THE CHALLENGES AND PROSPECTS OF PURCHASING PRACTICE (INCASE OF WOLKITE UNIVERSITY)

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Abstract

Purchasing practice in Ethiopia is not recent phenomena Nowadays, it play curtail role by providing the necessary material to other department. The investigation conducted on challenges and prospect purchasing practice in Wolkite University. The major objective of this study was focused on improving purchasing mechanism of challenges enriching practice with the most relevant information and assessing the department. To do this both primary and secondary data is needed for successful achievement of the study. Primary data was collected from purchasing department committee and the manger though open and closed ended questioner. But secondary data was gathered from different document, books, purchasing department report, purchasing manual, regulation, training material. The study use judgmental or purposive sampling techniques. And also the research was used descriptive research techniques. The performance of the purchasing management activity is poor. The purchasing section follows the procedure of purchasing according to purchasing manual. But the qualification of the staff and training held is not well enough to fill the gap. As result user forced to compliant on quality, time and price of goods and service. Also specification management is poor. However, some of the observed gaps should be filled. This needs commitment from leaders of the University to improve the purchasing practice and resolve challenges for sound purchasing performance.

CHAPTER ONE

1. INTRODUCTIN

1.1BACKGROUND OF STUDY

Purchasing is one of the basic functions of common to all type of business enterprise. These functions are basic because no business can operate without them. All business administered or managed by coordinating and integrating these function (Donald Widowers 1994).

Creation the idea or design function, finance the capital questions and financial record, personnel the human resource and labor, relation, purchasing the acquisition of required material, service and equipment. Conversion the transformation of material into economic good and distribution the marketing and selling of goods produced, purchasing the basic and integral part of business management for a business to be successful. It is impossible for any organization to achieve its full potential without successful purchasing practice. In the long run the business enterprise depends every bit as much on the purchasing and supply executives at it does on the executive who administer the other function of the business (Dobler, Burt 1996).

Purchasing as a process of buying, it involves as determining the needs, selecting the supplier, arriving at proper price, specifying terms and conditions, issuing the contract and following up to ensure proper delivery, Purchasing is the responsibility of buying the kinds and quantities of materials authorized by the requisitions issued by production scheduling, inventory control, engineering, maintenance and other department of function requiring materials (Leenders, 1989: 25).

Purchasing is acquiring materials and part as a requisition to meet quality, quantity and time specifications. Purchasing is responsible for acquiring raw material, component part, tools and other items outside supplier.

1.2 Background of the organization

Wolkite University is one of the well know higher learning institute located at wolkite town which is the administrative and trading center of Gurage Zone is south nations, nationalities and peoples regional state. Wolkite University was established in 2004 E.C. The University aims at delivering teaching and learning; research and community services. Currently the University offers courses under seven faculties in undergraduate programs that includes Engineering and technology, Natural and computational science, Business and economics and social science and humanities, Medicine and health science, Education and behavioral studies, agricultural science

The University overall vision is to render the best in teaching learning, research and community service possible, warmly and professionally to its customers within and outside the country, serve all the public by improving not only academic knowledge and professional skills but also promoting life-long study habits and striving to instill values of integrity, self-respect and respect for others.

1.3 Statement of the problem

Wolkite University is the public organization in the country which purchase good and service which are necessary for its regular operations or to accomplish its short and long run plans. These goods and services include supplies like student consumption food, stationary material, machine, equipment and spare parts.

Purchasing is by itself incurring cost. The public organization follow purchasing practice of minister of finance and economic development stated in purchasing and property administration proclamation number 649/2001 Art 7/2.

It states the key area requiring a particular attention that is purchasing policy, procedure, plan, discount, and bidding and supplier selection.

Wolkite University highly spends money for purchase of equipment, machinery, spare part, stationary material, and student consumption food. The objective of purchasing management is satisfying customer and user by making the available necessary material and equipment so it give good relationship with user department by providing material and equipment at the right price and right quality, at right price and from right source. But there is still a gap among different researcher. In order to fill these gaps the researcher raised the following question.

1.4. Research Question

- Does Wolkite University apply necessary purchasing policies and procedures?
- How much the purchasing practice policies and procedures apply in Wolkite University?
- What are the factors affect purchasing practices in Wolkite University?

1.5 Objective of the study

1.5.1 General Objective of the study

The overall objective of the study is to identify the challenges and prospect of purchasing practice.

1.5.2 Specific Objective of the study

- To investigate whether Wolkite University apply necessary purchasing practice policies and procedures.
- To investigate the application of purchasing practice policies and procedures.
- To investigates factors affect purchasing practice.

1.6 Significance of the study

It brings ground for good relations with departments, it guides other researcher study effectively, allow recommendation to purchasing system, it lead to graft mutation of the organization and the outcome of this study was helping to strengthen the management system in the university by giving the some direction.

