



**ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT ON PRACTICE AND CHALLENGES OF
PROCUREMENT CASE OF OVID CONSTRUCTION PLC**

**BY
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**DECEMBER, 2016
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DANIEL BERECHA SGS/0153/2006/**

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ABBREVIATIONS /ACRONYMS

FDRE- Federal Democratic Republic of Ethiopia

GOE- Government of Ethiopia

MOFED- Ministry of Finance and Economy Development

Ovid- Ovid Construction Private Limited Company

RFQ- Request for Quotation

UNOPS- United Nations Office for Project Services

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ABSTRACT

Procurement has remained a key function of every organization whether private or public. All procurement process regardless of their complexity follows a laid down procedure that requires proper management to maintain the integrity and sanctity of the procurement process. The study sought to evaluate the procurement process and its operational performance of Ovid Construction PLC. Both quantitative and qualitative method approaches adopted and a structured questionnaire were used to collect data from 88 potential respondents and interview conducted with procurement team representatives. Using descriptive statistics, it was revealed that the organization procurement practices such as planning, sourcing, bidding; internal requisition and approval process and inspection of deliveries. It was discovered that electronic system is being utilized in the procurement process of the organization at a small extent. The procurement team strongly believed that automating or e-procurement system would lead to quality purchase, less time and costly. The study revealed that procurement process affect procurement performance. The study also revealed that challenges such as unnecessary bureaucracy, long lead time and delay in payment. It was realized that, the activities of the procurement process ensures performance in the organization as a whole, however, for an organization to attain operational efficiency in the procurement system such organization needs to adopt a system that minimizes redundancy, cost and wastage while leveraging the resources that contributes to success and utilizing the best of its technical knowhow, workforce, quality, cost and flexible business process. The study therefore recommended that the organization should review the existing procurement procedure to reduce bureaucracy to meet the organizational needs. Unnecessary Bureaucracy delays procurement efficiency and affects operational performance of organization; this review should be done so that organization will have some policies to streamline their operations.

Key words: Procurement, Procurement process, Efficiency, Operational performance

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Procurement is a crucial element in the working functions of any organization. It is the process in which public or private organizations buy supplies or services to fulfill various functions such as shelter, transport and need for infrastructures, among many others (Talluri 2008). According to (Chopra 2005), procurement is the process of obtaining goods and services from the preparation and processing through to receipt and approval of the invoice for payment.

Procurement commonly involves purchase planning, standards determination, specifications development, supplier research and selection, value analysis, financing, price negotiation, making the purchase, supply contract administration, inventory control and stores, and disposal and other related functions (Corsten2009).

The company procurement unit is organized under the support process unit to supply the requested material to the user department. Proper designed procurement system allows the procurement unit to acquire the goods at the right time, price, source, quality and quantity. The user department will also step forward their activity for the achievement of the organizational goal without any interruption as they are acquiring the requested material.

As a result of the company fast growth, the practice of procurement process is critical for all projects and production center in order to achieve their Goals. OVID Construction PLC procurement team has difficulty to adequately provide good services to the projects and this may be happened because of the lack of proper procurement planning and implementation.

Therefore, clear understanding of the current practice of procurement process is very crucial to design appropriate strategies to improve the existing situations and to increase the productivity of the team. Despite the existence of the problems in the organization, there is no prior research works which is done on the procurement planning and implementation practices and other related problems. Therefore, the current study is expected to fill the gaps in understanding regarding the procurement practices and also useful to improve the company procurement practice in the future.

1.2. Background of the Organization

Ovid constructions PLC established in Ethiopia to focus on identifying the basic needs of people in rendering their required service and provide affordable solutions at the right place and quality. Accordingly, the company engaged itself in manufacturing and supplying of ready mix concrete, HCB, concrete pipes in addition to the fabrication of super k-span buildings and Grade 1 Building Contractor.

The company invested the bigger share of capital in the state-of-the-art production machinery (like Production plant and Construction Machineries). Technologies which make it the first of its kind in the country and enable it produce its fabricated products on an international standard.

The construction business line has a BC-1 construction license as per the standard and rule of Ethiopia construction policy. More than 200 employees were getting a chance to work with in the company and it has implemented ISO 9001:2008.

1.3. Statement of the Problem

The procurement unit of every organization spent significant portion from the total organization's annual budget. For that reason administration of procurement plays a major role in achieving organizational goal and objectives as well as increased economic growth and development. Better management of procurement has a major role in economic growth and development. However, due to the incompetent process, a number of troubles happen in the area of procurement especially, the integrity of the professional, the quality of the procured items, the competence of the professional, the policy and procedure of procurement, the purchase contract and after sells service. Besides, procurement is one the exposed area for corruption in alliance with Land distribution and administration, the Customs Administration and private to private business Ethiopia, Country Procurement Assessment Report by World Bank (2002pp 10).

The procurement administration process is prone to risks. There are risks in determining need and planning procurements, developing specifications, selecting the appropriate procurement methods, preparing solicitation documents and calling for offers, evaluation and selection of firms and individuals, negotiating the contract, and contract administration.

Procurement management is about solving problems and managing risks. Customers need supplies and services to solve immediate and future needs. They usually have little understanding of procurement and unrealistic expectations about the procurement process. Procurement planning and strategy development are important to reduce risk in the procurement process. A comprehensive understanding of the procurement process, principles and guidelines is also important to finding appropriate solutions and minimizing risks. (Procurement classroom, 2013)

Many companies failed to achieve success due to poor management of the procurement system which is characterized by several challenges among them include; heavy clogging of tender request and attendant bureaucratic delays; inefficiency; corruption; and lack of transparency and accountability. Companies can achieve successful procurement execution by developing effective procurement plan and implementation system. Therefore, understanding what attributes is able to influence procurement execution in different stages represent the first fundamental step for procurement planning should undertake.

In companies like OVID, procurement process involves and affects all directorates, projects, and partners that are the source of fund for the execution of procurement. Due to this, an integrated procurement planning is required to provide the necessary information for its procurement professionals later in procurement execution. The current purchasing processes are not yielding the desired results in terms of meeting operational requirements of the organization on time as a result of the bureaucratic nature of the processes involved and impacts negatively on purchasing performance.

Therefore, the researcher's preliminary assessment reveals such problems: failure to start the procurement process on time, reviewing failure to properly plan all procurement events and to use the appropriate procurement method, procuring entity receives incomplete technical specifications, scope of work or terms of reference and piecemeal purchase.

These can result in long processes and affect the operational performance in terms of meeting internal customers (departments) need on time.

This can be restated as inefficient procurement, lack of standards for sourcing/making, long lead time in delivery and poor/improper of technical specification. This calls for unsustainability in procurement management to ensure continuity of the organization, by identifying key players' role in the procurement process from the start to end.

Due to this fact, the researcher is interested to study on procurement process and practices of Ovid construction private limited company. The purpose of this study is, therefore to assess whether Ovid construction private limited company has maintained and implemented effective procurement management.

1.4. Research Questions

This research was conducted to examine the practices of procurement process and identify its challenges at Ovid. Thus, the research tried to answer the following specific research questions in the problem statement.

- How effective is the procurement policies on effective implementation of procurement practices in Ovid?
- How effective is the procurement techniques/ methods used by Ovid?
- To what extent does the procurement process of Ovid match to the accepted procurement principles?
- What are the different challenges that affect the procurement process in Ovid?

1.5. Objectives of the Study

1.5.1 General Objective

The main objective of this research was to examine current procurement process practices and explore the challenges encountered in the course of the procurement process and provide possible ways in order to improve the problems in current procurement process of Ovid Construction PLC.

1.5.2 Specific Objectives

The specific objectives of the research include:

- To determine the effect of procurement policies on effective implementation of procurement practices in Ovid construction.
- To examine the effectiveness of the procurement techniques/ methods used by the OVID.
- To examine the extent to which procurement process of Ovid match to the accepted procurement principles.
- To assess the challenges which affect the procurement process in OVID construction?

1.6. Significance of the Study

Procurement can bring a great significance in the organizations success. The importance of this research helps the management of Ovid Construction PLC, to understand the strength, weakness and various challenges of the existing procurement practices.

In addition, it contributes to the existing knowledge and practice of Ovid procurement and other similar organizations to adopt measures to administer sound procurement process; it helps the procurement staff members and others to follow the better practice of procurement process also it will serve as a baseline for subsequent researches in field of procurement.

1.7. Delimitation/Scope of the Study

The study focus on procurement which involved the roles undertaken during the procurement process, directorates involved, and factors affecting procurement process. Also the study is delimited to the permanent employees of the organization; it didn't include the temporary workers, since the study target is on procurement process and they are not participate on the procurement process.

For not maximizing the research far from this level the researcher also faces geographical location of team members which are in project sites most of their time and carried out in Ovid construction private limited company only.

1.8. Organization of the Study

The paper will be organized in five chapters. The first chapter covers the background of the study, statement of the problem, Basic research questions, and objective of the study, significance of the study and scope of the study.

The second chapter will be about the literature review which covers both theoretical and empirical literature. The third chapter will cover the type and design of the research: participant of the study sources of data, data collection instruments or tools, the procedure of data collection and the methodology of data analysis. The fourth chapter will cover the results and findings of the study and interpretation and/ or discussions of the findings. The last chapter will cover the summery of the finding, conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2. Introduction

This chapter describes the theories that are very significant to the research questions and they provide insight knowledge for answering the research questions presented and also clarifying the researched area. Furthermore, they act as a primary tool for analyzing empirical findings which will be used to find the gap between theories and empirical on analysis stage.

