

**PROCUREMENT PRACTICES AND ORGANIZATIONAL PERFORMANCE  
IN SELECTED TELECOMMUNICATION INDUSTRY IN HARGEISA,  
SOMALILAND**

**BY  
ABDIAZIZ MOHAMED AHMED  
1164-05026-09057**

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**DECLARATION**

I am right here to declare that this research is my personal work in the direction of the success of the necessities of masters of business administration (Supplies and procurement management) this lookup has now not been or for degree or any different educational award in any university or institution.

**Signature:** ..... **Date:**.....  
(STUDENT)

**APPROVAL**

I confirm that the work reported in this research thesis has been done under my supervision

NAME: DR. OLUTAYO K. OSUNSAN

**Signature:**..... **Date:**.....

## **DEDICATION**

I dedicate this piece of work to my dear mum Nimo Ismail Ddireye , dear grandmother Maryam Warsame Duale and my dear aunt Faisa Ismail Diriyee without forgetting my entire family uncle ,Mohamed Ismail ,Muhumed Ismail, Abdi Ismail and aunt Cudbi Ismail .

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## TABLE OF CONTENTS

DECLARATION.....	i
APPROVAL.....	ii
DEDICATION .....	iii
ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS .....	v
LIST OF TABLES .....	viii
LIST OF FIGURES.....	ix
LIST OF ABBREVIATIONS .....	x
ABSTRACT .....	xi
CHAPTER ONE.....	1
1.0 Introduction .....	1
1.1 Background of study .....	1
1.1.1 Historical Perspective.....	1
1.1.2 Theoretical Perspective .....	3
1.1.3 Conceptual Perspective .....	3
1.1.4 Contextual Perspective .....	4
1.2 Statement of the Problem .....	6
1.3 Purpose of the study .....	7
1.4. Specific Objectives.....	7
1.5 Research Questions .....	8
1.6 Hypothesis .....	8
1.7 Scope of the Study.....	8
1.7.1 Geographical Scope.....	8
1.7.2 Content Scope.....	9
1.7.3 Time Scope.....	9
1.8 Significance of the Study .....	9
1.9 Operational Definition of key terms.....	10

CHAPTER TWO..... 11

LITERATURE REVIEW ..... 11

2.0 Introduction ..... 11

2.1 Theoretical Review..... 11

2.1.1 Principal-Agency Theory ..... 11

2.1.2 Institutional theory ..... 12

2.1.3 Legitimacy Theory ..... 12

2.2 Conceptual Framework showing independent and dependent variables..... 13

2.3. Empirical Review ..... 14

2.4 Effect of procurement planning on organizational performance..... 16

2.5 Effect of ethical procurement practices on organizational performance..... 16

2.6 Effect of procurement performance measurement on organizational performance ..... 19

CHAPTER THREE..... 24

RESEARCH METHODOLOGY ..... 24

3.1. Introduction ..... 24

3.2. Research Design ..... 24

3.3 Study Population ..... 24

3.4 Sample Size ..... 24

3.5 Sampling methods ..... 25

3.5.1 Purposive sampling ..... 26

3.5.2 Random sampling..... 26

3.6 Sources of Data ..... 26

3.6.1 Primary Data..... 26

3.7 Research Instruments ..... 26

3.7.1 Questionnaires ..... 26

3.8 Validity and reliability of the instrument ..... 27

3.8.1 Validity ..... 27

3.8.2 Reliability ..... 27

3.9 Data analysis..... 28

3.10 Decision Rule ..... 29

3.11 Data Processing ..... 29

3.12 Ethical Consideration .....	29
CHAPTER FOUR .....	30
DATA PRESENTATION, ANALYSIS AND INTERPRETATION.....	30
4.0 Introduction .....	30
4.1. Response rate.....	<b>Error! Bookmark not defined.</b>
4.2 Demographic characteristics of the respondents .....	30
4.2.1 Gender .....	30
4.2.2. Qualification.....	30
4.2.3. Age .....	31
4.3 Procurement practices .....	31
4.4 Organizational performances .....	35
4.5 Regression analysis .....	38
4. 6. Multiple regressions analysis .....	43
CHAPTER FIVE.....	44
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS .....	44
5.0 Introduction .....	44
5.1 Discussions.....	44
5.2 Conclusions .....	46
5.2.1 Objective one.....	46
5.2.2 Objective two .....	47
5.2.3 Objective three .....	47
5.3 Recommendation.....	47
5.4 Contribution to knowledge.....	48
5.5 Areas for further research.....	48
REFERENCES.....	49
APPENDICES.....	51
APPENDIX I: QUESTIONNAIRE.....	51
APPENDIX II: MULTIPLE REGRESSION.....	<b>Error! Bookmark not defined.</b>



## LIST OF TABLES

Table 3. 1: Population and sampling in the study .....	25
Table 3. 2: Reliability Test Results .....	<b>Error! Bookmark not defined.</b>
Table 4. 1: Response rates to the study .....	<b>Error! Bookmark not defined.</b>
Table 4. 2: Gender distribution.....	30
Table 4. 3: Qualification.....	30
Table 4. 4: Age .....	31
Table 4. 5: Procurement planning .....	32
Table 4. 6: Ethical procurement practices .....	33
Table 4. 7: Procurement performance measurement.....	34
Table 4. 8: Cost effectiveness.....	35
Table 4. 9: Quality improvement .....	36
Table 4. 10: Efficiency .....	37
Table 4. 11: Objective one; to examine the effect of procurement planning on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.....	38
Table 4. 12: Objective two; to examine the effect of ethical procurement practices on organizational performance in selected telecommunication industry in Hargeisa, Somaliland. ....	39
Table 4. 13: objective three; to establish the effect of procurement performance measurement on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.....	41
Table 4. 14: Regression Analysis between the Dependent and Independent Variables.....	43

## LIST OF FIGURES

Figure 2. 1: Conceptual framework.....	13
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## LIST OF ABBREVIATIONS

BC	Before Christ
COMESA	Common Market for Eastern and Southern Africa
CPAR	Country Procurement Assessment Review
ITC	International Trade Centre
MOBI	Ministry Of Business and Investment
MOF	Ministry of Finance
PPDA	Public Procurement Disposal Authority
WTO	World Trade Organization
<i>IDASA</i>	Institute for a Democratic Alternative for South Africa
PP	procurement planning
ETP	Ethical procurement
PPM	procurement performance measurement

## ABSTRACT

The learn about was once to assess the effect of procurement practices on organizational overall performance in selected telecommunication industry in Hargeisa, Somaliland. It used to be guided by means of three precise objectives, that included; to have a look at the impact of procurement planning on organizational overall performance in chosen telecommunication enterprise in Hargeisa, Somaliland, to study the impact of moral procurement practices on organizational performance in chosen telecommunication enterprise in Hargeisa, Somaliland and to establish the effect of procurement performance dimension on organizational overall performance in selected telecommunication industry in Hargeisa, Somaliland. This research employed a descriptive research sketch to describe the variables, the questionnaire and interview information have been used as the research instruments. Descriptive records were used in this study protected frequencies, capacity and inferential statistics for regression evaluation on variables. A finding of the study shows that procurement planning significantly affects the organizational performance in telecommunication industry Hargeisa Somaliland. So that it implies that procurement planning highly affects the organizational performance in telecommunication industry. A finding of the study shows that ethical procurement practices significantly affects the organizational performance in telecommunication industry Hargeisa Somaliland. So that it implies that ethical procurement practices highly affects the organizational performance in telecommunication industry. Concluding that ethical procurement practices are effectively improves organizational performance in telecommunication industry in Hargeisa Somaliland. An ethical procurement practice is an important factor that needs consideration because procurement manager deals with in supplier selection, bidder evaluation, contract awarding and sing it in business supplier. The researcher recommended that: that the telecommunication industry should effectively plan and analyze the need assessment to gain the greatest competition power, This also recommended that the firm should plan well and find out for this factors, like why, when, and where to pay the product, that the telecommunication industry should train their employees ethical practices and assess them to be knowledgeable people in the ethical code of conduct so that they avoid immoral and illegal practices such as bribery, favoritism, illegal sourcing etc. so that procurement activities be transparency and fair competition between the parties of the contract, that the telecommunication industry should follow up the past performance records of the firm. So that the firm can easily evaluate, control and improve production or services that they provide.

The study contributed to new knowledge through the following; procurement practices factors in telecommunication industry in hargeisa Somaliland, procurement planning, ethical procurement practices and performance measurement. The following are the organizational performance measurement; cost effectiveness, quality improvement, and efficiency. In this study contributed that effective procurement practices improves the performance in telecommunication industry and leads competitive advantage in the market.

# CHAPTER ONE

## 1.0 Introduction

This chapter the background to the study, statement of the problem, the reason of the study, targets of the study, research questions and assumptions, scope of the study, significance of the study, the justification of the find out about and the operational definitions of phrases and standards as utilized to suit the context of the study.

## 1.1 Background of study

The background of the study is categorized into four perspectives namely; historical, theoretical, conceptual and contextual perspectives.

### 1.1.1 Historical Perspective

Globally, the first traces of procurement can be seen throughout historical history, together with the Egyptians in 3,000 BC. Though there had been no special procurement practices, substances management aided in the building of the pyramids Edgar, (2014). The Egyptians used scribes to manage the provide for these huge projects. Scribes performed a clerical role, recording the quantities of substances and people needed on papyrus rolls. These scribes would music orders through success and had been one of the first regarded in history to be in the procurement profession. Procurement's organizational function was now not genuinely identified until the 1800s. One of the earliest acknowledgements of the procurement practices can be discovered in Charles Babage's 1832 book, *On the Economy of Machinery and Manufactures* (Edgar, & Shipman, 2015).

