

THESIS REPORT
ON
CHALLENGES ASSOCIATED WITH INTERNATIONAL
PROCUREMENT IN THE PRIVATE SECTOR:
A CASE OF KNOWLEDGE BEEZ GLOBAL LTD.

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Letter of Transmittal

February 14, 2021

Md. Masud Rana
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Subject: Submission of Thesis Report

Dear Sir

With humble honor and respect, I am submitting my thesis report “**Challenges Associated with International Procurement in the Private Sector: A Case of Knowledge Beez Global Ltd.**” as per partial accomplishment of the requirements for the MBA degree, this thesis has been carried out under the supervision of you.

This report is an integral part of our academic courses in completion of the MBA program which has given me the opportunity to have an insight into the Challenges associated with **International Procurement**. Here I seen the challenges associated with International Procurement process in Supply Chain. I hope this report reflects on the contemporary issues on the **MBA** that are being practiced by organizations in our country.

In completing the report, I tried my best to blend all my knowledge and imparted every available detail and also attempted to avoid unnecessary amplification of the report.

I request you to accept this report for your kind evaluation.

Sincerely,

.....
Diba

ID: MBA 2001019022

Program: MBA

Major: Accounting

Semester: Fall 2020

Letter of Authorization

Certified that this thesis report titled “**Challenges Associated with International Procurement in the Private Sector: A Case of Knowledge Beez Global Ltd.**” is the bona fide work of **Diba**, who carried out the research under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

.....

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Acknowledgement

At first, I would like to thank to almighty Allah for having me the opportunity to complete the thesis report. I also want to thank all the people, who have given the support and assistance and extremely grateful to all of them for the completion of the report successfully.

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Executive Summary

This study is examining the challenges associated with international procurement in the private sectors; using **a case of Knowledge Beez Global Ltd.** Specifically, the study is examining the international procurement strategies used by private sectors, to identify challenges facing private sectors in international procurement system, is examining the impact of the challenges associated with international procurement in the private sectors and will explore ways of minimizing challenges of international procurement in private sectors. The study is completed by a case study research design and involved the use of various data collection methods and tools such as questionnaires, interviews and document review. The study also used secondary data collection methods such as documentation of various reports concerning international procurement.

The study was finding out that bulky purchasing, networking with other firms, access to information on and establishing a process for quick buys and transport including fast tracking approvals were the international procurement strategies most used by the private company. While the challenges facing international procurement of these companies were; top management interference, political interference, promoting transparency and integrity, inadequate skilled and/or informed procurement committee and inadequate technology. It was also finding out that the impacts of the challenges of international procurement were; decrease of customers, depreciation of quality and quantity of the products and out stock of the products.

However, I have focused mostly on the International procurement process and tried to shed light on every aspect of its components. Since the entire process is confidential therefore, I am unable to provide specific information which would further make the project interesting. Lastly, the report concludes with few of the recommendation that I thought can make the process more efficient and ends with references of some of the sources that have supported me in finishing these reports.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to Farmer and Baily (2003) international procurement is said to receive attention in the 1950's. Procurement can be termed as that private or public procurement. Private procurement refers to the private activities which are not governed by government on purchasing goods and services as the need of individual or organization or government or country to perform its functions (Arrow smith, 2010). While according to Odhiambo and Kamau (2003) public procurement is broadly defined as the purchasing, hiring or obtain by contractual means, goods contraction, works and services by the public sector.

Private procurement is the large buyer in most counties (OECD, 2007) the size of private procurement varies between 5% and 8% of the gross domestic product (GDP) in most industrialized country. While in developing countries it contribution in GDP range from 20% to 35% hence private procurement is so important in economic growth especially in developing countries whereby manufacture companies have been forced by increasing global competition to develop and track international purchasing and supplying strategies that hinge on reducing prices and optimizing quality, fulfillment, production cycle times, responsiveness and financial conditions which both process lead to the growth of the economy.

In the Bangladesh, governments purchase range from 19% to 23% and the rest are private purchases, this indicates that private procurement play a vital role in the supply chain of this developing countries (Gul, 2010; Odhiambo and Kamau, 2003).

Also, challenging government on policy, rules, regulation on introduction of different bills, reforms of different sector which involve in supply, purchasing and delivery system like transportation, and communication sector. Worldwide international procurement under private sector face a lot of challenges which lead private procurement to face the challenges on how to comply with government procurement regulation, social and economic procurement goals without violation of international or regional agreements. According to Arrow smith (2003), offset of private procurement is the big challenges due to greater scrutiny of tax, long bureaucracy and acquisition of permits. Inadequate planning and the linking of demand to the budget that will make decision process that allow organization/department to procure at a right time place and cost it still challenge private sector due to improper link to demand to budget as noted by Ambe and Badenhorst in 2011.

