# PROCUREMENT PROCESS AND THE UPGRADING OF THE SINAY MARKET PROJECT IN MOGADISHU SOMALIA

# BY:

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# A THESIS REPORT SUBMITED TO THE COLLEGE OF HUMANITIES AND SOCIAL SCIENCES IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS OF THE AWARD OF THE MASTER OF ARTS DEGREE IN PROJECT PLANNING AND MANAGEMENT

# **DECLARATION**

Signed	Date	
award of a degree and published at any institution	on of higher learning.	
I declare that this thesis report is my original	work and has not been submitted for an	y othe

# **APPROVAL**

This thesis report has been prepared under nexamining committee.	ny supervision and it is ready for submission to the
Name of Supervisor	Signature
Date	

# **DEDICATION**

I dedicate this thesis report to my dear Mother Habibo Mohamed Qasim, my dear brothers and sisters. I also wish to dedicate this thesis to my dear wife, Faisa Hassan Mohamed and my son Abdirahman Abdifatah Yusuf

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# LIST OF ACRONYMS AND ABBREVIATIONS

WBS : Work Breakdown Structure

IT : Information Technology

UNHCR : United Nations High Commission for Refugees

CPSS : Construction Project Success Survey

CVI : Content Validity Index

UN : United Nation

PMI : Project Management Institute

BRA : Banadir Regional Administration

#### **ABSTRACT**

The study focused on the procurement process and the upgrading of the Sinay Market Project in Mogadishu Somalia. The objectives of the study were; to establish procurement procedures in upgrading of Sinay Market Project in Mogadishu Somalia, to identify factors determining the upgrading of Sinay Market Project in Mogadishu Somalia and to analyze effects of procurement process on the upgrading of Sinay Market Project in Mogadishu Somalia. The study adopted a descriptive survey design, which employed quantitative approach to examine procurement process and the upgrading of Sinay Market Project in Mogadishu Somalia. A survey was carried out and participatory methods were engaged with the use of documentary analysis, questionnaires and interview schedules. The sample size of 375 respondents and were derived from the target population of 15,000 respondents based on sample table developed by Krejcie and Morgan (1970). The study employed the survey method as a way of collecting data, which involved the use of self-administered questionnaires. The data in this study was collected using a self-administered questionnaire specifically developed for the same. Personal interviews were used to collect data from the key informants. This was conducted to the specialist persons with information on the variables. The study findings revealed that overall mean of effects of procurement process on upgrading of Sinay Market Project in Mogadishu Somalia had a value of 2.80 and was therefore interpreted has agreed basing on answers from the respondents. The study concludes that there were various procurement procedures in upgrading of Sinay Market Project in Mogadishu Somalia. This meant that project failures or a success was as a result of the limited procurement procedures used or underutilization of the available procedures. The study recommended that that planning for the purchases of materials should begin in the conceptdevelopment phase and consider best value in relation to business strategy and total cost of ownership therefore there should be price negotiation to help on evaluation, validation and negotiation of transaction terms assist clients in determining a transaction price to maximize their wealth, which claims to be the most crucial aspect of this transaction and also there should be subjective considerations that can have important impact on perceptions of project success.

#### **CHAPTER ONE**

#### INTRODUCTION

#### 1.0 Introduction

This chapter dealt with introduction to the study, background to the study, problem statement, purpose of the study and the research objectives. It also gives the research questions, Study of scope and significance of the study.

# 1.1 Background to the Study

The background of the study was classified into four perspectives namely; Historical, theoretical, conceptual and contextual.

#### 1.1.1 Historical Perspective

According to Cox (2006), the traditional procurement system has been in existence since the emergence of the construction activities, architectural and quantity surveying professions (which surfaced at the end of the 18th century and stretching to the beginning of the 19th century). Since then clients have relied on the Architect and/or Engineer (depending on the type of construction project planned) to design and supervise their construction projects. Generally, the traditional system has worked satisfactorily for many years. However, in recent years, the advent of large and complex projects has rendered the use of the traditional procurement system ineffective. More so, the complexity of demands, civil and industrial engineering construction projects resulting from technological advancement have, over the years, resulted in specialization within the construction industry.

This could be attributed to various factors but, in essence, the expertise of the design-orientated professions has proved insufficient to manage; as opposed to merely supervise, the numerous specialized and technically sophisticated contractors during construction. Rowlinson (2012) states that the traditional system has been criticized for its slowness due to the sequential nature

of the work and the incidence of time and cost overruns attributed, in part, due to lack of input from the main contractor during the design phase.

The focus of most studies of project success is on dimensions of project success (how to measure it) and factors influencing it. The traditional way of measuring project success is the so-called triangle of time, budget and required quality (Westerveld, 2003). In addition, many studies have expanded project success criteria into other aspects, such as organizational objectives, stakeholders' satisfaction, customer's benefit, future potential to organization and so on. It is difficult for various authors to reach a consensus on project success criteria.

Project management (budget management, schedule management and technical standard), and contractor's business performance (short-term and long-term) to measure project success. Lim and Mohamed (1999) view project success by the use of micro and macro criteria. Their micro criteria include time, cost, quality, performance and safety, and their macro criteria include micro criteria plus the project product's actual benefit in the operation phase. Shenhar et al. (1995) discovered the four criteria of project success namely: efficiency, customer's benefit, organizational success and failure potential to organization. From the foregoing, project success means different thing to different people. However, according to the PMBOK Guide published by the Project Management Institute (PMI, 2004), project success criteria include the golden triangle and the key project stakeholders' satisfaction of the project.

The above scenario has led to assumptions by many project management professionals in many industry sectors that if project and line managers can identify what constitute a project success and the factors that determine a successful outcome of a project, they can improve their performance Erling et al (2006). However, identifying those factors that can make a project succeed is difficult and cumbersome. Again, different industry sectors have their own perception of success and failure, and what factors can contribute to either. The information technology (IT) sector is the most dynamic and innovative sector. New technologies are coming up and competing among themselves. The telecommunication industry which constitutes a big part of the IT industry is always at the center of these technological changes, hence, have to deal with repeated processes of procuring new equipments and materials for their operations.

#### 1.1.2 Theoretical Perspective

The study was based on the Agency theory adopted by Robert Mahaney in 2003. The Theory offers a potential explanation for the low upgrading rate of projects. The theory suggests that appropriate monitoring and the use of incentives and rewards increases the likelihood of project success. A survey instrument was developed from previously used items and new items developed from structured interviews. The study contributes to the understanding of project management by showing that contract type; monitoring, goal conflict, shirking, and privately held information are multi-dimensional constructs and provide instruments for their measurement. It validates existing instruments for measuring task programmability and project success. It suggests that more outcome-based contracts, more monitoring, less shirking, and less misrepresentation of privately held information lead to project success. Finally, it contradicts expectations that more goal conflict and more task programmability lead to more outcome-based contracts and that more outcome-based contracts lead to less monitoring (Westerberg, 2011).

# 1.1.3 Conceptual Perspective

Procurement is hereby conceptualized as the act of obtaining or buying goods and services through purchase planning, financing and price negotiation (Westerberg, 2011). Procurement is the act of purchasing or otherwise taking possession of something, especially for business purposes. Procurement is essentially the acquisition of products and services. Both individuals and corporations have certain items, which they must acquire; procurement is the name for the process by which they do so and that takes into account budgeting, supply chain and payment, among other factors. Procurement decisions involve many additional factors, including shipping and delivery, the marginal benefit of the good compared to the cost of procuring it, and the fluctuating prices of many goods and services. With good information, a consumer can analyze the costs and benefits of their acquisition and make the best decision. The expected benefits of procurement vary widely depending on the purchase; the value a household will reserve from a package of dish soap is very predictable compared to most large-scale investments. For a wholesaler, procuring products for retail entails the risk that the market value will drop before they can be sold.

Project is also conceptualized as the basis from which your client concludes, for example, whether the project of high quality, that money paid to you was well spent, that you did a good job as a consultant, and whether you might be hired again (if you are an external consultant) (Chen, 2014). Early in the project, it is important for you and your client to discuss how to determine the success of the project. Letts & Grossman (2010) suggest that the three overall outcomes of capacity building include: 1) helping the organization to do what it already does, but better; 2) improving its ability to grow; and 3) improving its ability to change. Unfortunately, determining whether a project was successful or not is not nearly as easy as it might seem because there are numerous perspectives on what is project "success." Therefore, it is important to consider all of these perspectives, especially about a complex and usually changing project. Consider the following possible definitions of what might be considered as "success" in your consulting project, and work with your client to select one or more.

# 1.1.4 Contextual Perspective

For over two decades, Somalia has been in a state of complex humanitarian crisis, with socio-economic, political and environmental factors leading to widespread conflict, drought, flooding and numerous other recurrent human and natural disasters. This situation had halted Sinay Market Project in Mogadishu since this had been characterized by increased insecurity and volatile population movements experienced since March 2014. This rise in conflict across the area had significantly affected the upgrading of Sinay Market Project since the procurement process has been affected due to this political instability fueled by clannism.

Sinay Market is located in a low-income income neighborhood that lacks basic services. UN-Habitat is working with the Banadir Regional Administration to renovate the market and increase trade, improve livelihoods, contribute to local development and strengthen peace in the area. Phase1. Which is complete and occupied involved building a market hall with 58 stalls? Phase 2, which is ongoing, involves upgrading the public space that adjoins the market with the construction of a playground; cafe and toilet block (Westerberg, 2014).

