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(PADM)

**The assessment of Procurement Planning and Implementation on  
Organizational Performance: the Case study of ETHIOPOST (EP)**

A thesis submitted to the department of Public administration and  
development management in partial fulfillment of MA degree in public  
management and Policy

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## **LISTS OF ABBREVIATION AND ACRONYMS**

|       |   |
|-------|---|
| CQS   | Consultant Qualification Selection                        |
| EFY   | Ethiopian Fiscal Year                                     |
| ICB   | International Competitive bidding                         |
| NCB   | National Competitive bidding                              |
| QCBS  | Quality and Cost Based selection                          |
| RFQ   | Request or Quotation                                      |
| FA    | Framework Agreement                                       |
| FDRE  | Federal Democratic Republic of Ethiopia                   |
| FPPAA | Federal Public Procurement property Administration Agency |
| GNP   | Growth National Product                                   |
| MOFED | Ministry of Finance and Economic Development              |
| OECD  | Organization for Economic Co-Operation and Development    |
| PB    | Public Bodies   |
| PE    | Procuring Entities  |
| PP    | Public Procurement  |
| PPM   | Public Procurement Management                             |
| PPS   | Public Procurement service                                |
| PPI   | Procurement planning and Implementation                   |
| SOW   | Statement of Work   |
| TOR   | Term of Reference   |

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## **ABSTRACT**

The main aim of this study was to examine the practices in procurement and their effects to organizational performance. The study based on the assumption that proper inventory management; procurement monitoring, procurement controls, procurement planning, as well as training of workforce can result to better organizational performance. Descriptive research design was followed. The target population of the study was the employees working at the department of procurement from which primary data was collected using structured questionnaire. Data analysis was done using descriptive and regression methods. The study had adopted procurement practices to a moderate extent. It further found out that procurement planning and training workforce are important in influencing the organization's performance.. Therefore, recommends that the key procurement actors should come up with viable ways of managing procurement process. Revitalization of the entire procurement process should be a requirement as it can help in ensuring that organizations embrace modern technological ways and trends in handling and addressing procurement issues. The target populations were 35 staffs who are working on procurement core process and End users of different departments in ETHIOPOST.

**Key Words:-**Procurement, Planning, Implementation, Organizational performance

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Procurement practices are vital functions in the public sector, since procurement process is generally a critical part of open spending in organizations. Carr and Smeltzer (1997) states that procurement practices comprises of the actions taken by the purchasing organization to navigate and in tegrateits performance in order to increase productivity by reducing cost and time. Procurement is the practice of selecting vendors, strategic vetting, setting up payment terms, selection, negotiation of contracts and actual purchasing of goods (Weele, 2010). Lim (2014) describes procurement as a process which entails acquiring (procuring) goods, services and work that is vital to an organization.

Worldwide, public procurement has become an issue of concern and debate, and has been subjected to reforms, restructuring, rules and regulations (Kabega, Kule&Mbera, 2016). The linkage of procurement to organizational performance in particular, makes the embracing of best practices important to present organizational success. Procurement is found to be practiced in many industries around the world (Hussein & Shale, 2014). Kabega, et, al. (2016) reiterated that various public institutions both in developing and developed countries have instituted procurement reforms which involve laws and regulations but the main challenge has been inadequate regulatory compliance. Public institutions are found to be big spenders and that they deal with massive budgets (Rood hooft &Abbeele, 2006). In addition, Mahmood (2010) restates that public procurement was estimated to represent 18.42% of the world Gross Domestic Product

(GDP). Public procurement is recognized as essential in service delivery and it accounted for a high proportion of total expenditure (Basheka&Bisangabasaija, 2010).

The theories guiding the research are the principal-agency theory (PAT) and the legitimacy theory (LT). The PAT concerns with the understanding that is put in place for an individual or entity (agent) to act in another's interest (principal). The legitimacy theory asserts that an organization has the mandate to explain its activities to the stakeholders, especially, if it is a public entity and should state how society will benefit from it.

The existence of integration of procurement practices in various organizational operations and support functions, harmonizing production with new orders, purchasing with demand, scheduling and shipping with customer requirements, has contributed significantly to the performance of many public organizations (Baily, 2011). Application of appropriate procurement practices strategically, has the potential impact to the performance of organizations and national economies in general (Keith, Vitasek, Manrodt, & Kling, 2016). However, Singhal (2011) observed that disruptions in procurement practices at any level devastate organizational performance. Poorly coordinated procurement practices do long-lasting damage to organizations' stock prices and profitability and need to be more thoroughly addressed by supply chain continuity planners (Thai, 2010). For leading public organizations like the University of Nairobi to respond to the current dynamic purchasing environment, it is required to embrace procurement. Since the entire procurement processes can work well in the improvement of the responsiveness of the University of Nairobi procurement systems.

Procurement practices can be described as activities which involve procurement planning, procurement controls, procurement monitoring and training workforce and this formed the basis of this study with addition of inventory management (Makabira&Waiganjo, 2014). An organization's procurement functions are guided by practices and activities that are entirely different hence divided into strategic and operational processes (Kaufmann, 2009). The importance of procurement in an organization has made some organizations to improve procurement processes of new systems such as, e-procurement that relates well with the varied technologies of electronic commerce such as document imaging, workflow management, bulletin boards and e-mail enabling business process remodeling (Wanyama, 2012). Buying of goods and services through various channels necessitates organizations procurement. Public or government organization sees procurement as a good opportunity to enhance process of procurement within the public sector bodies (Makabira&Waiganjo, 2014). Kierkegaard (2006) stated that government procurement procedures could be guided by three main principles: all parties interested have an equal opportunity to submit tenders, all enquiries must receive equal treatment in order to eliminate discrimination on the grounds of the nationality of the contractor or the origin of the

goods/services, and all tendering and award procedures must involve the application of objective criteria. With these combinations, proper application of procurement practices give rise to a number of benefits to an organization and to the strategic plans of organizations that could lead to acceleration and flow of important information between the buyer and supplier, and also helps to respond quickly to highly competitive new market entrants (Dong, Xu& Zhu, 2009). On the other hand, improving financial control by making it easier to match orders, improving auditing and better security are the operational benefits of procurement practices (Ordanini&Rubera, 2008).

Organizational performance is the actual output or outcomes of an institution and its intended outputs or goals and objectives (Upadhaya, Munir& Blount, 2014). Organizational performance can be measured through reduction in cost, quality of goods/services delivered, productivity,lead time (Mchopa, Njau, Ruoja, Huka&Panga, 2014; and Richard, Devinney, Yip & Johnson, 2009). Hamon (2003) states that the most critical factor for effective management is Performance Measurement (PM) and that identifying and measuring the influence of Supply Chain Management (SCM) on it enhances the organizational performance. However, the subject of performance does not receive sufficient motivation in supply chain management research.

The indicators of performance of an organization can be financial targets attained and satisfaction of labourforce. On the same note, Ho (2008) observed that organization performance could also be estimated based on institutions effectiveness and efficiency.AccordingVenkatraman and Ramanujam (1986) the indicators of performance should be measured based on financial elements such as growth of sales, profit, return on investment, business performance and organization effectiveness. Delaney andHuselid(2006) emphasized that performance of an organization could be measured by observing quality of products and service, performance in the market, customers satisfaction, innovations of services, and labour force. Green and Inman (2007) further recognized essential elements which can be used to gauge performance of any given organization include: profit, sales and market growth as well as return on investment. Consequently,

Masiko (2013) observed that organizational performance can be measured by productivity, cost saved, value of services and goods distributed on time, and client Contentment.

## **1.2. Statement of the Problem**

Procurement is essential for competitiveness of procurement function in any organization. The overall procurement performance depends on how well it is strategically positioned to serve the organization. If not well managed, the firm's value adoption process will be threatened and procurement as a whole will lose focus leading to inefficiencies that will expose the firm to risks. (Van Weele, 2005)

If procurement plays a key role within a business' operations, there's no doubt on the importance of planning in order to maximize outcomes. To put it simply, procurement planning defines a process whereby professionals establish what needs to be procured (goods, services or works), when they need to be procured (contract timeframes) and from what source (identifying suitable contractors and vendors).

Kakwezi and Sony (2010) found out that procurement planning is an ingredient to service delivery, but the study focused on service delivery ignoring other measures of procurement like financial gains from cost reduction.

The researcher tried to explore case studies conducted on procurement planning and implementation practice on organizational level. This study will focus on finding out the weaknesses of procurement planning and its implementation practice, which can then be taken up by management to make the required decisions for improving the organization performance. Several researches have been carried out on procurement practices and organizational performance. However, most of them were done in different countries focus on different aspects other than procurement practices and organizational performance. In addition, it was evidenced from this studies that the procurement process still fail in many public entities. Therefore, the aim of this study was to fill this knowledge gap in literature guided by the following research question: What specific procurement planning and implementation obstacles affecting the performance of the organization.

### **1.3. Objective of the study**

#### **1.3.1. General Objective**

The objective of the study is to identify the role of procurement planning and implementation on organizational performance and to assess the current practice.

#### **1.3.2. Specific Objectives**

The study has the following specific objectives:

1. Determine the effects of procurement planning and implementation on the performance of the Ethiopian postal service enterprise (EPSE)
2. Describe the current procurement planning and implementation practice
3. Identify the procurement planning and implementation obstacles affecting the performance of the organization.

### **1.4. Research Questions**

The Study tried to give answers specifically for the following researchable questions which are mentioned as a gap in many organizations.

How procurement planning and implementation affect the performance of EPSE?

How the current procurement planning and implementation practice looks?

What procurement planning and implementation obstacles do the EPSE?

### **1.5. The Significance of the Study**

The study is expected to express the weaknesses of the current procurement planning and implementation practice, which might be useful as a feedback for the organization's management to take measures in order to improve the procurement process. The study also expected to play a significant role on the organization performance.

To the researcher, the study will increase the knowledge on procurement plan and implementation problems, to know the factors affecting the procurement plan and implementation. The findings can be used as reference to other researchers and to the organization can be used as basis for improvement of annual procurement plans preparation and implementation.

## **1.6. Scope and Limitations of the Research**

The study will be carried out in Ethiopian Postal Service Enterprise (EPSE). The study has basically concerned with the assessment of procurement planning and implementation practice. In order to manage and utilize the limited time and resources wisely, the researcher will focus on factors that affect procurement planning and implementation process internally.

### **1.6.1 Thematic area**

In terms of content, study focused on procurement planning and implementation. The study focused on the three objectives of the study, which include, determining the effect of procurement planning and implementation procedures on fund performance, establishing the relationship between contract management and administration and fund performance and analyzing the relationship between professionalism and competencies of budget preparation staff. This study is intended to examine the procurement practice at Public Procurement and Property Disposal Service .The study didn't cover all Ethiopian Postal Service Enterprise Institutions procurement activities. Based on this the study has carried out specifically in Public Procurement and Property Disposal Service (PPPDS) which is the main body to facilitate the bulk purchase for common users Items like goods ,services.

### **1.6.2. Spatial**

The post office was granted autonomy and was headed by a Director General. The Director General in turn discharged his duties under the supervision of Minister. The general administration and financial execution of the post office was directed from the postal headquarters in Addis Ababa. There were 12 postal districts each headed by a Head Postmaster, co-ordinate and directed by the Postal Services Division at the Headquarters.

According to the proclamation, “The Ethiopian postal Service has the right to operate the transport of postal articles and the performance of all services incidental thereto, including, without limitation, receiving, collecting, dispatching and delivering postal articles, the acceptance and remittance of limited sums of money by means of postal and money orders, the management and control of postal packets and parcels, the maintenance and operation of philatelic and related services as well as carrying out agency services.

