CHALLENGES AND EFFECTIVENESS OF THE PURCHASING PRACTICE (ACASE STUDY IN WOLKITE UNIVERSITY)

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Declaration and confirmation

Declaration

I undersigned student, hereby declare that, this senior research paper is my original work, which has not been presented for the degree in other university and all the sources of materials used for this study have been fully acknowledged.

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Confirmation

This research paper work is conducted under my supervision and fulfils all requirements research standard of the program. I hereby approve the submission of this senior research project for examination.

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Approval

This research has been submitted for examination with my approval as a university advisor.

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Table of Contents

Declaration and confirmation i

Approval ii

ACKNOWLEDGEMENT iii

Table of Contents iv

Abstract vi

CHAPTER ONE 1

INTRODUCTION 1

1 .1 BACKGROUND OF THE STUDY 1

1.2 Statement of the problem 2

1.3 Research Questions 3

1.4 Objectives of the Study 4

1.4.1 General Objective 4

1.4.2 Specific Objectives 4

1.5 Significance of the Study 4

1.6 Scope of the Study 4

1.7 Limitation of the Study 5

1.8 Organization of the Study 5

CHAPTER TWO 6

2 Review of Related Literature 6

2.1 Theoretical related review of literature 6

2.1.1 Introduction 6

2.1.2 Purchasing Definition 6

2.1.3 Major Tasks of Purchasing 7

2.1.4 Purchasing Department Responsibilities 7

2.1.4.1 Types of purchasing Approaches 8

2.2 Empirical Review 17

CHAPTER THREE 20

3 Research Methodology 20

3.1 Research Design 20

3.2 Data source 20

3.3 Method of data analysis 20

4 Conclusion and recommendation 21
4.1 Conclusion 21
4.2 Recommendation or suggestion 21
Reference 23

Abstract

The research was conducted under the title of the challenges and effectiveness of purchasing practice. The main objective of the study was to assess the challenges and effectiveness of purchasing practice. The researcher used secondary data source and secondary data was gathered from different reference books. The major finding of the study shows that there is some problem in the purchasing area of the university. Effectively communicating, the importance of having efficient purchasing management which can be met by securing the purchase of right quality item, in the right quantity, from the right source, purchased for the right price and delivered at the right time. In General all the levels in the purchasing procedures helps to minimize the fraud that might exist along the way, but it still slows down the process to deliver an item or service on time. The manual states all the process that any purchaser has to follow in every process and this also helps to track down all the levels however it lacks to give proper emphasis on quality and time

CHAPTER ONE

INTRODUCTION

1 .1 BACKGROUND OF THE STUDY

In the past 150 years, purchasing function milestones can be divided in to seven golden periods in organizations from 1850s up to beginning of twenty-first century. The solution begins with emerging of purchasing as a separate cooperate function, continue with development of basic purchasing procedures and ideas, recognition purchasing function as determining sources of supply, sustaining purchasing role to reduce overall product cost, revive of material management as solution to material problem inclusive sourcing, followed by globalization era where is observed the development of supply chain management(SCM) and its effect on purchasing structure and behaviour. Finally, in new millennium, restructure and reformation of purchasing and SCM to face new era of challenges in global competition, plays on important role for organization (Monczka et al., 2005).

In current business environment, rapid changes and new avenue on cost control is crucial in order to strive through global competition. Comparative advantage in contemporary market flux does not depend solely on firms' competence in providing competitive ranges of offerings. Conversely, it draws on firms' skill to establish superior purchasing strategies in complex inter organizational setting of numerous suppliers. Thus, shifting exploration from convectional way of thinking to strategic purchasing as one of the core elements enable the organization to equip well in order to wave through competition (Guinipero, 2005).

