



St. Mary's University
School of Graduate studies

The Challenges and Prospects of
Procurement Framework Agreement Practice:
The Case of ethio telecom

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Addis Ababa, Ethiopia

THE CHALLENGES AND PROSPECTS OF PROCUREMENT FRAMEWORK
AGREEMENT PRACTICE: THE CASE OF ETHIO TELECOM

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School of Graduate Studies

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Business Administration

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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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DECLARATION

I hereby declare that this thesis is the result of my own research work towards the partial fulfillment of the requirements for the Degree of Masters in Business Administration in St. Mary's University. It contains neither material previously published by another person nor that has been accepted for the award of any other degree of the university, except where I have made explicit references to the work of others.

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APPROVAL

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LIST OF ACRONYMS/ABBREVIATIONS

BPR	Business Process Reengineering
CISP	Chartered Institute of procurement and Supply
FA	Framework agreement
OGC	Organization Government Commerce
PPPAA	Public Procurement and Property Administration Agency
SPSS	Statistical Package for Social Science
TCO	Total Cost of Ownership

ABSTRACT

One way having strategic sourcing is through entering procurement framework agreement with potential suppliers in order to get, to sustainable supply of goods, service and works, to reduce costs, to improve performance and to achieve an intended goal every company must give emphasis to sourcing function. The objective of this study was to investigate the challenges and prospects of procurement framework agreement practice in ethio telecom. The research objectives were developed to address the application and practice of procurement framework agreement, cost efficiency and excellence on the procurement process, suppliers' performance, procedure assurance and support of strategic corporate procurement process with regard to procurement framework agreement. A descriptive research design was adopted in this study and Stratified random sampling technique was used to select the questionnaire respondents. The respondents were top level management, Middle level Management, supervisors and staffs. A total of 99 questionnaires are collected from the expected 107 questionnaires and data were analyzed using mean, frequency and percentage. The major finding of the study showed that there exists a problem in the applicability of procurement framework agreement in terms of proper procurement planning, specification development, identifying the right, capable potential suppliers, low supply chain responsiveness from suppliers' side, price fluctuation during contract period, win-win negotiation problem, improper contract management and suppliers handling management. From the findings, this study recommends to have partnership level of agreement with suppliers and create awareness of the forecasted annual procurement plan for smooth supply chain implementation. Adequate trainings for staffs to handle well equipped planning and specification development, implementation of market survey for price fluctuation during contractual period and strong assessment on suppliers' performance and build strong suppliers relationship management with early suppliers' involvement for sharing information, technological capabilities, knowledge, technical skills and experience.

Keyword: Framework agreement, call-off contract,

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Every business has strong wishes to become constantly on the right track for business endeavor. Today's rapid changes in the technology and business world have made an organization to re-think about their strengths on major inputs. Procurement importance to organizational competitiveness is increasingly being noted that most of their sale was spent on purchased materials and service (Baldi & Vannoni, 2011). The major inputs that an organization uses to achieve their objectives and improve their qualities are: human, financial, material and information resources. Material resources are the major one of the organizations that encompasses high inflow of materials, services and works and outflow of money. The materials to be purchased from the right sources of supply and would have to conform to required quality levels and delivery schedules.

As pointed out by Wall (2007), Strategic sourcing is growing at a rapid rate throughout the world because organizations view it as a way to achieve strategic goals, improve customer satisfaction and provide efficiency and effectiveness services. Strategic sourcing enables an organization to identify and select suppliers through strategic long-term partnerships, by providing benchmarks, laying emphasis on supplier performance and providing feedback to suppliers.

As stated on the study of Nyongesa and Wagoki (2015), one way having strategic sourcing is through entering procurement framework agreement with potential suppliers in order to get, to sustainable supply of goods and service and works, to reduce costs, to improve performance and to achieve an intended goal every company must give emphasis to sourcing function. Framework agreements are becoming more popular as they represent a smarter way of purchasing than placing 'one-off' orders for recurrent contracts for works or supplies; by, for example, optimizing volume purchasing discounts and minimizing repetitive purchasing tasks.

According to Public Procurement and Property Administration Agency (PPPAA, 2011) Framework Agreement means a basic agreement with supplier which sets out terms and conditions

that allow public bodies to order goods or services throughout the term of the agreement under the terms and conditions specified in that framework agreement (i.e. it provides mechanism for calling off purchase orders from a catalogue of goods or services as and when public body needs to buy something within the scope established for the Framework Agreement). A Framework Agreement sets out the terms and conditions for subsequent call-off contracts but places no obligations on the public body to place future purchase orders, does not require or obligate public body to issue any minimum number or value of purchase orders, and does not guarantee any minimum or maximum amount of expenditure under the Framework Agreement. There is no funding obligated by this Framework Agreement and no claims for payment may be made by the supplier directly against the Framework Agreement. Issuance of purchase orders to obtain the supplier's goods or services hereunder is wholly within the discretion of public bodies and nothing herein shall be construed to limit public bodies' use of other Suppliers to supply similar goods or services

Frameworks agreements aggregate in one initial stage a large part of the administrative burden of a procurement process. This would be expected to lead to significant cost savings, particularly if the number of subsequent contracts within the framework is high. Framework contracts have lower costs than any other form of procurement and the savings are found both for authorities and for firms. They also perform better compared to other forms of procurement in terms of the number of bids that they attract. This, however, should be balanced against the much lower level of competition that will exist at the time of each contract under the framework. The study tried examine the challenges and prospects procurement framework practice in the case of ethio telecom with regard to cost efficiency, excellence of procurement process, strategic support and suppliers' performance, selection as well as relationship management.

1.2 Statement of the problem

The purpose of this study is to examine the challenges and prospects related with procurement framework agreement, identifying gaps and recommends improvement areas in the case of ethio telecom. According to Carter (2000), organizations have transformed their purchasing capabilities into competitive advantage. He further noted that, today, proactive firms are expected to control their purchasing operations to build competitive advantage. In order to get a competitive advantage of any organization, sourcing activities need great attention. Therefore, it is essential that

organizations should apply different types of strategic sourcing processes, but these procedures should be tightly related to the overall strategy of the company and to customers' needs.

In Ethiopia, procurement framework agreement is a recent practice and it is found to be at the preliminary stage to prosper as strategy procurement management tool since the market is not as such developed to provide the required products and services in the required demand. According to framework agreement manual (PPPAA, 2011), all government organizations are obliged to use framework agreements for the procurement of common user items identified by the Public Procurement and Property Administration Agency. The length of the framework agreement (under the Procurement and Property Administration Proclamation) will be a maximum of three years. Annual report of 2014, Procurement and Property Administration Agency report (PPPAA) stated that, more than 60% of the total public expenditure has been spent through public procurement in a year. This huge amount of money spent via government organization procurement need special attention on how to handle the process.

It was observed that ethio telecom as government organization, has taken different measures and actions to improve the centralized procurement system through business process Reengineering (BPR) and to enhance efficiency and effectiveness in ethio telecom procurement operations by providing the desired materials and services in terms quantity, quality at the right time and price.

As the need to emphasize on the procurement value-added activities, ethio telecom has considered framework agreement as strategic procurement decision to get best products and services on timely basis, minimizing price fluctuation problem during the contract period, poor contract administration, non-performance of the suppliers, minimize total cost of ownership (TCO) through efficient and effective procurement system. However, during preliminary assessment of procurement framework agreements practice, some of the contracts have failed to deliver the required materials and services throughout the contract period within the desired quality, quantity, price and time. These situations interrupted ethio telecom business and negatively affected the service delivery of the company and created customer dissatisfaction. Therefore, this study investigated the problems related to framework agreements and identified gaps and recommendation for improvements areas so that the company can get best output from strategic procurement framework agreement methods.

1.3 Research Questions

The following were the research questions addressed in the study.

- i. The current practice of procurement framework agreement in ethio telecom.
- ii. What are the existing problems related to Procurement framework agreement practice?
- iii. Status of suppliers' performance execution, selection and relationship management in framework agreement contracts?
- iv. To what level cost efficiency and excellence brings through framework agreement on the procurement process?
- v. To what level procurement procedure assurance while applying Framework agreement?
- vi. What benefits obtained with regard to strategic corporate procurement for ethio telecom engaging in procurement Framework agreement?

1.4 Research objective

1.4.1 General objectives

The overall objective of this research is to examine the challenges and prospects of procurement framework agreement.

1.4.2 Specific objectives

- i. To review the application and practice of Procurement Framework Agreement
- ii. To review framework agreement brings cost efficiency and excellence on the procurement process.
- iii. To examine suppliers' performance in Framework Agreement engagement.
- iv. To review procedure assurance in procurement process using Framework agreement.
- v. To examine Framework Agreement support in strategic corporate procurement

1.5 Scope of the study

Ethio telecom is well-organized at corporate and region/zones levels to provide its telecom service across the country nationwide. The research is delimited geographically at ethio telecom Head office and six zonal offices. The study mainly focused on the challenges and prospects related with procurement framework agreement through assessing applicability and practice of FA, cost

efficiency and excellence, suppliers' performance procedure assurance and strategic procurement support. The methodology used on this study adapted descriptive research design and stratified random sampling technique was used to select the questionnaire respondents with convenience sampling technique. The study collected primary data through well-structured questionnaire and adopted quantitative research methodologies.

1.6 Limitation

The limitation to this research was the shortage of related literature and verifiable research works in the Ethiopian context.

1.7 Significance of the Study

The study insights the challenges and prospects related to Procurement Framework Agreement of ethio telecom in relation with cost efficiency, procurement procedure assurance, supplier performance and applicability.

The result of this study will help the company decision makers to perceive the existing problem and prospects of procurement framework agreement in order to take corrective remedies on policies, procedures and manuals which will benefit for timely delivery of goods and services within reasonable price, time, quantity and quality, partnership development with suppliers and the overall effect leads to the success of the company. The study will also be used as secondary source of information.

1.8 Operational definitions of Key Terms and Concepts

Framework agreement - An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular terms as to price and where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies. (Organization Government commerce, European Union Guidance, September 2008) OGC

Call-off Contract - When awarding call-offs (i.e. individual contracts) under framework arrangements, contracting authorities in the public and utilities sectors do not need to go through

the procedural steps again as long as the rules for setting up the framework agreement were correctly observed in the first place. (Chartered Institute of Procurement and Supply, www.cips.org)

1.9 Organization of the Study

The study focused on the background of the study, the statement of the research problem, research questions and objectives, scope & limitations of the study, and significance of the study incorporated in chapter one. Theoretical literatures related to the study covered in chapter two. Chapter three incorporated research design, methodology, the research type, population of the study, sampling method, sample size, data collection instrument and method of data analysis. Chapter four covered data analysis and interpretation. Finally, chapter five presented summary, conclusion and possible recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

With a wider concept of procurement defined as the acquisition of appropriate goods and/or services at the best possible total cost of ownership to meet the needs of the purchaser in terms of quality and quantity, time, and location. Corporations and public bodies often define processes intended to promote fair and open competition for their business while minimizing exposure to fraud and collusion. (Dobler & Burt 1996).

Framework arrangements are becoming more popular as they represent a 'smarter' way of purchasing than placing 'one-off' orders for recurrent contracts for works or supplies; by, for example, optimizing volume purchasing discounts and minimizing repetitive purchasing tasks. A key aim of a framework arrangement should be to establish a pricing structure; however, this does not mean that actual prices should be fixed but rather that there should be a mechanism that will be applied to pricing requirements during the period of the framework. It should also be possible to establish the scope and types of goods/services that will need to be called-off. (Nyongesa & Wagoki, 2015).

A framework agreement is arrangement each time a buyer uses the agreement and issue a separate order by the consideration term and conditions of the framework agreements. Some organizations call framework agreements 'trading agreements' others might call them standing offers. Blanket orders are a type of framework agreement; they can also be a commitment of any of the purchasing participants to make use of the arrangement but under the terms of which they are entitled to obtain the specified goods or services from the participating suppliers should they wish to do so. In blanket order situations an order number is given to a supplier which the supplier uses invoice and buyers simply call off their requirements against it. (Chartered Institute Procurement and Supply).

In other words, as stated on Organization of government Commerce –OGC (2008), a framework agreement is a general term for agreements with providers that set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement the case

where the agreement places an obligation, in writing, to purchase goods, works or services for monetary interest.

