is quite reliable.

Chapter Four

Results and Discussion

4.1 Introduction

This chapter illustrates the presentation, interpretation, discussion, and analysis of the collected data through the questionnaire. This chapter comprises sub-parts. The first part deals with the description and presentation of the respondents' characteristics. And the second part is about the discussion and presentation of results/ findings.

4.2 Response rate

As shown in the below table, the departmental status of the selected participants, of the samples taken (122 staff), forty-two percent were from the Emergency Post Crisis unit, thirty percent were from the Migrations Management Unit, and the rest twenty-eight percent were from the Resources Management. Of which, the researcher managed to collect eighty-seven responses (the departmental distribution of the responses can be shown in the below table) which is approximately 71.3%.

Table 3: The departmental status of participants and response rate

Department	Population	Sample taken	Response Rate	Response Percentage
Emergency Post Crisis	73	51	37	72.5%
Migration Management Unit	52	36	25	69.4%
Resources Management Unit	50	35	25	71.4%
Grand Total	175	122	87	71.3%

4.3 Demographic profile of the respondents

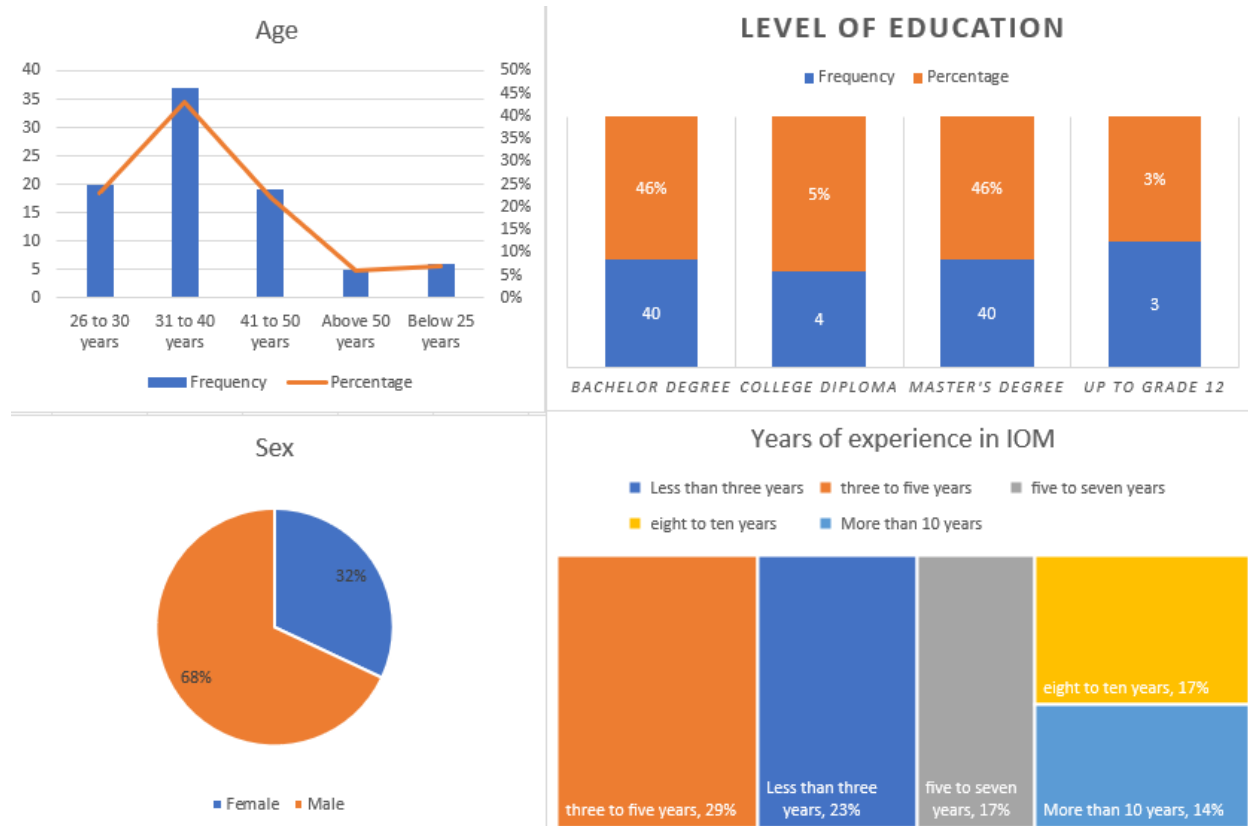


Figure 3: Demographic profile of the respondents

To show the age distribution of the respondents, 4% of the respondents were below the age of 25 years; 24% were between 26 and 30; 46% were between 31 and 40; respondents the aged between 41 and 50 years were 22%, and 4% of the respondents were above 50 years. The 18 to 20 age range was 5%. The above age distribution demonstrates respondents are from distinct age groups, however respondents in the middle age groups (26 years to 40 years) appeared to overweigh the study.

More than ninety percent of the respondents were at least holding a bachelor's degree. The rest are college diploma holders and high school certificate holders with a percentage of 5 and 3, respectively. This distribution illustrates, that as 92% of the respondents have at least a bachelor's

degree, the respondents are supposed to have a better understanding to respond and provide an insightful response in this particular study.