Purchasing commits large proportions of organizations incomes; on average 60 percent of organizations sales income is invested in material acquisitions. It obtains considerable amount of attention in current uncertainty business environment as key value adding function to support and sustain firms' successful performance. As a result it is important to adopt the purchasing function in to organization business strategy as every business striving hard to protect the interest of stake holders (Juha, 2008)

In Wolkite University huge amount of budget is allocated for purchasing every year, which is more than 75% of the total budget. The University is responsible to implement the purchases according to the federal government purchasing guidelines and manual. The huge amount of budget allocated for purchasing and the strict government regulations and procedures demand careful purchasing management. The purchasing process involves various steps: the purchase requisite might originate from users (academic or administrative staff) or property section, the property section collects and summarizes the purchase requisite and presents for the general services head shall for verification, when the purchase should be done through auction bid document shall be prepared by technical committee and the invitation shall be announced. Then bid evaluation committee shall evaluate the bid documents and select the winner based on price and quality and presents recommendation for final approval to the dean. The winner shall be given purchase order and will deliver the items to the property section. If the items are technical like computers, technical committee shall check the conformance of the delivery to the specification.

Therefore the Main objective or purpose of this research is to assess the overall challenges and effectiveness of purchasing practice of Wolkite University.

1.2 Statement of the problem

Purchasing plays a key role for the attainment of organizational objectives by providing right quality of inputs for users at the right time and cost. However the purchasing department of Wolkite university is not playing this role effectively. The preliminary investigation revealed that, there are various instances of items purchased don't match with items requested (wrong quality); purchases are excessively delayed (wrong timing); the purchasing process takes too long resulting in additional cost due to inflation, suppliers stock out items, user department work hindered, items become obsolete and accessories will not be available anymore. Further it is becoming obstacle for the organizations goal attainment. This study will intends to clearly identify the causes of the inefficient purchasing, assess the consequences and try to recommend possible solution. Observing the purchasing practice in a non-profit organization one can realize the importance for thorough analysis and fundamental improvements so that the function plays valuable role for the efficient and effective accomplishment of the organization's mission (Donald W. Dobler et.al (1984, 16)).

As being using a centralized way of purchasing, it avoids duplication and all the records with regard to purchase are kept in one place under the supervision of the procurement manager. However a major Delay is caused as different departments of different places will send their requirements to the purchasing department. The purchasing department will purchase the necessary items and send to other departments. In this case There is a lot of chance of misunderstanding between purchase department and other departments because other departments may not get their requirement according to their own will and It results more cost of transportation and botheration as well as time taking, as it is purchased in one place and send to the distance places. And also it results: In additional cost: The first selected supplier might be the one who quoted the least price but since the item won't be available at the stock anymore the organization is forced to purchase from another supplier in additional cost and also due to inflation the item might cost higher than what has been offered previously which results in unnecessary expense. Suppliers stock out items (Getting out of stock): items become obsolete and accessories will not be available anymore. This makes the process back to square one. So all the materials, time and man power have been wasted. And also because of this quality will be compromised and second choice of the available item will be purchased (Nair, 1990). Work will be hindered: Wolkite University mainly focuses on laboratory materials like computers, printers... so all the materials needed to accomplish the objective of the organization has to be delivered at the right place at the right time otherwise all the works will be slowed down. There is a prevalent gap between theoretical discussion in purchasing and the practical aspect. Therefore the study was intends to clearly assess challenges and effectiveness of purchasing practices of Wolkite University, and will try to recommend possible solutions.

1.3 Research Questions

The following research questions were addressed by the study.

1. What are the purchasing procedures and practices of the organization?
2. To What extent those purchasing procedures are used?
3. What factors affect the purchasing process?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this study was to assessing the challenges and effectiveness of purchasing practice of Wolkite University.

1.4.2 Specific Objectives

The specific objectives of the study are;

1. To examine the steps involved in the purchasing process and assess their importance.
2. To analyze the purchasing policy guidelines and manuals and the extent they are used for the effective use of the purchasing practice.
3. To reduce the factor that affects the purchasing policy and manual on efficient purchasing practice.