In Africa, procurement has been in existence since the colonial times. The British Colonial Government appointed Crown Agents to be the sole provider of goods and services to the Crown Colonies that formed the British Empire, including territories, protectorates, dependencies, and mandates (Edgar, 2014). Crown Agents were charged with the responsibility of reducing costs and increasing efficiency in the procurement of goods and services to the Crown Colonies. Crown Agents remained the official provider of goods and services for African countries that belonged to the British Empire until these countries reformed their procurement system after

gaining political independence from their colonial masters (Ahmed et al ,2014). Preferential procurement in South Africa is not only about proper financial management of public monies, it also presents an opportunity for government to correct the socio-economic imbalances of the past by awarding government work to individuals disadvantaged by historical practices. In colonial Africa, procurement was delegated to Crown Agents. In Somaliland, the Crown Agents' role was recognized. This is the year that Somaliland got political independence under British Empire. It was only in 1960 that the newly independent country made changes in the law and put procurement under the Ministry of Works and Public Service. This was a political decision made after independence and it affected the way procurement operated in Somaliland (Bailey et al, 2013).

In Somaliland, procurement practices have evolved over time commencing in 2015, as a process and a key milestone, or the first key event was the National Procurement Forum held at the behest of the Ministry of Finance, (MOF) in Hargeisa. The co-chairmen of the Forum were ministry of business and investment (MOBI) and representatives of ministries, parastatals and district tender boards participated (Armando Lionjanga, 2014). No industry representatives or the private sector were involved. UNCTAD/WTO International Trade Centre (ITC) backstopped the Hargeisa Workshop with technical advice and financial assistance from the Swiss Government. The World Bank was also in attendance at the Forum, where it indicated its intention to conduct a Country Procurement Assessment Review (CPAR) in 2014. There were two sources of pressure on the Government to review the performance of the procurement system and to generate a restructuring plan. One was the realization by the Government itself that the old system could not deal satisfactorily with the emerging demands on the system in terms of transaction numbers expanding value of procurement budgets, scale and technical complexity of procurement activities. These demands were being made against a backdrop of a lack of bureaucratic accountability and transparency and the absence of a culture of value for money procurement. Against this weak background, donors began to exert pressure on the Government to put in place the appropriate remedies Ejite, (2015).

### **1.1.2 Theoretical Perspective**

The study was based on three theories and these include; Principal-Agency Theory, Institutional theory and Legitimacy Theory.

Principal-Agency Theory is the underpinning theory used to establish the framework for this study. The Principal-Agent Theory is an agency model developed by economists that deals with situations in which the principal is in position to induce the agent, to perform some task in the principal's interest, but not necessarily the agent's (Balunywa, 2014). Several studies (Basheka et al, (2005) have contributed to the literature on principal agent theory. All these contributions have one main theme, which is the relationship between a principal and an agent.

The regulations and norms set out by way of the establishments in an environment are endorsed by using more than a few actors. When talking of actors and institutional environment in this research project, reference is made to the norms represented by way of the use of the actors in the environment and the stress that these norms exert on one of a kind actors in the environment. A energy attributed to institutional principle is its capability to give an explanation for non-choice conduct of agencies how they conform to norms barring questioning them and undertaking public characteristic (Government of Uganda, 2014).

### **1.1.3 Conceptual Perspective**

Procurement is the act of acquiring, buying for goods, choices or works from an exterior grant (Basheka 2004). It is favorable that the goods, offerings or works are appropriate and that they are procured at the high-quality manageable price to meet the wants of the acquirer in phrases of great and quantity, time, and location. Corporations and public our bodies regularly outline procedures intended to promote fair and open competition for their commercial enterprise at the same time as minimizing publicity to fraud and collusion. Almost all purchasing decisions include factors such as delivery and handling, marginal benefit, and price fluctuations.

Procurement commonly involves making shopping for choices below conditions of scarcity. If precise information is available, it is right practice to make use of monetary evaluation strategies such as cost-benefit analysis or cost-utility analysis. An essential difference must be made

between analyses without hazard and those with risk. Where threat is involved, both in the prices or the benefits, the concept of expected value may additionally be employed.

Organizational performance includes the actual output or consequences of an company as measured toward its supposed outputs (or goals and objectives). According to Richard, (2016) organizational common performance encompasses three special areas of firm outcomes: (a) monetary overall performance (profits, return on assets, return on investment, etc.); (b) product market overall performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic cost added, etc.). The term Organizational effectiveness is broader. Specialists in many fields are concerned with organizational performance together with strategic planners, operations, finance, legal, and organizational development. It is a huge assemble which captures what businesses do, produce, and accomplish for the number constituencies with which they interact. Specialists in many fields are worried with organizational performance along with strategic planners, operations, finance, legal, and organizational improvement the concept of organizational performance is connected to the ideas of effectiveness and efficiency.

A business organization must produce the right things and it must produce them using the fewest possible inputs if it is to have a strong organizational performance (Hernon, et al 2014). Businesses typically try to perform well in a number of areas of organization. First, they try to perform well financially. That is, they need to realize a good return on their investment. They need to add as much value as possible in their production process. Second, they try to perform well in terms of the market. What this means is that they must gain as much market share as they can (consistent with the goals of their firm). They must be producing a product that is in demand and they must be producing it at a price that allows them to compete on the market. Finally, they need to perform well in terms of creating value for their shareholders. They need to make money that can be distributed in the form of dividends. They also need to have their stock price rise at a reasonable pace.

#### **1.1.4 Contextual Perspective**

In Somaliland, the Procurement practice has currently increased in a number of organizations. This is observed from the growing interest attached to the function in terms of structural arrangements as well as the resource allocations to the function. There are so many



developments in the field of procurement, just as it is true of any emerging discipline (Basheka, 2015).

According to Hunja Robert (2011), the impact of telecommunications industry in Hargeisa, Somaliland has received much attention, considering the introduction of new products and the increase of players in the field. At Telesom- Hargeisa branch and Somtel Hargeisa branch, adoption of procurement procedures cut across critical process of its operations. Therefore, successful adoption and implementation are key in sustenance of the company.

Robert.(2014) researched on Public procurement procedures and organizational performance in Somaliland especially in telecommunication industry such as Somtel and Telesom found out that staff qualification and experience influenced the performance of these telecommunication industries. An indicator that telecommunication industry are busy employing procurement practices to improve their general performance and net out a better profit, thus adding value to the lives of their stake holders.

IDASA (2010)says that the traditional view is that procurement is primarily a cost reduction function affecting directly primarily a firm's profit and return-on asset and hence its competitive position in industry. Many organizations realize that in order to be successful and competitive, focus on the procurement practices is necessary (Johan, 2013). According to Kabaj,(2014), there are fundamental changes in practice of business and these pose significant implications to the procurement profession, they suggest the procurement profession should be a key player in nurturing and managing both internal and external relationships. Lawal, (2013) postulate, very credibly, that procurement must continue to demonstrate its ability to positively impact on organization financial effectiveness. With all the above appraisals, a personal observation is that organizations do not pay sufficient attention to the procurement practices.

Lawal, (2013) suggested the linkage between the procurement practices and organizational performance began to be established when organizations began to realize the impact the procurement practices can have on their competitive position, and they gradually shifted the role of purchasing from Tactical to Strategic. The impact of procurement in organizations is driven by the contribution of the function to overall corporate performance and its interface relationships. Much has been written about procurement strategy, but the actual impact of

procurement strategy on Corporate Performance has been neither empirically substantiated nor rigorously examined.

## **1.2 Statement of the Problem**

Procurement practices contact many core factors of a company's operations and, hence, their profitable deployment and use are indispensable to ordinary overall performance and survival (World Bank, 2014). It has contributed to the success and competitiveness of organizations through cutting down cost structures, thus creating value for money. Organizations rarely put procurement at the top of the agenda and many organizations have continued to perform poorly. This has been attributed to the high costs, which emanate from neglecting the procurement practices (Hernon, 2014).

Regardless of the effort by the government of Somaliland to improve performance of the organizations such as selected telecommunication industry in Hargeisa, procurement practices are still marred by means of shoddy works, poor first-class goods and services. This has resulted into cost ineffectiveness, poor quality and inefficient telecommunication services in the industry in Somaliland (World Bank,2014). Failure to put in force or delayed implementation of endorsed procurement practices has resulted in unnecessarily high operation costs, poor inventory control, unacceptable supplier appraisals standards, uncoordinated commercial enterprise activities, and failure to entice and maintain skilled and educated personnel in the procurement positions, for this reason affecting the function's performance.

In Somaliland, there are some telecommunication industry that have successfully embraced the use of best procurement practices. For instance Telesom and somtel companies has embraced procurement and employment of qualified procurement professionals as the company focus on gaining competitive advantage and improving on performance. Telecommunication industry in Hargeisa Somaliland faces challenges such political framework, taxation, and exchange in technological know-how which has made the business enterprise to center of attention on pleasant procurement exercise as a strategic option to obtain aggressive advantage and reap high organizational performance. Despite telecommunication embracing great procurement practices, research focusing on impact of procurement fantastic practices on organizational overall performance stay scanty (Ahmed, 2014).

Therefore, the purpose of this study shall be to identify the effect procurement practices on the organizational performance of the selected telecommunication industry so as to come up with viable solutions to the same. This was a further inquiry according to procurement features of most entities do not comply to set procurement practices and performance procedures, main with irregular and subjective decisions that have had costly consequences for many entities, and the country at large. It is in the interest of the study that financial performance should not be the only measure to conclude the performance of the procurement function thus intangible performances like quality of procured goods and services, timely shipping of orders, patron satisfaction, dependability, flexibility and pleasant of personnel need to all be included hence the need for the study (Ejite,2015).