The construction of the General Post Office building in 1969 provided adequate space for the

introduction of new areas of postal services. The postal museum (which is located in GPO ground floor) also built after 7 years of the general post office.

With an area of 1.1 million sq.km and a population of over 110 million, Ethiopia has at present over 550 post offices and over 160,000 post boxes. It is estimated that one post office is serving 131,737 inhabitants while one private box serves 5647 people.

In the result of opportunities and challenges, Ethiopian postal service establishes EMS (express mail service) in 1989. The introduction of EMS has made the Ethiopian Postal Service competitive in the express delivery market. In 2009 It was established as governmental Enterprise by proclamation number 165/2009 and granted all the rights and obligations under proclamation no 240/1966.

### **1.6.3 Temporal**

In terms of time, the study considered between 2016 and 2021 because it is more recent and readily available.

## **1.7 Organization of the Research**

This research paper has five chapters. The **first chapter** provides relevant introductory part, which contains background of the study, statement of the problem, research question, and objective of the study, significance of the study, scope & limitation of the study. Followed by **Chapter two** that deals with the Public Procurement Proclamation, Directive, Manual, and related literature reviews of both theoretical and empirical. The **third chapter** discusses the research design and methodology; in this section it incorporates research methods, design, study population and sampling method, source and data collection instruments, pilot reliability test, method of data processing and analysis. **Chapter four** deals with the presentation, analysis and interpretation of data obtained from questionnaires, observation and interview. Finally, the last chapter is, **chapter five** which deals with the summary of major findings, conclusions and recommendations of the study.

# CHAPTER TWO

## REVIEW OF RELATED LITERATURE

### 2. Introduction

This chapter involves systematic identification and analysis of documents containing information related to the study.

#### 2.1. Definition of Key Terms

##### 2.1.1. Procurement

It is a process of identifying and obtaining goods and services, includes sourcing, purchasing and covers all activities from identifying potential suppliers through to delivery from supplier to the users or beneficiary. It is favorable that the goods/ services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location (Mangan, Lawani, and Butcher, 2008).

##### 2.1.2. Public Procurement

Public procurement is the process of procuring of goods, services and works on behalf of Government organizations. According to Kotoka (2012), explains that procurement as that function responsible for obtaining by purchase, lease or other legal means, equipment, materials, supplies and services required by an undertaking for use in satisfying wants. Therefore, the key task in public procurement is the purchasing of goods, works and services through contract with suppliers. The contract is a legal bidding document which needs to be respected and adhered to At all time. Tendering is thus a formal and legal procedure of soliciting tender offers in order to select the most suitable contractor.

##### 2.1.3. Public Procurement and Planning

To accomplish the organization's objectives, the most important tool is effective procurement plan. Procurement plan that aligns to the objective of the organization programs and budgetary process can expedite the accomplishment of the goals. It is one of the pre-requisites for the effectiveness and efficiency of the procurement function, thus leading to the ultimate success of the organization. (Namusonge et al., 2013) The Public Procurement and Property Administration Agency (PPA) guideline proposes that effective planning allows requirements to be aggregated into larger purchases at lower unit costs, rather than frequent sourcing of quotations for identical items and issuing many individual local purchase orders. It allows the private sector to respond

more effectively to the requirements and specifications of the Government (PPA, 2011 p.139).As per Basheka (2008), procurement plan adds value and, above all, it resulted into compliance with the set processes, he also states that if managed efficiently and effectively, results into compliance with set processes, which eventually leads to saving tax payers' money. Moreover, as per Namusonge et al. (2013), procurement planning will make sure that the employees can effectively and efficiently mitigate the challenges affecting procurement process, and it significantly reduces the delay in the process. Procurement planning is the future needs to procure goods and services for the organization to meet its strategic goals, thus, performing the procurement plan should be proactive; failure to request the required goods or services early will bring to postpone the work program to subsequent years, it is also a means for under-utilization of the budget. As procurement is a long and time-consuming process, contract planning should "begin as soon as the agency need is identified, preferably well in advance of the fiscal year in which contract award is necessary" (Thai, 2004,).

However, "without thorough procurement planning, the subsequent procurement processes will not yield substantial benefits" (Behsaka, 2008,p 197).. The preparation of the procurement plan has eliminated the need for emergency purchases, which are sometimes expensive or buying for the sake of buying, or buying just because there is money

#### **2.1.4. Public Procurement Plan and End Users/Departments**

In the public procurement plan, the user department must raise the procurement needs; this need has to acquire specification/Terms of Reference of Requirements; it should be clear, precise, complete and well understood. The specification may further be refined and clarified, by the procuring department, as per the pertinent rules and regulation. Technical specification is prepared or will be prepared by end users. (FDRE, Public Procurement Guideline, 2011, 3.1.4.f) To achieve success in procuring function the end users should be involved in high caliber, in addition, it entails the participation of higher officials. As per the study of Thai (2004) the

Planning effort will succeed only with the complete commitment and involvement of top management, The other vital issue in planning is the level of understanding and capability of the end users; the end users should well understand the use of the procurement plan, and the appropriately capable person must fill there question. Procurement planning must be prepared by the "right" personnel and accorded the importance it deserves (Namusonge et al., 2013).

However, the tendency shows that they are not aware in developing precise requisition for the procuring department; they also frequently fail in submitting timely. The divisions take long as there lack of teamwork and close co-ordination on budgeting for the annual procurement plan. This generates heat and disagreement among user departments and leads to failure of presenting their needs in time.

### **2.1.5. Procurement Plan and Market Price Assessment**

In procurement planning, since our plan is for the future, our cost estimation should be much more realistic by assessing the required market condition, the previous trend and any source of price. In surveying the goods or service, the cost and the availability must be considered. Public bodies have to organize their procurement needs in package's base. Needs collected from end users. The market price survey should be undertaken, and they should consider ensuring that if there are adequate suppliers or not, and classifying the procurement into lots based on the category of supplies (FDRE, Public Procurement Manual, 2010, 3.1.5.c). The procurement plan cost should state on the market basis, which is conducted by public body or price, which has obtained from other sources (FDRE, Public Procurement Manual, 2010, 3.1.4.e).

## **2.2. Public Procurement System:**

The process in which public sector institutions acquire goods and services. Public procurement systems are highly centralized and State Procurement Boards govern procurement (Bovis, 2007).

### **2.2.1. Purchasing:**

This specific function associated with the actual buying of goods and services from suppliers (MnganLawani, and Butcher, 2008).

### **2.2.2. Sourcing:**

It refers to process of identifying and working with appropriate suppliers (MnganLawani, and Butcher, 2008).

## **2.3. Public Procurement as a Profession**

Unfortunately, educators and researchers have not given much attention to public procurement. Indeed, in scholarly research publications, while there are a significant number of academic books, journal and articles in private sector purchasing, good scholarly publications in public procurement are hard to find (Rosalyn and Rick, 2001). While there are many universities that

offer courses in supply and purchasing management and public procurement laws for the private sector, public procurement remains a neglected area of education. Public procurement has until recently been a neglected area of research. Consequently, getting a good number of submitted papers is always a major challenge.

As Thai (2004), points out, Public procurement is an extremely complicated function of government and public procurement requires interdisciplinary skills and knowledge, including economics, political science, public administration, accounting, marketing, law, operations research, engineering, and architecture, among others. Ethiopian Civil Service University also has been giving public procurement in Masters Level since 2004 E.C. This is also may be an indication of public procurement still a neglected area in our country, which might facilitate unethical practices of public procurement officers due to lack of knowledge and little consideration of the discipline.

## **2.4. The Role of Procurement**

Benslimane, Plaisent, and Bernard (2005) contend that the overall aim and objective of procurement is carry out activities related to procurement in such a way that the goods and services so procured are of the right quality, from the right source, at the right cost and can be delivered in the right quantities, to the right place, at the right time.

There are six rights' in procurement and they can be achieved through following specific objectives of procurement (Benslimane Plaisent and Benard ,2005). These specific objectives are;

- To buy quality materials, items and service economically from reliable sources;
- To ensure timely delivery through the selection of capable and efficient suppliers;
- To continuously locate, evaluate and develop economical and reliable supply sources;
- To identify the most reliable sources of supply through either open tender, multi-stage tendering (pre-qualifying suppliers and retaining only those that are capable of meeting the Organization's requirements; strategic sourcing) and limited tendering.
- To investigate the availability of new materials and monitor trends in market prices;
- To buy in accordance with Organizations policies;

Moreover, Caldwell et al. (2009) say that there are three important principles of procurement. The first principle is transparency, which provides that all phases in the procurement process are fair and accurately documented. The second principle is that of accountability and it points out that there is need for accountability to financiers, who may require certain rules to be followed when using the money they have provided. Finally, there is the principle of efficiency and cost effectiveness and this principle is about meeting the 'six rights' of supply (price, right time, right quantity, quality services, and delivery to the required places and from the most cost effective source).

The particular features of procurement are the budgets involved, the frequency of activities and technical complexity of the functions. More recently as a function procurement has been complicated by the inclusion of 'manufacturing partnering' and by the acceptance that best value cannot be measured by price alone, but needs to take account of time, quality and sustainability considerations as well (Shaw, 2010).

## **2.5. The Objectives of Public Procurement**

There are a number of objectives of public procurement. These objectives can be implemented through various means. To know objectives of public procurements are crucial to understand these possible objectives and to understand how they relate to each other and the importance of each objective in ethical practice of public procurement to understand their relevance for the particular procurement system.

According to Arrowsmith, S., and Trybus, M. (2008), mostly the following are key public procurement objectives.

- i. Value for money (efficiency) in the acquisition required goods works or services.
- ii. Integrity, avoiding corruption and conflicts of interest
- iii. Accountability
- iv. Equal opportunities and equal treatment for providers

It is common that within different public procurement systems the existence of different objectives and the weight attached to the various objectives differs. For example, some systems attach much more importance than others to policies of fair and equal treatment of providers, to

the use of procurement to promote social objectives or to accountability, however many of the objectives of public procurement showed below shared about greater or lesser degree with private persons engaged in procurement. Most obviously, both public and private procurement has a major goal of obtaining value for money, and both public and private purchasers are concerned to ensure an efficient procurement process. Further, although it has sometimes been asserted that public procurement differs with private purchasing in that public purchasers are concerned to use procurement to promote economic, social and environmental objectives, in fact this use of procurement is also common in the private sector, and has become increasingly important with the development of the concept of Corporate Social Responsibility. However mostly government procurement have a great responsibility to keep it Arrowsmith, S., and Trybus, M (2008).

**2.5.1. Value for Money in the Acquisition of Required Goods, Works or Services** According to Business Dictionary (2015), Value for money is a utility derived from every purchase or every sum of money spent. Value for money is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase. Value for money is taking into account the optimum combination of whole life cost and quality necessary to meet the customer's requirement (Emmet and Crocker, 2008). As Lyson (1994), has pointed out, the real value for money question is 'How much will the item or service purchased cost to own and used'. On the other hand, Saunders (2009), rebounded the previous reviews, particularly regarding the primary objective of government procurement as being the achievement of value for money.

### **2.5.2. Integrity Avoiding Corruption and Conflicts Of Interest**

A second very important objective of many public procurement systems and public procurement regulation is to ensure integrity in the system. Integrity refers, first, to the idea that procurement should be carried out without any influence of corruption. Corruption can cover various types of practice. Many such practices involve various forms of collusion between government and bidders, particularly:

- Awarding contracts on the basis of bribes;
- Awarding contracts to firms in which one has personal interest;
- Awarding contracts to firms in which one's friends, family or business acquaintances have an interest; and
- Awarding contracts to firms who have provided financial support.

