

**PROCUREMENT PROCESS AND PROJECT PERFORMANCE OF INTERNATIONAL
NON-GOVERNMENTAL ORGANIZATIONS IN HARGEISA, SOMALILAND**

BY

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DECLARATION

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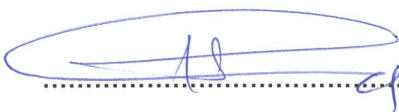
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APPROVAL

This thesis has been submitted to the College of Higher Degrees and Research for the award of a master of project planning and management of Kampala international university with my approval as a supervisor.

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DEDICATION

This work is dedicated to my Parents Mr. Mohamed Ali, Mrs. Fadumo whose resources and encouragement I used to complete this project

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Many thanks to Allah for his guidance and protection all through the time when I was undertaking my master degree course and completing this research study. All praise and glory be to Him. I wish to also thank my supervisor **Dr. ISAAQ ABUGA** who was humble enough to me to assist me in making revisions to my work on numerous accounts. His guidance and advice helped me a lot. To all the respondents who took their invaluable time to respond to the questionnaires and sat for the interviews, I wish to inform them that they were an integral part of this study and without them this would not have been successfully accomplished. I also appreciate all the lecturers who have taught me during my study period at Kampala International University. The capacity they built in me will forever be an asset to me. Finally to all my friends, family and the research assistants, I am so humbled with your support both morally and financially.

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LIST OF ACRONYMS

| | |
|------|--|
| CARE | COOPERATIVE FOR ASSISTANCE AND RELIEF EVERYWHERE |
| CVI | CONTENT VALIDITY INDEX |
| EOT | EXTENSION OF TIME |
| GNP | GROSS NATIONAL PRODUCT |
| ICB | INTERNATIONAL COMPETITIVE BIDDING PROCESS |
| LDC | LESS DEVELOPED COUNTRY |
| LIB | LIMITED INTERNATIONAL BIDDING |
| NCB | NATIONAL COMPETITIVE BIDDING |
| NGO | NON GOVERNMENTAL ORGANIZATIONS |
| QM | QUALITY MANAGEMENT |
| SPSS | STATISTICAL PACKAGE FOR SOCIAL SCIENCES |
| USA | UNITED STATES OF AMERICA |

ABSTRACT

This study had the main objective to establish the role of procurement process in improving the performance of projects run by International Non-Governmental Organizations in Hargeisa, Somaliland. The main problems which needed to be addressed in the projects were poor performances as evidenced by poor efficiency, quality of service and effectiveness. The study had three objectives which were 1) to examine the procurement process as implemented in International NGOs of Hargeisa, Somaliland 2) to determine the level of project performance in International NGOs of Hargeisa, Somaliland and 3) to establish a relationship between procurement process and project performance in International NGOs of Hargeisa, Somaliland. The study employed descriptive correlational design which involved both qualitative and quantitative approaches. Using this method, the researcher used a structured questionnaire (close ended) and an interview guide (for qualitative responses). A research population of 150 was identified and a sample size of 109 respondents was computed using the Slovene's formula. In selecting the respondents the researcher used purposive sampling technique. From the findings it was found that procurement process was poorly implemented and so was the performance of the projects. Relationship wise, it was found that there was a significant relationship between procurement process and projects performance as it was computed at a Pearson correlation coefficient of 0.844. Regression analysis gave an R Squared value of 0.712. As recommendations, the researcher suggests synchronization of the procurement processes with the budget, soliciting suggestions and opinions of end users, allowing for competitive bidding, minimizing lead times, and setting up a special contract award committee.

CHAPTER ONE

THE PROBLEM AND ITS SCOPE

1.0 Introduction

This section will present the background, problem statement, purpose, objectives, research questions, hypothesis, scope of the study and significance of the study.

1.1 Background of the Study

1.1.1 Historical perspective

Procurement process according to Thai (2004) has a long history written on a red clay tablet, found in Syria, the earliest procurement order dates from between 2400 and 2800 B.C. The term Procurement Process is the process required to supply equipment, materials and other resources required to carry out a project. This process usually involves sub-processes such as acquisition, purchasing, logistics, monitoring, quality assurance and contract administration (Stuckhart 1995). Currently there is a tendency to manage projects using a fast-track approach in an effort to reduce project schedule. To be able to serve the needs of these projects, the Procurement Process is subject to important pressures to be carried out in the most expedite and fluid possible manner the order was for "50 jars of fragrant smooth oil for 600 small weights in grain". Other evidence of historical procurement includes the development of the silk trade between China and a Greek colony in 800 B.C.

Similarly, Thai (2004), in the United States America (USA), government procurement at the municipal level predates that of state and federal governments. In the settlements and colonies, printing was one of the few services contracted out by government, but there were no professional procurement officials. Goods and services needed by the government were supplied by the commissioners or commissaries, which received a commission on what they bought for the militia or other administrative units. It was not until the late 1800s that state legislators began to create boards or bureaus responsible for purchasing, but central purchasing was hardly a process at that time in 1810.

Similarly, procurement was at one time perceived to be a simple ordering or clerical function of government intended to obtain the right goods, capital assets or services (meeting quality requirements), in the right quantity, for delivery at the right time to the right place, from the right source. Thus, the work of public procurement transited from a clerical function independently performed by various people throughout different agencies or departments within a government entity to a more and more challenging government function that continues to evolve, both conceptually and organizationally. This evolution has accelerated as government entities at all levels come under increasing pressure to "do more with less", while simultaneously attempting to cope with broader socio- economic objectives of acquisition of goods and services. All government entities struggle within an environment of unrelenting budget constraints in as far as acquisition of goods and services is concerned.

The public demand for increased transparency, greater efficiency, fairness, and equity in public procurement has heightened. Policy makers use public procurement as an instrument to achieve contemporary policy concerns, including environment protection, stimulation of local or domestic economy and helping minority.

Furthermore, Thai (2004) highlights that the sheer magnitude of the public procurement dollar expenditure outlay has a dramatic impact on the economy of a country and thus needs to be well managed. Indeed, in all countries in the world estimates of the financial activities of government procurement are believed to be approximately 10%- 30% of Gross National Product (GNP).

European projects are known to mainly gauge their performance on timeliness and quality. They have a culture of non-tolerance to time delays and procrastination. This habit is also characteristic of the Americans. For a project to be appraised for performance, timeliness takes precedence only after quality of work done. Since quality is highly regulated in such countries due to high levels of technology and competition, timeliness becomes the main hurdle to beat. Project schedule or project duration is thus constantly used to measure project performance. According to (Olivia, 2012), owners

and stakeholders view duration of a project as their first criterion for project success. A project that fails to complete within the timeframe given for the project will be considered as not running as smoothly as it should. The duration of a project can be viewed as the timeframe from the start of site work to the project's closeout (Lynn, 2012).

In Africa, most countries are sensitive to costs and as such project cost is one of the most common measures used to gauge project performance there (Ssentongo, 2013). In Nigeria, construction teams are always looking for ways to complete the project within the budget specified. The ability of a project team to complete within the cost is challenging, as there are always uncertainties and changes occurring throughout a construction project. According to Uche (2012), cost can be defined as the degree to which the general conditions promote the completion of a project within the estimated budget. Cost can be measured, based on cost variation calculated by the variance between the actual cost and the budgeted cost of a project (Uche, 2012). Even though this has been underscored in the country for several years significant results are yet to be delivered as the costs always remain higher than anticipated.

In Hargeisa, Somaliland, issues of project performance have taken center stage only of late within the country (UNDP Report, 2014). Prior to 1991 (when the Somali government collapsed), there were a few projects in this region. The influx of projects which are mainly humanitarian in nature by NGO's came with the concept of performance as they were constantly and regularly appraised (Abdullahi, 2013). Just like in the rest of Africa, project cost was the corner stone of measuring project performance until mid-2000's where the focus changed to quality. This change was however observed in international NGO's whereby local NGO's continued to appraise basing mostly on the project cost. Currently, such evaluations have offered poor results in terms of the two parameters and analysts believe it is time to have a change of paradigm with regards to project performance (Abdullahi, 2013).

1.1.2 Theoretical perspective

This study will be guided by the transformation theory of projects. According to Koskela & Howell (2002), the theory of projects is provided by the transformation view on operations where a project is conceptualized as a transformation of inputs to outputs. There are a number of principles, by means of which a project is managed. These principles suggest, for example, decomposing the total transformation hierarchically into smaller transformations, tasks, and minimizing the cost of each task independently to enable achievement of the expected project performance. This study will therefore be underpinned by the transformation theory of projects that relates largely to the acquisition of inputs that are turned to project outputs through value adding role of project procurement processes.

1.1.3 Conceptual perspective

Procurement Process is the process required to supply equipment, materials and other resources required to carry out a project (Holt and Rowe, 2000).the critical elements of project procurement process are planning, bidding process, evaluating, selecting, awarding and contract management, continually, within the process of project inception, delivery and use. This could be done by influencing, for instance, procurement processes, monitoring techniques and accounting procedures. Project quality is, then, not conceptually limited to the product process, but incorporates relations between suppliers and clients within the project supply network. So, before total quality management procedures governing the event of product and service delivery can operate effectively, concern must be given to the foundations within which such procedures make sense, notably, to nurturing a culture of innovation and continuous improvement. Attending to relations requires that quality concerns encompass all attitudes within the supply network so that consistency is attained and maintained.

Project performance is the ability of the project to attain its goods by using its resources in an efficient and effective manner (Draft, 1991). According to (Jones, 2004), Project performance refers to the actual output or result of an organization as measured against its intended objective and goals. In the context of this study project performance is conceptualized as quality, efficiency and effectiveness of a project.

1.1.4 Contextual perspective

The study will motivate by the many challenges and failures that have face Non-Governmental Organizations in the near past in Hargeisa. In many parts of Somaliland, the problem of project performance is very common. The country and region is home to many Non-governmental Organizations mostly humanitarian nature cutting across education, to health to environmental and many more (Nerado Report, 2013). Though some of such organizations are striving hard to embrace to use procurement process to meet the objectives of the project, the staffs involved in such an exercise are incompetent and not appreciated. To this extent therefore, the procurement process has remained passive in regard to project oversight and regulatory role that it should play. This potential problem has precipitated to a decline in the project performance of many such organizations (Mohamed Ahmed, 2013). This study aims at investigating this phenomenon and seeks to establish the role played by procurement process on performance of projects run by Non-Governmental Organizations of Hargeisa, Somaliland.

1.2 Problem statement

International NGOs implement a lot of projects in Somaliland. Moreover, International NGOs spend huge amounts of projects' budgets on procurements. On the other hand, the management of International NGOs acknowledges the importance of project procurement processes if their projects are to achieve the expected project performance. However, there is a huge gap between the standards set for project goal attainment and the real achievement obtained ultimately. Project staffs are responsible for regulating the activities of the projects. Lack of procurement process knowledge and proper planning are particularly problem worth acknowledging.

