



SCHOOL OF BUSINESS, COLLEGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION (MBA)

THE EFFECTS OF PROCUREMENT PRACTICES ON SUPPLIERS'

SATISFACTION IN RWANDAN PUBLIC INSTITUTIONS

(A CASE OF MoD, 2013- 2015)

Thesis submitted to School of Business, College of Business and Economics in partial fulfillment of the requirements for the award of the degree of Masters in Business Administration by the University of Rwanda

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DECLARATION

This is to declare that this thesis entitled “the effects of procurement practices on suppliers’ satisfaction in Rwandan public institutions, a case of MOD (2013- 2015)” is my original work and has never been presented anywhere for the completion of post graduate degree.

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Signature

Date:

...../...../2016

CERTIFICATION

This is to certify that thesis entitled “the effects of procurement practices on suppliers’ satisfaction in Rwandan public institutions, a case of MOD (2013- 2015)” has been completed and submitted by Emmanuel NKONGOLI, under my guidance.

Prof. BIDERI ISHUHERI NYAMURINDA

Signature

Date:/...../2016

DEDICATION

I dedicate this book to Almighty God who helped me up to the time, to my fellow academic and work practitioners, lecturers and UR administration, to my family/relatives. May the lord God bless the work of your hands.

ACKNOWLEDGEMENTS

After few months of hard working which was punctuated by challenges and opportunities and now successfully completed with fruitful results, this work could not have single handily. Those who contributed to accomplishment of this work may find here my sincere appreciation and thanks?

First and foremost, my profound thanks go to Lord God for all he has given me and his eye he always keeps on me. He is almighty

I extend my special thanks to University of Rwanda for their effort in making me open to the knowledge, skills and encouragement towards a bright future, education.

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LIST OF ABBREVIATIONS AND ACRONYMS

D	: Dissatisfied
ERP	: Enterprise Resource Planning
EU	: European Union
HD	: High Dissatisfied
HS	: High Dissatisfied
IT	: Information Technology
KPM	: Kraljic portfolio matrix
MBA	: Masters of Business Administration
MINECOFIN	: Ministry of Commerce and Finance
MOD	: Ministry of Defense
N	: Neutral
NTB	: National Tender Board
OGC	: Office of Government Commerce.
Prof.	: Professor
RPPA	: Rwanda Public Procurement Authority
SME	: Small and Medium Enterprise
SPSS	: Statistical Package for the Social Sciences
U.S.	: United State
UK	: United Kingdom
UNDP	: United Nations Development Program
UR	: University of Rwanda

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ABSTRACT

The purpose of this study was to determine the effects of procurement practices on suppliers' satisfaction in Rwandan public institutions case of MOD. To achieve the objectives the sample size of 26 respondents on one hand was selected from the target population of 41 staff and the method used for data collection was purposive technique. Also the sample size of 78 respondents representing the population of suppliers on another hand was purposively selected from a target population of 360 suppliers to provide the information.

Twenty six staff were purposively selected from 41 staff basing on their responsibilities while three members (Managing Directors, accountants and Sale officers) from each supplying company were also purposively selected basing on holding valuable information and regular follow up of the management of procurement practices on day to day basis. The study used systematic random sampling techniques to select 26 companies from a total of 120 supplying companies.

The results showed that except payment and receiving procurement practices for which respondents accepted their existence at a low level emphasized by its mean 3.692 which tells uncertainty about its achievement. Other procurement practices exist at a higher level which is justified by the means above 3.4. The study also showed that suppliers are highly satisfied based on supplier satisfaction dimensions which are proved by the higher percentage of satisfaction stressed by the range of means between 4.2 and 5.0 which mean the stronger evidence of the existence of the fact. For early supplier involvement suppliers expressed satisfaction at lower level because MOD does not involve suppliers at an early stage in the product or service development process. It is indicated that the main purpose of early supplier involvement is to enable a prequalified supplier with proven supply and technical abilities to contribute to the technical expertise which the buyer may lack. It is recommended that MOD may improve the channel of information sharing and payment model. Public institutions may establish mechanisms by which the bidders may raise concerns about the way procurement is progressing which would significantly increase supplier confidence. Finally payment of supplier invoices may be done within agreed terms of trade which is a part of ethical trading to pay supplier invoice on time.

CHAPTER ONE

INTRODUCTION

This chapter concerns of the background of the study, the evolution Procurement Practices in Rwanda, the Profile of Ministry of Defense, the Defense procurement environment, the problem statement, the research objectives, the research questions, theoretical framework, the scope of study, the significance of the study and the structure of the study.

1.1. Background of the Study

Procurement practices are the procedures that organizations use to evaluate and select designers, contractors and various consultants. Evaluation and selection can be based solely on price and technical qualifications or on combination of price, technical qualifications, time and other factors. There are viewed as an overall process of acquiring goods, civil works and services which includes all functions from identification of needs, selection and solicitation of sources, preparation and award of contract and all phases of contract administration through the end of services, contract or the useful life of the asset (UNDP 2007).

Procurement practices involves purchasing planning, standards determination, specification development, supplier research and selection, value analysis, financing, price negotiation, making the purchase, supply contract administration, inventory control and stores and disposal and other related functions . It is considered as an integral part of organizational life. Nelson and Millet (2001)

Procurement practices play an important role in the efficiency of any organization ensuring that all the requirements necessary for the smooth operation of an organization are readily available. However there are many challenges that face procurement departments in their struggle to ensure the smooth operation of their organizations through making available the right kind of goods and services when needed while maintaining cost effective. These challenges include discontinuation of sources of supply, uncertainties in environment, quality, capacity and capability of suppliers and contractual obligations. But due to the growth in the complexity of procurement practices, effective strategies will become necessary for organizations to remain successful in reducing costs through procurement, improve

efficiency and performance and ensure that goods and services are always available (Jeeva 2008),

Procurement practices endure from neglect, lack of direction, poor coordination, lack of open competition and transparency, suspended levels of corruption and most importantly not having a cadre of trained and qualified procurement specialist, who are competent to conduct and manage such procurements, in a professional timely and cost effective manner. Inflexible and bureaucratic systems of procurement contribute to unacceptable contract delays, increased costs, the potential for manipulation of contract awards and lack of fair competition, all of which influence the procurement processes and performance negatively (Ngugi&Mugo, 2014)

Constant improvement of procurement practices is one of the best competences of organizations performances. A considerable interest in growth of procurement practices is motivated by need of greater organization performance. For many years, the nature of competition has changed to the extent that organizations now compete against other companies based on the best service delivery and quality, a complete deviation from traditional practice exercised in the 80s (Gattorna, 2010)

1.2 The evolution Procurement Practices in Rwanda

From the use of 1959 law in public procurement in Rwanda to the Public Procurement Law enacted in April 2007, Rwanda moved towards a national public procurement system which respects international standards. As in many other countries, the use of the Country Procurement System in Rwanda was adapted following the Paris Declaration on Aid effectiveness endorsed on 2 March 2005 and Accra Agenda for Action drawn down in 2008 that is embedded in a set of five inter-related principles whose aim was to make aid more effective and accountable to the benefiting communities. The declaration's commitments and targets reflect the lessons donors and partner countries have learnt about how to make aid more effective in reducing poverty.

The Paris Declaration commits donors and partners to make comprehensive and practical changes in these areas. A set of quantified targets is used to assess progress and hold donors and partners accountable for achieving results. The Accra Agenda for Action contains new ambitious undertakings by donors and developing countries to speed up the process of fulfilling the Paris Declaration's pledges. It is against this background that the Rwanda

Procurement process had to undergo radical reforms in order to comply with these principles so as to make a profitable use of donor funds in a more effective and transparent manner.

In spite of the history of the country, there is tremendous success in as far as procurement is concerned in Rwanda. As far as public procurement is concerned, the National Tender Board (NTB) was created in 1997 with the aim of managing and modernizing the public procurement system. Though the NTB contributed a lot in improving the procurement system in Rwanda, it was very crucial to reform the institution to make it more decentralized with ad-hoc organs to challenge the new board. A number of reforms were initiated. The promulgation of the Organic Budget Law in September 2006 and the Public Procurement Law in April 2007 along with the establishment and operation of their respective regulatory bodies are obvious examples of significant achievements. The Rwanda Public Procurement Authority (RPPA) was established on 30/12/2007 by the law no 63/2007 establishing and determining organization, functioning and responsibilities of the Rwanda Public procurement Authority and replaced the National Tender Board (NTB) which had been established by the prime minister order no 91/03 of 31/12/2002 as one of MINECOFIN affiliated agencies with the mandate of overseeing the implementation of the existing public procurement laws as well as public procurement policies issued by the Cabinet. This prime minister order came to formalize the de facto existence the National Tender Board (NTB) which followed the 1997 recommendation of the Cabinet

1.3 Profile of Ministry of Defense (MoD)

The mission of the Ministry of Defense is the conduct of defense in terms of protecting Rwanda's interest, territorial integrity, vital resources, its people and shared values under the ambit of the constitution and international law.

The overall goal of the Ministry of Defense is to generate, employ and sustain combat-ready, integrated and rapidly deployable Defense force, capable of assemblage to meet varying contingencies both at home and abroad.

The Ministry of Defense plays the following roles:

- ❖ Determining the extent to which the Nation's strategic interest may be defended especially when involves possible employment of the Defense force, and advise government accordingly.
- ❖ Designing defense policies, strategies and programs in support of National security goals.

- ❖ Providing clear and timely strategic guidance on the participation of RDF in conflict prevention, crisis management, peace support operations and combating terrorism.
- ❖ Providing resources in a way that ensures enhancement of national Defense capability and professionalism in the general conduct of Defense.
- ❖ Participating in building and maintaining trust amongst all nations. The MOD seeks to implement this through Defense diplomacy and to play an effective role in support of regional and international organizations.

1.4. The Defense procurement environment

The Defense procurement environment includes a number of functional entities; it is spread across a number of management processes and is subject to considerable political, social and economic pressures. It also includes commercial organizations (as contractors and suppliers). Within this procurement environment there is the need to ensure that equipment, goods, supplies and services are effectively and efficiently specified, procured and subsequently supported in the service so that the armed forces can be effective in all activities that they are required to undertake. In essence, the procurement practice environment includes those who consider the capability required of the armed forces (specifications), those involved in converting the specifications, or requirement into tangible equipment, goods, supplies and services (procurement), and those involved in ensuring that such equipment is supported with supplies, goods, services and maintenance. (MOD1998)

1.5 Problem Statement

Procurement practice is one of those things that organizations and teams acknowledge is important up to the point of actually bringing the best practice. The rationale for not implementing procurement practice is that it costs too much or takes too long.