Additionally, in many private entities the quality of procurement personnel's skills and ability are well below standard and the situation is worse in developing countries. Migiro and Ambe (2008) asserted that many procurement actors (both private and government) in the Bangladesh sphere have attended a number of training workshops on supply chain management (SCM), but they still lack of appropriate knowledge for proper implementation of receiving and inspection strategies which implies inefficient procurement procedures.

It has been also reported that in Bangladesh countries lack proper knowledge, skills and capacity, and too much decentralization of procurement system meets head-on international procurement procedures. Thai (2001) highlighted that there is the lack of proper knowledge on international procurement to procurement practitioners in Bangladesh and Asian countries. Sheoraj (2007) also argued that skills and capacity shortages have been identified as

the single greatest impediment to the success of public procurement in Bangladesh. The problem of accountability, fraud and corruption in procurement systems has led to the failed of many manufacturing industries in the developed countries which in turn persistence economic depreciation in these countries. Therefore, the failure of international private procurement has the negative impact in the whole economy of the country. On the other hands, different authors (Monczka and Trent, 1991; Gustavo 2001; Ambe, 2011) have indicated various challenges in the Asian countries and African country's private and government procurement industry such as market environment, both local and international policies, political interaction, inadequate monitoring and evaluation of supply chain management. Lack of adequate skills in procurement monitoring and evaluation has made in Bangladesh private and government firms/institutions to receive out date product, low quality and risky products and using of higher procurement costs than actual costs (Richard 2011). While almost all machines and part of raw materials in Bangladesh manufacturing firms are procured from outside, Ambe (2011) put it that supply chain of manufacturing firms are not performing well in Bangladesh countries, the private firms and companies are inclusive, because they lack appropriate bid committees, use unqualified procurement personnel, pass bid for incorrect reasons, utilize the incorrect procurement process in respect of the thresholds and incorrect utilize limited bidding process.

Moreover, Nakamura (2004) reported that there is the absence or underprivileged presence of government support in private supply chain system as required by the procurement policies, hence deviation of compliance goes undetected or it identified after fact. On this discussion, it is evident that there are challenges in interactional procurement practices in private sectors.

The predicaments become attributed to lack of proper knowledge, skills and capacity to a larger extent. Therefore, there is the existence of challenges of international procurement in the private sectors which need to be addressed in order to fully achieve performing procurement policies and the real meaning of proper procurement procedures in the country taking Babylon Garments Ltd. as a case study.

1.2 Significance of the Study

Moreover, the findings from the proposed study will contribute in helping the stakeholders of international procurement in both private and public sector in understanding and be aware of the challenges face in international procurement and suggest the ways in which they can be able to avoid those challenges

Furthermore, the information is useful to policy makers to promote policies and by- laws that enable more private people to engage in international procurement.

The information will also be used in the resource centers of higher institutions to increase knowledge on the Challenges associated with international procurement in the private sectors and the study act as the source of knowledge and information by helping the academicians to get access to more references and information when carrying out research on the issues concerning international procurement.

1.3 Statement of the Problem

Although according to Calendar and Mathews (2000) private sector procurement contributes 10% to 30% on the GNP of Country's but the sectors are still facing challenges in international procurement.

The existence of challenges associated with international procurement among private sector procurers in private sectors in the world is a widely debated issue among the practitioners and has been the subject of lengthy discussions by several researchers such as Arrow smith and Trybus (2003).

It has also been reported that private companies in Bangladesh are failing to compete with other multination companies operating in the country due to many challenges they face in supply chain management, and mostly relate to procurement context such as use of e-commerce in procurement, local and international regulation and procedures of procurement, lack of support and/or cooperation with government authorities to cite the few. The problems have been connected to the poor and low quality products produced by manufacturing companies in the country as the result of purchasing of outdated equipment and low quality materials. Ambe (2011) denoted that the cost of international procurement to manufacturers in Bangladesh is so high more than just the price, time consuming and characterized by purchasing of few products. This has led to mislay of trust in the procurement profession and the procurement members lost their credibility.

It is said that knowing the problem is half of solving it; therefore, the researcher is motivated to conduct the said research on the challenges of international procurement in private sector in Tanzania in order to expose the nature and root cause of these challenges for the better formulation of strategies of overcoming them.

1.4 Objective of the Study

The objectives of the study are the most important in deciding how the topic is going to be conducted, shaping the questionnaires and guide the analysis as well as the report while pointing the researcher in the right direction.

In the proposed study the objectives of the study were classified into two categories which are the general and specific objectives.

1.4.1 General Objective

The general objective of the study was to examine the challenges associated with international procurement in the private sectors.

1.4.2 Specific Objectives

The following specific objectives were formulated to address the above general objective:

- (i) To examine the international procurement strategies used by private sectors.
- (ii) To identify challenge facing private sectors in international procurement system.
- (iii) To examine the impact of the challenges associated with international procurement in the private sectors.
- (iv) To explore ways of minimizing challenges of international procurement in private sectors.