1.7 Scope of the study

Wolkite university has different department like finance, human resource, Purchasing, e.t.c

To achieve its objectives this study is focused on identifying challenges of purchasing practice which is held under purchasing department of the university**.**

1.8 Limitation of the Study

This research was up to Wolkite University Purchasing department that means this research is limited only to a specific organization. Even though some of its ideas can be used to describe other situations, this study cannot be used to generalize any other research. The researcher was make descriptive research; it describes the state of view as it exists at present, but it does not establish a cause and effect relationship, other than this, not responding to the questionnaires on time, not even responding at all were the limitations throughout the study.

1.9 Organization of the Paper

This study was organized as follows. The first chapter was deal with the introduction part of the study which includes background of the study, Background of the organization, statement of the problem, Research Question, objective of the study (general and specific objective), significant of the study, scope of the study, organization of the paper. The second chapter was deal with review of the related literature users). The third chapter was deal with research methodology which includes research design, source and methods of data collection, sampling technic, methods of data analysis. The fourth Chapter was including data analysis and interpretation. And the last Chapter was including conclusion and recommendation.

CHAPTER TWO

2 Review of Related Literature

2.1 Purchasing Definition

Purchasing refers to a function in business where by the enterprise obtains the inputs for what is produced as well as other goods and services it requires. Purchasing is one of the basic function common to all type of enterprise. These functions are basic because no business can operate without them (Dobler, 1964, p.27).

Purchasing activity acquires well and services to accomplish the goal of organization. Different scholars have given different definitions for purchasing.

The main objective of purchasing are: (1) to maintain the quality and value of company product (2) to minimize cash tied up in inventory, (3) maintain the flow of inputs and (4) strengthening the organization competitive position purchasing.

2.1Types of purchasing Approaches

There are three types of purchasing approach based on findings these are:

2.1.1 Speculative buying

- Speculative buying refers to buying on item of one price with the intention of profiting the transaction by selling it at higher price
- The purchasing material in excess of foreseeable requirement. It anticipated that the need on arise for material and the firm will profit by making the purchasing at the current prices. (Donald and Dobler, 1984

2.2.2 Hands to mouth buying

Hands to mouth buying becomes sever popular method of purchasing during the great depression of the 1930's and it is a policy that may be expected to appear whenever supplier of goods becomes plentiful and price decliner such imminent.

Advantage.

- If material service is purchased in UN instable market and when price are dropping it saves money.
- When introduction of new machinery or design which will pander a lot of materials is anticipated.
- Problems of cash flow and desire inventory carrying cos

Disadvantage

- It will lead to higher procurement and probing higher total inventory cost.
- Denier of running out of stock in case of supplier failure or late delivery (Donald and Dobler 1984).

2.2.3 Forward Buying

It satisfied more than carryout need, but not beyond and forest seeable requirement approximately three to twelve months. This is based on long term planning and assumes the risk of sharply increased or decreased business. The objective of forward buying are to take advantage of favorable pricing due to large quantity and market condition and establishment, special with unstable or restrictive market of material cost and material availability for the longer period time relatively disadvantage are price risk and added holding charges if needs are reduced and commitment for delivery cannot be revised purchasing does not play sufficient forward purchase order.

2.3 Significance of purchasing

The type of activity for performed by the purchase groups varies from company to company. The assignment of the activity depends up on companies' organizational size and geographical dispersion. It is important to the success of the material or logistic management group that all purchasing all activates be assigned and that all individual be fully informed to their responsibility (Eugene, Magadha John, 1995 p. 252).

The importance of purchasing is also a significant in service giving companies they are able to execute several activities more efficiently than the manufactures their added and therefore purchasing storage transformation and marketing services material must be available at the proper price, in the proper quality, at the proper time and at proper place. However, failure to accomplish any of these responsibilities concerning materials and company cost it decrease company sale.

2.4 The scope of purchasing

As the type, site and nature of the product of business enterprise vary the volume of work the amount of money expanded and the degree of sophistication affecting purchasing will also vary regardless of this wide divergence the procurement process should be accomplished in the most professional and capable in 1968,

2.5 Objectives of purchasing

The objective of purchasing can be viewed from there levels.

- Avery general managerial level
- More specific functional or operational level
- A detailed at which precise strategic buying plan are formulated

2.5.1 from top managerial prospective

The general objectives have traditionally been experienced as the five right which management expects the departments to achieve the acquisition of material (J.H Westing, 1985).

a) Right quality
b) Right quantity
c) Right time
d) Right price
e) Right supplier

2.5.2 Functional cooperation level objectives

- To support company operation with uninterrupted flow of material and service. This is the most fundamental of all purchasing and supply objectives.
- To buy competitively involves keeping abreast of the process of supply and demand that regulate price and availability of material in the market.
- To buy wisely buying wisely involves continual search for better value that yields the best combination of quality, services and price, relative to the buyers need.
- To develop good relationship with the supplier, continuing relationship with active supplier and good relationship with potential suppliers.
- To keep inventory investment and inventory loses as a practical minimum although maintaining a large inventory is one of achieving objectives from top manager perspective.
- To handle the purchasing and supply management function in professional & cost effective manner. (Donald and Dobler 1964).