However, many failed procurement outcomes have root cause in avoiding key elements in the process. The risk of not performing the process is assessed when deviations occur. Yet many organizations owe their successful outcomes to procurement management best practice. Procurements should be a project and managed as such, even for small efforts. The study was conducted to investigate the role of procurement practices. The findings from the study outlined the roles and responsibilities for a procurement team and offered best procurement

practices lessons learned, and methods of increasing opportunities for success derived from actual procurement experiences. (Edwards, 2006)

Procurement practices in developing countries are faced with various challenges as, besides economic issues, social and environmental problems play a vital role. The research was conducted and data was revealed from 137 German organizations. The main objective of researcher was to investigate which measures of supplier management could improve supplier and buyer satisfaction. The proposed structural equation model was analyzed using Partial Least Squares. The conceptual model captured supplier selection and evaluation, supplier monitoring, supplier development, and supplier integration as independent variables and supplier - buyer satisfaction as dependent variables. The results indicated that mainly cooperative activities such as supplier development and supplier integration are effective while, surprisingly, supplier monitoring does not seem to have a positive influence on supplier satisfaction. (Akamp & Müller, 2013)

Procurement practice of very expensive equipment ensures that, long term continued availability of parts and components is very critical. Procurement practices are also critical in the continued and non-disruption of critical parts and components in the process. The study was conducted and the main objective was to explore the requirements for long term procurement practices. The author proposed that procurement personnel and practices must have appropriate information and data of their prime suppliers of critical components, sub-assemblies and parts. The Current research and literature search indicates that there is very little publication and research investigating supplier intelligence and satisfaction in the context of the suppliers' financial health, corporate governance, operating environment, capability, capacity and basic long term survival. The study findings proposed the need for a conceptual model for gathering supplier's intelligence for long term supplier relationship management; negotiation and contract management and supplier satisfaction. Supplier intelligence and satisfaction is a fitness evaluation that enables the buyer to operationalize their long term procurement strategies with more certainty and lower risk. The findings also propose how long term contractual terms and conditions may be designed taking into consideration of supplier's profile and satisfaction to increase competitive advantage, hence a sourcing strategy. (Jeeva, 2008)

Procurement practice is a key process that creates and manages contacts. Procurement activities span from identification of requirements to project closeout, making it a perfect mode for integrating organizational strategic directions.

Lately, the strategic importance of procurement practice has been widely acknowledged by academics as well as industry professionals. For example construction procurement is a complex process with a large number of available options and directions. The research study was done and research statistics showed that modern initiatives such as sustainability, life-cycle costing, and standardization are getting integrated with procurement practice. However, there is no unified view in the construction industry on procurement as a project process. The study was conducted and presented a comprehensive review of traditional and emerging procurement practices in the construction industry. The current procurement practices are analyzed by separating them into three segments; processes, methods, policies. , strengths and weaknesses (Ruparathna & Hewage, 2013).

In spite of having various studies undertaken on procurement practices and supplier satisfaction by various researchers, none of the studies have particularly studied the effect of procurement practices on suppliers' satisfaction in Rwandan. This has created a significant knowledge gap and therefore forms the basis for this study. With MoD spending 38 % of its budget on procurement for various goods and services and with an estimated number of 120 potential suppliers.

The need to understand the suppliers' level of satisfaction cannot be overemphasized. Thus there is need for systematic study to be done to analyze how the application of procurement practices in MoD affect suppliers' satisfaction.

1.6 Research Objectives

1.6.1 General objective

The objective of this research is to analyze the effect of procurement practices on suppliers' satisfaction in Rwandan public institutions. The study also intends to assess how to create a wide spectrum of relationship types with Suppliers to enhance the MoD procurement environment in order to meet the right needs at the right time and at the right cost.

1.6.2 Specific Objectives

The specific objectives of this research have stated as following:

- ❖ To determine which procurement practices are used by MOD
- ❖ To determine the challenges faced by MOD in implementation of procurement practices
- ❖ To determine the level of suppliers' satisfaction on each dimension of procurement practices.
- ❖ To find out the suppliers suggestion on how to improve the implementation of procurement practices in MOD.

1.6.3 Research Questions

The study has been guided by the following research questions.

- ❖ What are the procurement practices used by MOD?
- ❖ What are the challenges encountered by MOD in their implementation of procurement practices
- ❖ To what extent suppliers are satisfied with procurement practices?
- ❖ What are the suppliers' suggestions on how to improve procurement practices?

1.7 Theoretical Frame work

Figure 1: Conceptual frame work

Successful managing buyer-supplier relationship is not possible without taking supplier satisfaction into account. Consequently, analyzing supplier satisfaction should take into account better implementation of procurement processes by the buyer. The suppliers, feeling of fairness with regard to buyers' procurement processes and suppliers' contribution is a factor of buyer-supplier relationship quality. If therefore procurement processes are implemented considerably the end result will be supplier satisfaction thus good relationship (Essig & Amann, 2009)

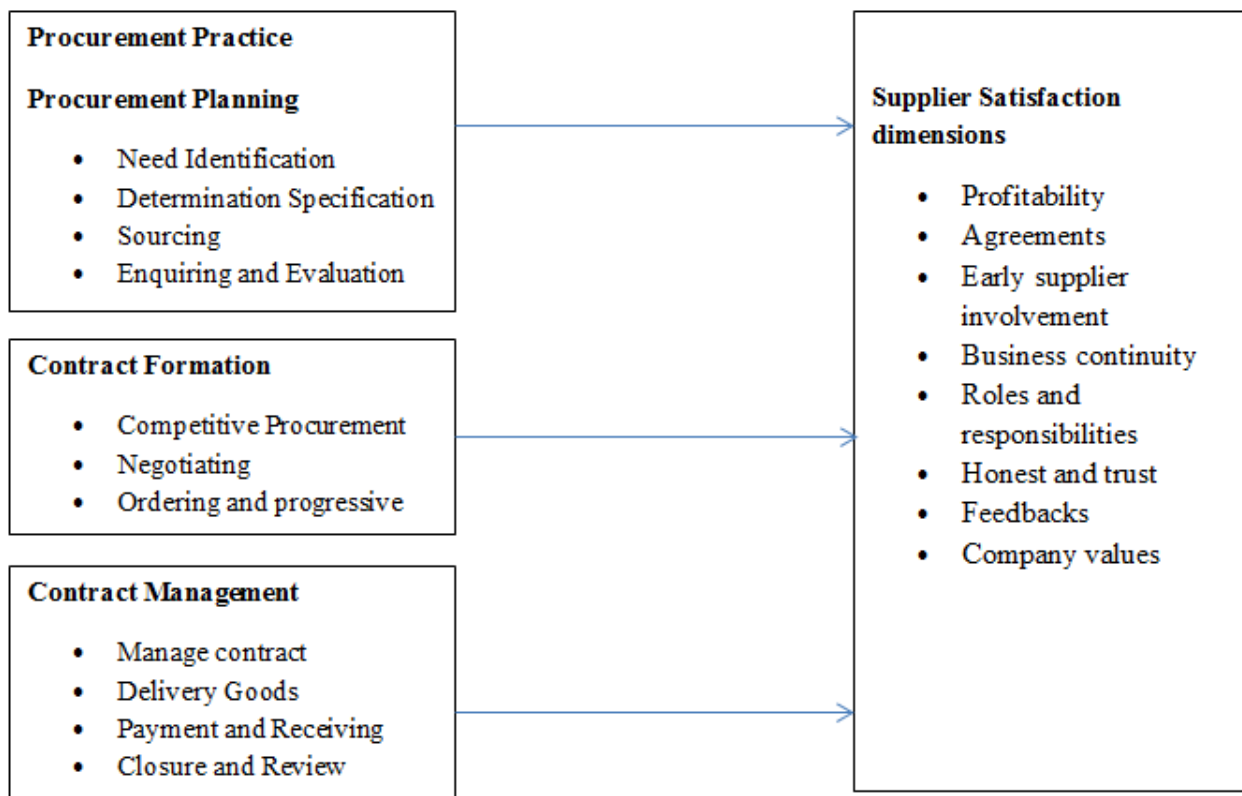


Figure1: conceptual frame work,

Source: modification of concept studied by scholars (Essig & Amann, 2009)

1.8 Scope of the Study

MoD has been chosen as the case study for this research topic and focused on MoD potential suppliers. The reason for focusing on suppliers is based on their increasing partnership in the tendering and procurement practices with MoD. In terms of time, the period from January, 2013 to July, 2015 was focused on this case study, because of availability of data and company management changes which are frequent in this industry where companies most of the time buy or contract with MoD. Procurement practices and supplier satisfaction have been focused on in terms of domain since this is considered to be a potential resource to capitalize on.

The content of the thesis falls under the topic of the effect of procurement practices on suppliers' satisfaction with a focus on MOD potential suppliers. The study mainly assessed the effect of procurement practices on suppliers' satisfaction in 120 potential suppliers with interest on how implementation of procurement practices affect suppliers' satisfaction and how supplier relationship with MOD is affected in general.

1.9 Significance of the Study

To the researcher, it will give him an opportunity to show the perception of the suppliers against the implementation of procurement practices by MoD and suggest possible procurement recommendations.

To the organizations, the results presented in this study will be used in implementation of procurement practices by MoD to improve suppliers' satisfaction and enhance the relationship, quality, and to a large extent have supplier satisfaction as a part of day-to-day relationship.

To the procurement practitioners and academics, the research will bring to light a great recognition that, there is a wide spectrum of relationship types and there are ways of stimulating this relationship.

To suppliers, it will be an opportunity for them to have an ownership in the implementation of procurement practices partnership and air out the way they perceive the quality of relationship in this domain and suggest the way how it can be improved.

1.10 Thesis Structure

The study is comprised of five chapters:

Chapter one includes a general introductory showing the back ground of the study, statement of the problem, research objectives , research questions, conceptual frame work, significance of the study and the scope of the study.

Chapter two covers the literature review related to the study which includes procurement practices, supplier satisfaction, challenges in the implementation of procurement practices and supplier suggestion on how to improve the implementation of procurement practices.

Chapter three includes research methodology; it discusses the methods and techniques used by the researcher for data collection and analysis.

Chapter four covers the presentation of data, data analyzing and discussion of research findings.

Chapter five contains the summary of the research findings, conclusion of the study and recommendations.

CHAPTER TWO

LITERATURE REVIEW

This chapter is concerned with the review of literature related to the study which includes procurement practices, supplier satisfaction, challenges in the implementation of procurement practices and supplier suggestion on how to improve the implementation of procurement practices.

The procurement practices

Sporrong & Kadefors (2014) conducted a study which indicated that procurement practice has significant impacts on the selection criteria and processes. The study examined the new roles and decision-making contexts like increased regulative complexity, stricter control and procurement of wider ranges of municipal services were examined for how shape procurement practices for architectural and engineering services in Swedish municipalities. Based on a critical theoretical review of policy implementation and inter-professional collaboration, the procurement practices of five Swedish municipalities were examined and compared through case study interviews to understand the relationships and practices that occur between technical and procurement staff. It was revealed that resource constraints and stricter control are found to lead to a strong preference, especially among technical staff, for simplified procurement models with a high emphasis on lowest price, whilst procurement staff favors more advanced methods for quality assessment. However, differences in knowledge and professional culture between the technical staff and procurement staff have created barriers to communication and competence integration. To develop a procurement practice that rewards supplier competence, clear guidelines and changes to procurement roles within the organization are needed, as well as increase resources. Procurement policies need to be more closely tied to their implementation.

Procurement practice decisions have a critical impact on the performance of construction projects. However, the construction sector has been relatively understudied, especially the procurement and supply chain practices typically implemented in early phases of capital projects. The study was done and reported on how engineering-procure-construction firms select suppliers in the early stages of the project. Particular focus involved the decisions making in procurement process and the types and roles of supporting information.

The paper reports on five case studies with large firms. Data were collected from multiple individuals in each firm with extensive supporting documentation.