Such corruption can occur in the completion as well as award of contracts e.g. officials can collude with bidders to allow them to claim extra payments for non-existent work (Anechiarico and Jacobs, 1996).

### **2.5.3. Accountability**

A third objective of many public procurement systems is to ensure accountability in the sense that the system provide a means for interested parties to establish whether the government is meeting its objectives. Such interested parties can include, for example, the general public tenderers. Accountability aspect is important as a means to achieve many of the objectives of a procurement system, including value for money and integrity. However, account stability can also sometimes be considered as a value in its own right especially in democratic countries.

Transparency is of more importance to restore faith in the system for contractors and the tax payers by allowing them to see exactly what transpires in the government contracting process.

To the extent that accountability is a separate objective of the procurement system governments may accept costs to accountability mechanisms for example, costs of publishing information or loss of value from ones from reducing discretion even if the subaccount ability mechanisms do not produce, for example, financial savings or any actual reduction in corrupt activity (Kenneth and Brian, 2006).

### **2.5.4. Equal Opportunities and Equal Treatment for Suppliers**

This principle requires that identical situations to be treated in the same way or that different situations not be treated in the same way. Comparable situations must not be treated differently and different situations must not be treated in the same way, unless such the preparatory stage of any procurement procedure treatment is objectively justified. For example, when choosing a procedure, you should use the same deadlines must be applied to all tenderers consider at what stages you will be able to apply and the same information provided. However, tenders with different prices should receive different marks in the cost evaluation (Hunja, 2009).

Furthermore, Thai (2004), describe equality problems in a procurement context may arise from equality failures in the procurement practice of the contracting authority, eg direct or indirect discrimination on grounds of nationality, sex, race, etc in the contracting authority's conduct of procurement processes.

Much public procurement systems refer to a principle of equal treatment of though participating in the system. Equal treatment in public procurement may take on two different roles. First, equal treatment may serve simply as a means to achieve other objectives of the public procurement system, such as value for money in obtaining goods, works and services, preventing corruption and opening up markets to competition. Thus all interested firms have an equal opportunity to participate is often the method chosen for seeking out the best terms for the goods, works and services. Requiring that those involved in the competition be treated on an equal basis during the conduct of the competition can help ensure value for money and/or prevent corruption in the procedure in two ways:

- By limiting the opportunities for the procuring entity to make discretionary decisions that could be abused to favor particular firms (for example, a firm that has paid a bribe or from the perspective of opening up markets).
- By encouraging firms to have confidence in the process and thus encouraging the best firms to participate in the procedure.

Secondly, however, in addition to serving as a means to support other procurement objectives, equal treatment may also serve as an objective of the procurement process in its own right (Weele, 2010).

## **2.6. Procurement Procedures**

Shaw (2010) points out that the procurement process can be wrapped into three steps. These are need identification, planning and specification of goods or services required, and sourcing, awarding, and supplier management to facilitate timely delivery.

### **2.6.1. Need Identification**

Procurement is done to desire to accomplish a specific task. Given that resources are always scarce, the task to be accomplished should be important to an organization (Nakamura, 2004)

## **2.6.2. Planning and Specification of Goods or Services Required**

Once the needs have been identified, the procurement department should develop or communicate a plan on how to deliver the service or goods required. The plan must be developed in collaboration with the other functions within the organization, so that it is integrated into the organization's strategy and therefore provided for adequately (Shaw, 2010).

To be able to purchase the right good or services, the specifications of what the organization needs must be clear. These specifications are used to communicate to the supplier what is needed and what should be supplied. It is therefore important to have clear, precise and accurate specifications. Most organizations have standard specifications for the most regularly procured items and services such as medical and construction (Shaw, 2010).

Thai, Araujo, Carter and Calendar (2005) provide that a specification is a detailed description of the design, the service, or materials. It describes in detail the requirements to which the supplies or services must conform. The basic requirement of a good specification is to clearly identify the service or product to stakeholders. These specifications must be clear to all parties. That is the user, procurement and the supplier. Factors to consider in specifying a product include physical attributes, technical specification, and intended use (Thai et al, 2005).

## **2.6.3. Sourcing**

Hinson and McCue (2004) say that sourcing is the process of identifying sources of supply that can meet the organization's immediate and future requirements for goods and services. The sourcing process adopted will depend on the situation and on the time available to carry out sourcing. For instance, in a sudden on-set emergency the need to respond quickly to the emergency will mean there will be limited time to gather sourcing information and approve suppliers, therefore, an organization may make use of existing suppliers.

### **2.6.3.1. Steps in the Sourcing Process**

#### **2.6.3.1.1. Market Enquiry**

The process of inviting and evaluating tenders or quotations will vary depending upon an organization's own internal procedures. Never the less, the following are considered 'best practices', according to Shaw (2010).

#### **2.6.3.1.2. Inviting and receiving quotations**

- A limited number of vendors are invited to bid for supply of products/services.
- Bids are returned within a specified deadline.
- Receiving sealed bids depending on the limits provided by the organization.
- Use of locked box or lock fax machine for receipt of bids

#### **2.6.3.1.3. Inviting and receiving tenders**

- Advertising in local and international channels.
- Setting dead line for response.
- Receiving sealed bids.
- Opening and registering receipt of the tenders.
- Use of locked box or lock fax machine for receipt of bids.

#### **2.6.3.1.4. Evaluation and Awarding**

The evaluation of tenders and awarding of contracts to suppliers is an important phase of the procurement process. It is the process that determines the actual quality, reliability, delivery, etc. of the goods and services.

#### **2.6.3.1.5. The procurement department coordinates the following**

- Analyzing and evaluating the bids against set criteria, specification requirements and presenting the analysis to an procurement appointed committee
- Verification of supplier capability and quality control assurance processes
- Reviewing product in section results where necessary
- Verification of technical evaluation reports where applicable
- Negotiates with vendors where it is recommended by the committee
- Placing orders and expediting the delivery.

In addition, Shaw (2010) contended that it is very important for the procurement department to assess and consult on any big price variations, to avoid potential conflict of interest, undue influence, price fixing and favoritism, and to ensure consultative decision making and sharing of responsibilities.

Also, the tender box should not be opened by one person only, and the criteria used to evaluate bids should be tested and validated by the committee before reception of bids.

#### **2.6.3.1.6. Placing Orders and Contracting**

After evaluating and awarding of tender, the next step in the process involves placing orders for the goods or services with the supplier, or establishing contracts which need to be sent to suppliers. In emergency situations the approval levels and limits are adjusted, based on an approved process, to speed up the process of acquiring goods and services. Under normal circumstances, the approval processes may be more laborate. The orders establish contractual relationships between the organization and the supplier (Shaw, 2010).

Important features of a contract or agreement include cost, specification/description, quantity, lead time/delivery time, date of issue, and terms and conditions (including penalties for breach of contract). Place of delivery should also be indicated on the contract (Shaw, 2010).

#### **2.6.3.1.7. Progressing/Expediting**

Once the order is placed and the supplier has confirmed receipt and agreed to the contract terms and conditions, the role and the amount of work that staff in procurement have to undertake will be affected by the performance of the suppliers (Bovis, 2007). It is necessary therefore, for the procurement staff to monitor the progress of orders and the performance of the suppliers. Supplier performance will determine the amount of time and money that has to be spent in expediting orders and the managing of suppliers. To ensure an uninterrupted flow of goods and services, expediting should be a continuous process, especially in emergencies. The continuous monitoring enables the organization to pick out break-down points in the system and quickly identify solutions (Shaw, 2010).

#### **2.6.3.1.8. Delivery and Inspection**

Lewis and Roehrich (2009) argue that procurement only facilitates delivery through expediting for timely delivery and trouble-shooting returns. The physical receipt and inspection of goods takes place at the delivery point. Procurementally needs to know that delivery has taken place and that the supplier has delivered in accordance with the purchase order and complied with delivery contract requirements. In addition, whoever is responsible for accepting delivery and inspecting the goods should understand the procedure to follow in the event that there are any problems or discrepancies. For certain goods or commodities an independent inspection company may be used to check the quality of the goods (Shaw, 2010).

#### 2.6.3.1.9. Payment

When goods or services are received and accepted into stock, procurement then facilitates payment of the supplier by providing necessary documentation to Finance Department. Orders are normally generated in procurement, as the goods are delivered in the warehouses and transported to final Distribution points; additional documents are generated in the process to support transactions. All these documents are finally consolidated to support vendor payments (Shaw,2010).

### 2.7. Challenges in Procurement in the Public Sector

Public procurement is an important function of government. However, a number of challenges are faced (Shaw, 2010). **Firstly**, the sheer magnitude of procurement outlays has a great impact on the economy and needs to be well managed. Indeed, in all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10-30 % of GNP (Caldwell et al, 2009). Efficiently handling this size of procurement outlays has been a policy and management concern as well as a challenge for public procurement practitioners. **Secondly**,

Public procurement has been utilized as an important tool for achieving economic, social and other objectives (Arrow smith and Trbus, 2008; Shaw, 2010). Therefore, a need to comply with a numerous of legislations and guide lines and this presents challenge. Also, The World Bank specifies the following four major concerns or objectives of public procurement for projects funded by its loans;

- Ensuring that the loan is used to buy only those goods and services needed for the project,
- Ensuring fair competition for all qualified bidders from the World Bank's eligible countries,
- •Promoting transparency or integrity, and
- Encouraging development of indigenous contractors and manufacturers by allowing local buyers to build an amount of preference for local contractors and manufacturers (Maurer,2004).

## 2.8. Procurement Methods

A procurement method is the technique that public body uses to acquire goods, works and services. The procurement methods are applicable to the procurement of goods, works and services (consultancy and non-consultancy). The method selected depends on a number of factors including the type of goods or service being procured, the value of the good or service being procured. (PPM – MOFED, 2011)

According to Ethiopian public procurement proclamation 649-2009 article 39, the following six methods shall be used in public procurement:

1. Open Bidding;
2. Request for Proposals;
3. Two stage Tendering;
4. Restricted Tendering;
5. Request for Quotation;
6. Direct Procurement.

The following sections describe the choice of procurement methods.

### 2.8.1. Open Bidding Method

Open tendering is a formal single-stage procurement method in which any interested company, without any pre-selection, may submit a bid; bids are usually made against detailed government specifications, and the award is usually made to the bidder offering the lowest price. This method allows maximum transparency and competition, for it generally requires a public notice advertising the contract opportunity, exhaustive technical specifications and contractual terms, a public opening of tenders and the absence of the possibility to negotiate the contract. In general, a procuring entity must use this procurement method unless the use of alternative methods is justified. Selection of renderers, In the case of single-stage procedures, such as open procedures, the assessment as to whether renderers satisfy the set selection (qualification) criteria is normally carried out soon after the formal compliance check has been performed. Under open bidding method, all interested firms bidders are given adequate notification of contract requirements and all eligible bidders are given an equal opportunity to submit a tender. The

public body must give sufficient public notification of bidding opportunities to potential bidders to determine their interest and prepare bid documents. The Open Bidding Method is the preferred method of procurement of goods, works and services (Consultancy and Non Consultancy). (PPM –MOFED,2011).

### **2.8.2. Request for Proposal**

Public bodies may engage in procurement by means of request for proposals when it seeks to obtain consultancy services or contracts for which the component of consultancy services represents more than 50% of the amount of the contract. The selection of can dilates for consultancy services above the threshold to be determined by a directive shall be made after inviting candidates to submit expression of interest. The public body may negotiate with the first ranked candidate with respect to the nature, volume and organization of the services included in their proposals.

### **2.8.3. Two-Stage Bidding Method**

A two-stage bidding method is used when the procurement process is split into two phases. The first phase identifies suitable candidates, who are then invited in the second phase to submit their firm bids. A public body may use the Two-Stage Bidding Method in the case of large or complex contracts of goods and related services and/or works and physical services, such as design, construction, installation of equipment and commissioning of a new factory, industrial plants or the procurement of major computer and communications systems or construction and commissioning of a public institution.