#### 1.2 Statement of the problem

Upgrading of Sinay Market Project in Mogadishu almost came to stand still due to the endless political crises in Mogadishu caused by clannism which also led to the delay in the procurement process. However, it is believed that this was caused by delay in preparing technical specifications, project scope of work or terms of reference. Furthermore, Sinay Market Project failed to start the procurement process on time due to extension of bid or proposal submission date and delay in opening bids or proposals received. For instance, the project had commenced in 2011 however was not completed in time due to delays in procurement procedures and processes within different stakeholders involved in this project (Chen, & Manley, 2014). This contributed to failure to meet project requirements and deliver on schedule within the budget. In Mogadishu Somalia therefore, a similar scenario the upgrading of Sinay Market Project due to poor or inefficient procurement for stance delays in assigning contracts, occasionally pay penalties that increase the total cost of the project, high cost of some parameters requested, which are not expected by the beneficiaries of stakeholders of the project (Cooke-Davies, 2002). There has

been limited research done the nature and the type of procurement used by companies or contractors, which has tempted the research to carry out a study on the procurement in the upgrading of Sinay Market Project in Mogadishu Somalia as the case study.

# 1.3 Purpose of the study

The purpose of the study was to examine the role of procurement process in the upgrading of the Sinay Market Project in Mogadishu Somalia.

# 1.4 Specific objectives

- To identify factors determining the upgrading of Sinay Market Project in Mogadishu Somalia
- To identify procurement procedures in upgrading of Sinay Market Project in Mogadishu Somalia
- iii. To analyze effects of procurement process on the upgrading of Sinay Market Project in Mogadishu Somalia

#### 1.5 Research Questions

- i. What are the factors determining the upgrading of Sinay Market Project in Mogadishu Somalia?
- ii. What are procurement procedures in upgrading of Sinay Market Project in Mogadishu Somalia?
- iii. How procurement processes affect the upgrading of Sinay Market Project in Mogadishu Somalia?

# 1.6 Scope of the study

# 1.6.1 Geographical scope

The study was carried out Mogadishu which is the official capital of Somalia. It was a major battleground of the Somali civil war which has ravaged the country For 24 years, (1991-2012). Since then the city has experienced a period of rapid reconstruction including a brand new international airport, paved roads, new hotels and embassies financed by the Diaspora Somalis and international Community. Visiting is discouraged but if you have to travel there for business/Tourist reasons, you will find this guide extremely helpful.

# 1.6.2 Content scope

This study mainly focused on procurement process in upgrading of Sinay Market Project in Mogadishu Somalia, factors determining the upgrading of Sinay Market Project in Mogadishu Somalia and effects of procurement process on upgrading of Sinay Market Project in Mogadishu Somalia.

# 1.6.3 Time scope

Considering a time period of procurement of various projects and upgrading of markets in Mogadishu Somalia from 2011-2017 . The time scope

# **1.6.4** Theoretical scope

The theory to guide the study was the Agency theory adopted by Robert Mahaney, (2003). The theory suggests that the nature procurement between contractors and management of Sinay Market Project affects its quality of work. This study applied the theory to investigate procurement used in the upgrading of Sinay Market Project.

# 1.7 Significance of the study

The study will be significant in the following;

To the government, the study will enlighten the government on the approach towards purchase planning, financing and price negotiations while making policies the government procurement of projects in both government and private organizations.

The findings of this study are expected to enlighten project managers on the influence of critical determinate factors especially purchase planning, financing and price negotiation in determining the completion of upgrading of Sinay Market Project and any other market related project in Somalia and elsewhere in the world. It is also expected that the findings of this study should expose methods of managing and resolving the problem of delayed or failed projects.

#### **1.8 Operation Definition**

**Procurement:** is the act of finding, acquiring, buying goods, services or works from an external source, often via a tendering or competitive bidding process. The process is used to ensure the buyer receives goods, services or works at the best possible price, when aspects such as quality, quantity, time, and location are compared.

**Upgrading:** is the process of replacing a product or an item with a newer version of the same product or an act of giving a new face look.

**Projects:** a project is an individual or collaborative enterprise, possibly involving research or design, that is carefully planned, usually by a project team, to achieve a particular aim.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.0 Introduction

This chapter presents the related literature review that have been explored and studied both theoretically and empirically on the existing literature on the effects of procurement process on project success in developing countries and elsewhere in the world and this was done in line with the specific objectives of the study in order to identify the knowledgeable gaps. It was important to note that the greatest part of the existing literature on the works of other scholars, opinions, suggestions who have written about the topic of the study or those who have addressed similar issues as those of the variable that were available in the study.

#### 2.1 Theoretical review

The study was based on Agency Theory.

# 2.1.1 Agency Theory

Agency theory deals with the employment relationship that occurs when one party (the principal) hires another party (the agent) to perform some work on the former's behalf (Baiman, 1982). The theory suggests that the type of contract (i.e., behavior-based or outcome-based) between a principal and an agent may impact the quality of the work (Eisenhardt, 1989). It further implies that monitoring, goal conflict, shirking, and privately held information may influence the success of the work. Previous research suggests the more outcome-based the contract of the developers, the more monitoring by the project manager, the less shirking by the developers, and the less privately-held information by developers, the more successful the project should be (Kirsch 1997; Keil, Mann & Rai 2000).

Agency theory suggests that the type of contract between the principal and agent impacts the quality of the work (Eisenhardt, 1989). A behavior-based contract compensates agents for behaving in a certain way regardless of the outcome from those behaviors. An outcome-based contract compensates agents for achieving certain goals and may take the form of a commission.

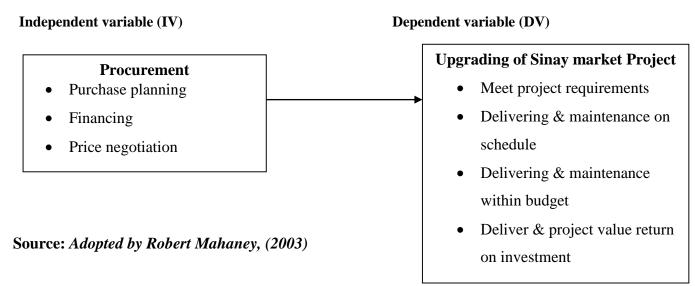
The rewards of an outcome-based contract can take other forms, including praise from superiors and co-workers, future promotion opportunities, feelings of self-esteem, public recognition, favors, and financial rewards (Baker, Jensen and Murphy 1988). A positive relationship between contract type and successful outcomes has been shown in lab experiments, using students as subjects (Cocco 1995; Tosi, Katz and Gomez-Mejia 1997).

The success rate of information technology (IT) projects is low. A Standish Group International study in 1994 found that only 16% of all IT projects are completed on time and within budget (Johnson 1995). The problem is so severe that many IT professionals even accept project failure as inevitable (Cale & Curley, 1987).

A potential explanation of the lack of project success lies in the management of the project team (Rasch and Tosi 1992). Agency theory suggests that the type of contract between a principal (such as a manager) and agents (i.e., team members) affects the quality of the agents' work (Eisenhardt 1989). This study applied that theory to investigate methods for motivating, compensating, and monitoring developers. The central research question for the study was, "Why do some IT projects succeed more than others?"

# 2.2 Conceptual framework

Figure 2.1: Conceptual frameworks showing the relationship between procurement process and upgrading of Sinay Market Project



According to the above conceptual framework the independent variable (procurement) had the following attributes; purchase planning, financing and price negotiation which leads to a dependent variable (upgrading Sinay Market Project) if its efficiently done and the attributes for project success are: Meet project requirements, Delivering & maintenance on schedule, Delivering & maintenance within budget, Deliver & project value return on investment.

# 2.3 Factors determining the procurement process upgrading projects

Procurement Finance involves financing of businesses that have obtained a contract or order either from the private or public sector, providing a working capital facility for growing manufacturing concerns by means of discounting invoices to their customers and to provide bridging finance and performance guarantees (guarantees linked to bridging finance only) to small contractors in the building and allied trades based on a secured contract (Manley, 2014). Products offered under this fund include:

Bridging Finance: This term loan serves the purpose of financing businesses that have secured contracts. The maximum term for this product is 36 Months but it can be adjusted to suit the cash flows of the business been financed.

Working Capital Finance Term Loan: This term loan serves the purpose of financing expenditure in order to fulfill contracts. The maximum term for this product is 36 Months but it can be adjusted to suit the cash flows of the business been financed.

Working Capital Finance Revolving Loan: This loan serves the purpose of financing contracts that require funds to be drawn at various stages of the project life cycle with a fixed cap on the facility. This option provided the client with the advantage of not having to reapply for a new facility each time funds are needed. The maximum term for this product is 12 Months but it can be adjusted to suit the cash flows of the business been financed.

Order Finance: The purpose of order discounting is to provide a working capital facility to emerging manufacturing concerns by means of an upfront advance of funds prior to commencement of a contract. The maximum term for this product is 12 Months but it can be adjusted to suit the cash flows of the business been financed.

Guarantees: A guarantee will be issued in respect of companies securing contracts that require performance guarantees. The maximum term for this product is 12 Months but it can be adjusted to suit the cash flows of the business been financed.

