WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

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

RESEARCH PROPOSAL SUBMITTED FOR THE PARTIAL FULFILMENT OF BACHILOR OF ART (BA) DEGREE IN MANAGEMENT

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Abstract

Purchasing practice in Ethiopia was not recent phenomena Nowadays, it plays curtail role by providing the necessary material to other department. The investigation would be conducted on effectiveness and difficulties or challenges of purchasing activity in Wolkite University. The major objective of this study would be 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 was needed for successful achievement of the study. Primary data would be collected from purchasing department committee and the manger though open and closed ended questioner. But secondary data would be gathered from different document, books, and reports of purchasing department. The study used judgmental or purposive sampling techniques. After the required data collected from both primary and secondary source it would be analyzed using descriptive analysis for logical conclusion.

Declaration

I hereby declare that the study entitled “the challenges and effectiveness of the purchasing practice a case study in Wolkite University purchasing department’’. This work is the outcome of my own effort under the supervision and guidance of Mr.Alemayehu Takele (MBA). This study has not been submitted for any Degree or Diploma in other university or institutions. All the necessary sources of materials used for the study have been duly acknowledged.

Name of the student Signature Date

Abdrehim Mohammed

_____ _____ _____

Letter of Certification

This is to certify that this senior essay work, “the challenges and effectiveness of the purchasing practice a case study in Wolkite University purchasing department’’. undertaken by **Abdrehim Mohammed** for the partial fulfillment for the requirement of Bachelor of Art Degree in Management at Wolkite University, complies with the regulations of the university and meets the accepted standards with respect to originality and quality.

Approved by:

Name of Advisor **Signature** **Date**

Mr.Alemayehu Takele _____ _____

Approval Sheet

As an examining member of the final research defense program I certify that I have read and evaluated the research prepared by **Abdrehim Mohammed** entitled: the challenges and effectiveness of the purchasing practice a case study in Wolkite University purchasing department’’, and recommended that it is accepted as fulfilling the research requirements for BA degree in Management.

Name of Examiner: _____

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List Of Acronyms

UN United Nations

WKU Wolkite University

CHAPTER ONE

Introduction

1.1 Background of the study

Purchasing was 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 was 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 (Alumina 1984). Purchasing was acquiring materials and part as a requisition to meet quality, quantity and time specifications. Purchasing was responsible for acquiring raw material, component part, tools and other items outside supplier. The fundamental purchasing activity includes selection of accessible venders and negotiation of terms, revision quality level and other factor of purchasing, placing purchasing order for new and recorded material. Parts and service consideration, priority of order expediting, delivery of material and parts to meet inventory requirement and maintain supply system data base.

1.2 Statement of the problem

Wolkite University was 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's and spare parts. Purchasing was 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 gives good relationship with user department by providing material and equipment at the right price and right quality, at right price and from right source. Therefore, purchasing was one of focused area in organization attention to be given. In order to conduct this student, research the objective would to be graduated in BA degree, to solve the Wolkite University purchasing problem and the society problem as a whole. On the other hand, other researcher has given their own solution for the study problem like there must be given continuous training that much with the job, the government should improve shortage of transportation, purchasing section should develop a mechanism to change and improve a traditional and long purchasing practice (fuad, Abdi 2006). But there is still a gap among different researcher. In order to fill these gaps, the student researcher raised the following question.

1. Does Wolkite University apply necessary purchasing policies and procedures?
2. What factors affecting purchasing practice in Wolkite University?
3. What was the effect of purchasing practice on organizational effectiveness?

1.3 Objective of the study

1.3.1 General Objective of the study

The overall objective of the study was to identify the challenges and effectiveness of purchasing practice and also provide possible solution for existing problem.

1.3.2 Specific Objective of the study

- To investigate whether Wolkite University practice policies and procedures.
- To assess the effect of purchasing practice on organizational effectiveness

- To assess the factors that affect purchasing practice

1.4 Significance of the study

The significant of this study is as follows:-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 help for other organization by which precision activity effectively functioned from top management point of view.

1.5 Scope of the study

Primarily the study will be focused on Wolkite University in 2012 E.C The study will focus on effectiveness and difficulties of purchasing in Wolkite University purchasing department.