1.5 Significance of the Study

ThisStudyWouldhad help for the clear understanding of the reasons behind the purchasing practices and its implications on the accomplishment of the organization objective. The study also is a useful input for further research on the area. In addition, the study will have significance for various individual and groups:- For the researcher the primary significance is fulfilling an academic requirement for BA degree in management, The study will provide relevant information for interesting individual and research groups as the guideline for further related research, The study will give the researcher a chance to gain experience and knowledge in conducting research, The study is also used for the University as an input to reduce the problems regarding with purchasing.

1.6 Scope of the Study

This study was focuses on the assessment of challenges and effectiveness purchasing practice at Wolkite University, therefore the researcher designed to get information from employees and authorized bodies in the university so the scope or range of the study limited only in the domain of Wolkite University on the issue of purchasing practice.

1.7 Limitation of the Study

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 made 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 will the limitations throughout the study.

1.8 Organization of the Study

This study organized as follows, the first chapter was deal with introduction including background of the study, Statement of the problem, research question, objective of the study, significance of the study, scope of the study, limitation of the study and organization of the paper, the second chapter was deal with review of related literature, which describe briefly about the definition and concept of purchasing, the third chapter was include research design and method, data type and source, data collection tools, and method of data collection. And conclusion and suggestions

CHAPTER TWO

2 Review of Related Literature

2.1 Theoretical related review of literature

2.1.1 Introduction

In order to manage organizations effectively and efficiently every functions of the firm shall be given due considerations. Particularly those functions of the organization taking significant portion of the budget rather require preferential attention. Purchasing is one of the basic functions common to all types of business enterprises. It is basic because no business can operate without it. Thus, the success of any organization depends on the purchasing executive as it does on the executives who administer the other function of the organization (Dobler DW. & Burt DN. 1996).

2.1.2 Purchasing Definition

It is very difficult to list all the definitions of purchasing but some of the purchasing definitions are "Purchasing is the activity responsible for getting the right material to the right place, at the right time, in the right quantity, at the right price" (Herel, Encyclopedia 1996:994). Purchasing refers to a function in business whereby the enterprise obtains the inputs for what it produces, as well as other goods and services it requires. Purchasing is one of the basic functions common to all types of business enterprise. These functions are basic, because no business can operate without, them (Dobler, 1984: 327). 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).

In general purchasing can be defined as acquisition of required materials, services and equipment used in the operation of an organization. It is one of the basic functions common to all types of business enterprise. In order to fulfill the basic responsibility of optimizing company profit, all

business functions must mesh into a unified whole. The purchasing function is usually performed economically and efficiently by a specialized, Centralized Purchasing Department, directed by a skilled purchasing manager. But the purchasing function does not have to be performed in such a manner. In practice it is sometimes performed by any member of different executives or departments.

2.1.3 Major Tasks of Purchasing

"Purchasing in broader terms involves; determining the need, selecting the supplier, arriving at proper price, terms and conditions, issuing the contract or order, and following up to ensure proper delivery" (Alijan, 1975:270). "In simple terms the basic element involves in performing the purchasing function are obtaining the proper equipment, material supplier and service in the right quality, in the right quantity, at the right price and from' the right source" (Alijan, 1973: 1 - 3). It is a supplies management function that covers the acquisitions stage of supplies from receipt of the 'notice of need' to the final clearance of the invoice including negotiation, placing purchase orders, chasing delivery, recording purchases, clearing price checks on the invoices related to purchases.

2.1.4 Purchasing Department Responsibilities

Purchasing is one of the basic functions of a given organization shouldering the following:
Provide an uninterrupted flow of materials, supplies, and services required to operate the Organization.
Keep inventory investment and loss at a minimum

Maintain adequate quality standards

Find or develop competent vendors / suppliers•

Standardize where possible, the items bought

Purchases required items and service at lowest ultimate price

Improve the organizations competitive position.

Achieve harmonious, productive working relationships with other departments within the organization

Accomplish the purchasing objectives at the lowest possible level of administrative costs (Leenders, 1989: 26).