Invoice Discounting Finance: The purpose of invoice discounting it to provide a working capital facility for growing manufacturing concerns by means of discounting invoices to their customers. The maximum term for this product is 12 Months but it can be adjusted to suit the cash flows of the business been financed.

Procurement in Construction: Procurement in construction is the process of acquiring or obtaining construction project from the client's initial idea, through to his/her occupation. It is the framework within which construction is brought about, acquired or obtained. Hence, those aspects of design and production and related problems of briefing, documentation and organization which affect the cost of the product need to be considered.

Procurement system: Procurement system may be classified in respect of the level of integration of design and production process. According to Kwakye, (2013), generally, procurement systems may be classified in respect of the level of integration of design and construction process as either traditional system or the integrated system.

Similar to our work, in Kouvelis & Zhao (2008) the supplier takes a pro-active role in offering different type of contracts designed to provide financial services to the budget-constrained retailer. The authors analyze a set of alternative financing scheme including supplier early payment discount, open account financing, joint supplier financing with bank, and bank financing. They conclude that in an optimally designed scheme it is in the supplier's best interest to offer financing to the retailer and the retailer will always prefer financing from the supplier rather than the bank. We reach similar conclusions in our setting. A noticeable different between their formulation and ours is that in our model we impose a budget constraint at the time the contract is signed that explicitly limits the retailer's ordering decision. With the possibility of the retailer declaring bankruptcy, this constraint limits the supplier's default risk exposure.

According to a research conducted by Saqib et al, (2008), success criteria or a person's definition of success as it relates to a building often changes from project to project depending on participants, scope of services, project size, sophistication of the client related to the design of facilities, technological implications and a variety of other factors. On the other hand, common trends relating to success criteria often develop not only with an individual project but across the industry as we relate success to the perceptions and expectations of the client, designer or contractor. Differences in a person's definition of success are often very evident.

In any business, it is of paramount importance that the client or customer is kept satisfied with the product and / or services that the client or customer receives from the manufacturer, seller or service provider. The construction industry does not differ in terms of this requirement. As outlined earlier in that on typical Ghanaian projects, especially public sector projects, project objectives may be defined in terms of time, cost and quality. It follows, therefore, that in order to establish project success or failure, project constraints, meeting or exceeding project expectations, as determined by the customer or client, should indicate project success and vice versa. Literature indicates that project success or failure may result from many sources.

Siyabonga (2003) citing the attributed the reasons of project failure to the following: inaccurate briefing by the client; unrealistic project objectives; incorrect project team selection; excessive client involvement; difficult project characteristics, etc. Siyabonga, (2003) again citing found that one of the major contributions to good performance (faster and lower cost) were contractual arrangements. On construction management projects, for example, contracts were seen to provide clients with regular and detailed information on the cost implications of decisions, sometimes through value engineering, and to create the flexibility to implement changes without delay or difficulty.

Bennet and Grice (2010) also stressed that the type of procurement system, establishment of the client's objectives and deciding on the nature of the product are the three most important aspects for attaining projects success. Logical synthesis of the foregoing discussions indicates that contractual arrangements and type of procurement systems have a major impact on the success or failure of a construction project. Again, Latham (2009) stated that, after the client is satisfied with the brief and the feasibility of the project, a typical client's instinctive reaction is to get into

a "ring up an architect or engineer syndrome". He argues that this is too big a step to take as it closes off other potential procurement options (i.e. construction procurement systems).

Procurement is a word recently encountered in the context of construction work and, therefore has a different meaning to many people Kwakye, (2010). In his paper on Construction Procurement Method, he intimates that the term Procurement is considered to include the total process of procuring construction project from the client's initial idea through to his/her occupation of the completed facility. As noted in section 1.0 of this report, the definition of project success goes beyond the traditional meaning of meeting time, budget and conformance to requirements.

Over the years, this intriguing question has been studied by a number of researchers. For example, according to Pinto and Slevin, (2014) concluded from their research work that "Project Success is a complex, but nonetheless it is of crucial importance to effective project implementation" and "Project Success is suggested to have two major components: issues dealing with the project itself and issues dealing with the client." In addition, they stressed the necessity of developing an adequate program in terms of knowing when to determine project success.

Projects usually involve attention to a variety of human, budgetary and technical variables. Although many definitions exist, most researchers agree that projects generally possess the following characteristics: Limited budget, schedule, quality standards, a series of complex and interrelated activities (generally project-based or matrix structure). With respect to project success, historically, projects have been managed as technical systems instead of behavioral systems. That is, there has been a tendency to use a mechanistic approach focused on result with the main objective of attaining target dates, achieving financial plans and controlling the quality of the final product. In regard to critical success factors, numerous lists and models have been proposed by other researchers. For instance, one literature suggested that the following four dimensions should be considered when determining project success: project efficiency, impact on the customer, direct and business success, and preparing for the future.

Today, we know that determining whether a project is a success or failure is far more complex. Delays in project completion times are common and because of these delays, project managers sometimes pay penalties, which increase overall project costs. Yet, these projects are still considered to be successful. On the other hand, a project perceived as a success by a project manager and team members might be perceived as a failure by the client. Apparently, there can ambiguity in determining whether a project is a success or a failure. There are two main reasons for this ambiguity.

The ability to identify key attributes of project success is important to clients, consultants and contractors alike. Construction professionals have recognized that on some projects, safety performance can be the primary determinant of success, regardless of the outcome of the other classical metrics. This is especially true of public sector construction projects. While cost, schedule, performance and safety provide objective metrics that are fairly quantifiable, there are other aspects of a project, including the level of quality achieved, that may be subjective. Additionally, when subjectivity is involved, the "eye of the beholder" becomes a major factor in evaluating how well a project performed and how successful it was perceived.

Traditionally, a successful project was seen as one in which the triad of time, budget and specification was achieved at a profit. Current project literature places more emphasis on customer satisfaction as a fourth important success parameter. There is a general trend in project management literature toward greater customer focus and customer satisfaction. It is also believed that there is too much emphasis on the traditional measures of project success (i.e., the triad of time, budget and specification). Rigorously sticking to these yardsticks can in certain circumstances actively detract from project success. Verzuh, (2011) defines a successful project as one in which the project objectives were reached on time, on budget, and with a product of high quality. Quality in turn would be measured by functionality and performance.

Verzuh (1999) listed the five project success factors as follows: agreement among the project team, the customer and management on project goals, a project plan that shows the overall path and clear responsibilities, constant and effective communication, controlled project scope and management support. Meredith and Mantel (2000) also recognized the same three traditional factors for project success, but they state that the triple constraints of time, budget, and

specification are rapidly being replaced by a new model that invokes a fourth hurdle for project success: (i.e. client satisfaction).

Project management success focuses on the project process and the successful accomplishment of cost, time, and quality objectives. Product success in turn focuses on the effect of the project's final product. It was noted that project managers largely interpreted successful projects as meeting the project management criteria such as budget and schedule, whereas customers interpret successful projects as those meeting product success criteria such as response time and reliability. Project managers therefore tend to focus more on short-term criteria relating to the project process, but customers focus more on the longer-term criteria relating to the project's product. If the project manager has the client's interest at heart, he/she must place traditional project success indicators lower on the importance scale than the customer's overall interest.

To complicate matters further, Shenhar et al. (2010) suggested that the relative importance of project success dimensions change with time. As in a relationship different periods being different expectations. In the early stages, internal dimensions (i.e. meeting schedule, budget, and specifications) are most important. Later in the project cycle, external dimensions (i.e. customer needs and satisfaction) become more important. To the project manager, this has a special significance as it is in the later stages of the project that the customer decides on an increase in the scope of work. Shenhar, et al. (2012) dealt specifically with those projects that are perceived as successful by persons involved in their implementation, yet are poorly received by their customer.

#### 2.4 Procurement process in Upgrading of Projects

Effective purchase planning is essential to furthering the business and competitive interests of the Postal Service. As such, it requires the coordination and cooperation of a number of organizations and must address a number of topics. Early involvement among all of the stakeholders often proves critical to successful planning and successful purchasing. The extent of the planning will depend on the nature of the purchase and its effect on the business and competitive objectives of the Postal Service. The success of major purchases, which are those with the potential to impact these objectives, should be planned for by a purchase team that fully

reflects the strategic importance of the purchase, and should involve the team's use of a wide range of supply chain business practices (such as strategic sourcing, demand analysis, prequalification, supplier selection strategy, and resource planning). The success of other purchases will not require the same level of investment, but will require some degree of planning. In all cases, the effectiveness of the purchase planning will directly affect the success of the purchase (Networks, 2017).

# 2.4.1 Preliminary Planning

Organizations normally plan their purchasing needs during the budget process. Because purchase planning should involve everyone with a stake in the outcome, coordination between internal postal business partners should begin as early as possible. Planning for high-dollar purchases should begin in the concept-development phase and consider best value in relation to business strategy and total cost of ownership. The goal of this preliminary planning is to define the Postal Service requirement to be purchased (Shaw, 2010).