1.6 Limitation of the study

Shortage of time to conduct this research study, extensively financial constraints to pay the necessary expenditure to conduct the research, Limited resource inaccessibility to internet and inadequate computer facility, lack of cooperation from organizational respondents those who are concerned in giving information with regard to the study under the consideration may be limitations.

1.7 Organization of the paper

This study proposal would be organized into three chapters. The first chapter deals with the introduction of the study, statement of the problem, research question, Objectives of the study, significance, scope of the study, limitation of the study and organization of the paper. The second chapter deals about review literature. The third chapter deals about research methodology generally.

CHAPTER TWO

Literature Review

This chapter presents different related concepts about subject matter, theoretical reviews, empirical review and summery of review will be discussed in detail under this chapter.

2.1 Theoretical Reviews

2.1.1 Material management Definition

Material management can be defined as confederacy of traditional material activates bound by a common idea of integrated management approach to planning, acquisition, conversion, flow and distribution of production on materials from the raw material state to the finished product state the material management state advocates to the assignment of all major activities which contribute to materials cost to single material management department. This includes the primary responsibility which was generally fund in the purchasing department plus all other major procurements responsibly including inventory management traffic receiving, warehousing surplus and salvage and frequently production planning and control. (Donald and Dobler. 1964). Material management provides an integrated system approach to the coordination of material activities and the control of the material costs, it advocates to assigning to single operating department all major activities which contribute to the cost of materials. The objective was to optimize performance of the material system as opposed to sub optimizing the performance of individual operating units that are major part of material system. (Donald and Dobler 1984).

2.1.2. Purchasing Definition

Purchasing refers to a function in business where by the enterprise obtains the inputs for what was 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 were basic because no business can operate without them (Dobler, 1964, p.27). Purchasing the activity of acquiring good 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 may also involve (a) developing and review of the product specialization, (b) receipt and processing of requisition, (c) advertise for bid, (d) evaluation (e) award of supply contracts (f) inspection of gods received and their appropriate storage and release purchasing is the acquisition of goods and service in exchange for something of value its material management function concerned with process of buying the right type of material at the right price and time purchasing is essential to all organization manufacturing, non-manufacturing, profit making, nonprofit making and government (Eugene, Miranda and John, 1995, p. 247). Different scholars have given different definitions for purchasing. "Purchasing is disciplined entrepreneurial activity directed toward providing profit" (parsons and W.J 1982). "Purchasing was disciplined entrepreneurial activity directed toward providing profit" (parsons and W.J 1982). In narrow sense the term purchasing simply describe the process of buying, however, in a broad sense, the term involves determining the need selecting the supplier, arrive at proper price terms and conditions issuing the contract or order and following up to ensure proper delivery (Aljian George, 1973).

2.1.3 Types of purchasing Approaches

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

- Speculative buying
- Hands to mouth buying
- Forward buying

2.1.3.1 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)

2.1.3.2 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 is 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 would 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).

2.1.3.3 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 is 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 is 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 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 was 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.

2.1.5 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).

2.1.6 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.

2.1.6.1 from top managerial prospective

The general objectives had 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

2.1.6.2 Functional cooperation level objectives

- To support company operation with uninterrupted flow of material and service. This was 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).

2.1.6.3 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).

2.1.7 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 was 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).

2.1.8 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 establishes 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.

2.1.8.1 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.

2.1.8.2 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?

Was there a budget to meet the request?

2.1.8.3 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.

2.1.8.4 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 responsibilities 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).

2.1.8.4.1 Evaluation suppliers

Evaluation of supplier was critical to obtain an uninterrupted flow of material and developing reliable supplier. Some of the criteria of selection of supplier are: Financial condition: Quality,

capacity, service, plant visit, supplier rating, supplier certification to obtain the needed amount without UN interruption.

2.1.8.4.2 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.

2.1.8.5. Contract purchase order

The contract was 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.

2.1.8.6. 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.

2.1.8.7 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.

2.1.8.8 Payment

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

2.1.9. Organization purchase

Purchasing was 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 is utilized on the purchase with what most discretion.
4. Cost reduction
5. See that purchase is 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.

2.1.9.1 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.

2.1.9.2 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.

2.1.9.3 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.

2.1.9.4 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.

2.1.10 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

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 analysing 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 analysing 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.

2.3 summary of literature review

Generally, purchasing was one of the material management elements that was important in every organization. The chapter included theoretical and empirical concepts addressed by researcher.