2.1 Purchasing

According to Lyson and Farrington (2006, PP.8-9) have defined the **Purchasing** as the process of acquisition of goods or services in return for monetary or equivalent payment. While

2.2 Procurement

Is the process of obtaining goods or services in any way, including borrowing, leasing and even force or pillage, or in a narrow view of procurement is just activities that involving buying of goods, works and services (Lyson and Farrington, 2006, PP.6).

According to the Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649 (2009, PP.4859) defined «Procurement » means obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means;

2.3 Procurement Process

The Procurement Process model shows the various steps and stages that a particular procurement activity follows in meeting operational requirement these stages have detailed action which need to be done before progressing to the next stage. Lysons and Farrington (2006) defined a process as a set of sub processes or stages focused on achieving an output.

Purchasing process is a cycle or chain that shows the activities that purchasing goes through in obtaining a given need for operational and strategic purposes. Wan Lu (2007) argues that process consist of flow charting and blue print to describe a process in picture, using symbols with arrow lines connecting each operational step. (Weele, 2010: p29) has described and grouped the process of purchasing into six distinct stages as specification, select supplier, give contract or ordering, expediting and evaluation of the entire purchasing process. (Monczka, Trent &Handfield, 2003), argue in the same line as Weele, but also presented the purchasing process as a cycle with five distinct stages instead of the six recommended by Weele. These stages will change according to the nature of purchase and the individual organization in question. This means that, if the product is a straight re-buy, modified re-buy and a new task all together will determine the stages that will be involved or chosen in obtaining that particular need(s) from an identified and evaluated source.

(Carter & Kirby, 2006 :p6) describe the process of purchasing as the overall sequence of events that sum up the purchasing activity from identification of need to payment of invoices in respect of the goods or service purchased to satisfy a given need. Emmett & Crocker (2008: p 4) suggest that, procurement or purchasing process has ten stages from need identification to payment of respective purchasing. This is so because most organizations emerge some stages as one in the process to reduce the lead time and other administrative cost.

For instance, some organizations or corporate institutions emerge the stage of expediting and evaluation as one stage and responsibility. Based on these facts, there is no unique number of stages of the purchasing process.

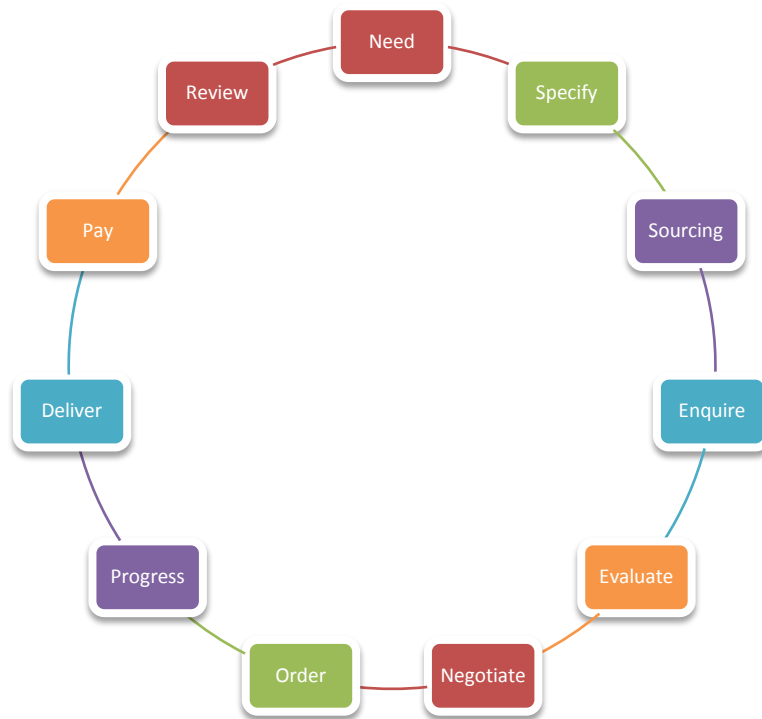
Most writers in this discipline are all in agreement of the fact that, some of the stages will not feature in every purchase. Some of these stages will be omitted if the order is a repeat order. For instance source identification and selection will be taken out if these source have be pre-qualified initially to assess their capabilities as is been done in some public sector institutions. (Lysons and Gillingham, 2003) & (Weele, 2010) introduced a modern way of conducting purchasing activity by the use of Electronic means (e-Procurement). These writers suggested that, the lengthy process can be reduced or shorten through the use of electronic procurement. In order to identify the activities in which purchasing process goes through, the process can be seen as a cycle as shown in the figure below.

The procurement life cycle chain of success

The procurement process consists of a number of logical stages. If executed well, each stage will deliver the required results and generate positive benefits.

The positive benefits from one stage will lead to stronger results in the next. This continuous 'chain of success' results increase outcomes and stronger overall results.

Figure 2.1 Procurement Process Model



Source: Emmert and Crocket 2008

Baily (2005) is however of the view that the above procurement cycle does not recognized the strategic contribution by modern procurement by showing on the tactical aspect of the function.

2.3.1. Need Identification

The procurement process model begins with identification of need(s) for operational sustainability of the organization. These needs are determined by daily activities of individuals and departments which are consolidated to become the overall organization need. This information on most organization become the basic information or input for the budget and procurement plan for a given period. This stage is considered as part of the per-ordering stage, (Emmett& Crocker, 2008). Lysons and Farrington (2006) also argue that

this stage is characterized with the notification of need to purchase by either requisition that will be raised by the stores stock control or any potential user.

2.3.2 Determine Specification

Specification is second stage of the procurement process model after the need has been identified. Specification can therefore be defined as a communication tool used by procurement to communicate the need of the organization to the external users that has interest in the product or service in question (Sollish and Semanik 2007, Bailey et-al 2005 & Weele 2010). There are various forms of specification which are technical, functional, performance, sample, and brand and design (Lysons and Gillingham 2003, Lysons and Farrington 2006, Baily etal 2005 Burt, Dobler and Starling 2006). The technical specification gives a highly detailed description or technical properties and activities to perform by the product. Performance gives the output range within which the item must function; whereas the function type ensures the product performance; fit for the purpose or what it has to achieve. Sample type gives a guide as suitability especially where specification is very difficult to write. This however limits competition to some extent in perfect competitive environment. Brand specification also denotes customers' preference. One of these of specification is usually adopted in any procurement. However, each has its own merit and demerit side which need to be identified and analyzed before choosing a type. Specification preparation should be devoid of brands which will not limit competition but rather present specification which open to everybody to participate in order to achieve value for money.

2.3.3. Sourcing

This stage is identification of location of supply in the market place based on material requirement. As part of the activities at this stage, the attractiveness of the market in terms of its expansion and contraction will influence the number of suppliers. This source can be identified through the internet trade journals, trade exhibition yellow pages of telephone directorate and suppliers' data base of the organization. In this regard (Weele, 2010) suggested that the source should be identified and evaluated simultaneously instead of treating it as a separate stage in the procurement cycle. Lysons and Farrington (2002) also

argue in the same line by saying that, sourcing stage includes, activities or processes like enquires or request for quotation which are sent to suppliers, accompanied by additional documents, such as drawings, specification and any document or information that will enable potential suppliers to submit a quotation.

2.3.4. Enquiry and Evaluation

This stage is very important in the procurement cycle because this determined the quality of the output (product) to be procured. Suppliers are asked to give information on the following: details of the organization, financial details, equipment and facilities, management skills and reference to assess the capabilities of that particular source before it will allow providing information (quotation or tender) on the product or service, Emmert& Crocker, (2008). This stage determines the technical and financial capabilities and competencies of the source identified. Procurement defined this stage as the analysis of information that has been submitted by potential sources. This stage has been divided into four distinct stages which start from the preliminary selection of tender with already determined criteria. The second stage is the commercial evaluation which emphasis on delivery period proposed by the buying institution and supplying institution. The terms of payment are also evaluated at this stage and other terms which are considered as commercial and at this stage to form part of the contract. Lysons and Farrington added their views that, if quantities are substantial and quality or deliveries are great importance, then further negotiation with the suppliers on capacity to undertake such contract should be done which the procurement Act is in support of this.

2.3.5. Negotiating

Negotiation can be defined as conflict resolution mechanism. (Lysons&Grillingham, 2006) and (Burt, Dobler& Starling, 2006) add that negotiation is where substance issues are properly resolved, relationship can be developed and an agreement reached in enhancing performance to attain efficiency and harmonization. Negotiation practices differ in the public and private sectors in terms of when it can apply during the procurement diagram or process.

Most private sector organization will start to negotiate with supplier after source evaluation which subsequently leads to the award of contracts. However in the public sector, certain condition must prevail before negotiation will be allowed as a method of procurement. These conditions according to (Mckinsey , 2009), (Carter & Kirby, 2006) and (Dominic, 2004) must prevail; when sole source action has been approved; suspected "Cartel" amongst the suppliers; when competitive tendering is not feasible and when country's regulation allows for negotiation.

This stage of the procurement process is allowed, if adequate planning and research are made, (Dominic, 2004, Burt, Dobler& Starling 2006, Milligan &Blockley, 2009). All these writers have suggested adequate preparation should go into planning and information gathering and analysis, clear objectives should be there to serve as a guide for the negotiation team in terms of what needs to be to say and done to arrive at a win-win situation. Based on these premise, conclusion can be drawn by saying that negotiation can only be successful if adequate plan is done by the buyer and negotiation team.