# 2.4.2 Purchase Planning

According to Eriksson, (2011) Purchase planning is the process of establishing objectives and tactics to obtain the best value in a specific purchase. It is done by a purchase team made up of the Postal Service business partners with an interest in the purchase, including the organization requesting the purchase, the purchasing organization, and other organizations needed to help determine best value. The contracting officer responsible for the purchase is the business leader of the purchase team, and it is his or her responsibility to ensure that the team concentrates on purchase planning as part of an overall business strategy. As business leader, the contracting officer should also ensure that the team takes advantage of the most effective supply chain management business practices for a given purchase. Customer satisfaction and business success should be the primary focus of purchase planning, as they will ultimately define best value in a purchase.

Planning stage is next to initiation stage. Generally planning is performed only when initiation stage had been performed by the project manager, i.e., developing project charter in project integration management and identifying stakeholders in communication management knowledge

area. Before planning, both the processes are required as you will be planning based on the high-level information from project charter and most importantly, stakeholder's involvement is mostly required as they could give you important information on project planning. Taking stakeholders, considerations are very important while planning. A planning is almost null and void without stakeholder's intervention. You should not ignore any stakeholder's input while planning your project. Otherwise, at a later stage of the project it could prove expensive if you missed any stakeholder's input (Dewulf, 2017).

Cardenas, (2010), revealed Planning is a big task for a project manager to perform. Put some time while planning do not jump off to execution of the project directly. Plan smoothly, work smoothly; that is the way of proper working. Planning is very important as it is touched in all the knowledge areas starting from Integration to Quality and Human resource to Procurement. Below are some sub-processes that you do in planning stage in each and every knowledge area: Integration management: Here, we develop the overall project management plan taking input primarily as project charter's information along with organizational process assets and enterprise environmental factors. Here, we draft overall project management plan by unifying and articulating each planning inputs from each knowledge area. Scope management: The main task is gathering the information from different stakeholders, defining the scope and finally creating the WBS (Work Breakdown Structure). Stakeholder management: Here, we put information on stakeholder's requirement pertaining to project goal and how you manage their expectations to meet the overall project goal. Time management: Defining the activities, sequencing them, deciding on resources and their working durations and developing the schedule. Cost management: Based on schedule information, you estimate and determine the budget for the entire project considering contingencies and management reserves. Quality management: Deciding and planning the quality matrices and working on the quality checklists, such as measuring the quality, assigning the responsibility for quality check, which quality tool you will be using for this project and more. Human Resource management: Drafting and working on overall staffing plan for this particular project – defining the reporting structure, roles and responsibilities as well as working on the rewards and recognition system for the projects. Communication management: A big one for a project manager – deciding how to interact with the other people team members, making strategies on communication method, mode of communication with Sinay Project support staffs and more. Risk management: A lot of work is involved here – Planning risk, looking out for professionals who identify risks, drafting a mitigation plan, working on qualitative and quantitative risk and creating risk response planning. Identifying risk and planning for the risk response planning is not a onetime work. It is for entire life cycle of the project. Risk could arise anywhere and anytime. Procurement knowledge: Deciding on how to purchase other services required for your project – how to select your sub contractors, how to decide, make or buy decisions and monitoring their work.

It is project manager's responsibility to create a project management plan accurately. Again it is an initial guess estimation kind of things based on the information in hand (e.g., project charter). Be alert – there is no padding allowed in project management planning. Based on your project management plan, you need to execute the project. While working on the project you must manage changes in the project effectively. Work closely with your project baselines (scope baselines, schedule baselines and cost performance baselines). Plan well work well and perform well for the customer. Who knows you might bring in new business for your organization (Kling, 2017).

# 2.5 Effects of procurement process on upgrading project

As the number of M&A transactions increases, M & A advisory firms such as those in the global investment banking industry benefit from this upward trend. According to Datamonitor, (2007), the global investment banking and brokerage industry generated total revenues of US\$57.5 billion in 2005, in which US\$19 billion was from M&A segment. In general, many firms that are interested in M&A projects simply acquire help from external specialists in dealing with the transaction as they expect greater benefits from the advice of the advisory firms. Besides, it is not common for companies, especially small to medium ones, to maintain an in-house M&A department with sufficient expertise for this multi-disciplinary exercise due to their infrequent engagement in such transactions (Bao & Edman, 2007). Although large corporations establish inhouse financial and corporate development departments, they tend to employ the advisory services to utilize the advantages of their valuable contact network, efficient use of client personnel, and their expertise to close the transactions.

In acquisition, the acquiring Project may seek to acquire a significant share of stocks or assets of the target Project. Consequently, there are two forms of acquisitions: assets acquisitions and share acquisitions (Chunlai Chen & Findlay, 2003). An asset acquisition occurs when a Project purchases all or part of the target Project's assets and the target remains as a legal entity after the transaction whereas in a share acquisition a Project buys a certain share of stocks in the target Project in order to influence the management of the target Project. Depending on the significance of the share of stocks acquired by the acquiring Project, acquisitions are then classified into three types: (1) complete take over (100% of target's issued shares), (2) majority (50-99%), and (3) minority (less than 50%).

According to Picot (2002), a typical M&A transaction goes through three phases: planning, implementation and integration. In the planning phase, the overall plan for the transaction is developed "in the most interdisciplinary and comprehensive manner possible" (Picot, 2002, p.16). Planning covers the operational, managerial and legal techniques and optimization with special regards to the two following phases. The implementation phase covers a range of activities starting from the issuance of confidentiality or non-disclosure agreements, letter of intent and ending with the conclusion of the M&A contract and deal closure. The last phase is concerned with post-deal integration.

Of a similar manner is the Watson Wyatt Deal Flow Model introduced by Galpin and Herndon (2000), the two practitioners at Watson Wyatt Worldwide. However, their model breaks down the process into five smaller stages namely Formulate, Locate, Investigate, Negotiate and Integrate. The most significant milestone is when the two transacting firms sign the agreement, finishing the deal and entering the integration stage. The first three stages then belong to the predeal phase while 'Negotiate' represents the deal phase which ends when the above milestone is achieved, and the post-deal phase only contains the last stage termed 'Integrate'.

In addition, in the recent study by Daniels and Phillips (2007), M&A advisory firms are said to perform a monitoring function when they increase the market efficiency by reducing information asymmetries between acquiring and target firms. Their involvement in the evaluation, validation and negotiation of transaction terms assists clients in determining a transaction price to maximize their wealth, which claims to be the most crucial aspect of this transaction.

In addition, DiGeorgio (2002) cites M&A failure as a result of inadequate due diligence, lack of compelling strategic rationale, overpayment for the target Project, conflict between corporate cultures and failure to quickly meld the two companies. Meanwhile, Honore and Maheia (2003) cite the inability to realize projected economies of scale, failure to integrate people, processes and systems. All of these authors concur with each other in several causes such as M&A deals lacking the right strategic rationale, insufficient analysis or assessment during the early stage, overpayment which cannot be justified, and poor management in the integration phase as a result of lack of experience and prior planning.

#### 2.6 Related studies

The concept of projects has been widely discussed in management literature and has been central to the literature on Project Management. Success can indeed be evaluated only when the evaluation dimensions are adequately defined. For the project manager, evaluation dimensions generally correspond to the traditional constraints of time, cost and the client's terms of reference or "quality". Here one can identify the influence of the industrial and engineering sectors; sectors upon which project management has established itself in the past centuries. In these professions, success is judged primarily through the assessment of the technical quality of outputs and through the evaluation of the management performance whose dimensions are objective, perfectly defined and well-accepted. The classical project manager does not view his or her project beyond the scope of his or her professional duties and responsibilities.

The client's agenda is significantly different be it private or public. The client cannot evaluate the success of its project without referring to the objective that shaped the conception, the formulation and the project design. The raison d'etre of a project lies in the satisfaction of one or more objectives. The client's perspective is therefore, more of a global one. It is important to judge the project's success not only by auditing the way in which the project team manages the inputs and delivers the outputs or "project management success", but also by evaluating the project's contribution to the initial objectives or "project success" as stated in the logical framework. Beyond time, cost and quality, it is pertinent to consider another evaluation dimension which we will refer to hereafter as the "project impacts" since that is the accepted terminology used in the development community.

The measurement of project success in the construction industry has traditionally been grounded in the industry-accepted classic objective success metrics, mainly cost, schedule, performance and safety. Initial research has indicated that there are more subjective considerations that can have important impact on perceptions of project success. During the research, the authors recognized the need for a measurement tool that would account for subjective as well as objective metrics in assessing project success. The tool would have to provide the flexibility necessary to account for the fact that every project is different. The resulting Construction Project Success Survey (CPSS) instrument is designed to investigate how experienced construction project management personnel perceive project success, both objectively and subjectively. The engineering manager can use this tool to identify important success metrics before the start of a project and to evaluate the level of success achieved at project completion. The ability to identify key attributes of project success is important to clients, consultants and contractors.

According to Chua, et al. (1999), understanding the attributes of success contributes to the efficient execution of the construction project. Dvir and Dyer (1992) argued that the challenge in determining project success is the lack of a standardized approach. On the other hand, Kerzner (2003) stressed that traditionally, the industry-accepted classic objective success metrics for construction projects have been cost, schedule, performance and safety. While cost, schedule, performance and safety data provide objective metrics that are fairly easily quantifiable, there are other aspects of a project, including the level of quality achieved that may be subjective. Additionally, when subjectivity is involved, the 'eye of the beholder' becomes a major factor in evaluating how well a project performed and how successful it was perceived.

