ASSESSMENT OF CHALLENGES OF PURCHASING PRACTICES IN AFAR NATIONAL REGIONAL STATE

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ABSTRACT

The aim of this research was to assess the purchasing practices in Afar regional state to give insight about purchasing practices in the region and identification of various challenges hampering its effectiveness and efficiency. Purposive sampling technique has been used to select sample zones, sample woredas from each sample zones, and sample sectors from each selected woreda. Sample respondents from each sample woreda have been selected by using simple random sampling. Out of total respondents of 588 at sample woredas, sample sizes of 194 respondents were selected in which 7 respondents (purchasing department officers) have been interviewed and the remaining have fulfilled questionnaire. Primary data have been collected through interviewing purchasing department officer and asking users to fill questionnaire at each selected woredas. Secondary data has been collected from various studies conducted so far related to this study. The study findings show the absence of significant in terms of purchasing practices and procedures, bureaucracy in purchasing procedures, more delay in purchasing materials, frequent price fluctuation, least price suppliers selection criterion compromising quality, absence of reliable suppliers, poor quality purchase, and lack of skilled manpower are found to be the significant challenges in purchasing practices of selected sample woredas and their administrative wings. Finally, the study result shows some the presence of paradoxical responses among the respondents with respect to 5 R’s.
INTRODUCTION
Public purchasing is continuing to evolve both conceptually and organizationally. The evolution accelerated during the 1990s as governments at all levels came under increasing pressures to do more with less. According to Thai (2009), all governmental entities of rich and poor countries are struggling in the face of unrelenting budget constraints; government downsizing; public demand for increased transparency in public purchase; and greater concerns about efficiency, fairness and equity. In addition, policy makers have increasingly used public purchase as a tool to achieve socioeconomic goals.

Purchasing is a process of identifying and obtaining goods and services. It includes sourcing, purchasing and covers all activities from identifying potential suppliers to delivery of resources to the users or beneficiary. It is favorable that the goods or services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location (Soreide, 2008).

The idea of public purchase in Ethiopia dates back to 1940s. According to the Ethiopian Procurement and Property Administration Agency, public purchase was started in 1948. Further, according to Admasu (2008), it was established to procure military equipments and supplies for soldiers with the responsibility laid on the then Ministry of Finance; the procured materials were stored at the Ministry’s warehouse. Then after, the improved procurement services were started in 1950. In addition to military equipments, the Ministry of Finance was given the mandate to procure stationeries and cars for organizations which are financed by the regular government budget. Moreover, according to Brooks and Demissie (2009), during the Derg regime, the functions of public procurement were handled by the Ministry of Finance. Procurements were made centrally with the tendering committee having the responsibility to made decisions on procurements. The legislative framework governing the procurement system in the country was very poor that only a procurement manual was issued in 1981.

Following the downfall of the Derg regime, the country was regulated by the previous legislative and the Ministry of Finance and Economic Development took responsibility of regulating the purchasing system. However, in the later years the country reformed the purchasing system and a new legislatives and secondary legal frameworks drafted. Also, an independent institution responsible for controlling and over sighting the government’s purchasing activities has been established with name of Public Procurement and Property Administration Agency under Proclamation of 649/2009 with the aim of ensuring that public property, in which a significant amount of public money is invested, is utilized in such a manner as to enable the government achieve the national goals (Admasu, 2008).

However, Ethiopia is currently undertaken a radical program of decentralization of the powers and functions of the state to autonomous regional governments. These efforts, driven by a high degree of political commitment, are now being strengthened through various reforms which are further decentralizing power and responsibilities to woredas; local governments’ entities within regions. This transformation of a formerly highly centralized central government power and authority to regional states has major capacity building implications, of which procurement reform constitutes an important part. Therefore, the authority to procure needed materials resources has been given to all regional states which extend to each zone and woreda in each regional state.

Even though, authority to procure needed resources is given to regional states as well as zones and woredas in each regional state, the procurement practices must in line with policy and regulatory framework of federal government Public Procurement and Property Administration Agency. Therefore, since Afar regional state is
one of an emerging autonomous state in the country, an authority of procuring resources for the achievements of political, economical and social goals and objectives of the region has been given. However, no research has been done in this area of study in the Afar regional state. Therefore, assessing the purchasing practices in regional state would have a paramount importance in terms of understanding gaps that must be fulfilled and challenges that need to be solved which are associated with the purchasing practices in the region. Therefore, the researchers aimed to assess the purchasing practices in Afar region.