The distribution of the respondents' experience at IOM seemed balanced ranging between 14% to 29%. Respondents stayed at IOM for eight to ten years and more than ten years accounted for 17% and 14% respectively. Seventeen percent of the respondents have worked 5 to 7 years in IOM. Respondents with less than 3 years and three to five years' experience in IOM were 23% and 29% respectively. This result shows the study has responded to all staff-type (based on experience) which protects the study from misrepresentation and unintended bias.

4.4 The Process of Global Procurement Process

This section presents analyses and discusses the response to the global procurement process of IOM. As stated earlier, the study has classified the procurement process into three based on chronology; namely pre-purchasing, purchasing, and post-purchasing processes. Thus, here responses on processes or activities grouped in each process are discussed.

4.4.1 The Pre-Purchasing Procurement Process

The study identified activities or process that can be grouped under the umbrella of the pre-purchasing procurement process. These are strategy and plan, requirements definition, and sourcing. Questions related to these activities were asked and the responses are discussed below.

Table 4: Pre-purchasing procurement process

Pre-purchasing procurement practice	SA	A	N	D	SD	Mean	Standard Deviation
<i>The organization has standard and customized definitions for requirements.</i>	20%	22%	4%	42%	12%	2.46	1.35
<i>The organization have a structured and a well-planned global procurement plan.</i>	19%	42%	23%	12%	4%	2.17	1.38
<i>The organization have sufficient facility and staffing in the field of logistics and customs management.</i>	8%	43%	18%	28%	3%	3.34	1.15
<i>The organization supports procurement staff to build capacity to efficiently handle/ manage contracts.</i>	16%	41%	27%	16%	0%	3.64	1.11

<i>The organization uses different types of procurement methods to get capable and reliable suppliers</i>	38%	45%	15%	1%	1%	4.24	1.02
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As it can be shown in the above table (table 4), the majority of the respondents has objection to the statement that IOM has standards and customized definitions for requirements (mean value = 2.46). This shows the organization lacks standards on requirements definitions which is the most critical part of the pre-purchasing process.

The respondents disagreed with the statement which claims IOM has a structured and well-planned global procurement plan (mean value = 2.17).

The respondents felt the organization have sufficient facility and staffing for the logistical and customs issue(mean value = 3.34). They claim IOM have staffing in the stated matters and the facilities are sufficient to conduct the global procurement.

The fourth statement in the pre-purchasing procurement process was the organization’s support for the procurement staff to build the capacity to efficiently manage tasks. The result indicates the organization has platforms (training, workshops, or educational opportunities) to capacitate the staff in handling tasks capably (mean value = 3.64).

The last notion was on the distinct procurement methods the organization was applying. The majority of the respondents agreed that IOM uses diverse procurement methods to get capable and dependable vendors (mean value = 4.24).

The findings in the pre-purchasing procurement assessment were supported by the study by Tsegaye (2019). Tsegaye found that IOM lacks comprehensive procurement planning and customized and standard definitions of purchase requests which resulted in affecting the procurement performance of the organization. Similar to the above-mentioned statement, this study found IOM does not have a structured and well-planned global procurement plan. The results are the same which may be due to the proximity of the period these two-thesis works were conducted and the fact that the organization did not solve this issue yet.

4.4.2 The Purchasing Process

Responses to the activities included in the actual purchasing process are discussed. The study has understood the processes grouped under the purchasing process as solicitation, submissions management, evaluation, and review and award. Questions related to these activities were asked and the responses are discussed below.

Table 5: Purchasing process

Purchasing procurement process	SA	A	N	D	SD	Mean	Standard Deviation
<i>The organization applies different performance standards to measure vendors capacity.</i>	11%	46%	27%	14%	3%	3.6	1.23
<i>The organization applies different procurement levels (Single sourcing, low value procurement, coordinated procurement, competitive bidding) for different types of requests.</i>	45%	47%	7%	1%	0%	4.41	1.11
<i>The organization have its own criteria to select the supplier based on the product categories.</i>	39%	47%	9%	3%	1%	4.35	1.23
<i>The organization meets the 5’Rs of the procurement objectives while engaging in the global procurement practices.</i>	11%	53%	16%	19%	1%	2.98	1.69
<i>The organization regularly engages in global procurement to assist the operations/activities of the organization.</i>	23%	53%	20%	4%	0%	4.06	1.41
<i>The organization selects vendors ethically and in a transparent way.</i>	30%	49%	15%	4%	3%	4.15	1.55

The first statement was about the application of different performance standards to measure vendors' capacity. The respondents observed IOM has the standards to measure performances (mean value = 3.6).

The respondents agreed with the statement which claims IOM has district procurement schemes for distinct types of requests. These schemes are single sourcing, low-value procurement, coordinated procurement, and competitive bidding. The results showed the organization does not

engage in unique procurement it applies diverse types of procurement based on the requests' urgency, nature, availability, etc. (mean value = 4.41).

The respondents perceived that the organization has product-based criteria. They claim the IOM has standards of criteria based on the nature (perishability, size, etc.) of the product being purchased (mean value = 4.35). Scholars claim that category-based standards are the best schemes in the selection process of procurement. Thus, one can say IOM has endeavored in this particular issue.

