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**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS,
SCHOOL OF COMMECE, GRADUATE STUDIES
DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT**

**ANALYSIS OF INTERNATIONAL PROCUREMENT
PRACTICES AND CHALLENGES: THE CASE OF ADDIS
ABABA UNIVERSITY**

By Asfaw Tsegaye Gizaw

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

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Addis Ababa, Ethiopia**

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Statement of Certification

This is to certify that Asfaw Tsegaye has carried out his research work on the topic entitled “Analysis of International Procurement practices and Challenges: The case of Addis Ababa University”.

The Work Is Original in nature and is suitable for submission for the award of Master Degree in Logistics and Supply Chain Management (M.A in LSCM).

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Statement of Declaration

I, Asfaw Tsegaye, hereby declare that this thesis entitled “Analysis of International Procurement practices and Challenges : The case of Addis Ababa University”.submitted by me for the award of the degree of Master of Logistics and Supply chain management, Addis Ababa University at Addis Ababa, Ethiopia, is my original work and it has never been presented in any university. All sources and materials used for this thesis have been duly acknowledged.

Name: Asfaw Tsegaye Gizaw

Signature: _____

Place: Addis Ababa

Date of Submission: May, 2017

Dedication

This research study is dedicated to my family and friends for their encouragement and continuous support throughout MA Program and especially during this research project.

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Abstract

In light of the principles of procurement, the objective of this research is to investigate the performance of international procurement practice in the case of Addis Ababa University. Procurement Directorate, its Users, suppliers and supporting stakeholders are evaluated based on their performance in accordance to related practices in international procurement. To gather information open and close ended questionnaires were prepared and distributed to purposefully selected respondents from procurement and related offices staff of the AAU including judgmentally selected requesting Unit managers. Further, semi- structured interview was conducted with each selected staff and top level and experienced Procurement managers. In addition secondary sources also have helped the data collection. Methodologically, this study was designed to be descriptive. The major findings of the study indicates that the international procurement practice is not well performed by End users, Procurement staffs, suppliers and stakeholders of AAU Procurement who are participating directly or indirectly in the international procurement of the University. The researcher recommended to the Management of AAU and specially the procurement directorate to create opportunities for appropriate training, establish organized marketing research department, introduce E-procurement and automated data base systems, to create long term strategic supplier relationship for strategic items through establishing a suppliers list registration system , create win-win and smooth relationship with suppliers, to create good relationship and awareness among AAU Procurement, End Users, suppliers and the stakeholders using awareness creation events, and to develop conducive organizational structure in the End Users departments.

Key Word;

International Procurement

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Acronyms

AAUSC- Addis Ababa University School of Commerce

F- Frequency

L/C- Letter of Credit

The University- Addis Ababa University

EPPPAA- Ethiopia Public Procurement and Property Administration Agency

Chapter One- Introduction

1.1. Background of the study.

Public procurement is an important function of government for several reasons. Indeed, the emphasis of procurement outlays has a great impact on the economy and needs to be well managed. One of the basic rules of procurement is that in the end, it is important to think in terms of the total cost of ownership. This includes not only the purchase price, but also time and resources that are expended in the pursuit of the ownership. Qualey (2006)

“Procurement” as defined by the Ethiopian Public Procurement and Property Administration Manual, is obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means;

Procurement has a major impact on Development as, resources are mostly used to procure goods, works or services critical to the achievement of a project development objective (PDO), Public procurement represents 10 to 20% of the GDP of a country and Opportunities for fraud & corruption affect the achievement of the PDOs. World Bank, (2011)

According to EPPPA Report (2011) 64% of many public originations’ budget goes to procuring public goods and services in Ethiopia.

Big organizations might not be able to satisfy their daily consumption and long standing requirements of Goods and service only from internal sources or the domestic markets due to various reasons such as technological and economical differences among countries.. In order to fulfill their requirements in fully, organizations must look for the international markets to procure the required goods and services. Laysons and Farington (2006)

Shrinking geographic and economic barriers are making the world a smaller place to trade in. Technology continues to play a significant role in this shrinking of the globe; the internet revolution continues to dramatically alter the way business is done. In addition to these, competitive pressures are also altering the way procurement decisions are made. Kolhatakar & Ambedkar (2011)

As Branch (2009) states, there are various factors that have contributed to the changed international trade environment. This includes E-commerce, open communications systems, politics, technology, economics, cultural and legal and international agencies.

One important function within the firm which is becoming more and more global in orientation is the purchasing department. Many corporations realize that in order to be successful and competitive, an expanded focus for this area is necessary. However, procurement activities on an international scale have unique considerations of which many of us may not be aware. Benton (2007)

Effective and efficient procurement systems and collaborative relationships are essential to the achievement of organizational goals, cost reduction and supply chain performance. This is achieved by identifying key saving potential areas and driving innovative sourcing models which can enable operators to reinvent their cost structures. According to Thai (2005), every organization that purchases goods or services must have effective standard procurement procedures, the methods they use to acquire those things required for an organization to provide goods/services to its clients.

1.2. Background of the Organization

The Addis Ababa University (AAU) which was established in 1950, is led by a President who is assisted by four Vice Presidents and one Executive Director: Academic Vice President, Vice President for Research and Technology Transfer, Vice President for Administration and Student Services, Vice President for Institutional Development and the Executive Director of the College of Health Sciences (with the rank of Vice President). (www.aau.edu.et)

At present the University has 10 colleges, 4 institutes that run both teaching and research, and 6 research institutes that predominantly conduct research. Within these academic units, there are 55 departments, 12 centers, 12 schools, and 2 teaching hospitals. (www.aau.edu.et)

The Procurement Management Directorate of the university is under the Vice President of Administration and Student services. And the Procurement Management is responsible for Procurement of Goods and Services both from the local and international markets requested by the university end users and the Academic units under it.

There are various categories of goods and services procured in the procurement directorate having different levels of importance and budget implication. The major goods categories which are currently purchased under foreign procurement are Books, Medical equipment, vehicles, and ICT

supplies, Generators, Boilers, and Stoves etc. in bulk. Majority of the procurement budget is allocated to these goods.

Therefore, in a larger academics environment, under which there are many big faculties like the AAU Medical faculty (Black Lion Hospital), the science, the technology faculty etc., it is observable that there is a huge budget allocation due to international procurement requests from these users. In addition, there are projects run under the University on bilateral agreements with donor organizations and countries. To secure the acquisition of these items it requires practicing effective procurement.

Effective procurement requires the utilization of sound business practices that maximize value to the organization through the acquisition of goods and services. This follows the old adage that the purchasing department's role is to deliver the right material or service in the right amount to the right place at the right time and at the right price. Sollish & Semanik, (2005).

Huge budget is allocated and being spent on foreign procurement in the University. This implies the logistics capability of the University for the Goods mentioned above is depend on the international supply market. In order to maintain this capability sustainable to internal and external development of skilled labor, the international procurement practice must be efficient and effective. It needs an excelled procurement procedure, systems and guidelines to fulfill the demand of goods and services of End User with right quality, right quantity, from right supplier at the right time. There has been observable drawbacks in the procurement practices of the University like; delay on delivery of the required items, due to several reasons to be investigated on this research. As this research was planned and the researcher tries to look for previous studies on this specific title and area of study few are found on Ethiopian case. And these studies are for federal public offices which implement the same procurement procedure as the University uses. Yet, the studies were focused on the overall procurement systems and practices not specifically on international procurements practices.. So that is why this study is proposed to be conducted on the International procurement practices and its challenges of the Addis Ababa University and to propose better indications in order to alleviate these challenges.

1.3 Statement of the Problem

Different researches assessed the area of international procurement practices and its challenges, while much work is expected in African countries including our country. There are documents found in the area of International Procurement practices and challenges done both for academics and problem solving purposes in our country, as searches for literatures to this study exhibits. And this indicates that much attention is not given by the concerned bodies involved in the area. As the main supply source for majority of the goods for the daily consumption and long lasting goods is the international market, there are several expected challenges to be faced by the stakeholders in the field of supply chain.

Public Procurement has increasingly become prominent in the print and electronic media underlining how public entities handle the entire process. Despite its importance, limited scientific research has been undertaken to examine the factors that influence international procurement performance in public institutions in Ethiopia. This study aimed to ascertain the determinants of procurement performance in public entities the case of Addis Ababa University

According to the preliminary discussions with the senior Procurement staff in the Directorate of AAU procurement, the current practices in the international procurement process of the University result in end user dissatisfaction in quality of goods and delay in delivery time, overprice procuring, repetitive claims after delivery and hinders the logistics activities of the university negatively.

The researcher tries to look for previous studies on this specific title and area of study. And most of these studies are for federal public offices which implement the same procurement procedure as the University uses. Yet, the studies were focused on the general procurement system performances not specifically on international procurement practices and challenges.

International Procurement in the University plays a major role in the utilization of resources and achievement of the objective of the academic and research development. Cost-effective management of the procurement process can significantly influence the day to day activity of the University. As a core function, it is, however, subjected to the dynamic changes and trends of the market and interests both from the University community and other stake holders. The International procurement function experiences a myriad of challenges due to the growing needs for goods in the university and external factors. It's therefore important to address the challenges

faced by the international procurement practices to ensure cost-effective utilization of government resources.

In order to analyze international procurement practice and challenge of the AAU and to find process improvement models, it is important to conduct a research. So that is why this research topic is proposed, and the solutions then will be compared with the result of other existing studies and literatures in order to give solutions and recommendations to this specific area of topic.

1.4 Research Questions

The purpose of this research is to examine the International procurement practices and challenges of the University. In doing so the entire effort of the paper involves around seeking answers to the following questions: -

- What are the challenges influencing the effective implementation of the international procurement practices?
- What factors need to be improved in order to tackle the challenges in day today international procurement practice performance?
- What is the efficiency of the procurement staff on practicing the process of procurement and to what extent it is affected by global sourcing challenges?
- To what extent is end user's involvement, performance and commitment in the practice of procurement process

1.5. Objective of the Study

1.5.1 General objective

The general objective of the study is to critically analyze international procurement practices and challenges of the Addis Ababa University and to come up with better recommendation for improving international procurement function of the University.

1.5.2 Specific objectives of the study are:

- To identify the major influencing factors that affects to effectively implement these practices.
- To find out factors that needs to be improved in a day to day performance of procurement practice.

- To identify the efficiency of the procurement staff on practicing the procurement process and the level of affection of the practice by the global sourcing challenges.
- To examine end users extent of involvement, performance and commitment on the procurement process

1.6 Significance of the Study

The study is believed to identify and recommend for feasible and efficient mechanisms of procuring, which would help to save significant amount of resources. The study would provide suggestion for the problems of international procurement practices of the University. It would be serve as a tool to decision makers of the procurement practitioners and officers involved in the International procurement of the University and other similar offices.

It may also use as a springboard for other Academics and or Researchers, who focused on similar topics and issues, related to international procurement generally and public international procurement of goods specifically.

1.7 Scope of the study

Public Organizations need effective and efficient procurement practices to fulfill their end users procurement requests and supplies demands. One of the big institutions among the public sectors in Ethiopia who frequently procure their goods is, Addis Ababa University. Despite the fact that there are different procurement departments at each faculty and unit, the international procurement of goods and services is done only centrally by the main Procurement and Property Administration Unit of the University located at Six kilo main campuses of Addis Ababa.

This study is confined only to the Addis Ababa University International Procurement Practices and challenges for goods only. Moreover, the study will analyze the process of the international /foreign procurement of goods and challenges that constraint the performances of the process.

In order to get relevant and consistent data the scope of the study is limited only to the University central procurement directorate who is responsible to manage and run the procurement activates, budget and finance staffs who directly relate with the procurement functions and end users/ requesting unit managers who have allocated budget for the foreign procurement requests in the University, decision makers in international procurements, Stores or receiving officers, technical evaluators.

1.8 Limitation of the Study

In addition to the common limitations such as time, and resources constraints, this preliminary study faced specific drawback such as;

-Work overload on staff in the procurement department limits the timely data collection process from experienced and senior staff.

-Difficulty to get feedback on the procurement department performance from foreign suppliers' side. This is due to that the University procurement department does not have a suppliers list because each purchase is handled with open Bid procurement system according to the FDRE Public Procurement Law.

1.9. Organization of the Study

The study is organized in to Five Chapters. The first chapter will present information about the introductory part including background of the study and the organization, statement of the problem, research questions, objective of the study, and significance of the study, scope of the study and limitation of the study. The second chapter covers the review of related literatures that are both conceptual and theoretical literatures on the field of the study i.e. international procurement. The third chapter will explain the methodology of the study. The fourth chapter will focus on the data presentation, analysis and presentation of the findings and the last chapter forwards the summary, conclusion, recommendation, research limitations and directions for future research.

1.10. Operational Definition of Terms

Public Procurement: -refers to the acquisition of goods and services by the government or public sector organizations and is one of the key economic activities of governments (walker, 2011)

Foreign/International Procurement: - is the process of obtaining a product/goods and services, which is available in market or markets, access to which involves crossing international boundaries Branch (2009)

End Users/Requesting Units: - are end users or requesting units and staffs of the Addis Ababa University who are requesting and using the goods to be procured.

The Government; refers to the government Of the Federal Democratic Republic of Ethiopia.

For the purpose of this these research different terms may use alternatively as a replacement to each other this include: -

-The University/AAU- Is the Addis Ababa University.