2.2 Different Concepts and Features of Procurement Framework agreement

Every purchasing department wants to achieve a high degree of buying effectiveness and at the same time utilize the resources as efficiently as possible. A number of measurements can be used only as guides in controlling departmental efficiency, but they must be used in a very general way. According to Donald and David (1996), too much emphasis on efficiency can be easily decrease buying effectiveness. The challenge is to determine the optimal level of operating efficiency that still permits personal to do a thorough, proficient job of buying. Because of this problem can never be solved completely. Few absolute standards of efficiency are used in practice. Purchasing and supply management customarily compares trends of efficiency measurements with trends of effectiveness measurements in an attempt to determine the optimal combination which yields a maximum net purchasing profit.

The main rationale for using Framework agreement is to achieve cost savings in procurement by generating economies of scale, as well as in the process of procuring by reducing the administrative burden of issuing multiple tenders. Framework agreements are the main tool used by central purchasing bodies, and these bodies generally achieve the most savings by using Framework agreement, (SIGMA, “Framework Agreements” 2016).

According to Dobler and David (1996), selecting capable suppliers is one of procurement managers’ most important responsibilities. If the supplier selected is capable, then competitive pricing, reliable quality, on-time delivery, good technical service, and other goals of purchasing are more likely to be achieved than if only a mediocre supplier were selected. Buyers must take four important supplier-oriented actions in order to satisfy goals of good purchasing.

These are:

- a. Developing and maintaining a viable supplier base,
- b. Addressing the appropriate strategic and tactical issues,
- c. Ensuring that potential suppliers are carefully evaluated and that they have the potential to be satisfactory supply partners in the future, and
- d. Managing the selected supplier to ensure timely delivery of the required quality at the right price.

2.3 Procurement planning

According to Barasa (2014), Procurement planning is the process of determining what is needed, how much is needed, where and when. It encapsulates a whole lot prior to completing the procurement plan template. Planning entails defining the activities, scheduling and sequencing, planning the requisite manpower and staff required in sufficient quantities and quality, planning the money that should be spent in a time-phased manner and finally planning the information system necessary for effective communication to enhance project monitoring and control.

Tan (2013), stated that in the procurement planning stage, there are; definition of the procurement need, market survey/research, developing requirement documents (thus specifications, statement of work or statement of objectives), developing preliminary budgets and cost estimates, and considering, choosing initial contract types, risk assessment and special terms and conditions. The planning process basically seeks to answer certain questions, these include; what to procure, when to procure, when will the item be needed, where will it be procured, when resources will be delivered, which procurement method is appropriate, what is the effect of untimely purchase on the user unit, which personnel will be involved in the procurement (Basheka, 2008).

2.3.1 Importance of Procurement Planning

Weele (2000), Procurement planning contributes an opportunity for all stakeholders involved in the processes to meet in order to discuss particular procurement requirements with regard to cost of procurement, time, and specification requirement. Tan (2013), discussed also the benefits of procurement planning to ensure procurements are within the budget, meet user's requirements and review suppliers' performance capabilities.

Weele (2000), described the general importance of procurement planning importance stated as;

- a) It helps to decide what to buy, when and from what sources.
- b) It allows planners to determine if expectations are realistic; particularly the expectations of the requesting entities, which usually expect their requirements met on short notice and over a shorter period than the application of the corresponding procurement method allows.
- c) It is an opportunity for all stakeholders involved in the processes to meet in order to discuss particular procurement requirements. These stakeholders could be the requesting entity, end users, procurement department, technical experts, and even vendors to give relevant inputs on specific requirements.
- d) It permits the creation of a procurement strategy for procuring each requirement that will be included in the procurement plan. Such strategy includes a market survey and determining the applicable procurement method given the requirement and the circumstances.
- e) Planners can estimate the time required to complete the procurement process and award contract for each requirement. This is valuable information as it serves to confirm if the requirement can be fulfilled within the period expected, or required, by the requesting entity.
- f) The need for technical expertise to develop technical specifications and/or scope of work for certain requirements can be assessed, especially where in-house technical capacity is not available or is non-existent.
- g) It allows for the consolidation of similar requirements under one contract or the division of a requirement into several contract packages for economies of scale.
- h) It allows for the monitoring of the procuring process to determine how actual performance compares with planned activities, and thus to alert the pertinent departments and adjust the procurement plan accordingly.
- i) It enhances the transparency and predictability of the procurement process.

2.4 Long term contracting

Effective long-term contracts have its own time boundary. Different writers wrote different time boundary for long contracts.

According to Donald and Burt (1996), Entering into 5-15 years supply contract is almost a decision to make the item, for it melds the suppliers & buyers' operation together in a mutual interdependence, where schedules & plans must be classily coordinated & monitored. The strategic advantage to the buyer is greater supply assurance & stability as well as offer a lower acquisition

cost. The supplier's gains assured business & operating stability which should result in a reduction in its long-term cost posture. This may be an incentive to persuade a supplier to develop & produce a product (Supplier development). Before decision can be made on such a strategic arrangement, long term projection on costs advantages & downside risks must be made.

Because of the economics of scale, large quantity buyers generally purchase their high dollar value materials under long contracts. Today contracts extending up to three years, sometimes five, are commonly used for the purchase of regular production materials. Such contracts eliminate duplicate yearly supplier investigation and purchasing administrative efforts. Lower prices and total purchase costs are the natural result. (Dobler & Burt, 1996)

2.5 Purchasing organization

There are two purchasing organization types, centralized and decentralized methods, (Kanepejs & Kirikov, 2018). Each method has its own advantage and disadvantage.

2.5.1 Centralized purchasing

According to Weele (2000), Centralization is defined as the degree to which authority, responsibility and power are concentrated within an organization or buying unit. Centralized purchasing involves having a central location within the organization to buy goods and services for the organization. Centralized purchasing also brings about major bulk discounts because of volume purchases and economies of scale. Often centralization is viewed as a means for complexity reduction, as well as a means for achieving higher efficiency.

Weele (2000), describes a centralized purchasing system as one that gives a department an ultimate authority to make all the buying of goods and services within an organization. In centralized purchasing various departments of an organization make their requisitions through a centralized buying unit which scrutinizes, adjusts and consolidates (puts together) all the orders placed in order to come up with one big order. The consolidation of orders leads to; reduce the purchasing costs, avoid duplication of items (variety reduction), reduced clerical work, reduced prices due to bulk buying, quantity discounts, reduced transportation costs and create better relationship both to the buying organization and the supplier.

Advantage and disadvantage of centralized purchasing

Krajalin (2009), indicates that centralization purchasing will bring saving due to bulk purchases, reduce transaction, minimize of duplication of efforts, build high level of trust and confidentiality, will give negotiation power, develop world class transactional and sourcing business systems, develop professional procurement management routines, extract value from the supply chain base and optimize spend across our organizations.

On the contrary, Munson (2007), stated that centralized purchasing has high coordination cost, lack of relationship with local suppliers, inefficiency in central purchasing operation, lack of timely response.

2.5.2 Decentralized purchasing

According Krajalin (2009), decentralized purchasing, where purchasing is done by individual plant or division managers or where individual departments or separate locations handle their own purchasing requirements. Decentralized purchasing involves having the procurement managers, project, subsidiary, office or departments purchasing their own products or services.

Advantage and disadvantage of decentralized purchasing

Krajalin (2009), clearly pointed out the advantage and disadvantage of decentralized purchasing. Decentralized purchasing will benefit the company on fast response on decision making process, materials can be delivered timely when they are required, empower employees, create better accountability, materials can be purchased in right quantity of right quality and accommodate flexibilities.

The drawbacks related to decentralized purchasing is evidenced on duplication of effort and asset, no tight control, non-availability of the desired materials and lack of power for negotiation.

2.6 Importance of Procurement Framework Agreement

Properly used contract buying can yield several significant benefits. The major advantages grown from the continuing collaborative relationships that can be developed with the suppliers during the contract period, such relationship facilitates the development of improved control of material

quality & costs as well as delivery and service arrangements. A long-term agreement also usually produces a significantly better pricing arrangement than is possible for shorter term, small volume purchases.

From an internal managerial point of view, term contracting has several important advantages since the supplier review & selection effort is undertaken only once every year or two, the buying organization can utilize a review team of specialist to conduct a comprehensive, detailed investigation of the market and individual potential suppliers. Thus, both efficiency & effectiveness are improved. Likewise, paperwork's is reduced, and ongoing ordering efficiency is increased. (Organization Government commerce, European Union, September 2008)

Term contracts clearly can be utilized most effectively in markets that are reasonably stable and predictable. Although an incentive or cost-type contract is sometimes used, typically such agreements are structured with a firm fixed price contract or a fixed price with escalation/de-escalator clause-type contract. Contract buying is used for as many of the high value items as is practical simply because it can provide a more manageable. Cost-effective buying situation. Many of the progressive firms target approximately 80% of their dollar expenditure for contract buying. (Dobler & Burt, 1996).

As per Chartered Institute Procurement and Supply, frameworks may not always be a suitable procurement strategy and contracting authorities need to assess whether or not they are suitable for the acquisition of particular goods or services. In general, where framework agreements are put in place, they should provide an economic and efficient means of purchasing and supply. Their use should be generally advantageous and more beneficial to authorities than carrying out standard tendering procedure for individual requirements. It would be expected, therefore, that they would be generally used by the participating authority or authorities for works, supplies or services which are the subject of a framework agreement. However, purchasing outside the framework is not precluded where, for instance an authority believes that the terms of the framework do not fit a particular requirement or that more advantageous terms can be obtained outside the framework.

2.7 Advantages and Challenges of Framework Arrangement

2.7.1 Advantage of Procurement Framework Agreement

According Organization of government Commerce –OGC (2008), Framework arrangements can provide many benefits to the buying organization by bringing flexibility to the public procurement function. It provides a transparent and competitive mechanism whereby contracting authorities can place contracts with suppliers in the framework without having to carry tendering procedures, which will have high benefit by avoiding duplication and rework. This mechanism will help to reduce administrative cost and save time from tendering process. It will also help to develop competitive on price, quality, and ensure better service.

2.7.2 Challenges of Procurement Framework Agreement

Since Framework procurement bases on the implementation of future transaction, it is full of uncertainty. Managing any activity in the future is not free from different challenges. Zhang (2009) described the challenges of Framework agreement;

1. Low supply chain responsiveness: A low level of supply chain responsiveness is often observed when goods and services are purchased from remote countries. Supply chain executives need to analyze opportunities from skills, experience, organization and cultural perspective, to determine what process, procedure and systems are to be put in place to deploy an agile supply chain.
2. Unstable supply: Many of us have experienced supply disruption as the result of increasing material and energy cost in the common low procurement cost supply markets. Developing supply alternatives should be a continuous task to procurement managers.
3. Quality and environmental concerns: As buying companies, often overlook the importance of introducing strict control and audit mechanisms at remote supply sites to ensure high quality and environmentally sound products and services are being purchased.
4. Insufficient supply chain coordination: How should we coordinate along the supply chain? Internally, the interaction across your demand planning, procurement, purchasing, R&D, manufacturing operations, warehousing, distribution and other logistics functions, determines the

systemic health of your supply chain. Externally, the connectivity to your suppliers and your customers to a certain degree, determines your company's supply chain efficiency and effectiveness.

5. Lack of genuine partnership: Cross-enterprise collaboration between buyer and suppliers are going to be vitally important to your success on a global scale. A true partnership comes with honesty, integrity, understanding and transparency. It's often easy to say, but hard to do.

2.8 Procedures of Framework agreement

The Government of Ethiopia proclaimed the Framework agreement procedures on proclamation number 649/2009 with the aim efficient public procurement. As per the declaration the general procedures are listed below.