Objective of the Research

General Objective of the Study
The general objective of this research was to give a better insight about the purchasing practices in the Afar Regional State.

Specific Objectives of the Research
This research has the following specific objectives:
1. To assess the public procurement practices in different Afar regional government sectors. To identify major challenges obstructing effective and efficient procurement practices in regional state
2. To investigate the users opinions toward the purchasing practices at each sector in terms of 5R’s (Right quality, Right quantity, Right price, Right supplier and Right time)
3. Based on the result of the study, to provide possible recommendations for relevant authorities at regional level that can help to take appropriate measures to enhance efficient procurement practices.

RESEARCH METHODOLOGY

Research Design
This study mainly used qualitative approach of research design, particularly descriptive research. Because it describes the existing situation as it is; it is more appropriate which is reliable and appropriate to assess purchasing practices as well as challenges of effective and efficient purchasing activity and finally, the end users opinion toward purchasing activity in terms of 5R’S.

Sampling Technique and Sample Size
Both probability and non-probability sampling design were employed and used to get representative information about the larger study of population in this study. From non-probability sampling, purposive sampling was used to select sample zones and woredas from each purposively selected zones and sample sectors again from each purposely selected sample woredas.

The researchers employed purposive sampling to select zones and woredas based on idea that sufficient data would be obtained and also sample sectors have been chosen with regard to their degree of purchasing. As a result, among other sectors, educational sector, health sector and water and Sanitation sector were selected for the purpose of this study.

Multi stage sampling was used to select representative samples from total sample population. In the case of probability sampling, simple random sampling was employed to respondents from users at each sector in each woreda. The rationale for using simple random sampling technique here is that, each of the sectors has a complete name list of their workers, facilitating the use of this particular sampling method.

Moreover, this technique is important to give every element in the population a known and equal chance of belongingness to the sample. By doing so, sample bias is either minimized or completely eliminated. To take samples from each sector at each woreda, researchers follow the following sample size determination formula at 5% level of significance. Therefore, in this study the researchers took 238 sample sizes.

Sample Size Determination

The ever increasing demand for research has created a need for an efficient method of determining the sample size needed to be representative of a given population. Therefore, to determine sample size the following formula is used in this study.

Sample size \( n \) = \( \frac{N}{1 + N (\alpha)^2} \)

\( \text{Sample size (n)} = \frac{588}{1+588(0.05)^2} = 238 \)

Where, \( n \) = is the required sample size,
N = total population
α = level of significance

Data and Method of Data Collection

To undertake this research the researchers used both primary and secondary sources of data. Primary data was collected through administering questionnaire for users of materials at each selected woreda to assess their opinions toward purchasing practices in terms of Right quantity of materials purchase, Right quality of materials, Right time of purchase, Right price of purchase and selection of Right supplier. Therefore, out of total of 238 sample sizes, 231 respondents would be selected to fill questionnaire. Besides, interview was made to seven (7) purchasing department heads at each seven selected woreda to identify how purchasing is practiced and to understand the challenges that hinder purchasing practices.

RESULT AND ANALYSIS

Response of Purchasers Regarding Purchasing Practices

The rapid growth of the population has been putting tremendous pressure on the regional government (Meheret, 1998). In fact, the assessment of purchasing practices were conducted in different regional states of Ethiopia. Studies undertaken by researchers like (Yirga, 2009) and (Tewodros, 2007) argued that the major challenges to the purchasing practices are absence of purchasing practices in line with policy and regulatory framework, 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.

Purchase should be undertaken in fair and transparent manner following the government purchasing procedures and laws, this helps to maintain better purchasing performance, and to purchase quality materials in fair price.

Table 1 Responses of purchasers regarding the purchasing practices.

<table>
<thead>
<tr>
<th>NO</th>
<th>ITEM</th>
<th>NO</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>How do you evaluate your experience in performing purchase in line with purchasing procedure and general law?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• High</td>
<td>175</td>
<td>87%</td>
</tr>
<tr>
<td></td>
<td>• Medium</td>
<td>21</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>• Low</td>
<td>5</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>201</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>How do you rate your experience in conducting purchasing in line with bid system?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• High</td>
<td>179</td>
<td>89%</td>
</tr>
<tr>
<td></td>
<td>• Medium</td>
<td>18</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>• Low</td>
<td>4</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>201</td>
<td>100%</td>
</tr>
<tr>
<td>3</td>
<td>How do you see the ability of bid committee in facilitating the operation?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• High</td>
<td>113</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td>• Medium</td>
<td>88</td>
<td>44%</td>
</tr>
<tr>
<td></td>
<td>• Low</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>201</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Own Survey, 2016