-Foreign /International Procurement

Chapter Two -Review of Related Literature

2.1 Introduction

This chapter presents a review of the related literature on the subject under study presented by various researchers, scholars, analysts and authors. By the theoretical review of the study Procurement and related issues in procurement, methods of public procurement and procedures are discussed, summarized and presented from the reviewed related literatures. Then the conceptual framework of the International procurement of AAU will be presented by identifying the frequently observed variables. And finally, the empirical study review, selected previous similar academics studies are analyzed to support this study by comparing with basic findings of the former studies.

2.2. Concepts of Procurement

According Lysons and Farrington (2006), defined purchasing as the processes undertaken by the organization unit that, either as a function or as part of an integrated supply chain, is responsible for procuring or assisting users to procure, in the most efficient manner, required supplies at the right time, quality, quantity and price and the management of suppliers, thereby contributing to the competitive advantage of the enterprise and the achievement of its corporate strategy. Alternatively, Quayle (2006) further defined by quoting Compton and Jessop as the obtaining by various means (loan, transfer, hire purchase) of supplies and services with or without consideration

From the entire definition listed above, it is possible to conclude that procurement entail that it is a process and parts of the supplies management process works to bring effective and efficient management of resource, engaged in acquisition of materials and services by various means, the acquisitions are based on the right manner (time, quality, quantity, price...) and developing its own strategy that relates to the corporate strategy.

Sometimes procurement and purchasing considered as similar term with analogous duties and responsibilities. Even though the two terms have similar explanation, there are matters that makes distinct. According to Quayle (2006) the term purchasing and procurement are often used interchangeably; however, there might be a distinction in that purchasing is more concerned with establishing and managing a commercial relationship, whereas procurement is also concerned with the more physical material or service delivery control aspects after the contract has been let or the

order placed. On the other hand Lysons and Farrington (2006), procurement is a wider term than purchasing, which implies the acquisition of goods or services in return for a monetary or equivalent payment. Procurement, however, is the process of obtaining goods or services in any way, including borrowing leasing and even force or pillage.

2.3. Public procurement

Public procurement is the process of the acquisition, usually by means of a contractual arrangement after public competition, of goods, services, works and other supplies by the public entity. The public procurement process spans the whole life cycle from initial conception and definition of the needs through to the end of the useful life of an asset or the end of a contract. The Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011). Then again, Baily and et al (2005) identified proposals for the public [procurement] sector includes; Seeking to develop world class professional procurement staff, Seeking to introduce best practice in terms of whole-life cost savings, highest standard benchmarking, Co-operative relationship with contractors and supplies within the constraints of competition, the promotion of continuous improvement (Kaizen) .

2.4. International Purchasing.

According to Branch (2009) International Purchasing is the process of obtaining goods or Services, which is available in a market or markets, access to which involves crossing international boundaries. Such international sourcing is desirable to enable the company to be managed in a competitive manner and operate successfully in a global market.

By continuing his description Branch states that, the prime rationale of adopting an international purchasing strategy rather than using an indigenous supplier is, to enhance the value –added benefit of the product or service to consumer. Overall, the decision is tied to the product life cycle: it may be a price factor, quality, technology, availability, innovation, standards, design or fashion. Hence, global sourcing is not simply a buying function; it is the process of obtaining products /services in line with consumer needs and technology, thereby enhancing the attraction, the profile, the quality or the value-added benefit.

2.5. Domestic versus International Purchasing.

Tian (2009) states International purchasing relates to commercial purchase transaction between a buyer and a supplier located in a different country. This type of purchase is typically more complex than a domestic purchase. Organizations must contend with longer material pipelines, increased rules and regulations, currency fluctuation, customs requirements, and host of other variables such as language and time.

International purchasing refers to the utilization of global resources: searching for a bargain with the highest quality from all over the world. From the aspect of supply-chain management, international purchasing requires companies to set up a global manufacturing chain in order to make rational purchasing plan and acquire the high-quality goods with a rational price. As Tian (2009) in contrast to domestic purchasing, the international mode is characterized by increased scope of purchasing, increased in risks ,decrease purchase price, the need for systematic criterion in supplier selection, and stable purchasing channels.

2.6. General principles of government procurement,

1. Purchasing should be based on value for money
2. Competition should be used to acquire goods and services (unless there are convincing reasons to the country)
3. There should be clear definition of the roles and responsibilities of personnel involved in specifying the need, giving financial authority and making purchasing commitments
4. There should be separation of the financial authority and the purchasing authority.
5. There should be separation of duties between personnel who make contracts, those who receive the goods or services and those who authorize payments.
6. Requirement which is above a certain financial threshold is normally required to be advertised in accordance with [government] regulation on public procurement. Baily and et al (2005).

2.7. Purchasing Policy

As of other departments and the organization in general, the purchasing department should develop its own sound purchasing policy to achieve both the departments and the organization objective Lysons and Farrington (2006).

According to Quayle (2006) Policies regarding the reciprocal trade, intercompany, and purchasing ethics should be established as part of the plan for purchasing management. Allied to selecting the policies, the structure of the purchasing function, centralize or decentralize activity and interface with material management, sourcing policy are all relevant to effective purchasing and supply chain management. Reciprocity involves a two-way flow of trade between companies so that each is both a seller and buyer. [...] the growth of multiproduct companies has increased the opportunities for internal trading between different parts of the same company. A policy decision is needed to state how such possibilities should be handled. There has been tendency in the past for arbitrary policies to be established giving preference to internal sources and thus restricting the choice of the buyer

The Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011) states that any public body and other entities accountable to such public body shall be required to prepare a procurement plan supported by action plan enabling them to execute in due time, the procurement necessary to implement their work program. This plan shall be updated on an annual basis and in a rational manner having regard to expected flow of funds. The Procurement Plan shall be incorporated into the Project Performance of the capital project.

Generally, Quayle (2006) states that the buyer must also remember the following five rights of purchasing. If [the purchasing policy maker] doing right place right time right quality right price right quantity goods and service buying.

2.8. Procurement Methods

The Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011) by quoting Proclamation Article 33: defines six methods of public procurement these are bidding, two stage bidding, request for quotation, request for proposal, restricted bidding, and direct procurement.

As this research is mainly focused on the first method or the Bidding method, this method is described below.

The Federal NegaritGazeta (2005) states that except as otherwise provided in this Proclamation, the procuring entity shall use open bidding as the preferred procedure of procurement. Even though it is common that each method has its own advantage and drawback, the Ethiopian government prefers the bid way of purchasing especially; open bidding way to perceive the advantage gained by such method.

Bidding (Tendering)

According to Lysons and Farrington (2006) a purchasing procedure whereby potential suppliers are invited to make a firm and unequivocal offer of the price and terms on which they will supply specified goods or services, which, on acceptance, shall be the basis of a subsequent contract. Alternatively, Lewis (2005) elaborates as a formal written offer to undertake work or provide services for a stated price is called tender

Types of bid

According to Lysons and Farrington (2006,) tenders are categorized into the following ways:

Open Tender: Prospective suppliers are invited to compete for a contract advertised in the press or on the internet-the lowest tender generally being accepted, although the advertisers usually state that they are not bound to accept the lowest or any tender. Similarly, the Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011) states that all interested firm's bidders are given adequate notification of contract requirements and all eligible bidders are given an equal opportunity to submit a tender. The public body must give sufficient public notification of bidding opportunities to potential bidders to determine their interest and prepare bid documents.

Selective Tender: Tenders invited from suppliers on an approved list that have been previously vetted regarding their competence and financial standing.

Serial Tenders: Prospective suppliers are requested on either an open or a selective basis tender for an initial scheme on the basis that, subject to satisfactory performance and unforeseen financial contingencies, a program of work will be given to the successful contractor, the rates and prices for the first job being the basis for the rest program.

Negotiated tender: a tender is negotiated with only one supplier so that competition is eliminated. This type of contract is usual. In case of local authority, it would require the waiving of standard order.

Thus, generally the Ethiopian government adopts only the two methods of tendering; open and restricted/selected Tendering.

2.9. Single versus Multiple Sources

According to Benton (2007) the main argument for multiple source are competition and ensure supply. It is commonly believed that competition between suppliers for a similar part will drive costs lower as suppliers compete against each other. [Conversely] the major arguments in favor of single sourcing are that with the certainty of large volumes the supplier can enjoy lower costs per unit and increased cooperation and communication to produce win-win relationship between the buyer and seller.

Then again, Fearon and England (1992) discussed how the purchasing unit relay with a single source by enumerating;

1. Prior commitment, a successful past relationship, or an ongoing long term contract with a preferred vendor might prevent even the possibility of splitting the order.
2. The supplier may be the exclusive owner of certain essential patent or process and, therefore be the only possible source.
3. Concentrating purchase may make possible certain discounts or lower freight rates that could not be had otherwise.
4. When all orders are placed with one supplier, deliveries may be more easily scheduled.
5. Effective supplier management may require considerable resources and time.

2.10. Purchasing of capital goods

According to Peter Baily and et al (2005) buying capital goods, such as building, plant and machinery, and computers, differs in several ways form purchase of non-capital goods. Unlike merchandise production materials or office supplies, capital goods are not bought for current needs, to be used up in a short time, but are bought for long-term requirements, to be used for the

production of goods or services. Capital goods have, as a rule of thumb, working lives greater than one year. Alternatively, Dobler and Burt (1998) difference in procurement of capital equipment

Nonrecurring purchase: the purchase of a particular piece of capital equipment typically occurs only once every three to five years or so.

Nature and size of expenditure: an expenditure of company funds for capital equipment is an investment. If purchased wisely and operated efficiently, capital equipment generates profit for its owner. Because it exerts a direct influence on the cost of production, the selection of major capital equipment is a matter of significant concern to top management.

Consideration in source selection when selection of capital equipment, selection of supplier is governed largely by four general consideration (1) operation characteristics of the equipment, (2) engineering features of the equipment, including compatibility with existing equipment (3) total economic analysis and (4) various qualitative considerations.

Joint selection of equipment: it should be clear that final selection of capital equipment should be a joint undertaking by all departments having a legitimate interest in the decision.

Life cycle analysis: the price of anything that one buys is important. But in the case of capital equipment, it is usually less important than the sum of all the follow-on costs that eventually accompany the purchase.

Thus, purchasing of capital items need more attention and scientific procedure to achieve the purchasing objective and to have the best value for money.

Similarly, Lysons and Farrington (2006) elaborate the following main points during capital goods

- Capital purchase is more likely to be bought centrally than products of relatively continuous consumption, such as materials and components parts.

- Purchasing decision relating to capital items will be made by a buying center, with the ultimate user, such as the production manager in the case of machinery, playing a dominant role

- The grater the technical nature and complexity of an item, the greater the influence of technical staff in the buying decision.

2.11. Specification of Goods

Specifications must be distinguished from standard and code of practice. According to Lysons and Farrington (2006) Specification defined in three statements as it is a statement of the attributes of product or service, a statement of requirements and a statement of needs to be satisfied by the procurement of external resources. A standard is a specification intended for recurrent use. Standard differ from specifications in that, while every standard is a specification, not every specification is a standard. Codes of practice are less specific than formal standards and provide guidance on the best accepted practice in relation to engineering and construction and for operation such as installation, maintenance and service provision.

On the other hand, Dobler and Burt (1998) elaborate how standardization reduce costs as the use of standards permits a firm to purchase fewer items, in larger quantities and at lower prices. Thus, fewer items are processed and stocked. This reduces purchasing, receiving, inspection and payment cost. Stocking fewer items makes controlling inventories easier and less costly. [...] Consequently, the purchase of standardize materials saves money in four ways: lower price, lower processing costs, lower inventory, carrying cost, and fewer quality problems. Conversely, the use of non-standard items, commonly referred to as “specials” almost always assures a firm of higher total acquisition and carrying cost.

Baily and et al (2005) articulate two approaches to specification: performance and conformance. Performance specification is that a clear indication of the purpose, function, application and performance expected of the supplied material or service is communicated, and the supplier is allowed or encouraged to provide an appropriate product. Conformance specifications are where the buying organization lays down clear and unambiguous requirements that must be met. The specification is of the product, not the application. Specification is also used as one means of comparison. As per Chopra and Meindl (2005) for many firms, prices are traditionally being the dimension that supplier have been compared on. There are many other supplier characteristics such as specification.

Sources of specification data Fearon and England (1992) there are three major sources from which specifications may be derived:

1. Individual standards: it requires extensive consultation among users, engineering, purchasing, quality control, suppliers, marketing, and possibly, ultimate consumers. This means the task is likely to be arduous and expensive.
2. Standard specifications: these have been developed as a result of a great deal of experience and study by both governmental and non-governmental agencies, and substantial effort has been expanded in promoting them.
3. Governmental standard: [it is just] to be sure that product purchased meet government requirement.

2.12. Evaluation of potential source

Fearon and England (1992) elaborate how to evaluate the source in the evaluation of potential source attempt to answer two key questions

1. Is this vendor capable of supplying the purchaser's requirements satisfactorily in both the short and long term?
2. Is this vendor motivate to supply these requirements in the way that purchaser expects in the short and long term?

The first question can be largely answered on a technical basis. The second probes the human side. On the other hand Baily and et al (2005) supplier can be assessed with the following parameter

Past performance: - it is used for supplier selection when items are bought in large quantities from several suppliers. Buyers use this information not only to give more business to better suppliers, and to phase out inadequate suppliers, but also to urge weak suppliers to improve their performance.