CHAPTER THREE

Research design and Methodology

This chapter presents the methods that the researcher will conduct the study, such as description of the area study, research design, data type, source and methods of data collection, population and methods of data analysis

3.1 Background of the study area

Historical Background of the Wolkite University (WKU) was one of the third generation higher institutions that had been founded in 2012. It is established for the purpose of providing and promoting higher education learning, research, and outreach programs in the country to ensure the realization of the national vision of reaching the level of middle income countries by 2020. The University was located in the Southern Nation Nationalities Regional State, in Guraghe zone, 158 km southwest of the capital city, Addis Ababa, on the way to Jima. In November 2009 the late prime minister, his Excellency Mr. Meles Zenawi, laid the foundation stone of the University in a plain landscape which is quite ideal for academic pursuit. It is situated at Gubreye sub -city, 14 km away from Wolkite town, of the Gubrye - Butajira road. The major link road to the University is a direct route to Wolkite- Jimma, Wolkite- Hossana and Wolkite- Butajira.

3.2 Research Design

The study would be descriptive research design in order to describe the assessment of challenges and effectiveness of purchasing practices of the university Because, descriptive research help the study describe some aspect of a phenomenon, i.e. the status of a given phenomenon. It can help understand a topic. It aims to describe the state of affairs as it exists and interpret what is (Kothari, 2004).

3.3 Data type, Source and methods of Data collection

3.3.1Data type

The type of data that the researcher will use is primary and secondary data type

3.3.2 Source of data

The student researcher would use both primary and secondary sources of data. The primary data are information that is assess by the researcher himself and is collect for the first time. These sources are obtaining from the purchasing committee who are specifically assigned by Wolkite University to practice purchasing in the purchasing department. The secondary data was obtaining from different written sources such as document, book etc

3.3.3 Method of Data collection

The primary data was gathering from individual committee who are organized by wolkite university purchasing structure responsible for purchasing activity. The method of data collection that can be used for this study is open and close end questionnaire for the purchasing department committee and the manager. The secondary data is gathering from different documents, manual, books and reports of the purchasing department. All the data are collected from wolkite university purchasing activity which was the structure organized from financial department in the university

3.4. Population and sampling design

3.4.1Target population

All items in any field of inquiry constitute a universe or population. It is obvious that in such inquiry no elements of chance are left and highest level of accuracy can be obtained (Kothari, 2004). Accordingly, the target populations for this particular study will be members of purchasing department in Wolkite University. The total population size is 27 employees in purchasing staff.

3.4.2. Sample Size and sampling technique

The total population was 27 and the researcher will use all 27 members of purchasing department. So the census survey method of will be adopted in this study because the total population is small.

3.5. Method of data analysis and interpretation

The analysis of the data began in the study descriptive method of data analysis to be important for transforming of the raw data in to forms that makes easy to understand and interpret. Tables and percentage will be used for presentation of data based on their appropriateness. Then, interpretation will be made under each table by explaining the result in detail and theoretical explanation will be used to make clear evidence. Based on the analysis and interpretations the researcher will make conclusion and recommendation.

Quantitative research tools: -Quantitative methods involve the collection and analysis of objective data, often in numerical form. The research design is determined prior to the start of data collection and is not flexible. The research process, interventions and data collection tools (e.g. questionnaires) are standardized to minimize or control possible bias.

Qualitative research techniques and tools: -Qualitative research is generally used to explore values, attitudes, opinions, feelings and behaviors of individuals and understand how these affect the individuals in question. Researchers using qualitative methods are concerned with individuals' perceptions of specific topics, issues or situations and the meanings they assign to their lives. This kind of research is important for generating theory, developing policy, improving educational practice, justifying change for a particular practice, and illuminating social issues. It may also be used to explain the results of a previous quantitative study or to prepare for the development of a quantitative study.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Analysis from questionnaire

This section of the research deals with analysis, interpretation and presentation of the collected data from primary and secondary sources. The primary data was collected through questionnaire and secondary data was collected from organizational, manual, books and different newspapers. The questionnaires were distributed for Wolkite University purchasing department of 27 and all of the questionnaires were properly completed and returned. Therefore, the data analysis is given in subsequent section of this chapter.