The respondents believe that the organization does not meet the five Rs of the procurement objectives which are right quality, right quantity, right place, right time, and the right price (mean value = 2.98). They claim requests are not processed at the right time and place with the right quality, quantity, and price. They felt disparities in the expectation and the actual process of the procurement.

The respondents claimed that IOM engages in the global procurement process when there is a need to do so. Even if most of the procurement engagements are local, the respondents argue IOM engages in global procurement (mean value = 4.06).

The last statement was regarding the organization's selection process of potential vendors. The selection process (which ranges from sourcing to awarding) is sensed properly by most of the respondents. The respondents believe that IOM selects vendors ethically and transparently (mean value = 4.15). As the selection is an integral part of the entire procurement process, one can say IOM is performing better in this criterion.

The findings of this study in this regard did not go in line with a study by Argachew (2021). Argachew studied the effect of procurement practice on the organizational performance of Ethiopian Defense Force higher educational institutes. He found that the procurement controlling practices such as procurement bids are not opened and evaluated by an independent committee, and received goods and services are not checked against the local purchase order in Ethiopian Defense Force higher educational institutions. The above-stated variations in the results might be caused by the distinctive nature of the study areas. The controlling mechanisms are different in public organizations and international organizations.

4.4.3 The Post–Purchasing Procurement Process

The final stage in the global procurement process is the post-purchasing procurement process. This process involves the logistical arrangements, the finalization, issuance, and management of contracts. Thus, responses on such issues are discussed below.

Table 6: Post-purchasing process

Post-purchasing process	SA	A	N	D	SD	Mean	Standard Deviation
<i>The organization effectively coordinates with global/ international freight forwarding agents to process global procurement.</i>	16%	57%	26%	1%	0%	4.15	1.96
<i>The organization effectively coordinates with government bodies (Ministry of Foreign Affairs, National Information and Security Services, Customs Commission, and others) to process global procurement.</i>	30%	51%	9%	9%	0%	4.23	2.1
<i>The organization effectively coordinates with local freight forwarding agents to process global procurement.</i>	20%	59%	16%	4%	0%	4.1	2.14
<i>The organization’s warehouse facilities are capable of handling global procurement.</i>	12%	57%	20%	11%	0%	2.69	2.12
<i>The organization’s standards for rewards and punishments in case of success and failure are being applied to comply with the terms and conditions.</i>	9%	36%	42%	11%	1%	2.91	2.14
<i>The organization have a long-term agreement with global vendors for the critical items.</i>	26%	39%	30%	5%	0%	4.05	1.92
<i>The organization take cases to external judicial systems (courts) in case of breach of contract made by vendors.</i>	7%	19%	53%	19%	3%	2.44	2.19

Majority of the respondents think IOM has effective coordination with global and local freight forwarding agents (mean value = 4.15 and 4.23 respectively). Coordination with freight forwarders is needed in the process of global procurement and effectiveness shall be met on this end. As many stakeholders participate in this process (such as global freight forwarders, local freight forwarders, truck dealers, governments from the country of origin and destination, and so on), managing the loop is a challenging task. However, as the result shows, IOM staged well in this regard.

Respondents were also asked about the effective coordination of IOM with government bodies such as MoFA, Security Services, and the Customs Commission. In this regard, the respondents agree with the statement which claims IOM is effectively coordinating with government bodies (mean value = 4.1). Hence, this indicates there is effective coordination between IOM and government bodies.

Once the purchase and the freight forwarding process are completed, the storage process followed. By its very nature, global procurement purchases are massive. Hence, warehouse/ storage facilities need to be capable and sufficient to manage. The researcher assessed responses regarding the capability of IOM warehouses or storage facilities in managing the global procurement purchases. The respondents assess the facilities as incapable to manage the purchases (mean value = 2.69). The study has inferred that storage facilities are not capable of sufficiently and effectively managing global purchases.

The contract management issues were also discussed. The study measures responses on the *application of IOM's standards for rewards and punishments per contractual agreement*. The respondents felt IOM has standards for rewards and punishments, but they are not also being applied (mean value = 2.91).

The study also assessed *the existence of LTAs with global vendors for critical items*. In this regard, the respondents argue IOM has LTAs for these items (mean value = 4.05).

The last issue discussed on the contract management issues was *the resolution of vendor-related problems via external bodies (courts)*. The respondents do not have experienced this issue (mean value = 2.91). The results show IOM lags on the effective management of contractual issues.

The findings in this regard go in line with the results of the study by Tsegaye (2019). Tsegaye found that particularly the contract management and consumption management processes were perceived as less effective. The same results were found in this study. The application of IOM’s standards for rewards and punishments; and the resolution of vendor-related problems via external judicial systems were some of the post-purchasing process procurement activities in which respondents think that IOM’s area of improvement. In general, as can be shown above, IOM is left behind in the effective management of contract issues.

4.5 The Challenges of Global Procurement Process

The study assessed to explore the major internal and external challenges faced in the process of global procurement. Thus, here responses collected from participants are discussed and analyzed.

4.5.1 The Internal Challenges in the Global Procurement Process

As shown in the table (table 7) below, the researcher assessed *the internal challenges of the global procurement process concerning the organizational structure of IOM*. The first metric assessed was the lack of recognition and appreciation of the procurement unit and the procurement staff. The respondents agree with this claim (mean value = 3.87). Appreciation and recognition are vital to organizational success as a whole and the encouragement of an individual. However, as shown above, IOM lacks these parameters and these challenge the global procurement process.