Under this method, Public bodies may engage in procurement by means of two-stage bidding:

- ✓ when it is not feasible for the public body to formulate detailed specifications for the goods or works and in the case of services, to identify their characteristics and, in order to obtain the most satisfactory solution to its procurement needs;
- ✓ when the public body seeks to enter into a contract for the purpose of research, experiment, study or development, except where the contract includes the production of goods in quantities sufficient to establish their commercial viability or to recover research and development costs;
- ✓ where bid proceedings are initiated but no bids are submitted as a result of the nature of the object of procurement not being clearly described or where all bids are rejected due

to failure on the part of the public body concerned to draw up a clear and complete specification;

- ✓ Because of the technical character of the required goods or works, or because of the nature of the consultancy or other services it is necessary for the public body to negotiate with the suppliers.

#### **2.8.4. Restricted Bidding Method**

The restricted bidding procedure is a two-stage procedure where bidders express their interest following publication of a procurement notice, but only those invited by the public body may submit bids after a screening process. Thus the restricted procedure consists of two distinct stages- selection of suitable bidders and evaluation of bids. At the first stage, the only criteria

which may be used to select prospective bidders are economic and financial standing or technical knowledge or capability of carrying out a specific assignment. The restricted procedure works best where the public body is clear at the start of the process as to what it wants to procure, in terms of pricing and other award criteria.

A public body may undertake procurement by the Restricted Bidding Method:

- When goods and related services and works and physical services, because of their specialized nature, are available only from a limited number of Suppliers or Contractors.
- Where a repeated advertisement of the invitation to bid fails to attract bidders in respect of a procurement subject.
- When the cost of procurement does not exceed:-
  - For procurement of works Birr 6,000,000.00;
  - For procurement of goods Birr 1,500,000.00;
  - For procurement of consultancy services Birr 900,000.00;
  - For procurement of services Birr 1,200,000.00. (MOFED, 2010)

### **2.8.5. Request for Quotations Method**

Sometimes referred to as shopping, request for quotations method is used to buy items of low value. A public body may undertake procurement by means of a Request for Quotations (RFQ) in accordance with the requirements set out in Proclamation and Directive for the purchase of readily available, standard off the shelf goods or for procurement of works or services for which there is an established market, so long as the estimated value of such procurement shall not exceed the prescribed amount. A decision to use the Request for Quotation Method shall be approved in writing by the head of a public body, or an officer authorized by him/her.

There is a risk of abuse in procurement under RFQ. The use of this method shall be restricted to cases when the justification for it cannot be disputed. Public bodies may not use RFQ as a means to either by-pass more competitive methods of bidding or split large procurements into smaller ones solely to allow the use of RFQ.

Public bodies may apply request for quotation to procure goods, works or services the need of which cannot be foreseen, or which cannot be included in the Public Body's bulk purchase of needed items, or which are needed for immediate use and the estimated value of which is within the specified amount.

- When the cost of procurement does not exceed:-
- For procurement of works Birr 500,000.00;
- For procurement of goods Birr 200,000.00;
- For procurement of consultancy services Birr 120,000.00;
- for procurement of services Birr 150,000.00. (MOFED, 2010)

### **2.8.6. Direct Procurement Method**

Direct procurement happens when the public body, for some justified reasons, procures goods, works or services from only one source. A public body may use Direct Procurement Method for procuring goods and related services, works and physical services and intellectual and professional services directly from one single source without going through all the requirements of a full bidding process. However, this method shall under no circumstances be used as a means of avoiding competition or for favoring any one particular Bidder/Consultant or for creating any scope of discrimination among Bidders/Consultants.

The conditions for use of direct procurement may be summarized as:

i) small value contract, ii) availability of only one single source, iii) extension of existing contract; iv) for compatibility reasons; v) and emergency situations;

public bodies may carry out directly from any supplier, procurement of goods or services not included in their procurement plan, or goods or services necessary to solve problems encountered during travel the value of which doesn't exceed Birr 5,000 . However, the total value of such small procurements within a fiscal year shall not exceed birr 75,000.00(MOFED, 2010)

## **2.9. Award criteria**

To minimize corruption and ensure appropriate competition, the award of a public contract should be made only based on pre-disclosed criteria. It may be either the lowest price or a combination of the price with other criteria, such as the most advantageous or best value tender. Award criteria should be drafted in an objective way to ensure fair, impartial and non-discriminatory application. The weighing between criteria, and the manner of application for the criteria, must be set out in the tender documents, and non-price related criteria, such as time for delivery and extension of the minimum warranty period should be quantifiable, so that they can be assessed objectively and transparently.

## **2.10. Empirical Related Literature**

### **Resource Allocation**

Cedillo&Bueno (2014) did a study on the impact of resource allocation on global supply chains Performance in Sugar processing firms in Farming. The study explored the impact of reliability of resource allocation on global supply chains performance. The study used ordinary least square (OLS) to determine the impact of resource allocation on supply chain performance. The target population of 63 was used to determine the sample size through census. The results indicated that planning of resource allocation affect performance of processing firms.

Hallikas&Vilko (2017) examined the impact of resource allocation on multimodal firm performance in Uganda listed firms. The study adopted a case study on analyzing 5 listed firms in Uganda. The study also used 5 years to collect data from 2011 to 2015; this employed pooled regression design (Panel data design). The results showed that resource allocation, and firm

Performance has significant effect. The comprehensive procurement report showed that resource allocation affect performance. This study aimed to bridge the gap on resource allocation. Tangus (2015) studied the effect of resource allocation practices on performance of manufacturing firms in Kisumu County, Kenya. The study adopted longitudinal design. The data was collected by questionnaire from 32 respondents comprising of employees working in manufacturing Firms.

Using split half test, it was established that resource allocation product is crucial to improve performance of manufacturing firms. However, supply chain partners vary with resource allocation. The trust of suppliers in resource allocation is greatly improved with supply chain performance.

Empirically, application of procurement rules appears to reduce prices by around 30 percent because effective public sector procurement contract system hinges on a desired degree of transparency, integrity, competence, competition, and value for money (Adegbola, Akpan, Eniayejuni, Alagbe and Kappo, 2006). Public sector employees are generally not familiar with the provisions and principles of the ethical code and its supporting documents. What remains a matter of concern is the lack of independent control mechanisms to regulate and cover this area. There also remains a special problem with regard to integrity in public procurement as there are no mechanisms in place to prevent related persons from participating in them, so tenders are sometimes awarded to people who are related to the representatives of the contracting authority through family or other ties (Divjak, Nebojsa, Aleksandra, Svetlana, Slavica, Igor, Vera., Alma, 2013).

According to a study by Tesfaye (2007), and the Amhara Ethics and Anti-Corruption Commission report (2012/13), it is found that public procurement is the most corruption prone areas in the public service. Furthermore, According to Corruption Perception Index scores of 2013 Ethiopia rank 111<sup>th</sup> of the perceived levels of public sector corruption in 177 countries/territories around the world and scores 33/100. Of Sub-Saharan Africa 90% Score below 50/100. Top: Botswana and Bottom: Somali 69 % the percentage of countries worldwide that score less than 50 indicating a serious corruption problem. Therefore, procurement has been one of corruption prone area, which faces to corruption since above 70% of the budget go to public procurement (Transparency International, 2013). In addition, a study by Abeje (2015), and Abebe (n.d), indicated that, public procurement ethics in public procurement had a positive and significant association with effective public procurement implementation. This implies

procurement people who avoid the intent and appearance of unethical or compromising practice in relationships, actions and communications will contribute for the effectiveness of public procurement implementation. Whereas many previous research for example (Getnet,2014; Mekonnen and Shimeles, 2012; Tesfahun, 2011), has focused on identifying ethical practices based on only the functional objectives of public procurement; which means the primary objectives of public procurement is the purchase on competitive terms of a product or service meeting a particular functional need.

## **2.10. Conceptual Framework**

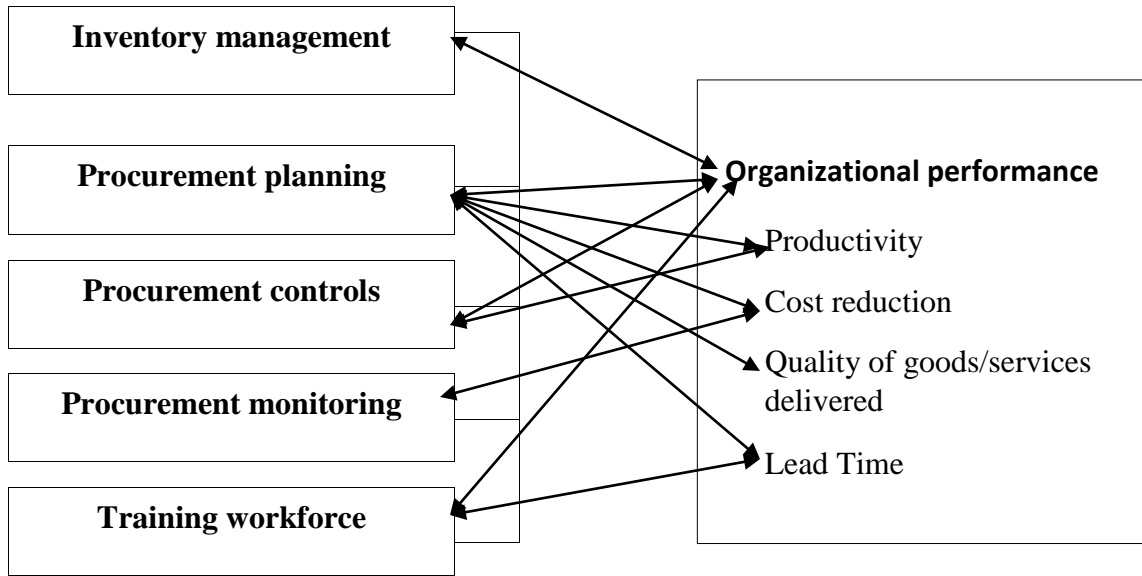
The conceptual framework is a critical base for indicating logical flows of assumption the study desire to attain in its objective. It shows conceptual foundation to proceed with the research and indicates how concepts related to each other. So, the subsequent framework of key successes and failures factors in Ethiopian postal service under its supervision in affiliate organizations in implementing Procurement planning tries to: - integrate the researcher's logical beliefs with findings; look out the boundaries and constraints governing situation under the sector.

To this effect, key successes of the Ethiopian postal service looks into insight of the basic pillars (road maps) of the Procurement planning and implementation which overcomes obstacles in the work environment to closes the gaps of organization in relation to finance, customer and internal business process that result in desired capacity of employees, system and organizational procedures to accomplish projected peak performance in a sustainable management.

**Figure 2.1: Conceptual Model**

**Independent Variables**

**Dependent Variable**



## **CHAPTER THREE**

### **RESERARCHDESIGNANDMETHODOLOGY**

#### **3.1. Materials and methods (Methodology)**

##### **3.1.1. Introduction**

This chapter shows a description of research design, study population, sampling design which will include the sampling method, sampling techniques and sample size, sources of data collection, data collection methods, and data analysis.

##### **3.1.2. Research Design**

Since the study intends to describe the existing practice of procurement planning and implementation and to find out its effect on the organizational performance. The study adopted descriptive research techniques/ method that were used primarily to discuss and interpret data gathered through questionnaire and analyzed quantitatively and interview analyzed qualitatively.

