



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: G
INTERDISCIPLINARY

Volume 16 Issue 3 Version 1.0 Year 2016

Type: Double Blind Peer Reviewed International Research Journal

Publisher: Global Journals Inc. (USA)

Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Factors Affecting Procurement Performance in the Case of Awassa Textile Share Company

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GJMBR-G Classification: *JEL Code: P49*



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Factors Affecting Procurement Performance in the Case of Awassa Textile Share Company

Senait Beyan Hamza ^α, Asefa Gerbi ^σ & Seid Hussien Ali ^ρ

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Keywords: *procurement performance, staff competency, procurement procedure and resource allocation on procurement.*

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I. INTRODUCTION

Procurement practices are a set of activities undertaken by an organization to promote effective management of its supply chain (Sollish & Semanik, 2012). It is the foundation for private firm's success. Its proper practices lead to competitive purchase and getting quality materials. The main goals of procurement are related with quality, financial and technical risks reduction, creating integrity in the organization and safeguarding from competition (Walter et al, 2015). Procurement is vital to organizations and its strategies have become part of a business success. It boosts efficiency and competitiveness and to realize these, it is vital to give emphasis about the strategic factors that affect the performance of the procurement function.

Internal and external forces are influencing the ability to recognize the procurement goal. Relations among different elements like professionalism, staffing levels and budget resources, organizational structure whether centralized or decentralized, procurement regulations, rules, guidelines, and internal control policies, all have impact on the performance of the procurement function and needs consideration (Kim et al, 2013). For the development of African countries it is vital to have efficient public procurement system and tangible commitments should be exerted to make the best possible use of public resources (Kabaj, 2003).

In the private sector procurement performance caused financial loss due to delivery of poor quality work materials, loss of value for money and inflated prices. Decrease in Profitability of private sector adds up due to poor procurement performance (Juma, 2010). According to Migai (2010), in the private sector, poor procurement performance is the problem for its growth and it becomes the causes for delay in delivery, increase defects, and delivery of low quality goods or no delivery at all. In the private sector poor procurement performance has been a problem because of traditional procurement procedures, incompetent staff, poor coordination of procurement activities, failure to embrace e-procurement, absence of quality assurance policies and proper regulations (Juma, 2010).

Activities of procurement usually suffer from neglect, poor co-ordination, lack of open competition and transparency. Corruption may also occur in the various processes of procurement. It is common to

observe lack of trained and qualified procurement specialists who are competent to conduct and manage procurements in various private companies. Inflexible and bureaucratic systems of procurement contribute to contract delays, increased costs and lack of fair competition, all of which affect the procurement process and performance negatively.

Different challenges drawn from internal and external factors in the organizations affect private sector procurement. Attracting and retaining talent in the procurement space is among the top concerns for companies already dealing with the current complex pricing pressures (Berger & Humphrey, 2007). According to Dale (2010), procurement is still realized as supplement rather than essential to business operations in most organization. As a result, in the private sector this affects the level of resource allocation and investment to procurement function.

The influence of certain factors on procurement performance has been in focus for years, together with their impact on the overall organizational efficiency. Poor procurement performance is usually due to incompetent staff, traditional procurement procedures and poor coordination of procurement activities and lack of proper regulations. Despite the fact that there are various studies that focus on procurement performance in other countries, it seems there is no known study that has been conducted on factors affecting procurement performance in textile industries of Ethiopia. This prompted the researcher to conduct the study in Awassa Textile Share Company with a view to establish factors affecting procurement performance.

For the study the following basic research questions were designed: What are the effects of procurement planning, procedures, staff competency, and resource allocation on procurement performance in Awassa Textile Share Company? What kind of relationship exists between the factors and procurement performance in Awassa Textile Share Company?

The overall objective of the study was to assess and examine factors affecting procurement performance in Awassa Textile Share Company of Ethiopia.