1.5 Specific Research Question

The specific research questions for the study were as follows:

- i. What are the international procurement strategies used by private sectors?
- ii. What are the challenges associated with international procurement in the private sectors?
- iii. What are the impacts of challenges associated with international procurement in the private sector?
- iv. In which ways challenges of international procurement in private sector can be minimized?

1.6 Conceptual Model

The conceptual framework shows the relationship among variables and concepts. In this aspect, there are independent variables and the dependent variables. The conceptual model is known as the approach that shows the important points to be studied in the research either in graphical or narrative form as it was narrated by Amofah and Ijaz (2005) and as Miles and Huberman (1994) cited in Leedy and Ormrod (2005). Based on the nature of the proposed study, four investigative questions to guide the study were formulated.

The four questions are:

- i. What are the international procurement strategies used by private sectors?
- ii. What are the challenges associated with international procurement in the private sectors?
- iii. What are the impacts of challenges associated with international procurement in the private sector?
- iv. In which ways challenges of international procurement in the private sector can be minimized?

1.7. Organization of the Study

The study is organized in the following format:

Chapter 1: This chapter carries the introduction part of the study which included overview of the information concerning International procurement and challenges face associated with international procurement in private sector, a statement of the problem, objectives of the study and research question, the significance of the study and lastly with the organization of the study.

Chapter 2: This chapter was all about the review of the work of literature which has been done by other researchers. It is generally contains the information concerning theories which are related to the challenges associated with international procurement in private sector in Bangladesh and in the rest of the world for the purpose of making their awareness in the coming analytical chapters. This chapter also included the definition of key terms and the conceptual model of the study.

Chapter 3: Different methodologies that the researcher adopted in collecting data in the study was presented in this chapter with the main focus on the description of research design and the justification of the collected data.

Chapter 4: This is the main part of the research study in which the study findings was presented and discussed in detail. The challenges associated with international procurement in private sector in ALBL as well as the whole of Bangladesh was examining as well as the ways in which the sector can be improved.

Chapter 5: This chapter carries the final part of the study by presenting the conclusion on the study as well as the suggestions. Also, it presented the implications and research limitation, and recommendations were made so as to provide further direction in future studies in the related topic.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents both theoretical and empirical literature about the challenges associated with international procurement in the private sector. The study consulted books, journals/periodicals and newspapers to find out what other researchers have tried to say in this area as well as determine the gap which exists on challenges associated with international procurement in private sector. The chapter also provides theoretical definitions and conceptual framework.

2.2 Theoretical Definition

A theoretical definition provides the correct meaning and explanation of the word in terms of the theories of a specific discipline. This type of definition assumes both knowledge and acceptance of the theories that the study depends on. According to Patrick (2007) theoretical definitions are common in scientific contexts, where theories tend to be exactly defined, and results usually accepted as correct.

2.2.1 Procurement

According to the public procurement rules 2008 (PPR-2008) Bangladesh, "Procurement" means the purchasing or hiring of Goods, or acquisition of Goods through purchasing and hiring, and the execution of Works and performance of Services by any contractual means.

The another concept of procurement is the buying, purchasing, renting or otherwise acquiring any goods, work or service by procuring entity or organization and includes all functions pertaining in obtaining such goods,

works or services, including description of requirements, selection and invitation of tenders, preparation, award of contracts and contract management. According to Juha and Pentti (2008) procurement function determines availability, cost, quality of goods, responsiveness and flexibility of the organization in meeting customer need and expectation. The proposed study used the definition of procurement as the purchase of goods and service at the best possible effective cost, right quality and quantity, at a right time, in a right place for the direct benefit of uses in the private organization.

2.2.2 International procurement

International procurement in the global economy is the process of allow firm or organization around the world to bid on contracts for goods or services and this concept gain popularity in shipping and transportation costs, safe transport and assurance of cargo arrive have been effective utilized at cheap cost due to the influx of affordable, readily and availability of means of transportation (Ambe, 2011). Therefore, it can be noted that international procurement has three benefits which is lower cost, stimulate of global economy and increase of customer base which can be done through arbitration method. The proposed study used the definition of international procurement as process of purchasing goods and services from other countries by local organizations.

The process of allowing firms around the world to bid on contracts for goods and services. The concept has gained popularity as shipping and transportation costs have decreased due to an influx of cheap, readily available fuel. The globalization of large corporations has allowed them to reap the benefits of lower labor and materials costs while still selling the same quality and quantity of products. There are three primary benefits to international procurement: lower costs, stimulation of a global economy, and increased consumer base.

In an open economy as more goods and services are purchased from other countries, the wealth of those economies increases. This creates the capacity for increased spending, allowing customers and businesses to purchase goods and services.