Reputation: - experienced buyers build up a lot of market knowledge, which they add to by talking to colleagues, sales representatives and buyers in other organization.

Visit and appraisal: - it involves a visit to the supplier in order to make an assessment of quality capability. [...] quality control staff, purchasing staff or an interdepartmental team may take the visit

Third party certification: -Third party certification is the term used for visit and appraisals made by some independent body-neither the first party, or buyer, nor the second party, or seller- the results of which are then published or made available to clients or subscribers in the form of a certificate of quality assessment.

Evaluation of sample product: -it is the delivery of satisfactory goods by the supplier and their acceptance by the customer, thus completing the transaction once payment has been made.

2.13. Negotiation

Negotiation is an occasion where one or more representatives of two or more parties interact in an explicit attempt to reach a jointly acceptable position on one or more divisive issues about which they would like to agree Lysons and Farrington (2006).

As public agencies enter into an increasing number of contracts with private and non-profit Organizations, negotiation skills have become increasingly important for procurement officials and program managers.

Negotiations are applied in a variety of settings and experiences. They are valued when agreement needs to be reached on issues where there is a divergence of opinion among affected parties. The goal of an effective or successful negotiation should always be a result that is fair, based on objective standards, and one that is concluded amicably and efficiently.

Conversely, The Federal Democratic Republic of Ethiopia Ministry of Finance and Economic Development Public Procurement and Property Administration Agency (2011) negotiations shall include discussions of the TOR, the approach and methodology, organization and staffing, work plan and the public body's inputs. Special attention shall be paid to defining clearly the inputs and facilities offered by the public body. The negotiations shall not significantly alter the original TOR otherwise the integrity of the negotiations, the content and findings of the technical evaluation report, may be questioned.

2.14. Contract Administration

According to Dobler Lee and Burt (1998) purchasing must monitor supplier progress closely depends on the lead time, complexity and urgency of order. At the time of purchase order or contract is awarded, the buyer should decide whether routine or special attention is appropriate. Similarly, The Federal Democratic Republic of Ethiopia Ministry of Finance and Economic Development Public Procurement and Property Administration Agency (2011) Effective management of contracts is essential to ensure that the objectives of the procurement process are achieved and that all contractual obligations and activities are completed efficiently by both parties to the contract. The Procurement Unit must ensure that routine monitoring of all current contracts is maintained so that swift remedial measures can be taken when problems arise, or preventative action taken when problems are foreseen.

As per Lysons and Farrington (2006) to be legally enforceable, a contract must satisfy the following essentials;

Intention: - both parties must intend to enter into a legal relationship

Agreement: -in dispute, the court must be satisfied that the contracting parties had reached a firm agreement and were not still negotiating.

Form: - certain exceptional types of agreement are only valid if made in a particular way, such as in writing.

Definite terms: - there will be no contract if it is not possible to determine what has been agreed between the parties.

Legality: - some agreement, such as contracts to defraud or immoral contract, such as agreement to fix prices or regulate supplies, while not illegal are void under the competition acts, unless the parties can prove to the restrictive practices court that their agreement is beneficial in the public interest.

Additionally, Federal, Public Procurement Directive (2010) public bodies have to ensure that the performance of a procurement contract is completed with the terms and conditions of such contract being complied with and other transactions incidental to such contract being finalized.

The Federal Democratic Republic of Ethiopia Ministry of Finance and Economic Development Public Procurement and Property Administration Agency (2011) Contract amendment may become necessary as a result of the application of price variations specified in the contract, the resolution of disputes, additional or reduced requirements by the public body, agreements to extend the time schedule, or from accepted increases or decreases in prices. The contract may allow the public body to modify contract values by a pre-determined percentage when this is in the public interest and essential for the work of the public body.

2.15. E-procurement

Lysons and Farrington (2006) define E-procurement by referring, is using the internet to operate the transactional aspect of requisitioning, authorizing, ordering, receiving, and payment process for the required service or product. Additionally, Benton (2007) state that [E-Procurement] will also lead to higher transactional accuracy and cost reduction for the entire supply chain. Rushton, Croucher and Baker (2006) discussed the importance of E-procurement as

- Online auctions where pre-qualified bidders compete to win contracts or buy assets;
- Sending and receiving of documents such as purchase orders, bills of loading, RFQ invoices and delivery confirmations;
- The use of online catalogues.

2.16. Empirical Review

It appears that during the past few years purchasing has begun to play an ever more important role in the strategy of the firm Ellram,(1994) ; Carter and Narasimhan, 1996). In order to survive, managers have begun to rethink their competitive priorities and their value chain. Increasing numbers of organizations have recognized that effective purchasing holds the potential to transform their competitive performance for the better. It is generally agreed that purchasing has evolved from a clerical buying function into a strategic business function that contributes to the competitive position of companies Ellram, (1994); Carter and Narasimhan, 1996). Empirical evidence indicates that firms can indeed obtain competitive advantage by managing supplier relations Paulraj et al, (1997).

Rwoti (2005) found that 60% of Kenyan manufacturing firms measure the efficiency and effectiveness of their procurement process. As regards the performance measurement systems used in measuring procurement performance the study shows that 66.7% of large manufacturing firms in Nairobi use the non-traditional performance measurement systems in measuring their procurement performance. The study further revealed that these firms measure their procurement performance based on varied dimensions and indicators. Those who measure also showed that they enjoy various benefits, which their counterparts may not be enjoying. On the other hand, the study found out that many firms encounter various challenges, which in a way hamper their effort to sustain continuous and objective procurement performance measurement. Such challenges include lack of professionalism in procurement, lack of defined measurement indicators and poor data management systems.

Nantege (2011) researched the effect of procurement management on the financial performance of banks in Uganda with a case study of FINA Bank Uganda Ltd. Specifically the study reviewed procurement planning, controls and monitoring and how they affected the performance of banks. It was hypothesized in the study that procurement planning, controls and monitoring positively affect the performance of banks. The key findings of the study indicated that the three procurement management attributes i.e. Procurement planning, controls and monitoring positively affected the performance of the bank. This was because there were significant relationships that were established from the study between these variables and the financial performance of the bank.

Ayitey Francis, (2012) investigated the extent to which the implementation of the Public Procurement Reform affect the performance of public entities. This study explores the major issues involved in public procurement in Ghana and analyses the potential impact of this reform on public procurement organizations practice. The finding shows that there is relationship between performance and principles of compliance within the public procurement reforms.

Ngugi and Mugo (2012) did a study on the internal factors affecting procurement process of supplies in the public sector; a survey of Kenya government ministries. The findings revealed that accountability, ICT adoption and ethics affected procurement process of health care supplies in the public sector to a great extent. The study therefore recommended that adequate controls should be put in place reducing opportunities for corruption. Kumar (2005) conducted a study on procurement performance measurement systems in the health care industry. The results of the

study showed that there is no one method that covers every purchasing department in any organization, and a number of key measures were found to be common in evaluating performance, these include, cost saving, vendor quality, delivery metrics, price effectiveness and inventory flow. Although these key measures are common, the weight placed on these measures was by no means uniform and will vary between industry to industry and business to business. In addition, the importance of these measures to the overall effectiveness of a purchasing department will change over time and therefore need to be assessed and modified on a periodic basis.

For a public entity in a developing country to conduct procurement performance there are numerous challenges that are encountered including: many ways of measuring performance that may be in use, most measures are irrelevant, there is no way of standardizing the measurement and conducting performance measurement is costly Kakwezi et al (2010). The reasons for these challenges were given by centre for excellence London, (2006) as being inaccurate information, lack of link between procurement measures and corporate objectives, measurement of procurement performance is regarded as an overhead and not an integral part, people do not understand the benefit of measuring procurement performance and interference of stake holders and mainly the measures were developed in a different environment.

Mamiro (2010) in his findings underscores these facts and concludes that one of the major setbacks in public procurement is poor procurement planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of skills of procurement staff responsible for procurement. Similarly, Kakwezi et al., (2010) argue that procurement performance is not usually measured in most procurement entities as compared with the human resource and finance functions. They conclude in their findings that failure to establish performance of the procurement function can lead to irregular and biased decisions that have costly consequences to any public procuring entity. Therefore, this study was conceived by the limited scientific literature documenting the relationship between procurement performance and factors such planning, resource allocations, staff competency and contract management more specifically at Ministry of Energy.

Summary of literature review and research gap

Numerous studies have been carried out on concept of procurement practice in various cultures and industries. Kumar (2005) conducted study on procurement measurement system in health care industries. The results of the study showed that there is no one method that covers every purchasing department in any organization, and a number of key measures were found to be common in evaluating challenges, these include, cost saving, vendor quality, delivery metrics, price effectiveness and inventory flow. Nantege (2011) looked at the effect of procurement management on the financial performance of banks in Uganda with a case study of FINA Bank Uganda Ltd. Specifically the study reviewed procurement planning, controls and monitoring and how they affected the performance of banks.

Kakwezi(2002) examined challenges that are encountered to conduct public procurement performance. Rwoti (2005) did a study on procurement performance measurement systems of large manufacturing companies in Nairobi but did not address the procurement performance measurement in public organization. Ayitey Francis (2012) also studies the major issues involved in public procurement in Ghana and analysis the potential impact of the reform on public procurement organizational performance. This study therefore sought to fill this research gap by conducting a study on assessment of procurement practice and its challenge in case of Addis Ababa University.

2.17. Conceptual Framework

At present Addis Ababa University has 10 colleges, 4 institutes that run both teaching and research, and 6 research institutes that predominantly conduct research. Within these academic units, there are 55 departments, 12 centers, 12 schools, and 2 teaching hospitals.

The Procurement Management Directorate of the university is under the Vice President of Administration and Student services. And the Procurement Management is responsible for Procurement of Goods and Services both from the local and international markets requested by the university end users and the Academic units under it.

There are various categories of goods and services procured in the procurement directorate having different levels of importance and budget implication. The major goods categories which are currently purchased under foreign procurement are Books, Medical equipment, vehicles, and ICT

supplies, Generators, Boilers, and Stoves etc. in bulk. Majority of the procurement budget is allocated to this good according to preliminary information gathering done by the researcher. Therefore, in a larger academics environment, under which there are many big faculties like the AAU Medical faculty (Black Lion Hospital), The science faculty, the technology faculty etc., it is observable that there is a huge budget allocation due to international procurement requests from these users. In addition, there are projects run under the University on bilateral agreements with donor organizations and countries. To secure the acquisition of these items it requires practicing effective procurement.

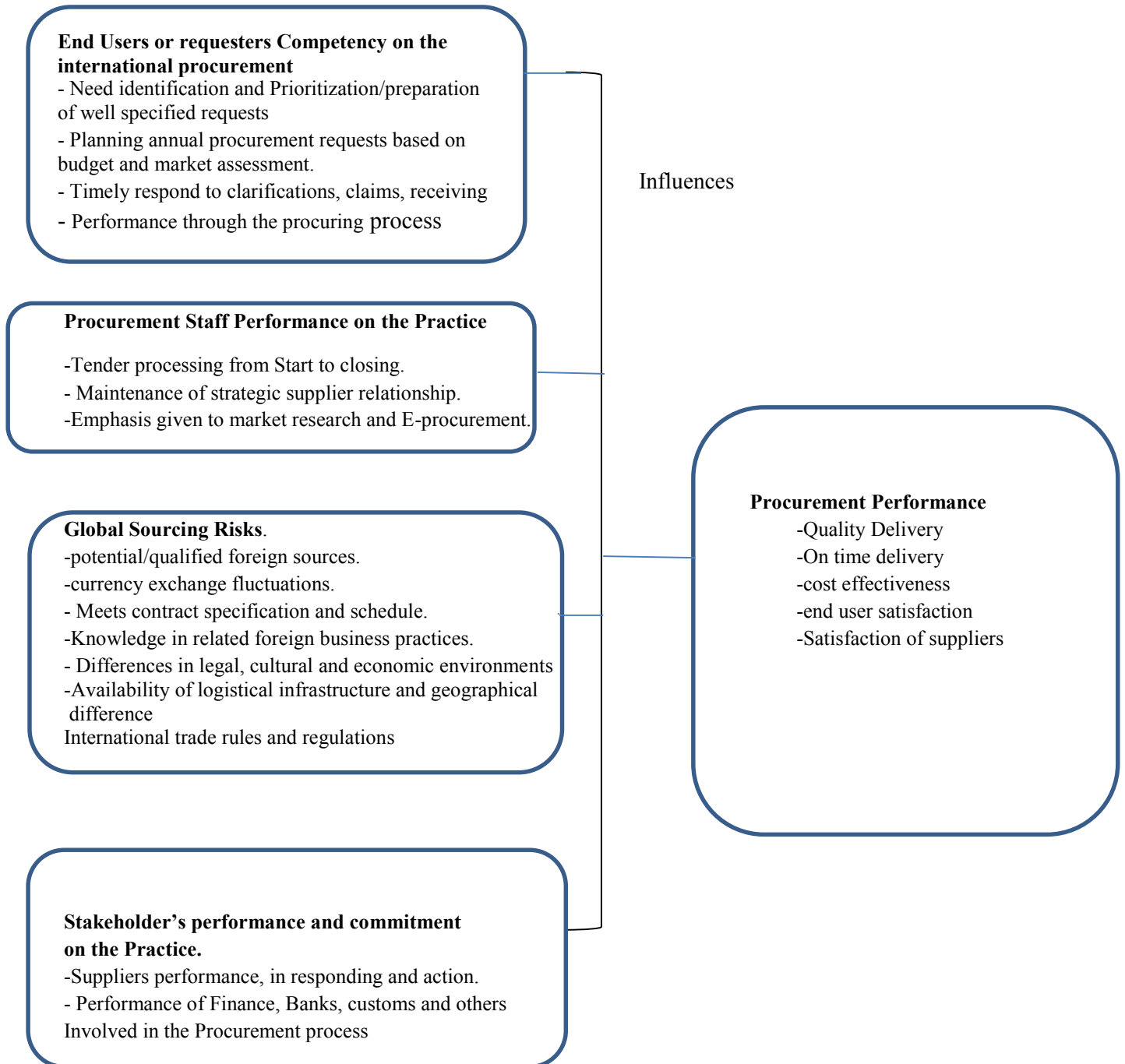
Effective procurement requires the utilization of sound business practices that maximize value to the organization through the acquisition of goods and services. This follows the old adage that the purchasing department's role is to deliver the right material or service in the right amount to the right place at the right time and at the right price Sollish & Semanik, (2005).

