



**FACTORS AFFECTING FRAMEWORK AGREEMENT
PROCUREMENT EFFICIENCY: THE CASE OF PUBLIC
PROCUREMENT AND PROPERTY DISPOSAL SERVICE (PPPDS)**

By

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I, Kifle Arega Badebo, hereby declare to the senate of Addis Ababa University School of Commerce that the work which is being presented in this thesis entitled "FACTORS AFFECTING FRAMEWORK AGREEMENT PROCUREMENT EFFICIENCY IN FEDERAL PUBLIC PROCUREMENT AND PROPERTY DISPOSAL SERVICE OF ETHIOPIA" with the guidance and support of my research advisor is my own original work, that has not been submitted partially; or in full, by any other person for an award of a degree in any other university. It does not contain any material, partly or wholly, published or written by others, except those references quoted in the text.

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APPROVAL

This is to certify that this thesis has been submitted in partial fulfillment of the requirements for the award of master in Logistics and Supplies Chain Management with my approval as Advisor and Examiner.

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ACRONYMS AND ABBREVIATIONS

EU	European Union
FA	Framework Agreement
FC	Frame Work Contract
GDP	Gross Domestic Product
LTA	Long term Agreement
MOFED	Ministry of Finance and Economic Development
NCB	National Competitive Bidding
OGC	Office of Government Commerce, UK
PPPAA	Public Procurement and Property Administration Agency
PPPDS	Public Procurement and Property Disposal Service
VFM	Value for Money

ABSTRACT

Framework agreement type of procurement has become very important in developed as well as developing countries. Few researches have been conducted to review factors affecting framework agreement procurement efficiency in public procurement and property disposal service of Ethiopia. Therefore, this research aims to examine factors affecting framework agreement procurement efficiency: the case of public procurement and property disposal service of Ethiopia. The researcher identified three factors that affect framework agreement procurement efficiency. These includes: criteria for supplier selection, Terms and conditions of framework agreement, and external factors. The hypothesis of the study was factors of framework agreement (independent variables) and their impact on framework agreement efficiency (dependent variable) of PPPDS. The research design used was based on both descriptive and explanatory research approaches. The researcher distributed 86 questionnaires and 81 were filled and returned. Both primary and secondary data were used throughout this research. For primary data, both structured and semi structured type questionnaires were prepared. The results of this study indicate that the independent variables (criteria for supplier selection, Terms and conditions of framework agreement) positively affect the dependent variable (framework agreement efficiency) but challenges in FA implementation negatively affect FA efficiency to a significant extent. These factors contribute 74.7% of FA efficiency, while the rest 25.3% is explained by other factors, which are not subject of this study. Therefore, with this study finding, PPPDS is advised to emphasize more on challenges that hinder FA efficiency and should be able to create efficient and responsive procurement system. It is critical to know the common items that need to be included in to the FA and particularly consider price fluctuations while going through the tender process to attract suppliers for FA.

Key words: Framework Agreement Efficiency, criteria for supplier selection, Terms and Condition of Framework Agreement, Challenges of implementation of Framework Agreement.

CHAPTER ONE

INTRODUCTION

The purpose of this paper is to study factors affecting framework agreement procurement efficiency in Ethiopian Public Sectors with particular emphasis on Public procurement and Property Disposal Service (PPPDS). This chapter covers background of the study; statement of the problem; research questions; objectives of the study; scope and limitation of the study, significance of the study and organization of the study.

1.1 Background of the study

Public procurement is the practice of the purchase, usually by means of a contractual arrangement after public competition of goods, services, works and other supplies by the public entity using public fund (MOFED, 2010) as cited by (Tariku ,2017). Global Public Procurement accounts for almost twenty percent of the Government expenditure that is a significant amount of public funds (Mlinga, 2009). Similarly, according to World Bank (2012) as cited by (Tariku, 2017), on behalf of their citizens, governments usually expend between 5 percent and 20 percent of their gross domestic product (GDP) on the procurement of goods, services, and civil works, and a difference between effective and less effective procurement policies that indicates savings of even 1 percent of gross domestic product represents an important part of government budgets.

According to Yirga (2011), Ethiopia even spends more than 60 percent of public expenditures for procurement of goods and services. This designates that every year mainstream of government budget goes to the purchase of common user, strategic items,

other supplies, works and services. Thus, a procurement activity of public bodies has to be efficient and effective. The changes are impacting burden on how the procurement function performs its internal and external processes and procedures so as to attain its goals.

In past period, numerous nations including sub-Saharan countries familiarized the systems for handling similar goods and services which are used in more than one procuring bodies under the framework agreements in order to intensify efficiency and effectiveness in supplying services for economic development, however achieving best value for money turn into a big challenge (Aduamah, 2014). Massaburi (2008) revealed that framework agreements are becoming more widespread as they represent a ‘smarter’ method of procurements than employing ‘one-off’ orders for frequent contracts for works or supplies; by for example improving volume procurement reductions and minimizing repetitive purchasing jobs. According to Mwambega (2010), the system of framework agreements is announced so as to diminish cost of procurement, shorten delivery time, and increase quality of similar goods and services as the result of attaining value for money procurement.

Ethiopia being one of the sub-Saharan countries has recognized the agency that is mandated to monitor the public procurement and property disposal service in the country, termed as PPPDS.

Public Procurement and Property Disposal Service(PPPDS) is a government institution which was established on the 9th of June 2010 by regulation No 184/2010 of the Council of Ministers and was executing its activities starting from 1st of October 2010 with the

objectives to timely supply goods and services, which are commonly used by public bodies as well as good and services which have national strategic significance, in the desired quality and at prices attributable to economies of scale resulting from bulk purchases; to speed up disposal by sale of properties of public bodies at fair prices; and to assist public enterprises in the procurement of goods and services and disposal of assets.

Currently, numerous federal budgetary institutions and universities are benefited from bulk purchase, which is carried out by PPPDS. For procuring common user and strategically significance goods to the government PPPDS uses framework agreement with potential suppliers. In the framework agreement preparation, the PPPDS centrally call tenders to invite suppliers and service providers under National Competitive Bidding (NCB) to submit their proposals, negotiates and sign contracts with suppliers on behalf of the public bodies and the public bodies independently place orders by identifying the timing and the quantities of each order within the limits of the framework agreement (Bewuketu, 2016).

However, is framework arrangement being operational in PPPDS effective, efficient and is it currently ensuring value for money it is intended for? If no, what are the factors affecting the efficiency of framework agreement arrangement in PPPDS? This question would be addressed by this study.

1.2 Statement of the Problem

Effective and efficient Framework Agreement system diminishes lead-time, procurement transaction cost, inventory levels and progresses service delivering to procuring entities. By an efficient procurement there is potential for considerable competitive advantages

(Langley, 2008) as the largest part of the cost of goods sold are in purchased raw materials, components, and services. One of the methods to reduce procurement costs that have been implemented in the recent past is framework contracting (Wittig 2002).

Despite the reforms in Public Procurement it still suffers from poor performance characterized by non-compliance with the Act, lack of policy on green procurement, slow with a lot of bureaucracy, overspending, poor planning, poor project monitoring, need for more transparency and accountability, eradication of wastage and corruption, addressing collusion in the tender evaluation and award, inadequate training of the procurement officers especially on the technical fields Mutiga (2005).

Tadesse (2014) pointed out that even though framework agreement has a number of benefits, there are some limitations in relation to its application to public procurement and property disposal service namely timely supply of goods, number of suppliers, capacity of suppliers and qualified human resource, contract administration and organizational structure as major factors affecting framework agreement implementation.

Tariku (2017) in his study entitled “The influencing factors of framework agreement effectiveness in public procurement and property disposal service, Ethiopia”, found out that suppliers’ performance appraisal, suppliers’ capacity, public bodies’ procurement plan & ICT utilization have significant impact on framework agreement effectiveness.

According to Kumala (2014), framework agreement makes use of public finance as significant device for attaining economic, social and other significant objectives. To some extent there was achievement from volume procurement. But it is not as such to

maximum benefits saved due to low supplier's capacity and supplying substandard products.

Moreover, the study conducted by Federal Public Procurement and Property Disposal Service has concluded that inefficient procurement process, and inefficient contract administration, late submission of procurement plan, shortage of foreign currency, low financial capacity of suppliers, late delivery and late payment are internal and external factors affecting framework agreement effectiveness (PPPDS, 2016).

The few studies conducted on framework agreements in Ethiopia were undertaken to fulfill the requirement of master's degree (Tariku, 2017; Anteneh, 2015; and Kumala 2014).

As it can be seen from the above findings, the researchers have used fragmented approaches to come up with factors affecting efficiency and effectiveness of FA procurement in PPPDS. There is no fairly recent and sufficient study that examined the three variables: supplier's evaluation criteria to select for FA, compliance with FA terms and conditions and external factors which affect the implementation of FA in Ethiopian context.

Therefore, the researcher thought that it is worthwhile to examine the three factors (namely suppliers' evaluation criteria, FA terms and conditions and external factors) affecting efficiency of framework agreement procurement in public procuring entities with particular focus on PPPDS.

1.3 Research Questions

The following research questions are outlined to be answered as a result of the study:

- To what extent do evaluation criteria for selecting supplier for FA affect the framework agreement efficiency of PPPDS?
- To what extent do general terms and conditions of FA affect the framework agreement efficiency of PPPDS?
- To what extent external factors affect the framework agreement efficiency of PPPDS

1.4 Objectives of the study

1.4.1. General Objective: The general objective of the research is to examine factors affecting FA procurement Efficiency in public sectors, the case of PPPDS.

1.4.2. Specific Objectives: -The specific objectives of the study are:

- To assess whether evaluation criteria to select supplier for FA has an effect on FA Efficiency of PPPDS.
- To assess whether compliance to general terms and conditions of FA have effect on FA Efficiency of PPPDS.
- To assess whether external factors have effect on FA Efficiency of PPPDS.

1.5 Scope of the study

This study is proposed to examine factors affecting framework agreement procurement efficiency at public procurement and property disposal service. The existing literatures illustrate many aspects of framework agreement practices. However, the researcher limits the study on merely three variables of framework agreements: Evaluation criteria in supplier selection; Terms and conditions of FA and external factors at PPPDS. Moreover,

it is mainly focused on framework agreements correlated to common user items rather than works, other supplies and services. The study also could not cover regional states public procurement and property disposal services due to financial and time constraints.

1.6 Limitation of the study

The study might face limitations of relevant references and lack of cooperation by research participants, whose exclusion may affect the validity of the research result.

1.7 Significance of the study

The findings of the study are expected to contribute a lot for different concerned parties. The main significance of this study would be for the Federal Procurement and Property Disposal Service of Ethiopia to improve the service in relation to framework agreement. It also benefits The Ministry of Finance and Economic Development (MOFED), the public body and, the business community (suppliers) and the policy makers to make necessary adjustments toward framework agreement manuals.

Other researchers also benefited from the research as it could contribute to the growing body of knowledge on the factors affecting the Efficiency and assure the partial fulfillment of the requirement for the degree of masters in Logistics and Supply Chain Management upon completion of the study.

Finally, future researchers may benefit from this research because it will provide them with relevant information on the topic.

1.8 Organization of the Study

The study is presented in five chapters. The first chapter includes the introduction part of the paper, which comprises of background of the study, statement of the problem, research questions, research objectives, significance of the study, scope and limitation of the study and finally definition of key terms.