1. Framework contracts may be used to fulfill similar procurement requirements of various public bodies or recurrent procurement requirements of a public body.
2. The following procedure of framework contract shall be followed to meet similar procurement requirements of public bodies within a given time frame:
 - A) The agency shall undertake a survey of the similar requirements of public bodies, issue a list of goods and services constituting such requirements and update the list regularly;
 - B) Public bodies shall prepare a forecast of their requirements of goods and services falling under the list mentioned in sub-Article 2(a) of this Article and communicate the same to the body authorized to conduct large procurements;
 - C) The body to be established in accordance with Article 60(1) shall conclude and administer frame work contracts in the manned prescribed herein and the directive;
 - D) Public bodies shall on the basis of the framework contract signed by the central body of procurement conclude the procurement by making order with the suppliers of goods and services that they require;
 - E) The order that public bodies place with the suppliers for goods and services of their requirements under the framework contract shall confirm to the terms of the framework

contract regarding price, terms of payment and other matters related to the execution of procurement.

3. Except in cases provided for in article 37(11) herein public bodies shall not be allowed to vary unit prices and such other fundamental terms of the framework contract when placing order for goods and services, however, the public body and the supplier may agree on terms that have not been dealt with in the framework contract when placing order for goods and services. However, the public body and the supplier may agree on terms that have not been dealt with in the framework contract or that do not materially affect the framework contract;
4. The framework contract shall be awarded through open bidding procedure and may remain valid for three years;
5. In procuring goods and services under a framework contract to fulfill their recurrent requirements, public bodies shall have to adhere to the criterion of fixing prices of goods and services to be established in the directive Frameworks for supplies, services and works are allowed under the new provision

As per the directive 2004/18/EC of the European parliament and of the council of 31, March 2004 the following procedures were declared, OGC- Guidance on framework agreements (2008)

1. It will be important to consider whether a framework agreement, as defined above, is the right approach for the particular goods; works or services to be purchased. This will be a value for money (VFM) Judgment for the contracting authority or authorities concerned, taking account of the kinds of purchases involved and the ability to specify such purchases with sufficient precision upfront. In particular, in order to be consistent with VFM obligations the framework should be capable of establishing a pricing mechanism, however, this does not mean actual prices should always be fixed, but rather that there should be a mechanism that will be applied to pricing particular requirements for call offs during the period of the framework. Even though it would be possible to award the framework itself on the basis of quality criteria alone, with prices being offered at a mini competition, this is unlikely to be consistent with VFM is generally only considered appropriate in a few limited circumstances where it is not possible to determine price or a pricing structure at the time the framework is established. It should also be possible to establish the scope and types of goods and/or services that will need to be called-off. There

should not be any objection to upgrading the product, service or works required so long as it remains within the scope of the original specification.

2. In using framework agreements, contracting authorities will need to ensure that their obligations on issues such as sustainability and the code of practice on workforce Matters are being met. The use of framework agreements does not remove the need to address these issues, where relevant, in awarding a contract at the call-off stage.
3. It is necessary to advertise a framework agreement in the public notice, if its estimated maximum value over its lifetime exceeds the relevant threshold and the procurements in question are not covered by one of the exclusions set out in the Directives. When assessing the total value of the framework, it is important that the estimate should include all the potential call-offs over the lifetime of the agreement that may be made by all contracting authorities that are permitted to use the framework, not just the intended call-offs by the contracting authority which is procuring the framework agreement.
4. Contracting authorities that act as Central Purchasing Bodies may set up and advertise framework agreements on behalf of other contracting authorities. Where the Central Purchasing Bodies, other contracting authorities may use the framework agreements as required so long as they have been covered.
5. Although the individual circumstances will need to be considered, it is worth considering whether to construct the framework so that it can have the maximum take-up across the public sector. This is particularly the case for items that are not already covered by a pan government agreement. Having too many frameworks for the same product or service will not encourage the market to bid or offer value for money, if bidders are not convinced about the likely level of take up.
6. Requirements of the contract Notice
 - Make it clear that a framework agreement is being awarded;
 - Include the identities of all the contracting authorities entitled to call-off under the terms of the framework agreement. The authorities can be individually named, or a

recognizable class of contracting authority may be used- e.g. Central Government Departments, local authorities or health authorities in a particular region etc. It should be noted that European Commission guidance on frameworks indicates that classes of contracting authority should be defined in a manner that enables “immediate identification of the contracting authorities concerned. It is not considered to be sufficiently precise to refer to all contracting authorities in a particular region”.

- When class descriptions do not allow ‘Immediate identification of the contracting authorities concerned’, a reference to where details of the authorities covered can be obtained should be included in the notice. For example, if there is an accessible list of contracting authorities in a relevant “class” or an organization with responsibility for maintaining details of the members of a “class”, that list or organization should be quoted in the contract Notice and, where possible, a link to this information included.
 - State the length of the framework agreement. It will be a maximum of four years “except in exceptional circumstances in particular, circumstances relating to the subject of the framework agreement”. It is understood that a longer duration could be justified in order to ensure effective competition under the framework agreement if four years would not be sufficient to provide a return on investment. It is worth considering, in any event, whether a framework agreement is necessarily the best vehicle for a longer-term project.
 - Include the estimated total value of the goods, works or services for which call-offs are to be placed and, so far as is possible, the value and frequency of the call-offs to be awarded under the agreement. This is necessary in order for providers to be able to gauge the likely values involved and to provide a figure for the framework overall which, as with other contracts, should not normally be exceeded without a new competition taking place.
7. Award of a framework agreement: Once the contract Notice has been dispatched, the authorities setting up the framework agreements should follow the rules for all phases of the procurement process covered by the Regulations. This will include the use of the open or restricted procedures or, where the conditions for their use are met, the negotiated or competitive dialogue procedures, and adherence to the rules on specifications, selection of candidates and award. The 2006 Regulations do not explicitly prohibit the possibility

of concluding framework agreements under the competitive dialogue or negotiated procedures. However, the complexity of most procurement conducted under these procedures often results in the award of a contract rather than the conclusion of a framework agreement.

8. Framework agreements can be concluded with a single provider or with several providers, for the same goods, works or services. In the latter case, there must be at least three providers, as long as there are sufficient candidates satisfying the selection criteria and which have submitted compliant bids meeting the award criteria. The agreement will establish the terms that will apply under the framework, including delivery timescales and daily or hourly rates.
9. Contract authorities awarding framework agreements will need to apply the mandatory standstill rules. The standstill period should apply to the award of the framework itself and not to contracts, or call-offs, awarded under the framework.
10. If a contracting authority proposes to consider the extent to which more than one framework is capable of delivering its requirements, it is imperative that this is communicated to the marketplace openly. This includes but is not limited to consideration of the following matters.
 - a. Not engaging with suppliers in a covert or misleading way;
 - b. Not proposing that suppliers bid against prices offered under another framework;
 - c. Ensuring that if the possibility of using different frameworks to fulfill a requirement is used, that there are adequate processes in place to make sure that each assessment is carried out in isolation (e.g that those individuals involved in carrying out the mini-competition are not the same individuals who conduct a comparison);
 - d. Ensuring that the confidentiality provisions of each framework agreement are properly respected.

11. Call-offs

When awarding call-offs (individual contracts) under framework agreements, authorities do not have to go through the full procedural steps again, provided the rules were followed appropriately in the setting up of the framework agreements themselves. However, the relevant provisions and

Treaty-based principles, including non-discrimination, still apply at this stage, and authorities need to be careful to ensure that nothing is done which is discriminatory, improper or which distorts competition.

For multi-supplier frameworks where a call-off is required following a mini-competition, it may be permissible to vary the weightings of the award criteria provided that the intention to do this was publicized in advance and ranges are given for each criterion, to ensure transparency and avoid the unequal treatment of any suppliers;

- For multi-supplier frameworks where a direct award is envisaged, it may be permissible to vary the weighting at call-off to reflect the fact that requirements will vary from time to time in terms of cost/quality. However, procurers should allow some flexibility in their specifications to reflect the fact that their needs may change during the term of the framework;

2.9 Negotiation in Framework agreement

As Donald and Burt wrote on their book (1996), Negotiation is a process of planning, reviewing and analyzing used by a buyer and a seller to reach acceptable agreements or compromises. These agreements include all aspects of the business transaction, not just price. Negotiation will benefit for getting quality materials and services, to obtain fair and reasonable price, to create good relationship with the suppliers. Negotiation is vital process of Procurement Framework agreement for facilitating two or more independent entities interact with each other over time to reach an agreement on terms and conditions of purchase contract.

2.10 Monitoring Framework Arrangements

All arrangements with suppliers need to be managed once they have been put in place, by seeking end-users, buyers and suppliers' feedback. Performance measurement is important and should be aligned to the award criteria and the scope and purpose of the arrangement and reviews should be undertaken regularly within a framework of continuous improvement. (Weele, 2000).

For this purpose, when initiating or re-letting such arrangements, there must be clear definition of the management information and analysis which will be required, e.g. regarding frequency, value,

types of goods and services called off, and delivery performance; and which party will capture it. Often, the supplier is in the best position to do this. Purchasing and supply management professionals must also ensure that they manage a market so that the competition does not disappear as a result of all the business being placed with just one or two suppliers. This is particularly important when setting up framework arrangements on behalf of a large organization, or on behalf of a consortium.

According to CIPS, when considering how many suppliers to award a framework agreement to for a given requirement, the issue of geographical spread needs to be considered. One method is to enable a supplier to subcontract work to another local supplier to cover the area that is difficult for the main contractor to service. In some public sector organizations, multiple framework agreements are put in place at national, regional and local levels. Care needs to be taken to communicate to end-users and buyers which arrangement offers best value for money to the organization especially if one supplier is servicing two arrangements - at a national and local level, for example. All frameworks when tendered should clearly show that it is indeed a framework arrangement; the duration of such arrangement; the estimated maximum number of suppliers; estimated total value; and the award criteria, whether simply price, most economically advantageous tender.

2.11 Summary of Literature Reviewed

A framework agreement is arrangement each time a buyer uses the agreement and issue a separate order by the consideration term and conditions of the framework agreements. Blanket orders are a type of framework agreement; they can also be a commitment of any of the purchasing participants to make use of the arrangement but under the terms of which they are entitled to obtain the specified goods or services from the participating suppliers should they wish to do so. The main rationale for using Framework agreement is to achieve cost savings in procurement by generating economies of scale, as well as in the process of procuring by reducing the administrative burden of issuing multiple tenders. Framework agreements are the main tool used by central purchasing bodies, and these bodies generally achieve the most savings by using Framework agreement.

Procurement planning process basically answers what to procure, when to procure, when will the item be needed, where will it be procured, when resources will be delivered, which procurement

method is appropriate, what is the effect of untimely purchase on the user unit, which personnel will be involved in the procurement.

Most of the time procurement Framework agreement practiced through centralized purchasing which facilitated major bulk discounts because of volume purchases and economies of scale. Often centralization is viewed as a means for complexity reduction, as well as a means for achieving higher efficiency.

Procurement Framework agreement has importance of continuing collaborative relationships that can be developed with the suppliers during the contract period, such relationship facilitates the development of improved control of material quality & costs as well as delivery and service arrangements. A long-term agreement also usually produces a significantly better pricing arrangement than is possible for shorter term, small volume purchases. Framework agreement benefited buying organization by bringing flexibility, provides a transparent and competitive mechanism whereby contracting authorities can place contracts with suppliers in the framework without having to carry tendering procedures, avoiding duplication and rework. This mechanism will help to reduce administrative cost and save time from tendering process. It will also help to develop competitive on price, quality, and ensure better service. On the other hand, Framework agreement has its own challenges like low supply chain responsiveness, unstable supply, insufficient supply chain coordination and lack of genuine partnership.

On procurement framework agreement negotiation is vital process of Procurement Framework agreement for facilitating two or more independent entities interact with each other over time to reach an agreement on terms and conditions of purchase contract. Monitoring framework agreement also an important process which all arrangements with suppliers need to be managed once they have been put in place, by seeking end-users, buyers' and suppliers' feedback.

2.12 Review of Empirical Studies

Empirical findings as any research where conclusions of the study strictly drawn from concretely empirical evidence, and therefore “verifiable” evidence. This empirical evidence can be gathered using quantitative and qualitative market research methods. (Baskarada, & Koronios 2009). This type of review contributes the effectiveness of the study by identifying the gap what the researcher

tires to find out on the study to be carried out. On this regard, the researcher tires to review the researches related with Procurement framework agreement.