A cross-case analysis describes similarities and differences between firms and helps to compare empirical findings with the broader literature. Findings contradict some areas of the literature, in particular the push for strategic supplier alliances. Other findings confirm the strategic importance of early procurement decisions to project performance and similarity across the types of decision drivers for supplier selection. Practitioners will find the case studies useful examples of current practice to compare with their corporate efforts. Researchers will similarly find details that extend extant literature, proposing new avenues for future research (Azambuja, Ponticelli, & O'Brien, 2014)

Green public procurement practice is becoming a cornerstone of environmental policies both at European Union and Member State levels. Drawing upon a database of public authorities located in three Italian regions, the researcher assessed the determinants and drawbacks of green procurement practice adoption. In particular, using an econometrical approach the author tested the following propositions: the existing awareness on green procurement practices, tools and regulations does support public authorities to develop green procurement strategies; the support of external experts in purchasing function does support public authorities to develop green procurement practices; the small dimension of public authority is an obstacle to adopting green procurement practice; ISO 14001 certified public authorities are more likely to develop green procurement practices. The econometric analysis shows that the dimension of public authorities and the level of awareness of the existing tools for supporting green procurement practice have a positive and significant effect on the probability that they adopt green procurement practices. (Testa, Iraldo, Frey, & Daddi, 2012)

The study was conducted aimed to investigate procurement practice in the UK public sector. Procurement practice is investigated using a questionnaire that draws on established scales for purchasing social responsibility. The survey was administered across the UK public sector, and 106 responses were received from procurement officers. The analysis of quantitative and qualitative survey data reveal there is significant variation across public sector agencies in the nature of procurement practice. Local authorities have a particularly strong emphasis on buying from local and small suppliers relative to other sectors, health looks generally lower in many categories, and education appears to have something of an emphasis on environmental aspects of sustainable procurement. Cost has been found to be the

leading barrier to sustainable procurement, and top management support the leading facilitator. There is likely to be selection bias in the sample, with those practitioners engaging in the sustainability agenda being more likely to have responded to the questionnaire. The United Kingdom government has an objective amongst the leaders in Europe on sustainable procurement by 2009, and early signs are encouraging that progress towards this goal is underway. This paper provides the first survey of sustainable procurement practices across the UK public sector. It also provides a conceptual framework of influences upon the propensity to engage in sustainable procurement practice. (Walker & Brammer, 2009)

Procurement practice is a key process in construction project management. The current construction procurement practices have been widely criticized for disregarding sustainability in the project life cycle. At present, there is a gap of knowledge on status-quo of sustainable procurement practice in Canada. Therefore, a study was done to review sustainable procurement practices in the Canadian construction industry. A multi method research design was used in this study by combining both qualitative and quantitative research methods. Three research tools were used in the study; namely questionnaire surveys, review of documents, and semi-structured interviews. Data triangulation was used to combine the results of all three research tools. The study showed that sustainable procurement practice initiatives have rarely been used in the Canadian construction industry. Furthermore a significant deficiency is observed in bid evaluation involving triple bottom line of sustainability. A majority of construction industry respondents agreed that sustainable procurement practice is a long due necessity and highlighted government regulations as the main driver for sustainable procurement. This study may be the first step to promote the use of sustainable procurement practice in the Canadian construction sector. (Ruparathna & Hewage, 2015b)

For example, China has started the government procurement practice law since 1990s. Although there were many successful cases, the increased corruption has plagued its sustainability. With some flawed design of government procurement practice mechanism, the centralized procurement practice has witnessed more corruption than the decentralized one. The study was conducted to explore the government procurement process and procurement corruption from a game-theoretic perspective of view. The research findings demonstrates that the process of government procurement practice is a principal-agent game between procurer, procurement agent, the firms and other interest groups, and the formation and

evolution of procurement regime is a process of dynamic game. Procurement corruption grows from the negotiable procurement rents created during the procurement game. Due to the procurement cost and negotiation capability, the firms, instead of the consumers will gain the procurement rents. Thus in order to curb the corruption, multiple methods, such as the lawyer's approach, businessman's approach and market of economist's approach, should be applied. (Xuexin, 2011)

Procurement planning

Project Procurement planning is a great environment for ethical issues with its low-price state of mind and competition. It has many opportunities that could contribute to illegal activities or unethical behavior especially in the construction industry. In 2006 alone, 17.3% of 417 Malaysian government contract projects were considered sick due to the poor performance by the contractors. Therefore it is important to govern the project procurement practice, especially the plan procurement stage to ensure the accountability and transparency of the decision made in awarding the right contract to the best contractor. This is where project governance framework is really needed in project procurement planning. Project governance is a subset of corporate governance focusing on the areas of corporate governance related to project activities, including: portfolio direction, project sponsorship, project and program management and efficiency and disclosure and reporting. This paper highlights the importance of implementing project governance framework to ensure that the decision makers are answerable and accountable to the stakeholders, and the decision making is transparent to avoid any ethical issues arises. A comprehensive preliminary literature is carried out to discover the importance of executing in project procurement in Malaysian public sector. By understanding the important of PGF, it is hoped that this will bring a signal to other developing countries to implement the similar method in ensuring the transparency of the decision making in project procurement planning in their countries. (Aliza et al., 2011)

In the study, the author discussed the development of decision support systems for hierarchically structured planning approaches, such as commercially available advanced planning systems. A framework was developed to show how such a decision support system can be designed with the existing organization in mind, and how a decision process and corresponding software can be developed from this basis. Building on well-known hierarchical planning concepts, the author includes the typical anticipation mechanisms used in such systems to be able to decompose planning problems, both from the perspective of the

planning problem and from the perspective of the organizational aspects involved. The author used a case study of crude oil procurement planning in the refining industry. The results of the case study indicates an improved organizational embedding of the decision support systems, leading to significant savings in terms of planning efforts and procurement costs.

In general, the framework aims to support the continuous improvement of advanced planning systems, increasing planning quality in complex supply chain settings. (Kallestrup, Lynge, Akkerman, & Oddsdottir, 2014)

Need identification

Although e-procurement practice has been adopted in many industries, the business case for this technology has only partially been explored in the literature. The study was done to investigate, through a case study approach, the extent of the business case developed for e-procurement practice adoption in three implementations. The paper employs a case study method and examines three industrial firms through in-depth interviews with managers involved in the projects. The cases were presented and explored individually, followed by identification of relevant drivers and problem factors. The research identifies 18 drivers which can form the basis of a business case for e-procurement practice. A further 17 problem factors are presented, which have the potential to militate the original case. It is apparent that the firms involved only developed a limited case for adoption and that there is a significant element of faith that the eventual results will justify the investment. A framework of the business drivers for e-procurement practice is introduced, in the form of a multi-attribute hierarchy. This framework can assist managers to classify relevant issues in assessing and developing the case for e-procurement practice adoption. The results provide managers and researchers with empirical evidence of the drivers for this technology and of the problems encountered in implementation. (Smart, 2010)

Determine specifications

In new democracies like Bangladesh code of conduct, the ethics and issues of conflict of interest have not been accorded a high priority for legislative and administrative reforms. To discuss the role of public administration in Bangladesh and recommends measures to be adopted to prevent corruption in public procurement. Information on global and regional in connection to procurement and corruption were retrieved from documents available mainly on electronic databases, literature survey, on websites of specialized agencies and analysis of

the existing situation in Bangladesh held. In Bangladesh contract awards provide opportunities for procurement. There are reports of wide-ranging corruption, political control and pressure from trade unions in the procurement process.

Public trust in the process is generally absent. The World Bank's evaluation of Bangladesh concluded that the implementation of procurement process is far from satisfactory, due to the following problems, poor advertisement, short bidding periods, poor specifications, nondisclosure of selection criteria, contract awards by lottery, one-sided contract documents, negotiations with all bidders and rebidding without adequate grounds, occurrence of corruption involving donor agency are not uncommon at nationally or globally and at other levels. The interesting finding is that procurement happens to be one of the lucrative areas, where corruption of above nature, therefore, the quality of public administration must be improved and accountable, which are an integral part of good governance. (Mahmood, 2010)

Analyzing the Missing Link to Specifications Rajesh Nellore and Klas Soëderquist Portfolio models have been used in strategic planning and marketing, but their application to the concept of procurement has been limited. This seems, however, to be changing, as procurement management has become more strategic. Applying portfolio models to procurement practice can introduce a major risk in that the implications for suppliers and/or operational staff are scarcely considered. The study explores existing portfolio models in procurement, which classify purchases into different product categories. Based on case studies of two automotive and two vehicle industry suppliers (all European), together with benchmarking interviews at Toyota, Japan, the author attempts, to link these product categories to different types of suppliers and, secondly, to link the product categories and the supplier types to the specification process in other words, to link the specification types and the specification generators. The author argues that product categories must be matched by distinctive suppliers that have the required capabilities and capacities to satisfy specific product demands. The connection between the portfolio models and the specification process will help original equipment manufacturers and suppliers to improve relations with each other. (Nellore & Söderquist, 2000)

Sourcing

Surveys suggest that supply chain risk is a growing issue for executives and that supplier reliability is of particular concern. A common mitigation strategy is for the buying firm to

expend effort improving the reliability of its supply base. The study was done and explores a model in which a firm can source from multiple suppliers and/or exert effort to improve supplier reliability. For both random capacity and random yield types of supply uncertainty, a model of process improvement is proposed in which improvement efforts (if successful) increase supplier reliability in the sense that the delivered quantity (for any given order quantity) is stochastically larger after improvement. The author characterizes the optimal procurement quantities and improvement efforts and generates managerial insights. For random capacity, improvement is increasingly favored over dual sourcing as the supplier cost heterogeneity increases, but dual sourcing is favored over improvement if the supplier reliability heterogeneity is high. In the random yield model, increasing cost heterogeneity can reduce the attractiveness of improvement, and improvement can be favored over dual sourcing if the reliability heterogeneity is high. A combined strategy (improvement and dual sourcing) can provide significant value if suppliers are very unreliable and/or capacity is low relative to demand. (Y. Wang, Gilland, & Tomlin, 2010)

Strategic sourcing, defined as a firm's key business process to identify, evaluate, configure, and negotiate purchases in important spend categories while strategies. The adoption of e-sourcing, defined as the use of business software (for example, using application service providers to conduct online procurement auctions) to automate or augment the aforementioned key business process, has been growing rapidly in recent years. One often-cited benefit of e-sourcing is the predicted savings, which is appealing, given the increasing pressure on cost competitiveness faced by firms.

Using queuing techniques, this paper develops an economic model that captures fundamental trade-offs in a firm's e-sourcing business process as characterized by communication complexity, frequency of use, and cost of delay. This allows comparisons of two widely adopted structures for e-sourcing: the centralized structure versus the decentralized structure. Conditions under which the centralized structure is favored over the decentralized structure and vice versa are identified and illustrated with numerical examples and case evidence. These findings are robust in other settings. The paper concludes with a discussion of managerial implications. (Dai, Narasimhan, & Wu, 2005)

The study contributed to the understanding of global sourcing strategy of knowledge-intensive business services by offering an explanation for the differential performance among firms, even when they use similar global sourcing strategies.