II. LITERATURE REVIEW

a) *Procurement*

Procurement is referred to as acquisition of goods, services, capabilities and knowledge required by businesses, from the right source, the right quality, in the right quantity, at the right price and at the right time to maintain and manage a company's primary and support activities (Giunipero et al. 2006; Hines, 2006; Porter 1998; Triantafillou (2007), Van, 2000). According to Mangan et al (2008), procurement is a process of identifying and obtaining goods and services. It includes sourcing, purchasing and covers all activities from

identifying potential suppliers to delivery to the beneficiary.

b) *Factors Affecting Procurement*

The following are major factors affecting procurement performance. These are:

i. *Procurement Planning*

Procurement planning is the purchasing function through which organizations obtain products and services from external suppliers (Burt et al, 2004). A procurement plan defines and documents the details of purchases from suppliers needed for a particular department. According to Basheka (2008), procurement planning is the major function that sets the stage for successive procurement activities. Likewise, James (2004) describes that the principles of planning can be implemented in an atmosphere of complete harmony. He further states that, as a function, procurement planning endeavors to answer the questions as to what one wants to procure; when to procure it; where to procure them from; when the resources be available; the methods of procurement to be used; how timely procurement or failure will affect the user of the items; the procuring and disposing entity; efficiency in the procurement process; and the people to be involved in the procurement.

Peter (2012) states that good procurement plan should describe the process in detail to appoint pertinent suppliers contractually. At the beginning, the items needed to procure are defined, and then the process for acquiring those items is expounded in detail. Finally the timeframe for delivery is scheduled.

Moreover based on Quentin (2003), procurement planning is important due to the following reasons: it helps to decide what to buy, when and from what sources; it allows planners to determine if expectations are realistic; particularly the expectations of the requesting entities, which usually expect their requirements met on short notice and over a shorter period than the application of the corresponding procurement method allows; it is an opportunity for all stakeholders involved in the processes to meet in order to discuss particular procurement requirements.

ii. *Staff Competency in Procurement Process*

Armstrong and Baron (1995) explain that competency is the application of knowledge and skills, performance delivery, and the behavior required to get things done very well. Besides competency indicates adequacy of knowledge and skills that enable someone to act in various situations (Aketch and Karanja, 2013). According to Russell (2004), absence of adequate knowledge in procurement matters, may end up with serious consequences including breaches of codes of conduct.

According to Banda (2009), many organizations do not have staff with the right competence critical to good procurement process management. As a result

considerable and continuous investment is incurred in training and development (Sultana, 2012) and there is a need for extensive external training for human resources to be able to improve and contribute to the efficiency of organizations (Appiah, 2010).

Moreover, Saunders (1997) advises that multi-skilling offers employees with a variety of skills and should be developed extensively. Hence, all employees need broad and continuous education and training.

Leenders and Fearon (2002) noted that qualifications are crucial for value-based management which requires employees to assess and improve processes while contributing to team performance. Baily et al, (2005) suggested that the existence of top-down objectives with related performance measures, and process guidelines link individual or group performance to the firm's goals and expectations of upper management which require good qualifications.

Banda (2009) stated that many organizations lack competent staffs with the proper knowledge for good procurement process management. He further noted that authorities should give greater emphasis for developing competence to adopt best practice more widely. According to Berger & Humphrey (2007), a procurement function that is carried out professionally is the core of delivery of any service on value for money principle. Furthermore, Sultana (2012) stated that in order to sustain economic growth and effective performance, it is important to optimize the contribution of employees to the aims and goals of the organizations.

Therefore, competence can ensure that the benefits of new products and services are brought to the attention of the right person in the organization.

iii. *Procurement Procedures*

Moncska et al (2010) stated that procedures provide guidance to staffs what to follow in the execution of activities put constraints on behavior and show how the procurement function should work to achieve strategic objectives. Organizations need standard procurement procedures which cover all aspects of the procurement cycle, including supplier selection, contract negotiations, order placement and payment (Ouma and Jennifer, 2014). Procedural procurement ensures orderliness and efficiency in any procurement department. Baily et al (2005) discussed that public procurement procedures tend to be characterized by high levels of bureaucracy independent of order value; poor communications and focusing on unit price rather than long-term relations. Ineffective procurement procedures would end up with failure of the objectives of government policy.

Burt et al. (2004) stated that every organization is expected to develop procedures to enable its personnel implement policies and plans; designed to meet objectives.

Jones and George (2009) noted that bureaucratic mechanisms are controlled by a comprehensive system of formal rules and standard operating procedures that shapes and regulates the behavior of divisions, functions and individuals.

Moncska et al (2010) noted that the procurement function has a significant impact on business performance. As a result, traditional procedures are becoming obsolete in modern organizations.