The second chapter contains significant theoretical and empirical information obtained from related reviewed literatures referring to the topic under the study and conceptual framework.

The third chapter presents research methodology part to use to perform the research activities. This part of the research comprises of the type and design of the research, the population and samples of the study, sampling methods and procedures employed, data sources and data collection instruments used, the data collection procedures, the data analysis and presentation methods to be used.

The fourth chapter shows the findings, the interpretation and discussion parts of the research. Lastly, the fifth chapter presents summary, conclusion, recommendation, and suggestion for further study.

1.9 Definition of terms

For this study, operational definitions for the key terms are described below:-

- **Common user items:** - are items which are commonly used by most public bodies. Such categories include stationery items, cleaning materials, electrical equipment, medicines, pipes and fittings and vehicles. (The Ethiopian Federal Government Proclamation No. 649/2009).

- **Framework agreement:** - Framework agreement/contracts/ means a general agreement of procurement establishing unit price and other terms and conditions of contract which serve as a basis for supplies to be delivered under future specific contract (The Ethiopian Federal Government Proclamation No. 649/2009).
- **Public Procurement and Property Disposal Service:** - is a public body categorized under the mission for procurement of public organizations common user items, works, nationally strategic utilities, and render efficient and effective property disposal service, including support for the private sector.
- **Public body:** means any public body, which is partly or wholly financed by the Federal Government budget, higher education institutions and public institutions of like nature; (The Ethiopian Federal Government Procurement and Property Administration, Proclamation No. 649/2009).
- **Public Procurement:** - means the measures taken by a contracting authority with the aim of awarding a contract or concluding a framework agreement regarding products, services or public works (Swedish, Act, 2011 p12).
- **Procuring entity:** - means a public entity making a procurement to which this act applies (public procurement and disposal of public procurement Act, 2014 p.451).

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter assesses literature review and opinions of different scholars and writers pertinent to the research topic under study. The literature review would be used as a concrete foundation for designing and formulating the research methodology, and presentation of the variables, which help in producing conceptual framework. This theoretical review would help for making analysis on the actual performance of framework agreements in PPPDS.

2.2 Theoretical Literature Review

2.2.1 Framework Agreement Concept

A Framework Agreement is defined as: “an agreement or other arrangement between one or more contracting authorities and one or more economic workers which launches the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies” (OGC, 2008). The ‘agreement’ is not a binding contract in itself. Framework Agreements provide suppliers with access to a stream of work where the pricing model has already been negotiated (Rawlinson, 2009). Specific purchases (call-offs) are made under the terms set out in the agreement (Constructing Excellence, 2005).

Arney *et al.* (2014) also defined framework agreement as long-term agreement that offers terms and conditions of the contract to smaller repeated orders for a definite period of time agreed between suppliers/service providers using call off orders. Effective system of framework agreements realized when the key player of the system work as the one team.

Arnek (2004) made a distinction between a framework agreement (FA) and a framework contract (FC). FCs involves agreements between service providers and service purchasers which oblige the purchasers to source from the suppliers concerned. Both the price and product/service specifications are always fixed. On the other hand, FAs do not oblige the purchaser to source from the supplier and the purchaser can conclude agreements with several suppliers.

There are two types of framework agreement theories: Jensen and Mackling (1976) define an agency relationship as a contractual relationship in which one or more parties (principals) contract another party (agent) to execute some defined activity on their behalf with the principals delegated defined decision making authority to the agent. In the agency relationship, the agent makes decisions that serve the interest of the principal. Procurement function staffs are equally expected to act in the interest of user departments that request for the procurement services. The relevance of agency theory is profound in public procurement since situations often arise where there is a conflict of interest between the procurement function staff and user departments with regard procurement processes to be employed in fulfilling the procurement needs (Eisenhardt,1989).The particular relevance of the theory in the public procurement method of framework agreement is realized when procurement function staff have conflicting interests with those of user departments. The agency theory provided the researcher with the insight on how the procurement function relates with other user departments in an organization in the provision of professional procurement services.

The diffusion of innovation theory was started in 1920's and 1930's by sociologist Gabriel Tarde and George Simmel, Rogers and Ban (1963). It was first practiced in 1943

to measure the rate of acceptance of innovated hybrid seed corn by the farmers in Iowa communities in United States of America, Ryan and Gross (1943). Roger and Ban (1963) defines diffusion as the process in which an idea or innovation is spread to through different lines of communication to the entire membership of a given society. The theory explains how ideas, knowledge, practice and technology gain popularity and spread across a specific social system. He added that the innovation needs to be adopted first by opinion leaders in the social system and provide benefits to early adopters.

Ryan and Gross(1943) made contribution to the diffusion of innovation theory by identifying stages of adoption which include awareness of need to change, decision to adopt the change by early adopters, initial use by opinion leaders and continuous use by opinion followers.

2.2.2 Factors Influencing Adoption of Framework Agreements

The adoption of framework agreements depends on enabling legislative provision. In Kenya, Tanzania Uganda, and Zambia, the legislative instruments have prescribed framework agreements as one of the procurement methods allowed for use by public entities. However, in other countries such as Ghana and Rwanda, their country procurement laws lack provisions for framework and the only available provisions are guidelines issued by procurement regulators (Leslie et al, 2014).

Framework agreements do not suit all nature of procurements. The entity needs to make a value for money judgment on whether framework agreement is the most appropriate method. Framework agreements general work well when buying standard goods, services or works. However, for certain requirements such as consulting services and construction,

the capacity of the tender to tailor its specific products to what the entity wants is key and thus framework agreements may not be appropriate method (Albano and Sparro, 2008).

Given the long-term nature of framework agreements, there are risks associated with price fluctuations after signing of the contract. One measure that has been used to mitigate the risk of price fluctuations has been secondary tendering for the call-off orders amongst the initially contracted tenders. The call-off orders are then awarded at the current market prices while the other terms and conditions in the initial contract remain the same Arrow (Smith et al, 2011). Procuring entities in the UN system mitigate the risks of price volatility to LTAs by expressing the price as a fixed percentage discount off the supplier's catalogue price (Terzi and Callejas, 2013).

The procurement lead time for the entity's requirements influences the choice of procurement method used by the entity. The generally lengthy procurement processes has prompted entities to develop procurement strategies that can deliver the requirements in time and within cost. One of the procurement strategies has been the adoption of framework agreements (Albano and Sparro, 2008).

2.3. Types of Framework Agreement

According to Andrecka (2015) identified two types of framework agreements which are commonly known in European Union, these are multi providers versus single provider framework agreements and binding versus non- binding framework agreements.

2.3.1 Multi Providers versus Single Provider FA

According to European Union (EU) (2014) defined that multi providers framework agreements include more than one providers whereby open framework agreements specified terms and conditions of call off order without agreed price. Andrecka (2015)

portrayed that this kind of framework agreements allow procuring to conduct mini-competition where a minimum number of suppliers and service providers from the list of frameworks are invited to bid the price only.

Single provider framework agreement is where the contracting authority enters into agreement with one provider within the laid terms of call off for purpose of securing supply and for discount due to bulk purchase (Andrecka, 2015).

2.3.2 Binding versus Non-Binding FA

Oyegoke et al. (2009) classified FAs into binding “Framework Agreement” and the non-binding “Framework Arrangement”. According to Andrecka (2015) explained that binding framework agreement is the agreement which obligation is given to only specific goods and services and for specific supplies or service providers that have given time frame in the framework to supply when need arises. Non-binding framework is the agreement which give option to procuring entities to purchase products through framework agreement or to choose other procurement alternative in consideration of value for money (Grover, 2008).

2.3.3 Value for money in procurement

Value for money is the basic principles in public procurement for the development of national economy in every ETB spent in goods, works and services. Steve (2010) argued that value for money is obtained when there is a balances between the performance of the procured products or services including lifetime and the worth cost incurred of the products. Mamiro (2010) suggests that value for money is not only focusing on price of a product but also the performance of product in terms of efficiency and effectiveness.

2.4 Benefits of Framework Agreement

The general benefits, according to Arnek (2004), Bresnen & Marshall (2002), Khalfan *et al.* (2006) and Goodier *et al.* (2006), include less waste and duplication; reduced transaction costs; savings on tendering costs; building of trusting, long term relationships; bringing of all “project knowledge” together at the inception of a project.

Framework agreements create purchasing synergy benefits, which, according to Trautman *et al.* (2009a) can be divided into three main categories: economies of scale, economies of information and learning, and economies of process. All these types can be gained by the use of centralized framework agreements. Economies of scale refer to attaining lower unit costs by increasing market power through volume bundling and standardization of categories (Trautman *et al.*, 2009a). Economies of process mean the establishment of a common way of working thereby showing worldwide one line of conduct to suppliers, benchmarking procedures and results, and joint training and development (Faes *et al.*, 2000). Economies of information and learning mean for example sharing all available purchasing knowledge on suppliers, new technologies, internal users, applications and the prevention of mutually incompatible negotiating strategies (Faes *et al.*, 2000).

2.5 Supplier's performance Measurements in Procurement

Public procurement contracts symbolize a major share of any country's GDP and public expenditure budget. According to data published by the European commission in its Evaluation Report (2011), public procurement in the EU accounted for EUR 2100 billion in 2009, or 19% of GDP. These levels of expenditure alone provide sound reasons for analyzing the performance of public procurement operations at all levels.

Supplier Relationship Management (also called Vendor Relationship Management) is a set of principles, processes, and tools that can assist organizations to maximize relationship value with suppliers and minimize risk and management of overhead through the entire supplier relationship life cycle (McCue, and Johnson, 2010).

According to EU (2010), there are three different levels of performance measurement within a public procurement system are broadly distinguishable. There are close links between the three levels in terms of performance interdependency. However, the needs, objectives and methodologies for measuring performance can differ.

1. National (Meta) Level - assessing the performance of the national public procurement system.
2. Contracting Authority (Macro) Level - assessing the performance of the contracting authorities' operations.
3. Contract Management (Micro) Level - assessing the delivery of an individual contract.

2.6 Factors Affecting Framework Agreement Efficiency

2.6.1 Criteria for selecting Suppliers in the FA

In recent year, public entities have a gradual changes in criterion of selecting suppliers and service providers from price only criterion to combination of other factors such as quality of the products, quantity for promoting value for money (Nsiah & Prempeh, 2016). Garg, Gupta, and Pal (2013) have argued that financial position, delivery, product quality, pricing structure, technical capabilities, geographical location and procedure compliance are common criteria for selection of suppliers and service providers.

Moreover, the most important criteria for selection or evaluation of suppliers are based on qualitative and quantitative factors.

Sarangapani (2010) portrayed that the process of selecting suppliers involve the process of collecting facts about the suppliers in the following matters namely; competence of the suppliers based on product knowledge, financial capabilities, quality control, logistic management in terms on time deliveries, after sale services through cooperation and warranty, company profile checking on the ownership and dependency of the suppliers.

According to Broadacres (2016) elaborated that value for money realized only when there is a balance between three criteria namely; economy (low cost), efficiency (high performance) and effectiveness (high satisfaction of customers). The three elements focus on optimal cost used in obtaining or producing quality goods or services for customer satisfactions.