In the light of the above scenario, the prevailing problem which this study required to investigate is International NGO'S failure to perform primary functions due to many factors indicated by lack of evaluation, lack of contract awarding, poor planning, lack of Bidding process.

Ongoing staff trainings programs were being conducted. Monies that are contributed towards funding the trainings are not well budgeted for. Therefore, to determine whether project procurement processes have an effect on project performance, this relationship should not be assumed. It is against this background that the study seeks to assess the project procurement processes and project performance of selected International NGOs in Hargeisa, Somaliland.

1.3 Purpose of the Study

The purpose of this study was to establish the relationship between project procurement processes and project performance of selected International NGOs in Hargeisa.

1.4 Research Objectives

1. To examine the project procurement processes as implemented by the selected International NGOs in Hargeisa, Somaliland.
2. To determine the level of project performance of the selected International NGOs in Hargeisa, Somaliland.
3. To determine the relationship between procurement process and project performance of the selected International NGOs in Hargeisa, Somaliland.

1.5 Research Questions

1. How are the project procurement processes as implemented by the selected International NGOs in Hargeisa, Somaliland?
2. What is the level of project performance of the selected International NGOs in Hargeisa, Somaliland?
3. What is the relationship between procurement process and project performance of the selected International NGOs in Hargeisa, Somaliland?

1.6 Hypothesis

There is no significant relationship between project procurement processes and the level of project performance of the selected international NGOs in Hargeisa Somaliland.

1.7 Scope of the Study

The study limited itself to project procurement processes and project performance of selected international NGOs. The study focused on SCOTT projects implemented by CARE International and Save the Children in Hargeisa. Hargeisa is the capital city of Somaliland and the center of all NGOs that implement projects in the country. Somaliland comprises of the territory, boundaries and people of the former British Somaliland protectorate. This study will use correlational research design and a sample of 109 respondents.

1.7.1 Geographical scope

This study was conducted in Hargeisa somallilnd. Somaliland is among the developing countries in Africa. The country's population is estimated to be approximately 3 million as of june 2011. It borders Somalia to the south , Ethiopia to the west, Jabouti to the east and Yemen north.

1.7.2 Time scope

The study covered a period of 1 year i.e. March 2014 – April 2015. This period encompasses all activities involved from proposal drafting to submission of final report.

1.7.3 Theoretical scope

This study was guided by the transformation theory of projects. According to Koskela & Howell (2002), the theory of projects is provided by the transformation view on operations where a project is conceptualized as a transformation of inputs to outputs. There are a number of principles, by means of which a project is managed.

1.7.4 Content scope

The study investigated the role of project procurement process in the project performance of Non-Governmental Organizations of Hargeisa, Somaliland. This was

achieved through procurement process as planning, evaluating, selecting, awarding and contracting management while project performance will be measured in terms of quality, efficiency, effectiveness and quality.

1.8 Significant of the study

This study may be significant to the following stakeholders:

It will be useful to individual NGOs to improve on the project procurement processes for improved project performance of the projects they implement in Somaliland. The finding and the recommendations of this study will also be useful for project decision makers to evaluate their project procurement processes for improved project performance.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presented the conceptual review, theoretical review, empirical review and conceptual frame work.

2.1 Conceptual review

Project Procurement Processes

Project procurement, however, is the process of obtaining goods or services in any way including borrowing, leasing to achieve the project needs for transformation (Lysons & Farringham, 2006). Procurement Process is a method by which items are purchased from external suppliers. The procurement management process involves managing the ordering, receipt, review and approval of items from suppliers. A procurement process also specifies how the supplier relationships will be managed, to ensure a high level of service is received. Odhiambo and Kamau (2003) defined public procurement as the purchase of commodities and contracting of construction works and services if such acquisitions are affected with resource from state budgets, local authority budgets, state foundations fund, domestic loans or foreign loans guaranteed by the state, foreign aid as well as revenue from the economic activity of the state. Thus, every effort of public procurement should consider achievement of sustainable development in the delivery of services to the citizens through effective procurement planning, good solicitation process and effective contract management (Love, Patrick, & Irani, 2002). Project procurement is a wider term than purchasing which implies acquisition of goods or services in return for a monetary or equivalent payment.

According to Bailey et al. (1999), the objective of project procurement is to acquire the right quality of material, at the right time, in the right quantity, from the right source, at the right price. The authors urge that remembering the need to work as an effective function, the project procurement serves the following function: to supply the project with a flow of materials and services to meet its needs; ensure continuity of project

supplies by maintaining effective relationships with the existing source. Project procurement considers at developing other sources of supply either as alternatives to meet emerging or as planned needs; to buy efficiently and wisely, obtaining by an ethical means the best value for every dollar spent and to maintain sound cooperative relationships with other project departments. Project procurement also provides information and advice as necessary to the effective operation of the organization as a whole and to develop policies, procedures that can ensure the achievement of planned objectives. Project procurement encompasses three major considerations of procurement planning and implementation strategies, solicitation of suppliers and contract management.

Project Procurement Panning and Implementation Strategies

Thai (2004) considers project procurement planning to involve the identification of procurement needs by the procurement and the disposal entity, the user department in collaboration with procurement professionals and in some cases with the suppliers. The procurement needs identification equally involves development of specifications of the items/inputs required by the entity. It is important to note that procurement planning should arise from the strategic plan of the organization. As such, an effective project procurement plan should anticipate changes in the entities requirements for technological capabilities and identification of goods/services and works that are critical to implementation of the plan. Annually, users have to establish the acquisition plans by assessing their existing assets in order to identify the input gap between planned and actual performance and defining the gaps or inputs needs commonly called "wish list".

All needed project inputs have to be assessed in terms of their functionality, full life, cycle cost, affordability of the full life costs, and associated risks. Finally, the agency/entity establishes the project acquisition objectives in terms of requirements to be achieved and prepares an original acquisition portfolio (project procurement plan).

Project Supplier Solicitation and Selection Processes

Leonhard, Bernold, and Siman (2005) concurred that project procurement must solicit for suppliers to provide the goods, works and services needed for the entity. Five major activities are involved in the project solicitation and supplier selection and they include: solicitation document preparation which may involve selecting from existing documents or modifying or a combination of both or a creation of new requirements documents to meet the agency's needs. solicitation of offers by considering competitive approval levels and along with public notice, electronic solicitation or other methods of publicizing; evaluation aims and intended to select best value contractor and through meeting principals of integrity, client service, social economic objective, competition, equal treatment, and accountability. Solicitation also includes negotiations arising from mistakes of offers especially on costs, scope of work aimed at resolving mistakes through established procedures; and contract award arising from the evaluation and meeting of the criteria stipulated in the bid documents.

According to Walker and Rowlinson (2003), competitive tendering is associated with better performance than directly negotiated project procurement contracts. Solicitation is a key vital consideration for successful outsourcing and a number of contractor solicitation methods available. Open domestic bidding is used to obtain maximum possible competition and value for money. Similarly, open international bidding is the procurement or disposal method, which is open to participation on equal terms by all providers, through advertisement of the procurement or disposal opportunity and which specifically, seeks to attract foreign providers.

On the other hand, Boselie, Henson, and Weatherspoon (2003) highlighted that in most cases; procurement against foreign aid is carried out by using the international competitive bidding process (ICB) with a margin of preference given to domestic goods and services in developing countries. When the ICB is not the most appropriate method of procurement, alternative methods are used. These methods include limited international bidding (LIB), national competitive bidding (NCB), international and local

shopping, direct contracting: by extending an existing contract, standardized equipment or spare parts from the original supplier, proprietary equipment and any other special circumstances such as in response to natural disasters (World Bank, 2002).

Project Procurement Contract Management

Project contract management consists of ordering, monitoring ordered items' quantities and quality, paying invoices and keeping a good accounting record. After the designated contract administrator issues a notice to proceed, this sets the contract administration in motion. While the contractor performs their contracts, the procurement official or their designated contract team need to carefully monitor their contract performance especially the quality schedules acceptance, conflicts, changes, budgets and payment. Payments may be extracted in three ways: Advance payments or prepayments, interim payments, and final payments. Contract closure involves several activities and should meet the following requirements: All contractual issues have been met, all changes if any have been incorporated in the final document, all the deliverable items have been received, all borrowed resources and classified documents have been returned, and final payment has been made (Thai, 2004).

Similarly, Pingali, Khwaja, and Meijer (2005) recommend that project procurement contract management should include monitoring and evaluation and knowing the parties' contractual rights and responsibilities. It also permits bartering when the agreement does not resolve the issue and leverage is necessary while maintaining contract formalities can be especially challenging when the original, pre-outsourcing organization was particularly informal. The breach of a term of agreement by the outsourcing vendor in relation to service level will give grounds for the procuring and disposal entity to sue for damages. However, litigation for contract damages is often expensive, time consuming and involves a good deal of uncertainty (Heinbuch, 1996).

Furthermore, Thai (2004) on his part recommends that there should also be explicit agreement in relation to the termination of services in cases where service levels are not met or when the vendor goes into liquidation, etc.

