ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

AN ASSESSMENT OF CONTRACTORS' QUALIFICATION CRITERIA IN OROMIA ROAD PROJECTS TENDER PRACTICE

BY: JAGAMA DEGEBASSA BUNGULI

A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES OF ST. MARY'S UNIVERSITY, IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR MASTER OF ART IN PROJECT MANAGEMENT.

December, 2024

Addis Ababa, Ethiopia

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ID.No. SGS/0169/2014B

ADVISOR: DEJENE MAMO (PhD.)

St. Mary's University, Addis Ababa, Ethiopia

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Declaration

I, the undersigned, declare that this thesis is my original work and has not been presented for any degree in any other university and that all sources of materials used in this thesis have been duly acknowledged.

Name: Jagama Degebassa

Place: Addis Ababa, Ethiopia

Date of Submission: _____

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Endorsement

Title of the Thesis **"ASSESSMENT OF CONTRACTORS' QUALIFICATION CRITERIA IN OROMIA ROAD PROJECT TENDER PRACTICES"**

This thesis has been submitted for examination with my approval as University advisor

Name: Dejene Mamo (PhD.)

Date: 08/01/2025 Signature: _____  _____

ACKNOWLEDGMENTS

First and for most my gratitude goes to my family for financing my study at St. Marry University for last two years. I cannot fully express my gratitude to my advisor Dr. Dejene Mamo (PhD.), for his generosity and guidance starting from proposal writing to the completion of this Study. Without his guidance and valuable comments and suggestions, it would not have been simple to shape this study at this current format.

I would like to extend my heartfelt acknowledgment to the staff members of Oromia Roads and Logistics Bureau for their cooperation and assistance during my study.

Lastly, I would like to thank my wife Bilise Temesgen for her love and moral support through her prayer. I am pent-up to the highest degree indebted to Almighty God who gave me health and to reach here with happiness and glory.

Abstract

The challenge of construction tendering process is a common theme in developing countries especially Ethiopia. Tendering process is often tedious, multitasking and complex in construction industries. Contractors have the responsibility of tendering appropriately for construction projects by full filling qualification criteria set by the client.

Construction in developing countries is often encountered with many-sided challenges including contractor's performance due to lack of qualification and resources. The lowest bid criterion is binding in public procurements. However, contractors exploit the ambiguity in the bid process management system. This paper investigating the prevalent rules for the bid evaluation and investigates the criterion used by clients in selecting the contractors during the bids evaluation phase of construction projects in Oromia road projects.Data collected were analysed using descriptive statistics. Qualitative methods were used to collect and analyzed necessary data from envisaged sources. The qualitative data obtained through structured questionnaire survey to 42 respondents were analyzed by using the Statistical Package of Social Science (SPSS-27) and by using text analysis to analyze the qualitative data.

The current research uses the relative importance index (RII) approach to analyze the data. It was discovered that a strong financial records, technical qualifications, financial qualification, experience qualification , resource qualification, management qualification, health and safety, having a good credit rating,minimum qualification criteria determine PPA credit worthiness are the most imperative factors, influencing the contractor's selection procedures used by clients.The findings of the study will assist government agencies overseeing government projects and their tendering process in effectively putting in place policies that will enhance clear and similary qualification criteria for similary works with the same scope.The study contributes to the body of knowledge by revealing the significant factors impacting the contractor's selection and bid evaluation process, especially in a developing country. Its results and methodology can also be generalized with caution in other developing countries having similar work environment.

Keywords: Contractor's selection, construction industries, bid evaluation, tendering, developing countries.

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ACRONYMS

GDP - Gross Domestic Product

PPA - Public Procurement and Administration Agency

SBD - Standard Bidding Documents

ICB - International Competitive Bidding

NCB - National Competitive Bidding

ORLB - Oromia Roads and Logistics Bureau

ORR - Oromia Rural Roads

ORA - Oromia Roads Authority

GTP - Growth and Transformation Plan

FDRE - Federal Democratic Republic of Ethiopia

FIDIC - International Federation of Consulting Engineers

EC - Ethiopian Calendar

RFP - Request for Proposal

RII - Relative Importance Index

ITN - Invitation to Negotiate

ITT - Invitation to Tender

ISO - International Organizational for Standardization.

ETB - Ethiopian Birr

MDB - Managing Director Board

ISO - International Organization for Standardization

EPDRF - Ethiopian People's Revolutionary Democratic Front

ACT - Annual construction turnover

CF - Cash Flow

PPA - Public Procurement and Administration Agency

TOR - Terms of Reference

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

The construction industry is a vital sector that contributes significantly to the economic growth and development of any nation through the provision of infrastructures and physical structures to other industries (Adejoh et al., 2022; Okereke et al., 2022; Adah et al., 2020).Public sector construction projects such as roads, schools, hospitals, and markets are expected to be completed within the stipulated schedule, budget, and specifications, and in the safest manner possible (Simon-Eigbe et al., 2022; Aiyetan & Das, 2016).

Tendering is an important phase in the procurement strategy and its the bidding process, to obtain a price; and how a contractor is actually appointed. And, it is a very key stage in the construction delivery system; especially in Ethiopia where construction industry is booming and according to United Nations Statistical Office 2019 report construction contribute 17% to countries GDP (www.nationmaster.com/nmx/timeseries/ethiopia-contribution-to-gdp-of-construction).

Tendering is very critical and important for the operation of government institution, since government institution relies heavily on supply of goods and services, information and others inputs and these are obtained through tendering system. According to Waters, D. (2002), tendering is essential, and unless it is done well, operations are interrupted, product quality is poor, deliveries are late, the wrong quantities are delivered, costs rise, and customer services declines.

The Client advertise the tender or invite for eligible contractors and the invitation to tender may request the contractor to present technical documents or may to respond pre-qualification criteria. Interested contractors will respond to those pre-qualification criteria and submit relevant information concerning their company's profile. If the tender process has two stages, the client/owner will come up with short listed contractors, which concludes to the processes of pre-

qualification so called Technical Evaluation and proceed to the next step which is Financial Evaluation.

In the Federal Democratic Republic of Ethiopia (FDRE) basic legal act regulating questions related to the public procurement procedures, including those which refer to the legal protection measures is the Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649/2009 (hereinafter called the Proclamation) that entered into force on the date of publication in the Federal Negarit Gazeta No. 60 on 9th day of September 2009 to address public body construction procurement and tender procedure problems giving all power to newly established Public Procurement and Administration Agency.

PPA (Public Procurement and Administration Agency) prepared standard bidding documents (SBD) to public procurement system; which are categorized into five divisions (Pharmacy, Consultancy, Non-Consultancy, Goods and Works) each has two separate SBD for International Competitive Bidding (ICB) and for National Competitive Bidding (NCB) in both Amharic and English languages. PPA documents didn't specify details on how Evaluation and Qualification Criteria will be performed. According to Proclamation no. 649/2009 the Standard tender documents prepared by PPA shall be used by all public body including Oromia Roads and Logistics Bureau (ORLB).

The establishment Oromia Roads and Logistics Bureau was named Oromia Rural Roads (ORR) in 1988 EC with specific duties to plan, design, construct, and maintain roads. The recent Oromia Roads and Logistics Bureau was reestablished as Oromia Roads Authority (ORA) in 2003 EC. Finally, the current organization ORBL established under proclamation 242/2014 by Oromia Council members and has given power to design through a consultant, construct through contractors, maintain and administrate all road networks in the region.

According to (ORLB Annual Report, 2020)it indicates that in GTP1 which was from 2003 EC to 2007 EC consists of: construction of new gravel rural roads 37,275.5 kilometers, and under GTP2 (2008EC-2012EC) consists of construction of new gravel rural roads 34,895.96 kilometers, 31.57 kilometers asphalt roads and regional maintenance roads of 14,111.21 kilometers of gravel roads. The program also consists of the capital projects at regional and 'Ana' road components:

ORLB floats Oromia regional road project works via tendering processes which indicates that more than 9 billion ETB will disburse by floating tender in each year and this study will assesses effectiveness of tender process in regional road projects.

1.2. Statement of the Problem

Oromia Council of members approves budget for year 2024/25 (2017 E.C) and Oromia Roads and Logistics Bureau (ORLB) secures a total amount of 9.2 billion ETB approved budget for a year. Which account 4.2% of 2017 E.C the regional government yearly total budget. According to Proclamation 242/2014 this amount shall disburse through a tendering process.

And due to sector economic impact and 60% (http://www.ora.gov.et/PerformanceRating)of the contractors' pass the tendering process fail to complete the project according to contract duration, cost and quality. Thus, it is important to review and evaluate the effectiveness of the current tendering process of Oromia regional road projects to ensure that fair competition and better project delivery. Therefore, assessing effectiveness of the tendering process is very vital and the project will evaluate and measure Oromia regional road projects' tender qualification criteria effectiveness using standard criteria like PPA as a guideline.

1.3 Research Question

In relation to the above highlighted focus area, the study addresses the following research questions:

1. How the current tender evaluation practice is performed in Oromia regional road projects?
2. How much qualification criteria are effective to ensure the required performance of the bidders?
3. How the appropriate pre-qualification criteria are recommended for better and effective tender evaluation process in Oromia regional road projects?

1.4. Objectives

1.4.1. General Objective

The general objective of the study was to make assessment of contractors' qualification criteria in Oromia road projects tender practices.

1.4.2 Specific Objectives

In order to address the general objective of this study, the following specific objectives were formulated:

1. To examine the current methods used in tendering and bid evaluation for Oromia region road projects.
2. To make an assessment on how the qualification criteria is applied to select among contractors in Oromia region road project tender.
3. To determine appropriate tender evaluation criteria for Oromia region road projects.

1.5. Limitations of the Research

The anticipated limiting factors to the study included; strict organizational policies on information management. The policies require that high standards of confidentiality be applied whereby information relating to budget operations and financial management and strategic plans is highly guarded by the entity and employees in particular. These might lead to respondents refusal to respond to the research instruments or the information provided may lack a lot in details. However, the researcher assured the affected respondents that the information they provided was treated with utmost confidentiality and was used strictly for academic purposes only. For the purposes of this research, this paper focuses on only technical Evaluation and Qualification Criteria on road projects and their tender floated and administered by the Oromia Roads and Logistics Bureau.

1.6 Scope of the Study

The scope of this research was limited to ORLB which is a governmental organization within State of Oromia Regional Government and established under proclamation no. 242/2014 by Oromia Council of members.The research targeted ORLB employees and consultants especially the ones working in tendering process. The study was limited to the three research objectives namely; To examine the current methods used in tendering and bid evaluation for Oromia region road projects.;To make an assessment on how the qualification criteria is applied to select among contractors in Oromia region road project tender.; and To determine appropriate tender evaluation criteria for Oromia region road projects .

1.7. Structure of the Research

The research has five chapters the first chapter introduced and it discuss about the background of the study area, problem of statement, objective and Limitations of the research. The second chapter discusses about literature review dealing with the tendering process in general and each qualification criteria in particular considering national and international criteria. The third chapter deals with project design and methods the size of population, sampling method adopted, data collection methods and its validating and evaluating. Chapter four deals with result and discussion elaborated research data collection results. Finally, Chapter five deals with conclusion and recommendation.

CHAPTER -TWO

2. REVIEW OF LITERATURE

2.1 Introduction

This chapter reviews the theoretical and empirical literature to enhance understanding of the research content. The chapter also examines the Conceptual framework to inform the linkages and relationship between study variables.

2.2 Theoretical Review

This study will be founded on Principal-Agent Theory and New Public Management Theory.

2.2.1 Principal-Agent Theory

The Principal-Agent theory (also known as Agency Theory) was proposed by Jensen and Meckling in 1976 and is one of the main theoretical foundations for describing and analysing public governance. The theory brings out the relationship between a ‘‘principal’’ who has objectives that are specific and ‘‘an agent’’ who is mandated with the implementation of activities geared towards achieving those objectives. Principal-agent theory is dependent on flow of information between the principal and the agent as well as power positions. The issue arises with management of agent’s interests by the principal so that the agent’s interests are matched with the principal’s goals (Leruth & Paul, 2008).

The theory directs that two fundamental tasks have first to be dealt with by the principal so as to choose and control their agents. The first task entails the selection of the best agents as well as creating incentives in order to get the desired results from them. The second task demands that the principal monitors if their agent’s performance is as agreed (Gailmard, 2012). A problem may arise when the principal and the agent have conflicting goals or when verification of what the agent is actually doing is expensive or difficult for the principal. In this case asymmetric information introduces a moral hazard problem and an issue of adverse selection (Ballwieser, Bamberg, Beckmann, Bester, Blickle, Ewert & Gaynor, 2012). The problem of agency is predominantly prominent on the public tendering process system, that originates from the fact

that people involved such like politicians, citizens and contractors or suppliers have interests that are divergent in nature.