As mentioned earlier more budget is allocated and being spent on foreign procurement. This implies the logistics capability of the University for the Goods mentioned above is depend on the international supply market. In order to maintain this capability sustainable in internal and external development of skilled labor, the international procurement practice must be efficient and effective. It needs an exceled procurement procedure, systems and guidelines to fulfill the demand of goods and services of End User with right quality, with right quantity, from right supplier at the right time. Some challenges has been observed at preliminary data gathering like; delay on delivery of the required items, due to several reasons to be investigated on this research. As this research was planned and the researcher tries to look for previous studies on this specific title and area of study few are found. And these studies are for federal public offices which implement the same procurement procedure as the University uses. Yet, the studies were focused on the general procurement systems not specifically on international procurements.

The study attempts to establish factors that influence procurement performance at the AAU. The aspects of procurement planning, resources allocation, staff competency and contract management are the independent variables while procurement performance is the dependent variable. The conceptual can be summarized at the end of this chapter:

Independent Variables

Dependent Variables



(Source: Adopted from K iage 2013)

Fig 2.1 Modified Conceptual frame work of International Procurement Practices of The AAU.

Chapter Three- Research Methodology

3.1 Introduction

This chapter explores the research methodology used in carrying out the research study by describing the research approach, research design, population and sampling, sources of data and types, data collection procedure and finally ethical considerations. Selection of research methods depends on the research objectives, nature of the subject and implementing facilities. The procedures the study adopted to attain acceptable validity of the research is also explained.

3.2 Research Approach

In this particular research both qualitative and quantitative research approaches have been used in combination to enumerate the data analyzed. These approaches considered appropriate in answering the research questions.

3.3 Research Design

The study adopts a descriptive study which is a valuable means of finding out reasons. As Sounders describes its object is ‘to portray an accurate profile of persons, events or situation. It is particularly useful to provide an accurate and valid representation of the factors or variables that pertain or are relevant to the research question. It is more of structural in presenting the findings.

3.4. Population and Sample Design

Since this study is limited to the identify international procurement practice and its challenges of the AAU, the population of the study is focused on staffs who directly or indirectly have relationship with the procurement process like: Requesting/end user managers , AAU central Procurement Directorate Director, Capital Budget Procurement Officers, International Procurement Experts , Customs Clearing Agents , Finance and Budget Officers, Receiving/stores staff of the 10 colleges in the university as target study area .So the study take the AAU Main campus and the colleges under it as representative sample of the total . Because of the specificity nature of the study that needs knowledgeable persons in the procurement and related area of practices, Purposive sampling, sometimes referred as judgmental, which is a non-probability sampling method, is implemented to select the respondents for this research purpose. Therefore it is believed that the data collected from the above stated staff members in the main campus and

faculties under is representing the target population. In this type of sampling, items for the sample are selected purposefully by the researcher instead of using the techniques of random sampling.

Table 3:1 Participants in the Designated Division, Department Of AAU, and Sample Size

Davison	Target Respondents	Sample Size
AAU Procurement Directorate	Directorate Director	1
	Foreign Procurement Team Leader	1
	Foreign Procurement Experts	4
	Customs Clearing Agents	2
	Capital Budget Procurement Officers	5
	Stores /Receiving Officers/clerks	5
Finance And Budget	Budget and Finance Officers	6
User Departments	Requesting Unit Managers	6
TOTAL		30

It was vital to incorporate the supplier's feedback on this research but due to unavailability of registered suppliers list and addresses, it is impossible to include them as part of this study.

3.5 Data Sources and Types

The data inputs for the study is gathered using both primary and secondary data collection methods. In primary data collection, interview and questioner was conducted with key informants of the concerned (targeted) offices. The interview questions mainly focus on the International Procurement Practices and related factors that affect these practices.

The secondary data was conducted from both published and unpublished sources including statistical abstract, reports and books. This information supports the primary data collection.

3.6. Data Collection Procedures

In advance prepared semi- structured interview and structured questioner has been ready in English. After official permission was secured from concerned officials, interview and or questioner was conducted in order to collect the required data from respondents in a face to face interview sessions arranged with the schedules of the respondents. Secondary data was also collected from reports, manuals, published and unpublished materials. Also, the Public procurement manual of The EPPPA has been used as a central referencing tool.

3.7. Data Analysis Techniques

The data analysis is managed in a proper and systematic manner of the research methods. This is done using qualitative and quantitative data analysis technique. The data collected was checked by the researcher on daily bases for incompleteness or inconsistency. For incompleteness or inconsistency corrections has been made by returning back to the respondent's, data entry was managed using predesigned worksheets to minimize error during entry. Data has checked for validity and reliability. The worksheet be created using the data type and size. Statistical packages of data analysis tools also used in to get the required analysis results for the study and the result presents using tables, charts and appropriate data presentation tools. Descriptive data analysis method also employed for feedbacks obtained using questioners and interviews conducted.

3.8 Validity and Reliability

Reliability and validity address issues about the quality of the data and appropriation of the methods used in carrying out the research.

3.8.1 Validity

Validity refers to the extent to which an instrument measures what is supposed to measure. Data need not only to be reliable but also true and accurate. If a measurement is valid, it is also reliable (Joppe 2000). The content of validity of the data collection instrument was determined through discussing the research instrument with the researcher experts in the field of study especially the researcher's supervisor. The valuable comments, corrections, suggestions given by the research experts assisted the validation of the instrument.

3.8.2 Reliability

Reliability refers to the consistence, stability, or dependability of the data. A reliable measurement is one that if repeated a second time gives the same results as it did the first time. If the results are different, then the measurement is unreliable (Mugenda & Mugenda 2008). To measure the reliability of the data collection instruments, an internal consistency technique using Cronbach's alpha was used (Mugenda 2008). Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalization (Zinbarg 2005). An alpha coefficient of 0.75 or higher indicated that the gathered data are reliable as they have a relatively high internal consistency and can be generalized to reflect opinions of all respondents in the target population (Zinbarg2005). As shown in table 3.1 the overall Cronbach's alphas coefficients for expected scale item are 0.85. Therefore, the expected scales used in this study demonstrate high reliability. The following Table shows the SPSS result of the Cronbach Alpha.

Table 3.2 Reliability statistics of the instrument

Cronbach's Alpha	No. Of Items
0.85	26

Source – Own Survey data 2017

3.9. Ethical Consideration

Permission will be sought from AAU Central Procurement, each requesting or end user section and other stakeholders if necessary. Because of the confidentiality nature of the buyer supplier relationship communications and for ethical confidentiality of the data's to be used, permission is mandatory to the offices. The permission was provided by the Head Of the procurement directorate Ato Desalegn at AAU Main campus upon the title selection and for future data requirements. The permission to provide the data and to cooperate has found. During the whole process of the research data and information will be kept confidential and used only for this research purpose.

Chapter Four-Data Analysis and Presentation

4.1. Introduction

The objective of this chapter is to presents, analyzes, and interprets the data obtained from the primary and secondary data sources. The primary data was obtained from the questionnaire and interview which is designed to collect the necessary data to answer the research questions from the respondents who are directly and indirectly related to the international procurement process. For the purpose of this study, data were collected through questionnaires and semi-structured interviews, and the next step was to analyze the collected data and to present the results.

The questionnaires were delivered by hand to each of the respondents. And interview was conducted to each of focused respondents who directly participate in the process of international procurement, these includes the Procurement Directorate Director, Foreign Procurement Team leader, Finance and budget Officers, Capital Budget Procurement officers and Procurement Experts.

4.2. Rate of Response to Qualitative and quantitative Data Analysis

A total of 30 target respondents were purposefully selected and planned and in depth interview was conducted and questioners were distributed. Out of which 26 respondents were avail themselves both for the interview and returned their responses, this shows that 0.86% of the return rate as a whole. To see this in detail, the response rate from the Procurement Directorate Director, Foreign procurement Experts, the foreign procurement Team Leader and Customs Clearing Agents is 100%, each of these were responded fully. On the other hand, for both the Budget and finance Officers and the Requesting unit managers response rate is 83% that means five out of six respondents were avail their responses. In addition, the response rate for Stores and Receiving officers and Capital budget Procurement Officers is 80%, four out of the planned five respondents avail their responses. Regarding the In depth interview conducted with The Procurement Directorate Director, Foreign procurement Experts , the Foreign procurement Team Leader and Customs Clearing Agents was fully conducted with response rate of 100% ,each of these were responded all.

4.3. Respondents Data Analysis

Under this part, questionnaires were prepared to evaluate the performance of the procurement of the procurement staff, End Users, suppliers and stakeholders who are participants directly or indirectly in the international procurement process of the AAU from the view of The AAU selected sample Staff members.

4.3.1 General Information of Respondents

This part will disclose the general information about the respondents Sex, Educational status, Service year in the Procurement Directorate, the department or team they belong to and their position in the University. This will be presented with the table that shows the frequency of each item category with their respective percentage from the total respondent.

Table 4.1 Respondents General Information Distribution

Item Description	Category	Frequency	Percentage
Sex	Male	19	73
	Female	7	27
	TOTAL	26	100
Educational Status	PhD. and above	1	4
	Masters Degree	5	19
	First Degree	14	54
	College diploma/TVET	6	23
	TOTAL	26	100
Service Year in the department	3 Years and Below	4	15
	3-6 Years	4	15
	6-8 years	6	23
	8 Years and above	12	46
	TOTAL	26	100
Directorate /Team	AAU Procurement Directorate	16	62
	Others(Finance team and ,Requesting managers)	10	38
	TOTAL	26	100
Position in AAU	Procurement Director	1	4
	Foreign procurement Experts	4	15
	Foreign Procur. Team Leader	1	4
	Budget and Finance Officers	5	19
	Customs Clearing Agents	2	8
	Stores and Receiving Officers	4	15
	Capital Budger Procure. Experts	4	15
	Requesting Unit Managers	5	19
	TOTAL	26	100

Source: Own Survey, May 2017

4.3.1.1 Sex Distribution of Respondents

The study has sought to determine the respondents' background information in terms of their gender distribution. This was necessary to determine the number of men and women employees in the organization and establish any gender disparities in the organization's workforce. Table 4.1

shows that majority of the respondents were male comprising of 73 percent while females were 27 percent implying that more males than females are involved in the International procurement related duties participate in the study.

4.3.1.2. Respondents Educational Status

From the findings, 54% of the respondents indicated that they had BA Degree level of education that is the majority, 23% of the respondents had diploma and or level of education such as TVET while 19% of the respondents had attained MA/MSc degree level of education and 4% of the respondents are categorized in PhD. And above level. These findings implied that most of the respondents were qualified to understand the nature of the study problem. This concurs with Joppe (2000) that during research process, respondents with technical knowledge on the study problem assist in gathering reliable and accurate data on the problem under investigation. This demonstrated that most of the employees were qualified professionals with technical knowledge and skills on the study problem and thus believed to provide the study with reliable information on assessment of International procurement practices and challenges of the University.

4.3.1.3. Service Year in the University

Concerning the respondent's service year in the University in related tasks, there are 15% respondents with a work experience of 3 years and less in the organization. 15% of the respondents had 3-6 years of work experience in the organization in relation to international procurement practice. 23% of the respondents had 6-8 years of work experience in the organization in relation to international procurement practice, and the remaining majority i.e.46 % of them had greater than 8 years of work experiences in the organization in tasks related to international procurement activities. This demonstrates that most of the respondents have more than 8 years of work experience in the organization in tasks related to international procurement activities, and it is assumed most of the respondents are able to provide relevant information about the international procurement practice and challenges of the University.

4.3.1.4. Departmental Composition of Respondents

Though there are a couple of teams in the Procurement directorate of the University it is more effective to categorize these teams in AAU Procurement Team and the other teams like the Finance and the Requesting Unit managers as others in common for this research purpose. Based on the table respondents from the AAU Procurement team are 62% and the rest 38% is from the other teams. This shows Majority of respondents are well informed about the research objective in regard to their daily practice.