It was reported in 2016 that the procurement practices of telecommunication industry in Hargeisa in Somaliland had been no longer complying to set procurement process and overall performance methods (such as requirement identification, determining procurement method, procurement planning, procurement requisition processing, solicitation documents preparation and publication, pre-bid/proposal meeting, etc)leading to irregular and subjective decisions. . Also it was reported that there is poor performance standard in telecommunication industry in Hargiesa Somaliland such us there are luck of cost effectiveness, poor quality, and luck of customer satisfaction. (Johan, 2013).

In this regard, the researcher intends at examining procurement practices and organizational performance using organizational performance in selected telecommunication industry in Hargeisa, Somaliland.

### **1.3 Purpose of the study**

To assess the effect of procurement practices on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.

### **1.4. Specific Objectives**

- i. To examine the effect of procurement planning on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.

- ii. To examine the effect of ethical procurement practices on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.
- iii. To establish the effect of procurement performance measurement on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.

### **1.5 Research Questions**

- i. What is the effect of procurement planning on organizational performance in selected telecommunication industry in Hargeisa, Somaliland?
- ii. What is the effect of ethical procurement practices on organizational performance in selected telecommunication industry in Hargeisa, Somaliland?
- iii. What is the effect of procurement performance measurement on organizational performance in selected telecommunication industry in Hargeisa, Somaliland?

### **1.6 Hypotheses**

- i. Ho1: there is no effect of procurement planning on organizational performance in selected telecommunication industry in Hargiesa Somaliland.
- ii. Ho2: there is no effect of ethical procurement practices on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.
- iii. Ho3: there is no effect of procurement performance measurements on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.

### **1.7 Scope of the Study**

#### **1.7.1 Geographical Scope**

The study was carried out from telecommunication industry in Hargeisa, Somaliland. Telecommunication industries are a privately held industry headquartered in Hargeisa, the capital of Somaliland. Hargeisa is the capital city of Somaliland it is situated on south west of Somaliland, Telesom Company and Somtel Company was chosen due to their involvement in procurement practices with respect to its performance of telecommunication industry.

### **1.7.2 Content Scope**

The study was focus on the effect of procurement planning on organizational performance in organizational performance in selected telecommunication industry in Hargeisa, Somaliland, the effect of ethical procurement on organizational performance in selected telecommunication industry in Hargeisa, Somaliland, and the effect of procurement performance measurement on organizational performance in selected telecommunication industry in Hargeisa, Somaliland also the organizational performance was measured in to three categories that are cost effectiveness , quality improvement and efficiency .

### **1.7.3 Time Scope**

The time scope study was conduct the time from September 2017 to November 2018 and finally it was presented to College of Economics and Management..

### **1.8 Significance of the Study**

Furthermore, the study results would anticipate helping the academicians to widen their understanding concerning procurement practices and organizational performance.

The study was enable policy makers to be aware of the vital role played by procurement practices with regard to organizational performance since it was contribute to the substantial awareness on procurement practices and organizational performance in Somaliland whereby identifying the loop holes within procurement practices and help the appropriate stakeholders to make the necessary actions to overcome them

The find out about conclusions and tips envisaged at the cease of the find out about was help neighborhood authorities, contract committees, procurement body of workers and all these concerned in public procurement to improve and recognize the public procurement practices.

## **1.9 Operational Definition of key terms**

Procurement practices enables the organization to procurement planning effectively, ethically practices procurement and best performance measurement in procurement activities.

Organizational performance is how well organization is doing to reach its vision, mission and goals through cost effectiveness, good quality improvement and efficiently handling the activities in the organization.

Procurement Planningthis who to decide what to procure, when to procure and where to procure.

Ethical Procurementthis is the principle of conduct governing an individuals or groups.

Procurement performance measurementis the process of gathering information about the work effectiveness and productive both individuals and groups for their efficiency and effectiveness of past action.

Cost-effectivenessthis is the extent to which the organization has achieved or is expected to achieve its results at a lower cost compared with other alternatives.

Quality improvementIs the ability to satisfy to the customer to provide the goods and services they required through delivered on time, give feedback to employee how they perform, good quality control.

Efficiencyis the ability that the organizations minimize the wastages of the organization resource.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter addresses an overview of the present associated to the study. It mainly facilitates highlighting the gaps in the existing literature, which the learn about seeks to fill in. This chapter is additionally aligned to the objectives of the study.

#### 2.1 Theoretical Review

##### 2.1.1 Principal-Agency Theory

This theory is the underpinning theory used to establish the framework for this study. The Principal-Agent Theory is an agency model developed by economists that deals with situations in which the principal is in position to induce the agent, to perform some task in the principal's interest, but not necessarily the agent's (Lawal, 2013). Several studies (Sasser et al, 2014) have contributed to the literature on principal agent theory. All these contributions have one main theme which is the relationship between a principal and an agent.

The Principal-Agent Theory issues with the association that exists when one personality or entity (called the agent) acts on behalf of some other (called the Principal). The principals contract with the agent to perform some services on the principal's behalf. These contracts require the agent to exert effort and make decisions (Edgar, and Shipman, 2015). For example, shareholders of a company (principals) decide on administration (agents) to act on their behalf, and merchants (principals) select fund managers (agents) to manipulate their assets. That is the management make operational decisions on behalf of the company shareholders for instance maximization of revenues and minimization of costs among other decisions.

According to Lionjanga, (2014), Agency theory is directed at the ubiquitous agency relationship in which one party (the principal) delegates work or tasks to another party (the agent) who performs that work. Agency theory describes this type of relationship using the metaphor of a contract. Agency relationships are enacted in a broader social context for the adoption of policies

about aligning incentives in order to discourage self-interested behavior by managers and reducing agency costs. A number of studies have shown that procurement contributes about 60%-70% of an organization's expenditures.

Following the operational nature of procurement expenditures, decisions must be taken by the organization's management (agents) on behalf of the company owners (principals) under the power entrusted to them through their employment contracts (Ejite, 2015). The theory also answers two specific problems that is, the goals of the principal and agents are not in conflict (agency problem) and that the principal and agent reconcile different tolerances for risk. The principals and agents seek to maximize their utility from the same organizations.

### **2.1.2 Institutional theory**

Institutional concept describes the outcomes of exterior institutional pressures on businesses and Ejite,( 2015). The guidelines and norms set out by using the institutions in an surroundings are encouraged with the aid of a number of actors. A electricity attributed to institutional theory is its capacity to explain non-choice behavior of companies how they conform to norms besides questioning them and venture public function (Ejite , 2015).

The PPDA (2005) requires that applicable maintenance and preserving of documents be carried out in all public deciding to purchase entities as a end result want to have policies, norms and policies to the effect.

### **2.1.3 Legitimacy Theory**

The Legitimacy Theory states that the commercial enterprise company has the mandate to kingdom its activities to the stakeholders, greater in unique to the public and u . s . a. the benefits the society was get from it (Wilmshurst and Frost, 2000). Legitimacy is a grasp that the acts of the company are acceptable in the built machine of behaviour in the society that it exists in (Suchman, 1995).

The concept of legitimacy strongly suggests that the social contract which is between the government and the public can be eliminated. In government procurement context, there are

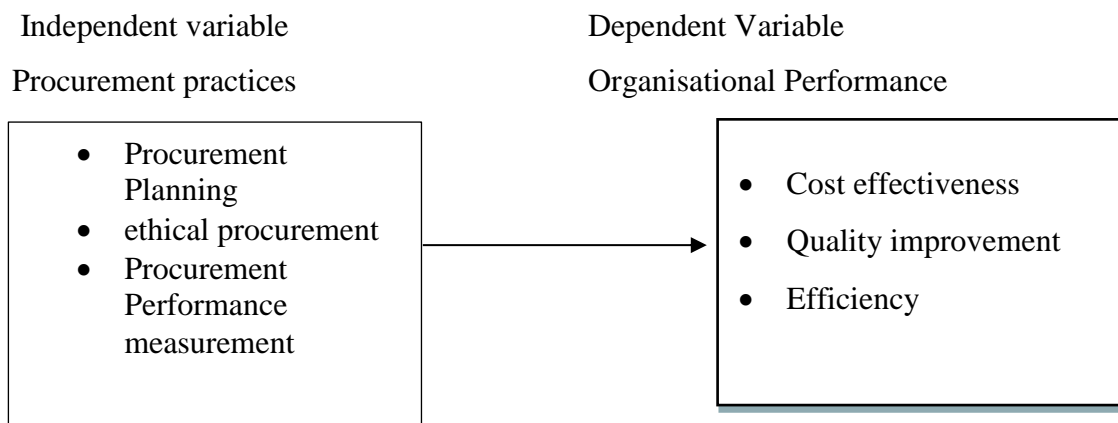


issues (such as cronyism and corruption) that could endanger the legitimacy practice. The legitimacy idea argues that officers make the disclosure practice as a way of building a properly reputation among the stakeholders and the society at large (Magness, 2006).

## 2.2 Conceptual Framework showing independent and dependent variables

The conceptual framework diagrammatically shows the relationship between the different variables in the study. The independent variable was perceived as procurement practices and dependent variable was organizational performance

Figure 2. 1: conceptual framework



Source: (Johan, N., 2013)

A conceptual framework is a structure of concepts and or theories which are put together as a map for the study and it shows the relationship of research variables (Mugenda and Mugenda, 2014). The conceptual framework is used to provide an explanation for the relationship between the unbiased variables and the structured variable. The aspects of procurement planning, ethical procurement and procurement performance measurement are attributes of the independent variable which is procurement practices while organizational performance is the dependent variable which concerns; cost effectiveness, quality improvement and efficiency. This relationship is diagrammatically shown in Figure above.