Whipple and Roh (2010) links the Principal-Agent theory to bottom-up and top down models of governance. In the bottom-up model, the citizen is the definitive principal, while the agent is the politician who represent the citizen in decision-making. In the top down model, public entities act as agents and execute duties while acting for the government in this case the principal. As a result, administrators of public entities who execute tendering process are agents of citizens and politicians. Podrug, Filipovic and Milic (2010) further posits that in a democratic polity, the ultimate principals are the citizens who are consumers of specific services provided by the government. In the Principal-Agent theory, they are principal in the sense that politicians as agents seek their mandate from them and act as the representatives of the public.

The theory is relevant to this study as it lays a better foundation in understanding the connection where "the principal" delegates work to "the agent". Public institutions such ORLB act as the agents of citizens and must act in good faith to fulfill the principles of the principal. The principals are the beneficiaries that is users of the services or the citizens, while public institutions acting as organs for making decision are agents. These agency relationships provide public managers with incentives to disclose information voluntarily, allowing their activities to be monitored (Lambright, 2008). This study examined the effects that tendering practice have on contractor selection in Oromia regional road construction based on Principal-Agent theory.

2.2.2 New Public Management Theory

The new public management theory developed by Hood in 1991 contends that to restructure the public sector in a more effective and cost-efficient way then it has to be opened up to a greater influence from private sector. Hughes (2012) asserts that new public management reform agendas focused on improving service quality in the public sector, public expenditure saving, making government operations more efficient as well as increasing the effectiveness of implementing policies. The opinion that monopolistic and large public organizations are fundamentally inept had a serious impact on the new public management theory emergence (Diefenbach, 2009). New Public Management theory embodies a set of values, ideas and practices that aim to emulate practices in the private sector in the public sector (Groot & Budding, 2008).

Gumede and Dipholo (2014) further observed that reinventing government was needed so as to transform the public sector as well as eradicate bureaucracy by harnessing the entrepreneurial spirit. Simonet (2011) notes that the new public management theory borrows its logicalfoundation from public choice theory, that views government from productivity and markets point of view, and also from managerialism, that utilizes management methods in achievement of productive gains. The three fundamental issues that the new public management theory seeks resolution to include; value for public funds; services that are centred on the community and a responsive workforce in public sector (Cohen, 2016). The new public management (NPM) theory specifically focuses on making governments more efficient (van Waarden & van Kersbergen, 2009). The overriding idea of new public management is using market techniques in improving public sector performance. The key characteristics of new public management are e-governance, performance management, outsourcing and contracting out, accountability and decentralization (Zungura, 2014).

The new public management theory is based on applying market principles into public policy and management. The new public management theory is relevant to the current study as it informs pre-qualification and bid evaluation procedures involve different types of criterion to evaluate the overall suitability of the bidders such as: general, technical, managerial, and financial criteria, financial stability, managerial capability and organizational strength, technical expertise and experience of comparable construction Relevance of experience, size of firm, and safety record variables. The theory advocates for citizens participation in the process of evaluating tender since the new public management principle of customer responsiveness requires that the degree of the user satisfaction be measured (Simonet, 2011). The broad idea of new public management theory in the public sector, is using market mechanisms to make service providers and managers more accountable and responsive (Mongkol, 2011). The proponents of this theory advocates that the government should put in place social accountability mechanisms to increase efficiency in tendering practice.

2.3 Conceptual Framework

According to Johnson and Christensen (2008), conceptual frameworks are designed from a number of broad ideas and theories that aid a researcher to suitably identify the problem they are researching on, structure their questions and find necessary literature. It is a brief explanation together with a visual or graphical depiction of the key ideas of the study and relations among them. The conceptual framework of this study is illustrated in Figure 2.1.

Independent Variables

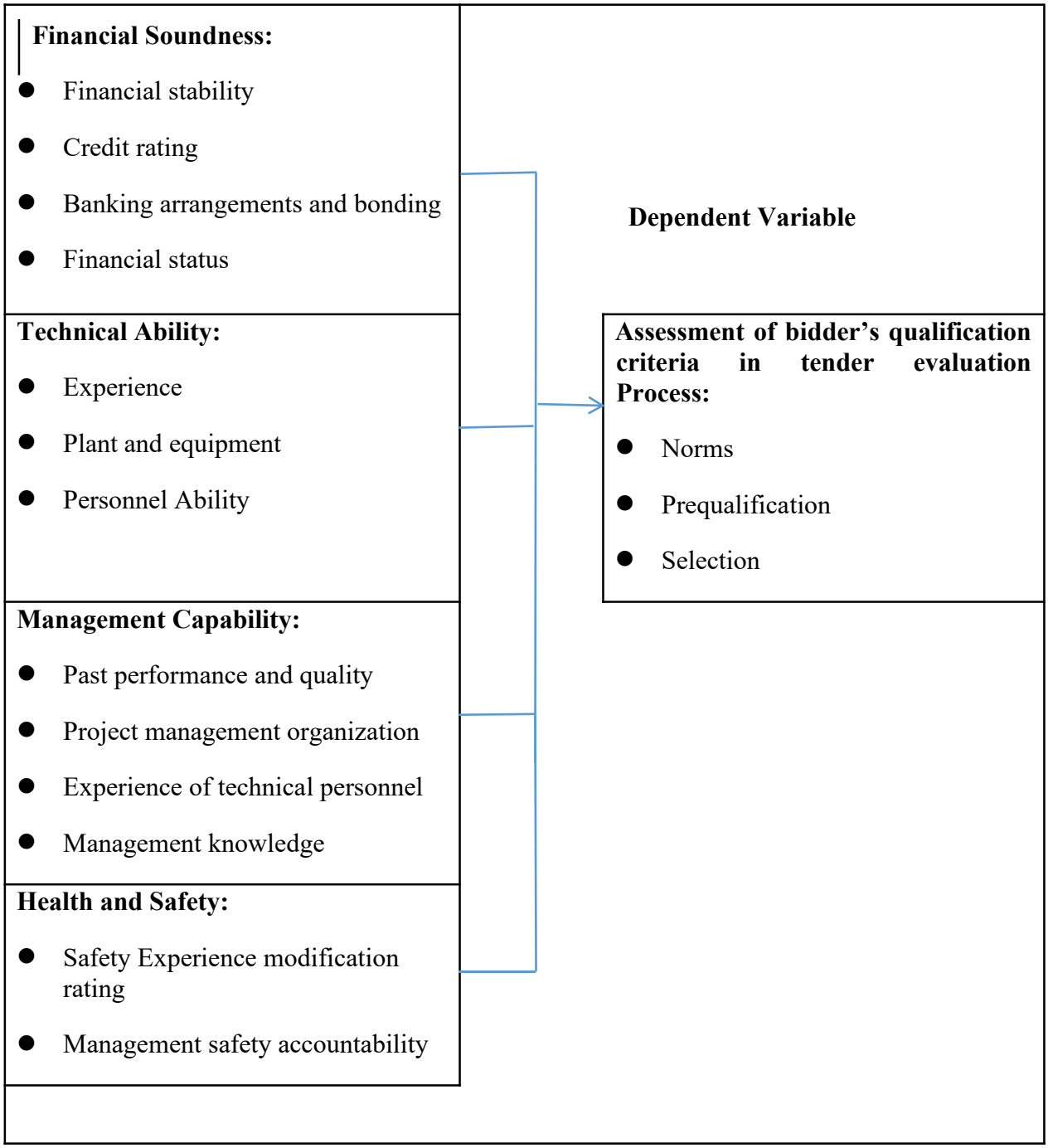

Figure 2.1: Conceptual Framework

Source: Researcher (2024)

2.4 Empirical Review

2.4.1 Financial Soundness

The most common way to monitor the performance of organizations is through financial data such as financial statements and ratios derived from them (Arditi et al., 2000). Financial information can give a good overview of the overall health of an organisation and predict future problems (Hatush & Skitmore, 1997a). If a contractor does not have adequate financial stability, problems such as late bill payments and bankruptcy could hinder progress over the construction period (Doloi, 2011). Therefore, it comes as no surprise that one of the most frequently mentioned criteria for contractor selection is financial status. Researches evaluating the perceived impact of various decision criterions on project success among

construction professionals have shown that financial stability is perceived to have significant impact on project success (Russell et al., 1992; Hatush & Skitmore, 1997a). Nevertheless, financial data can be manipulated, especially in smaller organisations, to hide poor financial status from stakeholders (Arditi et al., 2000) and should be taken with a grain of salt. Financial stability can be assessed in numerous ways and attributes used to represent the criteria differ between studies, i.e. working and operating capitals, yearly turnover, and various financial ratios calculated from financial statements.

However, it has been pointed out that the extent to which financial stability can predict future performance has maybe been overstated. Doloi (2011) concluded that financial stability of a contractor does not directly affect project success, which is an interesting result in the light of the criteria being perceived as highly important by construction industry workers in most studies.

2.4.2. Technical Ability

Technical ability (as defined in this study) refers to the relevant specialization employees of the contracting organisation possess. Hatush and Skitmore (1997a) defined the technical ability of personnel as the availability and number of supervisors and skilled craftsmen as well as qualifications and relevant expertise of employees. What specific technical ability is necessary depends on the project under consideration (Singh & Tiong, 2006). The criteria are frequently mentioned in the literature and is, among financial stability, the most frequently used criteria

(Singh & Tiong, 2006), which is perhaps not surprising since a contractor that does not have the technical ability to complete a project is not likely to be selected by many organisations.

2.4.3. Experience

This criterion refers to the experience of the contractor in similar projects, in terms of type and size, the ability to work in new project environments, the managerial capability to undertake challenges in new projects, as well as the overall experience of the subcontractors (Uher and Runeson, 1984; Fong and Choi, 2000). In the Singaporean construction industry, Sing and Tiong (2006) evaluated 102 selection criteria and their perceived importance among construction industry experts. They analysed 128 questionnaire responses collected from consulting firms, contractors and public and private clients. The findings of their research reported that a contractor's experience in similar projects is perceived to be one of the most important factors for guaranteeing a contractor's success in projects.

Experience, past performance and references are highly interrelated and the definitions of these criteria in the literature often overlapped to some extent. Experience of a contractor should be viewed along with references of past performance, since even though a contractor may have experience of a similar project, it does not have to be that the project was completed successfully.

2.4.4. Past Performance

Experience, past performance and references are highly interrelated and the definitions of these criteria in the literature often overlapped to some extent. Experience of a contractor should be viewed along with references of past performance, since even though a contractor may have experience of a similar project, it does not have to be that the project was completed successfully.

Khosrowshahi (1999) argued that contractors who have good records of past performance should be given preference in contract award and construction professionals seem to agree with this proclamation. Past performance has frequently been rated as one of the attributes having the most impact on project success among various construction professionals (Russell et al., 1992; Wong et al., 2001; Lavelle, Hendry & Steel, 2007). An example of this is the research of Hatush

and Skitmore (1997a), which interviewed eight construction professionals in England to determine the relationship between contractor selection criteria and project success factors. The results revealed that previous failures were perceived to have the most significant effect on project success in terms of time, cost and quality of projects. Recent studies have reported similar results, which establishes that past performance is still viewed as a critical attribute (Palaneeswaran & Kumaraswamy, 2000;Singh & Tiong, 2006).

An interesting take on this is the requirement put forward in the ISO 9001:2015 standard, where organisations are required to establish "criteria for selection, evaluation, and reevaluation" (ISO 9001:2015, 2015) and that these records should be maintained. Reevaluation involves keeping track of the performance of suppliers for better overview of past performance and to be able to intervene if their performance is not up to standard. How the clause is implemented is up to the organisations to decide. However, many organisations choose to do so by supplier evaluation form where suppliers are evaluated both before and after supplying products or services (John, 2015).