Finally based on (Eriksson and Westerberg, 2011), procurement perceptions are affected by the existing organizational structure, quality of internal communication system, past experience and resources available. Without elaborate and effective procurement procedures, government policy objectives would fail to meet the desired objectives.

iv. *Resource Allocation*

Resource allocation is the process of determining the best way to use available assets or resources in the execution of a given project. Companies attempt to allocate resources by minimizing costs and maximizing profits using strategic planning methods, operational guidelines and implement policies and procedures that move the business toward the achievement of its goals (Shantanu et al, 2012).

Resource allocation begins at strategic planning when a company formulates its vision and goals for the future. Most of the public entities lack clear accountability on how the resources provided impact on their performance therefore going against the fundamental principles of public procurement, Ouma Danis et al, (2014). Tangible resources are assets that can be seen and quantified such as production equipment, manufacturing plants, and formal reporting structures. Intangible resources include assets that typically are rooted deeply in the firm's history and have accumulated over time (Michael and Hoskisson, 2007).

c) *Procurement Performance*

Smith and Conway (1993) identified seven key success factors which influence procurement, namely: a clear procurement strategy, effective management information and control systems, development of expertise, a role in corporate management, an entrepreneurial and proactive approach, co-ordination and focused efforts.

Furthermore, Ombaka (2009) outlined that effective procurement process is one which utilizes good practices by avoiding corruption. Evaluation of suppliers before selecting them can significantly improve the performance of the procurement function in carrying out its mandate (Martin, 2004). Private enterprises evaluate suppliers before awarding contracts to supply different goods, services or carry out works. Choy and Lee (2002) stated that supplier selection consists of a five phase process: the

realization of the need for a new supplier, determination and formulation of decision criteria; prequalification; final supplier selection and monitoring of the supplier selection.

Similarly, Van (2006) stated that there is a link between procurement process, efficiency, effectiveness and performance. Performance is a key driver for competitiveness and for improvement of quality of services. Assessment of procurement performance helps organizations to reduce cost, enhance profitability, assured supplies, quality improvements and competitive advantage.

However, Batenburg and Versendaal (2006) noted that use of inappropriate means can be a barrier to change and may lead to a deterioration of procurement operations. Migai (2010) also describes that a number of private sector organizations are losing out because of their failure to develop quality preventive and quality assurance models within the supply chain.

Base on the above literature review and by adopting from Triantafillou (2007), a research conceptual framework was designed.