Ethics play a major role in procurement and are considered more important as technology and consumer behavior change. Being ethical means being in accordance with the rules or standards for right conduct or practice, especially the standards of a profession. For instance: procurement

is involved in supplier selection, evaluation, negotiation, contracts sign off and awarding business to suppliers. When interacting with suppliers, procurement should treat them in fair and unbiased manner. Procurement professionals must conduct their business practices in the most ethical manner. Failing to abide to ethical practices can lead to immoral and illegal practices such as bribery, favoritism, illegal sourcing etc. The immediate reaction to the idea of unsatisfactory procurement ethics is that it will be damaging for public relations, if those ethics become public knowledge. Leaders have to make sure that actions are taken to follow proper ethics as this can only contribute to the success of any business (Andereck, et al 2017).

According to the Council of Logistics Management (1995), Procurement has been one function whose performance is crucial in the supply chain. The council also recognizes performance measurement as one of the four key competences in the World class Logistics Model. Others are: positioning, integration and agility. According to findings of a study done by the same council, most managers of purchasing departments have no or little information about their own department's performance.

### **2.3. Empirical Review**

In a global and local perspective, several studies have been done with respect to procurement management practice and their impact on organizational performance. Internationally, Ricarda (2016) surveyed the influence of procurement practices in the electronic sector in Geneva. His purpose to examine the repercussion of procurement practices on the global supply chain of electronics. He found out that it is important to enhance procurement practices to have a smooth and efficient supply chain not only globally but regionally and locally.

Aleman and Guererro (2016) researched procurement practices and smes in global supply chains in Switzerland. Their Main objective was to examine which smes employed procurement practices. Through their research, they concluded that most procurement practices center around delivering fair prices. They also found out that most smes in the second tier were excluded from benefits of Good procurement practices. From the research, there was no Solid evidence that lead firms have developed procurement practices with the principal aim of supporting SME development. The research showed that there was still a gap in the literature on systematic

evidence from monitoring and evaluation of pro-SME procurement practices and their impacts on both economic and social upgrading of the intended smes.

Caritas, Julius and Zenon (2016) researched the impact of procurement practices on performance of Rwandan governmental construction project. Their main intention of the study was to examine the influence of practices of procurement on the performance of public procurement management in Rwanda. They found out that procurement devising strengthens the performance of the construction of Bugesera District office. They indicated that through procurement planning and practices a positive performance in the construction firms is achieved.

In a local perspective, Makabira and Waiganjo (2014) researched the significance of procurement practices on the achievement of corporate firms in Kenya. Their goal was to ratify the importance of planning in procurement, controls and procurement practices on the performance of KNPS. The findings were that Kenya National Police employed procurement practices in its operations and that the organization has benefited from employing procurement control practices. The organization gained from incorporating controls practices in Various ways; Like the prevention of unnecessary stocking of items, proper use of funds, enhanced provision of services, quality materials, and improved allocation of resources.

Karanja and Kiarie (2015) conducted research on Guaranty Trust Bank to indicate the impact of procurement practices on organizational performance in private scope. Their purpose was to demonstrate the effect of procurement practices on an organization performance in the private scope in Kenya. The study concluded that procurement practices had a great influence on the performance of the organizations in private sector and help in saving money that would have been lost. Hence it is not a waste of time for the private sector. The study also noted that procurement planning was a Major contributor to organizational performance.

Mokogi, Mairura, and Ombui (2015) surveyed the state-owned businesses in Nairobi to demonstrate the impact of procurement practices on performance. Their main objective was to ascertain the significance of procurement practices on the government-owned enterprises performance in Nairobi. They concluded that various enterprises employed procurement practices. The study confirmed that procurement practices are very significant in enhancing the

performance of Profitable enterprises in Nairobi County. Therefore those practices enhanced the performance of these enterprises. The study showed that there was a substantial liaison between procurement practices and the overall performance in the organizations.

#### **2.4 Effect of procurement planning on organizational performance**

According to Ezeh, 2012 Procurement Planning entails the identification of what needs to be procured (which is the result of a Needs Assessment), how the organizations needs can best be met, the scope of the goods, works or services required, what procurement strategies or methods to be deployed, setting the time frames, and the accountability for the full procurement process. Needs Assessment is “a systematic process for determining and addressing the needs, or gaps between current conditions and desired conditions or wants. This is important in procurement; because it is an effective tool to identify appropriate interventions or solutions by clearly identifying the problem to ensure that finite resources (Prior Budget appropriations) are directed towards developing and implementing a feasible and applicable solution for identified projects.

The meaning of procurement and purchasing is very similar, but people have moved to a different wording to identify a change in the organization (Basheka, 2004). A few years ago, it was known as purchasing, but, consciously changed to procurement. One way of getting people’s attention to this was to change the name. But having done that, purchasing, by definition becomes the transactional piece and procurement becomes the strategic piece. Supply chain management is a procurement tool that was born out of necessity. Demands for newer and more innovative goods and services, limits on resources, and the increasingly complex, interrelated nature of the global market place have each created pressure on public managers to optimize new and innovative process methodologies to meet procurement needs (Basheka, 2004).

#### **2.5 Effect of ethical procurement practices on organizational performance**

In Somaliland, Organizational performance in organization is represented by ability of firms to attain its pre-planned objectives in accordance with formulated standards and implementation matrix (Hernon,2014).

Ethical procurement must deliver value for money since this is the core principle of any viable procurement. Organizations strive to maximize overall „value for money“ for citizens. This

requires consideration of issues such as client satisfaction, the public interest, fair play, honesty, justice and equity.

The efficiency of procurement function of a firm can generate a higher return which forms the basis of sustainable, reliable and long lasting procurement ethics which has recently become of great concern (Robert, 2011).

According to Robert (2014) being honest and considering existing procurement laws is essential because it raises firm net income and operating cost which translates to improved firm performance.

Robert, (2014) further indicated that performance measurement in organization is aimed at providing open is intended to produce accurate and reliable information pertaining project progress and implementation of ethical practices which can be used in strengthening information decision making. He further notes that organizational performance can be measured using return on assets and equity. Measurement of organization performance needs to be integrated with general Performance management system and viewed as the progression of maximizing the efficiency and value of measures.

Procurement ethics are a set of moral principles or values guiding procurement manager's behavior or day to day procedures used in carrying out activities in a firm with a basic aim of ensuring that there is effectiveness in the SCM (IDASA, 2010).

IDASA (2010) carried out a study to find out various situations that can facilitate the delivering of efficiencies in the use of resources within the organization. In order to achieve there is need for adequate savings in procurement ethics which is facilitated by good supply management by seeking communication between the firms and the vendors (Johan et al, 2013). Adoption of modern procurement platforms supports ethical Activity for two the procuring of works, goods and two services for two all two components of the two value two chain.

Lawa et al, (2013) argued that expecting two requirement, sourcing two two and acquiring elements and shifting resources into the organization .Improvement and adoption two of ethics in procurement two techniques helps two in two decreasing two the two fees incurred in provider two selection is the purpose two of two Procurement two activities enhancing two supply chain

management two an organizational performance Effective procurement ethics affords a high two stage transparency, accountability two and two price for two cash (COMESA, 2014). Obtaining items two and two services two of the two proper two first-class in the two proper two quantity two from the right two source, delivered two to two the right area and at two the least cost and two rate is the two basic purpose two of procurement activities.

Meeting the needs of customers in order to gain adequate optimum condition and value is a major requirement in the achievement of a successful procurement system (Ejite , 2015).

According to Sollish and Semanik,( 2012), Procurement ethics Consist of actions done by organization with the purpose of ensuring embracement of effective management and procurement of input materials in supply chain. Procurement plays a significant role in helping firms achieve their supply chain objectives and prepare for future uncertainties.

In Kenya, Public Procurement Oversight Authority (PPOA) is legally mandated to ensure that all public entities adhere to ethical practices during the procurement process by conforming to procurement regulations and guidelines outlined in public procurement and Asset disposal Act (2015).

Procurement ethics includes practices and philosophies such as being loyal and respectful to procurement laws, regulations , transparency and openness in tender processes. The above mention procurement ethical practices was bring about cost reduction, efficiency and effectiveness in procuring of inputs, process standardization and collaboration which was lead to exemplary performance (Interagency Procurement Working Group (IAPWG, 2012).

Procurement code of ethics in any procuring entity is designed to help procurement officers comply with the Act, regulations and ethical standards providing a ground for disciplinary proceedings on officers who was violate the law or engage in unethical business dealings (Carter, 2000).

Actually, few empirical studies are available to address immoral actions or behaviors in procurement and supply chain management, excepting the opportunism, despite

procurement professionals being more vulnerable to unethical choices due pressure of rising weight for cost reductions and unachievable objectives (Rottig, Koufteros, & Umphress, 2011). The pressures which the customers points of consumption exerts on procurement function and distinct consumers make it indispensable that procurement managers together with other stakeholders tasked with ensuring organization source the right products and goods are well conversant with moral standards and practices required out of them especially when discharging their duties(Rottin et al.,2011)

Kothari (2004) emphasized that purchasing moral practices are Significant in acquisition process because procurement activities engaged by officials represent the level of transparency and fairness hence external partners can act based on their actions. Sufficient moral actions between firm and the source of supplies is necessary because it form basis for long-term associations and development of partner goodwas and more so claiming professional status in procurement process.

## **2.6 Effect of procurement performance measurement on organizational performance**

According to Ejite (2015), performance measurement is the process of quantifying the efficiency and effectiveness of past action. It is the gathering of information about the work effectiveness and productivity of individuals, groups, and larger Organizational units. It involves systematically collecting and strategically using information, on an ongoing basis, in an intra- and inter-organizational fashion, and for a variety of internal and external purposes.