2.4.5. References

References are directly related to both the experience and past performance of contractors since references are often used to verify the performance of a contractor in previous projects and at the same time establish that the contractor has experience with similar work (Plebankiewicz, 2010). Contractors who have finished previous projects by the deadline set are more likely to do the same in future projects (Chan & Chan., 2004). Bad performance in previous projects affects the reputation of a contractor and can lead to lack of good references from previous clients. References are frequently mentioned in studies investigating the perceived importance of criteria and in a study on the construction industry in Poland, conducted by Plebankiewicz (2010), findings revealed that no less than 67% of clients seek data from previous clients of the contractor in the evaluation process. References can include comments on the quality of previous projects (Arditi et al., 2000), information on if projects where finished on budget and within schedule (Doloi, 2011) as well as notes on the ease of communications and how easily disputes where settled (Banaitienė & Banaitis, 2006).

2.4.6. Health and Safety

The construction industry has one of the highest rates of occupational accidents (European Union & Eurostat, 2010) and therefore the evaluation of contractor health and safety performance is important. Issues relating to occupational accidents can be difficult to solve during the construction phase of a project, however, by evaluating the health and safety performance of a contractor beforehand, the risk of safety issues arising can be reduced (Holt, 2005). According to Samelson and Levitt (1993), all construction clients should evaluate the safety performance of potential contractor, since effective safety management can significantly reduce costs. Costs associated with workplace accidents are often high and can be both direct, such as medical costs, and indirect, such as liability claims, reduced productivity, and schedule delays. Everett and Frank (1996) concluded that costs related to workplace accidents could be as high as 7.9 - 15.0% of total costs of new, non-residential projects. However, accidents do not only carry monetary costs, accidents can be fatal, which is a more serious issue and can have more extensive consequences.

However, it seems that consensus has not been reached about the importance of health and safety criteria within the construction industry and among construction industry clients. Studies have reported varying results about the perceived importance of health and safety criteria. Hatush and Skitmore (1997a) stated that safety criteria were not seen as important among clients and that it is rare for a contractor to be rejected due to safety issues. In spite of this claim, it was concluded that health and safety performance of contractors is one of the most common criteria considered by clients, but clearly not taken very seriously. Singh and Tiong (2006) reached similar conclusion and established that health and safety criteria are not perceived as important among Singaporean construction practitioners.

2.4.7. Quality Management

Most researchers mention quality systems or quality management as a suitable criterion for use in contractor selection where contractors should be ranked higher for using formal quality management systems, such as ISO 9001. On top of that, many international organisations require contractors to be certified by ISO 9001 for them to be able to work for the organisation (Kanji & Wong, 1998). Contrarily, Sing and Tiong (2006) revealed that some construction

industry professionals believe that a quality certificate has no effect on the actual quality of the product. Yet according to Ólafsdóttir (2011) quality certificates have indeed effect on customer satisfaction and since quality has been defined as the ability to satisfy customer needs it can be argued that customer satisfaction gives a good idea about the quality of a product. Ólafsdóttir (2011) examined if contractors working in accordance with quality management systems achieved more customer satisfaction and the results revealed that there is a positive correlation between client's satisfaction with project execution and whether the contractor works in accordance with a quality management system. From these results, one might assume that criteria assessing the quality management system of contractors would be of great use for clients evaluating contractors.

The three dependent variables are:

- Norms: Norms are defined as a second order construct (or higher order construct) consisting of trust and cooperative norms.The main reasons for inclusion of the higher order models or hieritical component models (HCM) are;firstly,to reduce the number of relationships in the structural model making the PLS path model more parisimonius (Hair et al.,2014),and secondly,the constructs are highly correlated as the correlation coefficient values are above 0.75 and the second order construct can reduce collinarity issues and may solve discriminant validity problems(Hair et al.,2014).

- Conractor prequalification:In a project tendering,a set of qualification criteria (such as financial standing,past experience and organisation's experise) produced by project owners would be given to the tenderer to obtain information on their capabilities and also determine whether they fulfill the project owners' requirement.Therefore,contractor prequalification is dependent on the selection criteria given by project owners.

- Selection:The selection criterion is the outcome of the final decision on selection of most eligible contractor

2.5 Tendering Process Objectives

It is clear that the tendering process aims to bring about fairness, impartiality, consistency, transparency, efficiency, economy, traceability, accountability, equal opportunity, and domestic or regional preference are some of objectives of the the tender system.

In the general tendering guidelines (SA, 1999:2-8), the government identifies value for money, open and effective competition, ethics and fair dealing, accountability and reporting and equity as the five pillars of procurement. No public procurement system should be operated if it is not founded on these pillars. These pillars are application to tendering and serve as guiding principles in which the tendering principles are based upon.

2.6 Challenges Facing Tendering

Lack of accepance, lack of strategy, lack of methods of procurment, ack of trust, lack of know-how, lack of competence, the cost problem, the price problem and the innovation problem are amongst the some of the main contributors to tender process failure in national government according to Koppelmann (200:1-8). Tendering just like any system in government can fail and the issue above is indictive of that.

2.7 Public Procurement Overview

According to ISO 10845:2010 procurement is the process through which contracts are created, managed and fulfilled. It involves all the steps from the identification of the project or products to be procured, soliciting and evaluating tender offers, awarding and administering contracts and confirming compliance with requirements. Similarly, Hughes (2005) defines Procurement as a process that spans from identification of needs through to the end of a services contract or the end of the useful life of an asset. It includes the design and delivery of those works, products or services, the assessment of their quality, and the evaluations and reviews that will lead to further procurement. Public procurement systems are the bridge between public requirements such as roads, hospitals, defense needs among others; and private sector providers. (Wittig, 1999).

2.8 Overview of Tender Evaluation

2.8.1 Composition of Tender Evaluation Committee

According to Directive which is issued by the Ministry of Finance and Economic Development of Ethiopia, the Proclamation no. 649/2009 ,a head of public body establish a Procurement Endorsing Committee to approve procurements of high value in the Public Body, consisting of members no less than 3 persons which serves for a maximum period of 3 years in accordance with the following criteria:-

a) Officials, who are in high position of responsibility in the Public Body.

b) Need to have a better knowledge and experience and as far as possible should comprise from various professions.

Where appropriate, extend the service of members of the Procurement Endorsing Committee for one additional term.It also states that there shall be an evaluation committee for each tender consisting of technical officers and persons recommended by the procurement and disposal unit and approved by the head of public body. Tender Evaluation member shall be an ad hoc not less than 3 members body constituted for a specific procurement package.

The members of an evaluation committee shall have the skills, knowledge and experience relevant to the procurement requirement, which may include the technical skills relevant to the procurement requirement, end user representation, procurement and contracting skills, financial management or analysis skills; and legal expertise.

2.8.2 Meeting of Tender Evaluation Panel

Directives of Ethiopia states that the members of the evaluation panel shall no less than 3 persons. The Secretary to the Tender Evaluation Panel shall record minutes of all Panel meetings, which shall include a register of attendance, list of all submissions considered and the recommendations made, any conflicts of interest declared by members and any dissenting opinions among Tender Evaluation Panel members. Where any member of the Tender Evaluation Panel has a conflict of interest in any tender evaluation, he/she shall declare his interest in the tender, leave the meeting while the matter is considered and shall not participate in the deliberations or decision-making process of the Panel in relation to that submission.

2.8.3 Key Decisions Taken During Tender Evaluation

According to the Procurement Procedures Manual of Ethiopia (649/2009), the successful bid shall be carried out in either of the following two methods, not withstanding that the bid evaluation criteria varies from one type of procurement to another:-

a) setting the minimum technical requirement and selecting the bidder with the lowest evaluated bid from among the bidders meeting such minimum technical requirements, or

b) Indicating clearly in the bidding document the criteria to be applied to determine the functional or economic value of the procurement and the relative weight to be ascribed to each criterion and selecting the bidder with the highest cumulative result by conducting evaluation based on these criteria. Similarly, The Public Procurement Act 663 of Ghana also states that, the lowest evaluated tender is selected and recommended for the award of the contract.

Many countries have introduced modifications, involving clearly defined procedures for tender evaluation, to this lowest tenderer criterion (Zedan and Martin, 1998). In Denmark, for example, the two highest and the two lowest tenders are excluded and the closest to the average of the remaining tenders is selected. A similar procedure is used in Italy, Portugal, Peru, and South Korea, but with only the lowest and highest being excluded. In Saudi Arabia, the lowest tenderer is selected provided that the tender is not less than 70% of the owner‟s cost estimate. In Canada and the U.S.A., especially in the public sector, the “lowest tenderer” is selected, but a tender bond in an amount equal to 10% of the tender price also has to be provided. In Scotland, it is a policy to award contracts on the basis of Most Economically Advantageous Tender (MEAT), evaluating both the price and quality of the tenders submitted. Quality can include a number of factors including technical merit and functional characteristics (Scotish Government, 2008). The French practice however, excludes tenders which appear to be abnormally low. In all cases, tender prices are the sole basis for contractor selection and competition cited in (Zedan and Martin, 1998).Gildenhuys (2002) cited in (Ngobeni, 2011) however argues that, governments are not and should never be obliged to accept the lowest tender. Good reason may exist why the lowest tender should not be awarded. There may be doubts, for instance, on the quality of product or service offered by tenderer.

2.9 Tender Evaluation Panel Activities

Evaluation is conducted by a designated evaluation team and in accordance with the relevant regulations, rules and procedures, using the evaluation criteria and method pre-determined in the standard bidding document in order to conduct a fair and unbiased evaluation.

Public Procurement Agency stated that procurement entity shall evaluate and compare the tenders that have been accepted in order to ascertain the successful tender in accordance with the procedures and criteria set out in the invitation documents. No criterion shall be used that has not been set out in the invitation documents. By far the most frequently used method of selecting construction contractors is competitive tendering, in which the lowest evaluated tenderer is awarded the contract.

Similarly, the EU procurement directives stipulate that public contracts are awarded to the lowest bidder or to the bidder with the economically most advantageous offer; the latter requiring that a scoring rule must be specified (Bergman and Lundberg, n.d). The economically most advantageous bid can be the bid with the highest quality for a given price, in so-called beauty contests. It can also be the bid that achieves the highest combined price and quality score.

The latter method falls into two main categories. First, quality can be evaluated in monetary terms, so that quality value in excess of the minimum requirement can be subtracted from the price bid or, alternatively, so that the value of the quality gap relative to the maximum quality level can be added to the price bid. This method can be seen as a quality-adjusted lowest-price tender; here the expression quality-to-price scoring will be used. Second, price can be transformed into a score that is added to the quality score, making the tender a price-adjusted highest-quality tender.

In Ghana, the lowest evaluated tender is selected and recommended for the award of the contract. (Public Procurement Act 663, 2003) In other words, the responsive tenderer who satisfied the Post-Qualification Evaluation requirements and offered the least evaluated tender price is the first to be considered for the award of the contract.

2.10 Tender Evaluation And Contract Selection

Under the Public Procurement Agency (PPA) of FDRE (649/2009), National Competitive Bidding(NCB) procedures are employed if only domestic suppliers or contractors are desired to submit tenders and International Competitive Bidding (ICB) is to be used where open competitive tendering is employed. The evaluation of tenders received is normally carried out in three stages. These are preliminary examination, detailed examination and Post - qualification evaluation.

2.10.1 Preliminary Examination

A Public Body may find a bid complete and qualify that bid for detailed evaluation only if the bid document submitted by the bidder is opened during the bid opening proceeding and complies with the prerequisites and essential requirements stated in the bidding document. Under this section of the evaluation of tenders, the following parameters are checked:

- Verification: FDRE PPA states that, the verification step are done to ascertain whether the tenderer is eligible.

- Eligibility: Tenders are checked to determine whether they are from eligible countries as per the instructions to bidders and whether they provide documentary information of their registration.

- Bid Security: The Public Procurement Agency requires that all tenders are provided with bid securities. Every Invitation for Tender therefore captures this and specifies an amount or sum of Bid Security, or Bid Bond to be provided by all bidders. This is therefore checked to ensure that all bidders provide the facility adequately. Bid Security Declarations are also accepted as an alternative. If the Procuring Entity tends to reject incomplete bids, it shall be clearly stated in the bidding documents. If Procuring Entity intends to consider incomplete bids, the bidding document shall specify the minimum number of items for which prices must be quoted in the bid, or the minimum value of the items to be quoted

- Completeness of Bidding Document: In terms of the completeness of bidding document, tenders received are to ensure that they submit complete bidding documents and that

all the items of the Bill of Quantities (BoQ) provided in the bidding documents are wholly priced. According to the Ethiopia agency of Public Procurement (2010), if the Procuring Entity intends to reject incomplete bids, it shall be clearly stated in the bidding documents. If Procuring Entity intends to consider incomplete bids, the bidding document shall specify the minimum number of items for which prices must be quoted in the bid, or the minimum value of the items to be quoted

- Substantial Responsiveness: Tenders that meet the above requirements are determined to be substantially responsive and are taken through detailed examination.