2.5.3 from the detail level objectives

At this level precise straggle buying plan are formulated the focus is one the detailed objectives that are developed when precise buying plan are made for each of the major categories that are material arms use in its operation. (Dobler 1986, p. 42-44).

2.6 Purchasing policy

Purchasing policies are general statement or undertaking which guide or channel thinking and action in carrying any purchasing transactions and objectives in an optional manner it is statement that describes in very general terms UN intended course of action (Dobler and Donald, 1996) purchasing policies has various characteristics.

- Policies limit an area with in which a decision is to be made and assure that the decision will be consistent and contribute to objective.
- Clarity and improve relationship with other functions.
- Training new personal and communicating approved practice

- ❖ Evaluate and improve purchasing function.

The purchasing department is responsible to establish and administer purchasing polices, institute report necessary to permit analysis of purchasing performance negotiate and approved terms of contracts and analyze price paid for material and generally define how to obtain saving and coordinating purchasing procedures (Aljian and George, 1973).

2.7 Purchasing procedures

Purchasing procedure often vary depending on the type of items to purchase. A purchase procedure outlines in detail the specific actions to be taken accomplished a given task within the guide line of any applicable policies it establish the founding objectives (Dobler and Donald, 1996).

- Full fill each tasks satisfactory with minimum of time effort and paper work
- Effectively communicate and coordinate the effort of one work group with another.
- Minimum overlapping effort and group conflict
- Permit effective management by exception.

2.7.1 Organization of Purchasing Regulation

Materials requisition from the customer unit or individuals that have been authorized to make such a request users of the stock items for instance may submit materials regulation from the stores to purchasing units for non stock items the authorized individual or units fill the purchase unit.

The information in the purchase requision form includes the name of the material required

- The code number and part number
- The quantity required
- The time when the material is required.
- Specification and standard.

2.7.2 Verification of purchasing Regulation

The purchasing unit verifies whether the purchase requisition is authorized and whether other requirements have been fulfilled appropriately questions cleared in the verification includes.

- It the requesting unit or individual authorized to make such a request?
- Is there a budget to meet the request?

2.7.3 Request for Bidding (Quotation)

The purchasing unit examine whether bids are required or a direct purchase polices of the organization bid can be open or closed.

Open bid: Prospective suppliers are incited for interact advertised in media the lowest tender gradually being accepted although the advertisers usually stated that they are not bound to accept the lowest or any tender.

Closed bid: Perspective suppliers are invited to complete for a contract the advertising of which is restricted to selected suppliers who are invited to complete to the material. After the types of bid are selected purchasing unit needs to prepare the bid documents which stipulate the requirement and the manner in which bidders are required to complete.

2.7.4 Evaluation and selection of suppliers

Suppliers are evaluated and selected on the basis of the criteria. Selection of capable supplier is one of the most important responsibility of purchasing professional.

The development of new suppliers, also additional suppliers for existing purchased items will be needed in order to lower cost, better quality, on time delivery, and improved technical service. Some of the sources are.

Sales man contracts, purchasing contracts, Trade directors, scalawags, Trade shows and conventions. (Eugene, Maganda and John, 1995).

2.7.4.1 Evaluation suppliers

Evaluation of supplier is critical to obtain an uninterrupted flow of material and developing reliable supplier.

Some of the criteria's of selection of supplier are:

Financial condition: Quality, capacity, service, plant visit, supplier rating, suppli Source selection or source location.

Delivery time challenges.
certification to obtain the needed amount without un interruption.

2.7.4.2 Evaluation of purchase performance

The efficiency of the purchasing section can be judged the following basis, such evaluation result in improved performance (Nair, 1990).

1) Number of person employed
2) Whether the work has been properly distributed and whether the staff has a broad program of work
3) Time taken ordinarily to process a purchase requisition.
4) Whether materials of correct quality are being purchased and incidence of rejection.
5) Number and value of overdue orders.
6) Proportion of purchase department operating cost to value of total purchase cost per order.

2.7.5.Contract purchase order

The contract is awarded to the best supplier candidate with the highest score on the criteria set of purchase order is to be produced in several copies depending on who is to receive them.

2.7.6. **Follow-up and expediting**

After purchase order has been made the purchaser a should not wait until the supplier delivers the materials we need to follow up to make sure that suppliers will deliver the materials on the agreed data expediting requires a special type of agreement for it may require the supplier extra effort and cost.

2.7.7 Receiving and Inspection

Receiving inspection and storing are made after the materials are delivered and verified with the purchase order and invoice if there are discrepancies in the reliving and inspection of the material such as shortage, overage and damages.