##### **3.1.3. Data Sources**

In order to get sufficient and relevant information the researcher will use both primary and secondary data. The Primary data will be gathered from selected respondents through questionnaires. Secondary data will be gathered by reviewing the EPSE's existing documents, files and articles concerned with procurement planning and implementation performance for the year 2020 and 202.

##### **3.1.4. Sampling Techniques**

The method of purposive sampling will be used to develop the sample of the research under discussion. According to this method, which belongs to the category of non-probability sampling techniques, sample members are selected on the basis of their knowledge, relationships and expertise regarding a research subject.

##### **3.1.5. Data Gathering tools**

The data of this study will be collected from different sources by using data collection tool which includes interviewing, questionnaires, and observation.

### **3.1.6. Procedures of data collection**

#### **3.1.6.1. Questionnaire Method**

The researcher will use closed ended and open ended questions; because this method provides information with minimum errors and ensures a high level of confidentiality.

#### **3.1.6.2. Interviews**

Interview helps the researcher to obtain more information from the respondents and to make interactions with the respondents by asking questions.

#### **3.1.6.3. Secondary data/Documentary review**

This includes data collected from different sources such as the internet, newspapers, text books, magazines and journal. This provides information helpful during the study and makes easier to understand the study variable.

### **3.2. Data Analysis**

The collected data will be analyzed by using Statistical Package for Social Sciences (SPSS) in order to come up with frequencies and percentages and to establish relationship between variables, and content analysis in order to analyze documents, oral communication and graphics.

### **3.3. Validity and Reliability Test**

Validity and reliability are two fundamental elements in the evaluation of a measurement instrument. Validity 'refers to the extent to which the results of the study are accurate. Findings of the study, thus, present based on actual results with utmost objectivity of the researcher.

Further, to minimize any possible biasing effect and error, Software Package for Social Sciences (SPSS) will apply in analyzing findings of the questionnaires. The researcher also tries to assure the validity of the research instruments in close consultation, comments and recommendations of the advisor.

Reliability refers to the extent to which the same answers can be obtained using the same instruments more than one time. In order to measure the consistency of the scores obtain and how consistent for each individual from one set to another, this study used Cronbach's Alpha (a measure of the internal consistency of the questionnaire items) using data from all the respondents. Internal Consistency - this approach to reliability uses only one administration of an instrument or test to assess consistency or homogeneity among the items. Moreover, reliable measuring instrument does contribute for validity. Finally, reliability of the questionnaire taste

by using Cranach's Alpha. Therefore, the SPSS result shows that the questionnaires reliability for each variable is 0.795, 0.580, 0.882, 0.810, 0.914 and 0.826 Cranach's Alpha. Coefficient alpha ranges in value from 0, meaning no consistency, to 1, meaning complete consistency. Therefore, one can say that very good reliability range from 0.80 and 0.95, good reliability range from 0.70 and 0.80, Fair reliability range from 0.60 and 0.70 and Poor reliability range from below 0.6. The result depicts the total Cranach's Alpha test is 0.897. Hence, this result proved that the study has a very good reliability.

### 3.4. **Definition of Terms**

Procurement: means the purchasing, hiring, or obtaining by any other contractual means of goods, works and services. (FDRE, Public Procurement Manual, 2011)

Public procurement: is the process of the acquisition, usually by means of a contractual arrangement after public competition, of goods, services, works and other supplies by the public entity. (FDRE, Public Procurement Manual, 2011)

Economy: Procurement is a broad concept, which goes beyond purchasing activity, whose purpose is to give the public body best value for money. (FDRE, Public Procurement Manual, 2011).

Efficiency: The best public procurement is simple and swift, that meets the public body's need as planned, producing positive results immediately. (FDRE, Public Procurement Manual, 2011).

Effectiveness: Effectiveness means the extent to which the entity is able to procure goods, works and services of quality, in a timely and most economical manner. (FDRE, Public Procurement Manual, 2011).

A procurement plan: spells out intended purchases, proposes the procurement method to be used, and shows different phases of the procurement process to delivery of the goods, works or services as necessary. (FDRE, Public Procurement Manual, 2011).

### 3.5. **Ethical Considerations**

Ethical considerations in research are a set of principles that guide your research designs and practices. These principles include voluntary participation, informed consent, anonymity, confidentiality, potential for harm, and results communication. Ethical Considerations can be specified as one of the most important parts of the research. Dissertations may even be doomed to failure if this part is missing.

### 3.6. Organization of the Study

The study will consist of three chapters. The first chapter will include introduction, background of the study, statement of the problem, objectives of the study, scope of the study, and definition of terms. The second chapter will cover the review of related literature. The third chapter will include research design, population, sampling technique, sample size, data collection, instruments, method of data analysis, validity and reliability, limitations, ethical considerations and organization of the thesis, The fourth chapter include data presentation, analysis and interpretation and the fifth chapter will cover summary of major findings conclusions and recommendations.

### 3.7. Survey population

To conduct this research, the survey population was staff members of procurement service and concerned employees of selected ETHIOPOST staff. Therefore, the target population were 35 staffs who are working on procurement core process and End users of different departments in ETHIOPOST. The composition of the target group are:-

**Table 3. 1; Survey population**

|                                      | <b>EP</b> |
|--------------------------------------|-----------|
| Procurement core process owner/head; | 1         |
| Senior procurement experts;          | 4         |
| Procurement approving Committees;    | 5         |
| End users of different departments.  | 25        |
| Total                                | 35        |

# **CHAPTER FOUR**

## **DATAPRESENTATION, ANALYSIS AND INTERPRETATION**

### **4. Introduction**

This chapter deals with data analysis, presentation and interpretation of the findings. The information's made available for this purpose were collected using questioners and interview. Besides, some secondary sources were also accessed. The data presented includes response rate of respondents, profile of the respondents, presentation of findings and interpretations. The data analyzed and presented are based on the responses to the items in the questionnaires and interview.

#### **4.1. Response rate**

In the course of conducting the study, the researcher distributed 20 questionnaires for concerned ETHIOPOST (EP) staff members who are working under Procurement core process. Out of the 20 questionnaires distributed, 19 questioners were successfully filled and returned, which result in a response rate of 95% and considered as favorable and adequately represents the target population.

#### **4.2. Data Presentation and Analysis**

##### **4.2.1 Background Information of Respondents**

The researcher analyzed the background of the respondents of the questionnaires using different parameters; respondents were those staff working under procurement core process of EP particularly working on procurement of common user goods and Services through framework contract. The results are summarized and presented as follows.

##### **4.2.2 Gender of the Respondents**

The respondents were asked to mention their gender in the questionnaire and interview. Accordingly 79% of the respondents were male and 21% were females. These implies that majority of respondents were male and the response of respondents are dominated by male respondents and also show the majority of staffs working procurement activities are male dominant.

**Table: 4.2 Ages of Respondents**

| Age Category  | Frequency | CumulativeFrequency | Percentage  |
|---------------|-----------|---------------------|-------------|
| 18-25 years   | 7         | 7                   | 20.1%       |
| 26-35 years   | 20        | 27                  | 57.1%       |
| 36-45 years   | 6         | 33                  | 17.1%       |
| 46-55 years   | 2         | 35                  | 5.7%        |
| Above56 years | 0         | 35                  | 0%          |
|               |           |                     |             |
| <b>Total</b>  | <b>35</b> | <b>35</b>           | <b>100%</b> |

Source: Survey Questioner, 2022

#### 4.2.2.1 Age Category of Respondents

As depicted in Table 4.2 above, the respondents were asked to indicate the age category in the questionnaires. so that, the majority 57.1% of the respondents were aged between 26 to 35 years, 20.1% between 18 to 25 years, 17.1% between 36 to 45 and remaining 5.7% aged between 46 to 55 years. This implies that the majority of respondents are aged between 26 to 35 years and they are at productive age. It also implies that respondents had practical experience and knowledge to undertake procurement planning and implementation.

**Table: 4.3 Academic Qualifications**

| Level of Education | Frequency | Cumulative Frequency | Percentage  |
|--------------------|-----------|----------------------|-------------|
| Certificate holder | 0         | 0                    | 0%          |
| Diploma            | 6         | 6                    | 17.1%       |
| Bachelor degree    | 25        | 31                   | 71.4%       |
| Masters and above  | 4         | 35                   | 11.5%       |
| <b>Total</b>       | <b>35</b> | <b>35</b>            | <b>100%</b> |

#### 4.2.2.2 Academic Qualification of Respondents

As depicted in the Table 4.3, respondents were asked to indicate their level of academic qualification in the questionnaires. So that, 71.4% of the respondents had Bachelor degree, 17.1% Diploma and the remaining 11.5% master degree and above. It indicated that the majority of respondents were bachelor degree.

**Table:4.4 Professions of Respondents**

| Profession             | Frequency | Cumulative Frequency | Percentage  |
|------------------------|-----------|----------------------|-------------|
| Management             | 11        | 12                   | 31.4%       |
| Economics              | 2         | 13                   | 5.7%        |
| Engineering            | 0         | 13                   | 0%          |
| Procurement            | 16        | 29                   | 45.7%       |
| Accountancy            | 5         | 34                   | 14.2%       |
| Urban plan and related | 0         | 34                   | 0%          |
| Other specify          | 1         | 35                   | 3%          |
| <b>Total</b>           | <b>35</b> | <b>35</b>            | <b>100%</b> |

Source: Survey Questioner, 2022

#### 4.2.2.3 Profession of Respondents

The respondents were asked to indicate their profession and the result shows 31.4% of respondents were management in profession, 45.7% were Procurement and 14.2% Accountancy, 5.7% Economics and 3% other. This shows that majority of

respondents are procurement in profession. It shows that existence of opportunity to better handle procurement planning and implementation. It can lead procurement professionalism. However, as procurement requires multi profession it lacks different specialized qualification.

**Table:4.5 Qualifications in Procurement**

| Qualification     | Frequency | Cumulative Frequency | Percentage  |
|-------------------|-----------|----------------------|-------------|
| None              | 2         | 2                    | 5.7%        |
| Certificate       | 0         | 2                    | 0%          |
| Diploma           | 4         | 6                    | 11.4%       |
| Bachelor degree   | 26        | 32                   | 74.3%       |
| Masters and above | 3         | 35                   | 8.6%        |
| <b>Total</b>      | <b>35</b> | <b>35</b>            | <b>100%</b> |

Source: Survey Questioner, 2022

#### 4.2.2.3 Qualification in Public Procurement

As indicated in table 4.5, respondents were asked to indicate level of qualification in procurement and the result shows that 74.3% of respondents were Bachelor degree qualified in procurement, 8.6% were master degree and above, 11.4% Diploma and 5.7% of the respondents were not qualified in procurement. It also indicated that procurement staffs are handling in professional.

**Table: 4.6 Overall experiences of respondents**

| Overall Experience | Frequency | Cumulative Frequency | Percentage  |
|--------------------|-----------|----------------------|-------------|
| Less than 5 years  | 9         | 9                    | 25.7%       |
| 6-10 years         | 20        | 29                   | 57.2%       |
| 10-20 years        | 4         | 33                   | 11.4%       |
| Over 20 years      | 2         | 35                   | 5.7%        |
| <b>Total</b>       | <b>35</b> | <b>35</b>            | <b>100%</b> |

Source: Survey Questioner, 2022

#### 4.2.2.4 Overall Work Experience of Respondents

The respondents were asked to specify their overall work experiences so that 57.2% of respondents had experience between 6-10 years, 25.7% had less than five years, 11.4% of respondents had experience between 10-20 years, and 5.7% had Over 20 years. This implies that majority of respondents have overall experience 6 to 10 years.