2.10.2 Detailed Examination

Only tenders that survive the preliminary examination are considered for further evaluation. This further evaluation involves the correction of arithmetic errors and comparison of tenders. There are two stages involved:

- Correction of Arithmetic Errors: The priced BoQs of the responsive bidders are checked for arithmetic errors in extensions, summations, transfers and summaries. Errors detected are corrected in accordance with the bid guidelines provided by FDRE Public Procurement Agency (649/2009). A notice is sent to the affected bidder(s), giving details of the errors and the adjusted figure(s) which they have to either accept or decline.

- Evaluation and Comparison of Tenders: The evaluated (corrected or discounted) bid prices are determined by subtracting provisional sums, discounts offered and contingencies in the summary of the BoQs. The evaluated bid prices of the responsive bidders are then ranked in ascending order (Akortsu, 2011).

2.10.3 Contractor Selection

A successful bidder must meet all the minimum qualifying criteria stated in the bidding document. The lowest evaluated bid is selected and recommended for the award of the contract. (Public Procurement Agency 649/2009) In other words, the responsive bidderr who satisfied the Post-Qualification Evaluation requirements and offered the least evaluated tender price is the first to be considered for the award of the contract.

After determining the lowest evaluated price, the Bidder's capability and resources available to carry out the work should be cross-checked. It is the review process carried out by the evaluation panel to ascertain whether the tenderer offered the lowest evaluated tender price has the capacity or resources to carry out the contract effectively.Again the document summarized and stated that the Tender Evaluation procedures involve two stages:

Assessment of Information submitted which involves verification of information submitted or provided by the bidder, in response to the Bidding Document.The second stage is the Bid Evaluation Report which captures all the bidding processes, from advertisement, bid submission and evaluation, in concise manner at the same time conveys, clearly, all the issues considered in arriving at the recommendation for the award of the contract.

2.10.4 Post-Qualification Evaluation

According to FDRE PPA 2010, Post-Qualification of the lowest evaluated responsive tenderer should be conducted to determine the bidder's capability to perform the contract. Using the criteria specified in the Tender Document, this review should include an assessment of the bidder's financial and physical resources available to undertake the contract, including his current workload.

Akortsu (2011) stated that the choice of the route depends on the procurement entity. The exercise applies the following checks, as set out in the tender documents:

- Experience in Similar Works: The experience of bidders, as Prime Contractor or Main Contractor, in works of similar nature and complexity are assessed. A minimum threshold established in the tender document is used.

- Personnel Capability: The experience and qualification of key personnel in the firm is also assessed. Minimum thresholds established earlier are used.

- Financial Capability: bidders are required to submit certified Financial Statements and these are assessed to ascertain whether they have adequate financial capabilities to execute the contract. This coupled with undertakings or declarations from companies, bankers also indicate the adequacy of the lines of credit available to the bidders.

- Equipment Holding: Thresholds established are used to check the appropriateness of the equipment provided in documentary evidence by the contractors for the specified financial classes.

- History of Litigation: bidders are also required to provide evidence of non-involvement in litigation, or the history and details of any such litigation.

- Annual Construction Turnover(ACT): Qualified bidders must meet the minimum annual turnover thresholds specified for the particular financial class.

- Methodology: After the contract has been won it is important for the work to be completed on time and to the required standard (quality) and within budget, therefore bidders are required to provide method statements and schedule of work, which are compared with the Master schedule.

2.11 Effects of Tender Evaluation Decisions

According Koushki, (2005), to Selection of the lowest bidding contractor is one of the major causes of the poor performance of a construction project. Time-delays and cost-increases of construction projects are closely related to specifications on the qualifications of contractors financial, technical, experience, etc .

Selection contractor based on the price of the lowest bidding contractor alone is one of the major causes of the poor performance of a construction project (Banaitiene and Banaitis, 2006). Time-delays and cost-increases of construction projects are closely related to specifications on the qualifications of contractors (financial, technical, experience, etc). In effect Lingard et al (n.d) stated that, Contractor selection systems should be subject to a cost-benefit analysis. From this, selection of contractors is a very critical issue and if not well considered, it could go a long way to affect the project time, cost and quality.

2.12 Bottlenecks in Tender Evaluation

Westring (1997) attributes the causes of the delays to extensive post-award negotiations, delays in the preparation of technical specifications and drawings, delays in evaluation, an extensive system of controls, reviews and approvals, and land ownership disputes.

In a brief literature, (Moshiro, 2011) stated that, Government procurements are normally made through tendering method, which is generally said to be transparent. However, the observations concluded that in tendering method, there is high possibility of the lowest evaluated tenderer, who sells at lower prices to win. This is done without effective consideration of other factors like quality, delivery and financial position.

Public Life (2003) identified several forms of corruption which include; influencing of the law-making process; forming of cartels by tenderers; bribing of the decision makers in order to win tenders; conflict of interest and massaging of the processes to favour a particular tenderer. Corruption also manifests itself in various forms including; bribery, embezzlement, fraud, favoritism, extortion, conflict of interest, political bargains, abuse of discretion and abuse of power (Habtermicheal, 2009).

According to Ameyaw et al (2013), tender evaluation stage of the procurement process is the most susceptible to corrupt practices and the evaluation panel as provided by the law should therefore be given a close monitoring to foil any attempt by unscrupulous tenderers to bribe official at this stage. It is worth noting that a lot of things happen during this stage and evaluation panel are sometimes pressurized to disqualify the most competitive tender and rather recommend favorites of politicians or those in authority. Other times corrupt tenderers pay their way through the evaluation team to use all foul means to disqualify other tenderers to their advantage.

To prepare for a tender is both time-consuming and costly, and offering a bribe may be seen as a shortcut to a contract award. Motives for bribery include, for example, gaining information, speeding up bureaucratic processes, receiving preferential treatment, disqualifying competitors, getting away with substandard work, influencing outcomes of legal and regulatory processes, and influencing the allocation of benefits such as subsidies, taxes, and pensions.

Also, according to Bamfo et al (2013), another bottleneck on evaluation that affects procurement in most districts in Ghana is that, the tender committee members at times do not meet to form quorum and the reason given was that members of these committees mostly offer these services for free. Other problems identified include the delays in the preparation of tender documents and evaluation reports.

2.13 Current Tender Practice in Oromia Public Projects

The process of contractor selection for the public projects is regulated by Ethiopian Federal Government Procurement and Property Administration Proclamation by the power vested in proclamation no. 649/2001 and all government body shall obey the directive and procedure set out by PPA. The Ministry of Finance and Economic Development release directive in June 2010 to clarify the enforcement and tender procedure in Ethiopia public body. Proclamation no. 649/2009 Article 12, states Public Procurement and Property Administration Agency have that as an autonomous Federal Government organ having its own juridical personality and accountable to the Minister. And accordance with Article 14 the Agency has the power to implement the fairness, competitive, transparent, non-discriminatory and prevalence of uniform and consistent public procurement administration thought the nation. Proclamations are one of sources of law in FDRE legislation system. Hence; for public body Proclamation no 649/2009 and its directive acts as primary guide line. Public Procurement and Administration Agency acts as guardian of the system.

CHAPTER -THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter sets out research methodology that was adopted to meet the objectives stated in chapter one of this study. The research design, the population of study, sample design and data collection instruments as well as data analysis techniques are discussed in the sections that follow.

3.2 Research Area

The research was conducted in Oromia region on projects under Oromia Roads and Logistics Bureau (ORLB).

3.3 Research Period

The research was conducted within Six months from July 1, 2024 to December 30, 2024.

3.4 Research Design

The According to Verschuren, Doorewaard and Mellion (2010), a research design is the master plan or a framework for action that specifies methods and procedures for acquiring the information needed to obtain answers to the research questions. Researchers view a research design as the way the research is organized, the evidence to be gathered, where and how it was interpreted. So as to develop the research design, research scholars contend that significant choices have to be made based on given rationale (Creswell, 2013). The study adopted a descriptive research design through the use of questionnaires because it provided a more valid data taking into account the scope of the research.

Study design, qualitative in nature and start with determining study population; and sample size was determined purposively. Then data collection was made according to stated methodology.

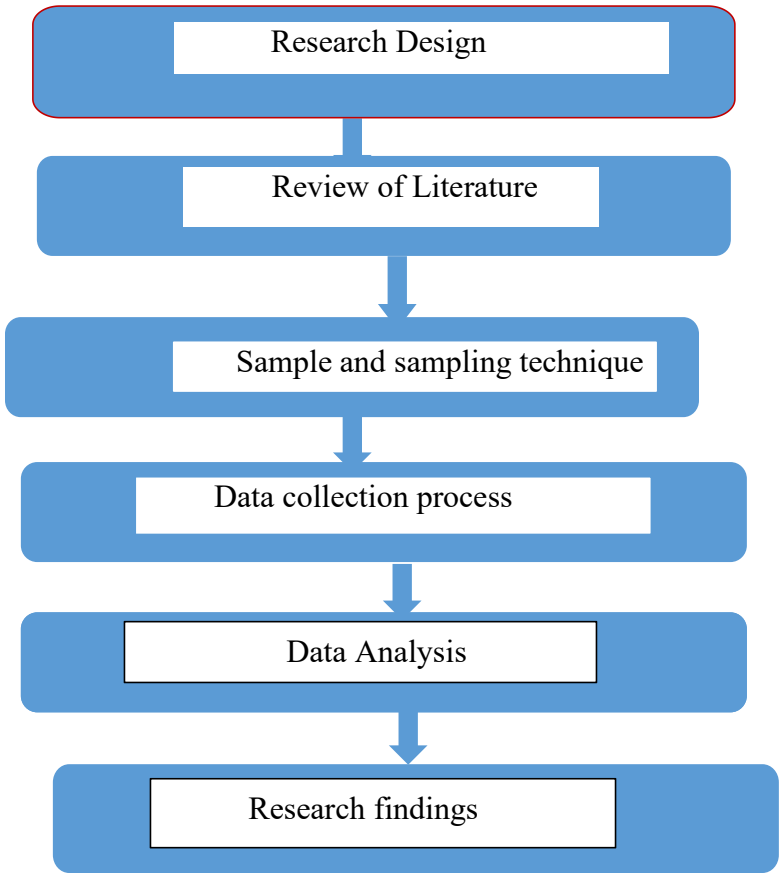

Figure 3.1: Research Design Flow

Source: Researcher (2024)

3.5 Development of the Questionnaire

The research questions were complied as a data collection method, and applied the principles established in various authoritative texts on research methodology, including those by Mouton (2001:34).

The questions in the questionnaire focused on the respondents' experiences as Oromia Roads and Logistics Bureau. The questionnaire contained only closed ended and Liker-scale-type questions that fell into the following broad categories:

- Part 1 focused on Biographical or general information on respondents and other general background information.
- Part 2 addressed legislation issues, generic tendering steps as well as best practice information (closed-ended questions and on Liker-scale-type question).

3.6 Target Population

According to Neuman (2013), a population is a group of people or institutions that at least share one characteristic. Target population is the entire group of items or people from whom the researcher is seeking to acquire the information relevant to the study (Cooper & Schindler, 2011; Oso & Onen, 2011; Kombo & Tromp, 2011). The source of information was employees of ORLB and consultants who are representative of the client.All stakeholders were contracted to confirm that they are dealing with the tender process in one or other and to assess their willingness to participate voluntary.Employees of the client and consultant have knowledge of tendering process and involved in bid evaluation, according to their importance successful accomplishment of the research study was made.The total population for this study was 42 employees of ORLB and consultant.

3.7 Sampling Size and Sampling Procedures

3.7.1 Sample Size

The sample size used must represent the study population and this involves identifying and selecting individuals or groups of individuals that are especially knowledgeable about or experienced with a phenomenon of interest (Creswell and Plano Clark 2011). In this study 48 questionnaires were distributed and 42 questioners was collected.

3.7.2 Sample Procedures

Purposive sampling is selected as it is known to be representative of the total population, or it is known that it was produced well matched groups. The idea is peaking out the sample in relation to some bidder's qualification criteria; which are considered important for the particular research.

3.8 Data Collection

The study used structured questionnaires for collecting primary data from respondents. Bryman (2015) define a questionnaire as a set of questions or statements that assess attitudes, opinions, beliefs, biographical information or other forms of information. Considering that the entire target population is able to read and write the researcher was therefore, distribute questionnaires for primary data collection. The questionnaire also provides an opportunity for anonymity so

that the researcher would be able to get a precise information; thereby giving the informant an opportunity to give truthful information.