Performance measurement represents a process where the focus is on the internal process of quantifying the effectiveness and the efficiency of action with a set of metrics. It represents management and control systems that produce information to be shared with internal and external users. Furthermore, as it encompasses all aspects of the business management cycle, it constitutes a process for developing and deploying performance direction (Balunywa, 2014).

Performance measurement is traditionally viewed as an element of the planning and control cycle that captures performance data, enables control feedback, influences work behavior (Basheka 2004) and monitors strategy implementation. From the foregoing it is apparent that performance measurement is concerned with an organization/ department's efficiency and

effectives. According to Balunywa, (2007) an organization's efficiency and effectiveness are two most fundamental dimensions of performance and hence those two must be measured.

Efficiency refers to how economically the organization's resources are utilized whereas effectiveness refers to how accurately the organization's products or services satisfy the customer's needs. Efficiency measures how successfully the inputs have been transformed into outputs whereas Effectiveness measures how successfully the system achieves its desired outputs (COMESA, 2014).

Performance measurement plays a key role in the development of strategic plans and evaluating the achievement of organizational objectives as well as acting as a signaling and learning device. More than just being a diagnostic system, performance measurement also represents an interactive device (Economic Commission of Africa, 2014). It contributes to strategy formulation and implementation by revealing the links between goals, strategy, lag and lead indicators and subsequently communicates and operationalizes strategic priorities.

The goal of making measurements is to permit managers to see their company more clearly - from many perspectives - and hence to make wiser long-term decisions. According to the Baldrige Award scheme (Helmsing et al., 2015), Modern businesses depend upon measurement and analysis of performance for it supports a variety of company purposes, such as planning, reviewing company performance, improving operations, and comparing company performance with competitors or with 'best practices' benchmarks.

Performance measures assist industry to evaluate, control and improve production processes (Hunja, 2011). They are also used to compare the performance of different organizations, plants, departments, teams and individuals and also assess employees. According to the Foundation of Manufacturing Committee of the National Academy of Engineering, world class organizations use performance metrics to define and align performance expectations for the organization.

The performance measurement models evolved from a cybernetic view whereby performance measurement was based mainly on financial measures and considered a component of the planning and control cycle to a holistic view based on multiple nonfinancial measures where performance measurement acts as an independent process integrated in a broader set of activities.



Performance measurement is traditionally viewed as an element of the planning and control cycle that captures performance data, enables control feedback, influences work behavior (Hunja, 2011) and monitors strategy implementation. It is mainly underpinned by a financial perspective. In a holistic view, performance measurement plays a key role in the development of strategic plans and evaluating the achievement of organizational objectives as well as acting as a signaling and learning device

In contrast, performance measurement endorses a process perspective where the focus is on the internal process of quantifying the effectiveness and the efficiency of action with a set of metrics (Hunya, 2014). The measures and indicators act as surrogates or proxies for organizational phenomena. Performance measurement represents management and control systems that produce information to be shared with internal and external users.

## **2.7 procurement practices and organizational performance**

A good procurement system is vital to an effective company's supply chain system. The forerunner to system performance in meeting its intended goals in governmental and independent sector is characterized by adequate management of the procurement function. Best procurement practices improve efficiency and effectiveness of an organization which translates to an improvement of its overall performance. Overall procurement practices such as supplier relationship management, ethical procurement, information sharing, adoption of technology and adopting green supply chain management ensure that organizational performance is enhanced by supporting procurement functions in construction firms (Turban et al., 2000).

Turban et al. (2000) indicate that firm's procurement function is subdivided into operational processes, and strategic processes and considering priorities and activities in these two areas are entirely different most roles are assigned to strategic procurement department. Centralization and decentralization of procurement procedures are enabled by e-procurement. Also, e-procurement helps to minimize administrative hours, stimulate the flow of critical information between the purchaser and supplier, stabilize purchasing practices, increase response rate and improves the competitive advantage (Eng, 2004).

According to Delaney et al. (2006) organizational performance is measured by quality service, customer satisfaction, market performance, and employee satisfaction. In their study, Hoque et al. (2000) stated that organizational performance could be evaluated by the customer satisfaction, average return, sales revenue, utilization of space, and quality of final product. Greene et al. (2007) classified the sales, market growth, and profitability is critical factors that are measured by organizational performance. Procurement practices have a positive relationship or affect the level of organizational performance in all these factors.

Chong and Ooi (2008) maintain that reduction of inventories, better customer service, and diminishing costs are as a result of a good organized and executed procurement plan. Carr and Smeltzer (1999) examined how organizations with strategic sourcing can harbor Durable relationships. Green procurement practices will ensure high-quality products which are environmental friendly hence considering customer satisfaction. Ethical procurement enhances accountability, consistency and competitive supply all which influence the indicators of procurement performance in a positive way.

## **2.8 Summary of gaps Identified**

The literature review is evident that shows the studies been done on procurement practices and its benefits on the organization . According to Makabira and Waiganjo (2014) sought to establish the role of procurement practices on performance of Kenya National Police Service in Makueni County. Basheka (2009) sought to address the effects of procurement planning on Local

Governance in Uganda. The findings were from a study conducted among key political and administrative stakeholders from 11 local governments in Uganda. Ndolo and Njagi (2014) observed that the more ethical the practices organizations are, the better the effectiveness of the procurement process. Transparency, fair treatment in bidding and award of tenders; accountability and responsible purchasing and supply have a positive implication on procurement processes in any organization and could thus result into increased performance and delivery.. The study findings revealed that procurement planning played a great role in the

performance of this institution. This study had limitations because it did not address on the aspect of procurement performance measurement and ethical procurement practices. This study was accommodated both three aspects in the procurement practices. So that is the research gab between the current study and the other previous literature.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1. Introduction

This chapter discusses the methods the researcher was use to collect data. It was focus on the Research design, organization of the study, data collection, and data collection procedure and data analysis.

#### 3.2. Research Design

This study was used descriptive research design to determine the effect of procurement practices on the organizational performance in selected telecommunication industry in Hargesia Somaliland. To Donald and Pamela (2006), descriptive research a descriptive study deals with the what, how and who of a phenomenon which is the concern for this study. Thus descriptive research design was appropriate. The descriptive survey design was touted as the most ideal for studies relating to attitudes, behavior, and characteristics. Both qualitative and quantitative research approaches were used Mugenda and Mugenda (1999).

#### 3.3 Study Population

The study population was involve 203 respondents where 108 are Telesom employees and 95 are Somtel employees (Somtel & Telesom, 2017).

#### 3.4 Sample Size

The study was involve a total of 135 respondents from workers at Telesomand SomtelCompany as illustrated in the following table. This sample size was gotten by the use of the Sloven's formula;

$$n = \frac{N}{1 + N (e^2)} \dots\dots\dots (3.1)$$

Where n is the sample size

N is the sample population

$e^2$  is the level of significance ( $0.05^2$ )

Therefore,  $n = 203$

$$1 + 203(0.05^2)$$

$n = 135$  employees

**Table 3. 1: Population and sampling in the study**

Type of population	Target population		Sample size		Sampling techniques
	Somtel	Telesom	Somtel	Telesom	
Procurement department	5	8	5	8	census sampling
Top management	8	12	8	12	census sampling
Marketing department	12	18	10	12	Purposive sampling
Accounts & Finance department	30	40	18	22	Random sampling
HR department	30	40	18	22	Random sampling
Total	85	118	59	76	
Grand total	203		135		

**Source: Primary Data (2017):** Human resource Manual, somtel 2017 and telesom 2017

### 3.5 Sampling methods

The researcher was use varieties of sampling which included: census sampling and random sampling.

### **3.5.1 Census sampling**

Census sampling was involved selecting a certain number of respondents based on the nature of their work in relation to procurement practices and organizational performance. Officials from procurement department of Telesom and Somtel Company and top management of Telesom and Somtel Company were census sampling because the entire population are very small and they have vital information regarding procurement practices and organizational performance in telecommunication industry. This method was appropriate because the sample selected comprises of informed persons who was provide data that is comprehensive enough to gain better insight into the problem.

### **3.5.2 Random sampling**

Random sampling was involved selecting respondents from the population listing by chance. Officials from the Marketing department, Accounts & Finance department and HR department of Telesom and Somtel Company were randomly selected. In this way, every member has an equal chance to be selected. The main disadvantage of this method is with the bias which it can diminish the integrity of random selection but this was overcome since the population listing involves only members with relevant information.

## **3.6 Sources of Data**

### **3.6.1 Primary Data**

This was obtained through use of self-administered questionnaires to the respondents.

## **3.7 Research Instruments**

### **3.7.1 Questionnaires**

Self-administered questionnaires was used in the collection of data and these was distributed to the officials from the procurement department, Top management, Marketing department, Accounts & Finance department, HR department to provide answers. The instrument was purposely selected because it seeks personal views of the respondents and thus was enable the

respondents to use their knowledge in providing a wide range of data as they was never shy away in any way.

### 3.8 Validity and reliability of the instrument

#### 3.8.1 Validity

The researcher ensured the validity of the instrument by face validity analysis using research supervisors who went on checking if all the items constructed could help achieve the aim of the study. This was done by use of content validity index, and then a content validity index (CVI) was computed using the following formula:

$$CVI = \frac{\text{no of items declared valid}}{\text{total no of items}}$$

$$CVI = \frac{30}{36} \dots\dots\dots (3.2)$$

CVI=0.83

The CVI was 0.83 above 0.70 which is the minimum value always based on to declare a research instrument valid.