2.2.3 Private Sector

This is the part of economic which is not controlled by state and is operated by individual or organization (partner's limited or sole proprietor) for profit. The private sector encompasses all form of profit business that are not operated or controlled by government but its operation is to offer service to the public and to raise gross national product of the country in the ways which are mainly for profits while unlike government sectors which are not operating for profit.

Comprises all privately-owned commercial enterprises and includes individual farmers and street traders, small and medium enterprises, large locally owned firms and multinational corporations. Also includes enterprises in developing countries, developed countries, and multinationals.

The proposed study defined private sector as a sector which does not governed by government and it oriented for profit maximization while follows rules and regulations of the government.

2.3 Theoretical Review

A theory can be referred to as a set of views a person or a group of people has, which tend to explain the situation that exist and predict about the future. According to Kenneth (2005) theories tend to present a systematic view of a certain phenomenon by specifying relations about empirical reality among variables using a set of interrelated variables, definitions and propositions.

The theories which are going to be used in addressing the study are as follows:

2.3.1 Procurement Theory by Pen Pamela, 2008

According to Pen Pamela (2008) procurement is to launch a competitive price though affording some flexibility in selecting the suppliers to deal with. Inverse auctions do not have this flexibility, because it is the auction rules and not the buyer that determines the winner. In practice the advanced mechanisms that remove some suppliers and a consistence number of demand from the auction market are quite common. In theory such advanced mechanisms increases competition and make buyers better off as long as suppliers are willing to accept noncompetitive contracts. Under an extensive variety of conditions these contracts have a positive expected profit. The theory depends on two behavioral assumptions:

- i. Bidders in a multiunit uniform-price reverse auction will follow the dominant strategy of bidding truthfully
- ii. The supplier who has been removed from the market will accept noncompetitive contract that have a positive expected profit. Due to experiment it shows the bidders in the auction behave very close to following the dominant strategy regardless of the whether this auction is stand-alone or part of advanced mechanism. Also suppliers accept non-completive contracts sufficiently often to make advanced mechanism outperform the reverse auction.

This theory enabled the researcher to understand strategies used by private organizations when making international procurement as well as the challenges associate with the use of these strategies.

2.3.2 Comparative Cost Advantage Theory

The theory developed by David Ricardo (1817) in England who formulated the law of comparative advantages the aim of the theory was to look if a foreign country can supply cheaper commodity than England manufacturing industries. David said that it is better to buy some part of product for manufacturing in another county with cheap price or it better to manufacture everything up, without buying from another country, to the end of product or goods if the conditions and/or requirements are cheap. Comparative advantage is the ability of a party to produce a particular good or service at a lower marginal and opportunity cost over another. Even if one country is more efficient in the production of all goods (absolute advantage in all goods) than the others, both countries will still gain by trading with each other, as long as they have different relative efficiencies.

David Ricardo argued that a country does not need to have an absolute advantage in the production of any commodity for international trade and another country to be mutually beneficial but this can work through the following assumption:

- i. Absolute advantage meant greater efficiency in production, or the use of less labor factor in production.
- ii. Two countries could both benefit from trade if each had a relative advantage in production.
- iii. Relative advantage simply meant that the ratio of the labor embodied in the two commodities differed between two countries, such that each country would have at least one commodity where the relative amount of labor embodied would be less than that of the other country.

The theory was criticized by Heckscher for the reason that comparative advantage concept is formulated to be applicable for two countries and the commodity of two cases. Heckscher put it that if there is more than two countries or commodities the theory cannot work or loses its basic features and requires totally different formulation. Also, conditions that maximize comparative advantage do not automatically resolve trade deficits. For example, the amount of goods produced can be maximized, yet it may involve a net transfer of wealth from one country to the other, often because economic agents have widely different rates of saving.

This theory enabled the researcher to understand how different organizations in different countries can benefit or not benefit by making international trade, how transactions may affect the worth of the industry and how each company can use opportunity cost to save some product with lower cost.

2.4 Empirical Review

In this section what has been done by other researchers concerning the challenges facing procurement in international procurement in the private sector has been discussed from different views of other researchers. It reviews previous researches and studies which have relation with specific objectives of this work. Here below are some of them:

2.4.1 Procurement Strategies

Zaheer et al. (2000) study on the strategies used by procurement officers in Malaysia. Researcher used sample of 50 staff of procurement departments from 2 manufacturing industries and used group discussion and interview methods to collect data from respondents. Study found that networks among different firms is the strategy used by manufacturing companies in procurement process where the procurement staff access information on resources, markets, and technologies from other companies.

The strategy was seemed to be effective in allowing firms to achieve their procurement performance. The study concluded that networking as the one of the procurement strategy in the manufacturing firms is good if both firms are intended to produce the best qualities and support each other for the performance of manufacturing industry.