A 5-point Likert scale was employed to measure the ratings of various items by respondents in relation to various variables that are under study. The respondents were asked to rate on a scale of 1-5 how given statements apply to their respective areas of work/job environment. A Likert scale is preferred because it is considered more reliable as respondents are likely to answer all or most of the questions contained in the questionnaire. Moreover, the Likert scale ratings constitute interval scale attributes hence it can be evaluated easily using standard techniques (Barua, 2013).The total of 48 questionnaires was sent out and only 42 were returned before the cut-off date and were used for the descriptive statistical method of analysis of the data.

3.9 Data Analysis

Data collected was first edited, formatted and organized for coding into the Statistical Package for Social Scientists (SPSS Version 27) data viable table. Data entered in SPSS was verified and missing data was deleted. The data was analysed qualitatively to obtain descriptive statistics. Assumptions underlying the bivariate analysis was conducted and the statistical parameters generated from the software was presented in tables and charts for easier interpretation. Further, Analysis of descripitive was utilized in testing the significance of the overall model. The decision rule for F-statistic is to accept the model if p-value is smaller or equal to the critical value of 0.05 level of significance or to reject the model if p-value is greater than the critical value of 0.05 level of significance (Garson, 2012). Based on the statistical findings the researcher was able to draw conclusions from the responses.

3.10 Reliability of the Instrument

Reliability is broadly defined as the degree to which measures are free from error and therefore yield consistent results (Kimberlin & Winterstein, 2008). LoBiondo-Wood and Haber (2014) define reliability as the trustworthiness or accuracy of measurement of a research instrument. Reliability is concerned with the ability of an instrument to measure consistently. Cronbach Alpha was used to test reliability of the research questionnaire.Representative questionnairesfrom the pilot test was subjected to reliability test. A Cronbach alpha of 0.7 and above but less than 1 was treated as an acceptable reliability (Tavakol & Dennick, 2011; Drost,

2011). Those questionnaire items that do not attain the threshold were amended as seen necessary.

3.11 Study Variables

Dependent variables: Assessment of bidder's qualification criteria in tender evaluation Process.

Independent variables: Management capability, Financial capability, Experience, Technical, Resource, Environmental, Health and Safety

CHAPTER - FOUR

4. DATA ANALYSIS

4.1 Introduction

This chapter discusses the findings obtained from the field. The chapter presents the background information of the respondents, and the findings of the analysis based on the objectives of the study. The primary data was gathered from the questionnaires as the research instruments. For this purpose, the various statistical analysis tools like Cronbach's alpha and bivaria analysis were employed to establish the effects of tendering practice on contractor selection in Oromia road projects.

4.2 Response Rate

Forty eight (48) questionnaires were distributed to the targeted respondents. Out of the 48 questionnaires sent, 42 were fully filled contributing to a response rate of 87.5%. A response rate of above 60% is considered acceptable for the purpose of any research (Kothari, 2004). This was in line with Orodho (2009) that a response rate above 50% contributes towards gathering of sufficient data that could be generalized to represent the opinions of respondents about the study problem in the target population. This was above the 50% which is considered adequate in descriptive statistics according to Mugenda & Mugenda (2012). Contacts prior to the dispatch of the questionnaires and follow up calls could account for the fairly high response rate. Qualitative data obtained from the questionnaires were presented in tables, frequencies and percentages as shown hereafter.

Table 4.1.Response Rate

Questionnaires Administered	**Questionnaires filled & Returned**	**Percentage**
Respondents 48	42	86.5%

4.3. Pilot Study Results

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2008). Cronbanch's alpha was applied to determine the reliability of the data obtained from the respondents. Cronbach's alpha test indicated a value above the cut off of 0.7 which is acceptable according to Joppe (2010). According to Table 4.2 the data collection instrument was reliable and the data collected from the respondents was reliable to drive a conclusion.

Table 4.2.Reliability Test

Cronbach's Alpha	**Cronbach's Alpha Based on Standardized Items**	**N of Items**
0.802	**0.824**	**52**

4.4. Number of years of respondent in the position

The aim of the question was to determine years of experience of the participant in the current position.

Table 4.3 : Respondents year of experience

Years of Experience			
		N	%
1	0 - 5years	5	12
2	5 - 10 years	8	19
3	10 - 15 years	18	43
4	15- 20 years	11	26
Total		42	100

Source: From field data

Table 4.3, above indicates that a total of 12% of participants have between 0 and 5 years of experience, 19% have between 5 and 10 years of experience, 43% have between 10 to 15 years of experience, and 26% have between 15 and 20 years in experience. It is clear that majority of

the 42 participants have been for the period more than 5 years (88%) and only 12% of participants are 5 year or less.

4.4.1 Demographic Data

Table 4.4: represented the findings of the demographic data. Out of the total 42 respondents, 80.95% of the respondents are male, and remaining 19.05 % are female. It is commonly known that the construction industry is mostly subjugated by males and this wide range of gap between males and females demonstrates the male domination in Oromia Roads Construction Projects.

Table 4.4 : Demographic Data

S/No.	**Gender**	**N**	**Gender In Percentage (%)**
1	**Male**	34	80.95
2	**Female**	8	19.05
Total		42	100

Source: From field data

4.5 Questionnaire

As discussed in chapter one Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649/2009 (hereinafter called the Proclamation) regulates the tendering process in Oromia Roads and Logistics Bureau. This section of the questionnaire addressed the respondent's attitude towards the above mentioned legislation framework.

4.5.1 Respondent Distribution

Table 4.5: shown below from the 48 invitations sent for questionnaire, a number of 42 completed responses were received. 61.90% of respondent were Client and 38.10% of the respond were Consultant.

Table 4.5: Questionnaire sample characteristics

S/No.	Respondent	Total Contracted	Total Response	Response Rate in Percentage (%)
1	**Client Side**	28	26	61.90
2	**Consultant Side**	20	16	38.10
Total		48	42	100

Source: From field data

4.5.2. Consultant Side Respondent's Position

Table 4.6: shown below, three respondents were Resident Engineer, three respondents were Project coordinator, two respondent were Quantity Surveyor, one respondent were Structural Engineer, one respondents were Material Engineer, two respondents were Pavement Engineer, one respondent were Site Engineer, one respondent were Hydraulic Engineer, two respondents were Contract Engineer.

Table 4.6 :Consultant Side Respondent's Position

S/No.	Position	Frequency
1	Resident Engineer	3
2	Project Coordinator	3
3	Quantity Surveyor	2
4	Structural Engineer	1
5	Material Engineer	1
6	Pavement Engineer	2
7	Site Engineer	1
8	Hydraulic Engineer	1
9	Contract Engineer	2
Total		16

Source: From field data

4.5.3 Client Side Respondent's Position

Table 4.7: shown below, three respondents were Branch Head, six respondents were Directors, nine respondents were Counterpart Engineers, two respondents were Surveyor, four respondents were Procurement Expert, two respondents were Mechanical Engineer

Table 4.7:Client Side Position

S/No.	**Position**	**Frequency**
1	Branch Head	3
2	Directors	6
3	Counterpart Engineer	9
4	Surveyor	2
5	Procurement Expert	4
6	Mechanical Engineer	2
Total		26

Source: From field data

4.6 What Tendering Procedures used for Contractor's Selection?

Respondents were asked what tendering procedure they used for contractor selection. Regarding the procedure, 57.14 % of the respondents use two-stage selection, i.e. pre-qualification and final selection. 14.29 % of the respondents have survey of prices, 19.05 % of the respondents carry out the negotiations and 9.52 % of the respondents use restricted tendering.

Table. 4.8 :What tendering procedures used for contractor's selection ?

S/No.	Tendering procedures	Frequency	Frequency In Percent (%)
	Survey price	6	14.29
2	Negotiations	8	19.05
3	Restricted Biding	4	9.52
4	Two stage selection (pre-qualification & final selection)	24	57.14
Total		42	100.0

Source: From field data

4.7 How do you Determine Contractor Qualification Criteria?

The respondents were asked how they determined selection criteria. Attitude towards contractors' selection criteria is presented in table 4.9. There was a clear preference to determination of selection criteria depending on the project size, type and complexity, i.e. 76.19 % , 9.52 % follow the regulation of department, and 14.29 % consider the client's requirements.

Table 4.9:How do you determine Contractor qualification criteria**?**

S/No.	Determination	Frequency	Frequency in Percent(%)
1	Project size,type and complexity	32	76.19
2	The regulation of department	4	9.52
3	The clients requirement	6	14.29
Total		42	100

Source: From field data

4.8 How important the bid price and Other three types of bidder's evaluation criteria

The respondents were asked to evaluate how important the bid price and other three types of contractor evaluation criteria, i e 'legal requirements', 'financial criteria' and 'technical and managerial criteria', were for them. The respondents assigned 61.90% to 'bid price', 19.05% to 'legal requirements', 9.52% to 'financial criteria' and 9.52% to 'technical and managerial criteria'.

How important the bid price and other three types of bidder's evaluation criteria; legal Requirement, Financial criteria, Technical and Managerial criteria?

Table 4.10 :How important the bid price and other three types of bidder's evaluation

S/No.	Evaluation Criteria	Frequency	Frequency in Percent(%)
1	Bid Price	26	61.90
2	Legal Requirement	8	19.05
3	Financial Criteria	4	9.52
4	Technical and Managerial Criteria	4	9.52
Total		42	100

Source: From field data

4.9 How Important Separate Bidder's Evaluation Criteria?

The respondents were asked to evaluate how important for them separate contractor selection criteria. The respondents considered 'claims and contractual dispute' 59.52%, 'legal activity' 19.05%, 'failed contracts' 11.91%, 'bankruptcy possibility' 9.52%, and The respondents considered 'claims and contractual dispute' as important criteria

Table 4.11:How important separate bidder's evaluation criteria

S/No.	Rating Mechanisms	Frequency	Frequency Percent (%)
1	Claimed and Contractual dispute	25	59.52
2	Legal Activities	8	19.05
3	Failed Contract	5	11.91
4	Bankruptcy Possibility	4	9.52
Total		42	100

Source: From field data

4.10 The Bidding Goal of The Company?

19.05% of the respondents reported that, they use bidding to assure selection of an appropriate contractor. 80.95 % of the respondents reported using a 'standard procedure'. This option was chosen by large contractor organizations, and their number could be explained by the number of companies certified according to ISO 9001 standard.

Table4.12: The biding goal of the company?

S/No.	Goal's of the Company	Frequency	Frequency Percent (%)
1	They used biding to assure selection of an appropriate bidders	8	19.05
2	Using standard procedures	34	80.95
Total		42	100

Source: From field data

4.11 The Proportion of Respondent's Experience in Construction

Table 4.13: shows the proportion of respondent's experience in construction. Over 12% of the respondents have the requisite construction experience of up to five years, Over 19 % of the respondents have the requisite construction experience of up to ten years, Over 43% of the respondents have the requisite construction experience of up to fifteen years and Over 26% of the respondents have the requisite construction experience of up to twenty years, Having respondents with such an impressive working experience in construction indicates that the respondents are well conversant with selecting suitable contractors to implement projects. This really adds validity to the findings of this study.

Table 4.13: Respondent's experience in construction (years)

S/No.	Experience in (year)	Frequency	Frequency in percent(%)
1	0-5	5	12
2	5-10	8	19
3	10-15	18	43
4	15-20	11	26
Total		42	100

Source: From field data

4.12 Bid Evaluation Team Formation

Table 4.14 shows the respondent's Bid Evaluation Team Formation. 14.29% of respondents said, their organization have permanent Bid Evaluation team,23.81% of the respondents said their organization have temporary Bid Evaluation team, and 61.90% of the respondent said, in their organization Bidder Evaluation Team Formed when needed. This is conform to PPA directives, because the Act states that bid evaluation team shall be an ad hoc committee.

Table 4.14: Bidder Evaluation Team Formation

S/No.	Team Formation	Frequency	Frequency in percent(%)
1	Permanent Bid Evaluation Team	6	14.29
2	Temporary Bid Evaluation Team	10	23.81
3	Team formed when needed	26	61.90
Total		42	100

Source: From field data

4.13 Selection and Dissolution of BET

4.13.1 Selection of Bid Evaluation Team

Respondent were asked if there was fair selection of the team members. This was also sought due to the non-permanent nature of bid Evaluation team as stated by Public Procurement Agency of Ethiopia.83.33% respondents saw the selection of bid Evaluation team members as fair and equitability while 9.52% saw it as unfair and unequal selection. Only 7.15% respondent was not sure as to whether it was equal or not equal. This means the panels recommendations on the award of contract easily will be acceptable to everyone.