2.3.6. Ordering and Progressing

After evaluating and negotiation is signing of contract based on the agreement reached at the previous stage of the process. A notification of order or contract will be issue to the successful supplier or contractor to deliver the product or service.

A formal contract document be drawn up, using the agreed terms and condition and sign by both parties. Simpler requirements may be use a procurement order or where framework contract exist, contracting may consist of placing a call-off order under an existing contract. In another way; buyers will negotiate call-off agreement which will be valid for some specific period. This presupposed that the activities of contracting and ordering will be different activities as indicated by (Emmet& Crocker,2008), (Otterheim& Strands, 2006) are of the view that procurement function can add value at this stage if corrective measures are developed such as such; efficient ordering and routine checking that will ensure that all procurement orders are received and confirmed by suppliers; maintenance of a data base of critical procurement and supplier information and taking effective and immediate decision when required.

(Emmett & Crocker, 2008) argue that it is not important to spend time progressing and expediting orders which to them are seen as being an admission of defeat. They continue to suggest that collaborative supply chain thinking will solve major problems that are likely to come up and improved performances tremendously.

2.3.7. Delivery of Goods

Early delivery can be achieved if effective progressing work is done well. One objective of procurement is to ensure early competition of contract to serve intended need. Delivery involves checking products and services with agreed specification and notified the system of receipts and payments. The time taken to do this will impact on the overall. Supply lead time if corrective measures are not taken, (Otterheim& Strands, 2006).

The contract should be managed by both the buyer and the supplier to ensure early delivery. Activities may include; expediting, arranging inspection or freight forwarding chock bank guarantees, establish letters of goods, verification of document and making payment. In other to enhance early delivery of order Lysons and Farrington (2006) are of the view that expedite work should be done to ensure that delivery is done within agreed period to avoid contractual disputes.

2.3.8. Payment and Reviewing

Payment of goods procured will largely depend on the terms of contract (payment terms). If the payment terms indicate pre-payment or finance of contract, then payment is probably effected at the early stage of the procurement process before goods are delivered. However if the payment terms affirm payment after delivery and submission of the approved documentation, then that will be the last before reviewing of the entire procurement process.

Reviewing of the whole contract process can be done from any angle of the procurement process.

It is done to know the performance of procurement function and subsequent improvement if any.

The extent of reviewing, monitoring and control allocated will depend on the importance of the product or service being procured in relation to the business strategy. (Emmett & Crocker, 2008) and (Otterheim& Strand, 2006) however, argue that, activities at this stage can include setting warranty claims and penalty clause, recording the user's experience with the specific products and suppliers and total compliance pre-project. This reactive approach to procurement can be avoided if corrective measures are taken to obtain the right products or services. If not properly manage can lead to a dispute arising. Proactive strategies can be adopted by procurement management to solve problems raised at this stage of the process. Payment in Construction sector procurement in Ethiopia is a hot issue due to inadequate fund for payment with the agreed payment period in the contract payments. Payments delay most of the time which result in poor delivery and overall performance of the supplying firm and operational of procurement function of shortages.

2.4. E-procurement

Lysons and Farrington(2006, pp. 187) 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, pp 136) state that [E-Procurement] will also lead to higher transactional accuracy and cost reduction for the entire supply chain. Rushton, Croucher and Baker (2006 pp. 252) 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 and the use of online catalogues.

2.5 Purchasing Policy

Policy is a body of principle, expressed or implied, laid down to direct an enterprise towards its objective and guide executives in decision making. Policies are mandatory and must be adhered to by all people and activities throughout the organization. Lysons and Farrington (2006, PP: 23). 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. According to Quayle (2006, PP: 50) 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, PP: 44) 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, PP: 52) states that the buyer must also remember the following five rights of purchasing.

- Right place
- Right time
- Right quality
- Right price
- Right quantity

2.6 Procurement Methods

The Federal Public Procurement Directive, Ministry of Finance and Economic Development (2010, PP: 18-19) by quoting **Proclamation No. 649 Article 33**: list the following methods of procurement

The following methods of procurement shall be used in public procurement:

- Bidding (tendering)
- Request for Quotations

- Request for Proposals
- Restricted Bidding
- Direct Procurement

The Federal NegaritGazeta No. 60Proclamation No. 649 (2009, PP 4880) states that except as otherwise provided in this Proclamation, the public bodies 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.

2.6.1 Bidding (Tendering)

According to Lysons and Farrington (2006, PP: 576) 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, PP: 1) 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, PP: 576) tenders are alienated in to five 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, PP: 41) states that all interested firms bidders are given adequate notification of contract requirements and all eligible bidders are given an equal opportunity to submit a tender. The public body must give sufficient public notification of bidding opportunities to potential bidders to determine their interest and prepare bid documents.

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 Ovid Construction adopts all methods of tendering.

Two stage bidding

According to public body may use Two-Stage Bidding Method for the procurement of large or complex contracts. In the First-Stage, a public body shall invite through advertisement un-priced technical proposals on the basis of Bidding Documents which shall state the requirements of the public body in general terms and incorporate the necessary description and questionnaires and outline a conceptual design and/or specific performance requirements. A conceptual design would focus mainly upon the presentation of a functional design that provides potential bidders with basic technical information, e.g. stipulated performance specifications, outline technical specifications, visual, operational and economic details of the required procurement object.

2.6.2 Request for Quotation

The Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011, PP: 73) a public body may undertake procurement by means of a Request for Quotations (RFQ) for the purchase of readily available, standard, off-the-shelf goods and related services and low value simple works or physical services.

The public body shall request quotations from as many Bidders as practicable and shall obtain and compare at least three (3) quotations to establish the competitiveness of the quoted prices. Comparison of two (2) quotations is justified only when there is satisfactory evidence that there are only two sources of supply.

2.6.3 Request for Proposal.

The Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011, PP: 79) A Request for Proposals (RFP) shall be used by public bodies for procurement of consultancy services. Consultancy services mean a service of an intellectual and advisory nature provided by consultants using their professional skills to study, design, and organize specific projects, advice clients, conduct training and transfer knowledge.

2.6.4 Restricted Bidding

Prospective suppliers are invited to compete for a contract that advertising of which are restricted to appropriate technical journals or local newspapers. Likewise the Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (2011, PP: 43) the total contract value of Procurement made by restricted bidding, in accordance with Article 49.2 of the Proclamation shall not exceed the following:

1. for procurement of works Birr 2,000,000.00;
2. for procurement of goods Birr 500,000.00;
3. for procurement of consultancy services Birr 300,000.00;
4. for procurement of services Birr 400,000.00.

2.6.5 Direct Procurement

The public body shall, in the first place, ask for a quotation from a single bidder directly and afterwards shall be free to negotiate with the selected sole bidder. There is no requirement for Direct Procurement to be advertised, nor is there a need for a bid security.

2.7 Principles of Procurement

The Federal Public Procurement Directive, Ministry of Finance and Economic Development (2010, PP: 2-3) by quoting Proclamation No. 649 Article 33: list the following Principles

Any Authority and execution of Procurement must comply with the following Principles:-

- a) Achieve maximum value for money in procurement. i.e. insure economy, efficiency and effectiveness.
- b) No Candidate shall be discriminated or excluded from participating in public procurement on the ground of nationality or other reasons which are not related to the evaluation criteria except in accordance with the rule of preference provided in the proclamation.
- c) Support the country's economic development by ensuring economy, efficiency and effectiveness in the execution of public procurement.
- d) Any criteria applied in making procurement decisions and decisions taken on each procurement must be made transparent to all concerned parties.
- e) Ensure accountability for decisions made and measures taken in the execution of public procurement.
- f) Encourage local producers, companies and small and microenterprises which support the national economy through the application of preferential treatment granted by the Proclamation and the Directive.

Ovid Construction Private limited company, Procurement Manual (2015, PP: 2-7) states that the main procurement principles that should be observed in the procurement processes are:-

- a) Value for Money

Value for Money refers to economy, efficiency and effectiveness with which a task is undertaken. In procurement, Value for Money means procuring the best item available (effectiveness) at the least possible cost (economy) within the least possible time (efficiency).

Value for Money shall be achieved through careful preparation of technical specifications and suppliers selection. The lowest price offered does not always mean the lowest total cost nor does it guarantee the best quality. The initial cost of acquiring goods is only one consideration in achieving Value for Money. Equally important, is the total cost of operating, servicing, maintaining and sustaining the goods. The potential Value for Money advantages of local, regional and/or international procurement should be taken into account when deciding on the source (geographical) of a particular purchase.

b. Competition

Fair and proper competition in procurement

c. Ethical Behavior

To strengthen ethical behavior, all personnel involved in the procurement function should observe the following code of ethics:

- Give primary consideration to the policies and integrity of Ovid construction PLC.
- Strive to obtain the maximum ultimate value for each birr of expenditure.
- Cooperate with trade and industrial associations, governmental and private agencies engaged in the promotion and development of sound business practices.
- Decline personal gifts, gratuities, commissions, fees, kickbacks or offers.
- Grant all competitive bidders equal consideration.
- Use only by consent, original ideas and designs devised by one vendor for competitive purchasing purposes.
- Keep Specifications complete, clear and fair and avoid impractical or unnecessary specifications since these will restrict the suppliers to a selected few.
- Report conflict of interest arising from self or family interest, including financial or other interests, in a supplier or company that is seeking to do business with Ovid
- Avoid participating in the selection of a supplier or awarding of a contract when a conflict of interest exists
- When violations of the code of conduct take place that they are reported to the appropriate/designated authority at Ovid.

d. Fraudulent Practices

It is Ovid's policy to observe the highest standard of ethics during the procurement and execution of contracts. In pursuance of this policy, Ovid defines the terms set forth below as follows:-

- (I) "Corrupt practice" means the offering, giving, receiving or soliciting of anything of value to influence the action of a Ovid construction employee in the procurement process in contract execution, and
- (II) "Fraudulent practice" means a misrepresentation or omission of facts in order to influence a procurement process or the execution of contract to the detriment of Ovid , and includes collusive practices among bidders (Prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive
- (III) "Collusive Practices" means a scheme or arrangement between two or more bidders, with or without the knowledge of the Ovid, designed to establish bid prices at artificial, non-competitive levels.
- (iv) "Coercive Practices" means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in procurement process, or affect the execution of a contract.