As per the study result of Tariku (2017), the influencing factors of framework agreement effectiveness; Suppliers' performance execution on framework agreement has an impact on framework agreement effectiveness. The study also found out there was poor contract administration characterized by late delivery of goods, delays in payments to suppliers and lack of proper controlling mechanism. The study implicated that suppliers' capacity in the framework agreement has on the effectiveness of framework agreement implementation. In proper procurement planning also contributed delay and inaccuracy in procurement.

The research which has been conducted by Bewektu (2016), in relation to the cost effects of framework agreement revealed that economies of process especially in reducing over-lapping work within the public bodies and releasing resources for other tasks, can to a large extent only be attained when the public bodies stopped negotiating their own contracts and arranging their own tendering processes due to the effect of framework agreement. The economies of volume assessment based on the current framework agreements asserted that high volume of saving was reported with implementation of FA.

According to the study of Ernest (2015), in relation to Framework procurement planning in public entities showed that impracticality of procurement planning with regard to need identification, budget estimation, consolidation of requirement, specification preparation and selection of procurement method. The study also tried to identify the challenges faced through FA procurement planning due to poor coordination between departments, influences of economic, market and political conditions.

As the study indicated by Tadesse (2014), implementation of framework agreement has inefficiency related to lack of commitment and experience, lack of integration among the parties involved procurement activities. It also associates the importance of planning, the practicality of price index data, give special attention to contract management, regular assessment while implementing framework agreement.

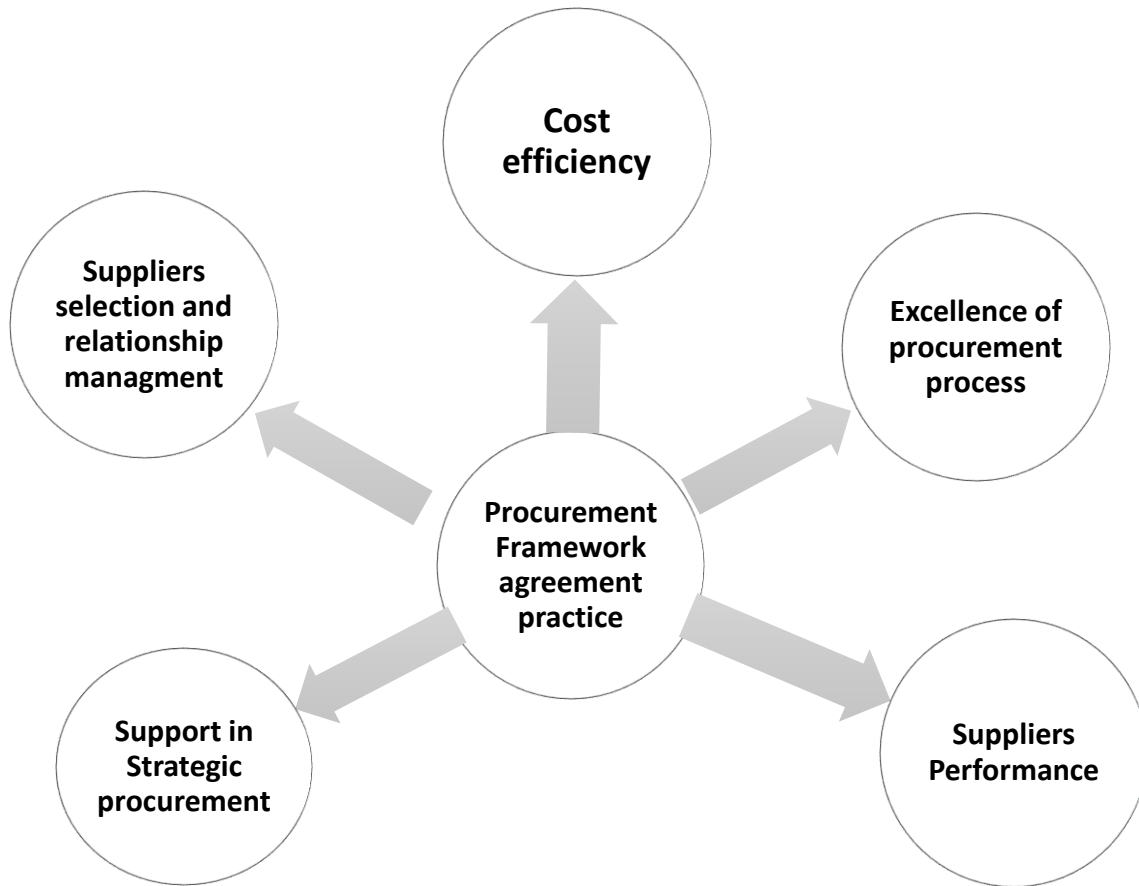
Nyongesa and Wagoki (2015), pointed out on their study of Influence of framework contracting on procurement performance; early suppliers' involvement towards enhancing procurement performance through for standardization of components while implementing framework agreement. Cost reduction and quality improvement on procurement process which lead to customer satisfaction. Supplier relation management has also a big role to create interaction between buyer and seller for successful framework contracting.

2.13 Conceptual Framework

A conceptual framework is a visual or written product, one that, “explains either graphically or in narrative form, the main things to be studied, concepts, or variables and the presumed relationship among them (Wilson et al., 2015). Conceptual framework is defined as a network, or “plane,” of linked concepts that together provide a comprehensive understanding of a phenomenon (Jabareen, 2009).

The below figure illustrates conceptual framework of the study related to procurement framework agreement by associating with specific objectives of this research and factors related to cost efficiency, excellence procurement process, strategic procurement, suppliers' performance, selection and relationship management.

Ultimately, Framework agreement is used for cost reduction, minimize repetitive purchasing tasks, optimize volume purchasing discounts and create long term partnership with suppliers.



Source: Own

Figure 1. Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Approach and Design

Research methodology is the systematic, theoretical analysis of the procedures applied to a field of study that specific procedures or techniques used to identify, select, process, and analyze information (Kothari, 2004). Research methodology encompasses concepts such as research designs, target population, sample size and sampling procedure, data collection instruments and data analysis procedure.

According to Marczyk and others (2005), description research as description of the state of affairs as it exists at present. The objective of this study is to review the challenges and prospects of Procurement Framework Agreement practice, and the research design considered a descriptive research designs which helps to realize the objectives and answer the research questions. Descriptive research seeks to tell “what exists” or “what is” about a certain phenomenon. Accurate observations and assessment arise from data that ascertain the nature and incidence of prevailing conditions, practice or description of object and process. This study adopted quantitative research methodologies chosen to best fit with the research problem studied.

3.2 Source of Data

Primary data

Primary data are reliable ways to collect data because the researcher knows the exact sources of data and how it has been gathered and analyzed since it is being collected by the researcher. Primary sources necessitate the researcher to interact with the source and extract information from it (Sachdeva, 2009). Primary data were collected from top managerial level to staff of Sourcing and Supply chain division.

3.3 Population, Sample size and Sampling techniques

The entire population represented by sample unit, which the researcher uses to generalize the results of the research study. A sample applied to representative of the entire population and thus a proper sampling technique was employed to this study.

3.3.1 Population of the Study

The total sampling population was comprising 224 employees under Sourcing and Supply Chain Division. Out of which 3 were Top Management (chief and directors), 24 Managers (Middle levels), 38 were supervisors and 159 staffs that their roles and responsibilities of these groups with respect to the procurement framework agreement challenge and prospects to supports the researcher to come with sound findings and conclusion.

3.3.2 Sampling Technique and Procedures

The study applied stratified random sampling technique that the sample size in each stratum varies according to the relative importance of the stratum in the population at ethio telecom Sourcing and Supply chain division at Head office and Zone Sourcing and Supply Chain Managers and Supervisors through applying convenience sampling technique.

3.3.3 Sample Size

Sample size refers to the actual number of respondents that would be representative of the population under study (Blumberg et al, 2008). The samples size will be determined by simplified formula for proportions with level of Confidence Level 93% with 7% error using, Yamane (1967).

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

Key; n = Sample Size, N = Population (224), e = Margin of Error (0.07)

The sample taken from the population of ethio telecom sourcing and supply chain division, particularly sourcing department and Sourcing managers as well as supervisors from six zone offices at Addis Ababa.

Table 3.1 Population and Sample Size of the Study

Category	Number of Population size (N)	Sample size (n)
Top level Management	3	= 3 x 0.48 = 1
Managerial Position	24	= 24 x 0.48 = 11
Supervisors	38	= 38 x 0.48 = 18
Staffs	159	=159 x 0.48 = 76
Total	224	107

3.4 Data Collection Instruments

Primary data were collected through questionnaire. The questionnaires distributed for 107 employees of ethio telecom at Sourcing and Supply Chain division at different level. The questionnaire consists closed ended questions. The close ended questions have been designed using Likert categorical scale to measure respondents' attitude towards the Challenges and Prospects of Procurement Framework Agreement where: Strongly Agree = 5; Agree = 4; Average = 3; Disagree = 2 and Strongly Disagree = 1.

The structured questionnaires developed using the 5-point Likert Scale due to the fact that each variable or topic comprises series of questions which fit with the mere purpose of using rating scale about a given topic (Catherine, 2000).

3.5 Validity and Reliability of the research

3.5.1 Validity

Validity refers to the extent to which a test or measurement measures what we wish to measure (Kothari, 2004). According to Baker (1994), a pilot study can also be the pre-testing or 'trying out' of a research instrument. The advantages of conducting a pilot study is that it might give advance warning about where the main research project could fail, where research protocols may not be followed, or whether proposed methods or instruments are inappropriate or too complicated. To maintain the validity of the instruments, most of the questionnaires were adopted from previous researches. Some of the questionnaires were developed based on careful review of literatures. In

addition, pilot testing of questionnaires was conducted to obtain a comment from seven selected respondents on validity and feedback were collected and questionnaire was adjusted subsequently.

3.5.2 Reliability

According to Collis and Hussey, (2009) reliability refers to determine whether the approaches the researcher applied is consistent or not, the research has been supported by using reliable sources of information. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error. Reliability is the extent to which results are consistent over time and accurately represent the characteristics of the total population under study. The Cronbach's Alpha used on this study to test the reliability of the responses from the respondents. A study is reliable if the results of a study can be reproduced under a similar methodology. A commonly accepted rule of thumb for describing internal consistency using Cronbach's Alpha to test or scale and expressed as a number between 0 and 1. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of items in scale (Gliem and Gliem, 2003), provide the following rules of thumb: if " $\alpha > 0.9$ – Excellent, $0.8 \leq \alpha < 0.9$ – Good, $0.7 \leq \alpha < 0.8$ – Acceptable, $0.6 \leq \alpha < 0.7$ – Questionable, $0.5 \leq \alpha < 0.6$ – Poor, $\alpha < .5$ – Unacceptable.

Table: 3.2 Level of Internal Consistency using Cronbach's Alpha

No.	Variables	Cronbach's Alpha Value	No. of Items	Reliability Range
1.	Practice of procurement Framework Agreement	0.832	10	Good
2.	Problems on procurement framework agreement	0.834	9	Good
3.	Cost Efficiency and Excellence	0.931	5	Excellent
4.	Supplier Performance Execution	0.659	6	Questionable
5.	Suppliers' Selection	0.866	5	Good
6.	Suppliers Relationship Management	0.855	5	Good
7.	Procedure Assurance on FA	0.730	6	Acceptable
8.	Benefit of FA to Strategic Corporate Procurement	0.838	5	Good
	Overall	0.921	51	Excellent

Source: Survey result, May 2019

3.6 Methods of data analysis

The data gathered from questionnaires summarized and analyzed by using descriptive statistics namely mean, frequency and percentage. Then the data was described using tables for more clarification. The data was analyzed using SPSS version 20 statistical packages for windows.

3.7 Ethical Consideration

The research respondents' willingness to fill the questionnaires was respected and verbal consent was taken while distributing the questionnaire papers. They were told that the response will not be disclosed for others and to be used only for this particular study. The individuals name is not mentioned in the research. The questionnaire had covering letter as a preamble that brief the purpose of the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter present analysis of data collected from the respondents in relation to the objective and research questions by applying descriptive statistics analysis. The chapter also presented demographic characteristic of the respondent, presentation of the respondent of the research findings, results and its interpretation with regard to research objective. The study sought to identify the application and practice of Procurement Framework Agreement, cost efficiency and excellence on the procurement process of Framework agreement, to examine suppliers' performance in Framework Agreement engagement, to review procedure assurance in procurement process using Framework agreement and to examine Framework Agreement support in strategic corporate procurement

4.2 Response Rate

As per the sample size 107 questionnaires were distributed for Sourcing and Supply Chain Division particularly sourcing department staffs at Head office and at six zonal offices. Nevertheless, adding 5% contingency 112 questionnaires were distributed and 99 (92%) questionnaires are collected and 8 questionnaires are not returned from the expected 107 questionnaires.