Nsiah and Prempeh (2016) agreed that the elements of economy, efficiency and effectiveness are achieved if the inputs resources acquired at little cost and translated into maximum outputs resources which fit the purpose at right time, within the budgeted quantity and scope of required quality of the products or services.

Mlinga (2014) describes four criteria that promote value for money as price, quality, and quantity and time delivery. The price of goods and services obtained from suppliers and services providers should obvious focus on minimal cost in order to create saving. Monczka et al, (2009) have argued that the right price always reflect the market through competition of supply and demand.

Quality of products or services is achieved when there is a proper description of the needs. Lyson and Farrington (2006) explained that quality of services or products are determined based on the standard specifications provided by user. Obtaining quality goods or services at the same cost does not necessarily mean awarding tender to the lowest bidders (Civil Service College, 2016). Quantity and time delivery are also basic criteria in promoting value for money for effective framework agreements.

Hypothesis 1: *Criteria for supplier selection positively and significantly affect FA Efficiency.*

Hypothesis 1₀: *Criteria for supplier selection has no effect on FA Efficiency.*

2.6.2 Terms and Conditions of Framework Agreement

The terms and conditions applying in framework agreements focus to provide guidelines which buyer and seller agreed before executing the contract for achieving value for money. Grover (2008) identified key provisions of framework agreements which are common to various framework contracts such as place of delivery, extension and termination of call off order, governing laws and anti-bribery. The established favorable terms and conditions of framework agreement always focus on realizing value for money procurement in public sectors however; compliance to the terms and conditions is highly required. (*Ibid*)

2.6.3 External Factors in FA implementation of FA procurement Efficiency

Framework agreements established in order to shorten the normal procurement process by floating tender one's per year and reduce procurement process from packages of tender to award hence save time and resources by avoiding the repetition of procurement steps. According to Arney *et al.* (2014) stated that public sectors procuring entities faced challenges of using the framework agreement because of corruption and archaic

procurement methods. Moreover, external factors basically contributed from different actors of the system.

Hypothesis 2: General terms and conditions positively and significantly affect FA Efficiency.

Hypothesis 2₀: General terms and conditions have no effect on FA Efficiency.

2.6.3.1 Lack of Standard Products

Lack of approved standard products for common use item and services lead too many products in the system which prices varies. Arney *et al.* (2014) argued that most of sub-Saharan countries have not established the standardized products for public sectors uses hence hinder value for money.

2.6.3.2 Qualification of suppliers

The qualification of supplier is assessed based on the capability of supplying goods which meet the user need on time. Lyson and Farrington (2006) explain that supplier is appraised based on the capability of supplying quality products, financial viability and adoption of technological changes. Failure to select qualified suppliers leads into poor performance in terms of meeting financial obligations and supply of standard products. According to Arnek (2004), the large contract sizes often involved in FAs favor large suppliers over small, new ones.

2.6.3.3 Price Fluctuation

Price fluctuation on imported goods is dramatically increasing due to fluctuation of foreign currency and thus affects the implementation of FA. According to RU (2014) stipulates framework agreement should provide a room for price escalation clauses in order to cater the market price.

Hypothesis 3: External Factors negatively and significantly affects FA Efficiency

Hypothesis 3o: External Factors have no effect on FA Efficiency

2.7 Framework Agreement Efficiency

Though FA performance may mean different things to different people (CIPS Australia, 2005), its focus on financial and non-financial benefits, efficiency of procedures, and effectiveness, and ability to establish a range of measures to evaluate procurement activities, is noticed by many (Department of Public Works, Queensland Government, 2006). Organization's which do not have performance means in their processes, procedures, and plans experience lower performance and higher customer dissatisfaction and employee turnover (Artley& Stroh, 2001, Amaratunga& Baldry, 2002 and CIPS Australia, 2005). Measuring the performance of the FA efficiency yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, reliability, quality improvements and competitive advantage as was noted by Battenberg &Versendaal (2006).

Centralized Public Bodies help increase the efficiency of a procurement system by aggregating dispersed needs, creating central points of contact both for suppliers and public authorities, and developing knowledge hubs. These practices are integral to the principles delineated by the (OCED, 2015). The OCED council recommends that adherents develop processes to drive efficiency throughout the public procurement cycle in satisfying the needs of the government and its citizens. To this end, adherents should:

1. Streamline the public procurement system and its institutional frameworks.

Adherents should evaluate existing processes and institutions to identify functional overlap, inefficient silos and other causes of waste. Where possible, a more service-oriented public procurement system should then be built around

efficient and effective procurement processes and workflows to reduce administrative red tape and costs, for example through shared services.

2. Implement sound technical processes to satisfy customer needs efficiently. Adherents should take steps to ensure that procurement outcomes meet the needs of customers, for instance by developing appropriate technical specifications, identifying appropriate award criteria, ensuring adequate technical expertise among proposal evaluators, and ensuring adequate resources and expertise are available for contract management following the award of a contract.
3. Develop and use tools to improve procurement procedures, reduce duplication and achieve greater value for money, including framework agreements. Application of such tools across sub-national levels of government, where appropriate and feasible, could further drive efficiency.

The main arguments in favor of FAs are savings. Centralization creates economies of scale through aggregation. Centralization also reduces duplications and decreases the number of transactions between suppliers and buyers. Beyond direct financial savings, centralization provides economic benefits that are linked to gains in process costs and increased productivity because of more concentrated procurement expertise (OCED, 2015).

2.8 The Link between Factors Affecting Framework procurement Agreement and Efficiency

There is a link between factors affecting framework agreement procurement and its efficiency. These factors are categorized under three groups namely:-criteria for supplier selection, terms and conditions of FA and external factors.

According to Van (2006) stated that there is a link between factors affecting framework procurement agreement and effectiveness. Performance is a key driver for competitiveness and for improvement of quality of services. Assessment of procurement performance helps organizations to reduce cost, enhance profitability, assured supplies, quality improvements and competitive advantage.

Criteria for supplier selection has a positive relationship with framework agreement efficiency, for example, if PPPDS selects and enters into framework agreement with potential supplier having good financial position, ability to deliver the required items or services on the right time, ability to supply quality products, capability to deliver after sales services efficiently, proximity to public bodies and etc., then PPPDS can achieve value for money (efficiency).

Terms and conditions of framework have positive relationship with framework agreement efficiency. If PPPDS enters framework agreement with selected suppliers that the suppliers agree to deliver the required goods and or services at the buyer warehouse, then framework agreement becomes efficient and moreover, the faster effect of payment by public bodies will motivate suppliers to supply the required items as fast as possible (usually five days), which in turn increases buyer-supplier relationship that leads to framework agreement efficiency.

External factors also have a negative relationship with framework agreement efficiency. Price fluctuation has an impact on FA efficiency. When price increases during a specified period of time, then suppliers can't overcome their obligation, which affects FA efficiency and soon.

2.9 Theories supporting the study

2.9.1 Systems Theory

Systems theory is a concept that originated from biology, economics, and engineering, which explores principles and laws that can be generalized across various systems (Yoon and Kuchinke, 2005; Alter, 2007; Dubrovsky, 2004). A system is a set of two or more elements where: the behavior of each element has an effect on the behavior of the whole; the behavior of the elements and their effects on the whole are interdependent; and while subgroups of the elements all have an effect on the behavior of the whole, none has an independent effect on it (Skyttner, 1996). In other words, a system comprises of subsystems whose inter-relationships and interdependence move toward equilibrium within the larger system (Martinelli, 2001; Steele, 2003).

Since systems theory considers the input-throughput-output component and their interactions both within themselves and with the external environment, the elements of purpose, people, structure, techniques and information must be coordinated and integrated by the managerial system, in order to maximize value for the organization (Randolph and Blackburn, 1989). In open systems, the goal of transformation is to improve horizontal and vertical fit of the subsystems with each other, and within the organization. There must also be a fit between the organization and its external environment. For example, an organization will need information about certain characteristics of its tasks, its employees and its own structural features in order to fit its employees with the tasks they face in particular organizational positions (Fioretti and Visser, 2004). Thus, in analyzing organizations, the open-systems approach investigates the repeated cycles of inputs, transformation, and output, which comprise organizational systems and subsystems (Yoon and Kuchinke, 2005). This study found relevance in this

theory considering that in an attempt to enhance framework agreement efficiency, the public bodies interact with different actors and processes to acquire resources for their operations.

2.9.2 Transactional Cost Theory

Transactional cost theory focuses on the principle that buyer and supplier make decisions based on the cost-efficient way of conducting business (Sandson *et al.* 2015). Buyer focus on obtaining opportunities for achieving value for money from acquiring goods and services at low cost in the spot market while supplier strives to achieve the goal of the buyer through offering materials of high quality at best value. Firms should make decisions that minimize costs. Its implication for sourcing decision is buying when transaction costs are less than cost of acquiring goods/service (Shook *et al.*, 2009).

The theory is relevant to this study specifically to PPPDS, suppliers, and selected public procuring entities because it focuses on the economic contracting which applies during selecting right suppliers, negotiation of contractual terms and conditions under framework contract and monitoring supplier performance so as to realize value for money for goods and services.

Procuring entity select suppliers who offer low price from the list of framework agreements through conducting mini completion from at least three suppliers awarded framework agreements.

2.9.3 Resource Dependency Theory

It states that organization survival and success by relying on each other's resources (Sandson *et al.* 2015). Organization depends on other's firm resources in terms of financial resources, human resources-knowledge, raw materials, goods and services.

The theory is relevant to this study because public procuring entities seeks raw materials, goods and services from the suppliers who are the owners and suppliers receive fund from procuring entities. Also PPPDS conduct pre-qualification in order to obtain the list of suppliers who have resources required by public procuring entities. Good relation between buyer and supplier leads to better performance in the whole network and hence easy realization of value for money in the framework agreements.

2.10 Empirical studies

Various studies recognize the importance of framework agreements; the study conducted both internationally and nationally based on framework agreements in public sectors. Based on the study outcome of Tadesse (2014), with respect to the involvement of bidders on FA tenders, very few competent suppliers are dominating the market and this would lead to monopoly and unfair competition which is against the procurement principles. Regarding timely supplying of goods, PPPDS is failed to provide satisfactory service delivery to its customers. For example the award notification of FAs for the budget year 2013/14 was distributed to the public bodies on December and January 2014. This means that for more than half of a budget year the public bodies were in trouble to facilitate their duties efficiently. Concerning Contract administration Tadesse (2014) found out that contracting officials expended more time in routing activities rather than managing existing contracts. This often leads to problems in contractor performance, cost

overruns, and delays in getting goods and services. As per the respondents view long process of custom clearance, complains associated to delay in payment and delivery of goods out of specification are the few basic contract administration problems. In many occurrences, PPPDS is not efficiently helping to the public bodies in terms of timely supplying of goods, proper administration of contracts and customers satisfaction.

These limitations are related to lack of commitment, lack of experience, lack of cooperation among the parties with PPPDS which are directly or indirectly involved in procurement activities such as the public bodies, PPPAA, MOFEC, Central Statistics Agency, Banks, Custom clearance authority, and the business society. Aduamah (2014) on his paper entitled assessing effects of public Procurement framework on procurement practices in secondary schools in Ghana, explained that despite of the importance of having public framework contracts in secondary school still process and respective procedures have not well known to the user of the system. The study concluded that in order to gain more benefits of the system, both suppliers and procurement officers from secondary school need to induce training program so as to be more conversant of the system.