4.2 Demographic background of the respondents.

Table 1Sex structure of the respondents

Sex	Number of respondent	In percentage (%)
Male	20	74 %
Female	7	36%
Total	27	100%

Source own survey 2020

Concerning the sex structure in the above table, out of 27 respondents 74% of the respondents were male and 36 % of the respondents were females. The majority of the respondent profile indicates in purchasing department of Wolkite University are male and the number of female is small. This means the majority of purchasing departments are mostly dominated by males.

Table 2ages of the respondents

Sex	Number of respondent	In percentage (%)
18-30	17	62
31-40	5	18
41-50	5	18
51 and above	0	-
Total	27	100

Source own survey 2020

According to the above table, 62% of them were between 18-30 age and 18% of the respondents were between 31-40 ages. 18% of them were between 41-50 ages and also none of the respondents were above 51. This implies that most of the respondent's age is between 18-30 ages in this purchasing department.

Table 3 Marital statuses of the respondents.

Marital status	Number of respondent	In percentage (%)
Single	18	67
Married	9	33
Divorce	-	-
Total	27	100

Source own survey 2020

As it can be seen clearly on the above table, out of 27 respondents 67% are single, 33% of them are married and none of the respondents are divorced. This indicates that there is more difference between single and married employee of the purchasing department of work unit in the university.

Table 4Educational level of the respondents

Educational Level	Number of respondent	In percentage (%)
Below 12	-	-
Diploma	10	37
First degree	15	56

Master and above	2	7
Total	27	100

Source own survey 2020

As it can be understood in the above table, educational level of the respondents none of them were below 12^{th}, 37 % of the respondents were diploma holders and 56%, 7% of the respondents were first degree holders and masters and above holders respectively. This indicate that majority of respondents were first degree. This implies that educational level is medium so it has its own impact on purchasing practice. This means if an individual learns more he or she has good purchasing practice.

Table 5Year of experience for respondents

Year	Number of respondent	In percentage (%)
Below 10 years	16	59
10-20 years	10	37
20 and above	1	4
Total	27	100

Source own survey 2020

According to the above table, 59% of respondents have work experience of below 10 years 37% of the respondents have work experience of 10-20 years and 4% of the respondents have work experience of 20 and above in other organization. This shows that, most of the respondents have experience of below 10 years.

Table 6the respondent's knowledge's of purchasing practice

Item	Categories	Number of respondent	Percentage (%)
How much do you think	Not much	7	26
You know the purchase	Medium	20	74
Total		27	100

Source own survey 2020

As shown in the above table, 26% ,74% and none of the respondents were know about the purchasing practice and procedure adopted by the University not much, medium and very much

respectively. This indicates that the majority of respondent says they know medium about the purchasing practice of the university.

Table 7Responses for question regarding supplier selection criteria for the staff.

Item	Categories	Number of respondent	In percentage (%)
What is the base for supplier selection in this university	Based on the organizational procedure	4	15
	Based on cost	21	78
	It vary supplier to supplier	2	7
	No idea	-	-
Total		27	100

Source own survey 2020

The above table depicts 15% of the respondents believe that a supplier selection is based on organizational procedure. 78% of the respondents and 7% of the respondent believe that the supplier selection is based on cost and vary supplier to supplier respectively.

The rest 15% respondents' replied that based on organizational procedure regarding selection of supplier. The rest of 7 % indicates they have no awareness of how supplier is selected by the university. This implies that the majority of respondents indicate that the selection of supplier is based on cost. Significant proportions of work unit have awareness of how suppler is selected the university have its own impact on purchasing of wolkite university.

Table 8the respondents' attitude toward purchasing function of Wolkite University

Item	Categories	Number of respondent	In percentage (%)
How do you perceive the purchasing function of Wolkite University	Centralized	27	100
	Decentralized - -		

Total		27	100
Which one do you prefer? Please state the reason behind	centralized	25	93
	Decentralized	2	7
Total		27	100

Source own survey 2020

As it is indicated in the above table, 100% of the respondents replied that purchasing function of this University is centralized. None of the respondents believe the purchasing function is decentralized. It implies all of the purchasing process of this University is centralized system.

However, with respect to their preference, respondents almost the same way with justification. About 93% of the respondents preferred centralized purchasing process due to the following reasons.