Using a systems integrator as the sourcing firm's perspective, the authors argue that complex knowledge intensive business services involve a complicated mixture of interfaces in that the performance of an individual knowledge intensive business services is insufficient in defining the overall performance of the integrated knowledge intensive business services system. The theoretical framework uses a two-stage strategic fit model that emphasizes the conditions under which global sourcing of knowledge intensive business services influences performance. Firms that strategically co-align sourcing strategy with knowledge intensive business services attributes for each knowledge intensive business services activity should perform more effectively than firms that lack such a co alignment. After selecting an appropriate sourcing strategy, the firm's dynamic capabilities may accentuate. (J. Y. Murray, Kotabe, & Westjohn, 2009)

Enquiring and evaluation

In recent years, organizations have invested heavily in e-procurement technology solutions. However, an estimation of the value of the technology-enabled procurement process is often lacking. The paper presents a rigorous methodological approach to the analysis of e-procurement benefits. Business process simulations are used to analyze the benefits of both technological and organizational changes related to e-procurement practice. The approach enables an estimation of both the average and variability of procurement costs and benefits, workload, and lead times. In addition, the approach enables optimization of a procurement strategy (e.g., approval levels). Finally, an innovative approach to estimation of value at risk is shown. (Trkman & McCormack, 2010)

Public procurement is prone to corruption, which in the global construction market alone accounts for an estimated US\$340 billion per year. There is a growing need for procurement systems to be able to fight corruption and improve the effectiveness, efficiency, fairness and transparency of public procurement. A comprehensive list of irregularities in public procurement is derived from irregularities observed during technical vigilance inspections by experts and reported cases. The research involved a questionnaire survey, Delphi method and an empirical investigation of the dynamics of irregular practices in public procurement. The survey revealed the top 15 most frequent irregularities. The irregularities have been classified under five categories: transparency, professional standards, fairness, contract monitoring and regulation and procedural irregularities. The ranking of these categories reveals that transparency is the key factor requiring prime attention.

The other categories are of nearly equal importance. A framework for good procurement practice is developed and actions proposed fewer than five categories to curb corruption in public procurement.

The framework and the irregularities can be related systematically to various aspects of combating corruption, and hence should fulfill the urgent need of policy makers, professional staff, regulators and consumers. (Tabish & Jha, 2011)

Contract formations

Interest groups exert influence on legislators' decisions about how to organize the contracting process in public procurement. Traditionally, centralized contracting structures have been favored to avoid allocate inefficiency. However, legislators have recently started to allow more and more contract delegation in public procurement projects. Different interest groups argue in favor and against this tendency. The objective of this study was to judge from a normative perspective what socially efficient contracting structures are and from a positive perspective what contracting structure is expected to find as equilibrium of an endogenous lobby formation game. From the normative perspective, it is shown that both contracting structures can be socially efficient. Furthermore, the conditions under which a certain contracting structure is socially superior are identified.

From the positive perspective the main result shows that we can have equilibrium of the lobby formation game with socially efficient contracting structures and with socially inefficient contracting structures. Again, the circumstances under which the different equilibrium occurs are identified. (Theilen, 2008)

Competitive bidding

The study describes a simulation approach based on the Analytic hierarchy Process to assess the probability of winning in a competitive bidding process where competing bids are evaluated on a multiple criteria basis, assuming the point of view of the contractor. The model allows the contractor to define his bidding strategy on the basis of the information currently available concerning the owner, the competitors, and the profile of his own bid. The model is applied to an auction, where a number of contractors compete for the design and construction of a process plant in a developing country. (Cagno, Caron, & Perego, 2001)

Using auction data on Japanese procurement, the author empirically examined whether joint bidding has a pro- or anti-competitive effect, particularly for local firms. In auction theory, the joint bidding effect depends on theories. If joint bidding reduces barriers to entry for potential bidders with limited financial and technical resources, it is pro-competitive. When bidders exploit collusive schemes under cover of joint bidding, the anti-competitive effect is realized. By the and treatment effect models, the results reveals that joint bidding in general does not foster competition, but it has a competitive effect on local firms in developing countries. (Iimi, 2004)

The study conducted discusses the consequences competitive bidding have on lead time in project-based production, such as construction. Earlier studies argued that competitive bidding may significantly increase resource consumption and generate waste in the delivery process, which this paper supports. However, the relation between competitive bidding and lead time has been less discussed. Lead time reduction has long been considered a fundamental objective for overall business improvement. An objective of our study was to understand what contributes to long lead times. The reported findings are from a 4-year study on the delivery process of power distribution equipment, a type of engineered-to-order product. The paper concludes by suggesting procurement practices that reduce lead times for products. (Elfving, Tommelein, & Ballard, 2005)

Negotiating

In a repeated procurement problem, the incumbent can undertake a relationship-specific investment that generates opportunity costs of switching for the buyer. The study investigated the impact of the negotiating culture on investment incentives, favoritism in the procurement contract allocation, and buyer profit. The author compared a stylized competitive negotiating culture with a stylized protective culture. The cultures differ in the way the buyer uses the entrance threat to exert pressure on the incumbent. The main result is that the relative performance of the cultures depends non-monotonically on the expensiveness of the investment. (Rosar & Mueller, 2015)

Negotiations are regard as a conflict resolution mechanism and add that negotiation is where substance issues are properly resolved, relationship can be developed and an agreement reached in enhancing performance to attain efficiency and harmonization. Negotiation practices differ in the public and private sectors in terms of when it can apply during the

procurement diagram or process. Most private sector organization will start to negotiate with supplier after source evaluation which subsequently leads to the award of contracts. However in the public sector, certain condition must prevail before negotiation will be allowed as a method of procurement. (Lysons & Grillingham, 2006) and (Burt, Dobler& Starling, 2006)

All these writers have suggested that adequate preparation should go into planning and information gathering and analysis, clear objectives should be to serve as a guide for the negotiation team in terms of what needs to be to say and done to arrive at a win-win situation. Based on these premise, conclusion can be drawn by saying that negotiation can only be successful if adequate plan is done by the buyer and negotiation team. Mckinsey, (2009), Carter & Kirby, (2006) and Dominic, (2004) Burt, Dobler& Starling 2006, Milligan & Blockley, (2009).

Ordering and progressing

This paper aims to focus on the question whether formalization of the ordering process can be helpful in achieving responsiveness, while remaining efficient. Three dimensions of the ordering process are discussed, namely logistical control, information processing and the organizational setting of the ordering process. Data were gathered from case studies at five different production companies. It is suggested that a highly formalized logistical control structure is essential in achieving responsiveness and efficiency. From the formalization strategies applied by the companies it can also be concluded that a formalized organizational setting of the ordering process is necessary for being responsive in case the logistical control is characterized by a low degree of formalization. (Welker & Vries, 2005)

There has been a dramatic increase over the past decade in the number of firms that source finished product from overseas. Although this has reduced procurement costs, it has increased supply risk; procurement lead times are longer and are often unreliable. In deciding when and how much to order, firms must consider the lead time risk and the demand risk, i.e., the accuracy of their demand forecast. To improve the accuracy of its demand forecast, a firm may update its forecast as the selling season approaches. The study was conducted to consider both forecast updating and lead time uncertainty. The author characterize the firm's optimal procurement policy, and proved that, with multiplicative forecast revisions, the firm's optimal procurement time is independent of the demand forecast evolution but that the optimal procurement quantity is not.

This leads to a number of important managerial insights into the firm's planning process. The study shows that the firm becomes less sensitive to lead time variability as the forecast updating process becomes more efficient. Interestingly, a forecast-updating firm might procure earlier than a firm with no forecast updating. (Yimin Wang & Tomlin, 2009)

Contract Management Practices

In recent years new technical opportunities and new management techniques have emerged that dramatically change the way contracts are dealt with. New information technologies enable companies to create, monitor, and implement their contracts in a new way. This has not only made the management of contracts easier, but it has also changed the impression of what it means to be contractually bound. Contract management has therefore become a dominant theme in the practice of contracting. Contract law scholarship has hardly reacted to these developments. However, these new opportunities to regulate contracts have emerged hand-in-hand with new technical possibilities and management practices. Legislators have used them in various ways. For example, there are a growing number of regulations worldwide, such as the Sarbanes–Oxley Act of 2002 in the United States or a similar law passed by the European Parliament in 2004, which require the establishment of a risk-management system to which, partially, the management of contracts belongs. Thus, how one manages contracts is not merely a business decision. Besides, even without the interference of the legislator, contract law might adapt itself to these changes and develop new standards of care, such as a duty to establish a risk-management system. The study was done to examine whether contract management can be a legal issue, that is, an object of regulation. This could be so if contract-management duties were introduced by regulation. To understand the character and repercussions of such regulation, it is first necessary to describe briefly the rise of contract management and the general possibilities to regulate it.

Only then is the interplay between a direct regulation of contracts and an indirect regulation via contract-management duties understandable. Furthermore, the advantages as well as disadvantages of such duties then become visible. These advantages and disadvantages show why the regulation of contract management should only cautiously be employed. (Kähler, 2013)

The study was done and attempted to develop concepts of project and contract organization to predict the selection of contract type on infrastructure projects. Conventional wisdom is that at low-risk fixed price contracts are best, moving to re measurement and then cost plus as risk increases. The author started trying to predict this from a transaction cost perspective, and such an analysis confirmed conventional wisdom. However, it does not fit with current practice. Further, the differences in transaction costs are small costs are small compared to differences in contract out-turn cost that occur under the different motivational effects of different contract types. The author therefore takes a different perspective. It was assumed that, the purpose behind a project contract is to create a cooperative project organization, in which all participants, clients and contractors, are motivated to achieve common objectives, their goals are aligned. This analysis confirms modern practice, and shows selection of contract type is related to uncertainty in the project's deliverables, and uncertainty in the process of their delivery. Build-only re-measurement contracts are used where uncertainty of both product and process is low. Designed and build fixed price contracts are used where uncertainty of the product is low, but the uncertainty in the process of delivery is high. Fixed contracts should be used where both are high. We extend the analysis to show when the client should be involved in the project organization in an alliance contract, and when they should not, as in a traditional project contract. (J. R. Turner & Simister, 2001)

Delivery of goods

This study claims that the parking policy is one of the most obvious tools for reducing traffic congestion, pollutant emissions and conflicts between transportation network users. The purpose of this paper was to propose and implement a strategy, for the sharing of parking places between light cars and vans for goods delivery. Temporal and spatial dynamic booking of on-street parking places is described by using the multi-agent paradigm. Main agents concerned by the sharing of parking places, their rules and interactions are implemented. Behavioral models and learning process of cognitive agents based on stated preferences collected beside the network users are designed for capturing multi-agent interactions. The behavioral models will be designed by stated preferences obtained from surveys containing questions coupled with pictures of possible scenarios. Practical implications: Applied in a real context, the sharing of parking places strategy shows benefits for traffic and for the environment. A decision maker can use this strategy for simulating scenarios, in the context of an urban area in particular.