**Table: 4.7 Current Position of respondents**

| Position                   | Frequency | Cumulative Frequency | Percentage  |
|----------------------------|-----------|----------------------|-------------|
| Process owner              | 1         | 1                    | 2.9%        |
| Senior Procurement officer | 2         | 2                    | 5.7%        |
| Procurement expert II      | 2         | 3                    | 5.7%        |
| Procurement expert I       | 5         | 5                    | 14.3%       |
| Other specify              | 25        | 35                   | 71.4%       |
| <b>Total</b>               | <b>35</b> | <b>35</b>            | <b>100%</b> |

Source: Survey Questioner, 2022

#### 4.2.2.5 Current Position of Respondent

Respondents were asked to specify their current positions in the organization and so that 5.7% of the respondents were procurement expert II, 5.7% were senior procurement officer, 15.7% procurement expert I, 2.9% were process owner and 71.4% were in other position. So the majority of respondents are other position who possibility have better understanding of procurement process. It indicates that responses are based on end users.

**Table: 4.8 Procurement related experience**

| Experience        | Frequency | Cumulative Frequency | Percentage   |
|-------------------|-----------|----------------------|--------------|
| 0-2 years         | 3         | 3                    | 8.6%         |
| 3-4 years         | 3         | 6                    | 8.6%         |
| 5-6 years         | 2         | 8                    | 5.7%         |
| 7 and above years | 2         | 10                   | 5.7%         |
| <b>Total</b>      | <b>10</b> | <b>10</b>            | <b>28.6%</b> |

Source: Survey Questioner, 2017

#### 4.2.2.6 Procurement Related Experience of Respondents

Respondents were asked to specify procurement related experience and then 5.7% of respondents had experience of 5 to 6 years, 8.6 % of them had less than 2 years, 8.6% of them had 3 to 4 years and 5.7% of the respondents had experience of more than 7 and above years. This implies the majority of respondents were from other field.

**Table: 4.9 Procurement training of respondents**

|                                 | Frequency | Cumulative Frequency | Percentage  |
|---------------------------------|-----------|----------------------|-------------|
| No                              | 4         | 4                    | 11.4%       |
| Yes, but need more training     | 31        | 35                   | 88.6%       |
| Yes, It was sufficient training | 0         | 35                   | 0%          |
| I do not need training          | 0         | 35                   | 0%          |
| <b>Total</b>                    | <b>35</b> | <b>35</b>            | <b>100%</b> |

Source: Survey Questioner, 2022

#### 4.2.2.7. Procurement Training of Respondents

The results showed that the respondents who had taken training in public procurement ranked first with a percentage of 88.6%. The respondents were not taken any procurement training ranked second with a percentage of 11.4%. This implies that the majority of respondents need more training.

### 4.2.3 Quality of Procurement Training Respondents Received

Respondents were asked to specify the quality of training they received on procurement planning, bid preparation and procurement staffing.

**Table 4.10; Quality of procurement training received on planning**

| Quality          | Frequency | Cumulative Frequency | Percentage  |
|------------------|-----------|----------------------|-------------|
| <i>None</i>      | 2         | 1                    | 5.7%        |
| <b>Poor</b>      | 3         | 3                    | 8.6%        |
| <b>Fair</b>      | 27        | 17                   | 77.1%       |
| <b>Good</b>      | 2         | 18                   | 5.7%        |
| <b>Excellent</b> | 1         | 19                   | 2.9%        |
| <b>Total</b>     | <b>35</b> | <b>35</b>            | <b>100%</b> |

#### 4.2.3.1. Quality of procurement training received on planning

The result showed that regarding quality of procurement training received, 5.7% respondents rated good, 2.9 % rated excellent, 77.1% rated fair ranked first, 8.6% rated poor ranked second and 5.7% of respondents were not received training in procurement planning. This implies that the majority of respondents need quality of procurement training.

**Table 4.11 Quality bid Preparation**

| Quality      | Frequency | Cumulative Frequency | Percentage  |
|--------------|-----------|----------------------|-------------|
| None         | 2         | 2                    | 5.3%        |
| Poor         | 5         | 7                    | 15.8        |
| Fair         | 20        | 27                   | 52.6%       |
| Good         | 5         | 32                   | 15.8%       |
| Excellent    | 3         | 35                   | 10.5%       |
| <b>Total</b> | <b>35</b> | <b>35</b>            | <b>100%</b> |

#### 4.2.3.2 Quality bid Preparation

15.8% of the respondents had received a good quality of bid preparation training, 10.5% excellent quality, 15.8% poor and 5.3% were not participated in quality bid preparation. This implies quality bid preparation training has not been taken by procurement staff of EP.

**Table : 4.12 Adequacy of Procurement staffing.**

|              | Frequency | Cumulative Frequency | Percentage  |
|--------------|-----------|----------------------|-------------|
| No           | 30        | 30                   | 85.7%       |
| Yes,         | 2         | 32                   | 5.7%        |
| Not sure,    | 3         | 35                   | 8.6%        |
| <b>Total</b> | <b>35</b> | <b>35</b>            | <b>100%</b> |

Source: Survey Questioner, 2022

#### 4.2.3.3 Adequacy of Staffing

Respondents were asked to specify existence of adequacy of staffing. Then 85.7% of the respondents had not job description, 5.7% indicated adequate staffing, 8.6% of the respondents were not sure about adequacy of staffing. This implies that there is a gap on adequacy of staffing for the unit.

#### 4.2.4 Practice of procurement planning

Respondents were asked to specify existence of involvement in procurement planning, level of experience in performing planning activities and use of procurement plan as management and monitoring tools.

Table 4.13 Involvement in procurement planning

|              | Frequency | Cumulative Frequency | Percentage  |
|--------------|-----------|----------------------|-------------|
| Yes          | 15        | 15                   | 42.9%       |
| No           | 20        | 35                   | 57.1%       |
| <b>Total</b> | <b>35</b> | <b>35</b>            | <b>100%</b> |

Source; Survey Questioner, 2022

##### 4.2.4.1. Involvement in Procurement planning

57.1% were not involved in procurement planning and 42.9% were involved in procurement planning. This shows that most of them are not involved in procurement planning.

Table 4.14 Level of experience in performing planning activities.

|                  | Frequency | Cumulative Frequency | Percentage   |
|------------------|-----------|----------------------|--------------|
| <b>None</b>      | <b>2</b>  | <b>2</b>             | <b>5.7 %</b> |
| <b>Poor</b>      | <b>3</b>  | <b>5</b>             | <b>8.6%</b>  |
| <b>Fair</b>      | <b>22</b> | <b>27</b>            | <b>62.9%</b> |
| <b>Good</b>      | <b>5</b>  | <b>32</b>            | <b>14.3%</b> |
| <b>Excellent</b> | <b>3</b>  | <b>35</b>            | <b>8.5%</b>  |
| <b>Total</b>     | <b>35</b> | <b>35</b>            | <b>100%</b>  |

##### 4.2.4.2. Level of experience in Performing Planning Activities

62.9% had fair level of experience, 14.3% had good experience, 8.5% had excellent experience, 8.6% had poor experience and 5.7% had no experience in performing planning activities. Thus most of the staff members had fair level of experience. Therefore significant member of the staff had limited experience in performing planning activities.

**Table4.15 Uses of procurement plan as management and monitoring tools**

|          | Frequency | Cumulative Frequency | Percentage |
|----------|-----------|----------------------|------------|
| No       | 5         | 5                    | 14.3%      |
| Yes      | 28        | 33                   | 80%        |
| Not sure | 2         | 35                   | 5.7%       |
| Total    | 35        | 35                   | 100%       |

Source; Survey Questioner,2022

#### **4.2.4.3 Uses of procurement planning as management and monitoring**

80% indicated procurement planning is used as management and monitoring.14.3% shows that procurement planning had not been used as monitoring management and 5.7% were not sure whether procurement planning had been used as monitoring and management tools.The result shows that procurement planning had been used as management and monitoring tools.

#### **4.2.5 Implementation of Procurement and its Effectiveness**

The respondents were asked to specify bidding document preparation and appropriate qualification criteria.

**Table 4.16CapacitytoprepareBiddingDocument**

|                   | Frequency | Cumulative Frequency | Percentage |
|-------------------|-----------|----------------------|------------|
| Agree             | 11        | 11                   | 31.4%      |
| Strongly agree    | 15        | 26                   | 42.9%      |
| Neutral           | 7         | 33                   | 20%        |
| Disagree          | 2         | 35                   | 5.7%       |
| Strongly disagree | 0         | 35                   | 0%         |
| Total             | 35        | 35                   | 100%       |

##### **4.2.5.1 Bidding document preparation**

The above table shows that 42.9%strongly agree ranked first, 31.4% agree ranked second,20%neutral ranked third and 5.7% disagree ranked last on bidding document preparation.The result indicated that bidding document preparation was significant but still

needs capacity building training.

**Table 4.17 Quality of Technical Requirement**

|                   | Frequency | Cumulative Frequency | Percentage |
|-------------------|-----------|----------------------|------------|
| Agree             | 17        | 17                   | 48.6%      |
| Strongly agree    | 11        | 28                   | 31.4%      |
| Neutral           | 6         | 34                   | 17.1%      |
| Disagree          | 1         | 35                   | 2.9%       |
| Strongly disagree | 0         | 35                   | 0%         |
| Total             | 35        | 35                   | 100%       |

#### 4.2.5.2 Appropriate qualification criteria

48.6% agree ranked first, 31.4% strongly agree ranked second, 17.1% neutral ranked third and 2.9% disagree on technical requirement quality. These shows that technical requirement permitted from user are mostly sufficient. However, it needs more.

#### 4.2.6 Clarification to bidders

Respondents were asked to specify on bid opening and bid evaluation.

**Table 4.18 Bid Opening**

|                   | Frequency | Cumulative Frequency | Percentage |
|-------------------|-----------|----------------------|------------|
| Agree             | 15        | 15                   | 42.9%      |
| Strongly agree    | 11        | 26                   | 31.4%      |
| Neutral           | 7         | 33                   | 20%        |
| Disagree          | 2         | 35                   | 5.7%       |
| Strongly disagree | 0         | 35                   | 0%         |
| Total             | 35        | 35                   | 100%       |

#### 4.2.6.1 Bid opening

To improve transparency and accountability bid opening for any procurements are very important. So, 42.9% agree, 31.4% strongly agree 20% neutral and 5.7% disagree. These indicated that there exists transparency as well as accountability and sufficient practice of opening bid.

**Table 4.19 Qualified bid evaluation committee**

|                   | Frequency | Cumulative Frequency | Percentage |
|-------------------|-----------|----------------------|------------|
| Agree             | 13        | 13                   | 37.1%      |
| Strongly agree    | 11        | 24                   | 31.4%      |
| Neutral           | 6         | 30                   | 17.2%      |
| Disagree          | 5         | 35                   | 14.3%      |
| Strongly disagree | 0         | 35                   | 0%         |
| Total             | 35        | 35                   | 100%       |

Source: Survey Questioner, 2022

#### 4.2.6.2 Evaluation of bid

Respondents were asked to specify the level of agreement appointing qualified bid evaluation committee. Then 37.1% agree, 31.4% strongly agree, 17.2% neutral and 14.3% disagree. These indicated that there exists a good practice of appointing qualified bid evaluation committee based on pre- defined criteria.

#### 4.2.7 Effects of Procurement planning and implementation on organizational performance

The respondents asked to specify procurement planning, training workforce, procurement control; procurement monitoring and inventory management had effects in procurement planning and implementation on organizational performance.