Table 7: Internal challenges related to the organizational structure of IOM

Internal challenges related to the organizational structure of IOM	SA	A	N	D	SD	Mean	Standard Deviation
<i>Lack of recognition and appreciation of procurement unit as a whole and staff as an individual in the organization.</i>	11%	59%	14%	15%	1%	3.87	2.35
<i>Longer time is needed for approval of procurement documents.</i>	39%	35%	9%	15%	1%	4.2	2.49
<i>Staff does not involve in the decision-making process regarding the organization’s global procurement process.</i>	8%	45%	16%	30%	1%	3.54	2.63
<i>Top management support is very low.</i>	24%	34%	12%	20%	9%	3.69	2.83

The approval process of the procurement documents was also assessed. Concerning this, the respondents claim that a longer time is needed in the approval process (mean value = 4.2). As the results indicate, the approval process of the procurement documents took a long time which challenges the entire process of the procurement starting from purchase requisition to the finalization of payments. This delays the purchase process and also affects the relationship with vendors.

Another parameter assessed was the involvement of the procurement staff in the decision-making process of the global procurement process. Staff's involvement (direct or indirect) in the decision-making process affects the individual's and the organization's performance. The individual will be more confident and experienced while he/ she involves in the process, and it sharpens the individual's capacity in future engagements. In this regard, the respondents say staff does not involve in the decision-making process (mean value = 3.54). While thirty-one of the respondents disagree with the notion, they claim staff involves in the decision-making process.

The respondents perceived lower top management support (mean value = 3.69). This implies the process is not supported by the management and it challenged the global procurement.

The study also assessed *the internal challenges in the global procurement process related to the requesting units*. The below table (table 8) depicts these internal challenges concerning the requesting units.

Table 8: Internal challenges related to the requesting units

<i>Internal challenges related to the requesting units</i>	SA	A	N	D	SD	Mean	Standard Deviation
<i>Estimation of prices lower than the actual market price.</i>	30%	47%	8%	12%	3%	4.16	2.78
<i>Lateness of requests (requests created with a shorter prior time of need).</i>	20%	55%	20%	4%	0%	4.22	2.77
<i>Repeatedly creating large purchase requests at the closure of projects.</i>	36%	32%	20%	9%	1%	4.24	2.96
<i>Requests created with outdated specification, unplanned & scattered requests.</i>	22%	42%	9%	20%	7%	3.73	3.2

Estimation of prices concerning the actual market price was the first factor assessed. The respondents saw a lower estimation of prices than the actual market prices (mean value = 4.16). As indicated, the lower estimation of prices affects the procurement process and creates back and forth in the process if decided to correct the estimation with the actual market price. Unless and otherwise, the procurement unit will be pushed to go with a lower standard available in the market which directly affects the organizational objective.

The lateness of requests was also another parameter assessed in this study. In humanitarian organizations, where budgeting/ funding issues are critical and the nature of the environment is volatile, requests created/ raised with a shorter prior time of need challenge the whole procurement process. Concerning this, the respondents observed the lateness of requests (mean value = 4.22). As shown, it challenges the procurement process as it does not consider the time needed to conduct the entire process.

The repetition of requests created at the closure of projects was also assessed. as organizations like IOM are project-based, purchases are made vis-à-vis the project lifetime. In this regard, the respondents claim a large number of purchases are repeatedly requested at the closure of projects (mean value = 4.24). As indicated, requests with a large amount are repeatedly created at the closure of projects. As there are already ongoing tasks/ requests in the pipeline, this bears complications in the procurement unit.

Another parameter assessed was the creation of scattered and unplanned requests with outdated specifications. Here, the respondents claim the presence of this challenge (mean value = 3.73). Having clear, organized, planned, and timely requests is a big part of a successful procurement process. However, as the results show, IOM lags in this parameter.

Assessment of *the internal challenges in the global procurement process concerning the capacity and competency* of the procurement unit was the other subject examined in this study and is also shown in the below table (table 9).

Processes and Challenges of the Global Procurement

Table 9: Internal challenges related to the procurement unit - capacity and competency

Internal Challenges related to the procurement unit - capacity and competency	SA	A	N	D	SD	Mean	Standard Deviation
<i>Working environment in the unit is not harmonious.</i>	11%	19%	19%	41%	11%	3.11	3.33
<i>Procurement staff lacks skills in the decision making, negotiation, and bargaining with different stakeholders.</i>	4%	14%	14%	50%	19%	2.76	3.44
<i>Procurement staff lacks capacity to handle variety of requests.</i>	1%	18%	11%	55%	15%	2.78	3.52
<i>Procurement staff lacks a good communication skill with staff within the organization, vendors, government bodies, and other stakeholders.</i>	22%	20%	14%	32%	12%	3.38	3.65
<i>Procurement staff lacks a better skill and knowledge in the global procurement related area of expertise.</i>	8%	11%	20%	43%	18%	2.86	3.75
<i>Procurement staff engaging in the global procurement is lower than required (unmatching work – staff balance).</i>	36%	28%	8%	15%	12%	4.02	3.82
<i>Lack of long-term agreement for frequently requesting items.</i>	19%	46%	19%	14%	3%	4.01	3.81
<i>Lack of a strategic and a well-planned procurement plan.</i>	35%	43%	16%	5%	0%	4.5	3.81
<i>Inflexible procurement standards, policies, and procedures.</i>	31%	41%	14%	15%	0	4.28	3.98

The first parameter examined in this regard was the working environment in the procurement unit. The respondents observed a harmonized working environment in the procurement unit (mean value = 3.11). As indicated, IOM arranges a harmonious working environment which positively affects the performance of the staff.