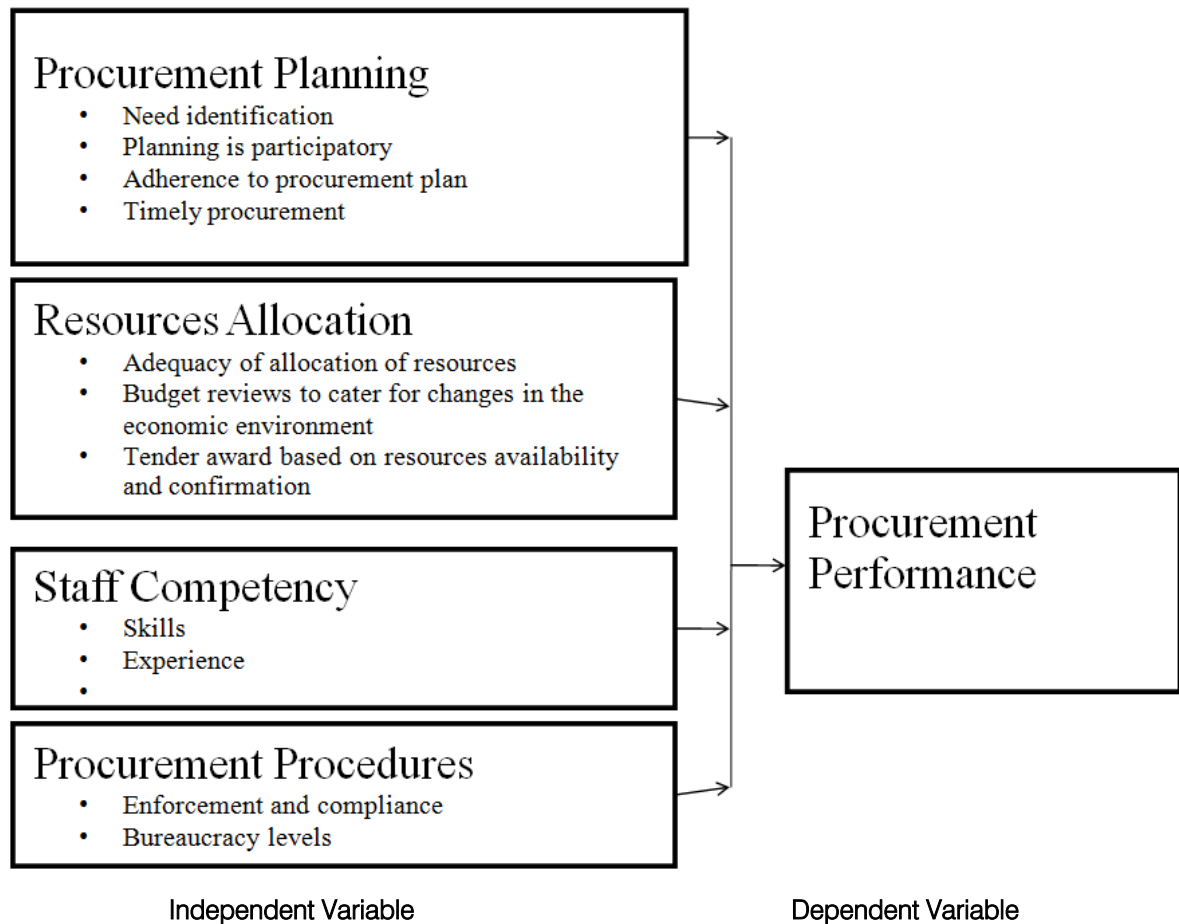


Figure 1: Conceptual Framework

(Source: Triantafillou, 2007)

III. RESEARCH METHODOLOGY

The study adopted quantitative research method. The researcher followed a descriptive inquiry along with causal research design to examine the influence of one variable over other. The design was used to describe the characteristics of the independent variables (procurement planning, staff competency, procurement procedures and resource allocation) and the dependent variable/procurement performance.

a) Target population and Sampling technique

Top level managers, middle level managers and procurement staffs were pertinent to the process, function and decision making of procurement function in Awassa Textile Share Company. These were the entire group and target group of the study. This group of interest consisted of 40 employees. Other employees were not related with procurement process at all, so they were irrelevant to the study. Accordingly, the sampling method was purposive non probability sampling technique.

b) Sources of Data and data collection tools

Primary data was collected using questionnaires targeting top and middle level managers as well as procurement staffs. Secondary data included literature (journals, magazines, other past studies, books and other relevant documents) on major research about procurement performance in Ethiopia and abroad. A closed-ended questionnaire and Likert scale was used to measure the responses from the respondents.

c) Method of Data analysis and Presentation

Descriptive and inferential statistics were used for data analysis. Statistical Package for Social Sciences (SPSS Version 20) was utilized as the main descriptive statistical tool to analyze the data and determine the extent of relationships between the independent and dependent variables. Inferential statistics (correlations and multiple regression analysis) were used to give a measure of the relationships between two or more variables and establish if there was any relationship or there existed a cause-effect relationship between the variables. Analyzed Data is presented using graphs (frequency tables, means and standard deviation) and figures.

IV. RESULTS AND DISCUSSION

a) Reliability Analysis

The four (4) constructs representing the independent variables recorded a Cronbach's alpha statistics of more than 0.7. The reliability statistics are presented in Table 1 below.

Table 1: Reliability Test

Independent variables	Cronbach's Alpha
1. Procurement planning	0.701
2. Staff competence	0.810
3. Procurement procedure	0.710
4. Resource allocation	0.877

b) Demographic information

i. Gender of the respondents

Regarding gender, 80% of the respondents were males while 20% of the respondents were females (Table 2).

Frequency Table

Table 2: Gender of respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	32	80.0	80.0	80.0
female	8	20.0	20.0	100.0
Total	40	100.0	100.0	

The dominant number is males comprising 80% of the staffs. Only one fifth of the respondents were females.

ii. Academic qualification

The level of the respondent's education was also part of the questions in the questionnaires. From

the research findings 42.5% of the respondents acquired university degrees, while 47.5% were college (diploma) graduates and 10% of the respondents were secondary school certificates.