2.7.8 Payment

There are different modes of payment depending weather the purchase local or international.

2.8. Organization purchase

Purchasing is the function of buying machinery, tools, general supplies, raw material etc. required by an organization (Nair, 1990). The work of the purchasing is performed by the purchase sector and in the broader senses their functions and responsibilities including the following:

1. Obtain the right quality and quantity of material at the right time, so that production is not hampered.
2. See that the purchase is made at the most competitive price.
3. Nearly 80 percent of annual expense of a factor represents purchase, it is their responsibility of purchase section to see that the fund are utilized on the purchase with what most discretion.
4. Cost reduction
5. See that purchases are made only against authorized purchase requisitions and proper functions.
6. Deal with the supplier regarding shortage, rejections etc, reported by the store.
7. In case of delay in obtaining suppliers against any purchase requisition keep the department concerned informed of the progress.
8. Suggest latest and more economical material for use by the manufacturing departments this could be done because of its contract with the outside source of supply.

2.8.1 Centralization versus decentralization

Centralization of purchasing means that the requirement of any departments of a plant or of different units of the same company of associated companies of the same group will be purchased by a single purchased department (Nair, 1990).

Decentralization purchasing provide authority of purchase to the lower unit in order to purchase their own material (Nair, 1990) decentralization purchasing is the power to delegated to sub group or subordinates. The power is not centralized within one party.

2.8.2 Merits of centralization purchasing

- Quality discount
- Effective use of limited and highly specialized skilled purchase staff.
- Standardization of purchase materials and purchase procedure.
- Avoidance of significant difference in price between them in case of short supply.

2.8.3 Merits of decentralization purchasing

- Advantage would take of locally available product leading to possible cost reduction and more suitability.
- Delegation authority to a various unit price moral of involved personnel and taken advantage of their local acquaintance and knowledge.
- Suitable for department or plant that require different type of item.
- Enable local management to exercise control over it cost and selection of material in addition to enhancing its relation with local suppliers and its social responsibility to the local community.

2.8.4 Demerits of centralization and decentralization purchasing

By and large the advantage of centralizing reflects the disadvantage of decentralization and the advantage of decentralization indicate the main short coming or disadvantage of *centralization.*

2.9 International purchasing

The term global sourcing, global purchasing, foreign sourcing and international sourcing are used interchangeably in recent year the term “international purchasing” is being used by many firms which means integration and coordination of common item, process, technology and supplier (Dobler and Burt 1996).

CHAPTER THREE

3. Research Design and Methodology

3.1 Research Design.

The objective of the study was investigate the existing challenges of purchasing practice in Wolkite University. In order to collect data the researcher was used both primary and secondary data by using judgmental sampling technique. The research was used descriptive type of methods. Primary data was collected through both open and closed ended questionnaire. Secondary data would collect from different written documents.

3.2 Source of Data

The researcher was used both primary and secondary sources of data. The primary data are information that was assessed by the researcher himself and was collected for the first time. These source data were obtained from people who are responsible to purchasing practice in the department. The secondary data is obtained from different written sources such as purchasing manual, regulation, training materials, and purchasing department reports and from internet

3.3 Method of Data collection

The primary data was gathered from individuals who are responsible for purchasing activity. The method of data collection that can be used for this study was open and closed ended questionnaire for the purchasing department. The secondary data g was gathered from purchasing manual, regulation, training materials, and purchasing department reports and from internet

3.4 Sampling Techniques

In order to collect primary data the study was used judgmental sampling technique. It is suitable for the study and minimizes cost in terms of money, save time and convenience to use attention and select target respondents that provide relevant information.

3.5 Sample size

the target populations for this particular study were Academic staff employees of the organization. The total population size was 2516 employees. this total population the researcher was used 32 purchase department and administrative staff employees. This was done in order to obtain accurate and necessary information.

3.6 Method of data analysis and interpretation

The analysis was carried after collection of necessary data from different sources mentions above. The researcher was used descriptive data analysis techniques. Summarize and present data and translate data in to information. The data was analyzed through percentage and table. The data analysis technique makes the analysis simple and clear for readers, therefore the data was analyses by using descriptive analysis method.

CHAPTER FOUR

DATA RESULT AND DISCUSSION

4.1 INTRODUCTION

The main objective of this research was to identify the challenges and prospect of purchasing practice.in the case of Wolkite University. In this regard, this chapter presents the results and findings of the study as collected from the sample population. The questionnaires were distributed to a sample size of 32 selected employees using judgmental sampling methods so that the samples have good representations from every department and would consisting purchasing department and administrative staff. 32 questionnaires were returned which represents of Wolkite university staff was designed in line with the objectives of the study. To assure quality of data gathered coded responses were entered into Excel for data analysis. The data have been presented by tabulation, and some figures. The chapter covers respondents' general information based on demographic information and findings based on how the research questions/objectives shows to identify the challenges and prospect of purchasing practice in the case of Wolkite University and the results are presented and interpreted.