Arney *et al.* (2014) conducted research on strategic contracting practices for improving procurement of health commodities under framework agreement, argued that sub-Saharan countries have not understood the importance of using framework agreements due to insufficient knowledge of the users and key players of the system. Also some African countries have not even stipulated in their procurement laws the procedures of handling framework agreements hence lead to insufficient contract management. He concluded that African countries should reform their framework agreements procedures in order to

influence small and medium enterprises to participate in public bidding during advertisement of framework agreements.

Andrecka (2015) on his paper called framework agreements, European Union procurement law and practice, concluded that the system still has many uncertainties and challenges including the way of regulating award of call off orders and the selection of mini competition based on the subjective criteria.

Msongole (2013) on his research paper explained delay in procurement process lead the system of framework agreement inefficient in Tanzania. The study concluded that selecting suppliers and service providers for framework agreement in the forthcoming year require obtaining the efficient needs from users and the market place.

Simemba (2013) on his study entitled challenges of the system of procurement of common use items and services in public procuring entities, argued that the system contain shortfall including improper way of selecting bidders without conducting post contracting, no regularly review of prices and there is lack of monitoring and evaluation of the framework system.

Bewuketu (2016), in his study entitled “Cost effect assessment of framework agreements for the Federal government of Ethiopia, Public procurement and property administration agency (PPPDS)” argued that there is significant cost savings as a result of consolidated/pooled procurement.

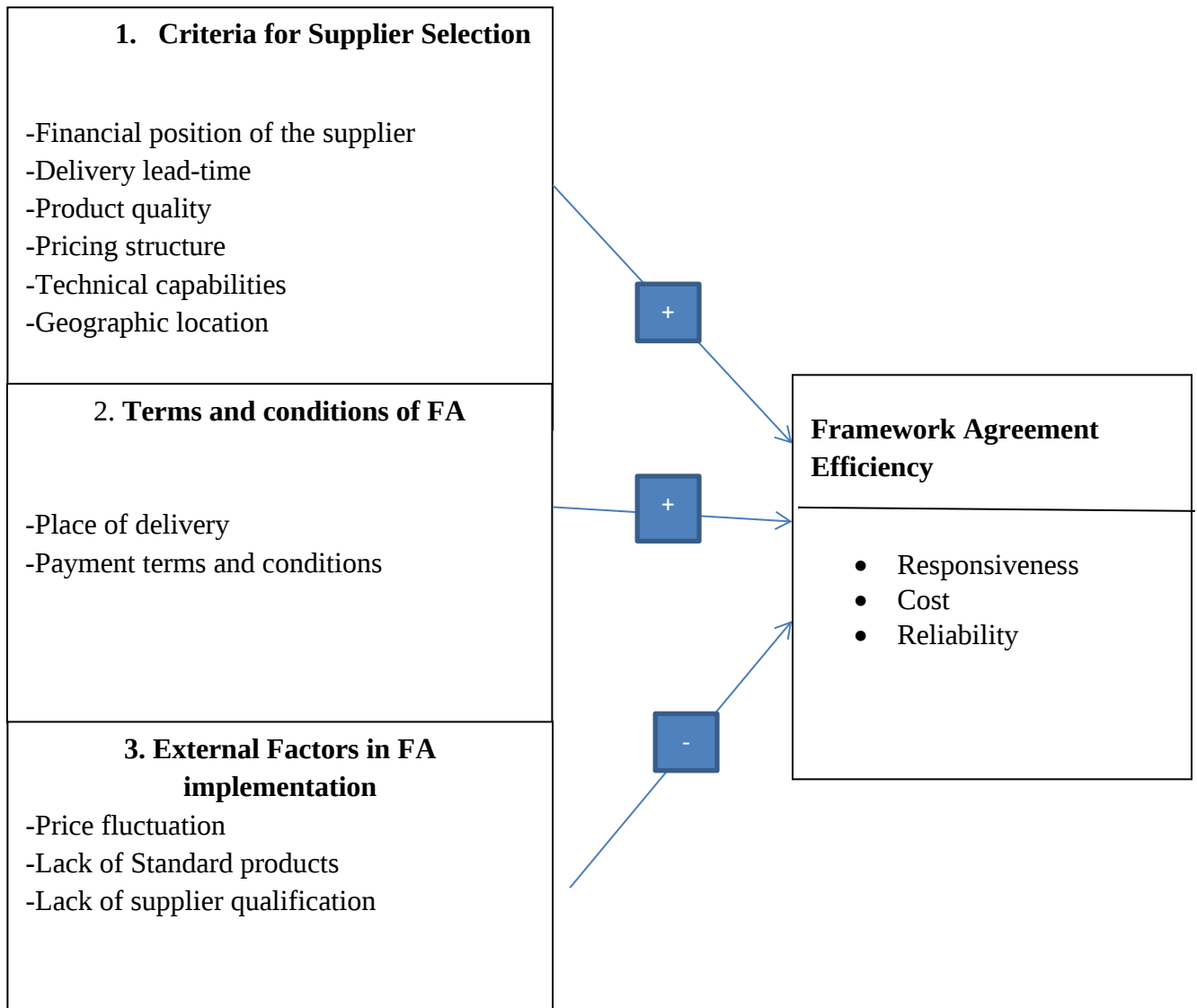
Tariku (2017) in his study entitled “The influencing factors of framework agreement effectiveness in public procurement and property disposal service, Ethiopia”, found out

that suppliers' performance execution, suppliers' capacity, public bodies' procurement plan & ICT utilization have significant impact on framework agreement effectiveness

2.11 Conceptual Framework

Based on the review of the related literatures and identified research gap, the research framework has been developed. The below conceptual framework shows the relationship between the factors affecting framework agreement efficiency (independent variables): Evaluation criteria in suppliers' selection; compliance with terms and conditions and external factors with the dependent variable (Framework Agreement Efficiency).

Figure 2.1: Conceptual framework



Source: Researcher (2019) adapted from (Garg, Gupta, and Pal, 2013; Sarangapani 2010; Grover, 2008; Arney et al., (2014; Lyson and Farrington, 2006) Battenberg &Versendaal (2006); OCED, 2011

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology that would be used by the researcher to conduct the research study. It presents the research design, the study location and target population, the sample size and selection method, data collection and analysis procedures.

3.2 Description of the study Area

The study area is sited in Addis Ababa, which is found at central part of Ethiopia. Pursuant to the Ethiopian constitution of 1995, the city of Addis Ababa is one of the two federal cities that are accountable to the Federal Government of Ethiopia. It is the capital city of Ethiopia, established in 1886. It is the largest city in a nation with a densely population of 7.8236 million according to <https://population of 2019.com>>population-of-addis-ababa-2019, with annual growth rate of 3.8%. Addis Ababa lies at an Altitude of 2,300 meters and is a grassland biome, located at 9°1'48"N 38°44'24"E coordinates: 9°1'48"N 38°44'24"E.

The city is located on a well-watered plateau encircled by hills and mountains, in the geographic center of the country. The area of the city is 204.7 square miles. The city is divided in to 10 sub cities. Addis Ababa is an important administrative center not only for Ethiopia but also for the whole of Africa. The headquarters of the African Union the United Nations Economic Commission for Africa are found in the city.

3.3 Research Design

De Vos and Fouche (1998) defined a research design as the blue print or detailed plan of how a research study is to be conducted. In this study, the researcher would employ

descriptive research design. Descriptive research design determines and reports the way things are done and also helps the researcher to describe a phenomenon in terms of attitude, values and characteristics (Mugenda & Mugenda, 2003).

The researcher also employed explanatory research method, to identify the relationship between framework agreement efficiency and the three factors (suppliers' evaluation, FA terms and conditions and external factors). Explanatory research emphasizes detailed contextual analysis of a limited number of events or conditions and their relationships. Yin (1993) has also defined explanatory research method as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”.

3.4 Research Approach

A mixed research approach which involved both quantitative and qualitative methods was used in this study. The advantage of using mixed approach enables to triangulate and support the data and result collected by questionnaire (Saunders et al, 2007). A survey research design and standard instruments were used to measure the research variables namely Evaluation criteria to select supplier for FA; Terms and conditions of FA and external factors. Regarding the time dimension, this research study is cross-sectional where information will be obtained from a single group of respondents at a single point in time.

3.5 Target Population and sampling technique

Target population refers to the larger population to which the study eventually would like to generalize the results of the study (Mugenda and Mugenda, 2003). This research is focusing on factors affecting framework agreement procurement efficiency at PPPDS. The total population to be assessed under this study was 122, which comprised of (74 were employees of federal budgetary institutions like public bodies or procuring entities, 22 were employees of potential suppliers, and 26 were procurement experts of PPPDS).

Sampling is a mechanism through which characteristic of a population is carefully chosen scientifically. The researcher employed stratified random sampling technique in order to come up with valid result. In this approach, the population is divided into two or more relevant and significant strata based on one or a number of attributes. In effect, the sampling frame is divided into a number of subsets.

A random sample (simple or systematic) is then drawn from each of the strata (Mark Saunders, Philip Lewis & Andrian Thornhill, 2009). Purposive and simple random sampling procedures were employed in this study to come up with valid outcomes. The reasons behind selecting these sampling techniques are that the study adopts whom to include as a respondent for the questions that would be prepared to collect data and get a better chance to select right participants, and selected individuals are those who are responsible for the issue under investigation and have adequate knowledge.

The study applied simple random sampling technique to select respondents from employees of framework agreement suppliers and employees of federal public bodies around Addis Ababa. Regarding procurement experts, purposive sampling technique was employed.

3.6 Sample size

Sample size represents the number of items selected from the population (Kothari, 2007).

This study adopts stratified sampling technique because it enables generalization of a large population with a margin of error that is statistically determinable and also gives employees equal opportunity to participate (Mugenda & Mugenda, 1999). From a total population of 122, stratified random sampling was used to select sample size for the study.

For the purpose of this study, the formula set by (Kothari, 2004), was used to calculate a representative sample (n) for a proportion as:

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N-1) + z^2 \cdot p \cdot q}$$

Where, p= proportion of success=75%

q=proportion of fail=25%

z=confidence level=1.96

e=standard error=5%

N=total population=122

n=sample size,

Therefore, the sample size will be: $\frac{(1.96)^2 \times .75 \times .25 \times 122}{.05^2(122-1) + 1.96^2 \times .75 \times .25}$

n=85.92≈86

Therefore, the sample size of the study was 86 respondents. From the total sample size the share of federal public bodies, suppliers and PPPDS procurement expert were described as:-

Employees of Public bodies' (Procuring entities) $\rightarrow 86/122*74= 52$

Employees of Suppliers' $\rightarrow 86/122*22 = 16$

PPPDS procurement expert $\rightarrow 86/122*26 = 18$

Table 3.1: Distribution of sample population

Sampling frame	Number of population	Sample size	Response Rate	Data collection tools	Sampling Techniques
Employees of Public bodies	74	52	49= 94.23%	Questionnaires & interview	Simple random sampling
Employees of Suppliers	22	16	14= 87.50%	Questionnaires & interview	Simple random sampling
PPPDS Procurement Experts	26	18	18= 100%	Questionnaires & interview	Purposive and simple random sampling
Total	122	86	81=94.19%		

Source: Survey Result, May 2020

3.7 Data Collection Instruments

To gather relevant data that are significant for conducting the intended objective both primary and secondary data were used. Primary data originated for the specific purpose of addressing the problem at hand (Malhotra and Birks, 2006). The researcher collected primary data through questionnaires and personal interview.