#### 2.7 Gaps in literature

Agency theory does not provide feasible strategies to upgrade Sinay Market project. As the foregoing review reveals, purchase planning as a factor that influences procurement process in has not been extensively tackled. A number of studies such as that of Dvir and Dyer (1992); Galpin and Herndon (2000) have been done covering the subject of procurement process however, none of them has covered the aspect of upgrading projects through financing and price negotiation, hence, providing a content gap that this study covered. The gaps in the literature

review were filled during field data collection, which was guided by the purpose and the objectives of the current study.

#### **CHAPTER THREE**

#### **METHODOLOGY**

#### 3.0 Introduction

This chapter presents the methodology that was used during the study. It involved the research design, study population, sample size and selection, sampling techniques, data collection methods, data collection instruments, procedure of data collection, reliability and validity of instruments, data analysis plus measurement of variables relating to procurement process and the upgrading of Sinay Market Project in Mogadishu Somalia.

# 3.1 Research Design

The study applied a cross-sectional research design to reflect aspects of perception, feelings, experiences, facts and emotional feelings of the study respondents in examining procurement process and the upgrading of Sinay Market Project in Mogadishu Somalia. This was because the research questions that were generated necessitated observing explanatory, descriptive and analytical aspects of the research. The researcher applied this research design because it can be used to prove and/or disprove assumptions and it is not costly to perform and does not require a lot of time.

Both qualitative and quantitative research designs were used in this study. Qualitative data was obtained through questionnaires and interviews while quantitative data was obtained through computation and analysis.

# 3.2 Target population

The total population of Warta Nabada District where Sinay Market project was executed was 1,650,227 inhabitants. However for purposes of accessibility, the researcher targeted 15,000 inhabitants within the district. This included 30 Contractors & Sinay market officials 5 Procurement officials, 14930 Sinay Residents and 35 Sinay Project support staff (UN-Habitat, 2017; Banadir Regional Administration (BRA) Project Report, 2017) The study was carried out

at Sinay Market Project. The rational was that all the above respondents were stake holders. Target population refers to the cumulative elements of study from an environment in which information is gathered from.

## 3.3 Sample size and Sampling Technique

In this study, the number of individuals in their targeted population was known in advance as lists indicating the members are readily available at Sinay Market upgrading Project and is exhaustive. The respondent categories comprised of both sexes but of different marital status and age group. The sample size of 375 respondents and were derived from the target population of 15,000 respondents based on sample table developed by Krejcie and Morgan (1970) cited in Amin (2005), (Appendix C).

Table 3.1: Category, target population, sample size and sampling technique that were used in the study

No	Respondents	Target population	Sample size	Selection method
1	Contractors & Sinay Market Project officials	30	20	Purposive Sampling
2	Procurement officials	5	5	Purposive Sampling
3	Sinay Residents	14930	327	Simple random sampling
4	Sinay Project support staff	35	23	Systematic sampling
	Total	15000	375	

Source: Primary Data (2017)

#### 3.4 Data collection methods

The study employed the following method of data collection

#### 3.4.1 Survey Method

The study employed the survey method as a way of collecting data, which involved the use of self-administered questionnaires. The method enabled the researcher to cover all the respondents quickly and at a reasonable cost. The survey method was used to gather data from 20 Contractors & Sinay Market Project officials 15 Procurement officials, 60 Sinay Residents and 8 Sinay Project support staff. The respondents were conveniently selected from Sinay Market upgrading Project.

#### 3.5 Data Collection tool

The study employed the following tool for data collection.

## 3.5.1 Questionnaire

The data in this study was collected using a self-administered questionnaire specifically developed for the same. In addition to a main title and cover letter, the Self-administered questionnaire has three sections. The first section (Section A) was for the background variables namely; gender; marital status; highest level of education; work experience and managerial level. The second section (Section B) was on the independent variable (procurement). The third section (Section C) was on the dependent variable (upgrading Sinay Market Project). The researcher distributed 103 questionnaires to the Contractors & Sinay Market Project officials, Sinay Residents and Sinay Project support staff. The questionnaire on this variable were designed to measure the business requirements, delivered and maintained schedule, delivered and maintained within budget, delivered the expected business value and turn on investment.

#### 3.5.2 Interviews

Key informant interviews were used to collect data from the key informants. This was conducted to the specialist persons with information on the variables. The researcher managed to interview 5 procurement officials. This method was preferred as it gave an opportunity to probe the respondents on procurement process and the upgrading of Sinay Market Project in Mogadishu Somalia. Some of the questions that were asked in the questionnaire were also be asked in the interview guide. This enabled the researcher to triangulate the data collected. This guide facilitated the collection of both qualitative and quantitative Primary Data.

#### 3.6 Validity and Reliability of Instruments

## 3.6.1 Validity

Validity refers to the degree to which results obtained from analysis of the data actually represents the phenomenon under study. In calculating validity, the researcher ensured that questions are relevant in order to ensure that data collected give meaningful and reliable results represented by variables in the study (Mugenda and Mugenda, 2009). The researcher used the following formula to establish validity of the research instruments as seen below.

Content Validity Index (CVI) 
$$=\frac{\text{NO OF ITEMS DECLARED VALID}}{\text{TOTAL NO OF ITEMS}}$$

Out of the total of the 21 questions in the questionnaire, 19 were declared valid. This leads us to confirm the validity of the questionnaire as calculated below.

$$CVI = \frac{19}{21}$$

$$= 0.905*100\% = 90.5\%$$

Since this the CVI is above 90.5%, the questionnaire was said to be valid.

#### 3.6.2 Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Muganda & Mugenda, 2003). It is the degree to which the instrument constantly measure whatever it is intend to measure. Joppe (2000) noted that reliability is used as an extent to which results are consistent to research instruments and accuracy in representation. Cronbach's Alpha coefficient will be used to measure reliability of the instruments.

#### **Reliability Statistics**

Cronbach's Alpha	N of Items	
.871		21

The above table shows that the Cronbach's Alpha value is 0.871 and thus indicates that the instrument was reliable.

#### 3.7 Data analysis

#### 3.7.1 Quantitative data analysis

After data processing, it was that summarized and analyzed so as to make sense of the data to ensure completeness and consistence. To facilitate reporting and inferring meaningful conclusion, data was edited and condensed. Frequency tables, micro soft excel and Statistic Package for Social Scientists (SPSS), word and among others were used for analysis; these were used to test the relationship between the independent variable and the dependent variable that was, financial incentives and employee performance. Quantitative data were edited first and coded before analysis. Data validation was done. Thereafter, the data was summarized in form of tables and other statistical forms found suitable for presentation of the findings. The Pearson's product correlation Co-efficient analysis was used to test the relationship among the variables to determine the extent to which the independent variables effect on the dependent variable. The results were presented inform of tables and charts then discussed in relation to existing literature. Conclusion and recommendations were drawn in relation to the set objectives of the study.

## 3.7.2 Qualitative data analysis

Qualitative data was collected using interviews. Content analysis was used to edit the data and re-organize it into meaningful shorter sentences. The data was analyzed and organized based on patterns, repetitions and commonalities into themes based on the study variables. The data then was used to reinforce information got from questionnaires to draw conclusion and recommendations.

#### 3.8 Measurement of variables

The variables of the study were measured using the five Likert scale. Different variables were measured at different levels. The variables were measured at nominal and ordinal scale. The nominal scale measurement was used in the first part of the questionnaire (demographics) which comprised items with some common set such as sex, age, marital status, designation and level of education of respondents.

The researcher used ordinal measurement which categorizes and ranks variable, being measured like uses of statements such as strongly agree, agree, no comment, disagree and strongly disagree (Amin 2005). The numbers in the ordinal scale represented relative position or order among the variable (Mugenda and Mugenda 1999: Amin 2005). Both nominal and ordinal scales was used to measure discrete variables and only the specified numbers such as 1, 2, 3, 4, and 5 was applied (Amin 2005, P. 11).

#### 3.9 Ethical Considerations

It was important during the process of research for the researcher to understand that participation was voluntary; participants are free to refuse to answer any question and may with draw any time. Another important consideration, involved getting the informed consent of those going to be met during the research process, which involved interviews and observations bearing in mind that the area bears conflict.

Accuracy and honesty during the research process as very important for academic research to proceed.

The researcher treated the project with utmost care, in that there was no temptation to cheat and generate research results, since it jeopardizes the conception of research.

Personal confidentiality and privacy were very important since the dissertation was public. If individuals had been used to provide information, it was important for their privacy to be respected. If private information has been accessed then confidentiality has to be maintained (Stephen, P. 2002).

## 3.10 Limitation of the study

In the process of carrying out this investigation, a number of limitations are likely to be met. These limitations obstructed the speed at which the study was carried out. These included;

The researcher encountered problems of financial difficulties, especially in areas of printing, transportation, internet costs and feeding among others, this constraint was averted by seeking financial sponsorship from friends and well wishers

Some respondents would be too busy with their daily schedule and would fail to spare time for the questionnaire. In such circumstances the researcher would give ample time to those respondents. This made it possible by serving them the questionnaires in time.