The paper demonstrates how a simulation tool based on strategy of parking place sharing can satisfy constraints of transportation network users. (Boussier, Cucu, Ion, & Breuil, 2011)

Payment and receiving

This study presents a wide range of different payment methods used at Point-Of-Sales from traditional cash and standard cards to contactless cards, all payment instruments are compared under the criterion of time efficiency that means the duration of a payment transaction. The measurement of payment transactions was undertaken with the help of a novel research technique based on a digital chronograph of video material recorded by cameras installed in the biggest chain of convenient stores in Poland. More than 4,000 transactions were gauged. It is empirically proven that cash is still the fastest means of executing transactions at the counter, although new innovative payment methods such as proximity cards and mobile payments may be equally fast and sometimes even faster. There is a potential in accelerating the payment process of those latter. Standard cards together with a remote mobile payments method tested lag behind. Obtained results could be practically used by merchants who want to optimize its payment process at cash registers. Drawn conclusions may also have value for the developers of payment schemes in the world. (Polasik, Górka, Wilczewski, Kunkowski, & Przenajkowska, 2010)

The study was undertaken to explore contexts in which quality-based payment appears feasible. The ultimate intent is to provoke thoughtful debate about whether and how quality-based payment might fit within a particular developing country's framework of policies to ensure and promote quality of care. With guidance from key informants with first-hand knowledge of international quality-based payment schemes, a purposive sample of six quality-based payment schemes was assembled. Schemes were examined to identify environmental contexts and design features. Examples illustrate a variety of approaches and a breadth of contexts in which quality-based payment has been implemented. Contrary to what might be expected, implementation does not appear to be constrained to private-sector purchasers, private-sector providers, hospital settings, nor to any particular type of underlying payment system. Further, quality-based payment pioneers are using a variety of incentive structures, and are tapping a rich mix of structural, process, and outcome standards to benchmark quality. Despite significant operational challenges, quality-based payment has been implemented in developing as well as developed countries, albeit not frequently in either instance. What we do not know--what the literature is nearly silent on--relates to the sustainability and ultimate impact of alternative incentive schemes. (McNamara, 2005)

Due to the fragmentation of the mobile payment market, vendors have a plurality of mobile payment providers they can choose to execute payment processes in the mobile versions of their shops. Besides differences in transaction fees, mobile payment providers can also differ in respect of their reputation. However, it remains unclear how the reputation of mobile payment providers and online vendors interact and affect consumers' risk perception and transaction intention. Therefore, the study analyses different combinations of mobile payment provider and online vendor reputations and finds that consumers attribute distinct trusting beliefs towards these two types of market players and that these substantially affect consumers' intentions to transact. While online vendors with low reputation can profit from embedding reputable mobile payment providers, reputable online vendors do not increase transaction likelihood by integrating reputable mobile payment providers compared with less reputable payment providers. For research, the results provide a novel understanding of the interaction of two market players in the m-commerce value chain subject to varying degrees of reputation. For online vendors, the results give direct guidance in the process of selecting external payment entities to establish consumer trust and facilitate transactions. (Köster, Matt, & Hess, 2016)

The fourth-party mobile payment model aims at solving problems of benefit distribution, resource conflict, regulation, tax, technical standards and other issues in the industry of the mobile payment. Firstly, the theories of the fourth-party payment together with the fourth-party payment model were introduced based on the situation of the mobile payment as well as to solve the problems in the development of the mobile payment in China. Secondly, the four-layer model and the operational process of the fourth-party mobile payment model were illustrated in detail. Finally, the feasibility of the fourth-party mobile payment model was demonstrated and the challenges that may exist in the process of actualizing were put forward. (Yong & Xiangtao, 2011)

Closure and review

This article contributes to the debate on the relation between trust and control in the management of inter-organizational relations. More specifically, we focus on the question how trust and formal contract are related. While there have been studies on whether trust and contract is substitutes or complements, they offer little insight into the dynamic interaction between the two. They fail to answer, first, whether contract precedes trust or follows it, in other words, what causal relationship exists between the concepts; second, how and why trust

and contract can substitute or complement each other; and third, how the various combinations of trust and contract affect a relationship's development and outcome. In search of answers, we conducted longitudinal case studies to reveal the relationship between trust, contract and relationship outcome in complex inter-firm relationships. We find trust and contract to be both complements and substitutes and find that a close study of a contract's content offers alternative insight into the presence and use of contracts in inter-firm relationships. (Woolthuis, 2005)

The purpose of this guide is not to replicate past socio-economic studies on the subject of contract farming. Rather, the aim is to provide advice: first, to management of existing contract farming companies on how to improve their operations; second, to companies that are considering starting such ventures on the preconditions and management actions necessary for success; and, last but not least, to government officials seeking to promote new contract farming operations or monitor existing operations. The guide describes in detail the general modus operandi, internal functions and monitoring mechanisms of contract farming. It emphasizes that sustainable contract farming arrangements are only possible when the various parties see themselves involved in a long- term partnership. (Eaton & Shepherd, 2001)

The challenges encountered in the Implementation of Procurement Practices

The article focuses on public Procurement for Innovation as a relevant demand-side instrument to be exploited in the mitigation of grand challenges. It intends to provide some clarification on what should and what should not be regarded as innovation procurement. It defines what is meant by Public Procurement for Innovation and categorizes it according to three dimensions: (i) the user of the purchased good; (ii) the character of the procurement process; and (iii) the cooperative or non-cooperative nature of the process. In addition, it illustrates the main stages in innovation procurement processes and exemplifies them with six cases to provide evidence that Public Procurement for Innovation can contribute to satisfying unsatisfied human needs and solving societal problems. (Edquist & Zabala-Iturriagoitia, 2012)

Public procurement practice has the potential of playing an important role in stimulating communities and serving policy goals. Procurement of Information Systems is especially challenging due to the complexity of procuring unknown technology and the importance an

information system has for different stakeholders in an organization. Public procurement of information systems and services provides several challenges to the stakeholders involved in the procurement processes. The article presents results which involved procurement managers, chief information officers, and vendor representatives in the public sector. They identified challenges related to information systems procurement, and subsequently ranked the relative importance of the top issues. In addition, the study revealed new findings, such as benefits realization in IS procurement; coordinating and standardizing public procurement processes; complex and constraining government regulations; issues of technological integration and compatibility; and inter-municipal cooperation. Developing clear requirements specifications stands out as critical for public sector officials. (Moe & Päivärinta, 2013)

Furthermore, an integrated, unified, simplified and speeds up maximizing the efficiency platform must be designed that it can be adaptable for companies and public organizations' needs and be made compatible with standard expense procurement processes. But it is difficulty in agreeing on open standards for instance in introducing new practices for open public procurement, or in a reluctance to accept constraints imposed by the legal status of other countries. However, cross border initiatives can present a number of challenges due to the diversity of the institutional and legal settings of different countries. The article analyses relevant case studies in terms of the institutional and legal limits to the development of cross border public e-procurement platform. The purpose of the paper is to describe the roadmap for work to be undertaken as part of the public e-procurement interoperability process (Imamoğlu, 2009)

Procurement is a complicated and vital process that affects the existence of any company and involved in information and money exchange among different entities in a supply chain. Coordinating and managing the supply process of different departments of a company are the main responsibilities of a procurement department and are achieved by cooperating different suppliers. However, recent advancements in internet technologies can be employed to facilitate procurement processes and make them more efficient in order to increase the productivity, profitability, and agility of an organization. Portals, as an internet based technology, can be used in procurement process to implement a sophisticated solution to overcome procurement challenges especially issues that are related to auctions. This solution offers new, low cost, and effective methods for carrying out procurement that will not only facilitate the procurement processes and auctions, but increases the revenue of an

organization. Finally, by exploiting experts' opinions, it is shown that the design can be implemented in order to improve procurement processes and auctions. (Alaniazar, Zarei, & Soltanpanah, 2011)

The Suppliers Satisfaction on Procurement Practices

The research study discusses how a firm can become preferred customer, defined as a particular buying firm to whom the supplier allocates better resources than less preferred buyers. Two concepts play a central role for a firm aiming to become preferred customer: (i) customer attractiveness and (ii) supplier satisfaction. However, the current literature still lacks a clear discussion on the conceptual differences between these constructs and their attributes and is ambiguous with regard to the relationships between the concepts. This study addresses these shortcomings. The author examines customer attractiveness and supplier satisfaction as distinct conceptual variables and test how these constructs relate to each other and to preferred customer status. The author builds upon practitioner input and survey data from 91 suppliers to do so. The analyses show that the impact of customer attractiveness on preferential resource allocation from suppliers is significantly mediated by supplier satisfaction. These findings expand the current understanding of these concepts. In addition, the findings might help managers better evaluate their relationships with suppliers and align their strategies accordingly to obtain better resources from their suppliers. (Pulles, Schiele, Veldman, & Hüttinger, 2016)

In the research done, the author focused on the preferential treatment of buyers by their suppliers. As there is a lack of detailed information regarding the reasons that suppliers serve some buyers better than others, our research addresses a supplier's evaluation of customers and how this evaluation can be influenced by buyers. To give an overview of the drivers of preferential treatment by suppliers, the provided literature review covers three research fields that are considered crucial to this issue: (i) customer attractiveness, (ii) supplier satisfaction and (iii) preferred customer status. By integrating these research topics, we provide a state-of-the-art analysis and overview of the various drivers of preferential treatment, build a preliminary conceptual model and suggest several directions for future research. The identification of the drivers and the resulting conceptual framework can serve as a stepping stone for additional research in this new field. (Hüttinger, Schiele, & Veldman, 2012)

Increased attention has been paid to the question of how to build stable and long-term working relationships between suppliers and dealers. This study proposes a conceptual model including behavioral dimensions of supplier-dealer relationships and presents hypotheses about how to achieve satisfactory inter-organizational relationships. Satisfaction is the consequence of working relationships focused upon in our model. The model is an empirical assessment of the relationship between Swedish lumber dealers and their suppliers. T-test evidence suggests that all proposed critical variables, with the exception of coercive power, are of significant importance for achieving a high rate of perceived relationship satisfaction, regardless of whether the relationship is characterized by a high or a low level of trust and commitment. A good reputation, close relationship and positive relationship benefits are key variables for the achievement of high satisfaction in a "high-trust and commitment

There is a growing need for procurement systems to be able to fight corruption and improve the effectiveness, efficiency, fairness and transparency of public procurement. A comprehensive list of irregularities in public procurement is derived from irregularities observed during technical vigilance inspections by experts and reported cases. The irregularities have been classified under five categories: transparency, professional standards, fairness, contract monitoring and regulation and procedural irregularities. The ranking of these categories reveals that transparency is the key factor requiring prime attention. The other categories are of nearly equal importance. A study was done and a framework for good procurement practice is developed and actions proposed under five categories to curb corruption in public procurement and hence should fulfill the urgent need of policy makers, professional staff, regulators and consumers. (Tabish & Jha, 2011)

Public procurement is increasingly viewed as having important potential to drive innovation. Despite this interest, numerous barriers prevent the public sector from acting as an intelligent and informed customer. The article seeks to understand how barriers related to processes, competences, procedures and relationships in public procurement influence suppliers' ability to innovate and to reap the benefits of innovation. The main barriers reported by suppliers refer to the lack of interaction with procuring organizations, the use of over-specified tenders as opposed to outcome based specifications, low competences of procurers and a poor management of risk during the procurement practice process. The results also indicate that certain organizations encounter greater difficulties with innovation arising from the

procurement process, for instance in relation to contract size, lack of useful feedback and communication of opportunities. (Uyarra, Edler, Garcia-Estevez, Georghiou, & Yeow, 2014)

Electronic procurement practice is a critical component of the supply chain initiatives of the government. An innovative solution for the inefficient public procurement is being provided by the electronic procurement practice. Increased efficiency is one of the benefits brought by the said procurement practice. Though it brings some benefits, electronic procurement is also facing challenges in terms of managing the relationships with online vendors and application service providers.

The study was undertaken with the aim of surveying the perception of the two main stakeholders in procurement system; the contractors and the procurement officers on issues such as accountability, transparency, corruption, integrity and cronyism pertaining to the public procurement system. The interview data were then transcribed and grouped according to six main themes; transparency, procurement policies and procedures and its implementation, personnel involved in the procurement system, estimation/budget/pricing, professionalism and ethics and timeliness. One of the common complaints made by the contractors was prevalence of interference from outside parties and cronyism, which affects the awarding of contracts. The procurement officers were blamed for malpractice and non-compliance to the policies and procedures of the procurement system. (Hui, Othman, Omar, Rahman, & Haron, 2011)

Potential bidders have private information about their production costs. Since the procurement agent is also in charge of verifying delivered quality, in exchange for a bribe, he can allow an arbitrary firm to be awarded the realization of the project and to produce a quality level lower than that announced. An equilibrium corruption is computed and study the impact on corruption of the competitiveness of the environment, and in particular an increase in the number of potential suppliers of the good or service to be procured, and an increase of competition in the market for procurement agents, identifies the effects that influence equilibrium corruption and show that, contrary to conventional wisdom, corruption may well be increasing in competition. (Celentani & Ganuza, 2002)

Suppliers' suggestion on implementation of procurement practices

Many organizations are striving to use e-procurement systems to gain efficiency benefits in their procurement processes.