2.1.4.1 Types of purchasing Approaches

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

Speculative buying

- Hands to mouth buying
- Forward buying

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,

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 cost.

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).

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.

2.1.4.1 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.

2.1.4.2 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, it is estimated that the united states manufacturing and associated industries purchased material and services to tailing and 322 billion, which shows the needs for an efficient performance of purchasing activity" (Alijian, 1973, p 1-6).

2.1.4.3 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.

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).

- Right quality
- Right quantity
- Right time
- Right price
- Right supplier

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 achieve maximum integrations with other departments of the firm this essential for buyers to understand the major need of their using departments so that this needs can be translated in to materials support to action.
- To handle the purchasing and supply management function in professional & cost effective manner. (Donald and Dobler 1964).

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).

2.1.4.4 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).

2.1.4.5 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.

Nevertheless, the procedures given by different authors seem more comprehensive it can be also using the flow chart prepared (J.H. Westign, 1985). The principal purchasing procedures are listed as follows.

2.1.4.6 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.

2.1.4.7 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?

2.1.4.8 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 advertized 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.

2.1.4.9 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).

2.1.5 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, supplier certification to obtain the needed amount without un interruption.

2.1.6 Evaluation of purchase performance

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

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

- **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.

- **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.

2.1.7 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.

2.1.8 Payment

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

- **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:

- Obtain the right quality and quantity of material at the right time, so that production is not hampered.
- See that the purchase are made at the most competitive price.
- Nearly 80 percent of annual expense of a factor represent purchase, it is their responsibility of purchase section to see that the fund are utilized on the purchase with what most discretion.
- Cost reduction
- See that purchase are made only against authorized purchase requisitions and proper functions.
- Deal with the supplier regarding shortage, rejections etc, reported by the store.
- In case of delay in obtaining suppliers against any purchase requisition keep the department concerned informed of the progress.

- 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.

2.1.9 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.

2.1.10 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.

2.1.11 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.

2.1.12 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.

2.1.13 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).

2.2 Empirical Review

This section presents the assessment of research papers written in purchasing area. The following five papers are selected because of their similarity with the study in the assessment of the purchasing practices of organization. All the researchers tried to find out the gaps which exist in the purchasing process that hinders the effectiveness of its procedures with the common objective of examining the steps involved in the purchasing process and make feasible recommendations and improve the purchasing practice and Procedure.

In abroad, Deshmukh (2017) conducted the study on assessments of material management techniques on construction project particularly in area of inventory control and cost control. The results of the survey shows that there were poor planning and control of material , poor identification of material ,lack of material when needed .

In Ethiopia, Begonet (2010) conducted the study on the assessment of material management practice by using descriptive research design and primary and secondary data were used as source. As the researcher understand from survey the material management of the organization was not much satisfactory. Under this conclusion some problem identified by the respondent which is mention below; Lack of evaluation of material management need and supply process, Existing policy of purchasing performance is weaker and Stock system is not technological. ``

A senior essay by Biruk Assefa (2006) Entitled Evaluating the purchasing procedure in Ethiopian Grain Trade Enterprise and presented to Addis Ababa University college of Commerce procurement and supplies management department. The paper discusses the problems hindering the efficient purchasing practice in the organization. The main problems in the enterprise were poor quality of grain purchases because of suppliers deceiving purchasers, continuous price fluctuations, unclear purchasing procedures and incompetent purchasing staff. The paper presents a general research objective analyzing the purchasing procedures and understanding the relationship between purchasing and other units of the organization. The research findings show that the poor quality of grain is attributable to the fact that no technical specifications are given to purchasers and disloyal act of suppliers. The paper discusses unreliable suppliers are causes of inefficient purchasing since the enterprise has no permanent source of supply. Further the problem of unclear purchasing procedure is mentioned as a research finding. Thus developing a clear purchasing procedure is recommended for speedy purchasing process. Also development of specification for purchases and training the purchasers on the application of specification is recommended. Although the problem of unreliable and disloyal suppliers is presented as the critical problem possible ways of solving this problem are not suggested.