In the above table 1, all the respondents replied that the performance of purchasing in line with the purchasing procedure and general low is high that is 175(87%). Besides, all the respondents confirmed that undertaking purchase in line with the bid system is high. In relation to the above, all the respondents also replied that the ability of bid committee in facilitating the operation of purchasing activity is high. Clearly, from this response it can be seen that the organization do not have any problem regarding the purchasing procedures and the bid committee.
Bureaucracy to followed in procurement procedure
According to Kariuki James Ng’ang’a (2013), if the existing public sector become large and more complex, most of the time it opens the way to enhanced functional specialization by creating a channel from the middle and lower level management system for the purpose of using the coordinating effort of the public sectors management. In addition to that the bureaucracy folder has many advantage especially to eliminate overlapping or conflicting jobs or duties and behavior of the system is predictable. On the other hand the bureaucratic system has some negative results and side effect. Sometimes workers in the organization are treated impartially .Moreover, the bureaucracy expects conformity in behavior rather than performance of the employees. For example, according to Kariuki James Ng’ang’a(2013) though various Government department head and even Ministries in Kenya returned billions of money meant for critical projects to Treasury because of bureaucratic procurement procedure of the executive organ of the government .Due to these the Prime Minister blamed Procurement rules for the slow implementation of the projects in Kenya.

Documentation /Stores Record
The second point raised by the researcher is the documentation system of the public sector. Kariuki James Ng’ang’a(2013) added that stock documentation analysis accuracy create the public sector to evaluate their standard of procurement system and paved the way to analyze and determine the level which material resource should be available, excess, shortage, repaired and disposed in the warehouse. And it is important to give the response to the issue of balances remaining in stock for each individual item held in the storehouse.

According Kariuki James Ng’ang’a(2013) Stock records management system creates update information exchange channel to ensure accountability through stocktaking and stock audit exercise. Furthermore the researcher compares the handling system of records in relation to their volume, complexity and effectiveness manual posting system comparatively slow, high risk of filling the wrong detail, and easily lost due to multiple handling as compared to Computer posting system.

Funding
According Kariuki James Ng’ang’a(2013) to administer the public sector procurement properly enough fund is mandatory to lead the activities efficiently and effectively. On the other hand, inadequate funds in the public sector may create difficulties in running its activities .According to the researcher analysis funds can be a major value to fulfill the required material and to lead effectively material resource management system or inventory control in a public sector. On the other hand the variability in user demand patterns, frequent price variations, finance resource allocation in various activities, government financial settlement/action, Staffing levels, have also a negative effect on the allocated budget practice of procurement system. On the contrary, the government financial action and loss of staff level (loss of specialist staffs) has their own impacts on the practice of procurement system that means it affect the individual services.

Knowledge and Skills possessed by staff
According Kariuki James Ng’ang’a(2013) the last point of problems and practice of procurement is the knowledge and skill of staff in stock control. The knowledge of stock control is no longer considered beyond a clerical function in public sector simply performed by untrained individuals. But to achieve their goal and objectives public sectors need to have efficient and effective, qualified, competent and skilled staff to carrying out their various functions. On the contrary the knowledge and skill of the staff in stock control is not qualified and competent, there will be ineffectiveness in inventory control. In addition to hire employee by recruiting from the market to capacititate, qualify and motivate both the new comer and the existing staff in stock control effectively and efficiently the public sector should be arranged the train to develop the personnel capacity.
A successfully implementation of procurement system is necessary to integrate it within the everyday functions performed by public sector personnel. That is, when a user wants to order the material resource, they would call something up or something stored or kept available in the warehouse associated with the Acquisition or recently acquired asset. The user request recently acquired asset of a specific type should be purchased under the existing situation.