This research investigates acceptance factors driving organizations to use e-procurement systems. Task improvements, supplier participation and organizational support directly influence intentions, with supplier participation having the greatest influence. The results show that suppliers play a strategic role in the use of e-procurement systems and highlight a range of implications for organizations. This research demonstrates the importance of organizations including their major suppliers in all phases of development, while communicating the benefits likely to occur through the use of e-procurement systems. (Purchase & Dooley, 2010)

Procurement is now a strategic business function that increasingly recognizes the importance of strategic supplier relationships; it is time to assess the impact of this shift on the profession and practice of account management. This paper examines customer adoption of strategic procurement and then discusses the implications this has for account managers at the suppliers serving these customers. New techniques are emerging in these special relationships, including the use of psychological contracts and co-measurement and monitoring. Perceived fairness will also have a major impact on the customer's view of their suppliers. Account managers must recognize these changes or fall victim to supplier delusion: the belief that they are performing better than they really are. (Ryals & Rogers, 2006)

Reliance on few competent suppliers has driven companies to be more involved in their suppliers' activities. Supplier development is a supplier management practice implemented with strategic suppliers. Whereas research adopting the customer's standpoint indicates that supplier development activities have a positive impact on supplier performance, few studies have examined the supplier's perspective. We explore the conditions favoring suppliers' participation in activities using survey data from a sample of manufacturers.

The empirical results of this study suggest that trust and preferred customer status are key antecedents of supplier participation in activities, and confirm the positive impact of this participation on the suppliers' operational performance. The results indicate that a dynamic environment also motivates suppliers to participate in activities. (Nagati & Rebolledo, 2013)

Partial conclusion

Many aspects of procurement practices have been discussed along diversified studies. The methodology of survey questionnaire, review of documents, interview as well as the quantitative, qualitative and correlational research design was applied. Local authorities have a particular emphasis on buying from local and small suppliers relative to other sectors. Resource constraints and stricter control are found to lead to a strong preference among technical staff for simplified procurement models with a higher emphasis on lower price.

The leading barriers to sustainable procurement are: cost, corruption in centralized procurement, communication (poor advertisement), transparency, poor specification, short bidding periods, etc.

The performed studies concern the construction industry, architectural and engineering services, crude oil in refining industry, performance of e-procurement practice, etc.

With regard to the gap, many studies identified procurement challenges without elucidating sustainable solutions. The present study will emphasize on bridging that gap by strengthening the conclusion and recommendations.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter gives the strategy that was used to execute the research; it shows the research design, the study population, the sampling design, the sample size determination, the sampling techniques, the data collection methods and instruments, data processing and analysis, limitations and ethical consideration.

3.1 Research design

The research design is a blueprint that is followed in completing a study. It is the plan and structure of the investigation so conceived as to obtain answers to research questions.

This research adopted a descriptive, analytical, quantitative, and qualitative and correlation research design. The descriptive design consists of a survey in which the researcher collects information as it exists at present and descriptive statistics are performed. Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. The quantitative approach helps to get quantitative information from respondents through closed-ended questions while the qualitative approach helps to get perception and testimonies of respondents through open-ended questions and interview. The correlation design consists of evaluating the relationship between procurement practices and suppliers' satisfaction. In analytical research, the researcher has to use facts or information already available, and analyze these to make a critical evaluation of the material.

3.2 The Study Population

The case study of MOD has been selected in curiosity of knowing how the procurement is processed in a day-to-day close institution where data can be easy to get.

According to the topic "The Effects of Procurement Practices on Suppliers' Satisfaction in Rwandan Public Institutions" and the case study of MOD, the target population were some staffs and suppliers of MOD. The researcher focused particularly on the Director General of Procurement. However, the research also focused on 120 supplying companies from which 165 suppliers are selected.

3.3 Sampling procedures

The selection of respondents from MOD to explain the procurement practices employed by MOD was done by purposive by which the Director General of procurement was selected.

This was because he is the person who knows the details of this department. For the suppliers; the systematic sampling technique was applied. A total of 120 supply company was divided by the sample size which was 55 and this was used to determine the interval size that would be used to select the respondent companies which is N/n ($\frac{120}{55} = 2.18 \cong 2$)

Where by N the study population and n is the sample size. Therefore the names of respondent companies were obtained as follows: 2nd, 4th, 6th... 110th.

3.4 Sample size determination

The study used one key informant (the Director General of Procurement) in the population of MOD staff on one hand. The research also used a sample of 165 respondents representing the population of suppliers on the other hand. That size was found using the following formula of Yamane Taro (1967).

$$n = \frac{N}{1 + N(e)^2}; \text{ Where } n \text{ is the sample size, } N \text{ is the population size (the number of companies)}$$

and e is the margin of error.

The number of companies supplying MOD is 120 within which three individuals (Managing director, accountant and marketing officer) were purposively selected to provide information. Then, a target population of 165 (55*3) suppliers was considered.

$$n = \frac{N}{1 + N(e)^2} = \frac{120}{1 + 120(10\%)^2} = 54.54 \cong 55 \text{ Companies.}$$

3.5 Data collection

3.5.1 Instrument development

To answer research objectives one and two, questions were asked to MOD Direct General in charge of procurement activities concerning the implementation of procurement practices as stipulated in RPPA public procurement regulations, code of ethics and standard bidding documents.

Furthermore, questions were asked to understand the challenges faced in the implementation of procurement practices.

To answer research objective three, and four, supplier respondents were asked their level of satisfaction on each dimension of procurement practices for which their answers were based

on five point Likert scale where 1-represented highly dissatisfied, 2-dissatisfied,3-neither dissatisfied nor satisfied,4-satisfied,5-highly satisfied.

Finally, supplier respondents were also asked for their suggestions about how to improve services related procurement practices at MOD.

3.5.2 Data collection Techniques

After getting the respondent companies, self-administered questionnaires were emailed to both local and external suppliers specifically managing directors, accountants and sales officers from each supplying company. These were purposively selected because they are the ones who make follow up on the procurement businesses with their clients. Therefore in total there were 165 respondents.

3.6. Analysis of Data

It is the statistical treatment of data. The kind of statistical treatment depends upon the nature of the problem, especially the specific and the nature of data gathered. Descriptive statistics such as the calculation of the mean have been performed. Statistical Package for the Social Sciences (SPSS), and Excel Software was used.

3.7 Limitations of the study

It was very difficult to the researcher to measure the research variables (the effect of procurement practices on suppliers' satisfaction) in Military institution which considers high classification of information. There are some areas of concern where the researcher could not get single information. In here the research used little available information given.

Lack of sufficient data: the researcher faced challenges during data collection from respondents. Some respondents were not in position to reveal out data and therefore, the researcher spent more effort to attain the required data.

Time constraint: The researcher spent a lot of time running for the questionnaire if filled; the respondents have tendency of not revealing out information.

3.8 Ethical consideration

All the guidelines for writing a dissertation and the whole methodology have been followed in full. Participants in the research were informed about the purpose of the research, questionnaires designed and interview as well as assurance that results would remain anonymous. This strategy assisted in ensuring that participants were open and honest with their comments, without fear of being identified.

The dignity and wellbeing of respondents was protected at all times. Individuals were treated as autonomous agents. The researcher ensured that the subject received a full disclosure of the nature of the study, the risks, benefits and alternatives.

The research data remained confidential throughout the study and the researcher obtained the respondents' permission to publish the findings of the study. In this research, no person was coerced to participate.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents the analysis and interpretation of research results obtained from the respondents. The main objective of this work was to assess the effect of procurement practices on supplier's satisfaction in Rwandan public institution case of Ministry of Defense (MOD)

4.1 Procurement practices used in MOD as provided by the Director General of Procurement unit

In order to know if procurement practices are exercised in MOD, the Director General of the procurement unit for he is the right person who follows the day-to-day life of this department, has been purposively selected to provide information.

Table 4.1: Procurement practices used in MOD as provided by the Director General of procurement unit

Statement	Yes	No
Identification of needs	X	
Determine the specification	X	
Sourcing	X	
Enquiry and evaluation	X	
Negotiating	X	
Ordering and progressing	X	
Delivery of Goods	X	
Payment and receiving	X	

Source: Primary data

The table above indicates that procurement practices are executed in MOD.

Identification of needs: it is asserted by the director general of procurement unit that, in MOD before any procurement exercise begins user departments notice that something is needed which is not currently available and this need is notified to the procurement unit. The needs are identified by the user departments or on the other hand it is a normal procedure for the departments concerned to issue a requisition form which describes the items needed and

initiates action by the procurement unit. However the procurement unit at this point may consider the need for procurement thus this confirms the existence of the practice.

Determine specifications. It was revealed by the Director General of the procurement unit that one of the key functions of procurement unit is to specify and document the requirements for supply. He indicates that this activity is designed to support the overall strategy and objectives of MOD.

He asserted that if specifications are executed in an efficient and effective manner, specification can provide value to other functional areas with in MOD. However specification practice is not properly executed due to lack of skilled staff with in MOD.

Sourcing.It is revealed by the director general that the source is identified through the internet trade journals, trade exhibition yellow pages of telephone directorate and suppliers' data base of the organization. Sourcing include pre - qualification of potential suppliers, preparation and issue of tender documents, requests for quotation or for proposals, evaluation of responses and the selection of successful tender which constitute the entire sourcing or procurement process. This information therefore testifies the full existence of this practice as used by MOD.

Enquiry and Evaluation: it is testified by the Director General of procurement unit the suppliers are asked to give information on the following: details of the company, financial details, equipment and facilities, management skills and reference to assess the capabilities of that particular source before it will allow providing information (quotation or tender) on the product or service. This means MoD carry out due diligence of supplier. However this activity is not well done since they are supplier who are awarded tender and fail to execute them.

Negotiating: it is indicated by the Director General of procurement unit that negotiation practices is carried out in MOD. However he revealed that negotiation differ in the public organizations and in terms of when it can apply during the procurement process. Most private sector organization will start to negotiate with supplier after source evaluation which subsequently leads to the award of contracts and in MOD it a common practice to negotiate with suppliers before they are awarded the contracts.

Ordering and Progressing: It is also revealed by the Director General that notification of order or contract is issued to the successful supplier or contractor to deliver the product or service. Before the expiry of the bid validity period, the procurement unit at the same time notifies the successful bidders and unsuccessful bidders of the provisional outcomes of the bid evaluation. The notification specifies

that the major elements of the procurement process are made available to the bidders upon requests and they have seven days to lodge a complaint.

Delivery of Goods: It asserted that in MOD goods are delivered and inspected and early delivery is achieved if effective progressing work is done well. However he concludes that there is a challenge of quality control and monitoring problems caused by unqualified MOD supervisors and inspectors

Payment and Receiving: It is indicated by the director general that payment of goods procured largely depend on the terms of contract (payment terms). The terms are favorable. However they are some delays in payment since uncontested invoice are not paid with agreed payment terms and thus this remains as challenge to MOD.