Structured questionnaires were considered the most appropriate data collection instrument for survey research (Askia, 1999). Hence, structured questionnaire which

consists of closed-ended questions with a 5 points Likert scale were used. A 5 points scale is found to be more reliable and valid than shorter or longer scales (Krosnick & Fabrigar, 1997). Thus, in this study a five point rating scale were used to measure responses of employees asking the respondents to give their opinions by ticking option 1 for “Strongly Disagree”, 2 for “Disagree”, 3 for “Neutral”, 4 for “Agree” and 5 for “Strongly Agree.

Semi structured interview was employed to collect primary data from procurement experts, suppliers and procuring entities. The researcher collected secondary data from previously published journals, articles, manuals, brochures, and annual reports, research papers conducted on similar topic and via website.

3.8 Data Analysis and Presentation

The quantitative data collected through the questionnaire were analyzed through descriptive methods. Kothari (2007) defines descriptive research studies as those which are concerned with describing the characteristics of a particular individual or of a group. This approach is appropriate for this study since the research sought to describe the attitudes of employees at PPPDS.

Tables and pie charts were used to summarize and give a clear view of the distribution of the responses given by the respondents to each question in the questionnaire. SPSS version 20.0 was used to help in the computing of the quantitative data.

Karl-Pearson’s correlation coefficient was computed to see associations between the variables affecting FA efficiency of PPPDS. Besides, a multiple regression analysis was used to measure the relative importance of the major variables of framework agreement

in evaluating factors affecting framework agreement efficiency in the case of PPPDS. The variables were regressed using a model and all coefficients interpreted. The model took this formula (Ho, 2006):

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 + \epsilon$$

Where: Y = Dependent Variable (Framework Agreement Efficiency)

χ_1 = Independent variable (χ_1 is criteria for supplier selection, χ_2 is terms and conditions of FA, χ_3 is challenges of implementation of FA)

β_0 = the constant

β_1 = the regression coefficient or change included in Y by each χ

ϵ = error term

In addition, a confidence level of 95% with p-value < 0.05 is significant for all analysis results.

3.9 Reliability

The reliability of an instrument is the degree of consistency which measures the attribute; it is supposed to be measuring (Polit & Hungler, 1985). The less variation an instrument produces in repeated measurements of an attribute, the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. The test is repeated to the same sample of people on two occasions and then compares the scores obtained by computing a reliability coefficient (Polit & Hungler, 1985).

In order to check reliability of the results, the study uses Cronbach's alpha methodology, which is based on internal consistency. Cronbach's alpha measures the average of

measurable items and its correlation. Overall scales' of reliability of the present situation and the desirable situation would be tested by Cronbach's alpha, which should be above the acceptable level of 0.70 (Hair et al., 1998). Accordingly, the Cronbach's alpha values of the survey indicate good reliability and the result are presented in table II.

Table 3.2: Alpha coefficient of actual test based on 81 respondents

Variables	Number of items	Cronbach's alpha
Dependent Variable		
FA Efficiency	3	0.921
Independent Variables		
Criteria for supplier selection	13	0.948
General terms and conditions	6	0.867
Challenges in FA implementation	4	0.741

Source: Survey Result, May 2020

When we look at II the highest Cronbach's Alpha for independent variables vary from Criteria for supplier selection (.941) to Challenges in FA implementation (.741). All computed Cronbach's alpha's values are $>.7$ and are acceptable for further analysis.

3.10 Validity

The validity of an instrument is the degree to which an instrument measures what it is intended to measure (Polit and Hungler, 1993). Content validity refers to the extent to which an instrument represents the factors under study. Regarding the validity the questionnaires were submitted to other researchers and academicians to obtain expert opinion. The questions were formulated in simple language for clarity and ease of understanding. Clear instructions were given to the respondents. Therefore, the researcher believes that the data collection tool would measure what it is intended to measure. This means, internal validity will be achieved in respect to content validity. The researcher

reviewed an extensive literature to develop questions for the survey. Also the researcher conducted pilot test on survey instrument (questionnaire) to check the questionnaire is complete, free from any biased and confusion word to selected few respondents. The instrument and research method also revised and commented by professional advisor and expertise before going to data collection. Moreover, to ensure the statistical validity of the study, the researcher has collected quantitative data using survey questioner and analysis the data using correct statistical instruments like descriptive statistics, correlation and regression analysis to see the relationship of the variable and reach concrete conclusion.

3.11 Ethical Consideration

Research ethics is important in our research endeavors and requires that researchers should keep the pride of their subjects and publish well the information that is researched (Fouka & Mantzourou, 2011).Accordingly, respondents were assured that the information they provide is confidential and used for exclusively for academic purpose. Much effort was made to keep the response confidential and would not be used for any personal interest. Generally, the whole process of the research was controlled to be within acceptable professional ethics.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

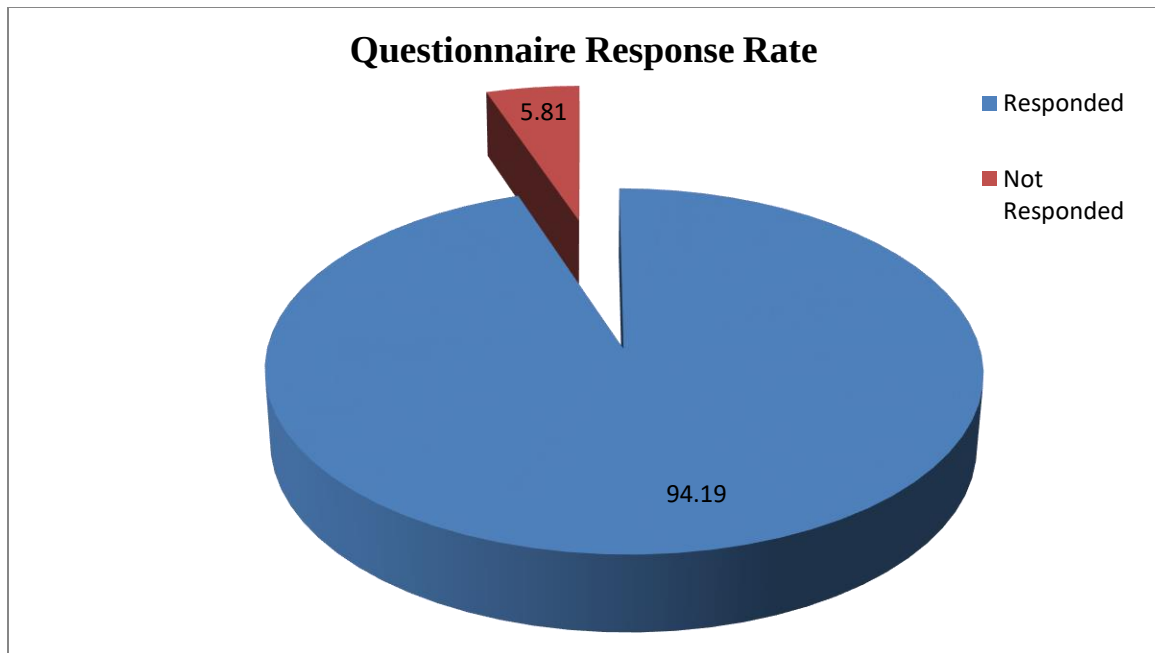
4.1 Introduction

The main objective of this study was to examine factors affecting framework agreement in Public Procurement and Property Disposal Services. In this regard, this chapter presents the results and findings of the study as collected from the sample population. The data was gathered exclusively through questionnaire as the research instrument. Coded responses were entered into statistical package for social science (SPSS) version 20.0 for data analysis. The data have been presented by tabulation and generally, this chapter covers the analysis and discussion of two major parts. Part one involves the descriptive analysis of the demographic characteristics of sample population involved in the study.

Hence, the respondents are discussed in terms of gender and age, years of service and educational level. Part two deals with the analysis of the findings of the study in light of the theoretical background stated in chapter II.

4.2 Response Rate

In order to conduct this study, 86 questionnaires were distributed for PPPDS procurement experts, employees of selected budgetary federal organizations which are located only in A.A and employees of suppliers and a total of 81 were properly filled and returned, which represent 94.19% of the total sample size. But, the remaining 5 were not filled and returned. Therefore, the analysis is done based on the response rate which is considered to conduct the study.



Source: Survey result, May 2020

Figure 4.1: Response rate in Graph

4.3 Respondents' Demographic Information

Based on the responses obtained, as shown in table 4.1, the demographic information of the respondent's was examined in terms of gender, age, years of service and educational level.

Table 4.1- Item A and B reveal gender and age distribution of the sample population of respondents, respectively. Respondents who account for 80.2 % were male respondents. Female representations in this study were 19.8%. Therefore, majority of the respondents were male.

As regards age, one can easily understand that the workforce population is largely dominated by the age group 31-40 comprising 53.1%. However, the least group of respondents were 51 years old and above which only covers 3.7% of the sample population. On the other hand, 26 respondents (32.1%) were in the range of 21-30 years old, 9 respondents (11.1%) were in the range of 41-50 years old. Respondents, as

employees of PPPDS, Federal Office in Addis Ababa have been working there for a diversified number of years. As indicated in Table III, Item C, respondents who had length of service more than 10years category made up the majority which comprised 42 (51.90%of the entire sample), followed by 34 (42%) of respondents who served between 4 to10 years. However, only 5 respondents accounting for 6.2 % worked in PPPDS for 2-4 years. It would, therefore, be possible to generalize that such relatively longer years of service might have helped the respondents to possess rich experience and better understanding about the various issues related to framework agreements in PPPDS.

Table 4.1: Respondents’ characteristics by gender, age, year of service and educational level

Description	Frequency	Percentage (%)
A. Gender		
Male	65	80.20
Female	16	19.80
Total	81	100.00
B. Age		
21-30	26	32.10
31-40	43	53.10
41-50	9	11.10
Above 50 years	3	3.70
Total	81	100.00
C. Years of service		
2-4 Years	5	6.20
4-10 Years	34	42.00
Above 10 years	42	51.90
Total	81	100.00
D. Educational level		
Diploma	5	6.20
BA/BSC	66	81.50
MA/MSc	10	12.30
Total	81	100.00
E. Unit of analysis		
Public bodies(procuring entities)	50	61.70

Suppliers	15	18.50
PPPDS procurement experts	16	19.80
		100.00

Source: Survey result, May 2020

It was also the matter of concern for this study to examine the educational distribution of the respondents. As it has been recorded in Table 4.1, Item D, 66 respondents (81.50%) had first degree which dominate the sample population. 5 respondents (6.2%) had level diploma. 10 respondents (12.30 %) had master's degree.

Finally, sample unit of analysis of this study were procuring entities (public bodies) comprising majority percentage (61.70%) followed by PPPDS procurement experts (19.80 %) and suppliers comprising of (18.5%).

4.4 Analysis of the findings of the study Data

4.4.1 Criteria for selecting suppliers for Framework Agreement

Table 4.2 shows the effect of criteria for selecting suppliers for FA on FA Efficiency.