The response rate from the expected 107 questionnaires are 92% which is sufficient to conduct the study.

Table 4.1 Response rate

Questionnaires distributed		Percentage
Expected questionnaires	107	100%
Contingency	5.35=5	5%
Total distributed questionnaires	112	105%
Returned questionnaires from the expected	99	92.11%
Unreturned questionnaires from the expected	8	7.89%

Source: Survey result, 2019

4.2.1 Characteristics of the Respondents

This section summarizes demographic characteristics of the respondents such as gender, age, year of experience, educational qualification and current position. Demographic information is not analyzed with regard to the variables and it is excluded from the analysis.

Table 4.2 Respondents background

Respondent profile		Frequency	Percent
Sex	Male	59	59.6
	Female	40	40.4
	Total	99	100
Age	Below 30	37	37.4
	From 30-45	59	59.6
	above 45	3	3.0
	Total	99	100.0
Year of Experience	Below 5	2	2.0
	From 5-15	80	80.8
	Above 15	17	17.2
	Total	99	100.0
Educational qualification	First degree	56	56.6
	MA degree	43	43.4
	Total	99	100.0
Current Position	Top level Management	1	1.0
	Middle level Management	10	10.1
	Supervisor	17	17.2
	Staff	71	71.7
	Total	99	100.0

Source: Survey result, 2019

As shown on table 4.1 above, 59.6% were male and 40.4% were female. Concerning age group, the majority were between 30 – 45 years old which cover 59% of the respondents. Regarding respondents’ years of experience 80% of the respondents have from 5-15 years of experience and above 15 years’ experience were 17% of the respondent. Educational qualification of the respondents indicated that 56.6% have first degree and 43.4% have MA degree.

The respondents’ current positions integrated all employees’ levels in Sourcing and Supply Chain Division of ethio telecom; Top level management 1%, Middle level management 10.1%, Supervisor (17.2%) and staff level 71.7%.

4.3 Analysis of data collected from respondents

To make this study on the challenges and prospects of Procurement Framework agreement in the case of ethio telecom, Likert scale with five points assigned to rate of the respondents’ response with the assignment and formula.

To interpret the mean score, the researcher adopted the interpreting procedure as shown in Table 4.3 below.

Likert scale Interval points

$$\text{Interval} = \frac{\text{The highest Score} - \text{The lowest Score}}{\text{Number of Interval}}$$

$$\text{Interval} = \frac{5 - 1}{5} = 0.8$$

The average score (mean) obtained from each item was interpreted into degree of the factors as follows;

Table 4.3 Likert Scale points

Likert Scale	Average Score	Rating
Strongly agree	Average Score = 4.21 – 5.00	Very High
Agree	Average Score = 3.41 – 4.20	High
Neutral	Average Score = 2.61 – 3.40	Average
Disagree	Average Score = 1.81 – 2.60	Low
Strongly Disagree	Average Score = 1.00 – 1.80	Very Low

4.3.1 Practices of Procurement Framework Agreement

Table 4.4 Response to FA practices

No.	Statement	Mean
1.	Transparent and competitive selection of suppliers applied	3.91
2.	Avoid duplication of work and minimize administrative cost	3.62
3.	Uninterrupted supply of goods and services.	3.56
4.	Timely delivery ensured on Procurement Framework agreement	3.49
5.	Framework agreement build sustainable partnership relationship	4.02
6.	Ensure competitive price, quality and better service	3.79
7.	Secure the advantage of large volume purchase	3.98
8.	Time saving from repetitive procurement process	4.00
9.	Procurement Framework agreement consider total cost ownership (TCO) during the purchasing process	3.71
10.	Price revision is applied during contract period of Framework agreement	3.54
Overall Mean		3.76

Source: Own Survey, 2019

As can be seen from Table 4.4 above, the overall mean for the procurement framework practice was 3.76, indicating respondents have a positive response to the questions raised. The answer indicated that practice of Procurement Framework agreement is properly implemented in ethio telecom procurement activities has its own advantages. According to Organization of government Commerce –OGC (2008), Framework arrangements benefits are matching with the practice of ethio telecom gained through implementation procurement Framework agreement in terms of buying organization by bringing flexibility to the public procurement function, providing transparent and competitive mechanism whereby contracting authorities can place contracts with suppliers in the framework without having to carry tendering procedures, which will have high benefit by avoiding duplication and rework. This mechanism will help to reduce administrative cost and save time from tendering process. It will also help to develop competitive on price, quality, and ensure better service.

4.3.2 Problems on Procurement Framework Agreement Practices

Table 4.5 Responses on problems on Procurement Framework Agreement Practices.

No	Statement	Mean
1.	Proper procurement planning is applied while applying Procurement Framework agreement	3.07
2.	Lack of proper specification development	3.52
3.	Problems of Identifying the right suppliers	3.47
4.	Lack of capable and potential suppliers	3.62
5.	Low supply chain responsiveness from suppliers' side	3.41
6.	Price fluctuation during contract period of Framework agreement is challenge for implementation	4.13
7.	Negotiation problem is observed while processing Framework agreement	3.42
8.	Improper contract management handling	3.11
9.	Lack of proper Suppliers handling management	3.37
Overall Mean		3.46

Source: Own Survey, 2019

The data on Table 4.5 about problems on Procurement Framework Agreement Practices indicated that high ranking mean with 3.46 level of agreement of the respondents. This shows that there are problems on the practicality of Procurement Framework agreement which matched with the literature review. According to Zhang (2009), Challenges of the Procurement Framework Agreement; Low level of supply chain responsiveness is often observed. Supply chain executives need to analyze opportunities from skills, experience, organization and cultural perspective, to determine what process, procedure and systems are to be put in place to deploy an agile supply chain. Unstable supply: Supply disruption as the result of increasing material and energy cost in the common low procurement cost supply markets. Quality and environmental concerns: The importance of introducing strict control and audit mechanisms at remote supply sites to ensure high quality and environmentally sound products and services are being purchased. Insufficient supply chain coordination: Internally, the interaction across demand planning, procurement,

purchasing, R&D, manufacturing operations, warehousing, distribution and other logistics functions, determines the systemic health of supply chain. Externally, the connectivity to suppliers and customers to a certain degree, determines your company's supply chain efficiency and effectiveness. Lack of genuine partnership: Cross-enterprise collaboration between buyer and suppliers are vitally important to for success on a global scale. A true partnership comes with honesty, integrity, understanding and transparency. It's often easy to say, but hard to do.

On the other scenario as stated by Zhang (2009), Procurement Framework Agreement bases on the implementation of future transaction, it is full of uncertainty. Managing any activity in the future is not free from different challenges especially managing price fluctuation during contract period, negotiation and contracts management.

4.3.3 Cost Efficiency and Excellence as a result of Procurement Framework Agreement

Table 4.6 Responses on Cost Efficiency and Excellence

No.	Statement	Mean
1.	Framework agreement has reduced procurement operating cost	4.20
2.	Framework agreement has helped ethio telecom to increase service to its customers	4.01
3.	Framework agreement brings about excellence of work in ethio telecom procurement activities	3.99
4.	Framework agreement enabled to secure consistent supply of Goods/Services	4.07
5.	Framework agreement enabled ethio telecom to obtain goods/services in an efficient and timely manner	3.92
Overall Mean		4.04

Source: Own Survey, 2019

As it is indicated on Table 4.6 for Cost Efficiency and Excellence as a result of Procurement Framework Agreement have high level of respondents with 4.04 mean, which indicate a positive response to the questions discussed.

The findings of cost efficiency and Excellence on Procurement Framework agreement has agreed with Robert and Ernest, (2002), which indicates framework agreement has an advantage of cost efficiency and excellence which helps to address consistent supply of Goods/Services, drive efficiency with less cost, less delivery time (agility) and provide first class service. As gathered the respondent response ethio telecom is enjoying Procurement Framework agreement on cost Efficiency and Excellence.

4.3.4 Suppliers Performance Execution

Table 4.7 Responses on Suppliers Performance Execution

No	Statement	Mean
1.	Suppliers have the capacity to deliver all the requested goods/services on time	2.90
2.	Suppliers have delivered right quality as per the specification	3.49
3.	Suppliers are willing to take corrective action for defective items	3.64
4.	Suppliers are willing to provide technical support.	3.40
5.	Suppliers consider themselves as a partner to ethio telecom	3.43
6.	Lack of willingness is observed from suppliers' side to execute framework agreement contracts due to improper contract management.	3.08
Overall Mean		3.32

Source: Own Survey, 2019

As Table 4.7 above depicted the mean for Suppliers performance execution has got an average respond which indicates that suppliers' have some capacity problem on delivery, willingness to provide technical support and lack of readiness to execute Framework agreement due to improper contract management. The respondents' have high level respond for delivery of the right quality per the specification (M=3.49) and willingness of the supplier to take corrective action and suppliers consider themselves as partner to ethio telecom (M=3.43).

According Tummala, and others (2006), good supplier performance will help to receive quality of goods/services, provide clarity to suppliers on the required standard of performance needed, establish good working relationship, identify the areas for suppliers to improve their performance. On the contrary, if supplier performance not intended as desired, failure of the supplier to fulfill contractual agreement, poor quality goods/services delivery, the supplier is not willing to improve performance, difficulties in managing the contract and poor working relationships.

4.3.5 Supplier Selection in Procurement Framework Agreement

Table 4.8 Responses on Supplier Selection

No.	Statement	Mean
1.	Appropriate suppliers' evaluation and selection is implemented	3.48
2.	Exercising win-win negotiation with suppliers	3.28
3.	Financial status and experience play big role in selecting suppliers	3.48
4.	Regular supplier's performance evaluation and measurement	3.14
5.	Past performance and after sales support considered while selecting suppliers' in Framework agreement	3.32
Overall Mean		3.34

Source: Own Survey, 2019

As it indicated on Table 4.8 the overall mean response for Supplier Selection in Procurement Framework Agreement has got an average respond, which indicates that the supplier selection process has got limitation especially win-win negotiation with suppliers (M=3.28), regular supplier's performance evaluation and measurement (M=3.14) and Past performance and after sales support for suppliers' selection in Framework Agreement (M=3.32). On the other scenario, implementation of appropriate suppliers' evaluation and selection (M=3.48) and financial status and experience in suppliers' selection (M= 3.48) have high mean score in selecting suppliers for implementing Framework Agreement.

As Dobler and Burt (1996), selecting capable suppliers is one of procurement activities and most important responsibilities. If the supplier selected is capable, then competitive pricing, reliable quality, on-time delivery, good technical service, and other goals of purchasing are more likely to be achieved than if only a mediocre supplier were selected. Buyers must take six important supplier-oriented actions in order to satisfy goals of good purchasing; developing and maintaining a viable supplier base, addressing the appropriate strategic and tactical issues, ensuring that potential suppliers are carefully evaluated and that they have the potential to be satisfactory supply partners in the future, and managing the selected supplier to ensure timely delivery of the required quality at the right price.

Kanepejs and Kirikov (2018), also asserted that supplier selection decision-making problem involves trade-offs among multiple criteria that involve both quantitative and qualitative factors, which may also be conflicting. Since a qualified and reliable supplier is a key element and a good source for a buyer in reducing production and material costs, buyers need to get potentially reliable and capable suppliers by providing the term of reference and/or the general and specific conditions of the contract in the bid document.

4.3.6 Supplier Relationship Management involved in Procurement Framework Agreement

Table 4.9 Responses on Supplier Relationship Management

No.	Statement	Mean
1.	Quick and appropriate response to suppliers' request is implemented	3.12
2.	Suppliers' complaints are handled properly in Framework agreement	3.18
3.	Gather feedback from suppliers and take improvement action	2.73
4	Long term partnership practiced in Procurement Framework agreement	3.41
5.	Win-win relationship is practical in Procurement in Framework agreement	3.23
	Mean	3.13

Source: Own Survey, 2019

As depicted on Table 4.9 the mean response from the respondents showed (3.13) related to supplier relationship management involved in Procurement Framework Agreement which has average indication. The responses indicate that the respondents did not have a positive reaction to the suppliers' relationship management.