#### **CHAPTER FOUR**

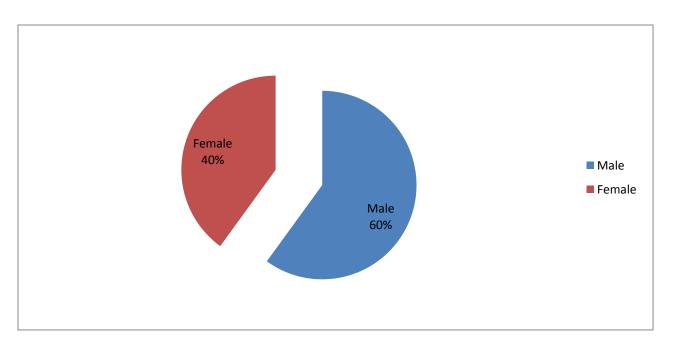
## DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.0 Introduction

The study examined the role of procurement process and the upgrading of the Sinay Market Project in Mogadishu Somalia. Three objectives guided the study: to establish procurement procedures in upgrading of Sinay Market Project in Mogadishu Somalia, to identify factors determining the upgrading of Sinay Market Project in Mogadishu Somalia and to analyze effects of procurement process on upgrading of Sinay Market Project in Mogadishu Somalia.

## 4.1 Demographic characteristic

Figure 4.1 1 showing the gender of the respondents



Source; Primary Data (2017)

According to figure 4.1.1 above, the majority of the respondents were 60% who were males whereas 40% of the respondents were female. This implies that men were more than women in the Sinay Market upgrading Project and this was due to societal beliefs that men are more hardworking than their female counterparts in such projects.

Above 45 20%

Under 25 15%

25-34
35-45
35-45
35-45

Figure 4.1 2 showing the age of Respondents

It was also revealed that majority of the respondents were (36) 35% were between 35-45 years and these were followed by (31)30% of the respondents who were between 25-34, also (21)20% of the respondents revealed that they were 45 years and above and lastly (15)15% of the respondents were under 25 years which implies that majority being 35-45 years. This further indicates that most of the respondents were middle aged adults who are more hardworking in such projects.

Widowed
4%

Separated
11%

Married
50%

Figure 4.1 3 showing the marital status respondents

The study findings in the figure 4.1.3 above revealed that most of the respondents (52)50% were married and these were followed by (37)35.7% of the respondents who were single whereas (11)10.7% of the respondents were separated with their partners and lastly (3)3.7% of the respondents revealed that they were widows which implies that the biggest percentage of the respondents being married. This further implies that they were committed people work diligently on what they were assigned to.

MarriedSingleSeparated

Widowed

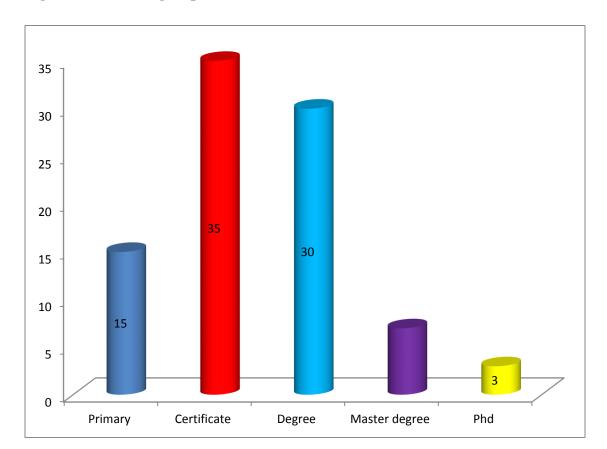


Figure 4.1 4 showing respondents level of education attained

The findings in the figure 4.1.4 above revealed that majority of respondents (36)35% were Certificate holders, followed by (31)30% of the respondents who were Degree holders and (18)17% of the respondents revealed that they were Master degree holders whereas (3)3% of the respondents also revealed that they had PhD lastly (15)15 % of the respondents were primary school drop outs. This implies that most of the respondents were averagely educated and thus had sufficient information regarding procurement process and upgrading of Sinay Market Project.

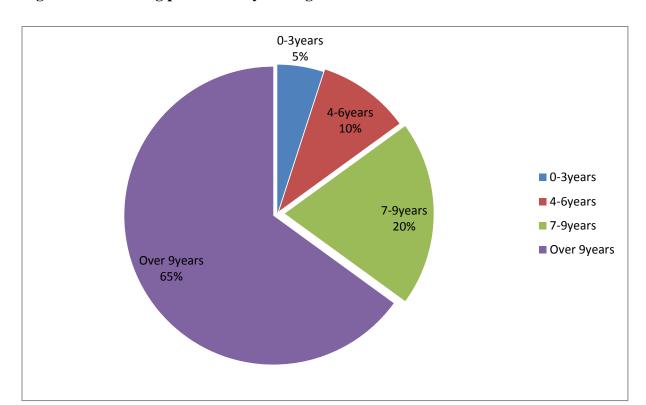


Figure 4.1 5 showing period of stay in Mogadishu Somalia

According to the study results presented in the figure above, the majority of the respondents (67) 65% were found to have stayed in Mogadishu Somalia for over 9 years whereas these were followed by (20)20% of the respondents who had stayed in Mogadishu Somalia for years between 7-9 lastly but not the least (11)10% of the respondents revealed that they had stayed in Mogadishu Somalia for years between 4-6 and lastly (5)5% of the respondents had stayed in Mogadishu Somalia for between 0-3 years. This implies that most of the respondents had stayed in the area for a number of years and thus were believed to have adequate information on the subject matter.

# **4.1** Objective One: factors determining the upgrading of Sinay Market Project in Mogadishu Somalia

The items were rated on the 5 Point Likert Scale ranging between strongly disagree, disagree, not sure, agree and strongly agree. The findings are shown in table 4.1.1. below:

Table 4.1. 1 showing factors determining the upgrading of Sinay Market Project in Mogadishu Somalia

	Item	Mean	Std. Dev	Interpretation
1.	There is procurement finance involves financing	2.45	1.23	Agree
	of businesses that have obtained a contract			
2.	There are loans that serve the purpose of	2.74	1.01	Not sure
	financing expenditure in order to fulfill contracts			
	of upgrading the Sinay Market Project			
3.	There are loans that serve the purpose of	2.65	1.10	Not sure
	financing contracts that require funds to be			
	drawn at various stages of the project life cycle			
	with a fixed cap on the facility			
4.	There is establishment of the client's objectives	3.45	1.32	Disagree
	and deciding on the nature of the product are the			
	three most important aspects for attaining			
	projects			
5.	There is safety performance can be the primary	3.72	1.65	Not sure
	determinant of project, regardless of the outcome			
	of the other classical metrics			
6.	There is a general trend in project management	1.22	0.71	Strongly Agree
	literature toward greater customer focus and			
	customer satisfaction.			
	Average mean	2.29		Agree

Source: Primary Data, (2017)

## **Interpretation guide**

5-4.21	Strongly disagree
4.20-3-41	Disagree
3.40-2.61	Not sure
2.60-1.81	Agree
1.80-1	Strongly agree

The first objective was set to identify factors determining the upgrading of Sinay Market Project in Mogadishu Somalia. For this study, this was determined using six indicators which the respondents were required to indicate the extent to which they preferred.

The indicator that there is procurement finance involves financing of businesses that have obtained a contract had a mean of 2.45 which implies Agree on the Likert scale. Then another indicator was that there are loans that serve the purpose of financing expenditure in order to fulfill contracts of upgrading the Sinay Market Project which had a mean of 2.74 which implies not sure on the Likert scale. This was followed by the indicator there are loans that serve the purpose of financing contracts that require funds to be drawn at various stages of the project life cycle with a fixed cap on the facility with a mean of 2.65 meaning not sure on the Likert scale, this was also followed by the indicator that there is establishment of the client's objectives and deciding on the nature of the product are the three most important aspects for attaining projects with a mean of 3.45 implying disagree on the scale. There is safety performance can be the primary determinant of project, regardless of the outcome of the other classical metrics followed with a mean of 3.72 implying not sure and lastly there is a general trend in project management literature toward greater customer focus and customer satisfaction followed with a mean of 1.22 which implies that strongly Agree on the Likert scale. Generally, the average mean of the factors determining the upgrading of Sinay Market Project in Mogadishu Somalia was 2.29 which implied that most of the respondents agreed with these statements.

During in-depth interviews by respondents; "a lot of capital is involved hiring of equipment, buying of materials and even paying the worker".

Another respondent interviewed suggested; "These are always there if you have security, they are always given out but financial institutions such as Banks (World Bank) and other financial institutions. Another respondent interviewed noted; Most projects are always determined by other factors but for the case of Sinay market am not sure"

## **4.2** Objective Two: Procurement procedures in upgrading of Sinay Market Project in Mogadishu Somalia

The items were rated on the 5 Point Likert Scale ranging between strongly disagree, disagree, not sure, agree and strongly agree. The findings are shown in table 4.2.1 below:

Table 4.2. 1 showing the procurement procedure in upgrading of Sinay Market Project in Mogadishu Somalia

Statement	Mean	Std Dev	Interpretation
There is purchasing planning among all of the	1.74	1.01	Strongly agreed
stakeholders often proves critical to successful			
planning and successful purchasing.			
Sinay Market upgrading Project team plans	1.65	1.10	Strongly Agreed
their purchasing needs during the budget			
process.			
There is price negotiation for high-dollar	1.74	1.32	Strongly agree
purchases.			
There is overall project financial plan taking	3.45	0.71	Not sure
input from the project finance scheme.			
Utilization of resource is in line with	2.01	2.01	Agree
organizational process and asset.			
There is overall budgeting plan for this	1.3	.652	Strongly agree
upgrading project at Sinay Market Project			
Average mean	1.98		Strongly Agree

## **Interpretation guide**

5-4.21	Strongly disagree
4.20-3-41	Disagree
3.40-2.61	Not sure
2.60-1.81	Agree
1.80-1	Strongly agree

The findings from the above table 4.2.1 indicated that respondents when asked whether "there is purchasing planning among all of the stakeholders often proves critical to successful planning and successful purchasing" had the mean value of 1.74 and corresponding standard deviation of 1.01. This ranked was interpreted as strongly agreed meaning that most of the respondents abided this statement.