4.2 Profile and composition of the respondent

4.1Table of profile of respondent

Profile	Choice	Frequency	Percentage
Educational level	• Certificate or less		
	• Diploma		
	• BA Degree	28	88
	• MBA/MSc or above	4	12
	Total	**32**	**100**
Gender	• Male	21	66
	• Female	11	34

	Total	**32**	**100**
Age	• 20-29	18	56
	• 30-39	8	25
	• 40-49	6	19
	• 50-59		0
	Total	**32**	**100**
Department	• Purchasing	17	53
	• Other	15	47
	Total	**32**	**100**

Source: survey result (2020)

The level of education of the respondents shows that none of them diploma and certificate, 88 % who were the majority are first degree holders and 12% were second degree holders. This shows that the respondents are well educated and could understand and respond to the questionnaire. Also with relevance of age from the total valid respondents, 19 % (6 respondents) of them have forty to forty nine years, 25% (8 respondents) have thirty to thirty nine years, and rests 56% (18 respondents) have twenty to twenty nine years old. In general, it can be seen that from the above figure the majority of the respondents has more found at 20-29 years old. From this figure we can conclude that the information obtained from them is reliable, since they have good know-how and experience about the concept of purchasing practice in the corporation. On the other hand gender is also effects source of information. So both sexes are actively participated on responding questioner. From total respondent 21 (66 %) are male and 11(34%) are female respondents.

4.3 Purchasing management

Purchasing is a managerial activity that goes beyond the simple act of buying, and it includes the planning activities covering a wide range of related and complementary activities. Included in such activities are the research and development required for the proper selection of materials and sources; the follow-up to ensure proper delivery; the inspection of incoming shipments to ensure both quantity and quality compliance with order; the development of proper procedures, methods, and forms to enable the purchasing department to carry out established polices; the co-ordination of the activities of the purchasing department with such other external divisions of the concern such as traffic, receiving, storekeeping, and accounting, so as to facilitate smooth operations; and the development of a technique of effective communication with top management of the company so that a true picture of the performance of the purchasing function is presented. With the relevance of this topic the researcher asked the respondent.

4.2Table of purchasing management

S.n	Type of question	Description	frequency	Percentage
	Does the purchasing function is well organized in the university	• Yes	13	41
		• No	19	59
		Total	**32**	**100**
	There is a delay in purchasing the requested items?	• Strongly Agreed	7	22
		• Agreed	11	34
		• Fairly Agree	3	10
		• Disagree strongly disagree	11	34
		Total	**32**	**100**
	Have you encountered any problem because of the poor performance of purchasing?	• Yes	19	59
		• No	10	32
		• I do not know	3	9
		Total	**32**	**100**

Source:-Owned survey (2020)

As interview show numbers of specific activities are performed by purchasing department. That involves buying, value analysis and purchasing needs. However the above respondent reflected that 19(59%) of them are believe that purchasing process of the institution is not well organized, Also timely delivery is one of the functions of purchasing department. In concerned time of dalliance that 3(10%) of fairly agree on dalliance, 11(34%) of them are agree on it, 7(22%) strongly agree on interval. Similarly, *as* the table revealed 19 (59%) of respondent reply that

poor performance of purchasing encountered a problem to user. This shows that more than half of the respondents agreed that poor organizing of purchasing of goods or services going to be procured.

4.4Purchasing versus customer interest

4.3 Table of purchasing items

s.n	Variable	Description	frequency	Percentage
	The purchasing unit purchased items, which are different from your request	• Strongly Agreed		
		• Agreed	8	25
		• Fairly Agree	10	31
		• Disagree	9	28
		• strongly disagree	5	16
		Total	32	100

Source own survey (2020)

None of the respondent replied that strongly agree purchasing unit prepared items different from the user interest, 31 % of the respondent replied that fairly agree, 28 % of the respondent replied disagree, 25 % of the respondent replied agree and 16 % of the respondent replied strongly disagree. From this data, Wolkite University does not have the practice of to consider the deep interest of demand of purchase. As interviewer showed that there is cause for mismatch between user and purchaser. One is that the user ordered material does not access at local and sometimes at international market. But this does not mean at all level of purchased items.

4.5 Mechanism of efficient and prompt purchase

As interviewer response revealed that broadcast advertising is typically the dominant way used to reach suppliers. It can play a cost-effective role in the communication mix, in the early stages of the process-need recognition, development of product specifications, and supplier search, but can also be useful as the buying process progresses toward evaluation and selection. However with relevance of its practice majority questioner respondent reflect that disagree on a mechanism to encourage efficient and prompt purchase in the organization. To narrate thus indicate following table.