According to Wallace and Xia (2014), managing supplier relationship is one of the most important components for the strategic sourcing process. Managing a supplier's relationship does not begin once the contract is signed rather it begins at the early stage of purchasing process. Such a mindset not only saves time, but also allows organization to be better aligned with its suppliers.

4.3.7 Procurement Procedure Assurance while applying Procurement Framework Agreement

Table 4.10 Responses on Procurement Procedure assurance

No.	Statement	Mean
1.	Sourcing department is receiving annual needs of goods/services from users.	3.40
2.	The established commodity team set evaluation criteria and assess total cost ownership of the goods/services	3.66
3.	During Framework agreement sourcing procedure and process are aligned with strategic sourcing methodology	3.76
4	Contracts on Framework agreement are applied for three years, with no exception	2.93
5.	Framework agreement is initiated from centralized sourcing as a means for complexity reduction as well as for achieving high efficiency.	3.79
6.	Framework agreement contracts are awarded through open bidding procedure	3.99
Overall Mean		3.59

Source: Own Survey, 2019

As it can be seen on Table 4.10 the mean rate response for Procurement Procedure while applying Procurement Framework Agreement is high (3.59) which shows that the procedure for Procurement Framework agreement is well implemented. Nevertheless, average response obtained receiving annual needs of goods/services from users'/requester unit (M=3.40) and contracts on Framework agreement are applied for three years, with no exception (M=2.93). As it is clearly stated on ethio telecom procurement procedure, forecasted annual demands shall be sent for sourcing unit at the end of fiscal years and Framework Agreement shall executed for three years as per ethio telecom procurement procedure and Ethiopian proclamation 649/2009.

As per the directive 2004/18/EC of the European parliament and of the council of 31, March 2004 OGC- Guidance on framework agreements (2008), most the procedures stated on the guidance are matched with ethio telecom Framework procedures.

4.3.8 Benefits of Procurement Framework Agreement to ethio telecom Strategic Corporate Procurement

Table 4.11 Responses on benefits of FA to ethio telecom strategic procurement

No.	Statement	Mean
1.	Procurement Framework agreement will help to address more strategic and tactical issues.	3.87
2.	Contracts that have been implemented through Framework agreement are fully utilized to all ethio telecom region/Zone offices	3.37
3.	Framework agreement has high impact on time delivery of goods and services at the right quality and quantity	3.90
4	Framework agreement ensure sustainable supply chain coordinated system	3.95
5.	Framework agreement will help to create strategic relationship with suppliers	3.97
Overall Mean		3.81

Source: Own Survey, 2019

As it is depicted on Table 4.11 above, high mean (3.81) was observed for benefits of Procurement Framework Agreement to ethio telecom Strategic Corporate Procurement. The respondents highly agreed that Framework agreement benefits ethio telecom to address more strategic and tactical issues, which has high impact on time delivery of goods and services at the right quality and quantity, sustainable supply chain system and create strategic relationship with suppliers. However, the mean value for implementation of Framework agreement contracts to all Regions/Zones was much lower than the other, although it was above average indicating that Corporate Sourcing should properly communicate and follow up the application of FA.

As indicated on Organization of government Commerce - OGC (2008), Framework arrangements can provide many benefits to the buying organization by bringing flexibility to the public procurement function. It provides a transparent and competitive mechanism whereby contracting authorities can place contracts with suppliers in the framework without having to carry tendering procedures, which will have high benefit by avoiding duplication and rework. This mechanism will help to reduce administrative cost and save time from tendering process. It will also help to develop competitive on price, quality, and ensure better service.

4.4 Frequencies of Responses

i. Frequency of responses on Practices of Procurement Framework Agreement

Table 4.12 Frequency of Responses for Questions related to Procurement Framework Agreement practices

No.	Practices of Procurement Framework Agreement	Frequency (%) of responses					
		SA	A	N	D	SD	Miss
1.	Transparent and competitive selection of suppliers applied	19 (19.2%)	58 (58.6%)	17 (17.2%)	4 (4%)	1 (1%)	0 (0%)
2.	Avoid duplication of work and minimize administrative cost	13 (13.1%)	51 (51.5%)	19 (19.2%)	16 (16.2%)	0 (0%)	0 (0%)
3.	Uninterrupted supply of goods and services.	16 (16.2%)	37 (37.4%)	25 (25.3%)	16 (16.2%)	0 (0%)	5 (5.1%)
4.	Timely delivery ensured on Procurement Framework agreement	12 (12.1%)	43 (43.4%)	24 (24.2%)	19 (19.2%)	0 (0%)	1 (1%)
5.	Framework agreement build sustainable partnership relationship	34 (34.3%)	40 (40.4%)	17 (17.2%)	6 (6.1%)	1 (1%)	1 (1%)
6.	Ensure competitive price, quality and better service	20 (20.2%)	52 (52.5%)	13 (13.1%)	14 (14.1%)	0 (0%)	0 (0%)
7.	Secure the advantage of large volume purchase	23 (23.2%)	55 (55.6%)	13 (13.1%)	6 (6.1%)	0 (0%)	2 (2%)
8.	Time saving from repetitive procurement process	35 (35.4%)	42 (42.4%)	9 (9.1%)	13 (13.1%)	0 (0%)	0 (0%)
9.	Procurement Framework agreement consider total cost ownership (TCO) during the purchasing process	18 (18.2%)	42 (42.4%)	32 (32.3%)	6 (6.1%)	1 (1%)	0 (0%)
10.	Price revision is applied during contract period of Framework agreement	10 (10.1%)	53 (53.5%)	18 (18.2%)	16 (16.2%)	2 (2%)	0 (0%)

Source: Own Survey, 2019

Key: SA – Strongly Agree, A – Agree, N – Neutral, DA – Disagree, SD – Strongly Disagree, Miss. – Missing

As it can be seen on Table 4.12 above, 77.8% of the respondent strongly agree or agree for the question transparent and competitive suppliers' selection, while 64.6% respondents strongly agree or agree for the question to avoid duplication of work and minimize administrative cost. On the other hand, above 54% of the respondents strongly agree or agree to the questions uninterrupted supply of goods and services and timely delivery ensured on Procurement Framework agreement. 74.4% of the respondents strongly agreed or agree for the question Framework agreement build sustainable partnership relationship. For the question raised to ensure competitive price, quality

and better service 72.7% of the respondents are strongly agree or agree. 78.8% of the respondents are strongly agreed or agreed for the questions secure the advantage of large volume purchase related to Framework agreement. Questions like time saving from repetitive procurement process, Procurement Framework agreement consider total cost ownership (TCO) during the purchasing process and price revision is applied during contract period of Framework agreement are getting 77.8%, 60.6% and 63.6% respectively.

ii. Frequency of responses on Problems of Procurement Framework Agreement

Table 4.13 Frequency of Responses for Questions related to Procurement Framework Agreement problems

No.	Problems of Procurement Framework Agreement	Frequency (%) of responses					
		SA	AG	N	D	SD	Miss
1.	Proper procurement planning is applied while applying Procurement Framework agreement	5 (5.1%)	39 (39.4%)	16 (16.2%)	36 (36.4%)	3 (3%)	0 (0%)
2.	Lack of proper specification development	21 (21.2%)	30 (30.3%)	27 (27.3%)	21 (21.2%)	0 (0%)	0 (0%)
3.	Problems of Identifying the right suppliers	14 (14.1%)	40 (40.4%)	26 (26.3%)	17 (17.2%)	2 (2%)	0 (0%)
4.	Lack of capable and potential suppliers	13 (13.1%)	49 (49.5%)	20 (20.2%)	15 (15.2%)	0 (0%)	2 (2%)
5.	Low supply chain responsiveness from suppliers' side	13 (13.1%)	35 (35.4%)	28 (28.3%)	21 (21.2%)	0 (0%)	2 (2%)
6.	Price fluctuation during contract period of Framework agreement is challenge for implementation	38 (38.4%)	41 (41.4%)	15 (15.2%)	5 (5.1%)	0 (0%)	0 (0%)
7.	Negotiation problem is observed while processing Framework agreement	13 (13.1%)	39 (39.4%)	21 (21.2%)	21 (21.2%)	2 (2%)	3 (3%)
8.	Improper contract management handling	9 (9.1%)	26 (26.3%)	32 (32.3%)	29 (29.3%)	2 (2%)	1 (1%)
9.	Lack of proper Suppliers handling management	14 (14.1%)	35 (35.4%)	27 (27.3%)	20 (20.2%)	3 (3%)	0 (0%)

Source: Own Survey, 2019

As revealed on Table 4.13, frequency of responses for questions related to Procurement Framework Agreement problems exhibited that 44.5% of the respondents are strongly agreed or agreed and 16.2% are neutral for Proper procurement planning is applied while implementing Procurement Framework agreement. Questions related to Lack of proper specification

development and Problems of Identifying the right suppliers have 51.3% and 64.5% respondents replied strongly agree or agree. Lack of capable and potential suppliers and Low supply chain responsiveness from suppliers' side questions also get 62.6% and 48.5% respectively strongly agreed or agree and 28.3% respondents were neutral for questions to Low supply chain responsiveness from suppliers' side. 79.8% of the respondents were strongly agree or agree of the question related to price fluctuation during contract period of Framework agreement is challenge for implementation. Question related negotiation problem and lack of proper Suppliers handling management has got 52.5% of the respondents strongly agreed or agree. On the other hand, lack of proper Suppliers handling management strongly agreed or agreed with 49.5% and 27.3% neutral respondents. For Improper contract management handling 35.4 strongly agreed or agreed and 32.3% of the respondents are neutral.

iii.Frequency of responses on Cost Efficiency and Excellence of Procurement Framework Agreement

Table 4.14 Frequency of Responses for Questions related to Cost Efficiency and Excellence of Procurement Framework Agreement

No.	Problems of Procurement Framework Agreement	Frequency (%) of responses					
		SA	AG	N	D	SD	Miss
1.	Framework agreement has reduced procurement operating cost	31 (31.3%)	61 (61.6%)	5 (5.1%)	0 (0%)	2 (2%)	0 (0%)
2.	Framework agreement has helped ethio telecom to increase service to its customers	19 (19.2%)	68 (68.7%)	8 (8.1%)	2 (2%)	2 (2%)	0 (0%)
3.	Framework agreement brings about excellence of work in ethio telecom procurement activities	21 (21.2%)	62 (62.6%)	12 (12.1%)	2 (2%)	2 (2%)	0 (0%)
4.	Framework agreement enabled to secure consistent supply of Goods/Services	26 (26.3%)	61 (61.6%)	7 (7.1%)	3 (3.0%)	2 (2%)	0 (0%)
5.	Framework agreement enabled ethio telecom to obtain goods/services in an efficient and timely manner	20 (20.2%)	62 (62.6%)	8 (8.1%)	7 (7.1%)	2 (2%)	0 (0%)

Source: Own Survey, 2019

As it depicted on Table 4.14, the response for Framework agreement has reduced procurement operating cost and has helped ethio telecom to increase service to its customers have got 92.9% and 87.9% of the respondents. On the other hand, Framework agreement brings about excellence

of work in ethio telecom procurement activities, enabled to secure consistent supply of Goods/Services and to obtain goods/services in an efficient and timely manner have got 83.8%, 87.9% and 82.8% of the respondents.

iv. Frequency of responses on Suppliers Performance Execution engaged in Procurement Framework Agreement

Table 4.15 Frequency of Responses for Questions related to Suppliers Performance Execution engaged in Procurement Framework Agreement