The other issues assessed were the challenges concerning the procurement staff's skills and capacities. Concerning this, the first statement claims the procurement staff lacks skills in decision-making, negotiation, and bargaining with different stakeholders. The respondents disagree with this statement (mean value = 2.76). As shown, the procurement staff have shown skills in decision making, negotiation, and bargaining with distinct stakeholders.

The second issue was the capacity of the procurement staff to manage a variety of tasks. The procurement unit is arranged to assist projects, activities that came from distinct types of projects, people, and also the nature (based on urgency, the purchase type if it is service or products, and so on) of the requests. Thus, the procurement staff is supposed to meet this criterion. Here, the respondents observed the staff can manage a variety of tasks (mean value = 2.78). As indicated IOM procurement staff can manage a variety of tasks.

The other issue discussed was the staff skill to effectively communicate within the organization, with the vendors, government bodies, and other stakeholders. Concerning this the respondents observed the good communication skill of the staff (mean value = 3.38). As diverse stakeholders from diverse backgrounds take part in the entire global procurement process, communication is the steering wheel for the process. In this regard, IOM has shown an even result. Hence, the researcher cannot make a clearer conclusion.

The better skill and knowledge of the procurement staff in the global procurement-related area of expertise were also examined. In this regard, the respondents observed the procurement staff has attained the skills and the knowledge in the area of expertise related to global procurement (mean value = 2.86).

The staffing of the unit in the global procurement process was also examined. The respondents observe the shortage of staff in the procurement unit to process the global procurement (mean value = 4.02). This indicates there is unbalanced staff-task relation which may result in delays and lower quality of work.

The existence of LTAs for frequently purchased items was also assessed. In this regard, the respondents observe the lack of LTAs for those items (mean value = 4.01). LTAs play a significant role in humanitarian organizations to speed-up purchases and escape unnecessary delays.

A procurement plan is vital for any organization, especially for the IOM and the likes which possess a massive amount of purchases throughout the year. And this procurement plan shall be strategic and close to perfection. The plan has to be set in coordination with all stakeholders such as Project managers, finance managers, procurement managers and staff, and so on. It has to be all-rounded, has to consider the volatility of the environment, timely, and measurable. The assessment was made on the existence of a strategic and well-planned procurement plan in IOM. The results are as follows. The respondents claim the absence of a strategic and well-planned procurement plan challenges the entire process (mean value = 4.5).

The other parameter examined was the inflexibility of procurement standards, policies, and procedures. In this regard, the respondents observe inflexible procurement standards, procedures, and policies that challenge the procurement process (mean value = 4.28). Even if standards, policies, and procedures are essential for any organization, it needs to be flexible to manage the process in all settings. As indicated, flexibility is not shown in IOM regarding procurement policies.

Tsegaye (2019) studied the factors affecting the procurement process in the IOM Ethiopia office. The study found that the lack of recognition of the procurement department in the organization, lack of staff involvement in decision making, lack of top management support in procurement, and the length of time needed for the approval of documents affected the performance of IOM procurement. The findings of this study go in line with the results obtained by Tsegaye(2019). As shown above, the internal challenges have caused unwelcome results in the procurement processes.

Contrary to the findings of this study, Mesfin (2018) found that the deficiency of public procurement unit in technical knowledge and skill, unfamiliarity with the public procurement rules, directives, manuals, and procedures, and lack of skillful and competent workforce were found among chief factors exerted a considerable influence on the procurement unit function. The enormous difference in the results can be originated from the difference in the very nature of the organizations (study area).

4.5.2 The External Challenges in the Global Procurement Process

In addition to the internal challenges, other factors emanate from external parties. The researcher tried to assess these external challenges with distinct parameters. Firstly, the assessment was made on *external challenges related to the vendors’ management*. Responses from participants are discussed below (table 10). In this regard, the first issue the researcher tried to address was the effective sharing of information in the channel. The respondents observed information is not shared effectively with the vendors (mean value = 3.7). As the results indicate, there is a gap in the information sharing within the channel which challenges the global procurement process.

Table 10: External Challenges from vendors/ suppliers

External Challenges from vendors/ suppliers	SA	A	N	D	SD	Mean	Standard Deviation
<i>Communication is not shared effectively with suppliers.</i>	14%	34%	22%	26%	4%	3.7	4.17
<i>Suppliers does not entertain flexible international shipment schemes and payment methods.</i>	18%	40%	13%	21%	8%	3.71	4.36
<i>Suppliers does not have a clear understanding on the organizational objectives of IOM.</i>	7%	29%	16%	33%	15%	3.23	4.53
<i>Suppliers lack knowledge on the global/ international market trends.</i>	4%	27%	16%	39%	14%	3	4.65

The other issue was the inflexibility shown by the vendors in international shipment and payment methods. The scheme/ arrangement of the international shipment affects the performance of the procurement. And flexibility is needed in the scheme/ arrangement to cope with constraints and avoid unnecessary complications. In addition, payment methods challenge the procurement of the ongoing activities and also on the future relationship. Hence, the respondents observed that suppliers do not entertain flexible international shipment schemes and payment methods (mean value = 3.71).