4.4 Table of Mechanism of efficient and prompt purchase

s.n	Variable	Description	frequency	Percentage
	There a mechanism to encourage efficient and prompt purchase in the organization?	• Strongly Agreed	1	3
		• Agreed	7	22
		• Fairly Agree	5	16
		• Disagree	9	28
		• strongly disagree	10	31
		Total	32	100

Source owned Survey (2020)

4.6Purchasing Performance Evaluation

This part of the research tries to assess the performance of Wolkite University with the most common parameter of purchasing goods or service with right quality, at right time, at right price, from the right place or source and with right quantity. Based on the purchasing directives of the higher education each goods or services that has procured shall meet relevant quality that to satisfy a given need, right quantity based on the requested amount, obtained the lowest possible purchase price that fit with the specification, delivery of goods and services at the right time based on schedule of end users and from the right source. To guarantee the current performance of purchasing activity related questioners are forwarded to the sample respondents. Based on the questioners are the responses of the respondent tabulated as

4.5 Table of purchasing Performance Evaluation

s.n	Variable	Description	frequency	Percentage
	The management evaluates purchasers' performance based on the right quality, right quantity, right price, right time and right source of purchasing?	• Strongly Agreed		
		• Agreed	5	16
		• Fairly Agree	5	16
		• Disagree	9	28
		• strongly disagree	13	40

		Total	32	100

Source owned Survey (2020)

According to the above Table none of the respondent replied that management evaluates purchasers' performance based on the right quality, right quantity, right price, right time and right source of purchasing strongly agree, 41% of the respondents reply strongly dis agree, 28% of the respondent reply dis agree, 16% of the respondent reply agree & fairly agree respectively. From the above data many of the respondents become unhappier on performance with the purchasing of quality of the goods or services by the wolkite Moreover, as per the researcher observation, enormous amount of procured material are stored in the university store especially those which are purchased by request for quotation method of purchasing. The right material and economic use of the resource is critical for the university to deliver its service to the purchase order. Because of more than 50% of the corporation budget is spent for the purpose of purchasing goods and services.

4.7Compliant of purchase with relevance of time, quality and its value

Purchasing compliance has a great potential of reducing transactional costs and bringing cost savings (Brandon-Jones 2009).With relevance of thus the researcher get response as following

4.6 Table of purchase of time, quality and its value

s.n	variable	Description	frequency	Percentage
	There are user complaints with regard to late purchases?	• Strongly Agreed	13	41
		• Agreed	7	22
		• Fairly Agree		0
		• Disagree		0
		• strongly disagree	12	38
		Total	**32**	**100**
	There are user complaints with regard to wrong quality items?	• Strongly Agreed	22	69
		• Agreed	5	16
		• Fairly Agree		0

		• Disagree		0
		• strongly disagree	5	15
		Total	32	**100**
	There are user complaints with regard to wrong pricing of items?	• Strongly Agreed		
		• Agreed	19	59
		• Fairly Agree	9	28
		• Disagree	4	13
		• strongly disagree		
		Total	**32**	**100**

Source ;-survey (2020)

As shown in the table above, majority, i.e. 22(69%) respondents strongly agreed on facing compliant on quality of purchased items and five respondents stated that the purchased items doesn't react compliant fully. 5(16%) of them are agree on prevalence of compliant with relevance of quality.

On the other way researcher requested about acquiescent with concern of specific price of items. Majority of respondent or 19(59.35%) of them reported that agree on dissatisfaction is there on item pricing.4 (12.5%) of responded as disagree on compliant on monetary value of purchased item, whereas 9(28.125%) fairly agree on its.

Also respondent shared idea based on questioner is that reported 13 (40.6%) of them as strongly agree on late purchase or never delivered as schedule. 7(21.8%) agree on dalliance of purchasing the remaining one 12 (37.5%) of the dis agree on dalliance of purchasing.

4.8Factor that affect purchasing process

As the interviewer report that purchasing is affected by many things internally and externally. Internally user order mismatch with avail budget or limitation of budget, poor specification of item, lack of skilled manpower and motives. Externally inflation of market, political instability, shortage of dollar and financial limitation on supplier side has affected the purchasing process.

4.9Procedure of Purchasing

According to the Wolkite university manuals the purchasing stages described as follows recognition of need, accurate description of desired commodity, preparation of standard bid document send draft bidding document to procurement committee for review and approval ,float the advertisement invitation to tender, selling and opening of the bidding document , preparation and approval of preliminary evaluation , assigning of technical evaluation committee and carry out technical evaluation send the technical evaluation report to procurement committee for review and approval , notify the result of the technical evaluation to the successful and unsuccessful ,notify the result of the combined technical and financial evaluation to the successful and unsuccessful or preparation of the purchase order, singing of the contract agreement , delivery of goods/services or works , receipt and inspection of goods, clearing the invoices and payment and finally maintenance of records .