No.	Problems of Procurement Framework Agreement	Frequency (%) of responses					
		SA	AG	N	D	SD	Miss
1.	Suppliers have the capacity to deliver all the requested goods/services on time	5 (5.1%)	27 (27.3%)	20 (20.2%)	47 (47.5%)	0 (0%)	0 (0%)
2.	Suppliers have delivered right quality as per the specification	2 (2%)	57 (57.6%)	31 (31.3%)	6 (6.1%)	3 (3.0%)	0 (0%)
3.	Suppliers are willing to take corrective action for defective items	3 (3.0%)	64 (64.6%)	25 (25.3%)	7 (7.1%)	0 (0%)	0 (0%)
4.	Suppliers are willing to provide technical support.	1 (1%)	53 (53.5%)	28 (28.3%)	11 (11.1%)	3 (3.0%)	3 (3.0%)
5.	Suppliers consider themselves as a partner to ethio telecom	11 (11.1%)	44 (44.4%)	21 (21.2%)	23 (23.2%)	0 (0%)	0 (0%)
6.	Lack of willingness is observed from suppliers' side to execute framework agreement contracts due to improper contract management.	3 (3%)	26 (26.3%)	46 (46.5%)	24 (24.2%)	0 (0%)	0 (0%)

Source: Own Survey, 2019

As can be seen from Table 4.15, 47.5% of the respondents disagree and 20.2% were neutral and 20.2% agreed for the question related to Suppliers have the capacity to deliver all the requested goods/services on time. For the question raised related to suppliers have delivered right quality as per the specification, 59.6% of the agreed and 31.8% of the respondents were neutral. For suppliers are willing to take corrective action for defective items and willing to provide technical support, 67.6% and 54.5% of the respondents strongly agree or agreed. The Respondents response for the question that suppliers consider themselves as a partner to ethio telecom has got 56.5% strongly agreed or agree, 23.2% disagree and 21.2% neutral. On the other hand, question related to lack of willingness is observed from suppliers' side to execute framework agreement contracts due to improper contract management, 46.5% response for neutral and 24.2% respondents disagree.

v. **Frequency of responses on Suppliers Selection involved in Procurement Framework Agreement**

Table 4.16 Frequency of Responses for Questions related to Suppliers Selection involved in Procurement Framework Agreement

No.	Problems of Procurement Framework Agreement	Frequency (%) of responses					
		SA	AG	N	D	SD	Miss
1.	Appropriate suppliers' evaluation and selection is implemented	18 (18.2%)	37 (37.4%)	21 (21.2%)	21 (21.2%)	2 (2%)	0 (0%)
2.	Exercising win-win negotiation with suppliers	8 (8.1%)	40 (40.4%)	22 (22.2%)	25 (25.3%)	2 (2%)	2 (2%)
3.	Financial status and experience play big role in selecting suppliers	15 (15.2%)	39 (39.4%)	27 (27.3%)	15 (15.2%)	3 (3.0%)	0 (0%)
4.	Regular supplier's performance evaluation and measurement	14 (14.1%)	22 (22.2%)	32 (32.3%)	26 (26.3%)	5 (5.1%)	0 (0%)
5.	Past performance and after sales support considered while selecting suppliers' in Framework agreement	16 (16.2%)	33 (33.3%)	23 (23.3%)	21 (21.2%)	6 (6.1%)	0 (0%)

Source: Own Survey, 2019

As per Table 4.16 response for appropriate suppliers' evaluation and selection is implemented got 55.6% of the respondents which are strongly agree or agree, while 21% of the respondents were disagree. 48.5% of the respondents strongly agree or agree to the question exercising win-win negotiation with suppliers and 25.3% disagree. Financial status and experience play big role in selecting suppliers has 54.6% of the respondents strongly agree or agree, while 32.3% neutral. Regular supplier's performance evaluation and measurement indicates that 36.3% of the respondents strongly agree or agree, 32.3% neutral and 26.3% disagree. Response for past performance and after sales support considered while selecting suppliers' in Framework agreement has 49.5% of the respondent strongly agree or agree on the other hand 23.3% and 21.2% of the respondents' were neutral and disagree respectively.

vi. **Frequency of responses on Suppliers Relationship Management involved in Procurement Framework Agreement**

Table 4.17 Frequency of Responses for Questions related to Suppliers Relationship Management involved in Procurement Framework Agreement

No.	Problems of Procurement Framework Agreement	Frequency (%) of responses					
		SA	AG	N	D	SD	Miss
1.	Quick and appropriate response to suppliers' request is implemented	2 (2.0%)	44 (44.4%)	20 (20.2%)	30 (30.3%)	3 (3.0%)	0 (0%)
2.	Suppliers' complaints are handled properly in Framework agreement	8 (8.1%)	36 (36.4)	23 (23.2%)	30 (30.3%)	2 (2.0%)	0 (0%)
3.	Gather feedback from suppliers and take improvement action	4 (4.0%)	26 (26.3%)	21 (21.2%)	35 (35.4%)	13 (13.1%)	0 (0%)
4.	Long term partnership practiced in Procurement Framework agreement	7 (7.1%)	52 (52.5%)	20 (20.2%)	15 (15.2%)	5 (5.1%)	0 (0%)
5.	Win-win relationship is practical in Procurement in Framework agreement	14 (14.1%)	31 (31.3%)	23 (23.2%)	26 (26.3%)	5 (5.1%)	0 (0%)

Source: Own Survey, 2019

As can be seen from Table 4.17 above, 46.4% of the respondents strongly agree or agree to the question quick and appropriate response to suppliers' request is implemented and 30.3% disagree. Suppliers' complaints are handled properly in Framework agreement has 48.5% of the respondents strongly disagree or disagree for question related to gather feedback from suppliers and take improvement action. 59.6% of the respondents strongly agree or agree for long term partnership practiced in Procurement Framework agreement. 45.4% of the respondents strongly agree or agree when asked that win-win relationship is practical in Procurement in Framework agreement and 26.3% disagree.

vii. Frequency of responses on Procurement Procedure Assurance while applying Framework Agreement

Table 4.18 Frequency of Responses for Questions related to Procurement Procedure while applying Framework Agreement

No.	Problems of Procurement Framework Agreement	Frequency (%) of responses					
		SA	AG	N	D	SD	Miss
1.	Sourcing department is receiving annual needs of goods/services from users.	15 (15.2%)	35 (35.4%)	27 (27.3%)	19 (19.2%)	3 (3.0%)	0 (0%)
2.	The established commodity team set evaluation criteria and assess total cost ownership of the goods/services	11 (11.1%)	59 (59.6%)	17 (17.2%)	8 (8.1%)	4 (4.0%)	0 (0%)
3.	During Framework agreement sourcing procedure and process are aligned with strategic sourcing methodology	15 (15.2%)	52 (52.2%)	20 (20.2%)	9 (9.1%)	0 (0%)	3 (3%)
4.	Contracts on Framework agreement are applied for three years, with no exception	11 (11.1%)	26 (26.3%)	12 (12.1%)	45 (45.5%)	5 (5.1%)	0 (0%)
5.	Framework agreement is initiated from centralized sourcing as a means for complexity reduction as well as for achieving high efficiency.	11 (11.1%)	68 (68.7%)	8 (8.1%)	12 (12.1%)	0 (0%)	0 (0%)
6.	Framework agreement contracts are awarded through open bidding procedure	24 (24.2%)	56 (56.6%)	13 (13.1%)	6 (6.1%)	0 (0%)	0 (0%)

Source: Own Survey, 2019

As indicated on Table 4.18, sourcing department is receiving annual needs of goods/services from users and the established commodity team set evaluation criteria and assess total cost ownership of the goods/services had 50.6% and 70.7% response respectively of the respondents strongly agree or agree. For the question raised for sourcing procedure and process are aligned with strategic sourcing methodology during Framework agreement, 67.4% of the respondents strongly agree or agree. 50.6% of the respondents replied that contracts on Framework agreement were applied for three years, with no exception. On the other scenario, respondents for questions related to framework agreement is initiated from centralized sourcing as a means for complexity reduction as well as for achieving high efficiency and framework agreement contracts are awarded through open bidding procedure secure 79.8% and 80.3% respectively of the respondents strongly agree or agree.

viii. Frequency of responses on questions related to Procurement Framework Agreement benefits to ethio telecom Strategic Corporate Procurement

Table 4.19 Frequency of Responses for Questions related to Procurement Framework Agreement benefits ethio telecom in Strategic Corporate Procurement

No.	Problems of Procurement Framework Agreement	Frequency (%) of responses					
		SA	AG	N	D	SD	Miss
1.	Procurement Framework agreement will help to address more strategic and tactical issues.	20 (20.2%)	47 (47.5%)	27 (27.3%)	3 (3.0%)	0 (0%)	2 (2.0%)
2.	Contracts that have been implemented through Framework agreement are fully utilized to all ethio telecom region/Zone offices	14 (14.1%)	36 (36.4%)	22 (22.2%)	22 (22.2%)	3 (3%)	2 (2.0%)
3.	Framework agreement has high impact on time delivery of goods and services at the right quality and quantity	17 (17.2%)	60 (60.6%)	17 (17.2%)	5 (5.1%)	0 (0%)	0 (0%)
4.	Framework agreement ensure sustainable supply chain coordinated system	24 (24.2%)	54 (54.5%)	13 (13.1%)	8 (8.1%)	0 (0%)	0 (0%)
5.	Framework agreement will help to create strategic relationship with suppliers	22 (22.2%)	56 (56.6%)	17 (17.2%)	4 (4.0%)	0 (0%)	0 (0%)

Source: Own Survey, 2019

As per Table 4.19, 67.7% of the respondents strongly agree or agree to the question related to Procurement framework agreement will help to address more strategic and tactical issues. 50.50% of the respondents strongly agree or agree for contracts that have been implemented through Framework agreement are fully utilized to all ethio telecom region/Zone offices. For questions related framework agreement has high impact on time delivery of goods and services at the right quality and quantity, framework agreement ensure sustainable supply chain coordinated system and framework agreement will help to create strategic relationship with suppliers has the respondents reply of 77.8%, 78.7 and 78.8 respective response to strongly agree or agree.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of findings

The study was conducted to examine the Challenges and Prospects of Procurement Framework Agreement practice in the case of ethio telecom. The study tried to insight Procurement Framework Agreement with the objectives related to the application and practice, cost efficiency and excellence on the Framework agreement, to examine suppliers' performance, procedure assurance in procurement process and framework agreement support in strategic corporate procurement.

- As revealed from the study there was high applicability of framework agreement practices in ethio telecom sourcing process with the overall mean of 3.76.
- The study identified that during implementation of procurement framework agreement, there were problems associated in framework agreement practices with overall mean of 3.46, in relation to the application proper procurement planning (M=3.07), lack of proper specification development (M=3.52), identifying the right suppliers (M=3.47), lack of capable and potential suppliers (M=3.62), low supply chain responsiveness from suppliers' side (M=3.41), price fluctuation during contract period (M=4.13), negotiation problem (M=3.42), improper contract management (M=3.11) and lack of proper suppliers handling management (M=3.37).
- The research indicated that there is high implication of cost efficiency and excellence on framework agreement engagement by having 4.04 mean related to applying easier and simple ways of procurement system, reduce work load and deliver more with less money by associating the research with procurement operation cost, increase service to its customers, excellence of work in procurement activities, consistent supply of Goods/Services, obtain goods/services in an efficient and timely manner.
- The study showed that suppliers performance with regard to framework agreement has average respond with overall mean 3.32, by considering factors associated with suppliers

capacity to deliver all the requested goods/services on time (M=2.90), delivered right quality as per the specification (M=3.49), willingness to take corrective action for defective items (M=3.64), suppliers as a partner to ethio telecom (M=3.43) and willing to provide technical support and contract execution (M=3.40).

- The study emphasized that supplier selection and relationship management in framework agreement needs intense review with overall mean of 3.34 and 3.13 respectively in order to get the best output from vendor relationship management related to cost reduction, increase efficiency, and work as partner in order get continuous improvement of the operations.
- Procedure assurance with overall mean of 3.59 while applying Framework agreement is properly engaged by taking into consideration of sourcing department is receiving annual needs of goods/services from users (M=3.40), setting evaluation criteria and assess total cost ownership of the goods/services by the commodity team (M=3.66), framework agreement is initiated from centralized sourcing as a means for complexity reduction as well as high efficiency (M=3.79).
- The study showed the benefits of procurement framework agreement to ethio telecom has strong support to strategic corporate procurement with overall mean of 3.81 by taking into consideration of framework agreement will help to address more strategic and tactical issues (M=3.87), contracts that have been implemented through Framework agreement are fully utilized to all ethio telecom region/Zone offices (M=3.37), framework agreement has high impact on time delivery of goods and services at the right quality and quantity (M=3.90), Framework agreement ensure sustainable supply chain coordinated system (M=3.95) and Framework agreement will help to create strategic relationship with suppliers (3.97)

5.2 Conclusion

This study is intended to see the challenges and prospects procurement framework agreement practice, identify gaps and recommends improvement areas. This was executed by applying different objectives of the research; the application and practice of procurement framework agreement, cost efficiency and excellence on the procurement framework agreement process,

suppliers' performance in Framework Agreement engagement, procedure assurance in procurement process while using FA and strategic support of framework agreement in corporate procurement.