Table 4.15: Fair selection of members to form tender evaluation team

S/No.	Fair Selection	Frequency	Frequency in percent(%)
1	Fairy and equitability	35	83.33
2	Unequal selection	4	9.52
3	Not Sure	3	7.15
Total		42	100

Source: From field data

4.13.2 Selection and Dissolution of Bid Evaluation Team

The cross tabulation in Table 4.16 shows Tender Evaluation Members are invited and how the Team is dissolved afterwards. It was realized that twenty six of the respondents were invited by letter and get dissolved by letter. This however stands to reason that the whole process of tender evaluation is highly formalized and the outcome accounted.

Table 4.16: Selection and dissolution of tender evaluation team

		How Tender Evaluation Team is Dissolved			Total
		By Letter	Verbal Communication	Other(e-mail,telephone,etc…)	
How Tender Evaluation Team	By Letter	26	6	0	32

Members are Invited	Verbal	2	2	6	10
Total		28	8	6	42

Source: From field data

4.14 Selection of BET Chairman

The chart 4.1 below shows how the Chairman of the bid Evaluation Panel is selected. 67% of respondents show from the chart that the chairman is selected from within the bid Evaluation Team. 19% of respondents shows that the chairman is selected by the bid evaluation Committee of the office. 14% of respondents indicated that the chairman is selected by other means such as by bureau head. The Public Procurement was silent about how the chairman of bid evaluation Panel should be selected. Whenever, the Chairman is selected from among the panel, the execution of process goes on smoothly, since there is usually minimal influence.

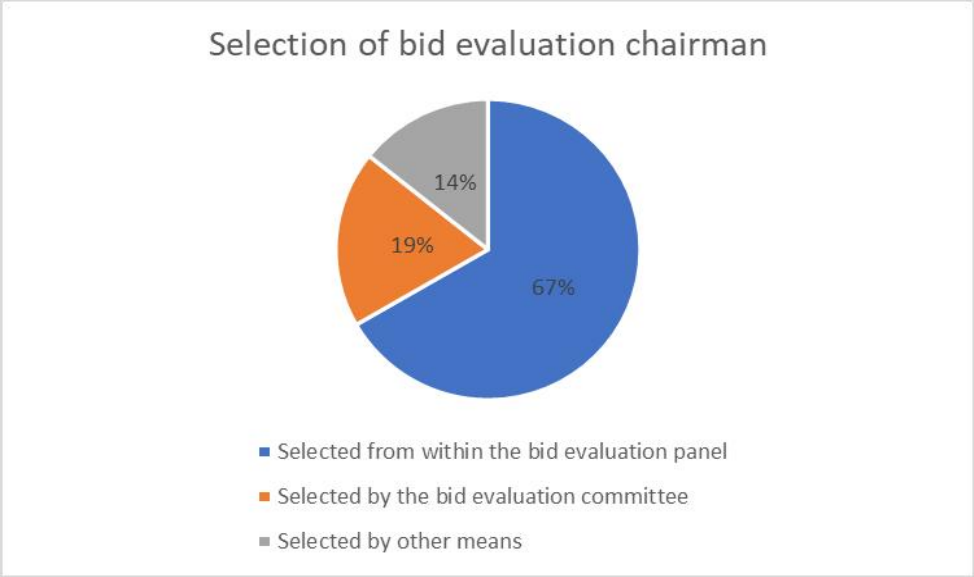

Chart 4.1:Selection of TEP chairman

Source: From field data

4.15 Bid Committee Members Work as BET

In some organization bid Committee members also work as bid Evaluation members. This informed the researcher to find out if the phenomenon widespread in the selected organization for the study. According to the Public Procurement it is stated that, the members appointed to the Panel may be staff of the Procurement Unit but no Member of the bidding Committee shall act as a member of the bid Evaluation team, except in an Advisory capacity. Again, to ensure

transparency, members of the bid Evaluation committee shall not be directly involved in the approval of any award of contract. When bidding Committee members work as bid Evaluation Members, it leads to conflict of interest and also makes their recommendations of award of contract suspicious. Chart 4.2 below shows that exactly 81% of bid Committee members work as bid Evaluation panel members. The other 19 % do not work as bid Evaluation Panel members.

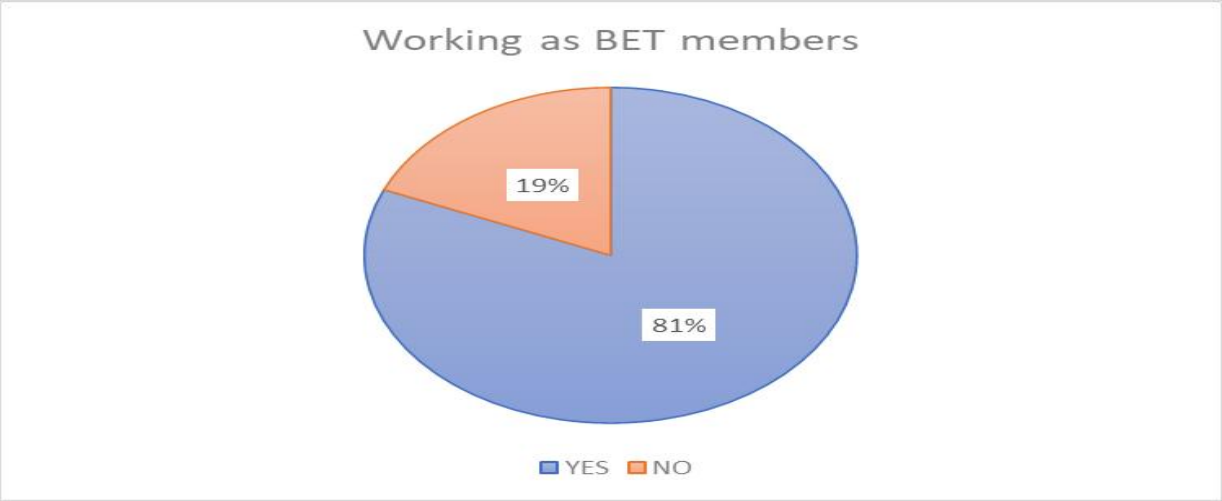

Chart 4.2: Bid committee members working as BET members

Source: From field data

4.16 Size of Bid Evaluation Team

The chart below shows 83% of respondents stated that bid Evaluation team consisting three to five members. 10% of respondents stated that bid Evaluation team consisting of six-ten members and 7% of respondents stated that bid Evaluation Panel consist of eleven-fifteen members. The Evaluation panel should be between three and five members. This will reduce delays in quorum forming to take decision.

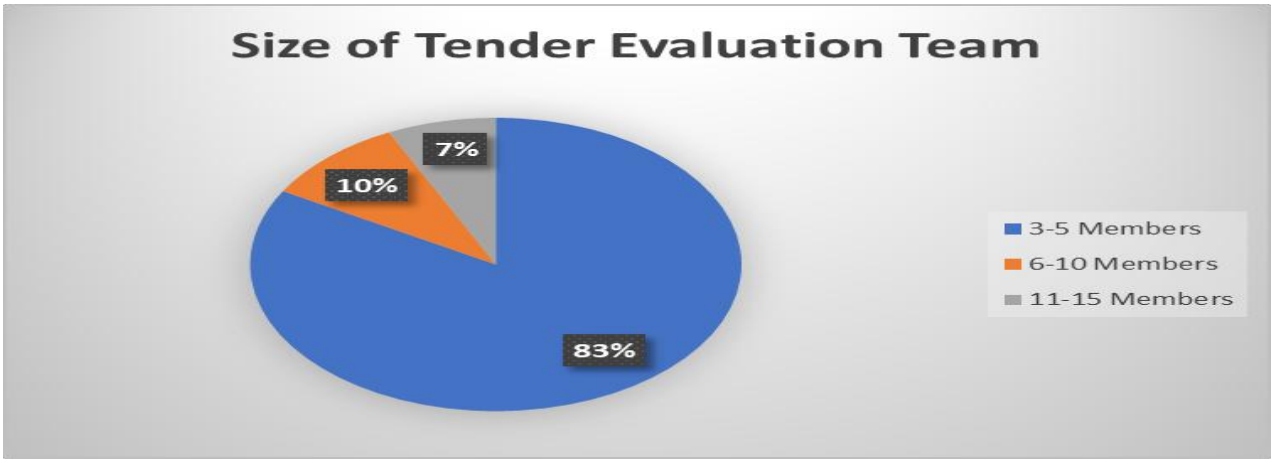

Chart 4.3: Size of tender evaluation team

Source: From field data

4.17 Activities of Bid Evaluation Team

Tenders are and should be evaluated based on criteria set in tender documents. This is to ensure uniformity and transparency with standards on every tender evaluation. Evaluation is conducted by a designated evaluation team and in accordance with the relevant regulations, rules and procedures. This done using the evaluation criteria and method pre-determined in the solicitation document. In so doing, evaluation may be fair and unbiased (UN, 2006).

Chart 4.4 below shows that ninety -five percent of respondents agreed that tender evaluation is done based on criteria set in tender documents while five percent of respondents indicated that tender evaluation is done off criteria set in tender documents. The reason for the three percent was that there are external influences on the tender evaluation panel that affects the decisions taken by the panel. According to PPA, recommendations for award of contract shall be made solely on the basis of information and evaluation criteria provided in the tender documents or request for proposals and without recourse to any extrinsic evidence, or influenced by personal or political preferences. In my view, evaluation of tenders should be done based on criteria set in the tender document.

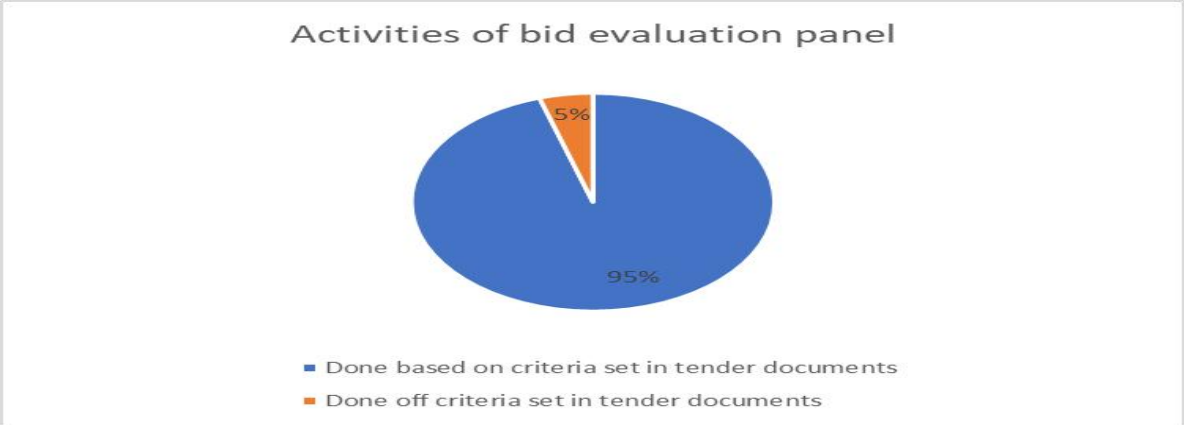

Chart 4.4 : Activities of TEP

Source: Field data

4.18 Duration of Tender Evaluation

The complexity and requirement of tender will definitely determine the time and energy to be invested by the Tender Evaluation Team. From the Chart 4.5 below, it can be seen that sixty nine percent of respondents indicated that most tender evaluation activities take between two to four weeks. Nineteen percent of respondents took between one and two week, seven percent of respondents took less than one weeks and five percent of respondents took ore than five weeks. According to PPA, tender evaluation and submission of report should be between two to four weeks for both international competitive tendering and national competitive tendering for works.