To check the current activity of the university on purchasing criteria related questioners forwarded to the sample respondents. Based on the questioner the response of the respondents tabulated as follows.

4.7 Table of evaluate purchase procedure

s.n	variable	Description	Frequency	Percentage
	Does there criteria which are used for selecting suppliers?	• Yes	25	78
		• No	3	9
		• I do not know	4	13
		Total	32	100
	Do you think the purchasing manual gives more emphasis to some of the five rights of purchasing?	• Yes	23	72
		• No	5	16
		• I do not know	4	12
		Total	32	100

Source: - survey result (2020)

Above table showed that the percentage and distribution of the respondents reply for purchasing criteria to identify supplier. 25(78%) of respondent reported as Wolkite university have criteria to select supplier. In contrast 3(9%) of them are reply that the institution have not standards to select provider. On other hand 4(12.5%) reported as have not an information on it. From this one can learn that there are criteria on selection of goods and service supplier.

8.9 Suppliers' and users 'problem to ward compliant

Procurement can increase purchasing compliance by user technique and manufactured side. That could be a lack of awareness about the policy or they just don't like the bureaucratic process of purchasing, they want to buy from whomever they want to buy. With related of this researcher find out response.

4.8 Table of suppliers users problem

s.n	Variable	Description	frequency	Percentage
	Are there complaints directly attributable to suppliers' and users' problem?	• Yes	21	66
		• No	11	34
		• I do not know		
		Total	32	100

From the above data also about none of the respondents don't know complaints directly attributable to suppliers' and users' problem.21 (66%) of respondent reported that compliant is there on side of supplier and user. In contrast 11(34%) of them respond doesn't attributable other than purchasing process. Therefore we can learn from the above table supplier and final user directly effects on compliant.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

The purpose of this study was to identify the challenges and prospect of purchasing practice in the case of Wolkite University. The purchasing activity of the Wolkite University was assessed through different sector and user department satisfaction level, perception of the purchasing and main department performance. Most of the demographic characteristics of the respondents are capable of showing the required data.

5.2 CONCLUSION

To achieve the objectives of the study, a survey of the available literature that was undertaken is presented in Chapter two in detail. The chapter therefore provides the theoretical grounding that forms the foundation of the research overall system. Based on the objective, the methodology was presented in chapter three. Chapters four comprise result and discussion. Thus, the researcher tries to conclude the following main points;

- Purchasing is a managerial activity that goes beyond the simple act of buying, and it includes the planning and policy activities covering a wide range of related and complementary activities. According to the research result poor organizing of purchasing of goods or services going to be procured in Wolkite University.
- Wolkite University does not have the practice of consider deep interest of demand of purchase because of an access of material at local and international market. That is no more often But, it happens when medical and laboratory equipment.
- In the early stages of the process-need recognition, development of product specifications, and supplier search, but can also be useful as the buying process progresses toward evaluation and selection. However with relevance of its practice majority questioner respondent reflect that disagree on a mechanism to encourage efficient and prompt purchase in the organization.
- Purchasing directives of the higher education each goods or services that has procured shall meet relevant quality that to satisfy a given need, right quantity based on the requested amount, obtained the lowest possible purchase price that fit with the specification, delivery of goods and

services at the right time based on schedule of end users and from the right source. But as majority of respondent report that no satisfaction at quality, price and time of delivery.

- According to the Wolkite university manuals the purchasing stages described as follows recognition of need, accurate description of desired commodity, preparation of standard bid document, send draft bidding document to procurement committee for review and approval ,float the advertisement invitation to tender, selling and opening of the bidding document , preparation and approval of preliminary evaluation , assigning of technical evaluation committee and carry out technical evaluation , send the technical evaluation report to procurement committee for review and approval , notify the result of the technical evaluation to the successful and unsuccessful ,notify the result of the combined technical and financial evaluation to the successful and unsuccessful or preparation of the purchase order, singing of the contract agreement, delivery of goods/services or works, receipt and inspection of goods, clearing the invoices and payment and finally maintenance of records. Majority of respondent feel that procedure is kept at purchasing process.
- As interviewer response purchasing process is affected by internal and external factor. Specifically at Wolkite University from internal budget limitation, lack of skilled and empowered man power and poor specification.
- External challenges are that inflation of product, political instability and poor financial capacity of producer.
- In general, the study concludes that ineffective purchasing management; performance and procedures can put great impact on Wolkite University.

5.3 Recommendation for the Corporation

Based on the above major finding the following recommendation has been forwarded for Wolkite University to improve its purchasing performance.

- There is poor organizing process when they perform purchasing of goods or services: the Wolkite University shall prepare on time with complete information by end users. In addition, different administrative department, and academician departments shall also minimized unplanned requisitions. Purchasing department should strengthen and ensure successful implementation of their organizational plan and to achieve their goals and objectives.