Chunnan (2009) analysed problems and challenges Chinese manufacturing companies face in the implementation of a global sourcing strategy in China. Researcher use qualitative investigation of some Chinese manufacturers. Study found that most of manufacture industries in China use global sourcing strategy but this strategy face some problems such as transportation, technological, capacity weaknesses in production, lack of management systems, languages barriers, customs, trade regulations, the control and assessment of suppliers' business processes are more difficult because of their different locations in the world. Researcher concluded that pursuing global sourcing is a process which takes a long time and involves many obstacles to be overcome. In this complicated situation the study suggested and recommended that there is not a universal compass to pursue global sourcing, for that reason, inexperienced Chinese manufacturers have to deal with each problem in order to develop an advanced level of global sourcing and to solve the challenges from logistics capabilities, selecting foreign sources, protectionism, regulations.

Thai (2001) conducted a study on public procurement in Thailand. The researcher used a sample of 10 public organizations where by 380 procurement officers were questioned. The study found that among the strategies used in public procurement was procurement performance benchmarking, whereby managers of procurement are emphasized to rich some target on their activities performance, and this stimulated procurement staffs to be king on their decision and observe ethical and codes of procurement.

The researcher concluded that government and procurement regulator should put the range of benchmark for both public and private entities where the procurement officers should reach in order to be effective on their procuring process and through it will be easy to analyse problems and weaknesses of supply chain in the country.

Spina (2007) conducted a study on global sourcing and purchasing strategy. The researcher used a sample of 2 procurement industry where researcher collected data through questionnaires from 70 respondents. The study found that purchase management centralization strategy is used as a tool for cost minimization during international procurement, transportation of goods up to the warehouse and management of time from day of contract up to deliver. The researcher concluded that it was important for procurement organization to use the purchase management centralization which is a good tool to overcome some unnecessary costs which are caused by unsystematic management.

2.4.2 The Challenges of International Procurement

The World Bank's (2002) assessment of Bangladesh concluded that the procurement process is far from satisfactory. They identified problems are: (i) Poor advertisement. (ii) A short bidding period. (iii) Poor specifications. (iv) Non-disclosure of selection criteria. (v) Award of contract by lottery. (vi) One-sided contract documents. (vii) Negotiation with all bidders. (viii) Rebidding without adequate grounds. (ix) Corruption and outside influence.

In Bangladesh, private sectors including non-governmental organizations, non-state institutions, not for profit organizations, multinational companies, and United Nations under organizations have their own styles and procurement guidelines and manuals. Some practices their global sourcing policies with local standards.

In most cases, these policies have different characteristics and criteria in comparison to the public procurement rules and acts in Bangladesh and with other parallel private organizations. Among these private organizations, some have standard policies to be followed for equal treatment, transparent and accountable, and quality procurement practices.

The top six challenges facing procurement

- The evolution of **procurement** means that the function's success is no longer just about **sourcing** services and reducing cost. ...
- Risk management
- Reputation and brand image
- CSR
- Becoming a customer of choice
- Centers of Excellence
- Stakeholder engagement

Badenhors (2012) studied procurement in South African private sector with the objective to identify the challenges in procurement and to establish best practices in procurement. Researcher use sample of 245 whereby customers and procurement officer of 20 procurement firms where involved as respondents. Conceptual analytical approach was employed on some key pillars of public procurement. The findings from the study shows that the challenges facing procurement in South African private sectors include implementation of orders, budget authorization and appropriations processes where weak firm are given the chance to win while the strong firm are not given the chance, market environment which is favorable to the industrialized county than unindustrialized countries on quality and costs of purchased goods and services. International environment forces which include communication, currency exchange rates and payment as well as lack of genuine in procurement report.

It was concluded that these challenges tend to restrain private procurement implementation of effective and efficiency on practices. The study recommended on the development of capacity on separate training and programmers, engrossment of stakeholders in the bidding process and engagement of good strategic practices.

Osei (2003) study on challenges faces procurement in Ghana. The aim of this study was to identify various bottlenecks hampering the smooth implementation of procurement in private sector. Researcher used interview and questionnaire where by 49 respondents from District Assemblies, Metropolitan and Municipal Assemblies were involved. The researcher found that inadequate funding, political interference, poor dissemination of procurement information, low capacity of procurement managers were the major challenges in procuring process. The researcher concluded that there is need of law which will ensure strict conformance with the law without political interference and promote fairness, transparency and ensure that procurement is carried out in non-discriminatory manner. Tetteh and Pharm (2009) conducted a study to investigate challenges of procurement in supply of goods and services in health care. Data were collected from procurement officer of 20 hospitals and analyzed using regression analysis. The study found that there is lack of extensive information systems and lengthy distribution system which cause frequent procures of poor quality of material, equipment and drug. Researcher concluded on the lengthy of distribution systems coupled with lack of extensive information systems are the most challenges in procurement and delivery system faced by health sector in both local and international procurement therefore there is need of procurement managers in this sector to look on reformation on the means of gathering information for procurement, transporting hospital equipment's and drugs.