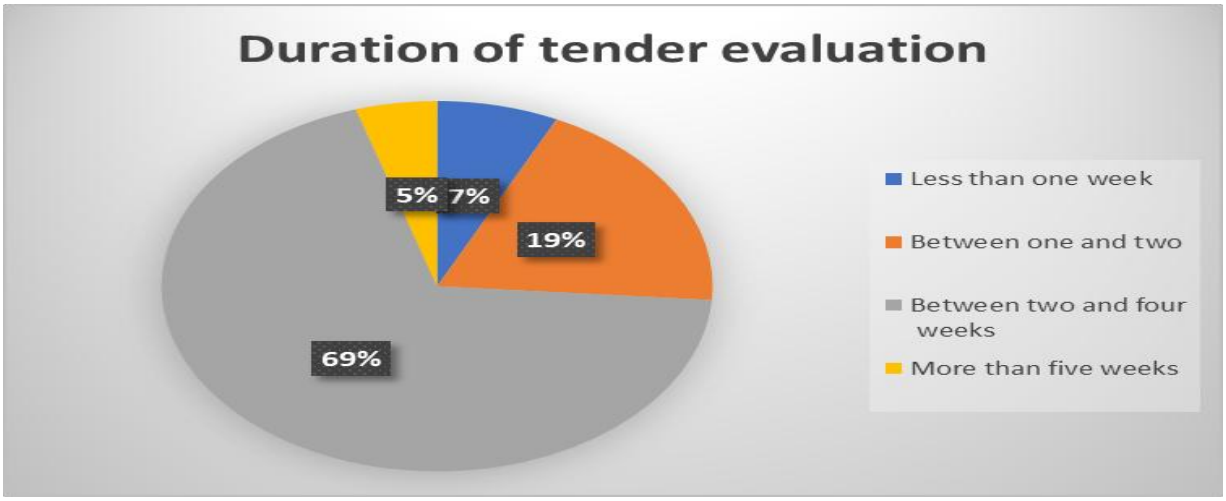

Chart 4.5:Time taken to evaluate tenders

Source: Field data

4.19 Preparation of Tender Evaluation Report

The credibility of the report writer in question is very necessary because if the report writer is not considered credible, the acceptance would be a problem. Table 4.17 below shows how the Tender Evaluation Reports are prepared and accepted. According to thirty four respondents, the Tender Evaluation Report is written by the group (Tender Evaluation Panel) among which Nineteen say the Bureau Tender Committee is responsible for accepting the report written. This outweighs reports that are individually written (eight respondents) and the Tender Endorsing Committee accepting evaluation report.

Table 4.17: Preparation of tender evaluation reports

		Who accepts tender evaluation report			
		The Bureau Tender Committee	*The Tender Endorsing Committee*	*Other*	*Total*
Who writes tender evaluation report?	*Individually written*	*6*	*2*	*0*	*8*
	Group	*19*	*7*	*8*	*34*
Total		*25*	*9*	*8*	*42*

Source: Field data

4.20 Relative Importance Index (RII)

To mathematically determine the importance level of each contractor selection criteria, the Relative Importance Index (RII) analysis is employed. RII is a form of relative importance analyses. RII is used for the analysis because it best fits the purpose of this study.The equation to calculate RII for each item is shown as in (1).

Relative Importance Index = (ΣW)/(A*N)…… (1)

Where,

W = weighting given to each item by each respondent

A = highest available weight (in this study it is 5 to represent „strongly agreed")

N = total number of respondents

The RII value will have a range of $0 > RII \leq 1$, where the higher the RII, the more important will the item be. The items are then ranked according to their respective RIIs. These rankings make it possible to compare the relative importance of each factor as alleged by the respondents. A table of bidder selection criteria arranged in terms of RII is used to assess and give an overall view of the importance of each item. This table helps to build the frame work of bidder's qualification criteria for Oromia Roads Projects.

Table 4.19 demonstrated bidders' qualification criteria responded by the 42 respondent's. Based on the results, the most top ten priorities in selecting bidders were Having a strong financial record, Effect of Neglecting technical evaluation after screening least responsive,Formal pre-qualification not an important criteria, The pre-qualification exercise would not produce the result it is intended as the final selection method always dependent on tender sum, The department's tendering function is carried out in a cost-effective way, Effect of Neglecting pre-qualification criteria, Technical qualifications, financial qualification, experience qualification , resource qualification, Management qualification, Health and Safety, Selecting lowest bidder from least responsive offers by avoiding technical score for further evaluation process,Having a good credit rating,Minimum qualification criteria determine PPA and The criteria will help us to find "the best value bid''

4.21 Validity Test

Validity of questionnaire

Degree of freedom (DF) N-2

N=Sample Size 42

Valid question Obtained value > Critical value in the table

Example for Iteam 1

Sample size 42

DF 40

See the critical value at 40 DF in the table

40DF(0.05) = 0.2573

PREQ1 obtained value Pearson's Correlation

Calculated Value 0.579 which is > Critical Value of 0.2573 and is highly signicifant so it is valid question and this done for all Items which shows valid question.

4.22. Results and Discussion

Table 4.18: Summary result of descriptive analysis and Relative Importance Index **(RII) of Bidders Selection Criteria**

CODE	INDICATOR	MEAN	RII	RANK
PREQ1	Effect of criteria on Project performance	2.02	0.405	35
PREQ2	Having Excess time for bid evaluation	2.45	0.490	27
PREQ3	Having Sufficient time for bid evaluation	3.26	0.652	13
PREQ4	Having Short time for bid evaluation	2.26	0.452	31
PREQ5	Practice of mitigating problems	3.17	0.633	15
PREQ6	Effect of Previous bid evaluation on existing	3.31	0.662	11
PREQ7	Having an opportunity of training	1.60	0.319	36
PREQ8	Effect of Neglecting pre-qualification criteria	3.52	0.705	6

PREQ9	Subjectivity of Technical qualifications criterion	2.07	0.414	34
PREQ10	Subjectivity of Financial qualification criterion	2.07	0.414	34
PREQ11	Subjectivity of Management qualification criterion	2.19	0.438	33
PREQ12	Using Eng. estimation for Unreasonable least bidder	3.05	0.610	19
PREQ13	Minimum qualification criteria determine PPA	3.40	0.681	9
PREQ14	Controversial setting of minimum criteria Contractor registration by Ministry of Construction	2.31	0.462	30
PREQ15	Under estimating of pre-qualification criteria	3.10	0.619	17
PREQ16	Un assigns. Tech. capable personnel	2.07	0.414	34
PREQ17	Insufficient time allotting to bid evaluation	2.07	0.414	34
PREQ18	Subjective criterions have effect on project quality	2.07	0.414	34
PREQ19	Incapability to know pre-qualification criteria	3.07	0.614	18
PREQ20	Bid evaluation team knowledge of criteria	2.95	0.590	21
QUAL1	Always carry out formal pre-qualification criteria	2.38	0.476	28
QUAL2	Using of Standard pre-qualification form	2.69	0.538	22
QUAL3	Formal pre-qualification not an important criteria	3.83	0.767	3
QUAL4	Not have the manpower to handle criteria	2.02	0.405	35
QUAL5	Company is willing to work with bidders no matter The outcome	2.02	0.405	35
QUAL6	The rally on criteria to source for qualified bidders	2.60	0.519	24

QUAL7	The criteria will help us to find "the best value bid "	3.38	0.676	10
QUAL8	We believes that criteria is purely subjected analysis	3.31	0.662	11
QUAL9	As the final selection method dependent on bid sum	2.19	0.438	33
QUAL10	The criteria affect Project performance	3.24	0.648	14
QUAL11	Having a strong financial record	4.12	0.824	1
QUAL12	Having a good credit rating	3.43	0.686	8
QUAL13	Past turnover having equal or higher than this bid	2.57	0.514	25
QUAL14	The department's tendering function is carried out in a cost-effective way.	3.55	0.710	5
QUAL15	Price is the single most important pre-qualification criteria in the bidders selection process	3.02	0.605	20
QUAL16	Our company is always awarded the project to the lowest bidders	2.19	0.438	33
QUAL17	This company always compares renderer prices with the lowest bidder	2.19	0.438	33
QUAL18	The company always puts pressure on the bidders to lower their bid price	2.24	0.448	32
QUAL19	My company bound to accept lowest tender bid	2.36	0.471	29
TECH20	The bidders must have a minimum of five years in the business experience	2.67	0.533	23
TECH21	It is important for the bidders to have completed similar size and type of project in the past	2.50	0.500	26
TECH22	This company always checks the bidders past project record such as project failure and on schedule performance	2.57	0.514	25
TECH23	The bidders summit their quality control (QC) policy and audited work quality records	3.12	0.624	16

TECH24	It is important that the bidders employed in house full time qualified quality management team such as project manager, engineers and quality surveyors	3.29	0.657	12
TECH25	It is important that contractors have the relevant IT knowledge, such as an electronic document management system, e-tendering capability, AUTOCAD or equivalent soft wars for information software for information exchange	3.29	0.657	12
TECH26	It is important that the contractor summit the list of their subcontractor and suppliers	3.29	0.657	12
REC27	Price is the single most important criteria in the contractor selection process	1.52	0.305	37
REC28	The prequalification exercise would not produce the result it is intended as the final selection method always dependent on tender sum	3.57	0.714	4
REC29	The following qualification criterion are the only most important and recommended for bid evaluation such as Technical qualifications, financial qualification, experience qualification , resource qualification, Management qualification, Health and Safety	3.55	0.710	5
REC30	Selecting lowest bidder from least responsive offers by avoiding technical score for further evaluation process is most recommended	3.48	0.695	7
REC31	Formal pre-qualification is not an important criteria in the contractor selection process	3.38	0.676	10
REC32	Neglecting technical evaluation after screening least responsive bidders affect contractor Selection	3.90	0.781	2

Note: Mean = Mean Value; RII = Relative Importance Index

Table 4.19: The Ten most frequently occurring criteria with stakeholder side respondents

		Degree of Impact

S/No	Identified Criteria	RII	Rank
1	Having a strong financial record	0.824	1
2	Neglecting technical evaluation after screening least responsive bidders affect contractor Selection	0.781	2
3	Formal pre-qualification not an important criteria	0.767	3
4	The pre-qualification exercise would not produce the result it is intended as the final selection method always dependent on tender sum	0.714	4
5	The following qualification criterion are the only most important and recommended for bid evaluation such as Technical qualifications, financial qualification, experience qualification , resource qualification, Management qualification, Health and Safety	0.710	5
6	Effect of Neglecting pre-qualification criteria	0.705	6
7	Selecting lowest bidder from least responsive offers by avoiding technical score for further evaluation process is most recommended	0.695	7
8	Having a good credit rating	0.686	8
9	Minimum qualification criteria determine PPA	0.681	9
10	The criteria will help us to find “the best value bid’’	0.676	10

The above findings showed that Bidders must have a strong financial records such as paid up capital, analysis of account and positive annual income, selecting lowest bidder by avoiding technical score, The pre-qualification exercise would not produce the result it is intended as the final selection method always dependent on tender sum submit, The following qualification criterion are the only most important and recommended for bid evaluation such as Technical qualifications, financial qualification, experience qualification , resource qualification, Management qualification, Health and Safety, Having a good credit rating,Minimum qualification criteria determine PPA and The criteria will help us to find “the best value bid’’ are the most influential technical qualification criteria that should be done during the pre-bid preparation work but their gap influence the bid process as well as their effect extend during the project execution time. Their effect has been manifested as excessive delay, variations more than the allowable limit.

Our company is always awarded of Lowest bidders, selecting lowest bidder by avoiding technical score, Formal criteria is not important on selection process, Pre-qualification would not produce the result, it is always dependent on tender sum, are the most influential financial qualification criteria that are related to bid document preparation as well as capacity and attitude related problems on the bid evaluation team. These problems are observed on Oromia road projects bid evaluation process.

CHAPTER - FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSION

The aim of this thesis is to do assess on contractors' qualification criteria employed in selection of qualified contractors in Oromia road projects. To compare the criteria and to provide offers on how to improve the system of criteria for selection of a contractor, which would enable selection of a qualified construction contractor. A number of literatures had been reviewed; desk study of selected projects bid evaluation process reviewed and a questioner survey were conducted to identify main and influential factors which hinder the bid evaluation process as well as affecting appropriate contractor selection in Oromia road projects.

The following are the conclusions that were derived from the findings of the case study to meet the specific and main objectives.

The study shows that absence of minimum bid evaluation technical criterion and sub criterions in the procurement manual has lead the public procurement units to exercise different scope of requirements for similar projects. Selecting lowest bidder by avoiding technical score has become the seventh most influential problem on the current bid evaluation and contractor selection process in public road projects.

The current evaluation practices are biased towards the lowest best bidders.

Muti-criteria evaluation methods may be used in evaluation of contractor bids, and the weight of criteria is determined considering the priorities of a client (the lowest price, the shortest implementation period, experience in similar projects, etc).