Respondents were asked to give their opinion on what they thought criteria for FA played in their FA Efficiency. The five point Likert scale was used by the researcher to acquire direct response from the respondents and the frequencies, percentage, mean and standard deviation of the responses are shown in the table below:

As depicted in table 4.1, majority of the respondents (70.40%), categorically agreed that financial position of the supplier positively affects the responsiveness / speed at which the supplier delivers goods as per the order placed by PPPDS, whereas, smaller proportion (13.55%) disagree that financial position of the supplier positively affects the responsiveness / speed at which the supplier delivers goods as per the order placed by PPPDS. For majority (72.80%) of the respondents, financial position of the supplier

positively affects the reliability to deliver goods as per the order placed by PPPDS; majority of the respondents (72.60%) believed that delivery lead-time positively affects the responsiveness /speed at which the supplier delivers goods as per the order placed by PPPDS.

Table 4.2: Criteria for Supplier Selection

	Criteria for Supplier Selection	Responses					Mean	St.Dev
		1 SDA	2 DA	3 N	4 A	5 SA		
1	Financial position of the supplier positively affects the responsiveness / speed at which the supplier delivers goods as per the order placed by PPPDS	1	10	13	28	29		
		1.20%	12.35%	16.05%	34.60%	35.80%	3.91	1.063
2	Financial position of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS	2	9	11	36	23		
		2.50%	11.10%	13.60%	44.40%	28.40%	3.85	1.038
3	Delivery lead time positively affects the responsiveness /speed at which the supplier delivers goods as per the order placed by PPPDS	2	9	8	34	28		
		2.50%	11.10%	9.90%	42.00%	34.60%	3.95	1.059
4	Ensuring product quality positively affects the reliability to deliver goods as per the order placed by PPPDS	0	18	0	42			
		0.00%	22.20%	0.00%	25.90%	51.90%	4.07	1.191
5	Pricing structure positively affects the reliability to deliver goods as per the order placed by PPPDS	9	28	33	3	8		
		11.10 %	34.60%	40.70%	3.70%	9.90%	2.67	1.061

6	Pricing structure positively affects the responsiveness/ speed at which the supplier delivers goods as per the order placed by PPPDS	9	30	31	3	8		
		11.10 %	37.00%	38.30%	3.70%	9.90%	2.64	1.064
7	Pricing structure positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS	10	27	34	2	8		
		12.30 %	33.30%	42.00%	2.50%	9.90%	2.64	1.064
8	Technical capability of the supplier positively affects the responsiveness / speed at which the supplier delivers goods as per the order placed by PPPDS	0	9	1	26	45		
		0.00%	11.10%	1.20%	32.10%	55.60%	4.32	0.96
9	Technical capability of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS	1	12	2	31	35		
		1.20%	14.80%	2.50%	38.30%	43.20%	4.07	1.081
10	Technical capability of the supplier positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS	17	23	31	2	8		
		21.00 %	28.40%	38.30%	2.50%	9.90%	2.52	1.152
11	Geographical location of the supplier positively affects the responsiveness /speed at which the supplier delivers goods as per the order placed by PPPDS	0	19	10	18	34		
		0.00%	23.50%	12.30%	22.20%	42.00%	3.83	1.212
12	Geographical location of the supplier positively affects the reliability to deliver goods as per the order	0	36	30	6	9		
		0.00%	44.40%	37.00%	7.40%	11.10%	2.85	0.976

	placed by PPPDS							
13	Geographical location of the supplier positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS	0	24	42	6	9		
		0.00%	29.60%	51.90%	7.40%	11.10%	3.00	0.908

Source: Survey result, May 2020

Moreover, majority (77.80%) of the respondents agreed that ensuring product quality positively affects the reliability to deliver goods as per the order placed by PPPDS. However, considerable percentages of respondents (45.70%) disagreed that pricing structure affects the reliability to deliver goods as per the order placed by PPPDS. (40.70%) neither agreed nor disagreed that pricing structure affects the reliability to deliver goods as per the order placed by PPPDS. Only small percentage of the respondents (13.60%) agreed that pricing structure affects the reliability to deliver goods as per the order placed by PPPDS.

Similarly, considerable percentages of respondents (48.10%) disagreed that pricing structure affects the responsiveness to deliver goods as per the order placed by PPPDS. (38.30%) neither agreed nor disagreed that pricing structure affects the responsiveness to deliver goods as per the order placed by PPPDS. Only small percentage of the respondents (13.60%) agreed that pricing structure affects the responsiveness to deliver goods as per the order placed by PPPDS.

In the same way, considerable percentages of respondents (45.60%) disagreed that pricing structure affects the cost to deliver goods as per the order placed by PPPDS. (42.00%) neither agreed nor disagreed that pricing structure affects the cost to deliver goods as per the order placed by PPPDS. Only small percentage of the respondents (12.40%)

agreed that pricing structure affects the responsiveness to deliver goods as per the order placed by PPPDS.

With regard to the effect of technical capability on FA performance, considerable percentage of respondents (81.50%) stated that technical capability of the supplier positively affects the responsiveness / speed at which the supplier delivers goods as per the order placed by PPPDS. However, as per majority of the respondents (49.40%) technical capability of the supplier has no effect on cost at which the supplier delivers goods as per the order placed by PPPDS.

Although majority (64.20%) believed that geographical location of the supplier positively affects the responsiveness /speed at which the supplier delivers goods as per the order placed by PPPDS, considerable percentage of the respondents (44.4%) believed that geographical location has no effect on the reliability to deliver goods as per the order placed by PPPDS. 37.00% of the respondents neither agreed nor agreed that geographical location has effect on the reliability to deliver goods per the order of PPPDS. Similarly, considerable percentage (51.90 %) neither agreed nor disagreed that geographical location has effect on the cost to deliver goods per the order of PPPDS. 29.60% disagreed that geographical location of the supplier affects the cost at which the supplier delivers goods as per the order placed by PPPDS.

4.4.2 Terms and Conditions

Table 4.3 discusses the respondents' perception on the influence of terms and conditions on FA Efficiency.

Table 4.3: FA terms and conditions

	Criteria for Supplier Selection	Responses					Mean	St.Dev
		1 SDA	2 DA	3 N	4 A	5 SA		
1	General terms and conditions of framework agreements positively affects the reliability to deliver goods as per the order placed by PPPDS	3	14	10	44	10	3.54	1.037
		3.70%	17.30%	12.30%	54.30%	12.30%		
2	Place of delivery positively affects the reliability to deliver goods as per the order placed by PPPDS	13	27	19	19	3	2.65	1.12
		16.00%	33.30%	23.50%	23.50%	3.70%		
3	Place of delivery positively affects the responsiveness/ speed to deliver goods as per the order placed by PPPDS	4	41	14	18	4	2.72	1.028
		4.90%	50.60%	17.30%	22.20%	4.90%		
4	Place of delivery positively affects the cost to deliver goods as per the order placed by PPPDS	19	28	16	18	0	2.41	1.081
		23.50%	34.60%	19.80%	22.20%	0.00%		
5	Payment terms and conditions positively affects the reliability to deliver goods as per the order placed by PPPDS	8	37	14	19	3	2.65	1.063
		9.90%	45.70%	17.30%	23.50%	3.70%		
6	Payment terms and conditions positively affects the responsiveness/ speed to deliver goods as per the order placed by PPPDS the order placed by PPPDS	12	36	11	18	4	2.58	1.139
		14.80%	44.40%	13.60%	22.20%	4.90%		

Source: Survey result, May 2020

As depicted in table 4.3, majority of the respondents (66.60%) viewed that general terms and conditions of framework agreements affects the reliability to deliver goods as per the order placed by PPPDS.

However, considerable percentage of the respondents (49.30%) disagreed that place of delivery affects the reliability to deliver goods as per the order placed by PPPDS; (55.50%) of the respondents disagreed that place of delivery affects the responsiveness/speed to deliver goods as per the order placed by PPPDS, and also 58.10% of respondents disagreed that place of delivery affects the cost to deliver goods as per the order placed by PPPDS.

As portrayed in table 4.3, 55.60% of the respondents categorically disagreed that payment terms and conditions affects the reliability to deliver goods as per the order placed by PPPDS. Similarly, (59.20 %) disagreed that payment terms and conditions positively affects the responsiveness/ speed to deliver goods as per the order placed by PPPDS.

4.4.3 External factors in FA implementation

Table 4.4 discusses the respondents' perception on the influence of external factors in FA implementation on FA Efficiency.

From table 4.4 , majority of the respondents (72.80%) perceived that lack of standard for products of common use items used negatively affects FA implementation/efficiency. 79.00% of the respondents believed that price fluctuation negatively affects FA implementation /efficiency. However, with regard to the effect of absence of regular review of indicative price in framework agreement on procurement efficiency of FA, (55.60%) disagreed that absence of regular review of indicative price in framework agreement has effects on the efficiency of FA. Similarly, 58% of the respondents disagreed that absence of supplier rating to justify performance has effects the efficiency of FA.

Table 4.4: external factors in FA implementation

	external factors	Responses					Mean	St.Dev .
		1 SDA	2 DA	3 N	4 A	5 SA		
1	Lack of standard for products of common use items used negatively affects FA implementation/efficiency	0	12	10	41	18	3.80	1.954
		(0.00%)	(14.80%)	(12.30%)	(50.60%)	(22.20%)		
2	Price fluctuation negatively affects FA implementation /efficiency	0	5	12	47	17	3.94	0.78
		(0.00%)	(6.20%)	(14.80%)	(58.00%)	(21.00%)		
3	Absence of regular review of indicative price in framework agreement affects the efficiency of FA	14	31	28	8	0	2.37	1.887
		(17.30%)	(38.30%)	(34.60%)	(9.90%)	(0.00%)		
4	Absence of supplier rating to justify performance negatively affects the efficiency of FA	6	41	22	12	0	2.49	0.839
		(7.40%)	(50.60%)	(27.20%)	(14.80%)	(0.00%)		

Source: Survey result, May 2020

4.4.4 Framework Agreement Efficiency

Table 4.5 reveals the respondents' perception on the FA Efficiency being implemented in PPPDS.

As depicted in table 4.5 , majority of the respondents (70.30%), categorically disagreed that FA being implemented in PPPDS ensures the delivery of right quality of the common use items required by the organization, whereas, smaller proportion (22.2%) agreed that FA being implemented in PPPDS ensures the delivery of right quality of the common use items required by the organization. For majority (54.30%) of the respondents, FA being implemented in PPPDS does not ensure the shortest delivery time for the delivery of the

common use items required by the organization. Moreover, for majority of the respondents (61.80%) believed that FA being implemented in PPPDS hardly ensure the delivery of the common use items required by the organization at the lowest total acquisition cost.