4.2 The challenges encountered by MOD in their implementation of procurement practices as provided by the Director General of procurement unit.

The second objective of the study was to determine the challenges encountered by MOD in the implementation of procurement practices. Therefore, the following findings were observed.

Lack of information related to contract opportunities: Legal and regulatory frameworks of the public procurement practices are in place and all procurement-related laws are published on the Rwanda Public Procurement Authority (RPPA) website. Rwanda enacted the public procurement law in 2007 and the decree of associated regulations, access to information and communication is relatively developed in Rwanda with easy access to internet. The internet access has even been extended to the local level by installing tele centers in Districts through the performance contract policy that is undertaken between local authorities and the central government. Nevertheless, proportion of respondents still complains about lack of information related to contract opportunities. This therefore remains a challenge for MOD while implementing procurement practices.

Lack of capacity of MOD Public Procurement officers. The model documents exist in the Rwandan procurement practice but in most cases bidders are not familiar with their contents. In addition, some documents especially terms of reference prepared by MOD do not provide relevant information which would enable potential bidders to prepare clear and coherent tender documents and these results into confusion among bidders and restricts their chances, especially for those who do not access the procuring entity for additional information.

This is evidenced by some respondents who have different views about the guidance document. Therefore there is a need to strengthen the capacity of MOD Public Procurement officers to enhance the quality of bidders' documents and organize seminars intended for bidders which is a challenge for implementation.

Lack of proper procurement planning. The public procurement practice is mainstreamed but this is not yet perfected. The public procurement plans are prepared in support of the budget planning and formulation process. However, in MOD, some procurement officers still lack relevant skills to provide coherent tender documents. In addition, some successful bidders complain over the failure of MOD to ensure timely payments and uncontested invoices are not paid within agreed time and therefore this remains a challenge for most of all procuring entities to deal with.

Lack of effective contract management practices. The existing legal framework in this area seems to have no problem as regards the contract management and dispute resolutions. However, there is a lack of quality control and monitoring problems caused by unqualified government supervisors and inspectors. More to that payment of invoice is not done within the period stated in the agreed terms of trade and it is part of ethical trading to pay supplier invoices on time as agreed. This therefore remains a challenge since contract management practices are not done effectively.

Lack of awareness for suppliers appeal. Although MOD tender Committee works very well, there remain many challenges since many prospective bidders in procurement are not well informed on their rights to appeal and there is need to set up a broad campaign on this subject. Even if the Rwanda Public Procurement Authority organized some debates on the radio, these remain insufficient and therefore remains challenge for the implementation procurement of practices.

Table 4.2 Suppliers' profile

Variable	Alternatives	MOD Suppliers	
		F.	%
Age	20-24 years	2	1.3
	25-29 years	23	14.1
	30-34 years	47	24.2
	35-39 years	44	26.9
	40-44 years	28	16.7
	45-49 years	19	11.5
	50 years and above	2	1.3
Sex	Male	125	75.6
	Female	40	24.4
Marital status	Married	118	71.8
	Single	40	24.4
	Widowed	7	3.8
	Divorced	0	0
Education level	No formal education	8	5.1
	Secondary school	6	3.8
	Diploma	15	9
	Bachelor's degree	104	62.8
	Masters	32	19.2
	Doctorate	0	0
Experience in the institution	Less than 2 years	4	2.6
	2-5 years	59	35.9
	5-10 years	76	46.2
	10 years and above	26	15.4
Level of management	Lower management	83	50
	Middle management	78	47.4
	Top management	4	2.6

Source: Primary data

The table 4.2 indicates that MOD suppliers are mature, qualified and experienced in the profession. In fact, 79.3% are between 30 and 49 years old, 71.8% are married, 82% are over Bachelor's degree, and 97.4% have more than 2 years of experience in the institution. The number of females in this profession is much less than that of men (24.4% against 75.6%).

A mobilization on the side of women must be intensified. Furthermore, the study found that lower and middle management follow the day-to-day life of procurement process than the top management. In the following 165 suppliers from 120 companies manifest their satisfaction about the procurement practices in MOD.

4.3. Perception of respondents on suppliers' satisfaction about each dimension of procurement practices in MOD

The table below indicates the perception on satisfaction of 165 suppliers selected within 120 companies.

Table 4.3 Levels of suppliers' satisfaction about procurement practices.

Statement	HD		D		N		S		HS		Total	%	Mean
	F	%	F	%	F	%	F	%	F	%			
Profitability			6	3.8	2	1.3	95	57.7	61	37.2	165	100	4.2821
Agreements			4	2.6	15	9	85	51.3	61	37.2	165	100	4.2308
Early supplier involvement	13	7.7	28	16.7	34	20.5	87	52.6	4	2.6	165	100	3.2564
Business continuity					6	3.8	87	52.6	72	43.6	165	100	4.3974
Roles and responsibilities							70	42.3	95	57.7	165	100	4.5769
Honest and trust							59	35.9	106	64.1	165	100	4.6410
Feedbacks							80	48.7	85	51.3	165	100	4.5128
Company values							63	38.5	102	61.5	165	100	4.6154
Overall mean												4.3141	

Source: Primary data

For all the suppliers' satisfaction 'indicators, the percentage of satisfaction is higher than 80%, except for the Early supplier involvement where the percentage is 55.2% and the mean

is 3.2564. The higher percentage stressed by the range of means between 4.2 and 5.0 means the strong evidence of the existence of the fact. It is a confirmation of the satisfaction of suppliers on each dimension of procurement practices. This is emphasized by the overall mean of 4.3141. Hence the effect of procurement practices is evident on satisfaction of suppliers. Also, one can notice that the communication related variables are more evident than business related variables for that their means are greater than 4.5 while the mean of the business related variables is less than 4.4.

Profitability and agreements; are the key issues for every business relation. It is indicated that business needs is profitable for both parties. This means that pricing and payment terms are fair. Agreements are in place and cover all needed issues. Also both parties follow the commonly agreed rules and procedures.

Profitability is also something, which suppliers compare between their customers and choose with whom they want to make business with. Agreements are used to make supplier relation official and legally binding. The results from above shows that satisfaction level is higher.

Early Supplier Involvement (ESI). As reflected from table 4.2 above suppliers are considering ESI to be the involvement of suppliers in projects from the early development phase, including the sharing of roadmaps and business information. However the practice is not healthier as it is reflected by its mean.

Roles & Responsibilities. Specify the organizations and persons with whom the suppliers should work with. It also specifies the communication tools and their existence. Therefore as reflected from table 4.2 above, suppliers are satisfied with MOD procurement roles and responsibilities reflected by its mean

Honest & Trust. Goes even deeper to the people's professionalism in behavior and how things are taken care of are again very personal, subjective questions, but evident questions, when trying to measure the supplier satisfaction. as reflected from table 4.2 above, the level of satisfaction is higher.

Feedback: It is reflected from table 4.2 above, that feedback can be a starting point to share how the things are doing and have feedback function in place. Hard based feedback can be numerical statistical feedback of quality performance, delivery accuracy etc. When adding comments about how the supplier would like to get the feedback and what kind of feedback it

would like to get, we are back to soft area. Study results has given excellent evidence that the suppliers are also coming more and more demanding of what kind of feedback they want as well as how when business relation is getting older and stabilized. Also suppliers have started to make questions, what MOD could do differently in order to be better supplier for the Company

The Company' values. It's a backbone for whole company, its culture, behavior etc. 'The Company' values are: customer satisfaction, respect for individual, achievement and continuous learning. Customer satisfaction is to discover the customer needs, bringing value to the customer and respecting and caring for the customer.

Respect for the individual means open and frank communication, fair treatment on all occasions, dependence on each other and mutual trust and acceptance of diversity.

Achievement is to have shared vision and goals, responsibility, the will to fight in order to win and appreciation. Continuous learning means innovativeness and courage, support to grow and acceptance of failure, no place for complacency and humble and open mind

As 'the Company' values are something, which 'the Company' has agreed to cherish in its all functions and operations it is important also for 'the Company' to understand through external eyes how well values are fulfilled among 'the Company's' sourcing people. study results gave over 100 % agreement levels for fulfilment of 'the Company' values. This is interesting observation, how strong role 'the Company' values has in behavior and 'the Company's' way of operating. As a supplier satisfaction dimension, when suppliers share the same values also the satisfaction level is higher

4.4 The suppliers' suggestions on how to improve procurement practices

The following are the suggestions on how to improve procurement practices at Ministry of Defense as provided by suppliers.

Access to information and effective communication. There should be mechanisms to ensure that all prospective bidders have equal rights to ensure access to information and effective communication related to contract opportunities; this will reduce the number of complaints regarding lack of information.

Improve the capacity of procurement officers. There should be mechanisms to ensure that bidders are familiar with the content of the tender documents and the capacity of procurement officers should be strengthened to enhance the quality of the bidders document since terms of reference prepared do not provide relevant information which would enable potential bidders to prepare clear and coherent tender document to avoid confusion.

Ensure timely payments. There should be mechanisms to ensure that public procurement practice is mainstreamed and perfected. Some procurement officers still lack relevant skills to provide coherent tender documents. In addition, some successful bidders complain over the failure of timely payments. This should be mainstreamed to avoid confusion in the whole process.

There should be effective mechanisms of contract management and dispute resolutions.

Ensure proper contract management practices .There is a need to train qualified government supervisors and inspectors to ensure effective quality control and monitoring aspects to reduce contract management problems.

Proper channels for bidders to appeal .There is a need to set abroad campaign in order to ensure that many prospective bidders are informed on their rights to appeal since some debates on radios still remain insufficient.

4.5 Partial conclusion

Findings reveal that objectives stated have been attained and research questions are answered. Indeed, the procurement practices used in MOD had to be established and is: identification of needs, determine the specification, sourcing, enquiry and evaluation, negotiating, ordering and progressing, delivery of goods, payment and receiving. Challenges encountered by MOD in their implementation are: lack of information related to contract opportunities, lack of capacity of MOD public procurement officers, lack of proper procurement planning, lack of effective contract management practices and lack of awareness for suppliers' appeal. The extent to which suppliers are satisfied about each dimension of procurement practices is stressed by a percentage higher than 80% and means ranged between 4.2 and 5.0. This means the strong evidence of the satisfaction of those suppliers. The suppliers' suggestions on how to improve procurement practices are: access to information and effective communication, improve the capacity of procurement officers, ensure timely payments, and ensure proper contract management practices and proper channels for bidders to appeal.

CHAPTER FIVE

MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter presents a summary of major findings, a conclusion of the results followed by the recommendations arising from the findings of the study.

5.1. Summary of major findings

The study is concerning of analysis of the effect of procurement practices on suppliers' satisfaction in Rwandan public institutions, case study of Ministry of Defense.

In respect to the first specific objective which was to determine which procurement practices are used by MOD, the following results were observed.

Identification of needs: it is asserted by the director general of procurement unit that, in MOD before any procurement exercise begins user departments notice that something is needed which is not currently available and this need is notified to the procurement unit. The needs are identified by the user departments or on the other hand it is a normal procedure for the departments concerned to issue a requisition form which describes the items needed and initiates action by the procurement unit. However the procurement unit at this point may consider the need for procurement thus this confirms the existence of the practice.

Determine specifications: It was revealed by the Director General of the procurement unit that one of the key functions of procurement unit is to specify and document the requirements for supply. He indicates that this activity is designed to support the overall strategy and objectives of MOD. He asserted that if specifications are executed in an efficient and effective manner, specification can provide value to other functional areas with in MOD. However specification practice is not properly executed due to lack of skilled staff with in MOD.