To safeguard against corrupt and or fraudulent practices in its procurement process, Ovid shall:

1. Reject a proposal for award if it is determined by the Country Management Team (CMT) member that the bidder recommended for a job used fraudulent practices in competing for the contract in question.
2. Declare a firm ineligible to be awarded a contract if at any time it is determined that the firm has been engaged in corrupt or fraudulent practices
3. Have a right to require that a provision be included in contracts requiring contractors to permit Ovid to inspect their accounts and records relating to performance of the contract and to have them audited by auditors appointed by Ovid.
4. Discipline any staff involved in fraudulent practices.

e. Transparency

The procurement process should be made open to public scrutiny.

f. Accountability and Conflict of Interest

All aspects of the procurement and supply process are subject to audit.

g. Procurement Authority

All staff involved in procurement shall adhere to the Procurement Policy and Procedures Manual for the rules governing the purchase of works, goods and services.

h. Segregation of Duties

Wherever possible, the principle of segregation of duties must be adhered to. No one person should be responsible for authorizing a transaction from start to finish. This segregation of duties is required to help minimize violations of the code of conduct and to provide financial controls in the procurement process. Ideally, separate staff should be responsible for:

- Approval of the procurement
- Accepting delivery of the goods
- Authorization for payment.

2.8 Empirical Review

Many Authors did research on Procurement process and practices. Among the researchers who studied. Nasri (2014) did a study on the procurement performance and operational efficiency in Telecommunication industry in Kenya. Using descriptive cross sectional survey design, it was revealed that flexibility, cost, time and quality ensured procurement performance to a great extent. The study therefore concluded that an increase in maximized resource utilization would to lead to an increase in the scores of the procurement

performance. Therefore telecommunication companies should introduced strict internal controls suitable for streamlining in its procurement function.

Asamoah (2014) did a study on the accountability and control in the public procurement of Ghana Cocoa Board. The study found out that Ghana Cocoa Board is abreast of the public procurement laws, rules and regulations. COCOBOD keeps up-to-date records in paper and electronic form and almost all the procurement staff has been actively involved in procurement administration. COCOBOD also have well trained professionals who occupy various positions and with their long years of services manning the affairs of the procurement entity and there is a clear separation of roles and responsibilities and all the staffs in charge of procurement process are responsible for their actions and inactions.

A similar study by Mensah&Tuo (2013) on procurement processes and it's operational performance of the public sector in Ghana. The study revealed that procurement processes is very key in the performance of organizations and these public institutions use the existing procurement rules and regulations in the purchases of materials. It was also revealed that purchasing process faced numerous difficulties. It was however, recommended that the government as well as public organization should be encouraged to use IT system in their procurement process to ensure fastness, reduce cost and easier purchases of materials.

Bashuna (2013) did a study on the factors affecting the effective management of the procurement function in Nakuru North Sub Country. The study was based on census of procurement heads of 30 ministries and departments. It was revealed that the procurement function was less effective due to lack of project financing, accountability, IT adoption, and the internal control system used in the departments. It was therefore recommended that the government should consider improving the existing procurement policy to enhance project financing adequacy and timeliness.

Nantege (2011) also studied the impact of procurement management on the financial performance of banks in Uganda. The study revealed that procurement management function such as planning; control and monitoring positively affect the performance of banks.

The research was about evaluating purchasing processes on performance in the public sector in Ghana, in the case Kumasi Polytechnic. The issues studied included evaluating public sector purchasing processes in helping to achieving high performance, the challenges faced by public institutions with regards to purchasing processes, purchasing processes Kumasi Polytechnic can adopt to improve purchasing performance and the relationship that exists between purchasing processes and performance. The research was based on the use of questionnaires. Both primary and secondary data were used in conducting the research. The population of the study included all staff of the purchasing unit of Kumasi Polytechnic; the purposive sampling technique was used in selecting respondents. Fifteen (15) respondents were selected from institution. A survey analysis method, distribution tables and figures were the statistical techniques used for the analysis of the data.

CHAPTER THREE

RESEARCH DESIGN AND METHODS

This chapter deals with the methodologies adopted while conducting the study. The chapter is organized as follows; Research Design, Sample Size and Sampling Techniques, Sources of Data, Data Gathering Tools, Data Analysis Techniques and Ethical Consideration.

3.1 Research Design

A research design shows the master plan for collecting and analyzing the required data by specifying the methods and procedures that is going to be used. For this study to collect the necessary data both primary and secondary data sources was used and both qualitative and quantitative data types were collected.

The study employed descriptive research design to describe the result and findings of the study. This is relevant that it enable the researcher to gather data form single population. Kothari (1985) stated descriptive research focuses on explaining the characteristics of a particular individual, group or situation. Saundrset.al (2007) also says the objective of descriptive research is describengan accurate profile of a person, events or situations. Thus, the objective and nature of this research relevantly fall under descriptive research design.

3.2 Population and Sampling Techniques

Samplings is process of choosing a smaller and more manageable number of people to take part in the research process and generalize the results to the whole of the research population (Catherine, 2002 PP 47-48). For this study stratified random sampling used since the population consists of top management, middle levels/supervisors and lower level /line employees as per (Sarantokos, 1998).

The researcher used stratifiedrandom sampling and purposive sampling techniques to select the group of population that involved in the study. Purposive sampling techniqueswere

applied because the researcher believes the procurement department team must be involved in the population since they are the star of the organization procurement process. Consequently, for the other departments stratified random sampling technique were used since the population consists of top management, middle levels/ supervisors and lower level/line employees in order to have fair and genuine data from every staff members who were working at different level of employment. Ovid had total 210 staff as of December 1, 2016, during the study period the total staff members who were working in the organization and involved in procurement process were 108, the rest of employees were temporary workers.

For researcher determines the sample size by using the Slovin's (1960) formula i.e.

$$n = \frac{N}{1 + N(e)^2} \quad \text{Where; } n = \text{sample size}$$

$$N = \text{population}$$

$$e = \text{precision (5\%)}$$

$$\frac{108}{1 + 108(0.05)^2} \Rightarrow 85$$

The size of the sample in each stratum was determined in proportion to the size of the stratum, termed as proportional allocation like top management or department heads 6%, middle level management/ supervisors' 19%, Procurement Team 6% and lower level or line employees 70%. Finally, the sample size for each stratum is selected using simple random techniques.

Table 1: Sample Size Determination

Employee categories/ States	Number of Employee in each stratum(s)	Sample of each stratum	Percent age (%)
Top Management/ Department Heads	8	6	0.06
Middle level Management/ Supervisors	26	17	0.19
Procurement Team	6	6	0.06
lower level /line employees	68	62	0.70
Total Employee	108	88	100

Source: HR Statistical Data, 2016

3.3 Types of Data and Tools of Data Collection

Data collection was done from both primary and secondary resources. For this study the researcher used both primary and secondary sources of data collection. Primary data was collected through a structured questionnaire, interview and personal observation of the researcher.

The secondary data collection methods used include Ovid`s procurement manual, Ethiopian Government Procurement proclamations and directives, and publications of Ovid, Books and others.

3.4 Procedures of Data Collection

The researcher used both primary and secondary sources of data collection. After getting the list of employees with their type i.e., managerial non-managerial from the human resources directorate the researcher conduct interview with procurement team representative. The researcher himself distributes the questionnaire to employees who are working under each directorate and to respond his questions based on the sample size. For the secondary data`s the researcher communicate the procurement directorate and collect all the necessary materials which are helpful for this study such as the OVID`s procurement manual, and publications of Ovid etc..

3.5 Pilot Study

Pilot study was conducted to test the reliability and validity of the questionnaire. This was undertaken to test the reliability and validity of data collection instruments (Sekaran, 2003). According to Dempsey (2003) pilot study is the process of conducting preliminary test of data collection instruments in order to eliminate data collection problems that may led to low data validity and reliability. Pilot study was thus conducted to help in identification of errors in data collection instruments and make necessary adjustment in order to ensure valid and reliable data was collected.

3.5.1 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 my advisor. The valuable comments, corrections, suggestions given by my advisor assisted in the validation of the instrument. The procurement department staff were expected to tick the items in the questionnaires if they help to determine the factors influencing the implementation of sustainable procurement process practices in Ovid construction PLC or not. The content of the responses given by the respondents were checked against the study objectives. Evidence of content relevance, representativeness and relevance to the research variables indicates that the research instruments are valid (Joppe 2000).

3.5.2 Reliability

Reliability refers to the consistence, stability, or dependability of the data. Whenever an investigator measures a variable, he or she wants to be sure that the measurement provides dependable and consistent results (Cooper & Schindler 2003). 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 2008). To measure their liability of the data collection instruments, an internal consistency technique using Cronbach's alpha was applied (Mugenda 2008). Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability (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 (Zinbarg 2005). All the study variables were found to have a Cronbach alpha coefficient greater than 0.8 and thus they were all retained for further analysis.