Table 3: Education level of respondents

Level of education	Frequency	Percent	Valid Percent	Cumulative Percent
secondary	4	10.0	10.0	10.0
college	19	47.5	47.5	57.5
university	17	42.5	42.5	100.0
Total	40	100.0	100.0	

Only 10% of the staffs are at secondary education level. The remaining 90% are of college and university graduate background. Therefore Awassa Textile share company employees were educated well enough to understand the questions and thus have given credible results.

iii. Status of respondents in Awassa Textile SC

Table 4: Job status of respondents

Job status	Frequency	Percent	Valid Percent	Cumulative Percent
1. Top level manager	3	7.5	7.5	7.5
2 Middle level manager	26	65.0	65.0	72.5
3. Procurement staff	11	27.5	27.5	100.0
Total	40	100.0	100.0	

The study requested the respondent to indicate whether they are from management level or from procurement staff in the organization. From the study findings majority of the respondents (65%) are middle level managers. Procurement staffs comprise 27.5% and

top level managers 7.5%. These findings depict that all the management levels and procurement staff in Awassa Textile Share Company were represented in this study.

Table 5: Service year of respondents in the company

	Frequency	Percent	Valid Percent	Cumulative Percent
1.0 to 5 year	3	7.5	7.5	7.5
2.6 to 10 year	1	2.5	2.5	10.0
3.11 to 15 year	9	22.5	22.5	32.5
4.16 to 20 year	3	7.5	7.5	40.0
5. 21 year and above	24	60.0	60.0	100.0
Total	40	100.0	100.0	

The study requested the respondent to indicate the number of years they had served in the organization. From the research findings Sixty per cent of the staffs involved in the study served in the company 21 years and above and the ones who served up to 5 years were only 7.5 years. Majority of the staffs served for quite a number of years (21 years and above). The ones who

served for 16 to 20 years comprise 7.5%. Those who served for 11 to 15 years comprise 22.5% of the respondents. This implies that majority of the respondents in Awassa Textile share company, had worked for a considerable period of time and therefore they were in a position to give credible information relating to this study.

Table 6: Statement related to effects of procurement plan on procurement performance at Awassa Textile Share Company

	N	Minimum	Maximum	Mean	Std. Deviation
procurement plan identify materials as per the company needs	40	2	5	3.87	.853
Procurement plan helps to decide when to buy	40	1	5	3.18	.903
procurement planning helps in resource allocation	40	1	5	4.15	.770
procurement planning helps to determine a total value of the anticipated cost of the requirement	40	1	5	3.53	1.037
poor procurement planning leads to big budget deficits	40	1	5	4.25	.899
procurement planning results into compliance to set procedures	40	1	5	3.35	.949

procurement involves functional units	planning concerned	40	1	5	2.50	1.301
procurement is carried out according to set plan		40	1	5	2.93	1.289
Procurement planning helps to estimate the time required to complete the procurement process		40	1	4	2.33	.888
Valid N (list wise)		40				

As observed from Table 6 above, majority of the respondents agreed that procurement planning did not help to estimate the time required to complete the procurement process as shown by mean of 2.33. Respondents understood that procurement planning helps in resource allocation and also recognized that poor procurement planning leading to big budget deficits as shown by with mean of 4.15 and 4.25 respectively. Majority of the respondents further agreed that procurement was not carried out according to set plan as shown by mean 2.93. Respondent also agreed that procurement planning did result into compliance to set procedures as shown by mean 3.35. Besides

respondents answered that procurement plan did not involves concerned functional unit as shown by mean 2.5.

Correlation Coefficient

The first research question sought to establish the effect of procurement planning on procurement performance in Awassa Textile SC. Pearson Correlation Coefficient computed and tested. The result indicates (Table 7 below) a positive relationships ($r = 0.138$) exist between procurement planning and procurement performance. The relationship was not however statistically significant.

Table 7: Relationship between procurement planning and procurement performance

		Procurement performance	Procurement planning
Procurement performance	Pearson Correlation	1	.138
	Sig. (2-tailed)		.396
	N	40	40

The result indicates a positive correlation (13.8%) between procurement planning and procurement performance. However the relationship was not significant at 95% significant level.

c) Effects of Staff competence on procurement performance investigate

From the study findings, as observed from Table 8 below, majority of the respondents agreed that staff training improves procurement performance as

shown by mean 4.35. Respondents understood that loss of key competencies affects procurement performance as shown by mean 4.25. Majority of the respondents further disagreed that the organization does motivate staff, organization does value skills and experience, organization did deploy staff based on their skills, as analytical skill exist and the ability to leverage interpersonal skills exist as shown by mean 2.43, 2.68, 2.95, 2.85, 2.75 respectively.