The results further showed that Sinay Market upgrading Project team plans their purchasing needs during the budget process, the average value of was 1.65 and its corresponding standard deviation was 1.01. It could also be observed from the table above that this particular question was stated strongly agreed meaning that most respondents were very satisfactory with this statement.

The average response for there was price negotiation for high-dollar purchases was 1.75 with standard deviation of 1.32 and with a rank of being the 3<sup>rd</sup>. The interpretation for this was that it was strongly agree.

The results further showed that utilization of resource was in line with organizational process and asset, the average value of was 2.01 and its corresponding standard deviation was 2.01. It could also be observed from the table above that this particular question was stated agreed meaning that respondents supported somehow this statement.

The results further showed that Sinay Market upgrading Project team plans their purchasing needs during the budget process, the average value of was 1.65 and its corresponding standard

deviation was 1.01. It could also be observed from the table above that this particular question was stated strongly agreed meaning that most respondents were very satisfactory with this statement.

Additionally, the results further showed that there was overall budgeting plan for this upgrading project at Sinay Market Project, the average value of was 3.45 and its corresponding standard deviation was .652It could also be observed from the table above that this particular question was stated not sure meaning that most respondents were in doubt with this statement.

Finally, by observing the overall mean, the above analysis reveals that most of the respondents were happy with procurement procedures in upgrading of Sinay Market Project as the overall mean had a value of 1.98 and was therefore interpreted has strongly agreed to the respondents. This implied that most respondents were satisfied with procurement procedures in upgrading of Sinay Market Project in Mogadishu Somalia.

During in-depth interviews by respondents; one respondent said, "Before the project kicks off the project owners, contractors and Sinay Project support staffs organize and do the planning process"

Another respondent interviewed revealed; "The contractor team which involves management, engineers, planners sit and do the budgeting and the purchasing process where to purchase, quality and quantity of materials"

During in-depth interviews by respondents; "The stakeholders must be informed of whatever is taking place because they are part and partial of the project"

## 4.3 Objective three: Effects of procurement process on upgrading of Sinay Market Project in Mogadishu Somalia

The items were rated on the 5 Point Likert Scale ranging between strongly disagree, disagree, not sure, agree and strongly agree. The findings are shown in table 4.3.1 below:

Table 4.3. 1 showing effects of procurement process on upgrading of Sinay Market Project in Mogadishu Somalia

	Item	Mean	Std Dev	Interpre
				tation
1	There will be a share of ideas between the	2.78	1.01	Agree
	procurement team and the stakeholders members			
2	Price negotiation will help on evaluation, validation	3.92	0.91	Disagree
	and negotiation of transaction terms assists clients in			
	determining a transaction price to maximize their			
	wealth, which claims to be the most crucial aspect of			
	this transaction.			
3	There will be subjective considerations that can have	2.23	1.11	Agree
	important impact on perceptions of project success.			
4	There will be flexibility necessary to account for the	2.3	0.75	Agree
	fact that every project is different.			
	Average mean	2.80		

## **Interpretation guide**

5-4.21	Strongly disagree
4.20-3-41	Disagree
3.40-2.61	Not sure
2.60-1.81	Agree
1.80-1	Strongly agree

Frequencies in table 4.3.1 indicate that; respondents agreed that there will be a share of ideas between the procurement team and the stakeholders members with (mean=2.78 agreed). During in-depth interviews by respondents; "Information concerning purchase approval among other is always shared between the procurement team and the stakeholder members"

Respondents on whether price negotiation will help on evaluation, validation and negotiation of transaction terms assists clients in determining a transaction price to maximize their wealth, which claims to be the most crucial aspect of this transaction was as follows; (mean=3.92 disagreed)

Respondents also on whether there will be subjective considerations that can have important impact on perceptions of project success was as follows (mean=2.23 agreed) During in-depth interviews by respondents; "Advisory firms are said to perform a monitoring function when they increase the market efficiency by reducing information asymmetries between acquiring and target firms."

Respondents on whether there will be flexibility necessary to account for the fact that every project is different was as follows (mean=2.3 agreed). During in-depth interviews by respondents; "The implementation phase covers a range of activities starting from the issuance of confidentiality or non-disclosure agreements, letter of intent and ending with the conclusion of the M&A contract and deal closure. The last phase is concerned with post-deal integration"

Table 4.3.1 indicate that the average means 2.80 which was interpreted as agreed, this implies that The concept of projects has been widely discussed in management literature and has been central to the literature on Project Management. Success can indeed be evaluated only when the evaluation dimensions are adequately defined. For the project manager, evaluation dimensions generally correspond to the traditional constraints of time, cost and the client's terms of reference or "quality". Here one can identify the influence of the industrial and engineering sectors; sectors upon which project management has established itself in the past centuries.

#### **4.4 Pearson Correlations**

Pearson Correlations were derived by assessing the degree of variations in the independent variable (procurement process) and the dependent variable (upgrading of the Sinay Market Project) vary.

Table 4.4. 1 showing correlation analysis between procurement process and upgrading of the Sinay Market Project

		Procurement	Upgrading of the Sinay
		process	Market Project
Procurement	Pearson Correlation	1	.603
	Sig. (2-tailed)		.000
	N	103	103
upgrading of the	Pearson Correlation		
Sinay Market		.603	1
Project			
	Sig. (2-tailed)	.000	
	N	103	103

Results in table 4.4 indicated a positive relationship (r=.603, p<0.01) since the sig. value (.000) was far less than 0.05, which is the maximum level of significance required declaring a significant relationship in social sciences. The table above indicates the Pearson Correlation coefficient between Procurement process and upgrading of Sinay Market Project. The table indicates that there is a strong positive significant relationship between Procurement process and upgrading of Sinay Market Project since (r=0.603 p<0.05). This is indicated by Pearson Correlation co-efficient of 0.603 and significance of 0.000 which rejects hypothesis and thus shows that there is a strong positive relationship. This therefore implies that procurement processes were followed by the management, contractors and stakeholders of Sinay Market upgrading Project then there would be success of the project.

#### **CHAPTER FIVE**

## DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter mainly dealt with summary, conclusions and recommendations related to the procurement process and the upgrading of the Sinay Market Project in using Mogadishu Somalia as the case study. The focus was on the procurement procedure in upgrading of Sinay Market Project in Mogadishu Somalia, on the factors determining the upgrading of Sinay Market Project in Mogadishu Somalia and on how procurement affect the upgrading of Sinay Market Project in Mogadishu Somalia.

## 5.1 Discussions of the findings

Findings from the field revealed the biggest percentage of the respondent's represented by 60% were found to be males whereas 40% of the respondents were found to be females. Also majority of the respondents represented by 35% were found to be of age between 35-45 these were followed by 30% of the respondents who were between 25-34, also 20% of the respondents revealed that they were 45 years and above lastly to not was 15% of the respondents who were found to under 25 years. Further findings revealed that majority of the interviewees represented by 50% revealed that they were married people these were followed by 35.7% of the respondents who said they were single whereas 10.7% of the respondents said they has separated with their partners and lastly was 3.7% of the respondents who revealed that they were widows. In addition, it was found out that majority of them represented by 35% said they were Certificate, followed by 30% of the respondents who said were Degree holders and 7 % of the respondents revealed that they were Master degree holders whereas 3 % of the respondents also revealed that they had PhD lastly 10 % of the respondents said they were primary school drop outs. Further findings revealed that it was found out that the biggest percentage of the respondents represented by 65% were found to have stayed in Mogadishu Somalia for over 9 years whereas these were followed by 20% of the respondents who had stayed in Mogadishu Somalia for years between 7-9 lastly but not the least 10% of the respondents revealed that they had stayed in Mogadishu Somalia for years between 4-6 and lastly 5% of the respondents said they had stayed in Mogadishu Somalia for between 0-3 years. The summary of the findings were presented to reflect the research objectives of the study.

## 5.1.1 Factors determining the upgrading of Sinay Market Project in Mogadishu Somalia

The study findings revealed that the overall mean had a value of 2.29 and was therefore implied that most of the respondents agreed with the factors determining the upgrading of Sinay Market Project. In this is in line with a firmly founded theory of project management is that any project should start with a clear understanding of the nature of the project itself. This is in line with Benslimane et al., (2005) who noted that project management understands the project as an ordered and simple, and thus predictable, phenomenon which can be divided in to contracts, activities, work packages and assignments to be executed more or less interpedently. The project is also seen as a mainly sequential, assembly like, linear process which can be planned in any degree of detail through an adequate effort and the dynamics of the surrounding world is not taken into account.