Cronbach's Alpha	N of Items
.803	31

3.6. Data Analysis Method

Descriptive data analysis was mainly used to analyze the data collected through the questionnaire and data has analyzed according to the study and framing the different sections of the questionnaire and the variables under each construct. The researcher used both qualitative and quantitative methods to analyze and interpret data gathered from sample employees and management. Thus, to achieve the aforementioned objectives, in addition to the qualitative method, the study utilized various quantitative tools and tables. The close-ended questions data were analyzed by using **SPSS**; put in frequency and percentiles were computed. Open-ended questions were used by coded the issue raised; particularly, the challenges of procurement practice within the organization.

3.7. Ethical Consideration

Confidentiality and privacy are some of the most corner stone of field research activities in order to get relevant and appropriate data. The researcher assured the purpose of the research paper and confidentiality of any information gathered through questionnaire on the introductory part of the paper. During data gathering some respondents didn't show willingness to respond to the questionnaire but, the researcher approached and explained the purpose and assured the confidentiality and finally they were positive to give response.

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter deals with data presentation, analysis and interpretation. Thus, demographic characteristics of the respondents and data obtained on the assessment of procurement process is presented and interpreted.

Among the distributed 88 questionnaires, 6 for management, 17 for supervisors, 6 for procurement team and 59 for line employees; Both management & procurement team returned the 6 questionnaires eachwhereas 59 questionnaires returned from the line employees and 17 questionnaires from supervisors. All in all 100% questionnaires were returned.

4.1 Demographic Characteristics of the Respondents

This section describes the frequency distribution of respondents' personal or demographic characteristics. Demographic characteristics (like gender, age, marital status, education level, working experience and job category) described by using frequency and percentage.

Table 1: Demographic Characteristic of the Respondents

S. No	Item	Measurement	Freq.	Percentage	
				Valid %	Cumulative %
1	Gender	Male	71	80.7	80.7
		Female	17	19.3	100.0
		Total	88	100.0	
2	Age	Under 20	0	0	0
		21 – 30	31	35.2	35.2
		31 – 40	39	44.3	79.5
		41 – 50	14	15.9	95.5
		51 – 60	4	4.5	100.0
		Total	88	100.0	

S. No	Item	Measurement	Freq	Percentage	
				Valid %	Cumulative %
3	Marital Status	Single	45	51.1	51.1
		Married	43	48.9	100.0
		Divorced	-	-	100.0
		Widow	-	-	100.0
		Total	88	100.0	100.0
4	Educational Qualification	High school graduate	10	11.4	11.4
		Certificate	26	29.5	40.9
		Diploma	22	25.0	65.9
		B.A. /B.Sc. Degree	25	28.4	94.3
		M.Sc. Degree	5	5.7	100.0
		Total	88	100.0	
5	Working Experience	0-1	6	6.8	6.8
		1-2	38	43.2	50.0
		2 - 3	35	39.8	89.8
		more than 3 years	9	10.2	100.0
		Total	88	100.0	
6	Job Category	Management	6	6.8	6.8
		Supervisor	17	19.3	26.1
		Line Employee	65	73.9	100.0
		Total	88	100.0	

Source: Own Survey, 2016

The above table shows the summary of respondents' demographic factors. Accordingly, item 1 of the table indicates out of 88 respondents, 80.7% is male and the rest 19.3% is female. Based on the information, we can infer that the majority of respondents are male.

Item 2 of the table specifies age distribution of the respondents. As the result the greatest number, 44.3% of the respondents are in their 31 to 40 age group, followed by respondents aged 21 to 30 which is equal to 35.2% and 41 to 50 which are equally 15.9 % and the least group found age group 51-60 which is 4.5% of the respondents. Therefore, greater than 79% of current employees of Ovid Construction PLC are less than age group of 40 years. So, the majority of current employees are young and mature active enough professionals.

Item 3 of the table also points toward the marital status of the respondents. Accordingly, 48.9 % of the respondents currently working in the organizations are married whereas 51.1% are single.

Item 4 of the table is concerning the educational qualification of the respondents. Consequently, the largest numbers of the respondents are certificate holders which are 29.5 % of the respondents followed by degree holders 28.4%, diploma holders and High school graduates 25% and 11.4% are whereas only 5.7 % of the respondents are Masters Holders. Depending on the respondents' response, one can conclude that the majority of employees in the organizations are professional.

Item 5 of the table is regarding the working experience or service years of the respondents in the organizations. It indicates that 43.2% of respondents have been working in the organizations for 1 to 2 years, 39.8 % for 2 to 3 years, 10.2% greater than 3 years and only 6.8 % of respondents have been working for less than 1 year. Therefore, the majority of the respondents have been working for 1 to 2 years in the organizations.

Item 6 of the table is regarding the job category of the respondents in the organization. It indicates that 73.9% of the respondents are employees whereas 19.3% supervisors and the rest 6.8% are top level managements.

4.2 Data Analysis Pertaining to the Study

This section is the data analysis pertaining to the study it presents the frequency distribution of respondents' opinion on different thematic areas. The data obtained from questionnaire and interview was treated in combination. In addition, the organization's procurement policy would be analyzed with reference to the best practices and integrated with the analysis of questionnaire and interview data.

Each of them described by using frequency and percentage as captioned below.

4.2.1 Procurement Process Practice

In this section responses obtained on the general consideration of procurement process is presented and interpreted.

Table 2: Procurement Process Practices

S. No	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	OVID has clear policy and procedure of Procurement Process.	0	0	23	26.1	18	20.5	40	45.5	5	5.7	86	100
2	Procurement team strictly follows the policy and procedure.	0	0	30	34.1	22	25.0	35	39.8	1	1.1	88	100
3	The procurement process is nondiscriminatory regarding Procurement principles.	0	0	38	43.2	2	2.3	43	48.9	5	5.7	88	100
4	The organization efficient procurement processes ensures continuity of supply of materials.	0	0	34	38.6	18	20.5	36	40.9	0	0	88	100
5	The electronic procurement is effective in responding to needs of users and applied by Ovid.	1	1.1	62	71.6	4	4.5	21	23.9	0	0	88	100

Source: Own Survey, 2016

As shown in the above table the first statement is regarding Ovid has clear policy and procedure of procurement process and majority of the respondents which is, 45.5%, of them are agreed about there is clear policy and procedure of Procurement Process, followed by 26.1 % and 20.5 % of respondents who disagree and neutral respectively. On the other hand 5.7% of the respondents strongly agree that OVID has a clear policy. Hence, considering the total number of respondents , 46.6%, who are neutral and disagree about the presence

of Ovid Procurement Policy we can conclude that significant number of the respondents are not aware about whether OVID has clear procurement policy or not. From interview with the staff members under the procurement unit it was learned that OVID has clear policy which is being implemented starting from February 2015.

Thus, we can say that OVID has policy which significant numbers of the staff members are not aware of it, this can be an indication of lack of transparency in procurement practices. In addition, the necessary induction and periodic refreshment trainings about the internal policy and procedure of the organization may not be properly given.

The second statement is about whether procurement department strictly follows the procurement policy and procedure in relation to procurement practice or not. Accordingly, as indicated in the above table majority of the respondents which is, 39.8 %, are sure about it followed by 34.1% and 25% of respondents who disagree and neutral about it. On the other hand there are 1.1 % respondents who strongly agree that the unit follows the policy and procedure. Here it can be conclude that the majority of the respondents are not aware about the policy or they are not satisfied by the procurement unit activity inline the proper practicing of the procurement activities, possible reasons for this dissatisfaction are lack of consistency at implementation, lack of credibility, lack of transparent procedure at every step and the like. From interview with the procurement staff members it was learned that OVID has clear policy of procurement process which is being practiced. However, there might be very rare inconstancy case due to work overload of the unit, in relation to this it was also mentioned that the staff members in the procurement unit are always engaged with the routine and unplanned activities, that couldn't allow them to do the procurement practice strategically. Specially on applying proper procurement method there is a gap for the reason that of unplanned (urgent) requests that the unit entertained in order to consume less time. Most of the time request for quotations & direct procurement methods applied.

Thus, we can say that OVID procurement team follows the policy and procedure since majority numbers of the staff members agree about it; but there is a gap on applying all procurement methodseven though it is common that each method has its own advantage and drawback, this can be an indication of lack of proper planning in procurement practices.

The third statement shows the summary of respondents' response on the factor the procurement process is nondiscriminatory regarding value for money i.e. insure economy,

efficiency and effectiveness, transparent to all concerned parties, Ensure accountability for decisions made and measures taken in the execution of procurement. Accordingly, out of 88 respondents majority of the respondents, which is,48.9%, agree that the procurement procedure is nondiscriminatory followed by 43.2% respondents who are disagreed about it and 5.7% respondents strongly agree and at last 2.3% respondents not sure. From interview with the procurement team member it was learned that procurement principles are not complete enough for all accepted principles. It was learned that there is a gap on transparency, maximizing value for money and segregation of duties. Therefore, even though the result from respondents shows procurement procedure is non-discriminatory regarding procurement principles. There is gap on transparency, approval of the procurement, accepting delivery of the goods, authorization for payment and maximizing value for money.

The fourth statement about Ovidensures continuity of supply of materials. Accordingly, majority of the respondents, 40.9%, of them are agreed about followed by 38.6% of the respondents who disagree and 20.5 % of them who are not sure about it.