Table 8: Statement related to effects of staff competence on procurement performance at Awassa Textile Share Company

	N	Minimum	Maximum	Mean	Std. Deviation
staff training improves procurement performance	40	3	5	4.35	.622
staff understand procurement procedure	40	1	5	3.63	.868
organization motivate staff	40	1	5	2.43	1.152
organization value skills and experience	40	1	5	2.68	1.163

loss of key competencies affects procurement performance	40	1	5	4.25	.899
procurement negotiation skills exist	40	1	5	3.25	.899
staff creativity improves procurement performance	40	1	5	3.28	1.086
organization deploy staff based on their skills	40	1	5	2.95	1.300
Analytical skill exist	40	1	5	2.85	.975
The ability to leverage interpersonal skills	40	1	4	2.75	.927
Valid N (list wise)	40				

Correlation Coefficient

The second research question sought to establish the role of staff competence in procurement performance in Awassa Textile SC. Pearson Correlation Coefficient computed and tested. The results as tabulated in Table 9 indicates that there is a positive

relationship ($r=0.415$) between staff competence and procurement performance. In addition, it was found that the relationship to be statistically significant at 1% level ($p=0.008$, <0.01).

Table 9: Relationship between staff competence and procurement performance

		Procurement performance	Staff competence
Procurement performance	Pearson Correlation	1	.415**
	Sig. (2-tailed)		.008
	N	40	40

***. Correlation is significant at the 0.01 level (2-tailed).*

d) Effects of procedures on procurement performance

From the study findings, as observed from Table 10 below, majority of the respondents neutral about 'procurement procedure monitors procurement process', 'procurement procedure helps in solving legal problem' and 'procurement procedure enhances transparency' as shown by mean of 3.18, 3.15, and 3.10 respectively. Respondents also understood that without

procurement procedures it would be difficult to come up with efficient procurement as shown by mean 4.10. All respondents did not agree that procedure in place influence the procurement performance as shown by mean 2.45. Respondent also agreed that procurement procedure have caused delays in decision making and service delivery as shown by mean 3.57 and 3.60 respectively.

Table 10: Statement related to effects of procurement procedure on procurement performance at Awassa Textile Sh.C

	N	Minimum	Maximum	Mean	Std. Deviation
Procurement procedure monitors procurement process	40	2	4	3.18	.675
procurement procedure have caused delays in decision making	40	1	5	3.57	1.259
procurement procedure have caused delays in service delivery	40	1	5	3.60	.928
It is important that all are aware of the set procurement procedures	40	1	5	3.82	.984
Without procurement procedures it would be difficult to come up with efficient procurement	40	2	5	4.10	.871

Procurement procedure helps in solving legal problem	40	2	4	3.15	.580
Procedure in place influence the procurement performance	40	1	3	2.45	.639
Procurement procedure enhances transparency	40	1	4	3.10	.709
Valid N (list wise)	40				

Correlation Coefficient

The third research question sought to establish the effects of procurement procedures on procurement performance in Awassa Textile SC. Pearson Correlation Coefficient computed and tested. The results as

tabulated in Table 11, indicates that there is a positive relationship ($r=0.093$) between procurement procedures and procurement performance. However the relationship was not statistically significant at 5% level ($p=0.567$, > 0.01).

Table 11: Relationship between procurement procedures and procurement performance

		Procurement performance	Procurement procedure
	Pearson Correlation	1	.093
Procurement performance	Sig. (2-tailed)		.567
	N	40	40

e) Effects of resource allocation on procurement performance

From the study findings, as observed from Table 12 below, majority of the respondents disagreed on allocation of resources was adequate as shown by mean 2.10. Further the respondent disagreed that budget was reviewed to cater for changes in the

economic environment as shown by mean 2.10. The respondents further disagreed that 'Tender float based on resource availability and confirmation', 'tender award based on resource availability and confirmation', and 'competent staff is appointed' as shown by mean 2.45, 2.85, and 2.33 respectively.