- Specialization in one activity: this activity was focus on purchasing departments of Wku.
- It saves time: -during purchasing categorizing groups fast purchasing and saves time.
- To reduce extra cost: in purchasing grouping purchased departments reduce costs and extravagance.
- To get quantity discount advantage 42% of the respondents preferred centralized. This is because of the following reason.
- Risk diversification: -the main issues of grouping purchased departments was to reduce risk diversification.
- Give responsibility for each department: the purchaser takes own responsibility have to get quality materials and helps openly activate purchasing.
- Fast decision making: - a solution to fast decisions made purchasing materials on time.

Table 9Respondents attitude of applying polices and procedure competitively.

Item	Number of respondent		In percentage %
Provide the material with appropriate quality	Age	9	33
	Disagree 8	18	67
	Total	27	100
Provide the material with	Yes	9	33

appropriate quantity	No	18	67
	Total	12	100
Provide at right time	Yes	10	37
	No	17	63
	Total	27	100
In right supplier selection	Agree	9	33
	Disagree	18	67
	Total	27	100

Source own survey 2020

As it can be seen in the above table, 67% the respondents the areas by which purchasing practice function weakly in quality and quantity. Small number of respondents 33% agreed right quality and quantity. Besides these it is clearly depicted in the table, 37 % and 33% of the respondents agreed providing at right time and in right supplier selection respectively. But the rest of 63% and 67% disagree.

Accordingly, majority of respondents replied that in terms of quality, quantity and time, they are weakly competitive. This indicates product purchased lack the desired quality, quantity and not provided at right time. On the other hand, it can be indicated on the above table 33% of the respondent respond the University is completive in right supplier selection and the rest 67% not competitive in right supplier selection. Due to the supplier selection of the University is weak, the desired quality, quantity and at right time are not available.

Table 10Respondents' perception of time factor in relation to processing material requirement

Item	Categories	Number of respondents	Percentage
In your opinion, how do you evaluate the overall purchasing process from speed of delivery to work unit?	Very lengthy and time taking	8	30
	Neither slower or fast	19	70

	Total	27	100
11 Do you get the material on at a time? If no reason	Yes	3	30
	No	19	70
	Total	27	100

Source own survey 2020

As it can be seen in the above table, time factor involved has its own effect on overall efficiency as well as cost effectiveness of Wolkite University. Among the respondents 70% & 30% of the respondents respond neither slower nor fast and very length nor time taking respectively. This implies that the majority of the respondents believe that time factor has affected the overall performance of purchasing in Wolkite University.

To understand the other things from the table 70% the respondent believes that the material required do not arrive on time. The respondents' cited the following reasons.

Table 11product attribute

Item	Category	Number of respondents	Percentage
In Which product attribute do you think the purchasing functions are well being done in University?	Right quality	3	11
	Right price	5	19
	Right source	2	7
	Right time	17	63
	Total	27	100

Source own survey 2020

As indicated on the above right quality were11%, right price was 19, right source and right time were 7 and 63 respectively. This shows that purchasing has critical problem in making quick purchases. Also the problem of quality and right sourcing require due attention. The poor performance of purchasing is causing lots of problems in the organization; the questionnaire report indicates that purchasing committees experienced problems in their work as a result of purchasing unit's poor performance in the department.

Table 12the respondents' response regarding the problem of purchasing practice

Item	Category	Number of respondents'	Percentage (%)
Is there any problem in purchasing practice of Wolkite University? If you say yes, what are the problems?	Yes	21	78
	No	6	22
Total		27	100

Source own survey 2020

As depicted in the above table, 78% of respondents' reported that there is problem and 22% of the respondents' answered absence of problem related to purchasing practice in Wolkite University. Significant proportion of respondents indicates that the purchasing process of the University is with problem. The problems emanate from management, lack of detailed manual; lack of well-trained man power, due to centralized nature of purchasing procedure, lack of fund and the careless act of supplier are some of the problems.

Table 13Regarding poor performance of purchasing

Item	Category	Number of respondents	Percentage (%)
Have you encountered any problem because of the poor performance of purchasing? If you say yes write the incidence and the result	Yes	17	63
	No	5	37
Total	27	100	

Source own survey 2020

The above table shows that 63% of the respondents' agree that problem of poor performance of purchasing practice, where as 37% of the respondents' have not encountered. This indicate the majority of respondents' encountered the incidence of the problem of poor materials, the purchasing process waiting for a long period of time, lack of quality, centralization nature of purchasing practice, lack of awareness of purchasing department and lack of knowledge of personnel. The results of poor performance purchasing are dissatisfaction of user, shortage of needed quality of time at the required amount.