Therefore, form this we can understand that significant amount, 59.1%, of the respondents disagree and not sure about it, as a result Ovid doesn't supply materials continually. This is not a good practice because this is the only way in which organizations can achieve their operational goals.

The last statement shows the summary of respondents' response on the applying of internet to operate the procurement process. Accordingly, out of 88 respondents majority of the respondents, which is,71.6%, disagree that the procurement process did not applied electronic procurement followed by 23.9% respondents agree about it and 4.5% respondents who are not sure about it and at last 1.1% respondents strongly disagree. From interview with the procurement staff members it was learned that the team try to apply e-procurement in rare cases like sending and receiving of documents such as purchase orders, bills of loading, RFQ invoices, delivery confirmations and the use of online catalogues.

Therefore, based on the above information we can conclude that the procurement process did not apply electronic procurement extensively. Thus, by not having e-procurement system the organization might lose some level of transactional accuracy and incur additional cost which can also be reduced by applying the system.

4.2.2 Need Identification

Need identification is the first procurement process for operational sustainability. In this section responses obtained on the OVID Need identification practices presented and interpreted.

Table 3: Need identification practices

S. No	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	Procurement Process always starts with need identification.	2	2.3	31	35.2	0	0	49	55.7	6	6.8	88	100
2	The process of need determination from work schedule of the unit.	0	0	43	48.9	1	1.1	34	38.6	0	0	88	100
3	There is a format in which every unit identifies their procurement need.	0	0	23	26.1	1	1.1	60	68.2	4	4.5	88	100

Source: Own Survey, 2016

The first statement shows the summary of respondents' response on need identification of procurement process. Accordingly, out of 88 respondents' majority of the respondents, which is, 55.7% agree that the procurement process starts with need identification followed by 35.2% respondents disagree about it and 6.8% respondents strongly agree whereas 2.3% respondents strongly disagree. Therefore, based on the information we can understand that the need identification of Ovid procurement process has contribution operational sustainability.

The second item is the summary of respondents' response on need determination from work schedule. Accordingly, out of 88 respondents those who are agree 38.6% and 12.5% not sure about it. Which are 48.9% respondents which hold the majority number from the respondents disagree. Therefore, we can conclude that there needs are not determined from daily activities of individuals and departments in addition did not provide basic information or input for the budget and procurement plan.

The last statement is on the factor, the need identification has its own consistent format which is applicable to consolidate overall organization need. Consequently, out of 88

respondents majority of them, 68.2%, are agree about the format whereas 26.1% disagree while 4.5 % of them strongly agree and 1.1% are not sure that the need identification doesn't have a consistent format. Hence, from this we can conclude that OVID has a format for itsper-ordering stage for the notification of need to purchase.

4.2.3 Determine Specification

After the need identification the second stage of procurement process is determination of specification; accordingly in this section responses obtained on the determination of specification practice were presented and interpreted.

Table 4: Determine specification practices

S. No	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The Process determines specification involves the user units.	1	1.1	22	25	7	8.0	56	63.6	2	2.3	88	100
2	There are various forms of determine specification(like technical, functional, performance, sample and design)	2	2.3	49	55.7	10	11.4	29	33.0	0	0	88	100
3	Specification preparation always avoid of brands.	0	0	36	40.9	9	10.2	43	48.9	0	0	88	100

Source: Own Survey, 2016

The first statement is about the process of determining specification involves the user units or not. Consequently, summary of respondents' response on the factor shows majority of the respondents 63.6 % agree that the determination of specification involves user units followed by 25% of respondents who disagree and 8% of respondents who are not sure about it while 2.3% strongly agree and 1.1% strongly disagree. From this we can conclude that, the determination of specification is done in proper way by involving the user unit which is very good practice since specification is a communication tool used by

procurement to communicate the need of the organization to the external users that has interest in product or service in question.

The second factor is on the determine specification has its own consistent format (like technical, functional, performance, sample and design) which is applicable to identify detail specification. Accordingly, majority of the respondents, 55.7 %, disagree about it, 33% respondents agree about it whereas 11.4% respondents' not sure and 2.3 % respondents strongly disagree about the format. From interview with staff members under procurement team it was learned that OVID did not have various formats for determine specification rather all directorate use their own format for preparation of specification. From this we can generalize that the determination of specification lack consistent format that can affect the procurement effectiveness, which is unacceptable practice.

The third factor is on the summary of respondents' response on avoid of brands for determine specification. Consequently, out of 88 respondents majority of them, 48.9%, agree about it followed by 40.9% respondent disagree that the determination of specification avoid brand while 10.2% not sure about it. From interview with the procurement staff members it was learned that brand indicated for items like spare parts and some items.

Hence, from this we can also conclude that this limits competition to some extent in perfect competitive environment and limit customers' preference.

However, each has its own merit and demerit side which need to be identified and analyzed before choosing a type. Specification preparation should be devoid of brands which will not limit competition but rather present specification which open to everybody to participate in order to achieve value for money.

4.2.4 Sourcing Supply

Sourcing is identification of location of supply in the market place based on material requirement; accordingly in this section responses obtained on the sourcing supply practice were presented and interpreted.

Table 5: Sourcing supply practices

S.No	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The organization has a supplier list for most frequent procured items.	0	0	30	34.1	4	4.5	53	60.2	1	1.1	88	100
2	Sourcing always identified through supplier roster of the organization.	4	4.5	52	59.1	13	14.8	19	21.6	0	0	88	100
3	The sourcing activities always include detailed sourcing process (like request for quotation, Specification and other supporting documents).	1	1.1	50	56.8	3	3.4	34	38.6	0	0	88	100

Source: Own Survey, 2016

Generally, as shown in table 6 items no 1, 60.2%, of the respondents agree that the organization has a supplier list for most frequent procured items, 34% disagreed, while 4.5% not sure about it and 1.1% strongly agree. This means that the organization has suppliers' data base in this regard the sourcing will be easily facilitated for most frequent procured items. This is also verified on the interview with procurement team.

The second statement is on the factor that the sourcing identified from supplier roster of the organization. Accordingly, summary of respondents' response on the factor shows out of 88 respondent's majority of them, 59.1%, are disagree about case followed by 21.6% agree about it and 14.8% who are not sure about it, on the other hand 4.5% who strongly disagree about it. From the interview with procurement representative supplier evaluation procedure is not applicable due to work load. Hence, from this we can also conclude that most of the time the sourcing did not identified from supplier roster of the organization. Thus we can say that the supplier roster did not have potential supplier in order to act as per the listed and there is a gap on supplier evaluation that can contribute a big role for supplier roster update.

The final statement is on the detail sourcing process activities. Accordingly, respondents' response on the factor that sourcing activities were include detailed sourcing process (like request for quotation, specification and other supporting documents) that are required for the sourcing activities indicates out of 88 respondents, 56.8%, are disagree about case

followed by 38.6% agree, and 3.4% who are not sure about it. On the other hand, there are also 1.1% respondents who strongly disagree. From the interview with the procurement staff member it was learned that there is a gap on providing all supporting document for sourcing. Hence, from this we can conclude that there is a gap on sourcing stage that includes, activities or processes like enquires or request for quotation which are sent to suppliers, accompanied by additional documents, such as drawings, specification and any document or information that will enable potential suppliers to submit a quotation.

4.2.5 Enquiry and Evaluation

Enquiry and Evaluation is very important in the procurement cycle, as a result in this section responses obtained on OVIDenquiry and evaluation practices were presented and interpreted.

Table 6: Enquiry and evaluation practices

S.No	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The suppliers always provide detail information (financial detail, equipment and facilities, management skill and reference to assess)	3	3.4	34	38.6	5	5.7	46	52.3	0	0	88	100
2	Procurement team always determines the technical and financial capabilities and competencies of the source identified.	0	0	48	54.5	5	5.7	35	39.8	0	0	88	100

Source: Own Survey, 2016

The first statement is to identify whether detail information provided by the supplier or not. Accordingly, the summary of respondents' response on the factor there is always detail information provided by supplier (like financial detail, equipment and facilities, management skill and reference to assess) shows out of 88 respondents, 52.3%, are agree about the case followed by 38.6% respondents disagree, and 5.7% who are not sure about it. On the other hand, there are also 3.4% respondents who strongly disagree. Hence, from

this we can conclude that most of the time suppliers provide detail information to analysis potential source.

The Second statement is to identify whether the procurement team determines the technical and financial capabilities and competencies of the source or not. Accordingly, respondents' response on the factor that shows out of 88 respondents, 54.5 % and 39.8% of respondents are disagreed and agreed respectively followed by 5.7% of the respondents who are not sure. From the interview with the procurement team member the analysis of potential sources in most cases focus on technical and financial capacities. Even though the procurement team member said the analysis of potential sources in most cases focus on technical and financial capabilities there is a gap to determine the technical and financial capabilities and competencies of the source in most cases as per the respondent result. This will affect the quality of the output (product) to be procured.

4.2.6 Negotiation

Negotiation is where substance issues are properly resolved, relationship can be developed and an agreement reached in enhancing performance to attain efficiency and harmonization. Accordingly, in this section responses obtained on negotiation practice were presented and interpreted.