Kevin (2011) examined impediments in implementation of procurement activities on private organizations in Kenya. The design was survey in which the researcher used questionnaires as the main tool of collecting data from 200 respondents. The study found that Procurement expenditure is the challenge for some private procurement whereby efficiently handling in the large size of procurement it is impossible due to lower capital of the firm and higher cost of international procurement process. Also, objective consideration of the government was also impeding some private international procurement whereby the government refused to grant some private procurement because they did not relate to government priorities. Greater examinations of tax payment, corruption, low skills and technology in procurement as well as weak understanding in respect of management and policy were noted to impede private procurement activities.

Victor (2001) studied problems which private and public procurement face when engaging in international procurement in South Africa. The researchers used survey data from a sample of 10 private, 10 public procurement staff member involved, random sampling was involved along with the use of annual report of three years. The researcher found the problem which procurement officers face during international procurement were competition in international market competition, legal restriction, organizational structure like lack of communication from top to lower management. The researcher concluded by developing a model to explain challenges procurement staff members face due to internal factors in the organization. The model consists of five elements which are policy making and management, authorizations, appropriations, procurement regulations and procurement function in operations (processes, methods and procurement workforce). The researcher recommended that if the model will be utilized effectively in procurement industry, the challenges which face procurement will be easily analyzed and minimized.

2.4.3 The impact of the Challenges Facing Procurement

Kizito and Kamwachale (2013) assessed the impact of procurement operations on public healthcare delivery in Malawi. The aim was to investigate the effects and causes of stock outs of drugs. The study collected data from 40 patient care giver, 12 senior hospital managers, and 6 procurement managers using questionnaires. It was found that procurement functions disappoint healthcare delivery system due to the failure to ensure availability of required hospital facilities and drugs which lead to the death of patient, deterioration of medical conditions of patients, hospital overcrowding, and transfer of patients to other hospitals mainly private hospitals. These stock outs were attributed to: failure by a ‘government instituted supplier’ to fulfill drug orders from outside countries and delays by procurement staff in receiving and inspecting purchased drugs

Taiichi (2005) conducted a study on international procurement and impact of problems face procurement industry in Nigeria Researcher use questioner and sample size of 2 procurement organization, where users and organization staff were involved. The researcher found the impacts of challenges facing procurement firms including withdrawal of some share after the procurement organization runs out of profit which is caused by either government restriction or foreign restriction or delay in deliveries, other impacts includes loss of capital, profit and company’s operation in break-even point due to supply failure to meet objective or order in time. The researchers concluded procurement should be wise in the international market analysis, use some technology to know product before order or enter in to procurement contracts.

Noel (2005) analyzed the impact of terminating procurement contracts in the performance of both private and government organizations in Uganda.

The study used sample of 300 respondents from different private and government organizations. Interview and focus group discussion was used in data collection. The study found out that the impact of terminating procurement contracts especial those involved international procurement was leading to the failure of implementation of some projects, extension of time in the project, failure to fulfill the project. However, the study added that termination of these contracts was due to some international restriction in procurement. The researcher concluded that before procurement process starts both organizations and suppliers should make analysis concerning availability and accessibility of the material to be procured so as to reduce on the termination on the contracts which impact organization performance negatively.

Berger et al (2003) examined impact of the challenges face firms which procure raw material from outside countries. The study was conducted in Netherlands and involved automobile manufacturing firms. The researcher used questionnaires as the method of collecting data from sample of 10 firms and analyzed data using regression models. Researcher found that due to the lack of enough information with procurement officers the companies have been procured poor materials, which in turn depreciation of quality and quantity of products, therefore, loss of customer as the results of poor quality of products. However, this has caused decrease of trust on professionalism of procurers.

2.4.4 Ways to minimize Challenges Associated with International Procurement

Elijah and James (2013) conducted a study to investigate the impact of procurement operation in Malawi health sector. They collected data from the total sample of 58 respondents whereby, 6 were procurement managers, 12 were senior hospital managers and 40 doctors, nurses and clinical officers through questionnaire.

They found that procurement in this sector has both positive and negative effects in the health improvement programs.

And therefore as the ways of adding value in the procedures they suggested for the transparent of procurement process, as well as review of both internal and external procurement policies and regulation associate with procurement of health relating goods in and outside the country.

Edward *et al.* (2011) conducted study aimed at exploring the differences' between the private and public sector in term of international procurement. Researcher uses the sample of 340 whereby top managers and procurement staffs from manufacture industry and hospital were involved. The researcher found that most of the differences on both private and public sectors were using old methods of supply chain management. Therefore, the researcher recommended that the problem can be minimized when the modern strategies of supply management chain are implemented effectively and new strategies should be introduced to put proper accountability in these sectors. The researcher concluded that procurement staffs should be objective, strategic and procurers should be updated according to globalization trade.