The third issue assessed in this regard was suppliers’ level of understanding of the organizational objectives of IOM. An organization shall ensure a clear understanding of the stakeholders. In our case, IOM has to confirm that suppliers have a clear understanding of the organizational objectives of IOM. Because, as the relationship might not be for one time and may last longer, the suppliers shall be aware of the very existence of IOM. In this regard, the respondents perceive there exists a clear understanding of suppliers on the objectives of IOM (mean value = 3.23).

The final parameter assessed in the external challenges concerning the vendors’ management was the knowledge of the suppliers on the global/ international market trends. Organizations that engage in global procurement shall guarantee that suppliers have good knowledge of the global market trends. Unless, if suppliers stick to outdated procedures and trends and do not advance themselves with the existing trends the relationship will be affected and will pose a problem for IOM as there are other additional parties to deal with such as freight forwarders, government bodies, shippers, etc. in respect to this, the respondents were uncertain if suppliers have good knowledge on the trends of the global market (mean value = 3).

The researcher also assessed *the external challenges in the global procurement process related to the political environment*. Results are discussed and the below table shows (table 11) these external challenges.

Table 11: External Challenges from the Political environment

External Challenges from the Political environment	SA	A	N	D	SD	Mean	Standard Deviation
<i>Due to bureaucratic procedures lengthy time is needed in government offices to process global procurement.</i>	28%	45%	20%	7%	0%	4.38	4.46
<i>Political pressures arise from the government side is high.</i>	34%	28%	20%	12%	5%	4.21	4.66
<i>Political pressures arise from the international side is high.</i>	15%	53%	16%	15%	1%	4.14	4.71
<i>Pressures arise from the political volatility and instability of the country is high.</i>	30%	38%	23%	8%	1%	4.37	4.8

The time spent in the government offices for the approval documents was the first issue tried to discuss. By its very nature, global procurement, especially in international organizations and UN agencies, involves many stakeholders even from the government side. These are the Ministry of Foreign Affairs, the National Security bodies, the Customs Commission, and so on. Thus, documents need to be approved by the designated government body in the above office to process the purchase. Hence, bureaucratic procedures are faced while processing the approval and this challenges the entire process. The respondents perceive there is a bureaucratic procedure in these offices and a long time is needed to get approval for the documents (mean value = 4.38).

Political pressures arise from the government side and the international side was also examined. Organizations like IOM work with the local government at the country level and also with the government bodies at the village level like woreda/ kebele. In addition, the international community is also one of the partners in the organization's operations. The respondents perceive these pressures from the government and the international community (mean value = 4.21 and 4.14 respectively).

The political volatility of the country significantly disturbs the global procurement process. It challenges the organization to operate freely in the country and also to process the purchase smoothly. For instance, the government may not be willing to permit to purchase of electronic and telecom items for office use if there is 'perceived risk' in the area of operations like warzones. In addition, the logistical arrangements to transport the purchase and distribute the items to the needy are complicated in politically unstable countries. The respondents observed the political volatility and instability of Ethiopia challenge the global procurement process (mean value = 4.37). Thus, as shown, the political volatility and instability of Ethiopia are challenging the entire global procurement process of IOM.

In the end, the researcher assessed *the external challenges posed by the legal and market environment*. In this regard, as shown in the table below (table 12), three parameters are analyzed, and responses are discussed.

Processes and Challenges of the Global Procurement

Table 12: External Challenges from the legal and market environment

External Challenges from the legal and market environment	SA	A	N	D	SD	Mean	Standard Deviation
<i>Global/ international vendors working procedures/ standards unfit with the organization's policies.</i>	12%	49%	20%	19%	0%	4.05	4.94
<i>Language and cultural differences in the international market highly affects the global procurement.</i>	7%	46%	26%	22%	0%	3.91	5
<i>Variation in economic (business) trends in the global/ international market.</i>	34%	57%	9%	0%	0%	4.79	5

In the 21st century, due to technological advancements and other political factors (such as war, disease, etc.), the global market trends changes drastically. Organizations need to cope with these contemporary trends and arrange themselves to react and proact to these new advancements. And the procurement process is a major part of the organizational activities to be affected by these changes. The respondents observed that the variation in the global market or economic trends challenges the global procurement process (mean value = 4.05).

Challenges that arise from the language and cultural differences of the stakeholders in the international market were also discussed in this study. As the stakeholders in the international market are from distinct backgrounds and cultures, it poses a challenge to effectively communicate in the process. For example, IOM is purchasing bedsheets for displaced persons located in some parts of Ethiopia. Let us say color is not selected and mentioned in the purchase order documents. Then, the vendor supplies the bedsheets colored red. Finally, while IOM is trying to distribute these bedsheets to the displaced persons, they may not be willing to receive them because the red color is associated with unpleasant things in their culture. Thus, as it is a global procurement and due to many legal procedures, it is impossible to return the supplies to the vendor. Consequently, this affects the organization. In this regard, the respondents perceive this issue (mean value = 3.91).