Table 7: Negotiation practices

S.No	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
		1	Adequate preparation of planning, information gathering, and analysis and clear objectives serve as a guide of negotiation.	0	0	29	33.0	15	17	44	50	0	0
2	The organization does adequate planning and research ahead of negotiations.	2	2.3	43	48.9	5	5.7	38	43.2	0	0	88	100

Source: Own Survey, 2016

As indicated in the above table, the first statement shows the summary of respondents' response on the factor of adequate planning and research ahead of negotiations. Consequently, out of 88 respondents, 48.9%, are disagree about case followed by 43.2% respondents agree about it, and 5.7% who are not sure about it. On the other hand, there are also 2.3% respondents who strongly disagree. From interview with the procurement team in most case the team collect information from different sources and try to analysis the information before negotiation. Even though the procurement representative say so, from the respondent response we can conclude that most of the time adequate planning and research are not applied in proper way ahead of negotiation this can cause unsuccessful result for the organization to arrive at a win- win situation.

The second statement is regarding adequate preparation of adequate preparation of planning, information gathering, and analysis and clear objectives serve as a guide of negotiation, accordingly as shows in the above summary of respondents' response on the factor indicates out of 88 respondents, majority of the respondents which is, 50%, agree followed by 33% of respondents who disagree and there are also 17% of respondents who are not sure about it. Accordingly form this figure we can understand that the majority of respondent believe that adequate preparation of planning, information gathering, analysis and clear objectives serve as a guide of negotiation. Therefore the procurement team should improve the practice of adequate planning and research ahead of negotiation.

4.2.7 Ordering and Progressing

Contract management is the process that enables the agency and supplier to meet their obligations in order to deliver the objectives required from the contract, on time, to quality and specification and within budget.

In this section responses obtained on ordering and progressing process of procurement were presented and interpreted.

Table 8: Ordering and progressing practices

S.No	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The procurement team always issues a notification of order or contract to successful supplier or contractor to deliver the product or service.	5	5.7	29	33.0	4	4.5	48	54.5	5	5.7	88	100
2	Formal contract document always drawn up using the agreed terms and conditions and sign by both parties.	0	0	22	25.0	5	5.7	61	69.3	0	0	88	100
3	The procurement team always follows on time confirmation of the awarded supplier.	1	1.1	33	37.5	1	1.1	41	46.6	0	0	88	100

Source: Own Survey, 2016

As captioned in the above table the first statement is regarding the notification of order or contract to successful supplier or contractor. Accordingly, the summary of respondents' shows out of 88 respondents, 54.5% , are agree about the case followed by 33% who disagree about it , and 5.7% who strongly agree about it. On the other hand, there are also 5.7 % respondents who strongly disagree and 4.5% who are not sure about it. From interview with procurement team member the company issue purchase order or contract to major purchases especially for bulk procurement. Hence, from this we can conclude that a notification of order or contract is issue to the successful supplier or contractor to deliver the product or service.

The second statement is on the factor formal contract document always drawn up using the agreed terms and conditions and sign by both parties. Accordingly, out of 88 respondents, majority of the respondents, 69.3%, agreed that formal contract document signed by both parties followed by 25 % of the respondents who disagree about it and 5.7% are not sure about it. Accordingly form this we can conclude that most of the time formal contract document drawn up using the agreed terms and conditions and sign by both parties.

The final statement is on the timely confirmation of the awarded supplier. Accordingly, respondents' response on the factor that out of 88 respondents, 46.6%, are agree about case followed by 37.5% disagree about it, and 14.8% who are not sure about it. On the other hand, there are also 1.1% respondents who strongly disagree. Hence, from this we can conclude that the procurement team confirms the awarded supplier on time.

4.2.8 Delivery of Goods

In this section responses obtained on delivery of goods were presented and interpreted.

Table 10: Delivery of goods practices

S.No	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
		1	Delivery always involves checking of product and service with the agreed specification by notified the receipts (user unit).	0	0	27	30.7	8	9.1	53	60.2	0	0
2	The procurement team always managed the contract to insure early delivery.	0	0	42	47.7	6	6.8	40	45.5	0	0	88	100

Source: Own Survey, 2016

As captioned in the above table the first statement is regarding the involvement of user units on checking of specification before receiving product and service. Accordingly, the summary of respondents' shows out of 88 respondents, 60.2% , are agree about the case followed by 30.7% who are disagree, and 9.1% who are not sure about it. Hence, from this we can conclude that most of the time receipts/ user unit are involved at the time of receiving product and service by checking detail specification. Thus the delivered products and services will full fill the agreed specification too serve for intended need.

The second statement is on the factor of insuring early delivery. Accordingly, out of 88 respondents, majority of the respondents, 47.7%, disagreed that the procurement team always managed the contract to insure early delivery followed by 45.5 % of the respondents who agree the case and 6.8% of respondents who are not sure. Accordingly

form this we can conclude that there is a gap on managing contract to insure early delivery. Therefore contractual disputes will be raised for the reason that of expedite work did not done to ensure early delivery as per the agreed period.

4.2.9 Payment and Review

Effecting payment and reviewing the process is the final process of procurement. Accordingly, in this section responses obtained on payment and review were presented and interpreted.

Table 11: Payment and review practices

S.No	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The organization effect the payment as per the terms of contract.	0	0	52	59.1	16	18.2	20	22.7	0	0	88	100
2	The procurement process always ended after reviewing the process (especially for essential products).	3	3.4	49	44.3	14	15.9	32	36.4	0	0	88	100

Source: Own Survey, 2016

As captioned in the above table the first statement is regarding effect the payment as per the terms of contract. Accordingly, the summary of respondents' shows out of 88 respondents, 59.1% , are disagree about case followed by 22.7% who are agree about it. On the other hand, there are also 18.2% respondents who are not sure that OVID effect payment as per the contract. The respondent on interview further indicated that funds allocation for procurement influence procurement performance to a large extent. Hence, from this we can conclude that payments did not treat as per the terms of contract. As a result of this most of the time poor delivery and ineffectiveness of overall performance of the supplying firm as well as poor operational performance.

The second statement is on the factor the procurement process always ended after reviewing the process. Accordingly, out of 88 respondents, majority of the respondents, 44.3%, disagreed about it followed by 36.4 % of the respondents who agree and 15.9% of

respondents who are not sure about it while 3.4% strongly dis-agree about the case. Accordingly from this we can conclude that most of the time procurement process is not ended after reviewing the process. Thus the company is an aware of on the performance of procurement function and cannot act on the improvement if any.

4.2.10 Challenges in Relation to Procurement Practice

The study revealed the challenges faced by Ovid procurement process as per the respondents' response long procurement process and too much paper work by involves quite a number of team; the requester, the purchaser, the procurement officer, the supply chain Director, the technical expert, General manager, finance officer, finance director, cashier, cheque signatory and the supplier. In times when one of these group is missing (due to different reasons), it takes longer time than practiced to get the good/service. Lack of adequate and continuous supply of material also the research indicated lack of know-how on procurement lead-time, some procurement requisitions are received without having the standard specification, in consistent approval and authorization level on approval of purchase order & payments, insufficient budget allocation and Unallocation of procurement fund, late feedback from external market supply, payment delay after delivery of goods and services and delay in providing pro forma invoice from suppliers.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary of the results and the findings based on the analysis conducted throughout the entire study. This research work has attempted to study the assessment of procurement process case of Ovid construction private limited company. Hence, based on the data discussions, analysis and interpretation the following summary of major findings, conclusion and recommendation are presented here under.

5.1 Summary of Major Findings

The main aim of this study is to assess of procurement process case of Ovid construction private limited company. Based on this the following research results are found.

OVID has clear policy of procurement process which is being practiced but most of the respondents are not aware of it. In addition, there are very rare cases for inconsistency in the implementation of the policy due to work over load, senior management intervention and urgent requests that the unit entertained, there is also a gap on continuous supply of material and application of electronic procurement system. On the other hand, regarding procurement principles the procurement process is not complete enough.

Procurement need identification format is standardized but work schedule is not used to determine the user need. Regarding specification the study indicates narrow definition or commercial specification (e.g. use of brand name) is the current practice and it lacks standard format (like technical, functional, performance, sample, brand and design). Thus, procurement requisitions are received without having the standard specification that cause back and forth.

Ovid has suppliers' rooster but not applicable most of the time; which indicate lack of adequate information. Even though, detail information was provided by the suppliers there is a gap on determining the technical and financial capabilities of them at sourcing stage, includes, activities or processes like enquires or request for quotation which are sent to

suppliers, accompanied by additional documents, such as drawings, specification and any document or information that will enable potential suppliers to submit a quotation.

The procurement practice fails to implement different techniques/ methods like bidding (tendering), request for proposals and restricted bidding. Request for quotations and direct procurement methods are which is applied in OVID.

Even though it is mandatory to conduct planning, information gathering, analysis and clear objectives in advance, there is a gap on the preparation of adequate planning and research ahead of negotiations. Notification of order or contract issued to successful suppliers and formal contract document drawn up using the agreed terms of reference and conditions. In addition, the procurement team confirms the awarded supplier on time.

Products received by involving user units by checking detail specification. However, a gap on managing contract to insure early delivery and on time effecting payments observed; the last procurement process which is reviewing the whole contract process are not being performed properly.

With regards to the role of procurement processes in contributing to high performance in the organization, it is faced with lots of challenges. It was observed that the major challenge faced by the organization with regards to procurement process was delay in providing adequate and continuous supply of material. It was also realized that payment to suppliers is very slow after the goods or service have delivered to the organization. Another challenge faced by the organization with regards to procurement process is lack of know-how on the process and lead-time. In addition it was observed that most of the stakeholders do not understand the entire process which leads to confusion here and there.

Much documentation is always a challenge to the procurement unit in the organization; this is as a result of internal administrative procedure that they (stakeholder) go through before an item or a service is acquired or rendered to the organization.