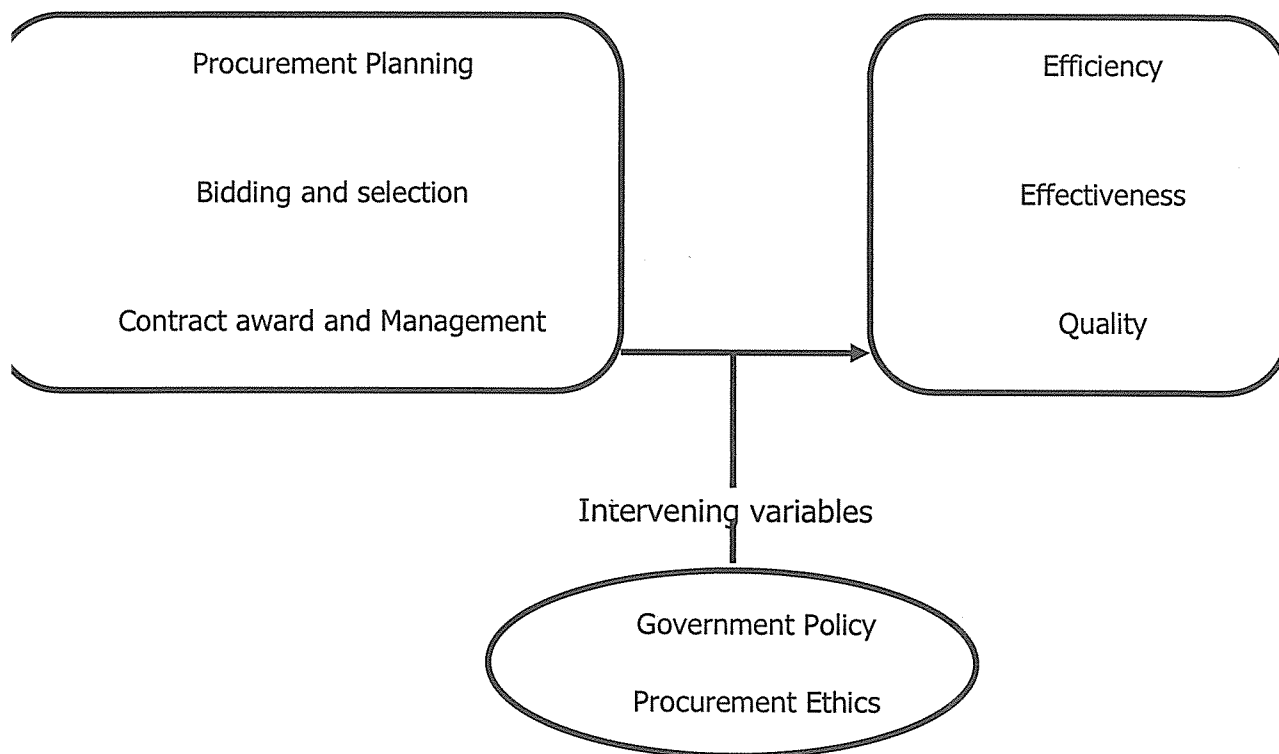
2.2 Theoretical review

This study will be guided by the transformation theory of projects. According to Koskela & Howell (2002), the theory of projects is provided by the transformation view on operations where a project is conceptualized as a transformation of inputs to outputs. There are a number of principles, by means of which a project is managed. These principles suggest, for example, decomposing the total transformation hierarchically into smaller transformations, tasks, and minimizing the cost of each task independently to enable achievement of the expected project performance. This study will therefore be underpinned by the transformation theory of projects that relates largely to the acquisition of inputs that are turned to project outputs through value adding role of project procurement processes.

2.3 Conceptual Frame Work

The conceptual framework depicts the procurement process and performance

Figure 2. 1: The conceptual framework



2.4 Related studies

Project Performance

Chan and Chan (2004) contends that establishment of performance indicators enable measurement of project performance and advocates that project performance is measured using traditional measures relating to schedule, quality and cost. Thus, project performance is considered in the context of achievement of a project's schedule, quality and cost objectives; it does not include other emerging performance metrics used in the measurement of project performance.

Project Schedule

Schedule refers to the duration for completing the project. It is scheduled to enable the project to be used by a date determined by the plans. Related to "time" is the concept of "effectiveness". Effectiveness is defined as a measure of how well the project was implemented or the degree to which targets of time and cost were met from the start-up phase to full production. According to Chan & Chan (2004), there are three formulae under the "time" category, namely construction time, speed of construction and time variation. Construction time is the absolute time that is calculated as the number of days/weeks from start of the activities to practical completion of the project. Speed of construction is the relative time, which is defined by gross floor area divided by the construction time. Time variation is measured by the percentage of increase or decrease in the estimated project in days/weeks, discounting the effect of extension of time (EOT) granted by the client. Moreover, time management is a project function that establishes and maintains appropriate allocation of time to project activities to control overall conduct of project through the successive stages of the project cycle.

This is done through the planning, estimating, scheduling and schedule control-i.e. carry out activity/task definition, carry out activity sequencing, estimate duration of activities, develop activity scheduling and schedule control. Time management is a critically important skill for any successful project team. Project managers who succeed

in meeting their project schedule have a good chance of staying within their project budget. The most common cause of blown project budgets is lack of schedule management.

Project Costs

According to Chan and Chan (2004), cost is defined as the degree to which the general conditions promote the completion of a project within the estimated budget. Cost is not only confined to the tender sum, it is the overall cost that a project incurs from inception to completion, which includes any costs arise from variations, modification during implementations period and the cost arising from the legal claims, such as litigation and arbitration. Cost can be measured in terms of unit cost, percentage of net variation over final cost. Percentage net variation over final cost is the ratio of net variations to final contract sum expressed in percentage term and it gives an indication of cost overrun or under run.

Project cost performance is a group of processes required to ensure the project is completed within the approved budget. Project cost management includes: estimating, budgeting and cost control. Cost estimating is the process of developing an approximation (or estimate) for the cost of the resources necessary to complete the project activities. There is a difference in Cost Estimating and Pricing. Cost estimating is assessing how much it will cost the organization to provide the product or service. Pricing is assessing how much the organization will charge for the product or service. Cost estimating also includes identifying and considering cost alternatives. Cost estimating process is a part of "Project Planning Phase".

Cost Budgeting is allocating the value of the overall cost estimate to individual work items, in order to establish a cost baseline for measuring project performance. Cost Budgeting is part of "Project Planning Phase". Project cost control includes influencing the factors that create changes to the cost baseline, ensuring requested changes are agreed upon and managing the actual changes when and as they occur. Cost Control process is part of "Project Controlling Phase"(PMP, 2009).

Project Quality

Hardie and Walsh (1994) identified different definitions of quality, including conformance to specification". This definition has been widely implemented throughout industry and academia. They stipulate that if a product does not meet the specified standard defined according to customer demand and requirements, then it is defective, i.e. the customer will be dissatisfied with the product. Other notable definitions which were highlighted by Hardie and Walsh (1994) include ``anything that can be improved" and ``fitness for purpose or use". Quality has also been defined as "the totality of characteristics of an entity that bear on its ability to satisfy stated or implied needs (ISO Press, 1994). Here, the stated and implied quality needs are the inputs used in defining project requirements from the donor and the beneficiaries. Quality is also defined as the "Conformance to requirements or fitness for use"-which means that the product or services must meet the intended objectives of the project and have a value to the donor and beneficiaries and that the beneficiaries can use the material or service as it was originally intended (Duran, 1951).

According to Chan & Chan (2004), quality is another project performance criterion that is repeatedly cited by previous researchers. However, the assessment of quality is rather subjective. In the construction industry, quality is defined as the totality of features required by a product or services to satisfy a given need; fitness for purpose. Nowadays, quality is the guarantee of the products that convinces the customers or the end-users to purchase or use. The meeting of specification is one way to measure quality.

They defined specification as workmanship guidelines provided to contractors by clients or clients' representatives at the commencement of project execution. The measure of technical specification is to the extent that the technical requirements specified can be achieved. In real terms, technical specification is provided to ensure that buildings are built in good standard and in proper procedure. The central focus of quality

management is meeting or exceeding stakeholder's expectations and conforming to the project design and specifications.

The ultimate judge for quality is the beneficiary, and represents how close the project outputs and deliverables come to meeting the beneficiaries' requirements and expectations. Quality management is the process for ensuring that all project activities necessary to design, plan and implement a project are effective and efficient with respect to the purpose of the objective and its performance. Project quality management (QM) is not a separate, independent process that occurs at the end of an activity to measure the level of quality of the output. It is not purchasing the most expensive material or services available on the market. Quality and grade are not the same, grade are characteristics of a material or service such as additional features. A product may be of good quality (no defects) but be of low grade (few or no extra features). The main principle of project quality management is to ensure the project will meet or exceed stakeholder's needs and expectations (PM4DEV, 2007).

Project Efficiency

Efficiency measures the characteristics of the degree to which the process produce output at a minimum reserve cost in order to attain value for money in the organization (Julia, 2005). In other words efficiency is how well productivity resources are used to achieve the Organizational goals (Saleemi, 1992).

$$\text{Efficiency} = \frac{\text{resource actually used}}{\text{resources planned to be used}} \times 100$$

Equation 1: Efficiency Model

Project performance starts from efficiency in all the functions of an enterprise in order to change from being reactive to being proactive to attain set performance levels in an entity (Knudsen, 1999). According to Van Weele (2000) project performance is considered to be the result of overall efficiency. Efficiency provides the basis for an organisation to assess how well it is progressing towards its predetermined objectives,

identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements.

Project Effectiveness

Syson (2000) defines effectiveness as measures of the appropriateness of the goal the organization is pursuing and the degree to which those goals are achieved. According to Kotler (2003) he defined effectiveness as a measure on how successful the working system in the organization achieves its desired output. A study carried out by Iravo (2007) in which he sought to examine the effect of monitoring on effectiveness of equipment management in public institutions. He sought to solve the problem in Oklahoma State which at the time was marred with public offices using office equipment for private purposes and at times stealing such equipment. He ultimately established that there is an inherent positive relationship between monitoring and wise equipment use in such public offices (Iravo, 2007).

Quality Characteristics

All material or services have characteristics that facilitate the identification of its quality. The characteristics are part of the conditions of how the material, equipment and services are able to meet the requirements of the project and are fit for use by the beneficiaries. Quality characteristics relate to the attributes, measures and methods attached to that particular product or service. Quality characteristics include the following: Functionality is the degree, by which equipment performs its intended function, this is important especially for clinical equipment, that the operation should behave as expected. Performance is how well a product or service performs the beneficiaries intended use. A water system should be designed to support extreme conditions and require little maintenance to reduce the cost to the community and increase its sustainability. Reliability is the ability of the service or product to perform as intended under normal conditions without unacceptable failures. Material used for blood

testing should be able to provide the information in a consistent and dependable manner that will help identify critical diseases. The trust of the beneficiaries depends on the quality of the tests.

Relevance is the characteristic of how a product or service meets the actual needs of the beneficiaries; it should be pertinent, applicable, and appropriate to its intended use or application. Timeliness is how the product or service is delivered in time to solve the problems when it is needed and not after, this is a crucial characteristic for health and emergency relief work. Suitability, defines the fitness of its use, its appropriateness and correctness, the agriculture equipment must be designed to operate on the soil conditions the beneficiaries will use it on.

2.5 Empirical review

Relationship between Project Procurement and Project Performance

Holt and Rowe (2000) link project efficiency and effectiveness to a continual attention to the possibility of improvement in the cost function. From the client side, organizations could support, rather than limit, such productivity by becoming involved, continually, within the process of project inception, delivery and use. This could be done by influencing, for instance, procurement processes, monitoring techniques and accounting procedures. Project quality is, then, not conceptually limited to the product process, but incorporates relations between suppliers and clients within the project supply network. So, before total quality management procedures governing the event of product and service delivery can operate effectively, concern must be given to the foundations within which such procedures make sense, notably, to nurturing a culture of innovation and continuous improvement. Attending to relations requires that quality concerns encompass all attitudes within the supply network so that consistency is attained and maintained.

Joe and Winnie (1999) recommend that to achieve the desired project performance, the tender's submission normally should comprise all required quality documents as stated and should be adequate for purchasing institution to assess the tender's quality system

and rank them from a quality point of view. Winter (2005) argues that all supplies offered to the aid-funded projects also have to qualify in terms of minimum technical suitability and quality.

To this extent in order to market successfully to less developed country (LDC) governments, sellers need to understand "a series of successive hurdles or screens which may be affected by two types of overlapping factors: intrinsic and extrinsic. Intrinsic influences are dominated by local factors unique to the region. Extrinsic influences originate from Supplier choice criteria international practices, procedures and processes".