**Table 4.20 Effect of procurement planning and implementation on organizational performance.**

| Effects of procurement planning and implementation on organizational performance. | Frequency | Cumulative Frequency | Percentage |
|---|-----------|----------------------|------------|
| Procurement planning  | 13        | 13                   | 37.1%      |
| Training workforce  | 9         | 22                   | 25.7%      |
| Procurement controls  | 8         | 30                   | 22.9%      |
| Procurement monitoring  | 3         | 33                   | 8.6%       |
| Inventory management  | 2         | 35                   | 5.7%       |
| Total   | 35        | 35                   | 100%       |

#### **4.2.7.1 Effects of procurement planning and implementation on organizational performance.**

The results showed that Procurement planning was ranked first with a percentage of 37.1% and Frequency 7. Training workforce was ranked second with a percentage 25.7% and Frequency 5. Procurement controls also had a percentage of 22.9% and Frequency 4 which was ranked third. Procurement monitoring which was ranked fourth with a percentage of 8.6% and Frequency 2. Inventory management was ranked fifth with a percentage of 5.7% and Frequency 1. This implies that the statement has the highest percentage and frequency being ranked first and lowest percentage and frequency being ranked last. Then Procurement planning, Training workforce and Procurement controls were ranked, first, second and third consequently. This shows that the point of Procurement planning, training workforce and Procurement controls are quite vital for any step in the Procurement activities. So organization must always have adequate Procurement planning, Training workforce and Procurement controls for its procurement activities. The respondents recommend Procurement planning, training workforce and Procurement controls are the major factor affecting procurement planning and implementation on organizational performance. Therefore it must be put into consideration when the plan is being prepared.

Based on the above findings it can therefore be concluded that there was a significant statistical relationship between procurement planning and performance. Factors affecting procurement planning was identified as Procurement planning, Training workforce and Procurement controls; effective and efficient procurement process can be achieved by proper planning, Staff training competency and proper Procurement controls. Special emphasis should be put in developing key personal competences, proper Procurement planning and Procurement controls.

#### **4.2.8. Analysis of interview**

The result of the finding shows that there was a significant relationship between procurement planning and organizational performance. Procurement planning, training workforce and procurement control affect procurement planning and implementation. So emphasis should be given in developing key personal competence, procurement planning and procurement controls.

#### **Major factors Affecting Procurement Planning and Implementations on organizational performance.**

- Controlling Technical requirement requires special attention because it determines the quality of product and services.
- There is a relationship between the practices of procurement and organizational performance, inventory management, procurement monitoring, procurement controls, procurement planning, and training workforce. Therefore, procurement planning, procurement controls and training of staff were found to influence the performance of the Organization.
- Special emphasis should be put in developing key personal competences, proper Procurement planning and Procurement controls because there was a significant statistical relationship between procurement planning and performance.
- Inadequate experience, skill procurement staff in preparing planning activities i.e. consolidation of procurement, needs, packaging, setting schedule for millstone activates of procurement processing during procurement planning and Limited quality training in procurement planning activities,
- Limited quality of training in preparing various document of procurement for implementation i.e. bid document , setting evaluation criteria, conducting evaluation and its report, awarding notification, drafting contract and contract management ... etc.
- Lack of interest by supplier to participate on open bidding , mostly similar supplier frequently participate in open bidding,

# **CHAPTER FIVE**

## **SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

In this chapter, the findings of the study are summarized and relevant conclusions are drawn from the findings. The study has also tried to forward relevant recommendations.

### **5.1. Summary of Findings and Conclusions**

The main purpose of this study was to assess the practices of public procurement planning and implementation system, determine the major issues related to impediments in procurement and implementation and also determine effectiveness of existing procurement planning and implementation of selected ETHIOPOST items through framework contract.

The summary of the findings were presented based on the study objectives which were to: establish the extent of adoption of practices of procurement at EthioPost, determine the relationship between practices of procurement and organizational performance of EthioPost and ascertain the challenges facing procurement practices at the Organization. Regarding Practice of Procurement Planning and Implementation.

#### **5.1.1. Regarding Practice of Procurement Planning and Implementation**

According to analysis made based on information obtained from questionnaire and key informants interview, the finding regarding practice of the procurement planning and implementations are summarized as follows:

#### **5.1.2. Factors Identified that Result in Impediment of Procurement Planning Practice, study reveals that:-**

- significant proportion of procurement staffs were not involved in the preparation of procurement plan; although adequate capacity exist in procurement planning, still there is skill gap in procurement planning; limited capacity in consolidating procurement requirement, conducting survey of price in the supply market, and scheduling timelines for procurement tasks,

- procurement plan, lack of timely submission of procurement requirement for common user items by some public bodies,
- Limitation in comprehensiveness and level of detail for proper quantification of needs and quality product and services and works. Inadequate practice of consideration of technical and financial constraints in determining lead time for each millstones of procurement planning process. Lack of communicating consolidated procurement plan to public bodies after approval by indicating time of delivery,
- Inadequate experience, skill of procurement staff in preparing planning activities i.e. consolidation of procurement needs, packaging, setting schedule for millstone activates of procurement processing during procurement planning and Limited quality training in preparing procurement planning and implementation activities,
- Insufficient practice of using procurement plan as management and controlling tools at each stage of procurement process and lack of practice in updating procurement plan regularly as changes are made to original procurement plan.

### **5.1.3. Procurement Plan and Implementation on organizational performance**

- There were a significant statistical relationship between procurement planning and performance. So special emphasis should be put in developing key personal competences, proper Procurement planning and Procurement controls.
- With regard to capacity to prepared bidding document and information content of the document, study reveals that there is sufficient capacity of preparing quality bidding document however, considerable number of staffs lacks such capacity, and indicated the adequacy of information contained by bidding document.
- With regard to the quality of technical requirement and bidder's qualification criteria are adequate. Concerning experience in preparing various documents for procurement implementation, there is better experience in preparing bidding document, setting evaluation criteria, preparing bid data sheet, receiving and opening of tender but low experience in preparing evaluation report, writing minute and contract negation.
- Lack of interest by most supplier to participate in open bidding , and sector having sufficient supplier , limited capacity of supplier to deliver items to the public bodies after signing contract and some time they discontinue supply in the middle of implementation,
- With regards to bid evaluation, study reveal that qualified technical evaluation

committee are appointed for each procurement, there is also strong practice of evaluating bids according to predefined evaluation criteria, and report on evaluation contains sufficient information and based on standard format.

## **5.2. Conclusions**

The main purpose of this study was to assess the existing practice of public procurement planning and implementation, and determine major factors related to weakness of public procurement planning and implementation practice. This study tries to identify the practice and factors that affect planning and implementation on organization performance. Therefore, from the findings it can be concluded that organizational performance can be improved through proper procurement planning, training of employees and procurement control.

Based on the findings the study concludes that the Ethiopost has adopted the procurement practices to a moderate extent and that there is a relationship between the practices of procurement and organizational performance, inventory management, procurement monitoring, procurement controls, procurement planning, and training workforce. Therefore, procurement planning, procurement controls and training of staff were found to influence the performance of the Organization.

The application of the practices of procurement in the organization is founded on proper planning. Through proper procurement planning, a firm can be sure of increasing its performance level in form of productivity, cost cutting, quality of goods and services delivered as well as deliveries being made on time. Training on the modern practices of procurement is as well an important recipe in the formation of solid ground which can lead to better performance of an organization. Employees are able to get more knowledge and skills on procurement subject which can enable them have easy time in their daily operations of offering procurement services.

For an organization to realize an increase in procurement performance, should also put in place ways to tackle potential threats that might hinder its competitive advantage. This study realized that delays in procurement of urgently required goods/services due to restrictions by public procurement and disposal regulations, existence of inadequate planning by user departments, complex regulations being affected by the public procurement act, procurement costs being high

as well as high department facing problem of interference by Organization management in the procurement processes were among the challenges that face organizations in their effort to improve their institutions' performance. Organizations should therefore create solutions of tackling any threats posed by this hurdles. This can be done through introduction of new trends in handling procurement activities like modern electronic systems.

### **5.2.1 Practice of Procurement Planning and its Effectiveness**

5.2.1.1. It is evident from the study that procurement planning is practiced in public procurement and property disposal service and public bodies, however, it lacks comprehensiveness and details as it does not include time schedule for each major activities of procurement process.

5.2.1.2 .It was noted that not all procurement requirement of federal public bodies are handled by central procurement through framework contract rather only those items failed under categories of common user items are procured. It also noted that although the directive require all public bodies to prepare procurement plan some are not restrict enough in preparing and submitting their plan to FPPPAA and PPDS. The consolidated procurement plan of PPDS required to be communicated to all public bodies; however, there is no practice of sharing the procurement plan to public bodies.

5.2.1.3 .Although some challenges in practice of procurement planning for common user items it was suggested by most respondents as effective and advised for inclusion of more items for the fact of saving time and resource to manage in dependently byeach public bodies. There is no regular practice of evaluating effectiveness of procurement planning.

5.2.1.4 .Although trainings are given in various activities of public procurement planning and implementation practices , the quality and number of staffs who have taken training are very limited;

5.2.1.5.In implementation of procurement plan there is capacity limitation in preparing various document in procurement process and limited awareness of most staffs on various documents required to be prepared in the process.

5.2.1.6. It has been found that sufficient capacity exist in conducting bid evaluation; nonetheless, still there is gap in skill required by most staff that needs to be bridged. Practice of award notification has been made both to selected supplier as well as those who fail to pass the evaluation.

### 5.3 Recommendations

This study therefore recommends that the key procurement actors should come up with viable ways of managing procurement process. To ensure better performance, organizations should not only focus on planning and training but also on the procurement inventory, control and monitoring. Critical revitalization of procurement process is a Requirement as it can assist in ensuring that organizations embrace modern technological ways and trends in handling and addressing procurement issues. The organization's management in conjunction with other stakeholders should embrace modern ways in planning and should as well come up with well-tailored training programs on practices of procurement.

- Special emphasis should be put in developing key personal competences, proper Procurement planning and Procurement controls because there was a significant statistical relationship between procurement planning and performance.
- The procurement unit of service who handle procurement need to be staffed with qualified and well trained staffs in all aspect of procurement process from planning to contract management to all irrespective of their position,
- To address the issue related to delay in requirement submission, enforce the end user to respect the timelines as stated in the directives and improve capacity of conducting need assessment and skill required to describe accurately the needs upon identification of need at each Public bodies' through training ;
- Promote collaborate approach with knowledge center (like university) to build the capacity procurement staffs in order to improve skills and competencies of the work force. The expertise and academic experience of knowledge center enlisted as a valuable means of expanding procurement knowledge and upholding theory and practice.
- The responsibility to update supplier list and market information need to be given to other independent organization for instance to Ministry of trade to conduct survey of price in the market ,
- All procurement unit staffs shall be given opportunity to involve in procurement planning activities, so that practical capacity to prepare procurement planning will be improved;
- Review of requirement received from public bodies shall be accomplished regularly and shall be done with qualified technical team for each type of procurement before consolidation, and mainstream procurement planning as part of budgeting process to have

comprehensive procurement planning;

- Capacity building to key player in procurement process by providing training, such as officials, bidders and the media in the roles and responsibilities, evaluation of bids, contract management and preparation of responsive bids;
- Quality training on procurement planning activities and on preparation of procurement process documents at each stage of process shall be provided to all staffs,

#### **5.4. Suggestion for Further studies**

This study examined practices of procurement and organizational performance. It is therefore suggested that further researches should be carried out on this subject but in different areas to build and add more knowledge in the area of procurement to determine the perception on practices of procurement and organizational performance. This research only focused on Ethiopost; nonetheless, it could be appropriate to carry out more studies on other Organization to establish more insights on the subject matter.

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APPENDIX:

Questionnaire for participants of the survey

Dear respondent,

I am a student in the Addis Ababa University College of Business and Economics, Department of public Administration and Development Management (PADM) a Master's Degree in Public Management and Policy.