**Table 2: Respondents Responses on Purchasing Related Problems**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Items</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bureaucratic purchasing procedure</td>
<td>46</td>
<td>23%</td>
</tr>
<tr>
<td>2</td>
<td>Documentation/store record related problems</td>
<td>5</td>
<td>2.5%</td>
</tr>
<tr>
<td>3</td>
<td>Fund unavailability</td>
<td>13</td>
<td>6.5%</td>
</tr>
<tr>
<td>4</td>
<td>Lack of skilled manpower</td>
<td>8</td>
<td>4%</td>
</tr>
<tr>
<td>5</td>
<td>Poor quality purchase</td>
<td>18</td>
<td>9%</td>
</tr>
<tr>
<td>6</td>
<td>Delayed purchase</td>
<td>40</td>
<td>20%</td>
</tr>
<tr>
<td>7</td>
<td>Unreliable suppliers</td>
<td>16</td>
<td>8%</td>
</tr>
<tr>
<td>8</td>
<td>Price fluctuation in supply market</td>
<td>26</td>
<td>13%</td>
</tr>
<tr>
<td>9</td>
<td>Least price suppliers selection criterion ...</td>
<td>22</td>
<td>11%</td>
</tr>
<tr>
<td>10</td>
<td>Logistics</td>
<td>7</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

**Source: Own Survey, 2016**

Respondents were asked to rate purchasing related problems in connection with purchasing Practices. As it is portrayed in the above Table 2 bureaucratic purchasing procedure become the significant problem. This is indicated by 46(23%) of respective respondents followed by non timely purchasing practices. This is confirmed by the responses of 40(20%) of respondents in the case organizations. Price fluctuation in the supply market and least price suppliers’ selection criterion in compromising quality become the next serious issues. Poor quality in purchasing activity, unavailability of requested fund by sectors, lack of skilled manpower, logistics and documentation related problems are mentioned as significant pitfalls related with purchasing practice respectively.

In general, from the above results, one can easily understand bureaucratic procedures and delayed purchasing are the major problems that are affecting the effectiveness of purchasing activities in selected woredas.

**Users Opinions toward Purchasing Practices in terms of 5R’s**

**Right Quality**

Quality is defined as simply 'fitness for purpose' or the British standard institution defines "the totality of features and characteristics of a production or service that bear on its ability to satisfy a given need" (Soreide 1990: 125).

**Table 3. Responses of users regarding the ‘Quality’ of materials provided as per requested**

<table>
<thead>
<tr>
<th>Level of Service</th>
<th>Quality</th>
<th>Frequency</th>
<th>Response percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td></td>
<td>11</td>
<td>6%</td>
</tr>
<tr>
<td>High</td>
<td></td>
<td>75</td>
<td>37%</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td>75</td>
<td>37%</td>
</tr>
</tbody>
</table>
From Table 3 the researchers have noticed that providing the needed type and quantity of materials by the purchasing division of the organization to its user departments is at the high level. That is 75 (37%) of the respondent replied the purchasing division provides the materials at the needed quality. At the same time 75(37%) of the respondents replied that it provides materials at the needed quantity i.e 75(37%) of the respondents answered that it takes the middle level. But in providing the required quality of materials the researchers are indifferent to say it is at high or medium level because equal member of respondents (that is 75(37%) ) each replied that it takes high and medium Level. In addition, 40(20%) of them replied at low level. Therefore, from the above responses by the respondents, it is shown there is a problem of the provision of required materials as per the requested level of quality which may leads to lack confidence on the purchasing department in providing materials as per the level of required quality. This may be resulted from lack of strong quality control and inspector division.

Timely presentation of requested materials for Users (Right Time)
The delivery of the contracted item to the right place at the right time is an important procurement function. Proper buying enhances production schedules without loading warehouse with excessive inventory and also minimizes the unfavorable effects of price changes. In case of regularly used or procuring’ items, right time may mean the time when the stock reaches the minimum level adhering the responsibility shared both by the purchasing unit, and the approving body.

Table 4. Responses of Users Regarding timely provision of Materials provided as per Requested
Source: Own survey, 2016
Table 4 above summarized the responses of respondents about timely presentation of requested materials. In line with this majority of user respondents which accounts to 120(60%) have said that the required materials are provided some times on time. The next majority have indicated the presence of irregular provision which does not consider timely presentation of requested materials. This is indicated by the vote 50(25%) of respondents. In contrary to this, 31(15%) of respondents have indicated the timely presentation of requested materials by respecting the users interest. Therefore, the majority of respondents indicate there is a time provision of the required materials as per the time required by the users.

Selection of Suppliers
The right source is fundamental component or the major purchasing objectives. Basic information about the number and location of potential suppliers, the nature of products, prices charged and forecasts of the economic condition can be acquired if we are to analyze the supply market effectively rather than simply buy from traditional sources which may not be competitive.