As for many organizations the lion's share of the total cost can be attributed to external sources, and procurement processes can therefore play an important role in the endeavor to achieve low costs. Thus, the procurement function has a significantly important task in trying to reduce the cost from external sources as much as possible. The total cost of ownership tool can be used to understand the true costs associated with a certain purchase. It is imperative to know where the costs lie and work consistently to try to reduce them throughout the entire procurement process.

In conclusion, Heinbuch (1996) recommended that to attain effective projects performance, managers would want to initiate the process in accordance with purchasing institutional-level directives; gather information, both internally and externally to inform comparative analyses of costs and levels of service. Effective project performance is to obtain and consider multiple-bids, when the market is competitive; and develop and implement, from the outset, a process for both monitoring the process leading to a contract and monitoring the implementation and on-going service delivery.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter showed the research design, target pupation, sample size, sampling strategies, data collection instruments, validity and reliability of instruments, data collection procedures, data analysis, ethical consideration, and limitations of the study.

3.1 Research Design

The study was conducted using a correlation research design. Correlation method describes in quantitative terms the degree to which variables are related (Mugenda & Mugenda, 2003). Co relational research design used to quantify incidences in order to describe current conditions and to investigate the effect of project procurement processes on project performance using information gaining from the questionnaire. The correlation research design was particularly chosen because it enables the researcher study the relationship between the independent and dependent variable through quantifiable results.

3.2 Population Size

The target population of this study was composed of project and procurement staff of CARE International and Save the Children in Hargeisa, Somaliland which its population Staff was estimated 150 Staffs according to research conducted by Dr Omer Ali in 2013. This Staff was composed of Procurement team, project team members, Project Leaders and NGO's directors

3.3 Sample Size

The sample size of the study consisted of 109 respondents, This sample size was arrived at using Slovene's formula for calculating sample sizes, stated as follows;

$$n = \frac{N}{1 + N(e)^2}; \quad = 150 / (1 + 150 * 0.0025) \approx 109$$

Where

n= the required sample size,

N = target population and

e = significance level, given by 0.05.

Table 3. 1: Population and Sample Size Summary

| Categories of Respondents | Target population | Sample size |
|----------------------------------|--------------------------|--------------------|
| NGO's Directors | 12 | 9 |
| Procurement team | 45 | 33 |
| Project Team Leaders | 23 | 16 |
| Project Team Members | 70 | 51 |
| Total | 150 | 109 |

3.4 Sampling Procedure

This study employed purposive sampling technique to select respondents who are highly knowledgeable and experienced in project procurement processes and project performance in Hargeisa district in Somaliland such as CARE International and Save the Children officials. Moreover, the researcher chose purposive sampling because the researcher wanted to get the key informants of this study, for the reason that; selecting the respondents was more useful for this study than the representativeness of the sample.

3.5 Research Instruments

The research instrument for this study was the questionnaire. The questionnaire was intended to collect data from CARE International officials and Save the Children officials.

3.6 Validity and Reliability of the Instrument

Validity of the instrument was assured through expert judgment and the researcher made sure that the coefficient of validity to be at least 70%. The researcher consulted his supervisor for expert knowledge on questionnaire construction. After the assessment of the questionnaire, the necessary adjustments were made bearing in mind the objectives of the study. The formula that was used to calculate the validity of the instrument was Content Validity Index (CVI) = no of items declared valid/total no of items.

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). Reliability of the instrument was established through a test-retest technique. The researcher conducted a pre-test of the instrument on group of subjects and wait one week then will administer the same test to the same subjects a second time

3.7 Data Gathering Procedure

3.7.1 Before the administration of the questionnaires

1. An introduction letter was obtained from the College of Higher Degrees and Research to solicit approval to conduct the study in Hargeisa
2. When approved, the researcher secured a list of the qualified respondents from the organizations and select through the purposive sampling technique from this list to arrive at the minimum sample size.
3. The researcher explained the nature and purpose of the study to respondents.
4. The researcher reproduced more than enough questionnaires.
5. The researcher selected research assistants who assisted in data collection
6. The researcher ensured that order consistency was observed in the questionnaire administration.

3.7.2 during the administration of the questionnaires

7. The respondents were requested to answer completely and not to leave any part of the questionnaires unanswered.
8. The researcher and assistants emphasized the retrieval of the questionnaires within 7 days from the date of distribution.
9. On retrieval, all returned questionnaires were checked if all are answered.

3.7.3 After the administration of the questionnaires

The data gathered was collated, encoded into the computer and statistically treated using the Statistical Package for Social Sciences (SPSS), Minitab and MS Excel.

3.8 Data Analysis

Objective one and two. Means, Percentages and charts were used to determine the procurement process and the level of performance in the NGO's and based on the indication, recommendations were formulated.

Objective three. A multiple correlation coefficient (Pearson) to test the hypothesis (H_0) was employed. At 0.05 level the relationship would be significant. Regression analysis R^2 (coefficients of determination) will be used to determine if there is a significant relationship between monitoring, evaluation and the level of project performance in the selected NGO's

Means were interpreted using the interpretation key as provided in the table below.

Table 3. 2: Mean Interpretation Scale

| Mean Interval | INTERPRETATION |
|---------------|-------------------|
| 1.00 – 1.75 | Strongly disagree |
| 1.76– 2.5 | Disagree |
| 2.51 – 3.25 | Agree |
| 3.26– 4.0 | Strongly Agree |

Percentages and mode were also used to analyze the attributes of respondents. Analysis of qualitative data will be done by use of content analysis and narrative reporting.

3.9 Ethical consideration

The study was carried out with permission and the full knowledge of the managers of the selected NGOs. No respondents name was mentioned in this research report. There was need for the researcher to use professional and ethical standards to plan, collect and process data. The researcher ensured that objective methods are used in data collection. The researcher made sure that any elements of individual bias subdued in favor of well-systematic and objective measures. The methodology chosen for the research was selected on the basis of the research objectives and not for other reasons.

3.10 Limitations of the study

Collection of data in Somaliland was very difficult. Problems such as secrecy and indifference on the part of respondents were limitations to this study. Because of the sensitivity of the topic of the study to the respondents, it took time for the researcher to convince every single respondent to fill the questionnaire. In addition, key respondents (project and procurement officials) felt uncomfortable in answering the questionnaire as they were so busy with carrying out their daily duties. On the other hand the researcher distributed questionnaires to the staff of the selected INGOs and some of them spoilt them.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND ANALYSIS

4.0 Introduction

This chapter details the description and presentation of results obtained from the primary data collected during the study. A total of 130 questionnaires were distributed to the respondents but only 115 were filled and returned. The first 109 were considered for analysis since this was the sample size for the study. This forms the basis for the frequency of 109 which was used in this section. The tables and figures are used for insight and interpretation. The analysis was guided by the following research objectives

4. to analyze the demographic characteristics of the respondents
5. To examine the project procurement processes as implemented by the selected International NGOs in Hargeisa, Somaliland.
6. To determine the level of project performance of the selected International NGOs in Hargeisa, Somaliland.
7. To determine if there is a significant relationship between procurement process and project performance of the selected International NGOs in Hargeisa, Somaliland.

4.1 Demographic Characteristics of Respondents

This part presents the background information of the respondents who participated in the study. The purpose of presenting the background information was to find out the demographic characteristics of the respondents. This section analyses four main characteristics of the respondents which are gender, age, marital status and level of education.

Table 4. 1: Demographic Characteristics of Study Respondents

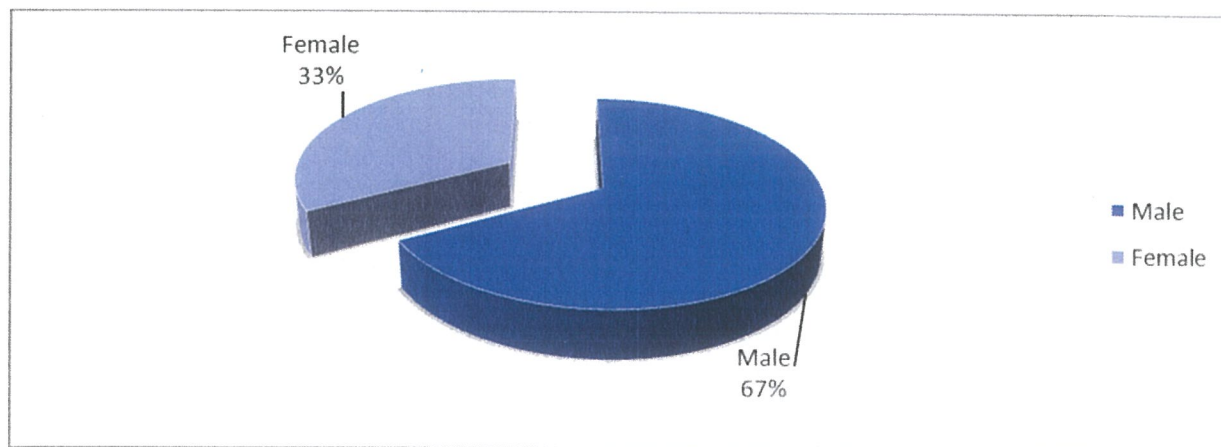
| Variable | Category | Frequency | Percentage |
|----------|----------|-----------|------------|
| Gender | Male | 73 | 67.0% |
| | Female | 36 | 33.0% |

| | | | |
|---------------------------|--------------------|------------|---------------|
| | Total | 109 | 100.0% |
| Age | 21-30 | 56 | 51.4% |
| | 31-40 | 32 | 29.4% |
| | 41-50 | 12 | 11.0% |
| | 50 and above | 9 | 8.3% |
| | Total | 109 | 100.0% |
| Level of Education | Secondary | 16 | 14.7% |
| | Certificate | 30 | 27.5% |
| | Diploma | 36 | 33.0% |
| | Degree | 13 | 11.9% |
| | Master | 14 | 12.8% |
| | Total | 109 | 100.0% |
| Work Experience | Below 1 Year | 44 | 40.4% |
| | 1-3 Years | 41 | 37.6% |
| | 4-6 Years | 11 | 10.1% |
| | 7-9 Years | 9 | 8.3% |
| | 10 and Above Years | 4 | 3.7% |
| | Total | 109 | 100.0% |

Source: Primary Data, 2015

Findings suggested that there were more males than female workers in the projects of the international NGO's. From the sample size of 109, 67% were male while 33% of them were female. This means that there is a possibility that the recruitment system favors hiring of only male workers or female workers do not prefer working for the type or nature of the projects. The first assessment is more likely.