## 5.1.2 Procurement procedures in upgrading of Sinay Market Project

From objective one, findings indicated that the overall mean had a value of 1.98 and was therefore interpreted has strongly agreed from the respondents. This implied that most respondents were contented with the improved procurement procedures used in upgrading of Sinay Market Project in Mogadishu Somalia. This was in line with Cardenas et al.,(2017) who noted that the success of major purchases, which are those with the potential to impact these objectives, should be planned for by a purchase team that fully reflects the strategic importance of the purchase, and should involve the team's use of a wide range of supply chain business practices (such as strategic sourcing, demand analysis, prequalification, supplier selection strategy, and resource planning). The success of other purchases will not require the same level of investment, but will require some degree of planning.

#### 5.1.3 Effects of procurement process on the upgrading of Sinay Market Project

Results from objective three unveiled that the overall mean had a value of 2.80 and was therefore interpreted has agreed basing on answers from the respondents. This was in line with Carr and

Pearson, (2009) who noted many firms that are interested in M&A projects simply acquire help from external specialists in dealing with the transaction as they expect greater benefits from the advice of the advisory firms. In the same way, Chadwick (2015), it is not common for companies, especially small to medium ones, to maintain an in-house M &A department with sufficient expertise for this multi-disciplinary exercise due to their infrequent engagement in such transactions.

#### **5.2 Conclusion**

The study was guided by three objectives.

## 5.1.1 Factors determining the upgrading of Sinay Market Project in Mogadishu Somalia

The first objective was also to identify factors determining the upgrading of Sinay Market Project in Mogadishu Somalia. These factors included among other; loans that serve the purpose of financing expenditure in order to fulfill contracts of upgrading the Sinay Market Project. In response therefore in can be concluded that loans that serve the purpose of financing contracts should be in place be in place and the required funds to be drawn at various stages of the project life cycle with a fixed cap on the facility.

## 5.2.2 Procurement procedures in upgrading of Sinay Market Project

The second objective was fulfilled where it was determined that there was various procurement procedures in upgrading of Sinay Market Project in Mogadishu Somalia. This meant that project failures or a success was as a result of the limited procurement procedures used or under utilization of the available procedures. In conclusion therefore project managers, owners and stakeholders need to realize that success is desired in everyday life, in business activities and in projects. Given the high rate of projects that fail reaching their objectives or creating the wanted effects, researches that approach the topic of success bring positive inputs both to literature and to practice.

## 5.2.3 Effects of procurement process on the upgrading of Sinay Market Project

The third objective was related to the how procurement processes affects the upgrading of Sinay Market Project in Mogadishu Somalia. Therefore procurement systems and procedures need to be adhered to by the matter of fact that projects environments are dynamic, so success factors might change their level of influence in time. Thus, a permanent monitoring of these factors is needed and whenever necessary the project manager should influence certain factors in order to increase chances of accomplishing success criteria.

#### **5.3 Recommendations**

The recommendations presented are based on the analysis and conclusions arrived at in the above section

## 5.3.1 Factors determining the upgrading of Sinay Market Project in Mogadishu Somalia

On identifying the factors that determining the upgrading of Sinay Market Project in Mogadishu Somalia, Project owners and stakeholders should ensure loans that serve the purpose of financing expenditure are process and acquired earlier in order to fulfill contracts of upgrading the Sinay Market Project. Further there should also be an establishment of the client's objectives and deciding on the nature of the product are the three most important aspects for attaining projects.

## 5.3.2 Procurement procedures in upgrading of Sinay Market Project

On the establishment of the procurement procedures in upgrading of Sinay Market Project in Mogadishu Somalia. Project majors should ensure there is early involvement among all of the stakeholders often proves critical to successful planning and successful purchasing. And that planning for the purchases of materials should begin in the concept-development phase and consider best value in relation to business strategy and total cost of ownership.

## 5.3.3 Effects of procurement process on the upgrading of Sinay Market Project

On analyzing how the procurement processes affects the upgrading of Sinay Market Project in Mogadishu Somalia. Therefore there should be price negotiation to help on evaluation, validation and negotiation of transaction terms assist clients in determining a transaction price to maximize their wealth, which claims to be the most crucial aspect of this transaction and also there should be subjective considerations that can have important impact on perceptions of project success.

#### 5.4 Area for further research

It is recommended that further research be undertaken to investigate the other factors in procurement that affect project performance purposely to ascertain how these other factors also contribute to project overall performance. Similar research should also be carried out on other public procuring entities.

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#### **APPENDIX I:**

## SELF-ADMINISTERED QUESTIONNAIRE FOR THE RESPONDENTS AT SINAY MARKET PROJECT IN MOGADISHU SOMALIA

Dear respondent!

My name is **Abdifatah Yusuf Mahamed** a student of Kampala International University pursuing a Master's Degree Project Planning and Management. This questionnaire is designed to collect information aimed at finding out *the procurement process and the upgrading of the Sinay Market Project in Mogadishu Somalia*. The information obtained will be strictly for academic purposes and it will be treated with utmost confidentiality. I kindly request you to fill this questionnaire. Thank you very much for your time and co-operation

## **Section A: Demographic data (Tick in the appropriate box provided)**

## 1. Your age of respondents

Under 25	25-34	35-45	Above 45

## 2. Gender of respondents

Male	Female

## 3. Marital status of the respondents

Single	Married	Divorced	Widowed

## 4. For how long have you been in Mogadishu Somalia?

0-3years	4-6years	7-9years	Over 9years

5. What is the highest level of education you have attained?

C	Certificate	Diploma	Degree	Professional qualification	Masters	PHD

# SECTION B: PROCUREMENT IN UPGRADING OF SINAY MARKET PROJECT IN MOGADISHU SOMALIA

Evaluate the following statements by ticking the appropriate alternative of your choice.

Strongly agree	Agree	Not sure	Disagree	Strongly disagree		
1	2	3	4	5		

	Statement	1	2	3	4	5
1	There is purchasing planning among all of the stakeholders often proves critical to successful planning and successful purchasing.					
2	Sinay Market upgrading Project team plans their purchasing needs during the budget process.					
3	There is price negotiation for high-dollar purchases.					
4	There is overall project financial plan taking input from the project finance scheme.					
5	Utilization of resource is in line with organizational process and asset.					
6	There is overall budgeting plan for this upgrading project at Sinay Market Project					

# SECTION C: FACTORS DETERMINING THE UPGRADING OF SINAY MARKET PROJECT IN MOGADISHU SOMALIA

Evaluate the following statements by ticking the appropriate alternative of your choice.

Strongly agree	Agree	Not sure	Disagree	Strongly disagree
1	2	3	4	5

	Statement	1	2	3	4	5
1	There is procurement finance involves financing of businesses that have obtained a contract					
2	There are loans that serve the purpose of financing expenditure in order to fulfill contracts of upgrading the Sinay Market Project.					
3	There are loans that serve the purpose of financing contracts that require funds to be drawn at various stages of the project life cycle with a fixed cap on the facility.					
4	There is establishment of the client's objectives and deciding on the nature of the product are the three most important aspects for attaining projects.					
5	There is safety performance can be the primary determinant of project, regardless of the outcome of the other classical metrics.					
6	There is a general trend in project management literature toward greater customer focus and customer satisfaction.					

# SECTION D: HOW PROCUREMENT AFFECT THE UPGRADING OF SINAY MARKET PROJECT IN MOGADISHU SOMALIA

Evaluate the following statements by circling/ticking the appropriate alternative of your choice.

Strongly agree	Agree	Not sure	Disagree	Strongly disagree
1	2	3	4	5

	Statement	1	2	3	4	5
1	There will acquire a significant share of stocks or assets of the target Project					
2	Price negotiation will help on evaluation, validation and negotiation of transaction terms assists clients in determining a transaction price to maximize their wealth, which claims to be the most crucial aspect of this transaction.					
3	There will be subjective considerations that can have important impact on perceptions of project success.					
4	There will be flexibility necessary to account for the fact that every project is different.					

Thank you for your participation

#### **APPENDIX II:**

#### **INTERVIEW GUIDE**

## FOR THE KEY INFORMANTS AT SINAY MARKET PROJECT IN MOGADISHU SOMALIA

Dear respondent!

My name is **Abdifatah Yusuf Mahamed** a student of Kampala International University pursuing a Master's Degree Project Planning and Management. This questionnaire is designed to collect information aimed at finding out *the procurement process and the upgrading of the Sinay Market Project in Mogadishu Somalia*. The information obtained will be strictly for academic purposes and it will be treated with utmost confidentiality. I kindly request you to fill this questionnaire. You are kindly requested to respond to this questionnaire by providing the most accurate answers to the questions project.

- 1. Your age
- 2. Gender
- 3. Marital status
- 4. For how long have you been in Mogadishu?
- 5. What is the highest level of education you have attained?
- 6. What is the procurement in upgrading of Sinay Market Project in Mogadishu Somalia?
- 7. What are the factors determining the upgrading of Sinay Market Project in Mogadishu Somalia?
- 8. How procurement affect the upgrading of Sinay Market Project in Mogadishu Somalia?

Thank you for your participation

TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	375	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size

Krejcie, Robert V., Morgan, Daryle W., "Determining Sample Size for Research Activities", <u>Educational and Psychological Measurement</u>, 1970.

<sup>&</sup>quot;S" is sample size.