Table 4.5: FA Efficiency

	FA Efficiency	Responses					Mean	St.Dev
		1 SDA	2 DA	3 N	4 A	5 SA		
1	FA being implemented in PPPDS ensures the delivery of right quality of the common use items required by the organization	13	44	6	18	0	2.36	1.004
		(16.00%)	(54.30%)	(7.40%)	(22.20%)	(0.00%)		
2	FA being implemented in PPPDS ensures the shortest delivery time for the delivery of the common use items required by the organization	18	26	19	12	6	2.53	1.205
		(22.20%)	(32.10%)	(23.50%)	(14.80%)	(7.40%)		
3	FA being implemented in PPPDS ensures the delivery of the common use items required by the organization at the lowest total acquisition cost	31	19	13	18	0	2.22	1.183
		(38.30%)	(23.50%)	(16.00%)	(22.20%)	(0.00%)		

Source: Survey result, May 2020

4.5 Findings and Discussions

4.5.1 Pearson's Correlation

Table 4.6: Coefficient of criteria for supplier selection and FA Efficiency

Correlations		FA	Criteria for supplier
FA Efficiency	Pearson	1	.735**
	Sig. (2-tailed)		.000
	N	81	81
Criteria for supplier selection	Pearson	.735**	1
	Sig. (2-tailed)	.000	
	N	81	81

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

Table 4.6 portrays that there is strong correlation between criteria for supplier selection and FA Efficiency($r=0.735$, $p=0.000$, $p<0.01$). The two variables are positively related. Accordingly, it is convincing to support the claim that the criteria we use to select suppliers for FA significantly influence FA Efficiency.

The result corresponds with the argument of Garg, Gupta & Pal (2013) who stated that criteria for selecting suppliers for FA have significant effect on the implementation of FA and its efficiency.

Table 4.7: Coefficient of general terms and conditions and FA Efficiency

		FA	General Terms and
FA Efficiency	Pearson	1	.569**
	Sig. (2-tailed)		.000
	N	81	81
General terms and conditions	Pearson	.569**	1
	Sig. (2-tailed)	.000	
	N	81	81

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

As it can be seen from table 4.7, there is moderate strong correlation between General Terms and conditions and FA Efficiency($r=0.569$, $p=0.000$, $p<0.01$). This implies that general terms and conditions that are stated in the FA have considerable effect on the FA efficiency.

Table 4.8: Coefficient of external factors in FA and FA Efficiency

Correlations

		FA	Challenges in FA
FA Efficiency	Pearson	1	-.840**
	Sig. (2-tailed)		.000
	N	81	81
External factors in FA implementation	Pearson	-.840**	1
	Sig. (2-tailed)	.000	
	N	81	81

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

The table 4.8 portrays that there is strong negative correlation between external factors in FA implementation and FA Efficiency($r = -.840$, $p = 0.000$, $p < 0.01$). The result shows that external factors in the implementation of FA negatively affect FA efficiency.

4.5.2 Multiple Regression Analysis

Table 4.9: Stepwise Multiple Regression Analysis: ANOVA

ANOVA ^b					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	66.357	3	22.119	75.588	.000 ^a
Residual	22.532	77	.293		
Total	88.889	80			

a. Predictors: (Constant), external factors in FA implementation, General Terms and conditions, Criteria for supplier selection

b. Dependent Variable: FA Efficiency

As it can be seen from the above table, the significant value (p-value) is 0.000 which is less than 0.05.

Table 4.10: Stepwise Multiple Regression Analysis: Results of Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.864 ^a	.747	.737	.54095

a. Predictors: (Constant), external factors in FA implementation, General terms and conditions, Criteria for supplier selection

Furthermore, the 4.10 table shows the R^2 value of 0.747. This indicates that 74.70% of the independent variables contributed to FA Efficiency in the PPPDS.

Table 4.11: Stepwise Multiple Regression Analysis: Results of Coefficient

Coefficients					
Model		Unstandardized Coefficients		Standardized Coefficients	
		B	Std. Error	Beta	
1	(Constant)	3.230	.799		4.044
	Criteria for supplier selection	.270	.105	.226	2.574
	General Terms and conditions	.213	.092	.158	2.324
	External factors in FA implementation	-.777	.125	-.584	-6.208

a. Dependent Variable: Average

The results of multiple regressions, as presented in table 4.11 above, revealed that criteria for supplier selection has a positive and significant effect on FA Efficiency with a β value ($\beta = .226$), at 95% confidence level ($p < 0.05$). The null hypothesis is rejected and the alternative hypothesis that states that criteria for supplier selection have a positive and significant effect on FA Efficiency is accepted.

Moreover, table 4.11 above, revealed that general terms and conditions has a positive and significant effect on FA Efficiency with a β value ($\beta = .158$), at 95% confidence level ($p < 0.05$). The null hypothesis is rejected and the alternative hypothesis that states that general terms and conditions has a positive and significant effect on FA Efficiency is accepted.

Finally, table 4.11 above, revealed that external factors have a negative and significant effect on FA Efficiency with a β value ($\beta = -.584$), at 95% confidence level ($p < 0.05$). The null hypothesis is rejected and the alternative hypothesis that states that external factors have a negative and significant effect on FA Efficiency is accepted.

Table above shows that Beta coefficient for criteria for supplier selection is 0.226($\beta=0.226$); general terms and conditions is 0.158($\beta=0.158$) and external factors in FA implementation is -.584($\beta= -0.584$). This demonstrates that external factors in FA implementation are dominant factors that influence FA efficiency in the PPDS followed by criteria for supplier section.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This final chapter of the research deals with the summary of the major findings of the study. Drawn from these major findings, conclusions are presented; and recommendations which the researcher assumes to be operational are also forwarded.

5.2 Summary

This study was conducted to investigate factors affecting framework agreement efficiency in PPPDS.

In chapter one, background of the study and problem statements were presented followed by identification of research questions and research objectives. Limitations of the study, structure of the paper and significances of the study were also stated. The main objective of the research was to investigate factors affecting framework agreement efficiency in PPPDS. Three variables were chosen as independent variables namely criteria for supplier selection, terms and conditions, and external factors in FA implementation.

In chapter two, a review of pertinent literature was conducted to explore various works done by previous researchers related to the study area on the factors affecting FA efficiency.

In chapter three, the methodologies for this study were discussed including the research design, target population, sample design (sampling frame, sampling techniques and sample sizes), data collection instruments, data analysis; reliability and validity issues.

The study was based on quantitative method whereby closed ended questionnaire was used as a major instrument to collect data from respondents. Stratified random sampling

technique was used to select the number of respondents to be included in to the study in which, 52, 16 and 18 respondents were selected from employees of public bodies (procuring entities), employees of suppliers and PPPDS procurement experts, respectively.

In chapter four, the data collected were analyzed using SPSS version 20.0. Cronbach's Alpha was used to test the reliability of the actual test and it was found that Cronbach's Alpha for all variables were above 0.7. All computed Cronbach's alpha's values were $>.7$ and are acceptable.

Descriptive statistics was used to analyze the demographic characteristics of the respondents and also responses provided by the respondents on the main questions using percentages, mean and standard deviation.

Moreover, Pearson's Correlation was used to determine the relationship between the three variables (criteria for selecting suppliers in to FA, terms and conditions and external factors in FA implementation and FA Efficiency. The result shows that there is a strong positive correlation between criteria for suppliers selection in to FA and FA Efficiency ($r=0.735$); moderately strong positive correlation between terms and conditions and FA Efficiency ($r=0.569$) and finally there is strong negative correlation between external factors in FA implementation and FA Efficiency ($r = -0.84$) with ($p\text{-value}=0.000$). Furthermore, multiple regression analysis was used to identify the major variable that is currently affecting FA Efficiency in PPPDS. The result has shown that the external factors in FA implementation is a major variable that is enormously affecting FA Efficiency of PPPDS ($\beta=-0.584$) followed by criteria for supplier selection ($\beta=0.226$).

5.3 Conclusion

The research has achieved its objective and has shown that there is a significant relationship between the three variables and FA Efficiency. Criteria for supplier selection have strong relationship with FA Efficiency with r- value of 0.735. Terms and conditions had moderately strong relationship with FA Efficiency with r –values of 0.569 and external factors in FA implementation had strong negative correlation with FA Efficiency r-value of -0.840 with P-value 0.000. However, in this study, external factors in FA implementation ($\beta = -0.584$) is considered as dominant factors that affects FA Efficiency and it has strong negative relationship with FA Efficiency ($r = -0.840$, $p = 0.000$).

Thus, it can be concluded that the findings of study would help the PPPDS to develop appropriate FA system to address the needs of public procuring bodies by making special focus on the dominant variable that is enormously affecting the FA Efficiency of the entity.

5.4 Recommendations

Effective Framework Agreement system reduces lead-time, procurement transaction cost, inventory levels and improves service delivering to procuring entities. However, when the system is constrained affects the achievement of quality of materials, prices and delivery time (PPRA, 2013). Thus, PPPDS must develop appropriate FA system which is efficient, effective and responsive to the needs of public bodies. Based on the result in chapter four, it was found that external factors in FA implementation are dominant factor that is significantly affecting FA Efficiency of PPPDS. Therefore, PPPDS is advised to emphasize more on this factor and should be able to create efficient and responsive procurement system. It is critical to know the common items that need to be included in

to the FA and particularly consider price fluctuations while going through the tender process to attract suppliers for FA.

5.5 Further Research Directions

This study was only to examine the three factors affecting FA Efficiency of PPPDS: criteria for selecting suppliers to FA; terms and conditions and challenges in FA implementation. However, there could also be other factors that can influence FA Efficiency in PPPDS. Thus, this study provides suggestion for future researchers to investigate other factors that can influence or affect FA Efficiency in public body procurements.

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APPENDIX: I

RESEARCH QUESTIONNAIRE TO PPPDS STAFFS

Dear Sir/Madam,

I am carrying out academic research on the study entitled “**Factors Affecting Framework Agreement procurement efficiency in Public Procurement and Property Disposal Service of Ethiopia**”. This is for partial fulfillment of Masters of Arts in Logistics and Supply Chain Management at Addis Ababa University, School of Commerce. Your kind responses are crucial for the accomplishment of my study. Be sure that all information and comments will be for academic purpose only and will be kept confidentially. Thank you in advance for your participation.

With kind regards,

Kifle Arega

Tel: (+251)9216450739

E-mail: Kifle.arega@yahoo.com

Section I: Demographic Characteristics

This section is aimed to obtain information related to your background. (Please tick (✓) to provide your answer.

1. Gender ☐ Male ☐ Female
2. Age ☐ 21-30 years ☐ 31-40 years
☐ 41-50 years ☐ above 50 years
3. Educational level ☐ Diploma ☐ BA/BSC
☐ MA/MSc ☐ Other (Please specify) _____
4. Year of experience ☐ Less than 2 year ☐ 2-4 Years
☐ 4-10 years ☐ above 10 years
5. Department/Work unit ☐ Logistics and supply
☐ IT ☐ Finance
☐ Other (Please specify) _____
6. Employer Organization _____

Section II: The three variables (criteria for selecting suppliers in FA, terms and conditions of framework and external factors in FA and their effects on framework agreement efficiency of PPPDS.