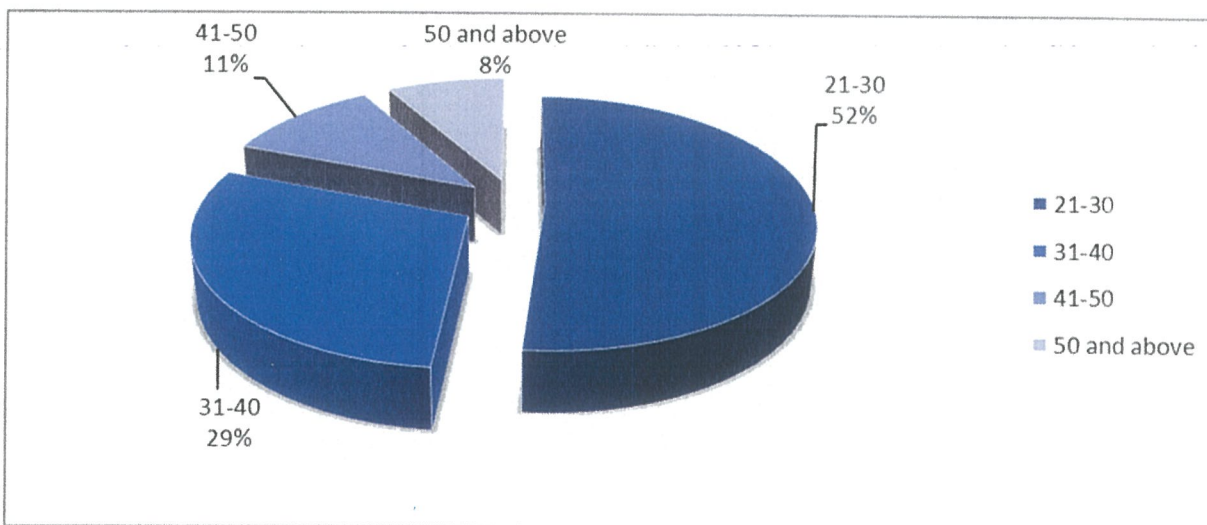
Figure 4. 1: Gender Distribution of Respondents



Source: Primary Data, 2015

On age distribution, the most dominated category was the lowest one which was of those between 21 and 30 years representing 40.4%. This was followed by those between 31 and 40 years who had 33.7% composition. The third category was of the age bracket 41-50 who constituted 13.5% of the respondents. The least populated age category was 50 and above who constituted only 12.4% of the respondents. It can be noted that as the age increases there are fewer and fewer workers in the projects. This means that there were more young people as workers more than there were older ones.

Figure 4. 2: Age Distribution of Respondents

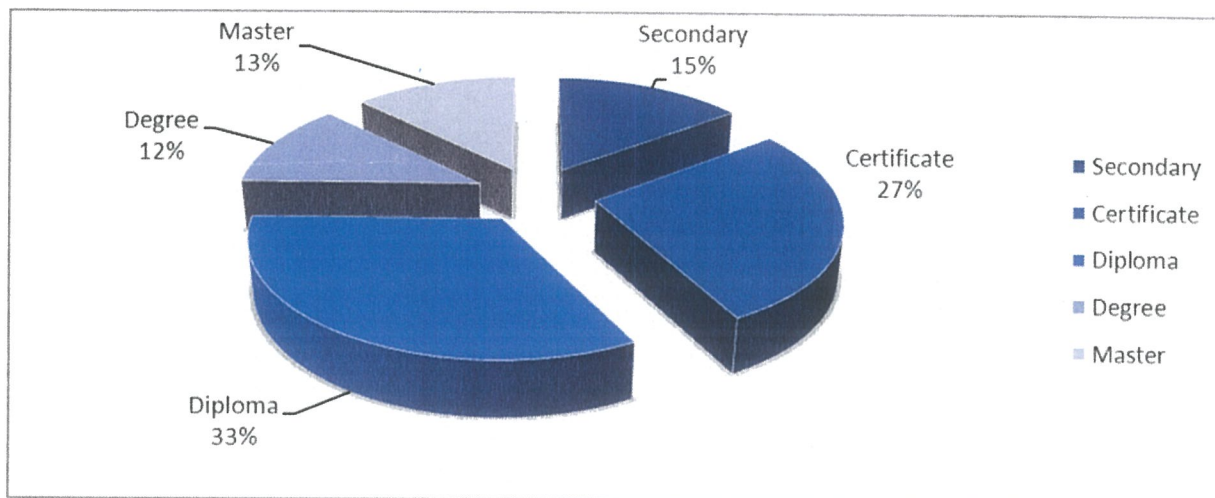


Source: Primary Data, 2015

On their level of education, diploma holders were found to form majority of the respondents as they had a percentage composition of 33%. They were followed by certificate holders who claimed 27%. The third category under level of education was secondary certificate holders who had 15% composition and were closely followed by master's degree holders with 12% composition. The least populated highest academic qualification was undergraduate degree which had only 12% composition. This provides

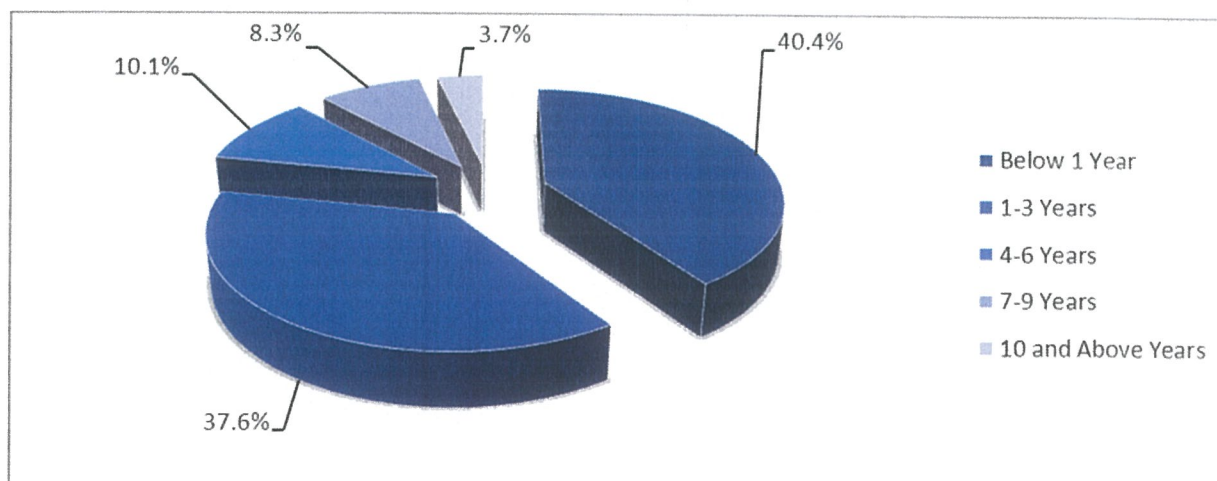
evidence that the project team members and the other respondents were not duly qualified to carry out their duties in their respective capacities.

Figure 4. 3: Educational Qualifications of Respondents



With regards to work experience, majority of the respondents had between and 3 years' experience and they constituted 53.8% of the respondents. They were followed with a wide margin by those with below 1 year of experience as they claimed 20.2%. The third category was found to be for those with 4-6 years of experience as they had 10.6% composition. 7-9 years and 10 years and above followed with 8.7% and 6.7% composition respectively.

Figure 4. 4: Work Experience of Respondents



4.2 Procurement Process of International NGOs' Projects in Hargeisa

The first objective of the study was to examine the procurement process of the projects belonging to international NGO's. This was important to be analyzed as it represented the independent variable of the study. In its analysis means, standard deviation, t statistic and ranks were used. From the interviews, respondents were also asked questions pertaining to this variable and the results have it that they thought that the procurement process in the projects was demanding. Some of the respondents vividly said;

"...we have procurement policies which stipulate for orderly and ethical purchasing but the problem is that these are not well adhered to...our procurement process is marred with corruption and it is hard for it achieve its objective...we need better procurement management in our projects if we should have sustainable procurement process..."

From the questionnaire responses, the following table was obtained which presents the summary of the descriptive statistics mentioned above. The responses from the questionnaires are analyzed after the table which they discuss.

Table 4. 2: Descriptive Statistics Procurement Process

| Constructs | Indicators | Mean | Construct Mean | Std Deviation | T statistic | Interpretation | Rank |
|-----------------------|---|------|----------------|---------------|-------------|----------------|------|
| Procurement planning | Procurement planning is done as per the approved budget | 1.45 | 1.77 | 0.41 | 4.29 | Low | 2 |
| | Users are always involved in drawing the procurement plan | 1.38 | | | | | |
| | Planning is done by top management | 2.42 | | | | | |
| | Procurement planning procedure enlists the views of experts | 1.83 | | | | | |
| Bidding and selection | Bids are submitted as per the rules and regulations | 1.57 | 1.66 | 0.19 | 8.58 | Very Low | 3 |
| | Bids are open in the presence of bidders | 1.74 | | | | | |
| | The bidding period is too long | 1.93 | | | | | |
| | Bidders are informed why their bids failed | 1.41 | | | | | |



| | | | | | | | |
|--------------------------------------|---|------|-------------|------|------|-----------------|---|
| Contract Award Management | Contracts are always awarded to the best evaluated bidder | 1.34 | 1.78 | 0.39 | 4.58 | Low | 1 |
| | Contracts are completed within the contracted period | 1.48 | | | | | |
| | Contractors are always paid immediately after the contracts' completion | 2.31 | | | | | |
| | Contracts are usually awarded to the best bidder | 1.98 | | | | | |
| Overall Mean | | | 1.74 | | | Very Low | |

Source: Primary Data, 2015

Generally, questionnaire responses indicate that the procurement process was very low as it scored an average mean of 1.74 and interpreted as very low. This was found to be consistent with the assessment obtained from the interviews.

4.2.1 Procurement Planning

Procurement planning was found to be low at a mean of 1.77 which according to the mean scale of interpretation reads as low. The highest rated statement in this construct was "Planning is done by top management" as it obtained a mean of 2.42 and was thus interpreted as high. The lowest evaluated statement was that "Users are always involved in drawing the procurement plan" as it obtained a mean of 1.38 and interpreted as very low. This means that the process of planning was majorly done by management with very minimal consultation with the end users for the procured items. From the interviews, this view was contested and challenged as management claimed that they involved all members of the projects in doing planning for the projects. The following statements were captured from the interviews conducted.

"...our procurement planning involves everyone in the projects not just the end users, we enlist everyone's opinion...but generally it is a duty assigned top management...our management is very interactive in its planning processes not only for procurement but also for other functions in the projects..."

Since the interviews were conducted only with management and directorate, this can be construed as being defensive on their part. Asked why they were trying to defend themselves, they clearly made it known to the researcher that they had nothing to be defensive about.