Table 14the respondent's attitude towards purchasing activity uses in appropriate format designed by ministry of finance and economic development

Item	Category	Number of respondents'	Percentage (%)
Does the University place purchasing order in writing in appropriate format designed by minister of finance and economic development?	Yes	22	81
	No	5	19
	Undecided	-	-
Total		27	100

Source own survey 2020

The above table shows 81% of the respondents believes that the organization purchasing to use appropriate format of designed by ministry of finance and economic development 19% of respondent is not follow appropriate format whereas none of the respondents have not any idea. This indicates that majority of the respondents believes that the organization use the appropriate format designed by ministry of finance and economic development.

Analysis of interview questions

Does Wolkite University apply necessary purchasing policies and procedures?

The following steps constitute the typical purchasing procedures in the university as information given by purchasing staff

1. Organizing of purchase requisition.

The need for a purchase typically originates in one of a firm operating departments or in its inventory control section. It is a stimulus for purchaser to initiate purchasing. The essential information which requisition should contain includes a description of the material; quantity, date required; estimated unit cost; the date; an authorized signature.

2. Verification of purchase requisition.

The purchasing department verifies whether the requisition is appropriately filled or not.

3. Evaluation and selection of the supplier.

As soon as the need has been established and precisely describe, the buyer begins an investigation of the market to identify potential source of supply. In the case of routine items for which supplier relationship have already been developed, little additional investing may be required to select a good source on the other hand the purchase of high-value or new item may require lengthy investigation of potential suppliers to make a decision about the most desirable supplier.

4. Preparation of purchase order.

Once a supplier has been selected the purchasing department prepares and issues a serially numbered purchase order. In most cases the purchase order becomes a legal contract document. For this and other reasons the buyer in preparing and wording the order should take great care.

5. Follow up

Also called expediting, purchasing bears full responsibility for and order until the material is received and accepted. When there is a reasonable chance that the supplier may not stay on schedule important orders with critical delivery date should receive active follow-up attention. There may be a need to speed up (expedite) or even delay (de-expedite) delivery if the buyers timing requirements under go unexpected changes.

6. Receiving and Inspection

The supplier delivers the materials with the packing slip, which itemizes and describes the contents of the items. The receiving clerk uses this packing slip in conjunction with his/her copy of the purchase order to verify that the correct material has been received.

7. Payment

The typical procedure involved is a simultaneous of the purchase order, the receiving report and the invoice. By checking the receiving report against the purchase order, the purchaser

determines whether the quantity and type of material ordered was in fact received. Then by comparing the invoice with the purchase order and received.

8. Evaluating the purchasing performance

Purchasers need to evaluate whether the materials purchase from the supplier have satisfied the need of the users. This evaluation will help whether to consider the supplier next time.

What factors affecting purchasing practice in Wolkite University?

According to the information given, the challenges of purchasing in the university were source of supply selection, lack of skilled person, quality of items, budget problem. Therefore, those and other factors are challenges of purchasing practice in the university mostly.

What is the effect of purchasing practice on organizational effectiveness?

According to the purchasing staff committee, 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.

CHAPTER FIVE

Conclusions and Recommendations

5.1 Conclusion

As I concluded that Wolkite University was one of the public organizations in Ethiopia and the purchased division support in this organization was as much as possible by procuring quality, quantity goods and service so as to achieve its goal of giving best service to its user department. Centralized policy of purchasing goods and service is the policy currently used by Wolkite University. The student researcher has tried to gather data for the paper primary source questionnaire and secondary source including purchasing manuals and report were revised. The purchasing process said to be taking too long which has definitely got negative impact on efficiency and effectiveness of Wolkite University overall performance. Both the primary and secondary source revealed that the purchasing management of Wolkite University has lots of problem and is inefficient. The major area of the poor performance can be summarized as follows:

- As my conclusion the purchasing department assessing qualified purchasing unit.