Table 12: Statement related to effects of resource allocation on procurement performance at Awassa Textile Sh.C

	N	Minimum	Maximum	Mean	Std. Deviation
allocation of resource is adequate	40	1	5	2.10	1.172
budget reviews to cater for changes in the economic environment	40	1	5	2.10	1.033
Tender float based on resource availability and confirmation	40	1	4	2.45	.986
Tender award based on resource availability and confirmation	40	1	5	2.85	1.001
competent staff is appointed	40	1	4	2.33	.764
Valid N (list wise)	40				

Correlation Coefficient

The fourth research question sought to establish how resource allocation influence procurement performance in Awassa Textile SC. Pearson Correlation Coefficient computed and tested at 1% significance level. The results as tabulated in Table 13, indicates that there is a strong positive relationship ($r=0.714$) between resource allocation and procurement performance. In addition, the researcher found the relationship to be statistically significant at 1% level ($p=0.000$, <0.01).

Table 13: Relationship between Resource Allocation and procurement performance

		Procurement performance	Resource allocation
Procurement performance	Pearson Correlation	1	.714**
	Sig. (2-tailed)		.000
	N	40	40

** . Correlation is significant at the 0.01 level (2-tailed).

Regression Analysis

The study conducted a multiple regression analysis to determine the relationship between independent variables and the dependent variable.

Coefficient of determination

The coefficient of determination clarifies the extent to which changes in the dependent variable can

be explained by the change in the independent variables.

The four independent variables that were studied (procurement planning, staff competence, procurement procedure and resource allocation), explain 55.3% of the procurement performance as represented by the Adjusted R square.

Table 14: Model Summary, R square

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.774 ^a	0.599	0.553	0.522

The R square was 0.599, and the adjusted R square was 0.553. Since the Adjusted R square was 0.553, there was evidence that the data used in analyzing the relationship between the independent variables and procurement performance was closely related.

ANOVA

Analysis of Variance (ANOVA) was used to establish whether there was difference between the

independent variables and procurement performance. The significance value (p-value) 0.000 in the study is less than 0.05 thus the model is statistically significant in predicting how the independent variables influence the procurement performance in Awassa Textile SC. The F critical at 5% level of significance was 2.64. The F calculated from the ANOVA table is 13.075, which is greater than the F critical (2.64). This shows that the overall model was significant.

Table 15: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	14.243	4	3.561	13.075	.000 ^b
Residual	9.532	35	.272		
Total	23.775	39			

The regression model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha$$

Where:

Y is the dependent variable (Procurement performance),
 β_0 is the regression coefficient/constant/Y-intercept,
 $\beta_1, \beta_2, \beta_3, \beta_4$ are the slopes of the regression equation,
 X_1 is the Procurement planning
 X_2 is the Staff competence,
 X_3 is the Procurement procedure
 X_4 is the Resource allocation while
 α is an error term at 95% confidence level.

The regression was:

$$Y = 0.163 + 0.265X_1 + 0.448X_2 + 0.057X_3 + 0.634X_4$$

The above equation established that taking all factors into account (procurement planning, staff competency procurement procedures and resource allocation) constant at zero, procurement performance would be 0.163. The findings further indicate that taking all other independent variables constant, a unit increase in staff competence will lead to a 0.448 increase in procurement performance. The p-value was 0.016 which is less than 0.05 and thus the relationship was significant. It was also indicated in the study that a unit increase in resource allocation leads to a 0.634 increase in procurement performance. The p-value was 0.000 and thus the relationship was significant. The result from the study indicates that resource allocation contributed most to the procurement performance.

Table 16: Regression Analysis of Factors and Procurement Performance - Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.163	.745		.219	.828
Procurement planning	.265	.195	.177	1.357	.183
Staff competence	.448	.177	.351	2.530	.016
Procurement procedure	.057	.205	.034	.280	.781
Resource allocation	.634	.106	.665	5.967	.000

The study conducted a multiple regression analysis so as to determine the influence of the independent variables on procurement performance. The significance level of staff competence and resource allocation were 0.016 and 0.00 respectively ($p < 0.05$). The two factors were the most related factors affecting procurement performance. Procurement planning with $p = 0.183$ and procurement procedure with $p = 0.781$ were the least related factors affecting procurement performance.