This section contains 26 statements related to the factors that affect framework agreement efficiency of PPPDS. (Please tick (✓) the box which you think is appropriate. The five point Likert Scale (1-5) shows different states of agreement in which:

1: Strongly Disagree (SDA); 2: Disagree (DA); 3: Neutral (N); 4: Agree (A); 5: Strongly Agree (SA)

S/N	Statements	1	2	3	4	5
	Criteria for Supplier Selection					
1	Financial position of the supplier positively affects the responsiveness/speed at which the supplier delivers goods as per the order placed by PPPDS					
2	Financial position of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS					
3	Delivery lead time positively affects the responsiveness /speed at which the supplier delivers goods as per the order placed by PPPDS					
4	Ensuring product quality positively affects the reliability to deliver goods as per the order placed by PPPDS					
5	Pricing structure positively affects the reliability to deliver goods as per the order placed by PPPDS					
6	Pricing structure positively affects the responsiveness /speed at which the supplier delivers goods as per the order placed by PPPDS					
7	Pricing structure positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS					
8	Technical capability of the supplier positively affects the responsiveness/speed at which the supplier delivers goods as per the order placed by PPPDS					
9	Technical capability of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS					
10	Technical capability of the supplier positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS					
11	Geographical location of the supplier positively affects the					

	responsiveness/speed at which the supplier delivers goods as per the order placed by PPPDS					
12	Geographical location of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS					
13	Geographical location of the supplier positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS					
	Terms and Conditions of FA	1	2	3	4	5
1	General terms and conditions of framework agreements positively affects the reliability to deliver goods as per the order placed by PPPDS					
2	Place of delivery positively affects the reliability to deliver goods as per the order placed by PPPDS					
3	Place of delivery positively affects the responsiveness/speed to deliver goods as per the order placed by PPPDS					
4	Place of delivery positively affects the cost to deliver goods as per the order placed by PPPDS					
5	Payment terms and conditions positively affects the reliability to deliver goods as per the order placed by PPPDS					
6	Payment terms and conditions positively affects the responsiveness/ speed to deliver goods as per the order placed by PPPDS					
	External Factors in FA implementation	1	2	3	4	5
1	Lack of standard for products of common use items used negatively affects FA implementation/efficiency					
2	Price fluctuation negatively affects FA implementation /efficiency					
3	Absence of regular review of indicative price in framework agreement affects the efficiency of FA					

4	Absence of supplier rating to justify performance negatively affects the efficiency of FA					
	Framework Agreement Efficiency	1	2	3	4	5
1	FA being implemented in PPPDS ensures the delivery of right quality of the common use items required by the organization					
2	FA being implemented in PPPDS ensures the shortest delivery time for the delivery of the common use items required by the organization					
3	FA being implemented in PPPDS ensures the delivery of the common use items required by the organization at the lowest total acquisition cost					

- If you have any suggestions in relation to criteria for supplier selection conducted in PPPDS, please share your comments.

- If you have any suggestions in relation to terms and conditions of FA conducted in PPPDS, please share your comments.

- If you have any suggestions in relation to external factors in FA implementation in PPPDS, please share your comments

- If you have any suggestions in relation to framework agreement efficiency, please share your comments.

***** **THANK YOU FOR YOUR COOPERATION** *****

APPENDIX: II

QUESTIONNAIRES TO EMPLOYEES OF PUBLIC (PROCURING) BODIES

Dear respondent,

Be informed that I am carrying out academic research on the study entitled “**Factors Affecting Framework Agreement procurement Efficiency in PPPDS**”. This is for partial fulfillment of Masters in Logistics and Supply Chain Management at Addis Ababa University, School of Commerce. I am therefore, requesting you to respond carefully this study by filling the questionnaires. Be sure that all information and comments will be for academic purpose only and will be kept confidentially. Thank you in advance for your participation.

Regards

Kifle Arega

Section A: General information of respondent

Put Tick (✓) as appropriate

1. Gender

Male [] Female []

2. Age [] 21-30 years [] 31-40 years
 [] 41-50 years [] above 50 years

3. Education level

[] Diploma [] BA/BSC
 [] MA/MSc [] other (Please specify) _____

4. Professional qualification

Director [] Team leader [] Expert [] other specify.....

5. Working duration

Less 2 years [] 2-4 years [] 4-10 years [] over 10 years []

Section II: The three variables (supplier evaluation criteria, FA terms and conditions and external factors in FA implementation) and their effects on Framework agreement efficiency of PPPDS.

This section contains 26 statements related to the factors that affect framework agreement efficiency of PPPDS. (Please tick (√) the box which you think is appropriate. The five point Likert Scale (1-5) shows different states of agreement in which:

1: Strongly Disagree (SDA); 2: Disagree (DA); 3: Neutral (N); 4: Agree (A); 5: Strongly Agree (SA)

S/N	Statements	1	2	3	4	5
	Criteria for Supplier Selection					
1	Financial position of the supplier positively affects the responsiveness/speed at which the supplier delivers goods as per the order placed by PPPDS					
2	Financial position of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS					
3	Delivery lead time positively affects the responsiveness /speed at which the supplier delivers goods as per the order placed by PPPDS					
4	Ensuring product quality positively affects the reliability to deliver goods as per the order placed by PPPDS					
5	Pricing structure positively affects the reliability to deliver goods as per the order placed by PPPDS					
6	Pricing structure positively affects the responsiveness /speed at					

	which the supplier delivers goods as per the order placed by PPPDS					
7	Pricing structure positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS					
8	Technical capability of the supplier positively affects the responsiveness/speed at which the supplier delivers goods as per the order placed by PPPDS					
9	Technical capability of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS					
10	Technical capability of the supplier positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS					
11	Geographical location of the supplier positively affects the responsiveness/speed at which the supplier delivers goods as per the order placed by PPPDS					
12	Geographical location of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS					
13	Geographical location of the supplier positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS					
	Terms and Conditions of FA	1	2	3	4	5
1	General terms and conditions of framework agreements positively affects the reliability to deliver goods as per the order placed by PPPDS					
2	Place of delivery positively affects the reliability to deliver goods as per the order placed by PPPDS					
3	Place of delivery positively affects the responsiveness/ speed to deliver goods as per the order placed by PPPDS					
4	Place of delivery positively affects the cost to deliver goods as per the order placed by PPPDS					
5	Payment terms and conditions positively affects the reliability to					

	deliver goods as per the order placed by PPPDS					
6	Payment terms and conditions positively affects the responsiveness/ speed to deliver goods as per the order placed by PPPDS					
	External Factors in FA implementation	1	2	3	4	5
1	Lack of standard for products of common use items used negatively affects FA implementation/efficiency					
2	Price fluctuation negatively affects FA implementation /efficiency					
3	Absence of regular review of indicative price in framework agreement affects the efficiency of FA					
4	Absence of supplier rating to justify performance negatively affects the efficiency of FA					
	Framework Agreement Efficiency	1	2	3	4	5
1	FA being implemented in PPPDS ensures the delivery of right quality of the common use items required by the organization					
2	FA being implemented in PPPDS ensures the shortest delivery time for the delivery of the common use items required by the organization					
3	FA being implemented in PPPDS ensures the delivery of the common use items required by the organization at the lowest total acquisition cost					

- If you have any suggestions in relation to criteria for supplier selection conducted in PPPDS, please share your comments.

- If you have any suggestions in relation to terms and conditions of FA conducted in PPPDS, please share your comments.

- If you have any suggestions in relation to external factors in FA implementation in PPPDS, please share your comments
-

- If you have any suggestions in relation to framework agreement efficiency, please share your comments.
-

***** **THANK YOU FOR YOUR COOPERATION** *****

APPENDIX III:

QUESTIONNAIRES TO EMPLOYEES OF SUPPLIERS

Dear respondent,

Be informed that I am carrying out academic research on the study entitled “**Factors Affecting Framework Agreement procurement Efficiency in PPPDS**”. This is for partial fulfillment of Masters in Logistics and Supply Chain Management at Addis Ababa University, School of Commerce. I am therefore, requesting you to respond carefully this study by filling the questionnaires. Be sure that all information and comments will be for academic purpose only and will be kept confidentially. Thank you in advance for your participation.

Regards

Kifle Arega

Section A: General information of respondent

Put Tick (✓) as appropriate

1. Gender

Male [] Female []

2. Age [] 21-30 years [] 31-40 years

[] 41-50 years [] above 50 years

3. Education level

[] Diploma [] BA/BSC

[] MA/MSc [] Other (Please specify)_____

4. Professional qualification

Director [] Team leader [] Expert [] other specify.....

5. Working duration

Less 2 years [] 2-4 years [] 4-10 years [] over 10 years []

Section II: The three variables (supplier evaluation criteria, FA terms and conditions and external factors in FA implementation) and their effects on Framework agreement efficiency of PPPDS.

This section contains 26 statements related to the factors that affect framework agreement efficiency of PPPDS. (Please tick (√) the box which you think is appropriate. The five point Likert Scale (1-5) shows different states of agreement in which:

1: Strongly Disagree (SDA); 2: Disagree (DA); 3: Neutral (N); 4: Agree (A); 5: Strongly Agree (SA)

S/N	Statements	1	2	3	4	5
	Criteria for Supplier Selection					
1	Financial position of the supplier positively affects the responsiveness/speed at which the supplier delivers goods as per the order placed by PPPDS					
2	Financial position of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS					
3	Delivery lead time positively affects the responsiveness /speed at which the supplier delivers goods as per the order placed by PPPDS					
4	Ensuring product quality positively affects the reliability to deliver goods as per the order placed by PPPDS					
5	Pricing structure positively affects the reliability to deliver goods as per the order placed by PPPDS					
6	Pricing structure positively affects the responsiveness /speed at which the supplier delivers goods as per the order placed					

	by PPPDS					
7	Pricing structure positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS					
8	Technical capability of the supplier positively affects the responsiveness/speed at which the supplier delivers goods as per the order placed by PPPDS					
9	Technical capability of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS					
10	Technical capability of the supplier positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS					
11	Geographical location of the supplier positively affects the responsiveness/speed at which the supplier delivers goods as per the order placed by PPPDS					
12	Geographical location of the supplier positively affects the reliability to deliver goods as per the order placed by PPPDS					
13	Geographical location of the supplier positively affects the cost at which the supplier delivers goods as per the order placed by PPPDS					
	Terms and Conditions of FA	1	2	3	4	5
1	General terms and conditions of framework agreements positively affects the reliability to deliver goods as per the order placed by PPPDS					
2	Place of delivery positively affects the reliability to deliver goods as per the order placed by PPPDS					
3	Place of delivery positively affects the responsiveness/ speed to deliver goods as per the order placed by PPPDS					
4	Place of delivery positively affects the cost to deliver goods as per the order placed by PPPDS					
5	Payment terms and conditions positively affects the reliability to deliver goods as per the order placed by PPPDS					

6	Payment terms and conditions positively affects the responsiveness/ speed to deliver goods as per the order placed by PPPDS					
	External Factors in FA implementation	1	2	3	4	5
1	Lack of standard for products of common use items used negatively affects FA implementation/efficiency					
2	Price fluctuation negatively affects FA implementation /efficiency					
3	Absence of regular review of indicative price in framework agreement affects the efficiency of FA					
4	Absence of supplier rating to justify performance negatively affects the efficiency of FA					
	Framework Agreement Efficiency	1	2	3	4	5
1	FA being implemented in PPPDS ensures the delivery of right quality of the common use items required by the organization					
2	FA being implemented in PPPDS ensures the shortest delivery time for the delivery of the common use items required by the organization					
3	FA being implemented in PPPDS ensures the delivery of the common use items required by the organization at the lowest total acquisition cost.					

- If you have any suggestions in relation to criteria for supplier selection conducted in PPPDS, please share your comments.

- If you have any suggestions in relation to terms and conditions of FA conducted in PPPDS, please share your comments.

- If you have any suggestions in relation to external factors in FA implementation in PPPDS, please share your comments
-

- If you have any suggestions in relation to framework agreement efficiency, please share your comments.
-

***** **THANK YOU FOR YOUR COOPERATION*******