Gustavo *et al.* (2001) analyzed trend of organizations involvement in international procurement and problem facing procurers in international procurement. Study used questionnaire, focus group discussion and interview methods to collect data. Also, the study used a sample size of 85 where procurement officers and users where involved. The study found that involvement of organization in international procurement was associated by decrease of old companies and increase/entering of new companies year after year. This scenario of dis-involvement of old companies was connected to the higher operational cost, environmental forces and poor management.

The researcher concluded that government should support this old company by reduce some taxes and reformation of infrastructure which deal with procurement.

2.5 Conceptual Model

The conceptual framework shows the relationship among variables and concepts. In this aspect, there are independent variables and the dependent variables. The conceptual model is known as the approach that shows the important points to be studied in the research either in graphical or narrative form as it was narrated by Amofah and Ijaz (2005) and as Miles and Huberman (1994) sited in Leedy and Ormrod (2005). Based on the nature of the proposed study, four investigative questions to guide the study were formulated. The four questions are:

- i. What are the international procurement strategies used by private sectors?
- ii. What are the challenges associated with international procurement in the private sectors?
- iii. What are the impacts of challenges associated with international procurement in the private sector?
- iv. In which ways challenges of international procurement in the private sector can be minimized?

As it have been seen in previous sections, different kinds of theories and the empirical studies were formulated to address the topic related on the potential for international procurement, the following model has been developed based on what has been narrated on previous section as follows:

Figure 2.1: Conceptual Framework for analyzing the challenges face private sector in international procurement