Research paper by Getachew Zeleke (2006) Entitled Purchasing management in Commercial printing enterprise and presented to Addis Ababa University College of Commerce and purchasing department. The discussion of the research problems states the occurrence of poor quality and delayed purchases critical hindrances on the effective purchasing performance. Further the minimum weight given by management for the function expedites the problem. The research objectives include analyzing the purchasing procedure, exploring management support and organizational structure and identifying the effects of organizational structure on purchasing performance. Additionally learning how purchases are being accelerated and finding out about the purchasing plan of the organization are mentioned as research objectives. The paper details a number of findings, which explain the reason behind the critical problems. This includes that there is no sound and strong relationship with suppliers, purchases are not properly planned, implemented and expedited, the absence of clear specification of items. Feasible recommendations were given by the researchers to improve the purchasing performance. Consequently the need for improved and strong relationship with suppliers is suggested. Besides this, the management is suggested to have effective plan and follow up system for purchasing.

Further the paper proposes that the order processing system should be revised to meet current purchasing needs. Even though the findings show wrong purchases resulted from lack of clear specifications, the paper didn’ t propose on the importance of having specifications.

(Juha, 2008) conducted on the problems of material process in abroad, the results shows that organizations are faced with the danger of output disruptions, loss of income and, negative effects on competitiveness. Other sources of risks are related to the importance of the product or service, the time and financial costs involved and difficulties in measuring quality, lack of objective evaluation criteria, and low purchase experience.

CHAPTER THREE

3 Research Methodology

3.1 Research Design

In this study, descriptive type of research design based on survey employed. The reason for selecting descriptive type of research design is that it is clear that the researcher simply describe the available data which already exist and also the study described characteristics of particular events.

3.2 Data source

The study carried out using secondary data. Secondary data gathered from documents, reports books, magazines, internet and manuals.

3.3 Method of data analysis

After collected necessary data the researcher classified, analyzed and summarized the data in order to give meaningful results. The simple descriptive analysis used because of its simplicity and clarity for drawing inferences.

4 Conclusion and recommendation

4.1 Conclusion

The purchasing process is very long with lots of decision makers and still nothing will be made for a particular purchase that is taking too long which means no reinforcements to make purchasers more committed to their work.

Challenges in the practice of purchasing , such as lack of detailed manual; lack of well trained man power, due to centralized nature of purchasing procedure, lack of fund, problem of poor materials, lack of quality and the careless act of supplier are some of the problems as shown in the evidence.

As the researcher understand from literature the practice of material management is not that much satisfactory under this conclusion some problems identified by authors which is mention below.

The materials does not purchase timely as it is needed. This makes the service delivery unsatisfied and uninterrupted.

Based on the major findings mostly materiel were stored in unquiet or unclean warehouse. The organization does not use computerized system for recording and controlling the purchased materials. This makes the recording and controlling of purchased material time consumer and less effective.

Effectively communicating, the importance of having efficient purchasing management which can be met by securing the purchase of right quality item, in the right quantity, from the right source, purchased for the right price and delivered at the right time.

4.2 Recommendation or suggestion

The management of the organization should change the way evaluate the material need and supply process which done once at the end year collaborate two time in a year

The knowledge skill and ability of purchasing is very vital so, the organization should develop skill and ability of purchasing by given different training.

The annual budget of purchasing of organization should rely on schedules.

The stock system is should use updated accounting information system and the inventory material should be disposed if and only of they lost their market value unless the materials should be sold or exchanged for economic benefit of the organization

In General all the levels in the purchasing procedures helps to minimize the fraud that might exist along the way, but it still slows down the process to deliver an item or service on time. The manual states all the process that any purchaser has to follow in every process and this also helps to track down all the levels however it lacks to give proper emphasis on quality and time

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