5.2 Conclusions

The following conclusions are drawn based on the basic research questions and the set research objective.

Even though it is not consistent being used, OVID has clear policy of procurement process which is being practiced by procurement unit however, most of the respondents are not aware of it, which shows the lack of transparency and lack of refreshment trainings for staff members.

The procurement practice fails to implement different techniques/ methods like bidding (tendering), request for proposals and restricted bidding. Request for quotations and direct procurement methods are which is applied in OVID. However, most of the time this techniques are effective for the purchase of readily available, standard, off-the-shelf goods and related services and low value simple works or physical services. Even though it is common that each method has its own advantage and drawback, request for quotations and direct procurement methods will restrict the possibility of attainment more suppliers and minimize value for money specially the least possible cost and the best item available.

The procurement practices of OVID are not comprehensive enough to include all the accepted procurement principles. All the principles are not pursued at each stage that causes unfair and improper competition. Thus; these will loss to ensuring economy, efficiency and effectiveness in the execution.

The researcher identify challenges to be tackled which include, delay in providing adequate and continuous supply of material and effecting payment to suppliers, lack of training on the procurement process to stakeholders and much documentation this sometime slows the whole process and cause delays.

5.3 Recommendations

In view of the above conclusions drawn from the findings, the following recommendations were made to contribute to the practices of Procurement Process of OVID. The integral benefits of the identified procurement practices cannot be overlooked; nevertheless, the following recommendations must be well noted.

The procurement practice of OVID needs to be consistent with its procurement policy and best practices. The policy need to match to the accepted practices of procurement process and the procuring body has to follow the procedure firmly. Ensure that workers of the organization or any person engaged in procurement about the policies and trained in how to contribute their role for the process. In addition to that the researchers recommend reviewing of the procurement policy.

The procurement practice of OVID needs to apply all procurement methods/ techniques (request for proposals, restricted bidding, bidding (tendering), request for quotations and direct procurement) in proper place in order to get each method own advantage.

A principle of good procurement practice ensuring probity of action is every organization's duty. The basic principles of good practice that apply to all procurement spending are: Accountability, Openness, Value for money, Lawfulness, Fairness & Integrity by applying these principles sensibly, Ovid can demonstrate they are spending money carefully and properly managing the process for spending it.

The procurement process consists of a number of logical stages. If executed well, each stage will deliver the required results and generate positive benefits. The positive benefits from one stage will lead to stronger results in the next. The continuous 'chain of success' results in increase the beneficial outcomes and stronger overall results.

Procurement is one critical part which involves huge value of Ovid. In cognizant of the challenges it needs to do the following: Team members shall come up with planned procurement requests as per their work schedule, giving reasonable lead-time for procurement and delivery processing end user should be aware of the processes that involve

in order executing the procurement of goods, works, consulting and non- consulting services. All staff shall come up with standard specifications (sample), Bill of quantities, terms of Reference & cost estimates in order to minimize the back and forth. The procurement team shall send updates; status of all requests to connect with the requesters and get constructive ideas for the betterment of the process. Value for money over the whole-of-life, rather than just the initial cost should be considered. Negotiation should be practice if adequate planning and research are made in advance. Finally payments delay most of the time which result in poor delivery and a review of previous procurement, from the identification of needs through supplier selection, performance and results, will greatly inform how you proceed with your project. It provides an opportunity to apply lessons learned.

It is also recommended that electronic procurement or automate the system should be given a critical look; E-procurement should be well-implemented in the organization with a well-functioning system in an organized form of open communication which will therefore help procurement officials to utilized resources efficiently to cut-down cost and unnecessary expenses and too much documentation in the procurement process.

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Appendix A



QUESTIONNAIRE SAINT MARY'S UNIVERSITY MASTERS OF BUSINESS ADMINISTRATION MBA PROGRAM

To be filled by Employees

This questionnaire is prepared to assist a research submitted for research of MBA on the topic of *“ASSESSMENT ON PRACTICE AND CHALLENGES OF PROCUREMENT CASE OF OVID CONSTRUCTION PLC”*. You are kindly requested to respond this questionnaire. Your response will be highly appreciated and all personal information is kept secret. All the information you provide is highly valuable not only for the success of the research but also it will have a contribution to the organization at large.

NB.

- ❖ No need of writing your name

Thank you in Advance for your cooperation!

PART I: Demographic Information of respondents

Instruction: - Encircle the letter of your choice.

1. Gender:

A. Male

B. Female

2. Age (in years):

A. Under 20

B. 21-30

C. 31-40

D. 41-50

E. 51 and 60

F. More

than 61

3. Marital status

- A. Single B. Married C. Divorced D. Widow

4. Educational Qualification:

- A. High school graduate B. Certificate C. Diploma D. Degree E. Masters

5. Work Experience

- A. 0-1 B. 1-2 C. 2 - 3 D. more than 3 years

6. Job category

- A. Management Position B. Supervisor Position C. Employee

PART II: General Questions:

Instruction: - Put the [✓] mark in the box provided.

The following statement relates to the general procurement practice of your organization.

Please indicate your level of agreement/ disagreement by ticking [✓] in the box for your exact feeling based on the scale below.

N.B:-

1= Strongly Agree 2= Agree 3= Neutral 4= Disagree 5= Strongly Disagree

1.	Statements on Procurement practice	Scale				
		1	2	3	4	5
1.1	OVID has clear policy and procedure of Procurement Process.					
1.2	Procurement team strictly follows the policy and procedure.					
1.3	The procurement process is nondiscriminatory regarding Procurement principles.					
1.4	The organization efficient procurement processes ensures continuity of supply of materials.					
1.5	The electronic procurement effective in responding to needs of users and applied by Ovid.					

2.	Statements on need identification	Scale				
		1	2	3	4	5
2.1	Procurement Process always starts with need identification.					
2.2	The process of need determination from work schedule of the unit.					
2.3	There is a format in which every unit identifies their procurement need.					
3	Statements on determine specification	1	2	3	4	5
3.1	The Process determines specification involves the user units.					
3.2	There are various forms of determine specification(like technical, functional, performance, sample and design)					
3.3	Specification preparation always avoid of brands.					
4.	Statements on sourcing supply	1	2	3	4	5
4.1	The organization has a supplier list for most frequent procured items.					
4.2	Sourcing always identified through supplier roster of the organization.					
4.3	The sourcing activities always include detailed sourcing process (like request for quotation, Specification and other supporting documents).					
5	Statements on Enquiry and Evaluation	1	2	3	4	5
5.1	The suppliers always provide detail information (financial detail, equipment and facilities, management skill and reference to assess)					
5.2	Procurement team always determines the technical and financial capabilities and competencies of the source identified.					
6.	Statements on negotiation	Scale				
		1	2	3	4	5
6.1	The organization does adequate planning and research ahead of negotiations.					

6.2	Adequate preparation of planning, information gathering, and analysis and clear objectives serve as a guide of negotiation.					
7.	Statements on ordering and progressing	1	2	3	4	5
7.1	The procurement team always issues a notification of order or contract to successful supplier or contractor to deliver the product or service.					
7.2	Formal contract document always drawn up using the agreed terms and conditions and sign by both parties.					
7.3	The procurement team always follows on time confirmation of the awarded supplier.					
8.	Statements on delivery of goods	1	2	3	4	5
8.1	Delivery always involves checking of product and service with the agreed specification by notified the receipts (user unit).					
8.2	The procurement team always managed the contract to insure early delivery.					
9.	Statements on payment and review	1	2	3	4	5
9.1	The organization effect the payment as per the terms of contract.					
9.2	The procurement process always ended after reviewing the process (especially for essential products).					

10. The following statement relates to the challenges in relation to procurement practices at your organization.

10.1 What are the challenges faced by Ovid construction PLC with regards of purchasing processes?

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Appendix B



REQUEST FOR INTERVIEW

SAINT MARY'S UNIVERSITY MASTERS OF BUSINESS ADMINISTRATION MBA PROGRAM

1. Do you think that Ovid has clear policy and procedure for procurement management? If yes do you think every staff member is aware of the policies?
2. Where does the need for procurement come from? Is it initiated by user due to different reasons or Procurement Plan?
3. Do you think the procurement process is totally free from any bias and any room for misusing?
4. Please briefly explain the procure process your institution uses to procure required materials.
5. What are the procurement methods your organization most of the time and how effective is it?
6. Please would you explain why you chose the methods?
7. Please briefly explain how you ensure value for money in your procurement process?
8. Do you have supplier evaluation criteria?
9. What are the major challenges that Ovid face in the procurement process, briefly explain?
10. Do you think that there are any obstacles in purchasing of goods and services?
If u says yes, explain it briefly.
11. What measures should be taken to improve the procurement process?

Statement of Declaration

I Daniel Berecha, hereby declare that the work entitled the assessment of procurement process case of Ovid construction private limited company is the outcome of my own effort and study and that all sources of materials used for the study have been acknowledged. I have produced it independently except for the guidance and suggestion of my Research Advisor Tiruneh Legesse (Assistant Professor). This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the award of Master degree in Business Administration.

Daniel Berecha

St. Mary's University, Addis Ababa

Signature

December, 2016

Letter of certification

This is to certify that Daniel Berecha has carried out this project work on the topic the assessment of procurement process case of Ovid construction private limited company under my supervision. This work is original and suitable for the submission in partial fulfillment of the award of Master Degree in Business Administration.

TirunehLegesse (Asst.Professor)

Research Advisor

St. Mary's University, Addis Ababa

Signature

December, 2016