4.2.2 Bidding and Selection

Bidding and selection was the second construct under procurement process. This generally involved those activities from the time the project issue bids to the public to the time the bids are evaluated and shortlisted. This obtained a mean score of 1.66 which was interpreted as very low. The highest evaluated statement under this construct was "The bidding period is too long" as it attained a mean score of 1.93 and was interpreted as low. The lowest rated statement under this construct was "Bidders are informed why their bids failed" as it obtained a mean score of 1.41 and was interpreted as very low. This means that the bidding process took very long periods to completion thereby exposing it to corruption and that if the bidders failed to make it, there was no communication made to them to this effect. From the interviews, the same notion was echoed as respondents made the following statements;

"...our bidding process is not good, there are several loopholes which can be exploited in favor of a few corrupt people...The time it takes for bids to be issued to the time they are awarded is too long...most of the procurement officers take this opportunity to swindle money from the project...a much as this is an undesirable phenomenon, it is quite difficult to stop..."

This brings to light the possibility that the bidding process was where the procurement officials used to embezzle funds of the projects. Also the fact that it was the management and directorate who answered to the interview questions adds the validity of the findings since they weren't expected to incriminate themselves...and the fact that they did makes the statement they made genuine.

4.2.3 Contract Award and Management

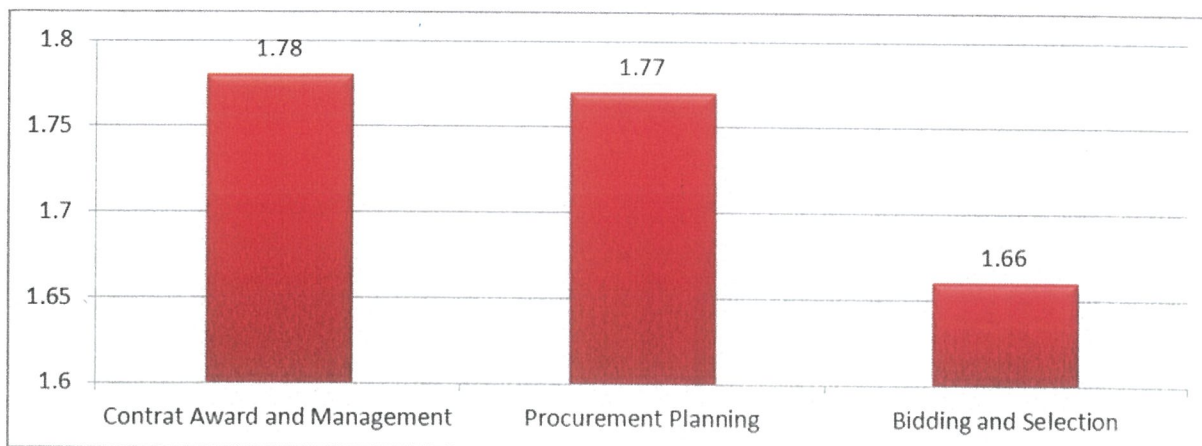
The third construct to be analysed under procurement process was contract award and management. This basically involved the process which comes after the best bidder has been selected. Generally this was found to at a mean of 1.78 which was interpreted as low. The highest evaluated statement under this construct was "Contractors are always paid immediately after the contracts' completion" as it was computed at a mean of 2.31 and interpreted as high. The lowest evaluated statement under this construct was "Contracts are always awarded to the best evaluated bidder" as it obtained a mean of 1.34 and thus interpreted as very low. This means that the contractors who end winning the contracts do not do so genuinely but the projects continue to treat them well by paying them in time. A noteworthy response from the interviews had the following to say

"...Sometimes the contracts are awarded to the best evaluated bidders but due to some selfishness on the part of the evaluating teams, this falls in the hands of incompetent bidders...it is quite impossible to win the war against corruption in the award of contracts especially when such evaluation and award teams are determined to achieve this...we can only try to fight the vice."

4.2.4 Ranking of Independent Construct Variables

The following graph presents the hierarchy of ranks of the means scored by the various construct variables under procurement process.

Figure 4. 5: Ranks of Construct Variables under Procurement Process



Source: Primary Data, 2015

It can be noted that the first construct variable was contract award and management as it scored a mean of 1.78 followed closely by procurement planning at 1.77 and finally bidding and selection came third at a mean of 1.66.

4.3 Project Performance of International NGOs' Projects in Hargeisa

The second objective of the study was to determine the performance of the projects of the international NGOs in Hargeisa. This was important as it represented the dependent variable of the study. In its analysis means, standard deviation, t statistic and ranks were also used. Responses from the interviews indicated that the performance of the projects was questionably low. A notable response from the interviews said;

"...measuring our performance would reveal very undesirable results...we don't specifically excel in the projects that we do...this is probably because we are still on a learning curve, I just feel that the learning curve is becoming too long...I believe that it is time we stood up and be counted...if other projects elsewhere can attain acceptable levels of performance then so can we...it's just a matter of accepting the challenge..."

From the questionnaire it was found that the performance of the projects in Hargeisa was computed at a mean of 1.72 and was interpreted as very low. The following table shows how the individual construct variables fared in the study. The constructs being investigated under here were efficiency, quality, and effectiveness.

Table 4. 3: Descriptive Statistics on Project Performance

| Constructs | Indicators | Mean | Construct Mean | Std Deviation | T statistic | Interpretation | Rank |
|----------------------|---|-------------|-----------------------|----------------------|--------------------|-----------------------|-------------|
| Efficiency | Rules and procedures laid out help team members to carry out their duties | 1.79 | 1.71 | 0.18 | 9.70 | Very Low | 3 |
| | The projects encounter minimal wastage of resources | 1.74 | | | | | |
| | Time is well utilized in our projects | 1.63 | | | | | |
| | Our manpower is utilized wisely | 1.42 | | | | | |
| | The cost benefit analysis for our projects is positive | | | | | | |
| Quality | Our project(s) in Hargeisa, Somaliland conform to specification | 1.88 | 1.72 | 0.15 | 11.78 | Very Low | 2 |
| | Our project(s) in Hargeisa, Somaliland meet the beneficiaries expectations and demand | 1.50 | | | | | |
| | Our project(s) in Hargeisa, Somaliland are fit for purpose required by beneficiaries and other stakeholders | 1.87 | | | | | |
| | Our project(s) in Hargeisa, Somaliland are responsive to the felt needs of the beneficiaries | 1.62 | | | | | |
| | Our project(s) in Hargeisa, Somaliland projects are acceptable to the community in Somaliland | 1.73 | | | | | |
| Effectiveness | Our projects end up attaining the goals they are set up for | 1.64 | 1.74 | 0.23 | 7.53 | Very Low | 1 |
| | Solutions provided by our projects are sustainable | 1.91 | | | | | |
| | Our projects make an impact to the communities they serve | 2.1 | | | | | |
| | There is a significant impact that our projects make on its beneficiaries | 1.55 | | | | | |
| | Goals achieved by the projects are in line with organizational goals too | 1.49 | | | | | |
| Average Mean | | | 1.72 | | | Very Low | |

Source: Primary Data, 2015

4.3.1 Project Efficiency

The first construct variable to be analyzed under project was efficiency in the projects of the International NGOs in Hargeisa, Somaliland. This construct variable obtained a mean score of 1.71 and was interpreted as very low. The highest rated statement under this construct was that "Rules and procedures laid out help team members to carry out their duties" as it scored a mean of 1.79 and was thus interpreted as low. The lowest evaluated question variable was that "Our manpower is utilized wisely" as it was computed at a mean of 1.42 and it was interpreted as very low. This generally means that the efficiency of the projects was in utter disarray. From the interviews a similar assessment was offered by the respondents;

"our projects use a lot of resources and we are yet to find out the benefit that this brings...as much as we can note some few successes, this can't be the only result we get from deploying the many resources that we do...even the human resources are too many...not all of our workers are well utilized and that places us in a terrible position...sometimes the projects go for more expensive suppliers just because they have familial ties with the members of the evaluations team...this works against the efficiency in our projects"

4.3.2 Project Quality of Service

The second construct to be analyzed was quality as offered by the projects which scored a mean of 1.88 and was interpreted as very low. The standard deviation of 0.18 suggests that the responses were not that spread. The highest rated statement under this construct was "Our project(s) in Hargeisa, Somaliland conform to specification" which was measured at a mean of 2.4 and was interpreted as low. The lowest evaluated statement was "Our project(s) in Hargeisa, Somaliland conform to specification" obtaining a mean of 1.44 and interpreted as very low. This generally means that the respondents were not comfortable with the quality that their projects offered. From the interviews, the following statements were captured;

"...we lack quality in delivery in our projects...some beneficiaries have made this clear to management in the suggestion boxes...we take this as a challenge and endeavor to improve on our service delivery so that we may provide high quality services to our beneficiaries...it is probably due to the class of employees who we have currently...they are not what you would refer to as world class...I feel that this is the main challenge and reason behind this poor quality of service..."

4.3.3 Project Effectiveness

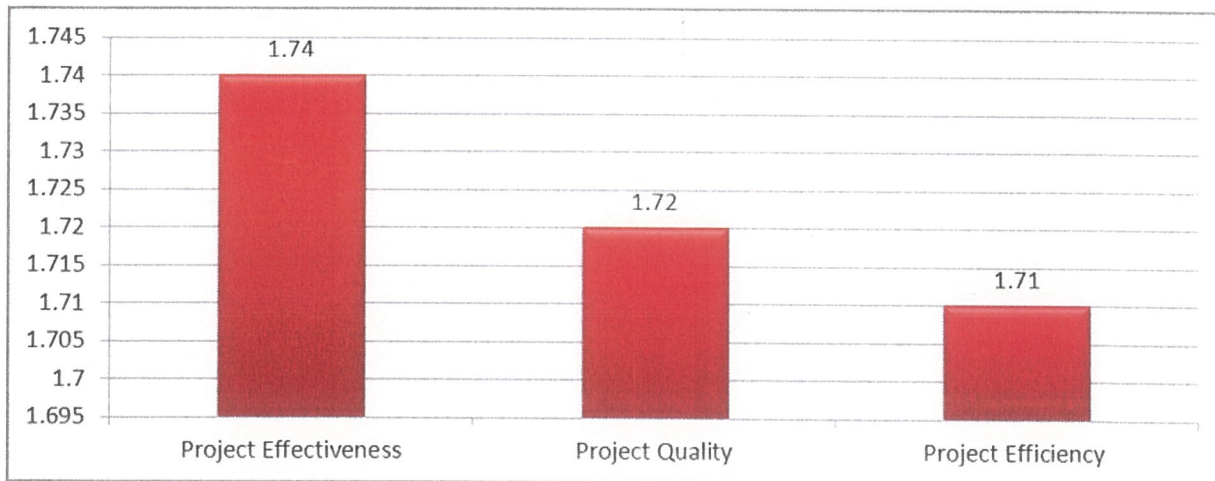
The third construct in ranking under project performance was effectiveness. This construct sought to establish how the projects were solving the problems of the beneficiaries and thereby making an impact. This was found to be at a mean of 1.74 which was interpreted as very low. The highest evaluated statement within effectiveness of projects was "Solutions provided by our projects are sustainable" which was computed at a mean of 1.91 and was thus interpreted as low. Low effectiveness in this case means that the projects were failing to attain their objectives and if they at all did achieve the objectives, the results were not sustainable. This view was held even during the interview sessions where respondents made the following comments pertaining to project effectiveness.