The lowest bid is clearly the most dominant criterion as this involves no subjective judgement and satisfies most of the requirements of public accountability. Most sources mention the need to consider financial and technical criteria on the grounds that contractors have to have a minimal level of resources to complete the work. On the whole, the quality of resources and managerial capability seem to be secondary issues.

Tender evaluation takes place in the district, municipal and metropolitan assemblies of the country. This is highly known and respected in that it is a sign of transparency and fairness. However, this is not always the case.Tender committee members work as tender evaluation panel members which go a long way to affect the quality of evaluation done by the assemblies.

The findings of the study will assist government agencies overseeing government projects and their tendering process in effectively putting in place policies that will enhance clear and similary qualification criteria for similary works with the same scope.

5.2 RECOMMENDATION

Based on the results of this study, it is recommended that:

Instead of being biased towards the lowest price, selection criteria should include quality, time, delivery, service, flexibility, financial status, capabilities, ethics, and social responsibility. And adequate influence should be placed. The procurement and provisioning procedures in government are overly rule driven, where value for money is almost always equated to the lowest price tendered. The emphasis is almost exclusively focused on the monitoring of inputs, with little or no regard to the outcomes of tendering processes

There should be strict adherence to global standards in contractor selection and this should be based on objectivity, flexibility, reliability, and adaptability of the chosen criteria as they apply to projects peculiarities.

There should be flexibility in the procurement conditionality under Due Process to deemphasize price–data-driven selection process and uphold tender value as the bases for contractor assessment.

Currently, bid price is the most important criterionin the selection of a contractor both in Oromia and others region. Although tender conditions list many other evaluation criteria, clients tend to select a contractor with the lowest bid price. Contractors should not be selected according to the lowest price, but it should be attributed to the highest weight.

Multi-criteria evaluation methods may be used in evaluation of contractor bids, and the weight of criteria is determined considering the priorities of a client (the lowest price, the shortest implementation period, experience in similar projects, etc).

The Government should provide various supportive measures to encourage the following of tendering procedures; these will enable the construction organizations to overcome the barriers that cause the late deliveries of public projects.

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APPENDIX A

QUESTIONNAIRE

GENERAL INFORMATION

AN ASSESSMENT OF CONTRACTORS QUALIFICATION CRITERIA IN OROMIA ROAD PROJECTS TENDER PRACTICE

Dear Respondent

I am a final year Masters in Project Management student at St. Mary's University. I am currently conducting thesis research for MA under the supervision of Dr. Dejane Mamo. The focus of my thesis is the assessment of contractor's qualification criteria in Oromia road projects tender practice. The aim of the study is to assess qualification criteria in Oromia roads projects tender.

Instructions on the completion of this questionnaire will follow before each section. The questionnaire is designed to make completion as easy and as fast as possible. Most of the questions can answered by simply making a tick in a box.

This is an independent study and participating is voluntary. Your responses will be treated as strictly confidential and the anonymity of departments and respondents is assured.

If any part of the questionnaire is not clear, or if you have any queries, please contact me, Mr Jagama Degebassa, at +251913718739.

Once you have completed your questionnaire please return it to me via fax or email to +251-118388196 or jagsam.degebassa@gmail.com. It would be appreciated if you could return the completed questionnaire to me by no later than 30 November 2024.

Should you require a copy of the abbreviated report of the findings please write your name, email address or telephone number in the box below.

I look forward to your response.

Yours sincerely,

Jagama Degebassa

Part One: General information

1. Name of your company_____

2. Gender: Male ☐ Female ☐

3. Grade of the company _____

4. Your position in the company_____

5. Year of establishment of the company _____

6. Profession_____

Project manager ☐ office engineer ☐ site engineer ☐ Quantity Surveyor ☐

Sites supervisor ☐ resident engineer ☐ other, please specify……

7. Level of education

Certificate or Diploma ☐ Bachelor's Degree ☐ Master's Degree ☐ other, please Specify……

8. Year of experience, in years 0-5 ☐ 5-10 ☐ 10-15 ☐ 15-20 ☐ > 20 ☐

9. Who are your major clients?

Governmental organizations☐ Private individuals and organizations ☐ both public and private figures ☐ others, please specify……

Part two:Questionnaire

Please Evaluate the questioner found in the following table in your company selection Desertion using liker scale method of evaluation for Strongly disagree (1), for Disagree (2), for Neither agree/disagree(3), for agree(4), for Strongly agree(5)

Section B : Please complete section B1 to B5 using likert Scale 1-5 for each question.

B1 Please evaluate the importance of formal ***Bidders Prequalification Exercise Before Project Tender*** of Oromia Roads and Logistics Projects.

Item	Description	Strongly dis agree	Dis agree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	In what level /degree will pre-qualification criteria directly affect project performance?					
2	The Time given for the bid evaluation process with pre-qualification criteria mostly Excess					
3	The Time given for the bid evaluation process of pre-qualification criteria mostly Sufficient					
4	The Time given for the bid evaluation process of pre-qualification criteria mostly Short					
5	Practice of mitigating problems which are observed on previous pre-qualification criteria experience					
6	Trend to document previous bid evaluation process pre-qualification criteria challenges for review and future reference					
7	An opportunity to have training or seminars on how to select bidders with pre-qualification criteria in the organization					
8	Neglecting pre-qualification criteria after screening least responsive bidders may affect contractor selection					
9	Technical qualifications criterion of the technical evaluation subjective criterion avail most					
10	Financial qualification criterion of the technical evaluation subjective criterion avails most					
11	Management qualification criterion of the technical evaluation subjective criterion avails Most					
12	We follow Engineering estimation strategy perspective to screen unreasonable least offer					
13	We Determine minimum qualification criteria in preparing Oromia Roads and logistics projects tender with PPA manual					
14	There is controversial or un-parallel setting of minimum criteria for contractor registration by Ministry of Construction verses public procurement units for tendering					
15	Under estimating the influence of contractor Selection pre-qualification criterion to meet project objective.					

16	Less assignment of technically capable personnel with pre-qualification criteria in the bid evaluation team.					
17	Less or insufficient time allotting to bid evaluation with pre-qualification criteria.					
18	Setting subjective qualification criterions have effect on project quality					
19	Incapability to know pre-qualification criteria bid evaluation process in the client side.					
20	Members of bid evaluation team are capable of knowledge of pre-qualification criteria against evaluation process					

Section B Please complete section B1 to B5 using liker scale 1-5 for each questionB1

Please evaluate the importance of formal Bidders Prequalification Exercise Before Project Tender

Item	Description	Strongly dis agree	Dis agree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	We always carry out formal pre-qualification Before tender					
2	The company undertakes a standard pre-qualification form for every new project					
3	Formal pre-qualification is not an important criterion in the bidders selection process in our company					
4	Our company does not have the manpower to handle formal prequalification exercise					
5	Our company is willing to work with existing bidders no matter what is the outcome					
6	Our company rely on formal prequalification to source for qualified bidders for our project					
7	We believe that the prequalification will help us to find "the best value bid "					
8	The company believes that pre-qualification is purely subjective analysis					
9	The prequalification exercise would not produce the result, it is intended as the final selection method always dependent on bid sum					
10	Bid evaluation process qualification criteria directly affect my project performance?					

B2 Please evaluate the importance of ***COMPANY STANDING*** **in your company** ***Selection Decision*** to tender for Oromia Roads and Logistics Projects

Item	Description	Strongly dis agree	Dis agree	Neutral	Agree	Strangel y agree
		1	2	3	4	5
11	The bidders must have a strong financial record such as paid up capital, analysis of account and positive annual income					
12	The bidders must have good credit rating such as bank financing facility or arrangement and reference					
13	It is important the bidders have a past turnover equal or higher than the project they are being asked to bid for					

B3 Please evaluate the importance of **TENDER PRICE** in Oromia Roads and Logistics Projects

Item	Description	Strongly dis agree	Dis agree	Neutral	agree	Strongly agree
		1	2	3	4	5
14	Price is the single most criteria in the contractor selection process					
15	Our company is always awarded the project to the lowest bidders					
16	This company always compares tenderer prices with the lowest bidder					
17	The company always puts pressure on the bidders to lower their bid price					
18	My company bound to accept lowest tender bid					

B4 Please evaluate the importance of **TECHNICAL EXPERTISE** in Oromia Roads and Logistics Projects **selection decision**

Item	Description	Strongly dis agree	Dis agree	Neutral	agree	Strangel y agree
		1	2	3	4	5
19	The bidders must have a minimum of five years in the business experience					

20	The bidders must be registered bidders with the Ethiopian construction industry development board or the relevant board for the type of project tender					
22	It is important for the bidders to have completed similar size and type of project in the past					
23	This company always checks the bidders past project record such as project failure and on schedule performance					
24	The bidders summit their quality control (QC) policy and audited work quality records					
25	It is important that the bidders employed in house full time qualified quality management team such as project manager, engineers and quality surveyors					
26	It is important that contractors have the relevant IT knowledge, such as an electronic document management system, e-tendering capability, AUTOCAD or equivalent software for information software for information exchange					
27	It is important that the contractor summit the list of their subcontractor and suppliers.					
28	Price is the single most important criteria in the contractor selection process					
29	The prequalification exercise would not produce the result it is intended as the final selection method always dependent on tender sum					
30	The following qualification criterion are the only most important and recommended for bid evaluation such as Technical qualifications, financial qualification, experience qualification , resource qualification, Management qualification, Health and Safety					

B5 CHOOSE ONE (1) To recommend appropriate tender evaluation criteria for **Oromia Roads and Logistics Projects and qualification criteria approach** to evaluation contractors' technical ability.

Item	**Description**	Strongly dis agree	Dis agree	Neutral	agree	Strongly agree
31	Selecting lowest bidder from least responsive offers by avoiding technical score for further					

	evaluation process is most recommended					
32	Formal pre-qualification is not an important criteria in the contractor selection process					
33	Neglecting technical evaluation after screening least responsive bidders affect contractor Selection					

Part three: Oral questioner/Optional/

1. Are you using all volume of PPA?
2. In Oromia Roads and Logistics Projects how many contractors are found?
3. Up to know how many tenders you prepared?
4. Up to know how many contractors are completed?
5. Up to know how many contractors hand over the project?
6. Up to know how many contractors suspended the project?

Q1. What tendering procedures used for contractors selection

1. Survey practice
2. Negotiation
3. Restricted Biding
4. Two stage selection -prequalification and financial selection

Q2. How do you determine Contractor qualification criteria?

1. By project size, type and complexity
2. By regulation of department
3. By clients requirement

Q3. How important the bid price and other three types of bidder's evaluation criteria; legal Requirement, Financial criteria, Technical and Managerial criteria

1. Very high
2. High
3. Medium
4. Low

Q4.To evaluate How important separate bidders evaluation criteria rating of importance of Legal requirement construction contractor

1. Claimed and Contractual dispute
2. Legal activities
3. Failed contract
4. Bankruptcy possibility

Q5. Fair selection of members to form tender evaluation team

1. Equal selection/representation
2. Unequal selection/representation
3. Not sure

Q6. The average weightage of used for bid evaluation process classified by project type

1. For Technical
2. For Financial

Q7. The average weightage of used for bid evaluation process classified by project Size

1. For technical
2. For financial
3. For Technical & For financial

Q8. Dissemination of information quorum for bid evaluation mitting's

1. By oral
2. By written letter

Q9. Bid evaluation member work BEP size of tender evaluation panel

1. 3-5
2. 6-10
3. 11-15

Q10. Activates of bid evaluation panel

1. Announcing of bid opening date for bidders and members
2. Bid opening
3. Bid evaluation (financial and technical)
4. Announcing bid award
5. Preparation of contract form and contracting agreement
6. all

Q11. Duration of Tender Evaluation

1. Less than one week
2. Between one and two
3. Between two and four weeks
4. More than five weeks
5. Others

12. Criteria used to select bid evaluation panel

1. Member of bid evaluation panel
2. Skill of awareness on technical and financial knowledge skill
3. Discipline of the can date

Q13. Selection of bid evaluation chairman

1. From bid evaluation committee
2. From outside of member

Q14. Problems of Identification and selection of contractors

1. Bidders un fulfillment of document
2. Lack of detail description of PPA on evaluation criteria
3. Members, Lack of skill on Financial and Technical evaluation
4. Bidders , bid extremely exaggerated high or low price

Q15 Dissolution of bid evaluation Team

1. Yes By letter
2. Verbal communication

Q16 Duration of bid evaluation

1. One weak
2. Two weak
3. Three weak and above

******THANK YOU FOR YOUR PARTICIPATION******