4.3.1.5. Position Composition of Respondents

As can be seen in table 4.1 above, with respect to respondents positions in the organization, 4% is Director 15% are the foreign procurement Experts, 4% is the Foreign Procurement team leader 19% is the Budget and finance officers, 8% is customs Clearing Agents, 15 % are Stores and Receiving Officers, 15% of them are capital Budget Procurement Experts and 19% of them are requesting Unit Managers. This demonstrates most of the respondents are actively involved in the practical operation of the international procurement practice.

4.3.2. Activities which are Currently Practiced in AAU Procurement Directorate

Among the few objectives of this research one is to identify the procurement practice or processes involved in the international procurement of the AAU, and to identify to what extent the delivery time is affected, and what are the factors affecting delivery time. These points were tried to be raised in the form of questioner and questioned in the interview sessions. The major ones are summarized as follows;

Based on that, questionnaires were designed to identify the steps or general activities which are currently practiced in AAU Procurement Directorate in connection to international procurement practice. Under this category, the activities or practice of international procurement in the selected respondents were analyzed. As shown in figure 4.1 below, 100.0% of the respondents agreed that preparation of tender documents and evaluation of bid documents, award notifications and preparation of contract, L/C opening and follow-up of status of L/C and delivery time, opening customs operation and fulfilling formalities to release the delivered goods, delivery of goods to End Users according to the contract and specification, follow-up to get receiving voucher for accepted goods and writing claim report to suppliers for items which did not comply with contract,

closing the balance of the contract and delinquent clearance are the major activities of the directorate in the staff level. This shows drives the AAU procurement process, starting from receipt of End User procurement requests, all the way to performing the international procurement process including the final delivery and receiving, claims handling and contract conclusion and closing delinquent list. The respondents' response is depicted below in figure 4.1.

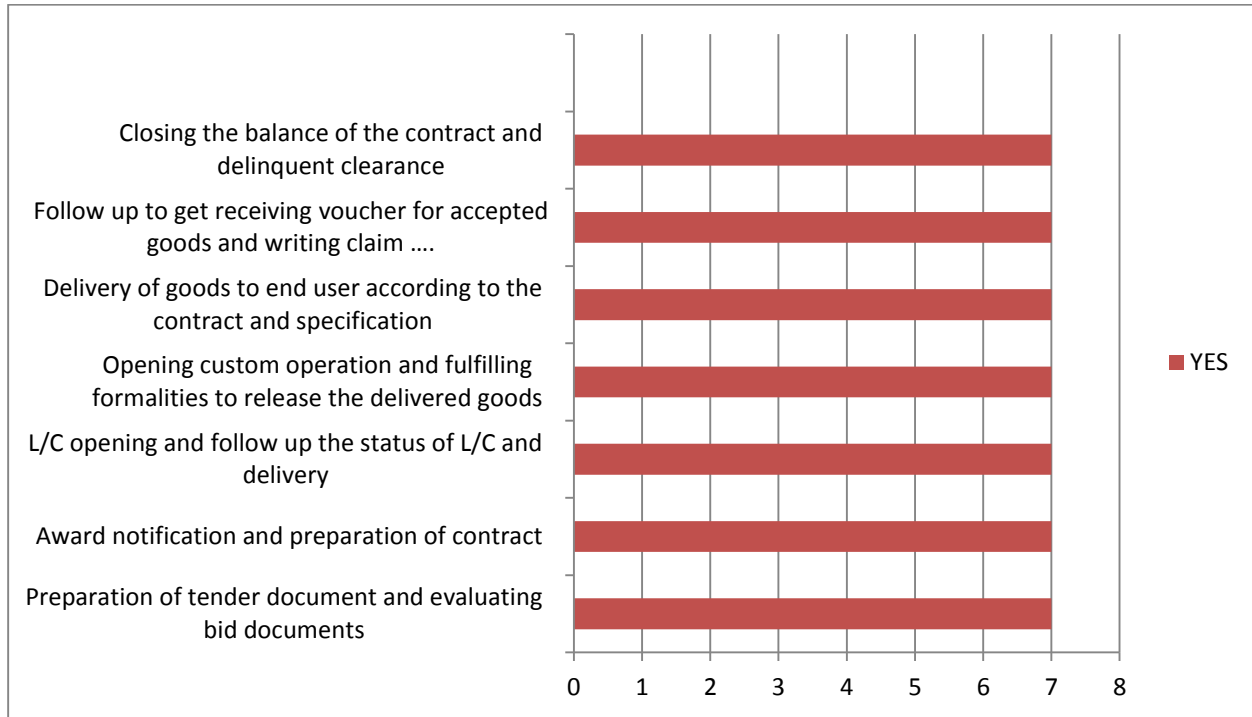


Fig 4.1. General activities which are currently practiced in AAU
 Source: Own Survey, April- May, 2017

4.3.2.1 Lengthy of Delivery Time

The other part under this questionnaire was to analyze data regarding whether the delivery time is long or short to receive requested goods and services, and to know the reasons for lengthening of delivery time. So the data collected through questionnaires were analyzed and presented within the context of delivery time and whether this is overtly lengthy to receive the goods and services. If so, to analyze the possible factors or reasons for the delay in delivery time in the international procurement process of AAU. The first question posed to the participants was whether delivery

time is too long to receive the items requested. As can be seen from the below table, almost all respondents, 96 % responded that they believe the delivery time to receive the items requested takes too long. The rest 4% has responded that the delivery time is not long. This shows that there is a serious problem of longer delivery time of requested goods and this leads us to search for possible reasons for the delay.

Table 4.2 Rate of Response on Long Delivery Time Opinion

Choices	Frequency	Percentages
Yes	25	96%
No	1	4%
TOTAL	26	100%

Source: Field Survey, April-May, 2017

4.3.2.2 Possible Reasons for Longer Delivery Time

The next question the participants were asked about is what are the possible factors or reasons for delay in delivery? , if they believe the delivery time is longer to receive the goods requested by the end users. For this purpose thirteen possible reasons were listed in the questionnaire. Accordingly the participant responded as shown on table 4.3 below.

Table 4.3 Rate of Response Possible Reasons for longer delivery time

POSSIBLE REASONS	Frqcy.		%	
	Yes	No	Yes	No
Problem from end users side in preparation of well-organized and up-to date procurement specification which leads to for additional clarification request	24	2	0.92	0.08
Budget deficit which result further return to End users for additional budget request	12	14	0.46	0.54
Late presentation performance bond and delay in singeing of contract by suppliers	14	12	0.54	0.46
Lengthy procurement process	21	5	0.8	0.2
Bureaucratic procedures in the international procurement	9	17	0.35	0.65
Work load on the procurement staff	18	8	0.69	0.31
Lack of skill and experience by the procurement staff	3	23	0.11	0.89
Lack of motivation procurement staff	21	5	0.8	0.2
Suppliers problem repeated request of letter of credit extension	18	8	0.69	0.31
Delay in L/C opening and payment instruction from the finance side	14	12	0.54	0.46
Delay in banks to get foreign currency, processing of L/C and different amendments and release of documents and payments	26	0	1.00	0.00
Delay in processing and releasing documents by Ethiopian shipping and Logistics service Enterprise and Ethiopian cargo section to release the goods	19	7	0.73	0.27
Delay from end users to order transport truck for shipment	6	20	0.23	0.77

Source: Field Survey, April-May, 2017

The above table shows that 92% of the respondents believed that problem from End Users side in preparation of well-organized and up-to-date procurement specification which results for additional clarification request. According to the findings from the above table majority of the reasons are contributing for the late delivery of goods procured. As depicted in the table , 54% of

late presentation performance bond and delay in sign by Ethiopian Shipping and Logistics Service Enterprise to release the goods are factors for delay of contract by suppliers, 80% of lengthy procurement process, work load on the procurement staff and suppliers and problem repeated request of letter of credit extension which both are 69%, And the major factor that shows 100% is delay in Banks to get foreign currency or processing of L/C and different amendments, and release of documents by Ethiopian Shipping and Logistics Service Enterprise to release the goods are factors for delay. In addition, lack of motivation by procurement staff is a major factor cited by respondents with having greater effect on delivery time as stated by only 80% of the respondents.

However, Budget deficit which shows 46%, Lack of skill and experience by the procurement staff and work load on the procurement staff were believed only by 11% and 35% of respondents with lower bureaucratic process responses having some impact on the late delivery process, This shows majority of the possible reasons mentioned in the questionnaire are factors for long delivery time in the international procurement of AAU. A more detailed picture is depicted in figure 4.2 below.

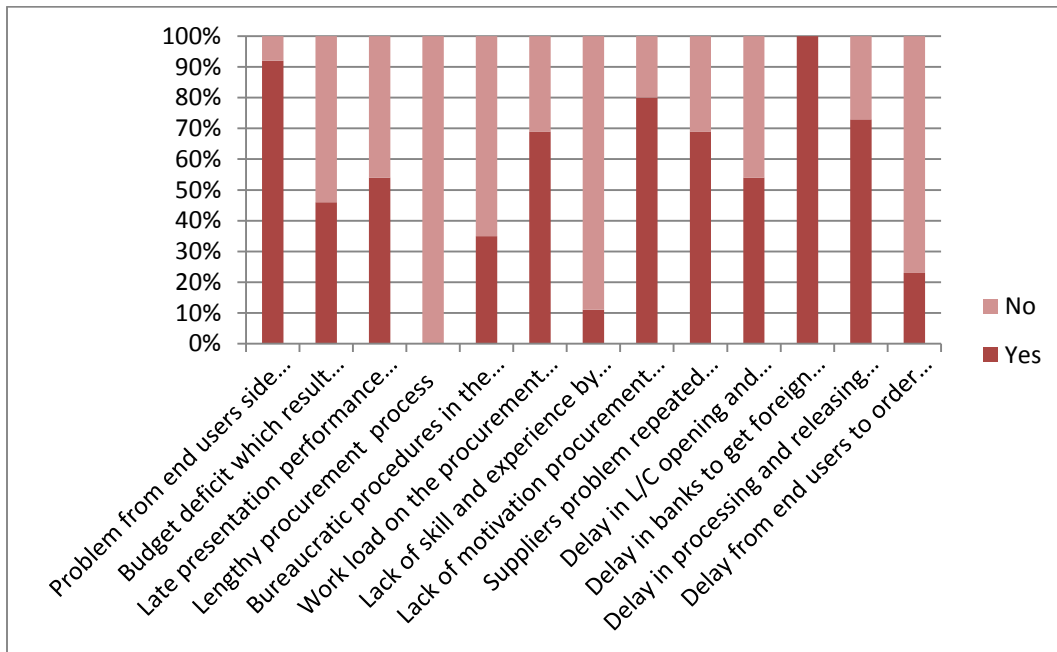


Figure: 4.2 Response Rate on Reasons for Long Delivery Time Source: Field Survey, April-May, 2017

4.3.3 Rating AAU Procurement Staff Performance in the International Procurement Process

In this part, the data collected regarding AAU Procurement staff performance in the international procurement of the University through questionnaires were analyzed and presented the detail data information about performance of the international procurement process of AAU Procurement as a staff level can be found in Table 4.4 below.

Table 4.4 Rate of Response on the performance of AAU Procurement staff on the international procurement process

International procurement Activities and practices tasked Related to staff (AAU procurements Directorate)	1.to a very small extent		2.to a small extent		3.to a moderate extent		4.to a large extent		5.to a very large extent	
	F	%	F	%	F	%	F	%	F	%
Emphasis given by higher officials and AAU procurement directorate on marketing research to find new potential suppliers	8	0.30	6	0.23	8	0.30	2	0.08	2	0.08
Using information communication technologies (E-procurement) and data base systems in facilitating procurement practices.	6	0.23	5	0.19	8	0.30	7	0.27		
Emphasis given to strategic supplier relationship (long term supply base agreement) for critically required items in which they found only from one supplier or manufacturer.	3	0.11	7	0.27	7	0.27	8	0.30	1	0.04
Organized list of suppliers and recorded supplier Performance	12	0.45	8	0.3	5	0.20			1	0.04
Performance on timely preparation of procurement requirements for tender and Evaluation of bid documents			6	.23	9	0.35	10	0.38	1	0.04
Timely submitting clean evaluation documents, L/C opening and application documents to finances and banks	1	0.04	9	0.35	6	0.23	7	0.27	3	0.11
On time claims management and strict follow-up to get receiving voucher from end Users			11	0.42	8	0.30	6	0.23	1	0.04
On time payment and closing the contract			9	0.35	2	0.08	10	0.38	5	0.19
Timely follow-up to close delinquent list	6	0.23	6	0.23	7	0.27	6	0.23	1	0.04

Source: Field Survey, April-May, 201

Using a total nine indicators, the performance of the international procurement process of AAU Procurement at the staff level was evaluated:

The first performance indicator was whether emphasis is given by higher officials and AAU Central Procurement Directorate on marketing research to find new and potential suppliers in the international procurement of AAU Procurement. 30 %, 23% and 30% of the respondents were categorized under “to very small extent”, “to small extent”, and “to moderate extent” respectively. These indicate marketing research wasn’t given emphasis by higher officials and AAU Procurement Directorate.

The second performance indicator was planned to indicate the extent of the use of information communication technologies (E-procurement) and data base systems facilitation in the procurement process currently in use by AAU Procurement. The respondents had varying responses on the subject with 23% saying it was to a very small extent, 19% saying it was to a small extent, and 30% saying it was to a moderate extent respectively. This shows the Directorate has some drawbacks in using information communication technologies (E-procurement) and data base systems in facilitating the international procurement practice.