The last issue discussed was the unfitting standards and procedures of the vendors with IOM. In this regard, unfitting standards challenge the procurement process. For instance, the vendor may give 15 days for the proforma invoice however, IOM may need/take one month to process the selection process. This bears back-and-forth in the process either negotiating with the vendor or starting the process with a new vendor. Concerning this, the respondents observed that global/international vendors' working procedures/ standards are unfit for the organization's policies (mean value = 4.79).

As cited by Ermias Wosenyeleh (2019), the external challenges have potential influences in terms of addressing sustainability considerations in the practices of sustainable public procurement. The study found that the political and legislative factors are among the main challenges in addressing sustainable public procurement. The results of this study have revealed comparable results. As shown in the above table, the respondents perceived the political and legal challenges as posing adverse effects on the global procurement process.

Chapter Five

Conclusions and Recommendations

5.1 Introduction

Based on the data analysis, findings, and results from chapter four, the study has given a summary of the findings, conclusions, and recommendations for the research objectives and research questions put in the first chapter of this thesis.

5.2 Summary of Findings

The main objective of the study was to outline processes and identify the challenges of the global procurement process in IOM. With this objective, the study tried to answer the fundamental research questions that were raised in the first chapter.

Using the distinct data sources, results were discussed, analyzed, and interpreted. Thus, the summary of the major findings of the study is discussed here according to the research questions.

☞ The first issue surveyed was **the global procurement process application** in IOM. The results showed IOM lacks standards and customized definitions for requisitions. In addition, IOM has not had a structured and well-planned global procurement plan. Moreover, the vendors' selection process was perceived as ethical and transparent by the majority of the respondents. Lastly, the results showed that the incapability of the warehouse facilities was conventional.

☞ Other issues discussed were **the internal and external challenges in the global procurement process** in IOM. The summary of major findings in this regard was the longer time needed for approval of procurement documents; continually creating large purchase requests at the closure of projects; the nonexistence of a strategic and a well-planned procurement plan; the longer time it takes in government offices to process global procurement; the operational complications triggered by the political volatility and instability of the country; and the language and cultural differences in the international market.

5.3 Conclusions

The objective of the study was to outline processes and identify the challenges of global procurement in IOM. As such the research tried to answer three research questions. These were about the key global procurement processes being processed in IOM, the major internal challenges of conducting global procurement in IOM, and the major external challenges of conducting global procurement in IOM.

To this end, the study has concluded that from the three phases of the global procurement process IOM has focused and performed well in the purchasing process. Most of the activities/ process in the first and third phases of the procurement process did not get much attention. Particularly the requesting units are not aware of the procurement procedures, the organization has no procurement plans, and the contract management activity is not practiced well. Consequently, the study found out these factors relate to most of the challenges identified.

Even though IOM has ensured effective coordination with stakeholders, the internal challenges which emanate from the poor implementation and management of projects, and poor management of the resources, the lack of management support, caused a great complexity in the global procurement process.

Although the organization has safeguarded a good relationship and a mutual understanding with the vendors, the political pressures originated from many parties and the economic or market factors highly challenge the global procurement process.

5.4 Recommendations

Based on the conclusions made above and the results of the data analysis, the study recommends the following:

- ☞ IOM should produce a strategic, planned, attainable, all-rounded, and measurable global procurement plan. This helps to have a coordinated and organized global procurement operation that is geared towards a common goal and that is aligned with ensuring the organizational objectives are in place.

- ☞ IOM has to give enough attention to all phases of the procurement process especially the pre-purchasing and the post-purchasing phases need focus. As the sum of all gives the total result, activities in each phase shall be practiced with full commitment and stress.
- ☞ Nowadays, an organization is considered a system. The performance of the procurement team depends on the finance, the requesting units, and the management. A collective understanding of the procurement policies, procedures, standards, and activities is essential. Thus, IOM needs to arrange distinct schemes/arrangements to fill the knowledge gap, to develop and ensure the shared understanding is in place.
- ☞ The top management shall be supportive of the procurement unit. The majority of the operations of the IOM are reliant on procurement activity. Bearing this in mind, the top management shall guarantee the necessary assistance adheres to the procurement unit and the staff.
- ☞ As shown above, the complications caused by the political and market/ economic factors highly challenge global procurement. Hence, as the political and market factors are imminent, IOM needs to work proactively to avert the unwelcome crises.

5.5 Directions for Future Research

The instant goal of this study was in assessing the processes and challenges of global procurement in the International Organization for Migration Ethiopia mission Addis Ababa head office. Suggestions for further research which would add a scholarly perspective and solutions to the procurement practices, processes, and challenges are listed below.

- ☞ Further study can be done on the same topic in multiple humanitarian organizations (can be two or three UN agencies) to compare and contrast the findings of this study.
- ☞ The relationship between the procurement process and procurement performance shall be studied.
- ☞ The external challenges listed in this research can be studied solely in line with the unfavorable effects on global procurement performance.

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Annex: Research questionnaire

Addis Ababa University
College of Business and Economics
School of Commerce
Department of Logistics and Supply Chain Management

Dear respondent

This questionnaire is designed to research the title of “*Processes and Challenges of Global Procurement: The Case of International Organization for Migration Ethiopia mission Addis Ababa head office*” as a partial fulfillment requirement for the Master of Arts degree in Logistics and Supply Chain Management. As this study is purely for academic purposes, please note that all the information provided by you will remain confidential and no individual responses will be identified.