Based on the findings presented on the previous sections, the study drawn the following conclusions by using descriptive statistics analysis;

- Concerning the application and practice of Procurement Framework Agreement the study drawn that there is high level of applicability of Procurement Framework agreement in ethio telecom sourcing activities. However, problems associated with Framework agreement showed high level problem existence on the practice related to lack of proper specification development, problems of identifying the right suppliers, lack of capable and potential suppliers, low supply chain responsiveness from suppliers' side, price fluctuation during contract period, negotiation problem, improper contract management handling and lack of proper Suppliers handling management. These problems might lead to inefficiency of FA implementation, inconsistent supply of goods/service which lead to profit loss and customers' dissatisfaction.
- Ethio telecom secured high level of application in cost efficiency and excellence by applying framework agreement in ethio telecom procurement activities which lead to consistent supply of goods/services, enabled to obtain goods/services in an efficient and timely manner as well as improved performance and achieved an intended goal of the company.
- The study implicated that suppliers' selection, performance and relationship Management have average response, which indicated that the respondents were less confident about the suppliers' selection, performance and relationship in framework agreement. In today's competitive market strong suppliers' relationship is crucially important to meet strategic success and ethio telecom expected to have strong relationship in order to maintain sustainable supply chain system in the company.
- The objective associated with procedure assurance in procurement process using Framework agreement and supports in strategic corporate procurement showed that high

level of extent by the respondents which has an impact on buying efficiently and obtain best value for money leads to important contribution for profitability and customers' satisfaction.

- From the research findings framework agreement has positive prospects in realizing ET sourcing objectives through properly implementation of FA system, cost efficiency and excellence, strong suppliers relation management, procedure assurance and support for strategic corporate procurement. By implementing proper FA in ethio telecom sourcing system, ET can be benefited for on time delivery of goods, service and works of the right quantity, quality at the right price and time. With proper implementation of FA, ethio telecom can reduce sourcing costs, improve performance and customers' satisfaction which leads to achieving organization goal.

5.3 Recommendations

Based on the above findings the researcher recommends the following;

- The application and practices of Procurement Framework Agreement which is vital in placing quality of procurement process with less cost by minimizing repetitive works. However, uninterrupted supply of goods/services and timely delivery need some improvements. Hence, ethio telecom should create partnership level of agreement with suppliers and create awareness on the estimated annual procurement plan. Having these information suppliers can organize themselves to be responsive for the demands of the future and smooth supply chain implementation can be applied. In addition, ethio telecom should reach an agreement with suppliers to maintain a certain level of stock for the contract agreed. On the other scenario, ethio telecom shall more exercise multiple contracts awards in order to secure uninterrupted delivery of goods/services. This will create competition between the suppliers and ethio telecom will ensure constant supply of goods/services.
- As the study showed, there are problems observed while applying procurement planning and specification development on procurement framework agreement. The research recommends that proper procurement planning shall be implemented through assessment of the needs requirement, determine quantities and estimated costs, determine when the

requirements shall be needed for use, identify the inter-relationships between and among the requirements, consolidate similar requirements, market survey and economy of scale. In addition to planning process discussion with user divisions and stakeholders should be practical taking into consideration ethio telecom strategy. Regarding specification development, ethio telecom should provide adequate training for technical staffs, end users and stakeholders' and consultancy companies' comment shall be taken into consideration while preparing specification. Ethio telecom should take into consideration of early supplier involvement which suppliers registered in approved list shall work together in sharing information, technological capabilities, knowledge, technical skills and experience.

- Price fluctuation during Framework agreement contract period is difficult to maintain or hold the prices of the goods and services due to high rate of inflation, foreign exchange rate increment, shortage of hard currency and the like. For identifying the right price, ethio telecom should establish market assessment unit for conducting market price of goods/services and have track price changes. By having this information ethio telecom can make a strong negotiation for price setting with suppliers and make contract amendment or have clear contractual terms for handling price fluctuation. Ethio telecom should also support suppliers to get foreign currency in priority basis by closely working with National bank and commercial banks to resolve shortage of foreign currency. Ethio telecom is expected to hard work on boosting its foreign currency income so that can get priority for using its own hard currency income as other option.
- Lack of willingness from suppliers' side observed due to strict regulation, inflexibly of the contracts and unstable market situation. As a result, suppliers are not willing to bind themselves on Framework agreement contract. In this regard, ethio telecom should develop attractive mechanism by deploying strong contract management team with detailed knowledge of the contracts, appropriate delegation and expertise by creating regular structured communication routes with suppliers and stakeholders, have well defined problem resolution processes and develop regular and routine feedback mechanism to the suppliers shall be implemented. Moreover, by making the contract more flexible it is possible to change the attitude of suppliers and exercise a win- win negotiation during contractual framework agreement. Ethio telecom shall also prepare annual vendors supply

chain conference which help to create a common understating on the end to end supply chain activities and its goals.

- The study indicated that suppliers' selection, performance, and management on framework agreement engagement has influence on achievement of procurement framework agreement. The study recommends that ethio telecom should implement proper selections criteria between multiple suppliers by setting standards, like financial capacity, proficiency knowledge, past performance, availability of spare parts, etc. Monitoring and evaluate suppliers' performance capacity objectively and periodically will help ET to assess capacity of the suppliers and take corrective action. Ethio telecom contractual agreement must not be only considered penalties, but also be a reward for those doing above and beyond expectations by giving additional contract orders when there is a demand for supply. Ethio telecom should also work hard on strengthening relationship with suppliers, pay on time and be flexible on managing contracts.
- The study indicated that procurement framework agreement benefited to ethio telecom strategic corporate procurement. However, the implementation of framework agreement to region/zone level needs strong follow up and monitoring through reporting, workshops and quarter meetings in order to get the best output from the contract agreements.

5.4 Suggestion for further study

From the above study findings, the researcher recommends further studies on supplier relationship management in relation to framework agreement, and end to end supply chain management by starting from suppliers' side to warehouse management parts. On the other hand, further research on market dynamics, suppliers' capacity and experience. Future study also recommended to be undertaken to show the relationship price fluctuation impacts and suppliers performance on real data. Finally, literature on framework agreement is limited and call for more researches to study on the related area.

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Annex A
Questionnaire

St. Mary's University
School of Graduate Studies
Department of Business administration

This questionnaire is designed to collect data for research work on the paper entitled "The Challenges and Prospects of Procurement Framework Agreement: The Case of ethio telecom" for the partial fulfillment of MBA degree at St. Mary's University.

The research is to be evaluated in terms of the challenges and prospects of framework agreement at ethio telecom and its contribution to improvement on this area. The paper also tries to assess procurement framework agreement in relation to cost efficiency, excellence on the procurement process, procedure assurance, suppliers performance and relation management, as well as to examine whether framework agreement contribute to strategic corporate procurement.

The information you provide will be treated with strict confidentiality and will be used for the research purpose only. Please put a tick (√) mark in the appropriate box. If you have any question, please email or contact me at the address below.

Thank you for time and cooperation.

Henock Genene

Email -henok.genene@ethiotelecom.et

Cell phone: - 0911-202166

Section I. Demographic Information

1. **Sex:** Male Female
2. **Indicate your age**
Below 30 From 30-45 Above 45
3. **Total years of experience in ethio telecom**
Below 5 From 5 -15 Above 15
4. **Educational Qualification**
College Diploma First degree MA degree Above MA degree
5. **Current Position**
Top level management Middle level management
Supervisor level Staff level

Section II. Please indicate your level agreement with each of the following statements by putting a tick (√) mark in the appropriate box.

1. What is your level of agreement with the following statements in relation to Procurement Framework agreement practice in ethio telecom?

No.	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Transparent and competitive suppliers' selection is applied					
2.	Avoid duplication of work and minimize administrative cost					
3.	Uninterrupted supply of goods and services.					
4.	Timely delivery ensured on Procurement Framework agreement					
5.	Framework agreement build sustainable partnership relationship					
6.	Ensure competitive price, quality and better service					
7.	Secure the advantage of large volume purchase					
8.	Time saving from repetitive procurement process					
9.	Procurement Framework agreement consider total cost ownership (TCO) during the purchasing process					
10.	Price revision is applied during contract period of Framework agreement					

2. What is your level of agreement with the following statements in relation to problems on Procurement framework agreement practice?

No	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Proper procurement planning is applied while applying Procurement Framework agreement					
2.	Lack of proper specification development					
3.	Problems of Identifying the right suppliers					
4.	Lack of capable and potential suppliers					
5.	Low supply chain responsiveness from suppliers' side					
6.	Price fluctuation during contract period of Framework agreement is challenge for implementation					
7.	Negotiation problem is observed while processing Framework agreement					
8.	Improper contract management handling					
9.	Lack of proper Suppliers handling management					

3. What is your level of agreement with the following statements in relation to cost efficiency and excellence procurement process related to framework agreement?

No.	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Framework agreement has reduced procurement operating cost					
2.	Framework agreement has helped ethio telecom to increase service to its customers					
3.	Framework agreement brings about excellence of work in ethio telecom procurement activities					
4.	Framework agreement enabled to secure consistent supply of Goods/Services					
5.	Framework agreement enabled ethio telecom to obtain goods/services in an efficient and timely manner					

4. What is your level of agreement with the following statements in relation to Suppliers performance execution engaged in Framework agreement?

No.	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Suppliers have the capacity to deliver all the requested goods/services on time					
2.	Suppliers have delivered right quality as per the specification					
3.	Suppliers are willing to take corrective action for defective items					
4.	Suppliers are willing to provide technical support.					
5.	Suppliers consider themselves as a partner to ethio telecom					
6.	Lack of willingness is observed from suppliers' side to execute framework agreement contracts due to improper contract management.					

5. What is your level of agreement with the following statements in relation to Suppliers selection involved in Procurement Framework agreement?

No.	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Appropriate suppliers' evaluation and selection is implemented					
2.	Exercising win-win negotiation with suppliers					
3.	Financial status and experience play big role in selecting suppliers					
4.	Regular supplier's performance evaluation and measurement					
5.	Past performance and after sales support considered while selecting suppliers' in Framework agreement					

6. What is your level of agreement with the following statements in relation to Suppliers relationship management involved in Procurement Framework agreement?

No.	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Quick and appropriate response to suppliers' request is implemented					
2.	Suppliers' complaints are handled properly in Framework agreement					
3.	Gather feedback from suppliers and take improvement action					
4.	Long term partnership practiced in Procurement Framework agreement					
5.	Win-win relationship is practical in Procurement in Framework agreement					

7. What is your level of agreement with the following statements in relation to Procurement procedure assurance while applying Framework agreement?

No.	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Sourcing department is receiving annual needs of goods/services from users.					
2.	The established commodity team set evaluation criteria and assess total cost ownership of the goods/services					
3.	During Framework agreement sourcing procedure and process are aligned with strategic sourcing methodology					
4.	Contracts on Framework agreement are applied for three years, with no exception					
5.	Framework agreement is initiated from centralized sourcing as a means for complexity reduction as well as for achieving high efficiency.					
7.	Framework agreement contracts are awarded through open bidding procedure					

8. What is your level of agreement with the following statements in relation to Procurement Framework agreement benefits to ethio telecom strategic corporate procurement?

No.	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Procurement Framework agreement will help to address more strategic and tactical issues.					
2.	Contracts that have been implemented through Framework agreement are fully utilized to all ethio telecom region/Zone offices					

No.	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
3.	Framework agreement has high impact on time delivery of goods and services at the right quality and quantity					
4.	Framework agreement ensure sustainable supply chain coordinated system					
6.	Framework agreement will help to create strategic relationship with suppliers					

Thank you for your valuable response.