The third performance indicator was designed to measure the extent of the application of strategic supplier relationship in the procurement process for critically required items sourced from one supplier or manufacturer. Based on the data from table 4.4 above, out of the total respondents 11% responded this was to a very small extent, 27% responded this was to small extent, 27% said this was to a moderate extent, 0.30% said this was to a large extent, and 0.04% responded this was to a very large extent. This shows, even though the Directorate is applying strategic supplier relationship, it is not to the expected level.

The fourth performance indicator is whether the organization possesses a list of suppliers and records supplier performance. The table above table 4.4 shows that out of the total respondents 45% of the respondents agreed the organization is performing to a very small extent, while the rest 30% and 20% of the respondents agreed the organization is performing to a small extent and a moderate extent respectively. From this, it is possible to generalize that AAU Procurement has no organized list of suppliers and does not subscribe to recording supplier performance. The fifth performance indicator is regarding timely preparation of procurement requirements for tender and evaluation of bid documents. As shown in the above table 4.4 out of the total respondents, 23%

said this was so to a small extent, 35% to a moderate extent, 38% to a large extent, and 4% to a very large extent. From this, one can see that even though there is a little delay in processing, AAU Procurement is generally performing well with regards to on time tender document preparation and evaluation of bid documents.

In the sixth performance indicator, 35%, 23% and 27% responded timely submission of clean evaluation documents, L/C opening and application documents to finances and banks are performed to a small extent, moderate extent and to a large extent respectively. This data shows that it is possible to infer that the organization is performing on average on the subject.

According to seventh performance indicator, of the total respondents, 42% responded to a small extent, 30% responded moderate extent and 23% replied to a large extent on time claims management and strict follow-up to get receiving voucher from End Users Even though the finding is in average level the organization has a limitation in performing this activity..

The eight performance indicator is about on time payment release and contract closing issues. Out of the total respondent 35% respondents were responded that payments are released and contracts are closed in a small extent 8% responded to a moderate level , 38% replied to a larger extent and the remaining respondents 4% respondents were responded that performance of the organization on time payments and on time contracts close is to a very large extent. This indicate even the finding is more positive, still payments are delayed and contracts are not closed on time as the data indicates.

Finally, the last performance indicator is about timely follow-up to close delinquent list. Out of the total respondent 23 % respondents were responded that there is a very small extent timely follow-up to close the delinquent list again 23% respondents were responded that there is to a small extent timely follow-up to close the delinquent list in the organization 27% responded to a moderate level, 23% responded to a large extent and only 4% respond to a very large extent. This indicate even the finding is more at moderate level in performing this activity, still there is no strict follow-up to close the delinquent list.

From the nine performance indicators of the international procurement process of AAU procurement as a staff level it can conclude that the organization is performing in low level in marketing research, using information communication technologies (E-procurement) and data

base systems, in maintaining having organized list of suppliers and recorded supplier performance and in creating strategic supplier relationship (long term supply base agreement) for critically required items.

On the other the organization is performing at moderate level in timely preparation of procurement requirements for tender and evaluation of bid documents, timely submitting clean

evaluation documents, L/C opening and application documents to finances and banks, timely claim management and strict follow-up to get receiving voucher from End Users, timely payment and closing the contract, and timely follow-up to close delinquent list. Even though the performance finding of these indicators is more than moderate level, the performance indicators are not at maximum level and still there shows the drawbacks in the performance in the international procurement process of AAU Procurement.

4.3.4. Global Sourcing challenges affecting the implementation of international Procurement Process of AAU

In this part of the analysis the focus is on global sourcing risks that affect the implementation of international procurement of AAU. And, based on the questionnaire the magnitude of the global sourcing challenges or risks that affect the international procurement practice of AAU is analyzed.

As table 4.5 illustrates below that from the total respondents 46% of the respondents agreed that fluctuation in currency exchange rates to a large extent and 42% to a very large extent, finding qualified foreign sources is affecting the organization to a very small and a small extent by 30 % and 38% respectively. . On the other hand, 50 % of the respondents agreed that lack of training supported knowledge about foreign procurement from procurement staff influences the practice to a small extent and 23% to a moderate extent. Lack of knowledge about foreign business practices from suppliers side responded by the respondents 46% to a very small extent, 35 % to a small extent and 19% to a moderate extent. Regarding cultural/language differences, differences in political systems between countries, economic ,political environment and availability of right suppliers and sources respectively affects the international procurement system of AAU to a moderate extent.

Table 4.5 Global Sourcing Risks in the international procurement process Of AAU

Possible Global risk factors	1.to a very small extent		2.to a small extent		3.to a moderate extent		4.to a large extent		5.to a very large extent	
	F	%	F	%	F	%	F	%	F	%
Fluctuation in currency exchange rates	1	0.04	1	0.04	1	0.04	12	0.46	11	0.42
Finding qualified foreign sources	8	0.3	10	0.38	5	0.20	2	0.08	1	0.04
Lack of training support knowledge about foreign business practices from procurement staff	4	0.15	13	0.5	6	0.23	1	0.04	2	0.08
Lack of knowledge about foreign business practices from supplier side	12	0.46	9	0.35	5	0.19				
Cultural/language difference affecting communication	11	0.42	9	0.34	5	0.19			1	0.04
Difference in political systems between countries	13	0.5	9	0.35	3	0.11			1	0.04
Economic and political environment	7	0.27	12	0.46	4	0.15	2	0.08	1	0.04
Distance between countries	10	0.38	9	0.35	6	0.23			1	0.04
Infrastructure facilities			2	0.08	10	0.38	12	0.46	2	0.08
Logistics support longer supply lines			1	0.04	9	0.35	12	0.46	4	0.18
International trade system			2	0.08	8	0.30	14	0.53	1	0.04

Source: Field Survey, April-May, 2017

However, 0.8%, 0.4% ,0.08 % of the respondents agreed that from the global sourcing risks factors such as, infrastructure facilities, logistics support for longer supply lines and international trade system respectively affects the international trade system of AAU to a small extent and 38% , 35%,and 30% of the respondents responded to a moderate level , 46% ,46 % and 53% respondents respond to the same questions above to a large extent respectively . Among the global sourcing risks lack of knowledge about foreign business practices from procurement staff and cultural/language difference respectively has a very small extent effect in the international

procurement practice of AAU. It can be understood that the main challenges from global sourcing risks which are affecting the international procurement practice of AAU are finding qualified foreign sources, fluctuation in currency exchange rates, Infrastructure facility distance between countries, logistics support longer supply chain and international trade system. However, among the global sourcing risks lack of knowledge about foreign business practices from supplier side, distance between countries, infrastructure facilities, , international trade system, lack of knowledge about foreign business practices from procurement staff and cultural/language difference has little effect on the international procurement process of AAU Procurement practices.

4.3.5. AAU Procurement and related Staff view on end Users performance in the international procurement process of AAU

In this part, the focus of analysis is on the performance of end users in relation to the international procurement of the University from the view of procurement and related staff. Based on the questioner the is analyzed by the rate given by the respondents from the procurement staff to each activities done by End Users of AAU in the practice of the international procurement process of the AAU .

Table 4.6 End Users Performance in the International Procurement Practices

International Procurement Activities and practices Task Related end users	1.to a very small extent		2.to a small extent		3.to a moderate extent		4.to a large extent		5.to a very large extent	
	F	%	F	%	F	%	F	%	F	%
Preparation of well-organized and up to-technical speciation of procurement requisition			2	0.08	3	0.11	7	0.27	14	0.54
Preparation of annual procurement requisition on timely and on planned manner	1	0.04			6	0.23	9	0.35	10	0.35
Presentation of annual procurement requirement with enough and permitted budgeted reflecting market price			4	0.15	8	0.31	9	0.35	5	0.19
On time response for clarification requests	2	0.08			6	0.23	10	0.38	8	0.31
Inspecting receiving and issuing of receiving voucher on time			2	0.08	10	0.38	10	0.38	4	0.15
On time claim report presentation for items missed defected and not comply with specification and contract			5	0.19	6	0.23	7	0.27	8	0.31
Awareness of the effect of procurement performance on marking delay of clarification response issuance of receiving voucher and presentation of claim end user side			4	0.15	7	0.27	8	0.31	7	0.27

Source: Field Survey, April-May, 2017

As indicated in the above table 4.6 from the total respondents 8%, 15%, 8%,19 % and 15% of the respondents agreed that end user of AAU has to a small extent performance in performing. In preparation of organized and upto date technical evaluation preparation of annual procurement requirement with enough and permitted budgeted reflecting market price, on time inspecting, receiving and issuing of receiving voucher, on time claim report presentation for items missed, defected, and not comply with specification and contract, and to a small extent awareness on the effect of procurement performance on making delay of clarification response, issuance of receiving voucher and presentation of claim respectively in the international procurement practice of the organization.

Besides 11%, 23%, 31%, 23%, 38%, 23% and 27% of the respondents believe that End Users of the AAU are performing to a moderate extent in preparation of well-organized and up-to-date technical specification of procurement requisition, preparation of annual procurement requisition on time and on planned manner, presentation of annual procurement requirement with enough and permitted budget reflecting market price, and on time response for clarification requests. Inspecting receiving and issuing of receiving voucher on time, On time claim report presentation for items missed, defected and not comply with specification and contract, Awareness of the effect of procurement performance on marking delay of clarification response, issuance of receiving voucher and presentation of claim end user side respectively in the international procurement practice of AAU.

Again 27%, 35%, 35%, 38%, 38%, 27% and 31% of the respondents believe that End Users of the AAU are performance affects to a large extent in preparation of well-organized and up-to-date technical specification of procurement requisition, preparation of annual procurement requisition on time and on planned manner, presentation of annual procurement requirement with enough and permitted budget reflecting market price, and on time response for clarification requests. Inspecting receiving and issuing of receiving voucher on time, On time claim report presentation for items missed, defected and not comply with specification and contract, Awareness of the effect of procurement performance on marking delay of clarification response, issuance of receiving voucher and presentation of claim end user side respectively in the international procurement practice of AAU.

Finally majority of the respondents: 54 %, 35%, 19%, 19%, 31%, 15%, 31% and 27% of the of the respondents believe that End Users of the AAU are performance affects to a very large extent to all the listed categories of questions raised respectively, from the end users side to the international procurement activities.

This indicate the End Users are performing at low level in on time inspecting, receiving and issuing of receiving voucher, on time claim report presentation for items missed, defected, and not comply with specification and contract, and they have little awareness on the effect of procurement performance on making delay of clarification response, issuance of receiving voucher and presentation of claim. Moreover, they are also not performing in satisfactory level in preparation of well-organized and up-to-date technical specification of procurement requisition, preparation

of annual procurement requisition on time and on planned manner, presentation of annual procurement requirement with enough and permitted budget reflecting market price, and on time response for clarification requests.

4.3.6. Suppliers performance in the international procurement practice of AAU from the view of the procurement staff

This part of analysis focuses on the performance of suppliers in the international procurement process of the AAU in relation to their responsibility. Here based on the questionnaire it will be analyzed the rate given by the respondents from the procurement staff to each activities done suppliers of AAU Procurement Directorate in the practice of the international procurement process.

As indicated in the above table 4.7 from the total respondents 54% of the respondents agreed that suppliers have small performance impact in participating in tender for goods and services they know very well and can able to supply. And majority of the respondents responded in a moderate level on time issuance of performance bond and readiness for contract signature after receiving of award notification, interest and ability to give short delivery time , delivery of goods and services within the specified time according to the contract and within L/C validity time, timely responses to clarification and direct tender requests, and delivery of quality goods and services according to the specification specified in the contract. However, 38% 27% and 23% of the respondents responded that suppliers have a performance to the contract and within L/C validity time, timely responses to clarification and direct tender requests by AAU-Procurement Directorate, and delivery of quality goods and services according to the specification specified in the contract. Moreover, there is repetitive clarification and letter credit extension request after contract signature and L/C opening, and delay in claim handling from suppliers' side.