"...I believe that in order for a project to be termed as effective it should at least fulfill its fundamental objectives...we do attain our objectives but also not all the time...at times we feel as if there is something which we don't get right but we have not succeeded in understanding which exactly that is...we will keep trying but as far as I am concerned, there is a lot which requires to be done in order to bring such effectiveness to our projects..."

4.3.4 Ranking of Dependent Construct Variables

The following graph shows the ranks of the construct variables encompassed under project performance in this study with respect to their means.

Figure 4. 6: Ranking of Construct Variables under Project Performance



Source: Primary Data, 2015

4.4 Relationships between Procurement Process and Project Performance

The third objective of the study was to establish the relationship between procurement process and performance of projects run by international NGOs. This was both the third objective and also forms the purpose or general objective of the study. It was thus the ultimate goal of this study. It is within this section where the hypothesis was tested for inferential purposes. Relationships were tested of their existence and strength first with correlations and then followed by regression

4.4.1 Correlations

This section was further divided into two namely multiple and main study correlations.

Multiple correlations

The table below shows how the sub variables of the study were related amongst each other. The relationships denoted here are strictly those which were seen to exist between the independent and the dependent ones.

Table 4. 4: Correlations between Constructs of the Study

| Variables | Efficiency | Quality | Effectiveness |
|--------------------------------------|-------------------|----------------|----------------------|
| Procurement Planning | 0.89 | 0.77 | 0.94 |
| Significance (p) | 0.000 | 0.001 | 0.000 |
| Bidding and Selection | 0.73 | 0.75 | 0.81 |
| Significance (p) | 0.000 | 0.000 | 0.000 |
| Contract Award and Management | 0.64 | 0.69 | 0.71 |
| Significance (p) | 0.001 | 0.001 | 0.002 |

Source: Primary Data, 2015

As it is evident from the table offered above, the relationships were all positive and significant. The significance is affirmed by the significance (p) values which are all below 0.05 which serves as the threshold for statistical significance in tests conducted at 95% confidence levels. In terms of strengths, the relationships between the construct variables registered varying magnitudes of relationships. The strongest relationship was registered between procurement planning and project effectiveness as it scored a mean of 0.94. This was interpreted as a very high positive and significant relationship between the two mentioned variables. The weakest relationship between the construct variables was found between contract award & management and efficiency which scored a Pearson linear correlation coefficient of 0.64. This was interpreted as an above average score on the scale. Since the strengths of the relationships between these variables were all above 0.5, it can be deduced that the independent variable constructs were closely related to the dependent variable constructs.

Main Study Relationships

This section dealt with the relationship that existed between the two main study variables of procurement process and project performance of International NGOs in Hargeisa. The following table shows the results of the correlation test.

Table 4. 5: Correlation Analysis between Study Variables

| Correlations | | | | |
|--|---------------------|----------------------------|----------------------------|-------------------------------|
| | | Procurement Process | Project Performance | Decision on Hypothesis |
| Procurement Process | Pearson Correlation | 1 | .844** | Rejected |
| | Sig. (2-tailed) | | .000 | |
| | N | 109 | 109 | |
| Project Performance | Pearson Correlation | .844** | 1 | |
| | Sig. (2-tailed) | .000 | | |
| | N | 109 | 109 | |
| **. Correlation is significant at the 0.05 level (2-tailed). | | | | |

Source: Primary Data, 2015

Findings from this section suggest that procurement process was well related to the project performance of the international NGOs in Hargeisa. This was concluded since the significance obtained from computing for the coefficient was lower than 0.05; it was computed at 0.000. The magnitude of the relationship is also high enough to suggest close relationship between the procurement process and project performance. This relationship was rated at a Pearson correlation coefficient of 0.844 which was interpreted as very high positive correlation. The results from this test led the researcher to infer that there was indeed a relationship between the procurement process and project performance and was thus compelled to reject the null hypothesis in favor of the alternative hypothesis.

The rejected null hypothesis of the study read as "*there is no significant relationship between procurement process and project performance.*"

The ultimately adopted alternative hypothesis read as "*there is a significant relationship between procurement process and project performance*"

4.4.2 Regression

To capture the causal effect that procurement process on project performance of the projects in Hargeisa, there was need to perform regression analysis on the study variables. A multiple regression method was assumed where the constructs of the

independent variable of procurement process were regressed against the dependent variable of project performance. The results are summarized in the following table.

Table 4. 6: Multiple Regression Analysis

| Model | Beta Coefficients | Std Error | Sig. | R Squared | F Value |
|---|-------------------|-----------|------|-----------|---------|
| Constant | 2.44 | 3.73 | .335 | 0.712 | 44.383 |
| Procurement Planning | .538 | .030 | .000 | | |
| Bidding and selection | .222 | .051 | .000 | | |
| Contract award and management | .215 | .078 | .003 | | |
| Dependent Variable: Project Performance | | | | | |

Source: Primary Data, 2015

From the table, it can be noted that the R Squared was computed at 0.712 which is above 0.5. At 0.5 the significance of the influence that a variable has on another becomes reliable. The R Squared value of 0.712 means that the independent construct variables (procurement planning, bidding and selection, and contract award and management) impacted 71.2% of project performance. In other words, the three selected variables were responsible for 71.2% of the change in project performance. This value is high enough to signify a plausible effect on the dependent variable. From the table it is also given that the three variables had varying influence on project performance. The highest influential variable was procurement planning which had a coefficient of 0.538 followed bidding and selection with a coefficient of 0.222 and lastly contract award and management with 0.215 as its coefficient. This is summarized in the following equation;

$$Y = 2.44 + 0.538x_1 + 0.222x_2 + 0.215x_3$$

Equation 4. 1: Study Multiple Regression Equation

Where

y = Project Performance

x₁ = Procurement Planning

x2 = Bidding and Selection

x3 = Contract Award and Management

4.5 Summary of Main Findings

In summary, three main objectives were analysed under this section plus one default objective of demographic characteristics. In terms of procurement process, it was found to be very low at a mean of 1.74. Project performance of the international NGO's was found to be at 1.71 and both of these were regarded as very low. A significant relationship was found to exist between the study construct and main variables. The highest construct variables correlated was found to be between procurement planning and project effectiveness which was computed at 0.94 as the Pearson linear correlation coefficient. The main study variables of procurement process and project performance were related with a correlation coefficient of 0.844. There was also found to be a causal effect that the independent variable constructs of procurement process had on project performance and it was calculated at an R Squared coefficient of 0.12 which was high enough to signify plausible effect. In light of these relationships, the null hypothesis was rejected in favor of the alternative hypothesis which advocated for a significant relationship between the variables.

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion of the findings, conclusions and recommendations arising out of the research findings in chapter four and suggests areas of further research, findings and results are discussed in line with answers to specific research questions.

5.1 Discussion of Findings

This section provides a critical review of research findings and relating them with relevant studies carried out beforehand. It aims at revealing consistencies and inconsistencies that may be there as a result of carrying out of this study. New information generated by the study is also highlighted in this section.

5.1.1 Demographic Characteristics of Respondents

The respondents' profile showed that there were more males than females who worked for the projects and international NGOs in different capacities. This can be construed as a result of women not being motivated towards working for such projects or the human resources policies were ineffective to accommodate for ladies in their payroll. Guimares (2009) advises that in this case, women themselves should be on the frontline in advocating for a change in this bad status quo as he calls it. The educational qualifications and work experiences were also found to be low. People who have poor educational qualifications should not be allowed to work in such major organizations or projects. If they are to be allowed then they should at least prove to have ample work experience (Carlos, 2008). Since the entities in this study were both devoid of such workforce, not much can be expected from the projects in Hargeisa. Finally, the age distribution of the respondents needs to be lauded since they were majorly youth. Youth are energetic and they have lots to offer in the way of innovation, creativity and flexibility (Ritah, 2011).

5.1.2 Procurement Process of Projects in Hargeisa

The procurement process in the projects of International Non-Governmental Organizations was found to be very low. These levels are not acceptable since these are international NGOs. This is however consistent with the work of (Basheka, 2009) who maintains that procurement management process has been a common problem that needs addressing. The reason for this trend may be due to high corruption practices within the entities.

Procurement planning being a sub proxy of the procurement process in the entities investigated. This was found to be low and goes on to inform that the kind of planning done for procurement in the projects was inadequate. This was attributed to the passiveness of the management in charge of the process. This has evidently resulted to more challenges that have strategic impact on the project performance as supported by Bairly (2005). He writes that without a sensible procurement plan, it becomes almost impossible to run the process itself in projects. When procurement practitioners outline their procurement activities prior to the beginning of a fiscal year, it provides an organized means whereby time and money are saved. This happens when timelines are followed in the procurement of contract packages and when patience is exercised in the use of the right procedures enshrined by rules and procedures to ensure transparency and competitiveness (Bairly, 2005).

Bidding and selection was also another contentious area where inadequacies were recorded. This process was found to be marred with corruption cases and could not easily free itself from the vice. As Dobbs (2009) writes, groups of bidders might secretly agree to submit complementary high bids to allow pre-selected contractors to win contracts on a rotating basis, or to divide contracts by territory, or take other steps to defeat the competitive process and divide work. This could be what had been happening in the projects of Hargeisa. More so, he continues to state that an even bigger form of corruption during bidding is collusive bidding. Collusive bidding, also known as "bid rigging" will drive up prices in the affected industry. It is most common in industries with high startup and entry costs and relatively few bidders, such as road

construction, paving and waste disposal. Some form of bid rigging often accompanies kickback schemes in order to insure that the corrupt company is selected (Dobbs, 2009). If this is allowed to continue to Hargeisa, it will not be long before the projects are shut down.