- ❖ I concluded that currently used to procuring goods and service items is not adequate to support the operation in the purchasing department.
- ❖ Regarding the principle of purchasing the purchased department of the organization is not work properly.
- ❖ I concluded that Suppliers are exercising despiteful practice and this causes challenges for purchasers and bringing poor quality of item.
- ❖ The purchasing department is not establishing long term mutually integration benefit relationship with user department and with other reliable suppliers.
- ❖ As in my opinion I conclude that the purchasing department was not effectively communicating the principle of purchasing for the members.
- ❖ In my view I conclude the purchasing department had not established long term mutually benefiting relationship with reliable supply.
- ❖ I conclude that the receiving process is not properly organized, parties assigned lack expertise to verify quality of items; there is also a gap in the receiving process i.e. neither the purchaser not the user will not be checking the items nor this gives loophole for supplier. Although the problem of is a part of total management process, yet it would be essential to pay special attention to the personnel at all level in the office the efficiency of the office spent very much on the personnel managing it.

5.2 Recommendation

- ✓ To alleviate the above stated problems and practice efficient purchasing management the following recommendations are forwarded.
- ❖ I recommended that the purchasing department should modify its current procedure to bring efficiency and effectiveness.
- ❖ I finally recommended that Wolkite University purchasing department should assign qualified personnel to achieve its goal.
- ❖ I recommended that all the staffs who were in purchasing departments effectively communicating the importance of having efficient purchasing management which can be meeting by securing the purchase of right quality, right quality, from the right source, purchase for the right source and delivery at the right time.

- ❖ During analyzing the purchasing department, I recommended that establishing systematic way of expediting and follow up of the purchasing process.
- ❖ I recommended that in the analysis case above all the purchasing staffs close monitoring of the performance of different communities involved in the purchasing process and taking prompt decision when ever need is required.
- ❖ Finally Revised the purchasing process and avoid step which are redundant make sure the practices involved are mandatory in the process and have the ability and willingness to contribute for efficient purchasing practice.

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Appendix 1 questionnaires from the purchasing department of Wku.

Quacionaries

These questioners were considered for only academic research purpose that is to gather primary data required to conduct a research. On purchasing practice of Wolkite University. Any information gathers would beaver be disclosed to other parties and kept parties and kept confident. Filling this questionnaire crucial for successful completion of the paper and would like to thank you in advance.

Instructions

- ✓ Dear Respondents make in the box that will fit our options and write in the space provided option.

I personal information

1. Sex:- Male ☐ Female☐
2. Age:- 18-30 ☐ 31-40 ☐ 41-50 51 and above☐

3. Marital status:- Single☐ Married ☐ Divorce ☐
4. Educational level blow 12^{th} ☐ Diploma ☐ First Degree☐ Masters ☐

   And above ☐
5. Year of experience of service department below 10 year ☐ 10-20 ☐

   20- And above ☐
6. How much do you think you know the purchasing practice a procedure applies by Wolkite University?

   Not Much ☐ Medium ☐ Very much ☐

   Please explain reason if your answer is not much _____

   _____
7. How selection of supplier is done in the University?

   Based on organization procedure Based cost it varies supplier to supplier ☐ No idea ☐
8. How do you perceive the purchasing function of Wolkite University?

   Centralized ☐ Decentralized ☐
9. Which one do you prefer? Give you reasons _____

   _____

   _____
10. IN what way Wolkite University apply purchasing department policies and procedure competitively.

    i) The purchasing department provides the material with appropriate quality?

       Agree ☐ Disagree ☐

ii) The purchasing department provides the material with appropriate quantity? Yes ☐ No ☐

iii) Art right time? Yes ☐ No ☐

iv) In right supplier selection? Agree ☐ Disagree ☐

11. In your opinion, how do you evaluate the overall purchasing process from speed of delivery to work unit? Very length and time taking ☐

Neither ☐ Slower nor fast ☐

12. Do you get the material on time? Yes ☐ No ☐

If you say no please writer rescan behind. _____

_____

13. In Which product attribute do you think the purchasing function are

Well being done in Wolkite University? Right quality☐ Right price ☐

Right source ☐ Right time ☐

14. Is there any problem in purchasing practice of Wolkite University?

Yes ☐ No ☐

15. In question 14 if you say yes what are the problem _____

_____

16. Have you encountered any problem because of the poor performance of purchasing?

Yes ☐ No ☐

17. If yes, please writer

I, the incident ☐ _____

_____

If, the result _____

_____

18. Does the University place purchasing order in writing with inappropriate format designed by minister of finance and economic development?

Yes ☐ No ☐ Undecided ☐