#### 3.8.2 Reliability

Reliability is a measure of the diploma to which a search for instrument yields ordinary consequences or files after repeated trials (Muganda & Mugenda, 2003).After pilot testing the instrument, reliability of the instrument, on multi-item variables was tested using the Cronbach’s Alpha Method provided by Statistical Package for the Social Scientists. The reliability of the questions used to collect data for the analysis of the relationship between procurement practices and organizational performance was calculated. If the reliability is the above the acceptable minimum of 70% then the instrument was considered reliable.

### 3.9 Data analysis

#### Quantitative data analysis

The quantitative data was involved information from the questionnaires only. Data from the field was too raw for proper interpretation. It is therefore vital to put it into order and structure it, so as to drive meaning and information from it. The raw data obtained from questionnaires was cleaned, sorted and coded. The coded data was entered into the Computer, checked and statistically analyzed using the statistical package for social scientists (SPSS) software package to generate descriptive and inferential statistics. Descriptive analysis was applied to describe the primary variable and associated indicator items related to the study objectives. Data analysis on the first to the third objective was once taken into consideration of the analysis of the constructs on the variables through descriptive data of means, preferred deviation

Mean Range	Response	Interpretation
4.21-5.0	strongly agree	very high
3.41-4.20	agree	high
2.61-3.30	neutral	moderate
1.81-2.60	disagree	low
1.00-1.80	strongly disagree	very low

The regression coefficient models was used determine the extent to which the independent variables impacts on the dependent variable

P -value was used to test null hypothesis of the study. The results was presented inform of tables then discussed in relation to existing literature. Conclusion and recommendations was drawn in relation to the set objectives of the study.



### **3.10 Decision Rule**

If the p\_ value is less than or equal to significant level it was reject the null hypothesis. And if the p\_ value is greater than the significant level the null hypothesis was accepted if it's less then it will be rejected.

In regression analysis if the significance equal or more then 0.00 that means there is an effect between the two variables and if significance is less than 0.00or that means there is no effect between the two variables.

### **3.11 Data Processing**

The data obtained from the questionnaire was double checked to make sure that the information provided is complete, consistent, reliable, and accurate. Data processing wasinvolving scrutiny of the responses given on the questionnaires by different respondents. Data was sorted, edited, and interpreted. The coding and tabulation of the data was obtained from the study then was followed. To achieve data quality management, the questionnaires was tested on 10 respondents. After pilot testing the instrument, reliability of the instrument, on multi-item variables was tested using the Cronbach's Alpha Method provided by Statistical Package for the Social Scientists. This was done to test consistency and to ensure that instruments remain consistent over time.

### **3.12 Ethical Consideration**

The researcher was carry out the study with full knowledge and authorisation of the management of selected telecommunication industry , Hargeisa, Somaliland. The researcher first of all was acquire an introductory letter from the University which he was use to eliminate suspcion .

The researcher thereafter was go ahead to select respondents, and arrange for dates upon which he was deliver questionnaires as well as pick them in addition to making appointments for interviews to be conducted. The researcher was charged with a task of ensuring that he was assure the respondents of their confidentiality as this is paramount to research.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.0 Introduction

#### 4.2 Demographic characteristics of the respondents

##### 4.2.1 Gender

**Table 4. 1: Gender distribution**

Category	Frequency	Percentage
Male	91	67.4
Female	44	32.6
Total	135	100

**Source: Primary Data, 2018**

In the above table 4.2, the study findings revealed that the sample constituted 67.4% were male and 32.6% were female. That implies that the male are the majority. This shows that most of respondents were male due to the societal beliefs that the males are hardworking and hence capable of running activities and operations of the telecommunication industry.

##### 4.2.2. Qualification

**Table 4. 2: Qualification**

Category	Frequency	Percentage
Secondary level	13	9.6
Certificate	12	8.9
Diploma	18	13.3
Degree	67	49.6
Master	25	18.5
Total	133	100

**Source: Primary Data, 2018**

Study funding in table 4.3 revealed that the least represented level of education was the secondary level were 9.6%, certificate were 8.9%, diploma were 13.3%, degree were 49.6%,master were 18.5%. This implies that most respondents in the study were degree holders that are its 49.6% and they are the majority.

### 4.2.3. Age

**Table 4. 3: Age**

Category	Frequency	Percentage
20-35 years	46	34.1
36-49 years	61	45.2
50 and above years	28	20.7
Total	133	100

*Source: Primary Data , 2018*

The funding above table 4.4 shows that majority of the respondents were 36-49 years at the 45.2%, the following were 20-35 at the 34.1% ,and the last were 50 and above years at the 20.7% . This shows that respondents are enough mature to answer the question and they have good skills and experience to their work they are handling.

### 4.3 Procurement practices

The independent variable in this study was organizational performance in telecommunication industry, this variable used to be broken into 4 components and these are; procurement planning (with 5 questions in the questionnaire), moral procurement practices (with 5 items), and procurement performance dimension (with 5 questions in the questionnaire). The responses have been analyzed the usage of SPSS and summarized the use of ability and rank as indicated in following tables;

**Table 4. 4: Procurement planning**

	Items	Mean	Interpretation	Rank
1	Procurement planning sets in motion the entire procurement processing the organization.	3.7	High	4
2	The business need is clearly defined by the responsible personnel in the unit /department.	3.8	High	4
3	Thorough needs assessment is undertaken by respective heads for goods and services needed.	3.9	High	4
4	Market capability analysis is carried out to determine where to procure from.	3.4	High	4
5	The user departments clearly specify when to utilize the required goods and services.	3.2	Moderate	3
	Average mean	3.9	High	4

**Source: Primary Data, 2018**

Table 4.5 indicates that procurement planning used to be rated agree and that was indicated through overall mean of 3.8, implying that telecommunication industry in Hargeisa , Somaliland fantastically performed positive procurement planning . Response still indicated that telecommunication industry have procurement planning on areas of motion of the entire procurement processing the organizational response (mean 3.7), business need is clearly defined by the responsible personnel in the unit /department (mean 3.8), thorough needs assessment is undertaken by respective heads for goods and services needed (mean3.9), market capability analysis is carried out to determine where to procure from (mean 3.4), the user departments clearly specify when to utilize the required goods and services (mean 3.2).

**Table 4. 5: Ethical procurement practices**

	Items	Mean	Interpretation	Rank
1	Procurement officials understand the rules and regulations pertaining to his or her profession and organization.	3.7	High	4
2	All staff strictly follows the code of ethics developed at the organization	3.8	High	4
3	All competitive bid processes was conducted professionally and free of any misleading information or intent	3.8	High	4
4	Transparency is considered paramount in all procurement activities	3.4	High	4
5	All procurement transactions and processes are subject to scrutiny	3.2	Moderate	3
	Average mean	3.6	High	4

**Source: Primary Data, 2018**

Table 4.6 indicates that ethical procurement practices was rated agree and that was indicated by overall mean of 3.6, implying that telecommunication industry in Hargeisa , Somaliland highly conducted effective procurement planning .

Response still indicated that telecommunication industry have procurement planning on areas procurement officials understand the rules and regulations pertaining to his or her profession and organization (mean 3.2),all staff strictly follows the code of ethics developed at the organization (mean 3.8), all competitive bid processes was conducted professionally and free of any misleading information or intent (mean3.8), transparency is considered paramount in all procurement activities(mean 3.4), all procurement transactions and processes are subject to scrutiny (mean 3.2).

**Table 4. 6: Procurement performance measurement**

	Items	Mean	Interpretation	Rank
1	The organization performs frequent performance measurement.	3.95	High	4
2	Performance measurement plays a key role in the development of strategic plans and evaluating the achievements of the organization.	3.8	High	4
3	Performance measurement permits managers to see their organization more clearly.	3.96	High	4
4	Performance measurement helps in saving money that would have been lost.	3.5	High	4
5	Performance measurement acts as independent process integrated in a broader set of activities.	3.9	High	4
	Average mean	3.8	High	4

**Source: Primary Data, 2018**

Table 4.7 shows that procurement performance dimension was once rated agree and that used to be indicated via standard imply of 3.8, implying that telecommunication enterprise in Hargeisa, Somaliland highly conducted nice procurement overall performance measurement.

Response still indicated that telecommunication industry have procurement performance measurement on areas the organization performs frequent performance measurement (mean 3.95), performance measurement plays a key role in the development of strategic plans and evaluating the achievements of the organization (mean 3.8), performance measurement permits managers to see their organization more clearly (mean 3.96), performance measurement helps in saving money that would have been lost (mean 3.5), performance measurement acts as independent process integrated in a broader set of activities (mean 3.9).

#### 4.4 Organizational performances

**Table 4. 7: Cost effectiveness**

	Items	Mean	Interpretation	Rank
1	Organization focuses how much they spent, where, when, and why.	3.98	High	4
2	Organization carefully analyzes the cost that they are buying goods and service.	3.9	High	4
3	Organization controls the cost through carefully forecasting, planning, budvbgget preparation, reporting and monitoring.	4.02	High	4
4	Organization manages the cost to avoid unnecessary spending.	3.5	High	4
5	Organization maintains the cost effectiveness through cost reduction that spending less for goods and service.	4.03	High	4
	Average	3.9	High	4

**Source: Primary Data, 2018**

Table 4.8 suggests that cost effectiveness used to be rated agree and that was indicated by using usual (mean of 3.9), implying that telecommunication enterprise in Hargeisa , Somaliland fairly conducted effective cost effectiveness.