I am carrying out a research proposal work entitled "The practice of procurement planning and implementation on organizational performance: A case study of Ethiopian postal service".

This questionnaire is, therefore, issued purely for academic purpose. Hence, you are kindly requested to cooperate by filling in questionnaires attached herewith. All the information you provided will remain strictly confidential and will be used for the intended purpose only. Thank you in advance for your assistance and the questionnaires answered is highly respected.

.

Sincerely, YohannesAbatneh

Addis Ababa University

Master's Degree in Public Management and Policy.

## Section One:

### The profile of respondents

#### Background Information

Please tick your appropriate choice.

#### Gender of the respondent

Male                       b. Female

#### Indicate your age group

25 year or less

26-35 years

36-45 years

46-55 years

56 years and above

#### Your educational level

Diploma               PhD

Degree               Other  (please specify).....

Masters

What is your job title (position)? .....

#### How long have you been in your current title (position)?

Less than 5years

6-10 Years

10-20 Years

Over 20 years

.Number of position in the department .....

Number of employee currently in the department.....

#### What is your highest qualification?

A. Certificate B. Diploma C. Degree D. Masters and above

#### What is your professional?

A. Accountancy              B. Economics.              C. Engineering              D. Management  
E. Procurement              F. Urban Plan and related              G. Others (specify) .....

Have you received Procurement Training?

- a. No    b. Yes, but I need more training
- c. Yes, It was sufficient training    d. I do not need training

Rate the quality of training you received in the following area (if any)? put thick mark for your answer

|                                       | None  | poor  | fair  | good  | excellent |
|---------------------------------------|-------|-------|-------|-------|-----------|
| Procurement planning                  | ..... | ..... | ..... | ..... | .....     |
| Procurement Management                | ..... | ..... | ..... | ..... | .....     |
| Contract Management                   | ..... | ..... | ..... | ..... | .....     |
| Evolution of bid for Works            | ..... | ..... | ..... | ..... | .....     |
| Evaluation of Consultant proposal.... | ..... | ..... | ..... | ..... | .....     |
| Drafting procurement Contract         | ..... | ..... | ..... | ..... | .....     |

12. Please respond to the following about procurement staffing in your organization? Put tick mark on space provided.

|   | No    | Yes   | No sure |
|---|-------|-------|---------|
| Do you have Job description?              | ..... | ..... | .....   |
| Do you have adequate facility to do Work? | ..... | ..... | .....   |
| Are you satisfied with current salary?    | ..... | ..... | .....   |

Section Two:

Procurement planning Practice and its Implementation

Have you ever been involved in procurement planning?

Yes B. No

Does your organization have staffs dedicated in procurement planning of goods, works and service procurement?

A. Agree C. Neutral E. Strongly Disagree
B. Strongly Agree D. Disagree

How often, do the public bodies / end user mostly sent their requirement to your organization?

A. Monthly C. Bi Annually
B. Quarterly D. Any Time As Need Arise

Is procurement unit of your organization adequately staffed?

A. Yes B. No C. Not Sure

Can you please indicate your level of experience to perform the following in procurement planning? put thick mark for your answer

None poor fair good excellent

Table with 5 columns for experience levels and 4 rows for procurement tasks: Consolidate required quantities for the plan, Survey the current price in the supply market, Align procurement plan with budget, Schedule timeline for procurement task.

Does technical issues, financial and implementation constraints taken in to account in determining lead time for each millstones of procurement stage during procurement planning process?

A. Agree C. Neutral E. Strongly Disagree
B. Strongly Agree D. Disagree

Does the procurement requirements of common user items are submitted on time by public bodies?

A. Agree C. Neutral E. Strongly Disagree
B Strongly Agree D. Disagree

Does your organization circulate approved consolidated procurement plan to all public bodies?

- A. Agree                      C. Neutral      E. Strongly Disagree  
B. Strongly Agree                      D. Disagree

Do you think Procurement planning helps your organization to achieve maximum value for expenditures, to identify and address all relevant issues to particular procurement?

- A. Agree                      C. Neutral      E. Strongly disagree  
B. Strongly agree      D. Disagree

Does procurement unit of your organization regularly use the procurement plan as management and monitoring tools?

- A. Yes B No    C. Not sure

Does procurement planning results into compliance to set procedure?

- A. Agree                      C. Neutral      E. Strongly disagree  
B. Strongly agree      D. Disagree

Does technical issues, financial and implementation constraints taken in to account in determining lead time for each millstones of procurement stage during procurement planning process?

- A. Agree                      C. Neutral      E. Strongly disagree  
B. Strongly agree      D. Disagree

Does the procurement requirements of common user items are submitted on time by public bodies?

- Agree                      C. Neutral      E. Strongly disagree  
Strongly agree D. Disagree

Does your organization circulate approved consolidated procurement plan to all public bodies?

- A. Agree                      C. Neutral      E. Strongly disagree  
B. Strongly agree      D. Disagree

Do you think Procurement planning helps your organization to achieve maximum value for expenditures, to identify and address all relevant issues to particular procurement?

- A. Agree                      C. Neutral      E. Strongly disagree  
B. Strongly agree      D. Disagree

Does procurement unit of your organization regularly use the procurement plan as management and monitoring tools?

- Yes                      B. No                      C. Not sure

Does procurement planning results into compliance to set procedure?

A. Agree                      C. Neutral      E. Strongly disagree

B. Strongly agree      D. Disagree

Do you announce /made public the annual procurement plan as required by directive after procurement plan is finalized on appropriate media?

Yes                      B. No                      C. Not sure

Does the urgent or unplanned procurement requirement is a major challenge of actual procurement process?

Yes                      B. No                      C. Not sure

Is there trend of evaluating effectiveness of your procurement planning in terms of enabling to achieve goals, procurement method used, and delivery time, cost saving, meeting milestone date in procurement plan?

Yes                      B. No                      C. Not sure

Does the end user /public bodies or departments raise the required specification/term of reference /statement of work for their procurement request on time?

A. Agree                      C. Neutral      E. Strongly disagree

B. Strongly agree      D. Disagree

Does the procurement unit have a process to clarify and verify the requirements and specifications of the procurement requisition to ensure any potential constraints are adequately addressed?

A. Agree                      C. Neutral      E. Strongly disagree

B. Strongly agree      D. Disagree

### Section Three:

#### Completeness of Bid Process

Does your organization have capable staffs for preparation of bidding documents/Request for proposal?

A. Agree      C. Neutral      E. Strongly disagree

B. Strongly agree      D. Disagree

Does the bidding documents prepared contain all necessary information that helps potential supplier to prepare responsive bid and clearly understandable evaluation criteria in consistent way to ensure level playing field?

A. Agree      C. Neutral      E. Strongly disagree

B. Strongly agree      D. Disagree

Does qualification criteria appropriate and clearly described for bidders on bidding document and appropriate care taken in setting the criteria not to discourage bidders/suppliers/Service providers?

A. Agree      C. Neutral      E. Strongly disagree

B. Strongly agree      D. Disagree

Does sufficient time allowed to bidder to obtaining bid documents and preparing responsive bids?

A. Yes B. No C. Not sure

Are request for clarification from bidders answered promptly and completely in written form and communicated to all prospective bidders with sufficient time and at the same time?

A. Agree      C. Neutral      E. Strongly disagree

B. Strongly agree      D. Disagree

Does public bid opening conducted at specified place following the deadline for submission immediately after closing, read out necessary information and minute of opening prepared and kept?

A. Agree      C. Neutral      E. Strongly disagree

B. Strongly agree      D. Disagree

Does qualified evaluation committee assigned to conduct evaluation for each procurement bid?

Agree c. Neutral      e. Strongly disagree

Strongly agree d. Disagree

Does bid evaluation carried out thoroughly and on the basis of the evaluation criteria and documentary requirement specified in the bidding documents?

A. Agree      C. Neutral      E. Strongly disagree

B. Strongly agree      D. Disagree

Does bid evaluation report prepared containing all information such as clear and complete description of evaluation process, reason for rejection of any bid as non-responsive (if any), how the stated evaluation criteria were applied and how post qualification done for successful bidder?

A. Agree      C. Neutral      E. Strongly disagree

B. Strongly agree      D. Disagree

Does contract required to be awarded to the lowest evaluated responsive bidder/Successful bidder's) qualification to perform the contract satisfactorily, determined solely on the basis of criteria stated on the bidding documents?

A. Agree      C. Neutral      E. Strongly disagree

Strongly agree      D. Disagree

Are contracts generally completed on schedule and within the originally approved contract price or cost and time?

C. Agree      E. Neutral      F. Strongly disagree

Strongly agree      D. Disagree

Thank for your time and cooperation!

Annex-B:  
Interview guides

Section Four

Interview questions for users of public procurement service

1. Does all procurement requirement of your organization handled centrally?

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2. If no how do you handle procurement not covered under central procurement?

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3. How does the procurement needs identified and communicated to public procurement property disposal service (PPDS)?

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4. How does, the specifications, TORs, or Statement of Works(SOW) for procurement requirements are prepared and sent to PPDS?

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5. Is there close consultation mechanism with procuring entity(in this case PPDS) during procurement planning and procurement process? At what stage do you participate?

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6. How do you see the effectiveness of procurement, need identification and planning of your entities?

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7. What do you think the most common challenges (if any) regarding central procurement at stage of planning, preparing and submitting requirement, procurement process, contract management and delivery ?

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8. Do you thing central public procurement is useful? If so in terms of what?

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9. Whatdoyousuggestforfurtherimprovementandensureeffectivenessofpublic procurement planning and implementation in the future?

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Effectiveness of Procurement plan assessment interview question.

1. Does planned budget is realistic and achievable to raise needs?
2. Do you use market or other source data to estimate cost/price for your department procurement needs?
3. Does budgeting process starting late to prepare the plan timey?
4. Does the procurement process affect to accomplish your department work programs in due time?
5. Do you think urgency work program is a major challenge to wait the process of procurement unit?
6. Do you assume annual procurement needs is achievable in the Ministry?
7. Have you seen/update your department annual procurement needs which a procurement unit of the Ministry consolidates?
8. Does the procurement plan updated/revised when necessary?
9. Does the organization announce his annual procurement plan on the Public Procurement Agency website or on the Ministry board?
10. Do you evaluate and report the effectiveness of the procurement plan? (According to the plan procurement method?)

- 11. Do you circulate approved/updated procurement plan for user department?
- 12. Do you estimate the internal and external lead-time in preparing a procurement plan?
- 13. Do you lack of qualified staff and the right numbers is a problem to prepare the procurement plan?
- 14. Does urgent/unplanned requisition is a major challenge to go with the actual procurement process?
- 15. Does the extended procurement process is a problem to go with procurement plan the extended procurement process is a problem to go with procurement plan?
- 16. Does the user department raise specification for their request?
- 17. Does the requisition have a clarity problem?
- 18. Do you use specified source of information to prepare specification?

19. Do you use market or other source of data to estimate cost/price in the procurement plan?

20. Can you mention other problem that can affect procurement planning effectiveness in the Ministry?

.....  
.....  
.....

## DECLARATION

I, YOHANNES ABATNEH , declares that this work entitled “ Effect of Procurement Planning & Implementation Practices in ETHIOPOST “ is an outcome of my own efforts and the study and that all sources of materials used for the study have been dully acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor. This study has not been submitted for any other University, It is offered for the partial fulfillment of the requirements for the award of Degree of Masters in public management and policy.

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Name

Addis Ababa University, Addis Ababa

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Signature

January ,2023

## ENDORSEMENT

This thesis has been submitted to Addis Ababa University, School of Graduate Studies for examination with my approval as a university advisor.

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Advisor

Addis Ababa University, Addis Ababa

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Signature

January, 2023