Contract award and management was another area which saw inconsistencies as it registered low ratings from the respondents. Most respondents were of the idea that there is no autonomy by the contractors. The suppliers are forced to work within the strict rules of the highly ranked officers within the administration of the facilities. This they do due to fear that they may not get favored again should they choose to work independently. Ultimately this kills innovation and degrades the quality in output. Neely, (2005) prefers "the most economic advantageous" method in contract awarding. This, she says, is applicable to proposals of different quality within the limits set. Under this, the proposals are graded according to their price for value and the contract is awarded to the one with the best grade. Similar to this is the grading of the proposals according to time, making the proposals needing less time of implementation seem more valuable (Neely, 2005). This was clearly missing in the projects of Hargeisa and probably this is what led to the poor performance registered

5.1.3 Performance of Projects of International NGOs in Hargeisa

The findings revealed that the performance of the projects in Hargeisa is still not meeting the expectations of the stakeholders; this is so because the procurement cycle and the time frame provided by the international NGOs had created a gap for the projects to hide behind there in effectiveness. The findings further revealed that if the projects had been following the procurement process then in the end the cost of the items would be much higher than the market price. Guru and Said (2012) advise that such project entities need improvement in the overall procurement process management. The findings also revealed that when the projects saw corruption in the bidding and other procurement processes, they did not realize value for money and where there was no corruption, then there was performance. According to Guru and Said (2004) efficiency in procurement can be achieved by consistently aligning the

purchasing processes with procurement strategies, while harmonizing the operational procurement activities at a global level. This enables an organization to make more efficient use of the available resources. Sophisticated e-Procurement solutions can reduce the number of manual interfaces in your purchasing process, enabling you to automate the majority of your procurement transactions (Guru & Said, 2012). This could be exactly what the Hargeisa projects have lacked for quite some time and might want to consider adopting such an approach.

Efficiency of the projects was also questionable. As it was found from the previous sections, at times suppliers who have quality and affordable prices are rejected in favor of other more expensive suppliers because of nepotism. The projects end up paying more than they should for services they could have procured at a more competitive price. Quality of output has also been compromised. Management and appraisal of contracts no longer concerns itself much with quality. As Hentschel (2010) writes, quality is not an aspect of performance that should be left to chance; it must be insisted and achieved. The responses concerning the quality of service by the projects were piteous as most of the respondents felt that the projects could do much more than they are doing currently. Hentschel, (2010) says the procurement professionals who handle sourcing are well positioned to manage the Quality Assurance (QA) process for their companies—or delegate the task to a competent team member. The buyer who doesn't necessarily grasp the fine details of QA, for example, can work with a quality systems expert (either an in-house professional or a competent third party) to visit supplier plants, review manufacturing and/or distribution processes, and conduct regular quality reviews. For supplier quality assurance to be most effective, he says it should be handled in conjunction with other company departments, not just purchasing (Hentschel, 2010). This was another of the many inadequacies found within the projects in Hargeisa and need fixing.

5.1.4 Relationships between Procurement Process and Project Performance

Relationship-wise, a strong relationship was found to be between procurement process and project performance. The causal relationship was also found to be high enough to suggest that procurement process can be used to better the prospects of the projects in terms of their performances. Kalubanga (2014) finds the same in Uganda where she claims that, procurement process in public entities can be used to improve the performance of the entities. The correlation and regression analysis done in the study produced almost similar results to affirm the validity of the findings in this study. In yet another study by Fredrick (2009), he consistently finds that procurement process especially procurement planning is a good tool to be used to improve the effectiveness of organisations. Even though the statistics differ significantly from this study, it still provides evidence to support our findings. Also the fact the study was carried out in Texas, provides a global view of the importance of procurement process in performance of entities.

5.2 Conclusions

Based on the findings of the study the following conclusions are drawn:

Level of procurement process of project in Hargeisa.

According to the analysis the average mean of level of procurement process is 1.74, which showed that majority of the respondents agreed that the level of procurement process is very low is because the mean is in between 1.00-1.75.

Level of Project Performance

As indicated in the analysis of chapter four, the average mean of the level of project performance of the selected International NGO's is 1.72, this indicated that majority of the respondents agreed that the Project performance of the International NGO's is interpreted as very low according to the average mean which lays in between 1.00-1.75.

Procurement Process and Project Performance in Selected international NGO's in Hargeisa, Somaliland.

This objective of the study was to establish the relationship between procurement process and performance of project for the selected International NGO's in Hargeisa, Somaliland, for which it was hypothesized that there is no effective relationship of Project Procurement process on the Project Performance. Basing on PLCC results, the researcher rejected the null hypotheses. The other option is to accept the researcher, that there is a correlation between the two variables. The researcher suggested and generated the following conclusions;

The relationship that was found to exist between procurement process and project performance is significant enough to warrant amendments of the way the process is carried out.

5.3 Recommendations

The researcher suggests to the selected International NGO's should allow the users to make suggestions on what is to be procured and how much is to be procured and should The Process of procurement planning should be one that is consistent with the budget and it is very important for it to be inclusive of the users' opinions and suggestions.

The researcher also suggested to increase the efficiency and effectiveness of the projects the selected NGO's should utilize wisely time and manpower.

Last and final suggestion for the selected NGO's procurement process especially procurement planning is a good tool to be used to improve the effectiveness of projects so top management should plan effectively because the NGO's success and good performance is vested in it.

5.4 Areas for Further Research

The following areas are thought by the research as ones which merit looking into through research.

1. Procurement planning and organization performance
2. Contract compliance and organization performance
3. Procurement process and service delivery

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APPENDICES

Appendix I: Transmittal Letter

OFFICE OF THE DEPUTY VICE CHANCELLOR

COLLEGE OF HIGHER DEGREES AND RESEARCH

Dear Sir/Madam,

**RE: INTRODUCTION LETTER TO CONDUCT RESEARCH IN YOUR
INSTITUTION**

JAMA MOHAMED ALI is a true student of Kampala International University pursuing Masters of Project Planning and Management.

She is currently conducting a field research for his dissertation entitled, **PROCUREMENT PROCESS AND PROJECT PERFORMANCE OF INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS IN HARGEISA, SOMALILAND**

Your institution has been identified as a valuable source of information pertaining to his research project. The purpose of this letter then is to request you to avail him with the pertinent information he may need. Any data shared with him will be used for academic purposes only and shall be kept with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours truly,

Deputy Vice Chancellor

.....

Appendix III: Research Instruments

Section A: Demographic Characteristics of Respondents

SEX

A) Male B) Female

AGE

a) 20-25 c) 31 -35 D) 41-45
b) 26-30 f) 36-40 E) >46

LEVEL OF EDUCATION

a) Certificate
b) Degree
c) Diploma
d) Other

Work Experience

A) < 1 year B) 1-3 years c) 4-6 years
B) 7-9 years B) 10 and above years

Section B: Questionnaire on Procurement Process

Table App. 1: Questionnaire Section B1

| Construct Variable | Question Variable | Response | | | | |
|-------------------------------|---|----------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| Procurement Planning | Procurement planning is done as per the approved budget | | | | | |
| | Users are always involved in drawing the procurement plan | | | | | |
| | Planning is done by top management | | | | | |
| | Procurement planning procedure enlists the views of experts | | | | | |
| | Bids are submitted as per the rules and regulations | | | | | |
| Bidding and Selection | Bids are open in the presence of bidders | | | | | |
| | The bidding period is too long | | | | | |
| | Bidders are informed why their bids failed | | | | | |
| | Contracts are always awarded to the best evaluated bidder | | | | | |
| | Contracts are completed within the contracted period | | | | | |
| Contract Award and Management | Contractors are always paid immediately after the contracts' completion | | | | | |
| | Contracts are usually awarded to the best bidder | | | | | |
| | Procurement planning is done as per the approved budget | | | | | |
| | Users are always involved in drawing the procurement plan | | | | | |
| | | | | | | |

Section C: Questionnaire on Project Performance

Table App. 2: Questionnaire Section B2

| Construct Variable | Question Variable | Response | | | | |
|--------------------|---|----------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| Efficiency | Rules and procedures laid out help team members to carry out their duties | | | | | |
| | The projects encounter minimal wastage of resources | | | | | |
| | Time is well utilized in our projects | | | | | |
| | Our manpower is utilized wisely | | | | | |
| | The cost benefit analysis for our projects is positive | | | | | |
| Quality | Our project(s) in Hargeisa, Somaliland conform to specification | | | | | |
| | Our project(s) in Hargeisa, Somaliland meet the beneficiaries expectations and demand | | | | | |
| | Our project(s) in Hargeisa, Somaliland are [mfit for purpose required by beneficiaries and other stakeholders | | | | | |
| | Our project(s) in Hargeisa, Somaliland are responsive to the felt needs of the beneficiaries | | | | | |
| | Our project(s) in Hargeisa, Somaliland projects are acceptable to the community in Somaliland | | | | | |
| Effectiveness | Our projects end up attaining the goals they are set up for | | | | | |
| | Solutions provided by our projects are sustainable | | | | | |
| | Our projects make an impact to the communities they serve | | | | | |
| | There is a significant impact that our projects make on its beneficiaries | | | | | |
| | Goals achieved by the projects are in line with organizational goals too | | | | | |

Section D: Interview Guide

1. Comment on the procurement process of the projects in Hargeisa
2. Comment on the performance of the projects carried out in Hargeisa
3. Which in your own view and within the context of the study is the best way to improve the performance of the projects in Hargeisa? And why?
4. Rate the following processes as carried out in your projects; procurement process, bidding and selection, and contract award and management. Explain your answer
5. How do you rate the projects in Hargeisa in terms of efficiency, effectiveness, and quality?
6. Provide a forecast on the prospects of procurement processes and performance of projects in Hargeisa.

Appendix IV: Mean Range of Interpretation

Table App. 3: Mean Range of Interpretation

| Mean Range | Response Mode | Interpretation |
|-------------------|----------------------|-----------------------|
| 3.26-4.00 | Strongly Agree | Very High |
| 2.51-3.25 | Agree | High |
| 1.76-2.50 | Disagree | Low |
| 1.00-1.75 | Strongly Disagree | Very Low |

Appendix IV: Study Budget

Table App. 4: Research Budget

| Item | Quantity | Unit Price | Total (UGX) |
|-----------------------------|--------------|------------|----------------|
| Ream of Paper (A4) | 1 | 20,000 | 20,000 |
| Pens | 5 | 500 | 2,500 |
| Kaki Envelopes | 5 | 500 | 2,500 |
| Internet Surfing | 40 hrs | 1000 | 40,000 |
| Communication &Transport | Fuel & cards | 100,000 | 100,000 |
| Typing and printing | Lump sum | 100,000 | 100,000 |
| Final Copy binding | 5 copies | 10,000 | 50,000 |
| Miscellaneous | Lump sum | 100,000 | 100,000 |
| Grand Total | | | 415,000 |

Appendix V: Time Frame of the Study

Table App. 5: Time Frame

| Activity | 2014 | | | | | | | 2015 | | | | |
|-----------------------------|------|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|
| | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May |
| Conceptualise | ■ | ■ | | | | | | | | | | |
| Chapter 1 | | | ■ | | | | | | | | | |
| Chapter TWO | | | ■ | | | | | | | | | |
| Chapter THREE | | | | ■ | | | | | | | | |
| Introduction | | | | | | ■ | ■ | | | | | |
| Methodological | | | | | | | ■ | | | | | |
| Completion of Chapter 4 and | | | | | | | | ■ | | | | |
| Contribution | | | | | | | | | ■ | | | |
| Writing final / | | | | | | | | | ■ | | | |
| Publication | | | | | | | | | | | ■ | ■ |



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