Response still indicated that telecommunication industry havecost effectiveness on areas organization focuses how much they spent, where, when, and why (mean 3.98), organization carefully analyzes the cost that they are buying goods and service(mean 3.8), organization controls the cost through carefully forecasting, planning, budget preparation, reporting and monitoring (mean4.02), organization manages the cost to avoid unnecessary spending (mean 3.5),organization maintains the cost effectiveness through cost reduction that spending less for goods and service (mean 4.03).

**Table 4. 8: Quality improvement**

	Items	Mean	Interpretation	Rank
1	There is feedback to employees on the task of their performance in quality.	4.02	High	4
2	Standards are followed to ensure good service delivery.	4.02	High	4
3	The organization delivers the service timely to customer.	4.02	High	4
4	The organization meets iso standard in their service they provide.	3.4	High	4
5	The planning of the quality control is initiate in the all departments of the organization.	3.98	High	4
	Average mean	3.9	High	4

**Source: Primary Data, 2018**

Table 4.9 suggests that satisfactory enhancement was once rated agree and that was indicated by way of standard mean of 3.9, implying that telecommunication industry in Hargeisa , Somaliland surprisingly performed positive first-class improvement.

Response still indicated that telecommunication industry have quality improvement on areas there is feedback to employees on the task of their performance in quality (mean 4.02), standards are followed to ensure good service delivery (mean 4.02), the organization delivers the service timely to customer (mean 4.02), the organization meets iso standard in their service they provide (mean 3.4), the planning of the quality control is initiate in the all departments of the organization (mean 3.98).



**Table 4. 9: Efficiency**

	Items	Mean	Interpretation	Rank
1	Organization always purchases goods and service at the least cost than estimated value.	4.01	High	4
2	Value for money is always attained by the entities.	3.4	High	4
3	The organization uses technology efficiently.	4.03	High	4
4	Organization takes the shortest time to provide services required by customer.	4.0	High	4
5	Organization resources are economically utilized.	4.1	High	4
	Average mean	3.9	High	4

**Source: Primary Data, 2018**

Response still indicated that telecommunication industry have efficiency on areas organization always purchases goods and service at the least cost than estimated value (mean 4.01), value for money is always attained by the entities (mean 3.4), the organization uses technology efficiently (mean 4.03), organization takes the shortest time to provide services required by customer (mean 4.0), organization resources are economically utilized (mean 4.1).

#### 4.5 Regression analysis

**Table 4. 10: Objective one; to examine the effect of procurement planning on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.628 <sup>a</sup>	.394	.390	.24282

a. Predictors: (Constant), PP

ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.028	1	5.028	85.274	.000 <sup>a</sup>
	Residual	7.724	131	.059		
	Total	12.752	132			

a. Predictors: (Constant), PP

b. Dependent Variable: OP

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.379	.166		14.335	.000
	PP	.407	.044	.628	9.234	.000

a. Dependent Variable: OP

Regression analysis results in the model precis desk indicated that the procurement planning accounted for 39.4% on organizational overall performance in telecommunication industry. Hargeisa, Somaliland and this was once indicated by means of r-squared of 0.394 implying that procurement planning appreciably contributes 39.4 on the organizational overall performance in telecommunication enterprise in Hargeisa Somaliland .

The annova desk indicated that procurement planning considerably impacts the organizational overall performance in telecommunication enterprise in Hargeisa Somaliland and this was indicated by way of the f-value=85.274 and sig-value=.000, since the sig. Value (0.000) was once less than 0.05 and which is the most degree of significance required to declare a significant effect. This implies that procurement planning fantastically impacts the organizational performance in telecommunication industry in Hargeisa somaliland.

The coefficients table indicated that thinking about the well known error, procurement planning appreciably influences the organizational overall performance in telecommunication enterprise in Hargeisa Somaliland ( $\beta=0.407$ , sig=0. 000).

**Testing for hypothesis**

The null hypothesis used to be rejected because the P-value was once discovered to be much less than 0.05 (p=0. 000).

**Table 4. 11: Objective two; to examine the effect of ethical procurement practices on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.601 <sup>a</sup>	.362	.357	.24929

a. Predictors: (Constant), ETP

ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.611	1	4.611	74.204	.000 <sup>a</sup>
	Residual	8.141	131	.062		
	Total	12.752	132			

a. Predictors: (Constant), ETP

b. Dependent Variable: OP

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.446	.170		14.386	.000
	ETP	.386	.045	.601	8.614	.000

a. Dependent Variable: OP

Regression analysis consequences in the mannequin summary desk indicated that the ethical procurement practices accounted for 36.2% on organizational performance in telecommunication industry. Hargeisa, Somaliland and this was once indicated by using r-squared of 0.362 implying that procurement planning notably contributes 36.2% on the organizational overall performance in telecommunication industry in Hargeisa Somaliland .

The anova table indicated that ethical procurement practices significantly impacts the organizational overall performance in telecommunication enterprise in Hargeisa Somaliland and this used to be indicated by means of the f-value=74.204 and sig-value=.000, since the sig. Value (0.000) used to be less than 0.05 and which is the most degree of magnitude required to declare a

significant effect. This implies that procurement planning highly influences the organizational performance in telecommunication industry in Hargeisa somaliland.

The coefficients table indicated that thinking about the general error, ethical procurement practices drastically affects the organizational performance in telecommunication enterprise in Hargeisa Somaliland ( $\beta=0.386$ ,  $\text{sig}=0.000$ ).

### Testing for hypothesis

The null hypothesis used to be rejected because the P-value was observed to be less than 0.05 and choice speculation was once accepted. ( $p=0.000$ ).

**Table 4. 12: objective three; to establish the effect of procurement performance measurement on organizational performance in selected telecommunication industry in Hargeisa, Somaliland.**

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.593 <sup>a</sup>	.351	.346	.25129

a. Predictors: (Constant), PPM

#### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.480	1	4.480	70.942	.000 <sup>a</sup>
	Residual	8.272	131	.063		
	Total	12.752	132			

a. Predictors: (Constant), PPM

b. Dependent Variable: OP

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.336	.187		12.504	.000
PPM	.410	.049	.593	8.423	.000

a. Dependent Variable: OP

Regression analysis outcomes in the mannequin summary table indicated that the procurement overall performance dimension accounted for 35.1% on organizational performance in telecommunication industry. Hargeisa, Somaliland and this was once indicated by using r-squared of 0.351 implying that procurement planning extensively contributes 35.1% on the organizational overall performance in telecommunication industry in Hargeisa Somaliland .

The anova table indicated that procurement common normal overall performance dimension extensively affects the organizational overall performance in telecommunication enterprise in Hargeisa Somaliland and this used to be indicated via way of the f-value=70.942and sig-value=0.000, in view that the sig. Value (0.000) used to be as soon as an awful lot a great deal much less than 0.05 and which is the most stage of importance required to declare a good sized effect. This implies that procurement normal performance dimension surprisingly influences the organizational fashionable overall performance in telecommunication enterprise in Hargeisa somaliland.

The coefficients desk indicated that questioning about the sizeable error, procurement standard performance dimension significantly influences the organizational standard overall performance in telecommunication industry in Hargeisa Somaliland ( $\beta=0.410$ , sig=0. 000).

### Testing for hypothesis

The null hypothesis was rejected since the P-value was found to be less than 0.05 and alternative hypothesis was accepted. (p=0. 000).

#### 4. 6. Multiple regressions analysis

**Table 4. 13: Regression Analysis between the Dependent and Independent Variables**

Variables regressed	Adjusted r <sup>2</sup>	F-value	Sig.	Interpretation	Decision on H <sub>o</sub>
Organizational Performance in telecommunication industry VS Procurement practices	.553	43.265	.000	Significant effect	Rejected
Coefficients	Beta	t-value	Sig		
(Constant)	1.647	9.124	.000	Significant effect	Rejected
Procurement planning	.246	5.444	.000	Significant effect	Rejected
Ethical procurement practices	.164	3.345	.001	Significant effect	Rejected
Procurement performance measurement	.188	3.640	.000	Significant effect	Rejected

Regression evaluation outcomes in table 4.14 posted that the procurement practices accounted for 55.3% on organizational overall performance in telecommunication industry in Hargeisa Somaliland and this was as soon as indicated through adjusted r squared of 0.553 principal to a conclusion that procurement practices appreciably have an effect on the degree of performance in telecommunication agency in Hargeisa Somaliland. The coefficients table indicated that of all the factors of procurement practices , procurement performance size accounted for the greatest have an impact on standard overall performance in telecommunication enterprise in Hargeisa Somaliland ( $\beta=1.007$ , Sig=0. 000).

## CHAPTER FIVE

### DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter focuses on the findings, conclusions; recommendations based on the conclusions of this study and suggested areas that need further research following the study objectives and study hypothesis.

#### 5.1 Discussions

To verify the relationship between procurement practices and organizational performance in selected telecommunication enterprise in Hargeisa, Somaliland, three specific targets guided this find out about and these were; (i) To observe the impact of procurement planning on organizational performance in chosen telecommunication industry in Hargeisa, Somaliland(ii) To study the impact of moral procurement practices on organizational performance in selected telecommunication industry in Hargeisa, Somaliland(iii) To establish the impact of procurement performance size on organizational performance in chosen telecommunication enterprise in Hargeisa, Somaliland.

##### **5.1.1 Objective one: To examine the effect of procurement planning on organizational performance in selected telecommunication industry**

A finding of the study shows that procurement planning significantly affects the organizational performance in telecommunication industry Hargeisa Somaliland. So that it implies that procurement planning highly affects the organizational performance in telecommunication industry.