Kindly spare a few minutes of your valuable time to complete the questionnaire as your participation is vital for the success of this study.

Lastly, I would like to thank you for your concern and patience while responding to the questionnaire.

Should you have any queries regarding the thesis work please do not hesitate to contact the researcher at the following addresses.

Natnael Abera

+251-947-375-353

nativanabera@gmail.com

Part One: General Information

1. Gender

Male Female

2. Age

≤ 25 years 26 –30 years 31-40 years
41-50 years Above 50 years

3. Level of education

Up to grade 12 College diploma Bachler degree
Master’s Degree PhD

4. Department

Procurement Logistics and Fleet Warehouse Asset Management

5. Years of experience in the organization

Less than 3 Years 3 - 5 Years 5 – 7 Years 8 – 10 Years
Above 10 Years

Part Two: Research questions

For the following stated statements in the table, please indicate your level of agreement by using the following rating scales:

***1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree and 5: Strongly Agree ***

1. What are the major global procurement processes in your organizations?

Global Procurement Processes in IOM						
Pre-purchasing procurement process		1	2	3	4	5
1	The organization has standard and customized definitions for requirements.					
2	The organization has a structured and well-planned global procurement plan.					
3	The organization supports procurement staff to build capacity to efficiently oversee/ manage contracts.					
4	The organization has sufficient facilities and staffing in the field of logistics and customs management.					
5	The organization uses distinct types of procurement methods to get capable and dependable suppliers.					
Purchasing Procurement Process						
1	The organization applies different performance standards to measure vendors' capacity.					
2	The organization applies different procurement levels (Single sourcing, low-value procurement, coordinated procurement, competitive bidding) for distinct types of requests.					
3	The organization has its criteria to select the supplier based on the product categories.					

4	The organization meets the five R's of the procurement objectives while engaging in global procurement processes.					
5	The organization regularly engages in global procurement to assist the operations/activities of the organization.					
6	The organization selects vendors ethically and in a transparent way.					
Post-purchasing procurement process						
1	The organization's warehouse facilities are capable of handling global procurement.					
2	The organization's standards for rewards and punishments in case of success and failure are being applied to comply with the terms and conditions.					
3	The organization takes cases to external judicial systems (courts) in case of breach of contract made by vendors.					
4	The organization have a long-term agreement with global vendors for the critical items.					
5	The organization effectively coordinates with global/ international freight forwarding agents to process global procurement.					
6	The organization effectively coordinates with government bodies (Ministry of Foreign Affairs, National Information and Security Services, Customs Commission, and others) to process global procurement.					
7	The organization effectively coordinates with local freight forwarding agents to process global procurement.					

2. What are the major internal challenges of conducting global procurement in IOM?

Major Internal Challenges of Conducting Global Procurement						
Internal Challenges related to the organization structure		1	2	3	4	5
1	Lack of recognition and appreciation of procurement unit as a whole and staff as an individual in the organization.					
2	Longer time is needed for the approval of procurement documents.					
3	Staff does not involve in the decision-making process regarding the organization's global procurement process.					
4	Top management support is very low.					
Internal Challenges related to requesting units						
1	Estimation of prices lower than the market price.					
2	Lateness of requests (requests created with a shorter prior time of need).					
3	Repeatedly creating large purchase requests at the closure of projects.					
4	Requests are created with outdated specifications, in an unplanned & scattered way.					
Internal Challenges related to the procurement unit - capacity and competency						
1	Working environment in the unit is not harmonious.					
2	Procurement staff lacks skills in decision-making, negotiation, and bargaining with different stakeholders.					
3	Procurement staff lacks capacity to handle variety of requests.					
4	Procurement staff lacks a good communication skill with staff within the organization, vendors, government bodies, and other stakeholders.					
5	Procurement staff lacks better skills and knowledge in the global procurement-related area of expertise.					
6	Procurement staff engaging in the global procurement is lower than required (unmatching work–staff balance).					
7	Lack of long-term agreement for frequently requested items.					
8	Lack of a strategic and well-planned procurement plan.					
9	Inflexible procurement standards, policies, and procedures.					

3. What are the major external challenges of conducting global procurement in IOM?

Major External Challenges of Conducting Global Procurement		1	2	3	4	5
Challenges from vendors/ suppliers						
1	Communication is not shared effectively with suppliers.					
2	Suppliers do not entertain flexible international shipment and payment methods.					
3	Suppliers do not have a clear understanding of the organizational objectives of IOM.					
4	Suppliers lack knowledge of the global/ international market.					
Challenges from the Political environment						
1	Due to bureaucratic procedures lengthy time is needed in government offices to process global procurement.					
2	Pressures arise from the political volatility and instability of the country is high.					
3	Political pressures arising from the government side are high.					
4	Political pressures arising from the international side are high.					
Challenges from the Market and the Legal environment						
1	Global/ international vendors working procedures/ standards are unfit with the organization's policies.					
2	Variation in economic (business) trends in the global/ international market.					
3	Language and cultural differences in the international market highly affect global procurement.					

Thank you!