But there are problems faced by the purchasing units in securing right and permanent source of supply. The first problem is identifying potential source of supply, then selecting the right reliable supplier is also challenging. The most difficult challenge is to secure long-term relationship with the right supplier because of the dynamic nature of the business environment and continuous attempt of businesses to make better profit relationship with the right suppliers might not
last long. Hence periodic revision of the status of the relationship and making the necessary amendments in agreements is required.

The manner in which the purchasing department selects a source depends on the considerable extent on whether the item is bought regularly or is one that has seldom, if ever, been bought before. For this case the purchaser will have a group of approved sources with which they have dealt in the past. According to the response given by all the purchasers, the purchasing divisions of selected woredas are good enough in maintaining potential list of suppliers. The researchers also practically checked and realized that the department has list of potential suppliers classified by the material or service they supplied. To select suppliers who offer lowest price the methods used includes: Looking up-to-date price index of suppliers, negotiating with suppliers, conducting market study and estimating the incurred cost in producing the product. The following table shows the selected woredas purchasing section in selecting the right supplier.

**Table 5: Response of respondents regarding the methods used to select suppliers.**

<table>
<thead>
<tr>
<th>Methods used to select suppliers</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to date price index</td>
<td>123</td>
<td>61%</td>
</tr>
<tr>
<td>Negotiation</td>
<td>20</td>
<td>10%</td>
</tr>
<tr>
<td>Market Study</td>
<td>50</td>
<td>25%</td>
</tr>
<tr>
<td>Cost Structure</td>
<td>8</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>201</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Source: Own Survey, 2016**

During Selection of Suppliers, as it can be seen in the Table 5 above, it can be pointed out that 123 (61%) of the respondents placed looking up-to-date price index in the first place and 50(25%) of the respondents replied that market study is conducted during selection of suppliers. For the methods of negotiating with sellers 20(10%) of the respondent replied suppliers can be selected through negotiation.

Based on the above findings, it can be said that the purchasing division of selected woredas are involved in using up-date price index of suppliers, conducting market study, and negotiating with sellers and estimation of the cost incurred in producing the material respectively according to its priority.

Since these particular organizations are involved in purchasing standard items, there exists only a need to adjust price index because price fluctuates up or down ward according to the market supply. Regarding the items purchased the most of the items purchased in one year are also to be purchased in the next year despite differences in the amount of purchase that varies according to the demand of the organizations.

Market study is conducted at any time when required and it is conducted by purchasing division and planning department. According to the interview made, prior to the selection of the suppliers, there are some prerequisite that should be provided by the suppliers. Then, the prerequisite will be seen and checked by the purchasing division. These include; past performance of the suppliers, legal trade license and payment paper of recent/current tax.

To select the best supplier the main evaluation criteria are price, quality, delivery time, and reliability/ dependability of the supplier although there are others. The value given by the organization for these criteria to select the best supplier is not fixed. As the respondent replied that it depends on the nature of the commodity. Some commodities are price sensitive in which much emphasis is not given to quality (example, waste basket). Some times are time sensitive price and other factors are not much emphasized. Items, such as electronics and vehicles given are the highest score for quality.

**Right Quantity**

The right quantity is more relevant to the purchase of consumables or parts or assemblies for manufacturing than for project buying. Fulfilling these objectives will enable to provide a continuous and uninterrupted material at the minimum cost. In most organization the decision of how much to purchase is more important by the close relationship of purchases quantity and schedule use (Sue Arrowsmith).

The decision of how much to acquire follows clarification of what is acquired. Therefore
before making decision considering factors that complicate that quantity decisions are essential, including:

- The larger the quantity is the lower the unit price.
- The larger the quantity the higher the storage costs.
- The larger the quantity is the higher the risk of damage.
- The larger the quantity the higher the cost of items in storage.
- The larger the quantity the fewer orders that will be placed and hence the lower the ordering cost.

Table 6. Responses of Users Regarding the Quantity of Materials

<table>
<thead>
<tr>
<th>Level of users satisfaction with quantity</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>High</td>
<td>137</td>
<td>68%</td>
</tr>
<tr>
<td>Medium</td>
<td>61</td>
<td>30%</td>
</tr>
<tr>
<td>Low</td>
<td>3</td>
<td>2%</td>
</tr>
<tr>
<td>Very low</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>201</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Own Survey, 2016

Respondents were requested to rate their levels of satisfaction with the quantity of provided materials. Accordingly, most of the respondents, 137(68%) replied that they are satisfied with the levels of provided quantity as it is needed. The next majority are moderately satisfied with the concerned issue. This is indicated by the vote of 62(30%) of respondents. Therefore, from the above result it can be concluded that the purchasing department is able to provide the requested quantity of materials.