Ezeh, 2012 argues that the Procurement Planning entails the identification of what needs to be procured (which is the result of a Needs Assessment), how the organizations needs can best be met, the scope of the goods, works or services required, what procurement strategies or methods to be deployed, setting the time frames, and the accountability for the full procurement process. Needs Assessment is “a systematic process for determining and addressing the needs, or gaps between current conditions and desired conditions or wants. This is important in procurement;



because it is an effective tool to identify appropriate interventions or solutions by clearly identifying the problem to ensure that finite resources (Prior Budget appropriations) are directed towards developing and implementing a feasible and applicable solution for identified projects.

### **5.1.2 Objective two: To examine the effect of ethical procurement practices on organizational performance in selected telecommunication industry**

A finding of the study shows that ethical procurement practices significantly affects the organizational performance in telecommunication industry Hargeisa Somaliland. So that it implies that ethical procurement practices highly affects the organizational performance in telecommunication industry. These findings are line with the ( Kothari (2004)) emphasized that purchasing moral practices are Significant in acquisition process because procurement activities engaged by officials represent the level of transparency and fairness hence external partners can act based on their actions. Sufficient moral actions between firm and the source of supplies is necessary because it form basis for long-term associations and development of partner good was and more so claiming professional status in procurement process. Procurement ethics includes practices and philosophies such as being loyal and respectful to procurement laws, regulations, transparency and openness in tender processes. The above mention procurement ethical practices was bring about cost reduction, efficiency and effectiveness in procuring of inputs, process standardization and collaboration which was lead to exemplary performance (Interagency Procurement Working Group (IAPWG, 2012).

Hunya Robert, (2014) further indicated that performance measurement in organization is aimed at providing open is intended to produce accurate and reliable information pertaining project progress and implementation of ethical practices which can be used in strengthening information decision making. He further notes that organizational performance can be measured using return on assets and equity. Measurement of organization performance needs to be integrated with general Performance management system and viewed as the progression of maximizing the efficiency and value of measures.

### **5.1.3 Objective three: To establish the effect of procurement performance measurement on organizational performance in selected telecommunication industry**

A finding of the study shows that procurement performance measurement significantly affects the organizational performance in telecommunication industry Hargeisa Somaliland. So that it implies that procurement performance measurement highly affects the organizational performance in telecommunication industry. This findings are line with Economic Commission of Africa, 2014 who argues that Performance measurement plays a key role in the development of strategic plans and evaluating the achievement of organizational objectives as well as acting as a signaling and learning device. More than just being a diagnostic system, performance measurement also represents an interactive device. It contributes to strategy formulation and implementation by revealing the links between goals, strategy, lag and lead indicators and subsequently communicates and operationalizes strategic priorities. The goal of making measurements is to permit managers to see their company more clearly - from many perspectives - and hence to make wiser long-term decisions.

Hunja, 2011 noted down that the performance measurement models evolved from a cybernetic view whereby performance measurement was based mainly on financial measures and considered a component of the planning and control cycle to a holistic view based on multiple nonfinancial measures where performance measurement acts as an independent process integrated in a broader set of activities. Performance measurement is traditionally viewed as an element of the planning and control cycle that captures performance data, enables control feedback, influences work behavior and monitors strategy implementation. It is mainly underpinned by a financial perspective. In a holistic view, performance measurement plays a key role in the development of strategic plans and evaluating the achievement of organizational objectives as well as acting as a signaling and learning device.

## **5.2 Conclusions**

### **5.2.1 Objective one**

Form the above findings of the study, procurement planning influences on organizational performance in telecommunication industry in Hargeisa Somaliland. Hence concluding that procurement planning considerably has an effect on organizational overall performance in telecommunication industry. So that telecommunication industry requires extraordinarily

positive procurement planning in the specific buying or deciding to buy stage ,such as nice purchasing forecasting to lead the association on aggressive edge.

### **5.2.2 Objective two**

From the above findings of the study was indicated that ethical procurement practices affects on organizational performance in telecommunication industry in Hargeisa Somaliland ,hence concluding that ethical procurement practices is effectively improves organizational performance in telecommunication industry in Hargeisa Somaliland. Ethical procurement practices is an important factor that needs consideration because procurement manager deals with in supplier selection, bidder evaluation ,contract awarding and sing it in business supplier. So dealing with this my need that procurement manger should treat them in fair and unbiased manner. This leads the firm in competitive advantage and improves organizational performance.

### **5.2.3 Objective three**

From the above finding of the study was indicated that procurement performance measurement affects on organizational performance in telecommunication industry in Hargeisa Somaliland, hence concluding for that high level of procurement performance measurement significantly affects on organizational performance. Procurement performance measurement plays an important role both competitive advantage and improving performance of the organization. Since there is a competition between different organizations the firm must to realize that there is need to check and follow past records of the organizational procurement performance in both financial and non-financial aspects like the terms of value of money.

## **5.3 Recommendation**

### **Objective one;**

The researcher recommended that the telecommunication industry should effectively plan and analyze the need assessment to gain the greatest competition power. This also recommended that the firm should plan well and find out for this factors, like why, when, and where to pay the product.

**Objective two;**

the researcher recommended that the telecommunication industry should train their employees ethical practices and assess them to be knowledgeable people in the ethical code of conduct so that they avoid immoral and illegal practices such as bribery, favoritism, illegal sourcing etc. so that procurement activities be transparency and fair competition between the parties of the contract.

**Objective three;**

The researcher recommended that the telecommunication industry should follow up the past performance records of the firm. So that the firm can easily evaluate, control and improve production or services that they provide. And it would help that the firm be able to that they financially measure and consider the budgetary planning and control.

**5.4 Contribution to knowledge**

The following are procurement practices factors in telecommunication industry in Hargeisa Somaliland, procurement planning, ethical procurement practices and performance measurement. The following are the organizational performance measurement; cost effectiveness, quality improvement, and efficiency. In this study contributed that effective procurement practices improves the performance in telecommunication industry and leads competitive advantage in the market.

**5.5 Areas for further research**

Due to the limitations and circumstances that the researcher faced during the this study so still there is need of further research that good for the other researcher also do on their study and they are the following :

1. E-procurement practices and organizational performance telecommunication industry in Hargeisa Somaliland
2. Green procurement and performance in telecommunication industry in Hargeisa Somaliland

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE

**Dear Sir/ Madam**

I am by the names of **ABDIAZIZ MOHAMED AHMED, 1164-05026-09057**, a student from Kampala International University, carrying out a study on “**Procurement practices and organizational performance in selected telecommunication industry in Hargeisa, Somaliland**”. I am very glad that you are my respondent for this study. The purpose of this questionnaire is to obtain your opinion/views to be included among others in the study. This research is one of the requirements leading to the award of a Masters’ Degree in Business Administration (Procurement and Supply). It is hence an academic research and was not be used for any other purpose other than academic. Your co-operation and answers to these questions heartily and honestly was significant to this study to gather the data needed. Thank you in advance for your cooperation

#### **PART 1: RESPONDENT’S PROFILE**

Gender \_\_\_\_\_

1. Male
2. Female

Qualification \_\_\_\_\_

1. Secondary level
2. Certificate level
3. Diploma
4. Degree
5. Master’s degree

Age \_\_\_\_\_

1. 20-35 years
2. 36-49 years
3. 50 and above years

Direction 1: Please write your rating on the space before each option which corresponds to your best choice in terms of level of motivation. Kindly use the scoring system below:

<b>Score</b>	<b>Response Mode</b>	<b>Description</b>	<b>Interpretation</b>
5	Strongly Agree	You agree with no doubt at all	Very satisfactory
4	Agree	You agree with some doubt	Satisfactory
3	Neutral	You are not sure about any	None
2	Disagree	You disagree with some doubt	Fair
1	Strongly Disagree	You disagree with no doubt at all	Poor

**PART 2 PROCUREMENT PRACTICES**

	<b>procurement planning</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Procurement planning sets in motion the entire procurement processing the organization.					
2	The business need is clearly defined by the responsible personnel in the unit /department.					
3	Thorough needs assessment is undertaken by respective heads for goods and services needed.					
4	Market capability analysis is carried out to determine where to procure from.					
5	The user departments clearly specify when to utilize the required goods and services.					

	<b>Ethical procurement practices</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Procurement officials understand the rules and regulations Pertaining to his or her profession and organization.					
2	All staff strictly follows the code of ethics developed at the Organization					



3	All competitive bid processes was conducted professionally and free of any misleading information or intent					
4	Transparency is considered paramount in all procurement Activities					
5	All procurement transactions and processes are subject to scrutiny					

	<b>Procurement performance measurement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	The organization performs frequent performance measurement.					
2	Performance measurement plays a key role in the development of strategic plans and evaluating the achievements of the organization.					
3	Performance measurement permits managers to see their organization more clearly.					
4	Performance measurement helps in saving money that would have been lost.					
5	Performance measurement acts as independent process integrated in a broader set of activities.					

### **PART 3: Organizational performance**

	<b>COST EFFECTIVENESS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Organization focuses how much they spent, where, when, and why .					
2	Organization carefully analyzes the cost that they are buying goods and service.					
3	Organization controls the cost through carefully forecasting, planning, budget preparation, reporting and monitoring.					
4	Organization manages the cost to avoid unnecessary spending.					
5	Organization maintains the cost effectiveness through cost reduction that spending less for goods and service.					

	<b>QUALITY IMPROVEMENT</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	There is feedback to employees on the task of their performance in quality.					
2	Standards are followed to ensure good service delivery.					
3	The organization delivers the service timely to customer.					
4	The organization meets ISO standard in their service they provide.					
5	The planning of the quality control is initiate in the all departments of the organization.					

	<b>EFFICIENCY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Organization always purchases goods and service at the least cost than estimated value.					
2	Value for money is always attained by the entities.					
3	The organization uses technology efficiently.					
4	Organization takes the shortest time to provide services required by customer.					
5	Organization resources are economically utilized.					