Table 4.7: Suppliers performance or Efficiency in the international procurement process Of AAU

International Procurement Activities and practices Task Related to suppliers	1.to a very small extent		2.to a small extent		3.to a moderate extent		4.to a large extent		5.to a very large extent	
	F	%	F	%	F	%	F	%	F	%
Participating in tender for goods and services they know very well and can able to supply	1	.04	14	0.54	3	0.11	7	0.27		
On time issuance of performance bond and readiness for contract signature after receiving of award notification.	1	.04	4	0.15	16	0.61	5	0.19		
Interest and ability to give short delivery time.			8	0.3	11	0.42	5	0.19	2	0.08
Avoidances of repetitive clarification and letter of credit extension request after counteract signature and L/C opening respectively.	1	.04	10	0.38	7	0.27	7	0.27	1	0.04
Delivery of goods and service within the specified time according to the contract and within L/C validity time			7	0.27	9	0.35	6	0.23	4	0.15
Timely responses to clarification and direct tender requests by A.A.U-procurement Directorate	2	.08	6	0.23	10	0.38	6	0.23	2	0.08
Delivery of quality goods and services according to the specification specified in the contract	1	.04			8	0.3	6	0.23	11	0.42
On time claim response for items missing defected not comply with speciation and contract.	1	.04	12	0.46	8	0.3	4	0.15	1	0.04

Source: Field Survey, April-May 2017

4.3.7. Stake holder's performance in the international procurement practice

The respondents were asked to indicate the extent from a very small to a very large about performance of stakeholders of AAU procurement Directorate in the international procurement practice of the organization. The stakeholders include AAU-Finance Directorate from internal, Commercial Bank of Ethiopia and National Bank of Ethiopia they are responsible in foreign currency permission and processing of L/C and payments, Ethiopian Shipping and Logistics Service Enterprise and Ethiopian Airport Cargo, they are responsible in releasing documents for clearance purpose and the Ethiopian Revenue and Customs Authority . The results of findings were depicted in Table 4.8 below

Table 4.8: Stakeholders performance or efficiency in the international procurement process of AAU

Stakeholders of AAU Procurement Directorate performance in the international procurement practice	1.to a very small extent		2.to a small extent		3.to a moderate extent		4.to a large extent		5.to a very large extent	
	F	%	F	%	F	%	F	%	F	%
On time processing of L/C instruction and payment from finance side	1	0.03	2	0.08	10	0.38	11	0.42	2	0.08
Awareness the effect of procurement performance on delay of L/C instruction and payment from finance department side	1	0.03			12	0.46	11	0.42	2	0.08
On time of L/C opening making, L/C amendments, document process and release payments by bank					15	0.53	7	0.27	5	0.19
On time document clearing process and release by Ethiopian shipping and Logistics Service enterprise			3	0.11	15	0.58	7	0.27	1	0.03
Timely document clearance and release of goods by Ethiopian Airport Cargo Section			2	0.08			14	0.54	10	0.38
Timely and proper services from customs office			1	0.03	0.46		10	0.38	3	0.11

Source: Field Survey, April-May 2017

As shown in Table 4.8, regarding stake holder's efficiency, majority i.e 38% and 42 % of the respondents responded moderately and to a large extent that the finance side timely process the L/C instruction and payments. Majority of respondents on awareness the effect of procurement performance on delay of L/C instruction and payment from finance department side 46 % and 42 % responded moderately and to a large extent that the effect is indicated that the permission for foreign currency from bank side and deployment of timely and sufficient transportation vehicles for shipments by End Users are to a very small extent. This shows that the stakeholders are performing in low level.

On the other hand, of the respondents agreed that timely processing of 42%, 27% ,27%,54%, 54% and 38 %awareness the effect of procurement performance on delay of L/C instruction and payment from finance department, timely L/C opening, making L/C amendments, document process and release payments by banks, ,timely document clearing process and release by Ethiopian Shipping and Logistics Service Enterprise and Timely service from customs are practiced at large level . This indicate even they are performing at moderate level and this is not the maximum performance. However, 35% of the respondents indicated that timely document clearance and release of goods by Ethiopian Airport Cargo section is performed at a very large level and this implies the Ethiopian Airport Cargo section is performing at a best level.

4.4 Major Findings from Open Ended Questionnaire Responded by AAU Staff

Under this part, the objective is to identify other major challenges of the international procurement which are not mentioned in the quantitative part of the questionnaire and mentioned by respondents of the procurement staff in the open ended questionnaire. Based on these, the majority of the respondents agreed that the major challenges affecting the international procurement practice represented as follows:-

- Responses shows delay in the presentation of annual procurement requirements, and poor technical specification preparation, and delay in responding clarifications, issuing receiving voucher, and presenting claims from the user department side.

- - Problem in giving foreign currency in short time, delay in L/C opening, L/C amendment and document clearance and payment release from bank side.
- Delay in issuance of performance bond, signing contract, sometimes delivering goods not according to the contract and specification, repeated L/C extension requests, technical clarification request after contract signature, reluctant to accept claims, some suppliers don't present shipping document at the time of shipment are among the suppliers problems.
- The finance department fails to make L/C instructions and payments on time.
- Responded Customs clearance process is very difficult and it takes a long time starting from Djibouti port to Ethiopian Custom offices.
- Senior management delay in decisions

4.4.1. Major Findings from interview of AAU Procurement and related Officials

Under this part, the objective is to identify the major challenges in the international procurement practice from different actors; i.e., from End Users' side, the procurement staff, AAU procurement suppliers and stakeholders-who are participants in the international procurement practice. For this purpose semi-structured interviews were prepared for the top level managers of AAU Procurement. As mentioned in the research methodology, five higher officials of AAU Procurement and procurement related staffs participated in the interview. Based on that, the semi-structured interview questionnaire and their findings are analyzed below:-

4.4.2. Interview on the Challenges in the Foreign Procurement Process from the End User Side

As the major finding from both of the respondents, the End Users have a problem in preparation of well defined, up-to-date, clear and complete technical specifications, on time presentation of technical specifications with market price, availability of qualified personnel, on time response to clarifications, on time issuance of receiving memo or voucher, claim presentation, and the overall follow-up of the procurement process in collaboration with AAU -Procurement directorate.

4.4.3. The Main Challenges in the Foreign Procurement Process from the Procurement Staff

As respondents responded, the organization lacks adequate and well trained manpower. Further, the organization has some efficiency problems starting from tender preparation until goods and services are received, and the contract is closed. E-procurement and marketing research were not practiced in facilitating the international procurement practice. Besides due to open bid process in every international procurement there is no supplier's list register.

4.4.4. Global Sourcing Challenges Affecting AAU in International Procurement Practice

As majority of the respondents responded the finding can concluded that the international procurement of AAU were affected by global sourcing challenges such as difference in legal systems, fluctuation in foreign currency, political and environmental changes, availability of right suppliers and sources, lack of adequate knowledge about international business practices from procurement staff, lack of logistic support for dangerous goods, were the major challenges affecting the organization in international procurement practice.

4.4.5. Suppliers Performance in Supplying Goods According To the Contract

Almost all the respondents responded the level of performance from supplier's side in on time delivery, requesting repetitive reasons on payment and specification of items supplying quality products and after sales service support leaves much to be desired.

4.4.6. AAU Stakeholders Performance in the Procurement Process

As all the responses from the respondents that From bank side it took long time to get foreign currency, Dalliance from Finance department on L/C instructions and different payments.. L/C opening, L/C amendment, document release and payment release were also delayed by the bank. From Ethiopian Maritime and Logistics Service Enterprise side there was also booking problems for shipments. Shipments were not arriving to port according to the scheduled date.

4.5 Results from Secondary Sources

In addition to the primary data collected and analyzed above this research has been looking to the secondary data sources in the international procurement challenges of the University. After critically reviewing the necessary documents, the following outcomes are enumerated.

According to the Procurement performance report Of AAU Procurement directorate for the budget year 2008 Ethiopian calendar, there are gaps in the international procurement practice of the University especially:-

- Lack of timely technical evaluation, assistances on specifications of goods and document providing from the User /Requesting units.
- Partial shipments done by Suppliers for bulk purchases.
- Several Criteria and request for clarification by the Commercial Bank of Ethiopia and National bank of Ethiopia in order to open a Letter of Credit.
- Delay of payments by local agents to foreign suppliers for timely purchasing of goods.
- Compliances of Bidders due to unprofessional skill of requesting unit staffs to technically evaluate the documents and specifications for items to be procured.
- Compliance of Bidders to the Government Body on the Bid procedures.
- Unable to get suppliers or potential bidders based on the Bid criterion of the University for some specific kind of Goods.
- Lack of after sale services like timely installation of machines based on the time frame of the Contract with the supplier.
- Separate procurements of the main good and installation supplies for the same item.
- Differences in management decision on the need in international training for users on the application of technological equipment's.
- Showing less interest by winning bidders after Bid announcement.

Due to the above problems in the international procurement process of the University, these may result in end user dissatisfaction in quality of goods and delay in delivery time, overprice procuring, repetitive claims after delivery and hinders the logistics activities of the university negatively.

Chapter Five -Conclusion and Recommendations

5.1. Introduction

This chapter gives the summary of the study findings from chapter four and it also gives conclusions that were drawn by the researcher according to the findings of the study and the recommendations for improvement arising from the study. The researcher also recommends the study for further studies.

5.2. Summary of Findings

To gather information for the paper, primary sources including structured questionnaires, interviews and observations were used, and also secondary sources including procurement manuals and reports were revised. Both the primary and secondary sources revealed that the international procurement practice has faced lots of challenges which impacts its efficiency and effectiveness.

As the data presented and analyzed in chapter four, the following conclusion were drawn:

End Users are not well capable in preparing well-defined and up-to-date technical specifications. End Users in the internal departments are disorganized, spread out in different locations, and they have no conducive environment and manpower that enable them to prepare sound technical specifications, and update required data in accordance to technological evolution. Procurement plans and budgets aren't prepared on time and are not based on market prices both from the end users and the procurement staff side.

There is no market research department that supports the End Users in preparing procurement requisitions in price and technical data. Budgets are allocated based on previous year prices. End-users are less aware on the overall international procurement environment. The procurement staff management gives less emphasis for marketing research. Market research is a tool used for gathering and analyzing data on industries, markets, and suppliers, for the purpose of aligning the needs of an enterprise with the right suppliers on key factors such as quality, delivery, cost, and other key performance indicators.

There is no training to End Users staff that develops awareness about the international procurement practice and logistic activities in order to update themselves in technical matters. End Users organizational structure isn't conducive in getting responses on time. The experts and professionals are found in different location and departments. As a result, End Users response to clarifications requests are more often weak.

Inspecting, receiving and issuance of receiving vouchers for delivered goods and services are presented late. Moreover, claims are not presented according to the contract. Some claims even come after the warranty period has expired.

The procurement staff performs its international procurement activities manually; E-procurement and database systems are virtually absent. Every activity of the procurement practice is manually done, with the procurement staff contact with the End Users and suppliers being in most cases paper based. AAU Procurement directorate also does not have its own website. The bids and other notices of the procurement issues are posted on the University's main web site. Most of the procurement staff personnel were from social science field of study. They did not have knowhow in engineering and manufacturing and technical parts.

As it can be seen from this finding, the establishment of long term supplier relationship for critical items by AAU Procurement is not at expected levels. The focus given to strategic supplier relationship is small. Goods and services which are strategically important to the organization are not procured on long term supplier relationship agreements. On the top of this the Procurement directorate doesn't have a potential supplier list registration system.

The performance of the procurement staff starting from tender procurement preparation until the final delivery of the goods performance is poor. There is delay in tender document preparation and there a problem in giving priorities in tendering. After tender document is prepared and issued, there is also delay in processing the financial and technical evaluations. On the other hand, as can be seen from the finding, there is delay in award notification, contract negotiation and signing, L/C opening and payment instructions. In addition, after documents have arrived to the bank they are not timely forwarded to the procuring entity to effect payments to suppliers in a timely manner.

There is also delay in receiving inspecting and getting receiving vouchers. Claims are not presented to the suppliers and delinquent lists aren't closed in banks on time. This indicates there is no strict follow up from the procurement directorate.

On the other hand, **there is a problem in strict follow up of allocated budgets for each End User.** End Users complain in getting the correct information regarding the balance of the allocated budget. End Users and procurement staff are not doing well in reading each other in the whole procurement activity. So from this finding we can conclude that the procurement staff lacks networking starting from tender preparation until contract closure.

The procurement staff lack enough and diversified manpower resulting in work overload to the staff. According to the finding most of the procurement staff personnel were social science graduates and they have little know how on technical matters on procuring goods that requires technical skills. On the other hand, there is no constant training program in the organization.

Stakeholders of AAU like the Finance department, banks and shipping lines are not performing at expected levels in relation to international procurement practices. Finance departments make delay in L/C opening instructions to banks. Different payment requests and instructions are not released on time. The finance departments are less aware on the impact of delaying in opening L/C, payment instruction and other related activities. On the other hand, permission to get foreign currency, L/C opening, L/C amendment, and releasing payments and documents are delayed. Moreover, to some extent, documents and goods and services clearance is delayed in Ethiopian maritime and logistics service enterprise, Ethiopian Airport cargo section and Ethiopian Custom Revenue Authority.

According to the findings, **suppliers do not perform as expected to participate for Bid to the goods they knew very well and can able to supply,** in presenting performance bonds and signing contracts timely, in offering short delivery time, in delivering quality goods , in handling claims timely, and in responding to different requests. According to the finding, it is common many suppliers ask technical clarification requests after award and contract signature. They also delay in presenting of performance bond after award notification and signing of contract. After contract is signed, L/C opened and the delivery time decided, repeated L/C credit extension requests are made. To the extent, delivered goods and services are not according to the contract in the goods functionality and quality. Suppliers are lagging in timely solving of the claims raised.

5.3. Recommendations

As a result of these study findings, the researcher put forward the following recommendation.

➤ **Well Organized Marketing Research Department should be established by AAU Management.**

Market research is a tool used for gathering and analyzing data on industries, markets, and suppliers for the purpose of aligning the needs of an enterprise with the right suppliers on key factors such as quality, delivery, cost, and other key performance indicators. In order to procure better quality products at the right price from the right source, and to enable the utilization of the large sum budget spent on international procurement in a manner that ensures greater economy and efficiency, the marketing research department shall be organized with adequate and skilled man power from different professionals according to the procurement nature of the organization. This research department to be established should work hand in hand with the End Users with enough operational budget.

➤ **High emphasis should be given to technical specification preparation by end users.**

If a good to be procured well specified from the beginning much time cost and energy will be minimized.