Right Price

A traditional purchasing objective is to obtain the lowest possible purchase price. However, the common practice is to obtain the best life cycle price or the lowest total acquisition cost. “The factor that affect the price of items are quality and quantity required, urgency of requirements, demand and supply of materials in the market, whether there is room for competition or not, whether the past business relationship was good or not' strained " (Sue Arrowsmith).

Table 7: The respondents’ responses concerning price rightness during purchasing process

<table>
<thead>
<tr>
<th>NO</th>
<th>Level of price fairness</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Very high</td>
<td>40</td>
<td>20%</td>
</tr>
<tr>
<td>2</td>
<td>Medium</td>
<td>121</td>
<td>60%</td>
</tr>
<tr>
<td>3</td>
<td>Low</td>
<td>40</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>201</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Own Survey, 2016

As it can be observed from the above Table 7, the respondents were asked about the rightness of price during materials purchasing process in their organizations. In this regard majority of the respondents which is 121(60%) replied that level of price fairness is medium followed by very high and low which is 40(20%) each. This indicate that most of the respondents have doubt about fairness of price in purchasing process which can create unfavorable environment or suspicion among the employees in terms of transparency.

CONCLUSIONS

The researchers concluded the findings of the study based three major components: purchasing practice, related challenges and users’ opinions towards purchasing practices in terms of 5R’s in selected woredas.

Respondents were asked to evaluate their experience in performing purchase in line with purchasing procedure and general law, their experience in conducting purchasing in line with bid system and the ability of bidding committee in facilitating the purchasing operations. As it indicated in the result of the study show the absence of significant in terms of purchasing practices and procedures.

Based on the data analysis, bureaucracy in purchasing procedures, more delay in purchasing materials, frequent price fluctuation, least price suppliers selection criterion compromising quality, absence of reliable suppliers, poor
quality purchase, and lack of skilled manpower are found to be the significant challenges in purchasing practices of selected sample woredas and their administrative wings.

In assessing users’ opinions on purchasing practices in terms of 5R’s, different questions have been asked to understand the organizations status. The study result shows some the presence of paradoxical responses among the respondents. With respect to this, respondents disagreed on quality of materials purchased in a balanced manner. Similarly, delay in purchase is found to be a major problem because some of the users are poor in notifying their requirement clearly especially in identifying the quality of the materials. This result in the purchasers of the organization facing problem of collecting estimates that bring in correct price reference, the requested item may not be available in market due to in correct specification causes delay in purchase and also lack of transparency on price fairness or right price are found to the significant problems. Finally, the result of the study indicates that current market price is mostly used in selecting potential suppliers supported by market study. Problems in terms of providing the needed quantity are mentioned by the responses of majority. Fund unavailability is indicated as a major contributing factor for this problem.

Recommendation
Based on the major findings of the study the following recommendations have been drawn.

In order to reduce bureaucracy in purchasing process that can lead to for example delay in ordering and receiving the required materials, it is essential to have well developed, organized and timely purchasing plan in order to cut unnecessary procedures in purchasing process.

Since choosing least price supplier does not mean least quality of materials purchased, due attention should be given in identifying and verifying quality of materials that should be purchased.

For purpose of solving the problems of lack in reliable suppliers, the concerned organizations should have to identify potential suppliers from the beginning, keep records of potential suppliers, develop excellent relationship with them, and finally creating supply chain with those having good history in supplying materials.

The problems of frequent price fluctuation can be solved through avoiding frequent purchase and having potential suppliers.

In order to reduce delay in purchase, users need to identify their materials needs and process the request on time with clear specification. In this regard in order to boost the users’ skills in processing the materials requirement and specification, it is better to give training for concerned body.

It is better to develop motivational mechanisms for actors of purchasing process in order to institute long term mutually benefiting relationship in purchasing process.

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Acronyms
OECD-Organization for Economic Cooperation for Development
ORCSVP-Office of Research and Communityservicevice President
PPA- Procurement and Property Administration
Agency

Acknowledgments
We are grateful to Samara, College of Business and Economics for its financial and technical support. We are also very indebted to extend our gratitude to selected woredas for giving available data to conduct the study. The authors are also thankful to the respondents who offered their time to participate in this study.