- Purchasing department should be deeply assessing market before taking order from user. Also I strongly recommend purchasing management must be fully integrated with the strategic plan and budget of the corporation.
- Creating workforce with the right skills and capabilities leads to sound purchasing activities. Wolkite University needs to capacitate them in provision of training.
- To improve quality, time and price better to create a purchasing workforce with the right skills and capabilities leads to sound purchasing activities. The wolkite needs to maintained skilled personnel by revising their benefit, development of an effective monitoring and evaluation tool, and the creation of incentive programs to motivate good performance. Also it needs highly works on wide coverage of advertising tool like national media.

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Annex

Wolkite University

College of Business and Economics

Department of ----------

Questionnaire

Dear sir/madam,

My Name is ----------. I am an under graduate student at wolkite university in department of ----------.

This questionnaire is designed to gather information on purchasing activities of wolkite universty. For the research conducted in partial fulfillment of BA degree in ----------. Your cooperation is a valuable input for the research findings. Please provide your genuine opinion. You may choose more than one option when applicable. Please tick your choice.

SECTION I

RESPONDENT PROFILE

1. Education level **(Tick□)*:*** □ Certificate or less □ Diploma □ First Degree □ Masters or more

2. Gender **(Tick□)*:*** □ Male □ Female

3. Age **(Tick□)*:*** □ 20-29 □30-39 □ 40 -49 □ 50 or above

4. Working in **(Tick□)*:*** □ purchasing department □ other department

SECTION II

QUESTIONNAIRE PREPARED for WOLKITE UNIVERSTY PURCHASING STAFFS' and HIGHER OFFICIALS

1. Does the purchasing function is well organized in the university? **(Tick □)**

□ Yes □ No □ I do not know

2. There is a delay in purchasing the requested items? **(Tick □)**

□ Strongly Agreed □ Agreed □ Fairly Agree □ Disagree □ strongly disagree

3. Have you encountered any problem because of the poor performance of purchasing? **(Tick □)**

□ Yes □ No □ I do not know

4. If yes, please write

A. The incidence_____

B. The Result_____

5. The purchasing unit purchased items, which are different from your request**? (Tick □)**

□ Strongly Agreed □ Agreed □ Fairly Agree □ Disagree

□ strongly disagree

6. There a mechanism to encourage efficient and prompt purchase in the organization? **(Tick □)**

□ Strongly Agreed □ Agreed □ Fairly Agree □ Disagree

□ strongly disagree

7. What types of purchases do you have?

_____

_____

8. The management evaluates purchasers' performance based on the right quality, right quantity, right price, right time and right source of purchasing? **(Tick □)**

□ Strongly Agreed □ Agreed □ Fairly Agree

□ Disagree □ strongly disagree

9. Does there criteria which are used for selecting suppliers? **(Tick □)**

□ Yes □ No □ I do not know

10. There are user complaints with regard to late purchases? **(Tick □)**

□ Strongly Agreed □ Agreed □ Fairly Agree

□ Disagree □ Strongly disagree

11. There are user complaints with regard to wrong quality items? **(Tick □)**

□ Strongly Agreed □ Agreed □ Fairly Agree

□ Disagree □ Strongly disagree

12. There are user complaints with regard to wrong sourcing of items? **(Tick □)**

□ Strongly Agreed □ Agreed □ Fairly Agree

□ Disagree □ strongly disagree

13. There are user complaints with regard to wrong pricing of items? **(Tick □)**

□ Strongly Agreed □ Agreed □ Fairly Agree

□ Disagree □ Strongly disagree

14. Are there ways to evaluate whether purchases are done according to five rights of purchasing [right quality, right quantity, right price, right time and right source]? **(Tick □)**

□ Yes □ No □ I do not know

15. Are there complaints directly attributable to suppliers' and users' problem? **(Tick□)**

□ Yes □ No □ I do not know

16. Do you think the purchasing manual gives more emphasis to some of the five rights(right quality, right quantity, right price, right time and right source) of purchasing? **(Tick□)**

□ Yes □ No □ I do not know

SECTION III

INTERVIEW QUESTION PREPARED for WOLKITE UNIVERSTY PURCHASING DIRECTOR and HIGHER OFFICIALS

1. What are the steps involved in the purchasing process?

2. Do you satisfy user on purchasing items?

3. If your answer is no for question number 2 what is the reason mismatch between purchasing items and user interest?

4. What are the consequences of mismatch purchasing activity***?***

5. What are the basic objectives of the purchasing function?

6. What types of complaints are directly attributable to the purchasing process problem?

7. How management body evaluates purchasers' performance?

8. What are the fundamental documents that guiding purchasing process?

9. Does there mechanism to encourage efficient and prompt purchase in the university? If it is there, what are they?

10. In your perception what are the factors that affect wolkite university purchasing process?

11. How the purchasing function is organized in the university?

Thank you very much