Sourcing: It is revealed by the director general that the source is identified through the internet trade journals, trade exhibition yellow pages of telephone directorate and suppliers' data base of the organization. Sourcing include pre - qualification of potential suppliers, preparation and issue of tender documents, requests for quotation or for proposals, evaluation of responses and the selection of successful tender which constitute the entire sourcing or procurement process. This information therefore testifies the full existence of this practice as used by MOD.

Enquiry and Evaluation: it is testified by the Director General of procurement unit the suppliers are asked to give information on the following: details of the company, financial details, equipment and facilities, management skills and reference to assess the capabilities of that particular source before it will allow providing information (quotation or tender) on the product or service. This means MoD carry out due diligence of supplier. However this activity is not well done since they are supplier who are awarded tender and fail to execute them.

Negotiating: it is indicated by the Director General of procurement unit that negotiation practices is carried out in MOD. However he revealed that negotiation differ in the public organizations and in terms of when it can apply during the procurement process. Most private sector organization will start to negotiate with supplier after source evaluation which subsequently leads to the award of contracts and in MOD it a common practice to negotiate with suppliers before they are awarded the contracts.

Ordering and Progressing: It is also revealed by the Director General that notification of order or contract is issued to the successful supplier or contractor to deliver the product or service. Before the expiry of the bid validity period, the procurement unit at the same time notifies the successful bidders and unsuccessful bidders of the provisional outcomes of the bid evaluation. The notification specifies that the major elements of the procurement process are made available to the bidders upon requests and they have seven days to lodge a complaint.

Delivery of Goods: It asserted that in MOD goods are delivered and inspected and early delivery is achieved if effective progressing work is done well. However he concludes that there is a challenge of quality control and monitoring problems caused by unqualified MOD supervisors and inspectors

Payment and Receiving: It is indicate d by the director general that payment of goods procured largely depend on the terms of contract (payment terms). The terms are favorable. However they are some delays in payment since uncontested invoice are not paid with agreed payment terms and thus this remains as challenge to MOD. Concerning the second specific objective which was to determine challenges encountered by MOD in their implementation of procurement practices the following results were observed;

Lack of information related to contract opportunities: Legal and regulatory frameworks of the public procurement practices are in place and all procurement-related laws are published on the Rwanda Public Procurement Authority (RPPA) website. Rwanda enacted the public procurement law in 2007 and the decree of associated regulations, access to information and communication is relatively developed in Rwanda with easy access to internet.

The internet access has even been extended to the local level by installing tele centers in Districts through the performance contract policy that is undertaken between local authorities and the central government. Nevertheless, proportion of respondents still complains about lack of information related to contract opportunities. This therefore remains a challenge for MOD while implementing procurement practices.

Lack of capacity of MOD Public Procurement officers: The model documents exist in the Rwandan procurement practice but in most cases bidders are not familiar with their contents. In addition, some documents especially terms of reference prepared by MOD do not provide relevant information which would enable potential bidders to prepare clear and coherent tender documents and these results into confusion among bidders and restricts their chances, especially for those who do not access the procuring entity for additional information. This is evidenced by some respondents who have different views about the guidance document. Therefore there is a need to strengthen the capacity of MOD Public Procurement officers to enhance the quality of bidders' documents and organize seminars intended for bidders which is a challenge for implementation.

Lack of proper procurement planning: The public procurement practice is mainstreamed but this is not yet perfected. The public procurement plans are prepared in support of the budget planning and formulation process. However, in MOD, some procurement officers still lack relevant skills to provide coherent tender documents. In addition, some successful bidders complain over the failure of MOD to ensure timely payments and uncontested invoices are not paid within agreed time and therefore this remains a challenge for most of all procuring entities to deal with.

Lack of effective contract management practices: The existing legal framework in this area seems to have no problem as regards the contract management and dispute resolutions. However, there is a lack of quality control and monitoring problems caused by unqualified

government supervisors and inspectors. More to that payment of invoice is not done within the period stated in the agreed terms of trade and it is part of ethical trading to pay supplier invoices on time as agreed. This therefore remains a challenge since contract management practices are not done effectively.

Lack of awareness for suppliers appeal: Although MOD tender Committee works very well, there remain many challenges since many prospective bidders in procurement are not well informed on their rights to appeal and there is need to set up a broad campaign on this subject. Even if the Rwanda Public Procurement Authority organized some debates on the radio, these remain insufficient and therefore remains challenge for the implementation procurement of practices.

Concerning the third specific objective which was to determine **Levels of suppliers' satisfaction procurement practices the following results were observed.**

For all the suppliers' satisfaction 'indicators, the percentage of satisfaction is higher than 80%, except for the Early supplier involvement where the percentage is 55.2% and the mean is 3.2564. The higher percentage stressed by the range of means between 4.2 and 5.0 means the strong evidence of the existence of the fact. It is a confirmation of the satisfaction of suppliers on each dimension of procurement practices. This is emphasized by the overall mean of 4.3141. Hence the effect of procurement practices is evident on satisfaction of suppliers. Also, one can notice that the communication related variables are more evident than business related variables for that their means are greater than 4.5 while the mean of the business related variables is less than 4.4.

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Early Supplier Involvement (ESI): As reflected from table 4.2 above suppliers are considering ESI to be the involvement of suppliers in projects from the early development

phase, including the sharing of roadmaps and business information. However the practice is not healthier as it is reflected by its mean.

Roles & Responsibilities: Specify the organizations and persons with whom the suppliers should work with. It also specifies the communication tools and their existence. Therefore as reflected from table 4.2 above, suppliers are satisfied with MOD procurement roles and responsibilities reflected by its mean

Honest & Trust. Goes even deeper to the people's professionalism in behavior and how things are taken care of are again very personal, subjective questions, but evident questions, when trying to measure the supplier satisfaction. As reflected from table 4.2 above, the level of satisfaction is higher.

Feedback: It is reflected from table 4.2 above, that feedback can be a starting point to share how the things are doing and have feedback function in place. Hard based feedback can be numerical statistical feedback of quality performance, delivery accuracy etc. When adding comments about how the supplier would like to get the feedback and what kind of feedback it would like to get, we are back to soft area. Study results has given excellent evidence that the suppliers are also coming more and more demanding of what kind of feedback they want as well as how when business relation is getting older and stabilized. Also suppliers have started to make questions, what MOD could do differently in order to be better supplier for the Company

The Company' values: It's a backbone for whole company, its culture, behavior etc. 'The Company' values are: customer satisfaction, respect for individual, achievement and continuous learning. Customer satisfaction is to discover the customer needs, bringing value to the customer and respecting and caring for the customer. Respect for the individual means open and frank communication, fair treatment on all occasions, dependence on each other and mutual trust and acceptance of diversity. Achievement is to have shared vision and goals, responsibility, the will to fight in order to win and appreciation. Continuous learning means innovativeness and courage, support to grow and acceptance of failure, no place for complacency and humble and open mind.

As 'the Company' values are something, which 'the Company' has agreed to cherish in its all functions and operations it is important also for 'the Company' to understand through

external eyes how well values are fulfilled among ‘the Company’s’ sourcing people. study results gave over 100 % agreement levels for fulfilment of ‘the Company’ values. This is interesting observation, how strong role ‘the Company’ values has in behavior and ‘the Company’s’ way of operating. As a supplier satisfaction dimension, when suppliers share the same values also the satisfaction level is higher

About the fourth specific objective which was to find out the suppliers’ suggestions on how to improve the implementation of procurement practices in MOD, the study found that there should be:

- ❖ Mechanisms to ensure that all prospective bidders have equal rights to ensure access to information and effective communication related to contract opportunities
- ❖ Mechanisms to ensure that bidders are familiar with the content of the tender documents
- ❖ Training sessions on coherent tender documents to tender officers.
- ❖ Respect of agreed payment time
- ❖ Effective mechanisms of contract management and dispute resolutions

5.2. Conclusions

According to major findings, the researcher concludes that the procurement practices are well practiced in MOD and MOD suppliers are highly satisfied on each dimension of the procurement practices. This high satisfaction of suppliers intrinsically justifies the effect procurement practices on suppliers’ satisfaction.

Payment and receiving are with low means because the buyer may want to pay as late as possible in order to retain cash or earn interest on banked funds. Suppliers also want to be paid as early as possible to obtain some benefits since they have already incurred the cost of supplying the product or service. Thus payment process may be improved to avoid late payments which significantly damage the buyers’ credibility.

Early supplier involvement is with low means because MOD does not involve suppliers at an early stage in the product or service development process. The main purpose of early supplier involvement is to enable a prequalified supplier with proven supply and technical abilities to contribute technical expertise which the buyer may lack, by making proactive suggestions to improve product or service design, or to reduce the costs of production. Thus organizations

may involve suppliers to gain expertise which they may lack. Main challenges in procurement are related to lack of enough information about tender subject on the side of suppliers and lack of enough skills with late payment on the side of MOD.

5.3. Recommendations

In regard to findings, the researcher recommends that MOD should improve the channel of information and the payment model. Public organizations should establish a mechanism by which the bidders can raise concerns about the way procurement is progressing. This would significantly increase supplier confidence in the market. Lastly, evaluation criteria should be published at the start of all procurements. Authorities must show evidence that they have used rigorous methods for evaluating bids and be prepared to publish the results to bidders and auditors.

Payment of invoice should be done within the agreed terms of trade and it is part of ethical trading to pay supplier invoices on time.

For further researches, the researcher recommends to extend the study to the procurement practices in many other government institutions.

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APPENDICES

QUESTIONNAIRE TO MOD STAFF			
QN 1	Please indicate which of the following procurement practices are used by MOD		
	MOD procurement practices	YES	NO
1	Identification of Needs:		
2	Determine the specification:		
3	Sourcing:		
4	Enquiry and Evaluation:		
5	Negotiating:.		
6	Ordering and Progressing		
7	Delivery of Goods		
8	Payment and Receiving		

Question 2: *What are the challenges faced by MOD in the implementation of procurement practices*

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APPENDIX 2: QUESTIONNAIRES TO SUPPLIERS						
QN 3:	Please indicate your level of satisfaction based on procurement practices at MOD					
	1= Highly dissatisfied, 2= Dissatisfied, 3= Neither satisfied nor dissatisfied, 4= Satisfied, 5=Highly satisfied.					
	Supplier satisfaction indicators	1	2	3	4	5
1	How satisfied are you with Profitability: This means business needs need to be profitable for both parties that is pricing and payment terms need to be fair.					
2	How satisfied are you with agreements: This is to ensure that agreements are in place and cover all the needed issues.					
3	How you satisfied with earlysupplier involvement are: This means operating and targeting to cost effective, better quality and manufacturable for end results.					
4	How satisfied are you with business continuity: It covers future issues not only by numbers but also by technology when sharing and understanding common picture of the future, the company and suppliers are able to make decision, investment and it is a shared risk management.					
5	How you are satisfied with roles and responsibilities: These specify the organization and persons with whom suppliers should work with.					
6	How satisfied are you with honest and Trust: This goes deeper with peoples professionalism in behavior and how things are taken care of and are again very personal.					
7	How satisfied are you with feedback: This means to share how the things are doing and have feedback in place. Feedback of quality performance delivery accuracy etc.					
8	How satisfied are with company values: This means respect for individuals, achievement and continuous learning.					

Question 4: what do you suggest could be improved in the way MOD deals with suppliers?

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