Requesting units and the procurement team has to give attention in specifications of goods to be bought. The requesting units must consult technical persons to review the requests and the specifications before forwarding the approved request to the Procurement directorate.

➤ **E-Procurement and Automated Data Base System Should be planned and implemented.**

Currently deployment of information communication technology in each step of the public procurement process, makes the performance of the practice. By using e-procurement system, procuring entities like AAU will be able to operate more effectively and efficiently in the way they procure from, and work together with their vendors. In E procurement vendors and the procuring entity can easily share information like bid announcement,

specifications of goods, costs, contract terms etc. online by logging into the Procurement portal of the University.

➤ **Creating long term strategic supplier relationship for strategic items**

Establishment of long term supplier relationship for critical items by AAU procurement is not at expected level. The organization procurement performance is affected by political and legal difference between countries. If long term strategic supplier relationship is created the effect of these factors will be minimized. The organization can also benefit in transactional price, after sales service support, free training packages, technical supports, and new technological transfers. So the organization should first classify effectively the goods being procured based on strategically importance, then it should create long supplier relationship for items which have high value and high importance in the organization with the right suppliers. In addition long term supplier relationship can be maintained using potential suppliers list register. The AAU procurement shall establish this register immediately.

➤ **Creating opportunities of appropriate training and capacity building programs to procurement staff and End User professionals.**

In order to maximize end users performance in preparing well defined and up-to-date procurement specification, preparation of annual procurement requisition on time and on planned manner, conducting receiving, inspecting, issuing of receiving voucher and claim presenting on time ,Creating training opportunities and capacity maximization programs is vital.

If adequate and appropriate training is given to the procurement staff and End Users, the bargaining power of the procurement directorate will be increased. The directorate can powerful in preparing best tender documents that can benefit the organization, good contract that can prioritize their organization benefit in the implementation of the contract and claim management. This will improve the supplier's performance too in supplying the required item in a timely, quality, and cost effective manner.

The training shall focus on international procurement practice and procedures according to international trade practices. The training program should be continuous considering technological and environmental changes

From End users side End Users, the training should focus on both developing technical capability in related to their profession and on the procedures of the international procurement. End user professional better to get different technical training and catalogues from the manufactures.

➤ **The operational procurement staff should builds up from different field of study.**

According to the finding most of the procurement staff personnel were business graduates and they are less knowledgeable on technical matters of sophisticated goods to be procured. In order to help in developing well-organized procurement specifications, to made sound technical evaluations and to handle different clarification request easily and timely, the researcher recommends the procurement directorate should build its operational staff from different field of study such as from technology study area, medical instrument technicians, and librarian communication fields so on.

➤ **Creating good relationship and awareness with the stakeholders of the procurement Directorate.**

Based on the findings, Stakeholders like the Finance department, banks and shipping lines are not performing at expected level in connection to the international procurement practice. So in order to improve their performance it is recommendable if the Procurement directorate create smooth relationship and awareness about the impact of the operations of the Stakeholders on the performance of the its directorate. This can be done by organizing awareness creation events and invite the stakeholders once or twice a year.

➤ **End User Management Commitment To Enhance The Procurement Efficiency And Effectiveness Of The International Procurement Practice.**

The management of the End User recommends giving attention in strictly follow-up the procurement process and on time responses to different clarification and assistance request by the procurement staff and suppliers.

➤ **Creating Win-Win and Smooth Relationship between Suppliers.**

If a win-win and smooth relationship is created with suppliers, suppliers can give moderate delivery time and they may not ask for additional delivery time. The organization can also benefit in transactional value of the goods and services, claim handling, after sales service support, different technical and training support, and new technology assistances and availability of catalogues and brochures.

5.4. Recommendation for future research

This study looked at four independent variables (procurement procedure, time, quality and cost) which according the study contributes to major variations in International procurement practices of the AAU The researcher recommends further research to investigate the other factors that affect procurement performance. The study was only based on Addis Ababa University; thus the study recommends that a further study should be carried out to cover a wider scope to enhance generalization.

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WWW.AAU.EDU.ET- Official website of the AAU

Appendix I questionnaires

Addis Ababa university school of commerce

Master of art in logistics and supply chain management

Questionnaires on Analysis of International procurement practice and its challenges in case of Addis Ababa University (AAU)

Questionnaire to be filled by Respondents

Dear respondent,

This questionnaire is designed by a graduate student from Addis Ababa University to conduct a study in partial fulfillment of a master's degree program in Logistics and supply chain Management. As part of the requirement for the award of the degree, I am expected to undertake a research study on analysis of procurement Practices and challenges in Addis Ababa University. I'm therefore, seeking your assistance to fill the questionnaires attached. The attached questionnaire will take about twenty minutes to complete. Please kindly answer all the questions.

The outcome of this study will enhance knowledge on analysis of procurement Practices and challenges in Addis Ababa University. Participation in this study is voluntary, and all who participate will remain anonymous. Your name is not needed. All information offered will be treated confidentially, and the results will be presented in such a way that no individuals may be recognized.

Thank you in advance for the available information you are sharing and the precious time you are going to spend for this purpose

If you have any enquiry please don't hesitate to contact the researcher on:

Email –asfawtse@gmail.com

Phone :09 11658115 (Asfaw Tsegaye)

Part One: Questions to be filled by AAU procurement Directorate staff

I. General Information

1. What is your current education status?

PhD and above	<input type="checkbox"/>	college diploma/TVET/	<input type="checkbox"/>
Second degree	<input type="checkbox"/>	Grade 12 and Above	<input type="checkbox"/>
First degree	<input type="checkbox"/>	Other (Specify) _____	

Gender Female Male

2. Service year in the organization

Less than 3 years	<input type="checkbox"/>	6 to 8 years	<input type="checkbox"/>
3 to years	<input type="checkbox"/>	more than 8 years	<input type="checkbox"/>

(it indicates the work experience or service year served only in the organization in relation to international procurement task related activities)

3. Indicate the directorate/ team you belong to

AAU procurement directorate
 procurement and contract negotiation Team
 Tender document preparation and evaluation team
 contact administration team

4. Your position in the organization _____

II. international procurement current practice in AAU procurement.

1. Which one of the following general activities are currently practiced in central procurement directorate? Please put Tick (✓) mark for the current practice.

International procurement currently AAU central directorate	✓
Preparation of tender document and evaluating bid documents	
Award notification and preparation of contract	
L/C opening and follow up the status of L/C and delivery	
Opening custom operation and fulfilling formalities to release the delivered goods	
Delivery of goods to end user according to the contract and specification	
Follow up to get receiving voucher for accepted goods and writing claim report to supplier for items which did not comply contract	
Closing the balance of the contract and delinquent clearance	

2. Do you think it there is delay to receive the item requested?

Yes No.

3. If you answer yes for question 2 what do you think is the reason for long delivery time?

Please Put Tick (✓) mark if you believe the reason for long delivery time is: -

- ❖ Problem from end users side in preparation of well-organized and up-to date procurement specification which leads to for additional clarification request
- ❖ Budget deficit which result further return to End users for additional budget request
- ❖ Time taking presentation performance bond and delay in singeing of contract by supp
- ❖ Lengthy procedures process
- ❖ Bureaucratic procedures in the international procurement
- ❖ Work load on the procurement staff
- ❖ Minimum number of skill and experience by the procurement staff
- ❖ Minimum motivation from procurement staff
- ❖ Suppliers problem repeated request of letter of credit extension
- ❖ Time taking in L/C opening and payment instruction from the finance sid
- ❖ Delay in banks to get foreign currency, processing of L/C and different amendments and release of documents and payments
- ❖ time taking in processing and releasing documents by Ethiopian shipping and Logistics service Enterprise and Ethiopian cargo section to release the goods
- ❖ Time taking from end users to order transport truck for shipment
- ❖ If and other reasons please specify here: -

III) AAU procurement Performance on the on following rate factors to be rated by Procurement staff

To what extent your organization performance on the following international procurement activities practiced in your organization is impacted? Please put Tick (✓) mark in the box the best reflect your answer where: 1= to a very small extent, 2 = to a small extent, 3 =to moderate extent 4= to a large extent 5= to very large extent.

International procurement Activities and practices tasked Related to staff (AAU procurements Directorate)	1	2	3	4	5
Emphasis given by higher officials and AAU procurement directorate on marketing research to find new potential suppliers					
Using information communication technologies (E-procurement) and data base systems in facilitating procurement practices.					
Emphasis given to strategic supplier relationship (long term supply base agreement) for critically required items in which they found only from one supplier or manufacturer.					
Organized list of suppliers and recorded supplier Performance					
Performance on timely preparation of procurement requirements for tender and Evaluation of bid documents					
Timely submitting clean evaluation documents, L/C opening and application documents to finances and banks					
On time claims management and strict follow- up to get receiving voucher from end Users					
On time payment and closing the contract					
Timely follow-up to close delinquent list					

For other challenges in your organization in relation to international procurement practices please specify here: -

IV) Risks from global sourcing

To what extent the following global sourcing challenges affect the implementation of international procurement of your organization? Please put right (✓) mark in the box the best reflect your answer where: 1= to a very small extent, 2 = to a small extent,3 =to moderate extent 4= to a large extent 5= to very large extent.

Challenges affecting the implementation of international procurement	1	2	3	4	5
Fluctuation in currency exchange rates					
Finding qualified foreign sources					
Few training support knowledge about foreign business practices from procurement staff					
Minimum knowledge about foreign business practices from supplier side					
Cultural/language difference affecting communication					
Difference in political systems between countries					

Economic environment					
Distance between countries					
Limited infrastructure facilities					
Logistics support longer supply lines					
International trade system					
Availability of right suppliers and sources					

For other challenges please specify here: -

V) A.A.U central procurement view of end Users in Relation to Task Related to

International Procurement practices

To what extent the following foreign procurement activities practiced by your end users are affecting the process and what type of problem are created by them in relation to the foreign procurement of your organization? Please put right (✓) mark in the box the best reflect your answer where: 1= to a very small extent, 2 = to a small extent, 3 =to moderate extent 4= to a large extent 5= to very large extent.

International Procurement Activities and practices Task Related end users	1	2	3	4	5
Preparation of well-organized and up to-technical specification of procurement requisition					
Preparation of annual procurement requisition on timely and on planned manner					
Presentation of annual procurement requirement with enough and permitted budgeted reflecting market price					
On time response for clarification requests					
Inspecting receiving and issuing of receiving voucher on time					
On time claim report presentation for items missed defected and not comply with specification and contract					
Awareness of the effect of procurement performance on marking delay of clarification response issuance of receiving voucher and presentation of claim end user side					

For other challenges please specify here: -

VI) A.A.U central procurement view on suppliers in relation to Task Related to International procurement practices.

To what extent the efficiency of your suppliers on the following foreign procurement activities impact the foreign procurement process of your organization? Please put right (✓) mark in the box the best reflect your answer where: 1= to a very small extent, 2 = to a small extent, 3 =to moderate extent 4= to a large extent 5= to very large extent.

International Procurement Activities and practices Task Related to suppliers	1	2	3	4	5
Participating in tender for goods and services they know very well and can able to supply					
On time issuance of performance bond and readiness for contract signature after receiving of award notification.					
Interest and ability to give short delivery time.					
Avoidances of repetitive clarification and letter of credit extension request after counteract signature and L/C opening respectively.					
Delivery of goods and service within the specified time according to the contract and within L/C validity time					
Timely responses to clarification and direct tender requests by A.A.U-procurement Directorate					
Delivery of quality goods and services according to the specification specified in the contract					
On time claim response for items missing defected not comply with speciation and contract.					

For other challenges please specify here: -

VII. AAU procurement directorate View on stakeholders, in relation to international procurement practices of the University.

1. To what extent do you use the following indicators to evaluate the stakeholders' timely performance in relation to foreign procurement practice of the University? Please (✓) mark in the best reflects your answer where: -

1= to a very small extent	2= to a very small extent	3= to a very small extent	4= to a very small extent	5= to a very small extent
Foreign procurement practice				
On time processing of L/C instruction and payment from finance side				
Awareness the effect of procurement performance on delay of L/C instruction and payment from finance department side				
On time of L/C opening making, L/C amendments, document process and release payments by bank				
On time document clearing process and release by Ethiopian shipping and Logistics Service enterprise				
Timely document clearance and release of goods by Ethiopian Airport Cargo Section				
Timely and proper services from customs office				

For other challenges please specify here: -

VIII. Overall what are the weakness of the international procurement practice from end users and stakeholders 'side?

Weakness of end users

Weakness of suppliers

Weakness of stakeholders

IX. What is your attitude perception or suggestion regarding the international procurement practice AAU procurement directorate?

Appendix II Semi-Structured Interview
Addis Ababa University School of Commerce
Masters of Art in Logistics and supply chain Management

I. Semi-structured Interview question to managers of procurement staff

It includes AAU Financial management sector head, AAU procurement directorate director and team leaders under AAU procurement directorate (Tender Document preparation & Evaluation Team, Procurement & Contract Negotiation Team and contract Administration Team)

1. What are the main problems in the foreign procurement process from the end user side?
2. What are the main problems in the foreign procurement process from your staff and your organization?
3. Do you think global sourcing challenges affect your organization and if to what extent?
4. Do you think your suppliers are supplying goods and services according to the contract? If no what are the reasons on your opinion?
5. Do you think your stakeholders are well performing on the procurement process? If no what are the challenges?