V. CONCLUSIONS AND RECOMMENDATIONS

a) Conclusions

The study revealed that staff competence and resource allocation were the most related factors affecting procurement performance. Staff competence factor was measured in terms of training, motivation, procurement negotiation skills, creativity, interpersonal and analytical skills and deployment of staff based on their skills. Resource allocation factor was measured in terms of adequateness of resources, flexibility of budget allocation to fit changes in the economic environment, tender award and tender float based on resource availability and confirmation. The study indicated that a unit increase in the resource allocation would lead to a 0.634 increase in the scores of procurement performance. The study also found that a unit increase in the staff competence would lead to 0.448 increases in the scores of procurement performance.

Pearson Correlation Coefficient computed and tested. A positive relationships ($r = 0.138$) was observed between procurement planning and procurement performance. The relationship was not however statistically significant at 5% level ($p > 0.05$). Regarding the effect of staff competence on procurement performance, there is a positive relationship ($r=0.415$) between staff competence and procurement performance. In addition, it was found that the relationship to be statistically significant at 1% level ($p=0.008$, <0.01). Pearson Correlation Coefficient analysis on the effects of procurement procedures on procurement performance computed and tested there is a positive relationship ($r=0.093$). However the relationship was not statistically significant at 5% level

($p=0.567$, > 0.05). The influence of resource allocation on procurement performance in Awassa Textile SC was also observed. Pearson Correlation Coefficient computed and tested at 1% significance level indicated that there is a strong positive relationship ($r=0.714$) between resource allocation and procurement performance. The relationship was statistically significant at 1% level ($p=0.000$, <0.01).

The study conducted a multiple regression analysis to determine the relationship between independent variables and the dependent variable. The R square was 0.599, the adjusted R square was 0.553 and standard error was 0.522. Since the Adjusted R square was 0.553, which was significant enough to evidence that the data used in analyzing the relationship between the independent factors and procurement performance was closely related.

The study conducted a multiple regression analysis so as to determine the influence of the independent variables on procurement performance. The significance level of staff competence and resource allocation were 0.016 and 0.00 respectively ($p < 0.05$). The two factors were the most related factors affecting procurement performance. Procurement planning with $p = 0.183$ and procurement procedure with $p = 0.781$ were the least related factors affecting procurement performance.

Analysis of Variance (ANOVA) was used to establish whether there was difference between the independent factors and procurement performance. The significance value 0.000 is less than 0.05 thus the model is statistically significant in predicting how the independent variables influence the procurement performance. The F critical at 5% level of significance was 2.64. The F calculated from the ANOVA table is 13.075, which is greater than the F critical (2.64). This shows that the overall model was significant. Moreover, the p-value in the study was 0.000 which was less than 0.05 thus the model was statistically significant in predicting how the independent variables influence procurement performance in Awassa Textile SC.

b) *Recommendations*

The following are basic recommendations:

1. Staff awareness through training should be carried out to achieve superior knowledge in entire procurement process in Awassa Textile Share Company.
2. The procurement department is advised to carry out periodic market surveys so that the information can be shared with pertinent departments in order to help them prepare procurement plan based on the existing market conditions.
3. It is recommended that relevant staffs to procurement be involved in the process of plan preparation. It is advised that preparation of annual procurement plans be participatory, frequently reviewed so as to improve on the company's performance.
4. It is worthwhile that staffs be adequately trained and sensitized in order to boost the skills and competency levels required by staffs involved in the procurement process. The company would benefit if the management (at the top and middle level), support the procurement department by allocating more resources and encourage trainings to improve the skills and knowledge of the procurement staff.
5. It is advisable that the company has to put in place to practice the procurement procedures in order to monitor the procurement process and improve procurement performance.
6. It is recommended that adequate resource be allocated and the resource frequently reviewed to fit with the changing environment in order to make the procurement performance more effective and efficient.

c) *Future Research Direction*

The research observed four independent variables (planning, resource allocation, staff competency and procurement procedures) which according to the study contribute to 60 % of the variations in procurement performance at Awassa Textile Share Company. Further research is recommended to investigate the other factors that affect procurement performance. The study pursued the effects of four independent variables on procurement performance in Awassa Textile Share Company. Further research is recommended to ascertain whether these findings would be the same or different in other textile firms of Ethiopia.

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