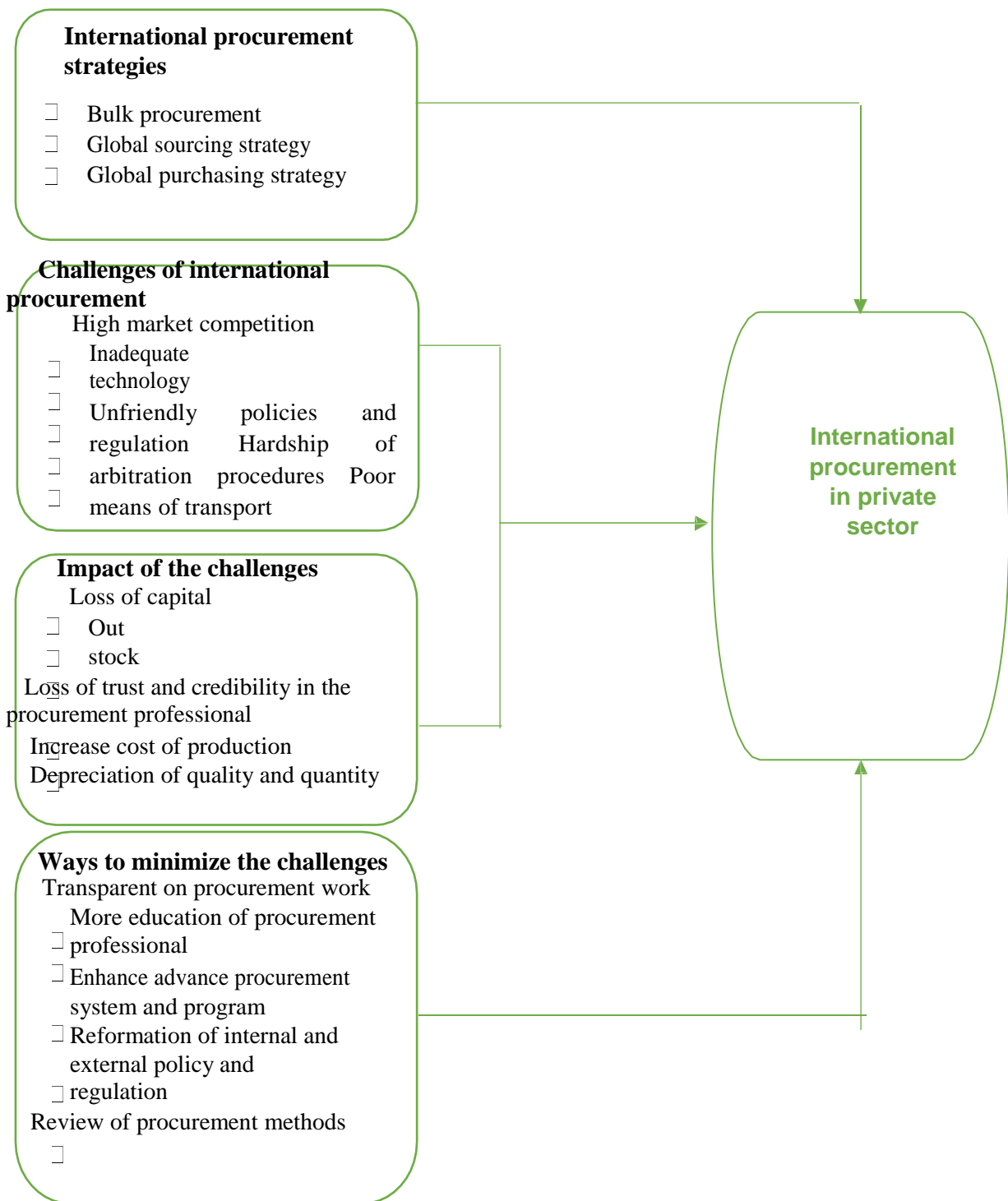


Figure: Conceptual Framework

2.6. Variables or Elements

Variable is a characteristic that have ability to assume two or more properties. According to Kenneth (2005) when goods can change either in quantity or quality, it is referred to as a variable. In the proposed study the researcher is going to use two types of variables which are independent variables and dependent variables.

2.6.1. Independent Variables

These are the variables that a researcher have control over it, theoretically, independent variables are what researcher thinks will affect the dependent variables. In some of the cases a researcher may not have the ability to manipulate the independent variables. In this situation it may be something that is already there and is fixed, something researcher would like to evaluate with respect to its impacts to something else, the dependent variable Patton (1990). From the proposed study, the researcher will use the following as the independent variables.

□ Procurement strategies of international procurement

In this variable the researcher analyzed the strategies used by private sectors in international procurement by looking strategies like global purchasing strategy, global sourcing strategies. These are integrated with material technology, demand, manufacturing, quality and quantity.

□ Challenges face international procurement

The researchers analyzed the challenges face international procurement by looking into variables like foreign and local procurement policies and regulations, market competition and high market competition, inadequate technology, unfriendly policies and regulation, hardship of arbitration procedures and poor means of transport

□ Impact of Challenges face International Procurement

The research find out what organization incurred as the result of the challenges which arises from international procurement by looking on the variable like out stock, decrease of capital and economy, loss of trust and credibility of procurement professional and so on. Therefore, through these sub variables researcher analyses extent challenges of international procurement have affected private sectors and finally to suggest ways to minimize the problem.

□ **Ways to minimize the Challenges face international procurement.**

The researcher analyzed the ways in which the challenges procurement face in international procurement can be minimized by looking into variables like:

- Transparent on procurement work,
- Education and/or refreshment to procurement professionals,
- Enhancement of advance procurement system and program,
- Reformation of internal and external policy and regulation,
- Review of procurement methods

Which will be applied on procurement practices to favor companies and to give them right and opportunity of gain profit and rise economy of the county.

2.6.2. Dependent variables

This is the variable which cannot stand alone, it depends on others. According to Patton, (1990) dependent variables are referred to as what a researcher measures in the study, it can also be what is affected during the respective study. The dependent variable tends to respond to independent variables. In the proposed study researcher relates what have been known to be independent variables with the challenges associated with international procurement in private sector. Therefore, dependent variable was international procurement.

CHAPTER THREE

RESEARCH METHODOLOGIES

3.1 Introduction

This chapter presents the methodology which was applied in the study. It explains why the researcher has chosen the specific research approach to answer the research questions. The chapter also describes the research strategy, research design, area of study, the population and sampling design, method of data collection and the sources of data and validity and reliability of the research instrument.

3.2 Research Strategy and Design

3.2.1 Research Strategy

According to Naoum (1997) research strategy is described as the way research objectives can be investigated; there are two types of research strategies which are categorized into qualitative research and quantitative research strategies. Qualitative research tends to seek to gain information and to understand people's perception of the world, whether as individuals or groups Fellows and Liu (2003). It is characterized as subjective in nature, with emphasize in meanings, experiences and so on Naoum (1997). Where quantitative research is the type of research strategy that seeks to gather factual data and to study relationships between facts and how such facts are relating to the theories and the findings of any researches which have been executed previously according to Strauss and Corbin (1998).

Since the nature of proposed study seeks to analyses challenges associated with international procurement by private sector and to explore ways to minimize them the suitable research strategy in carrying out the study was the combination of both qualitative and quantitative strategies.

3.2.2 Research Design

Based on the work of Kothari (2004) research design is used to restructure the research by narrating how all the important parts of the research project, sample or group work together in addressing the research question. The types of research design that can be suitable according to the nature of proposed study are descriptive and exploratory design. Descriptive research design is the research design with the purpose of producing an accurate representation of persons, events, or situations while providing an accurate description of what is existing, the frequency with which it occurs and the meaning assign to it by the different people, events or situations. This design used to show a causal relationship between variables Wily (2002), Saunders et. al., (2007). By using this type of research design the research was able to make a causal relationship between procurement strategies used by local organizations in Bangladesh and challenges they face in international procurement. Under this research design, the researcher utilized quantitative data that was attained through questionnaires.

While exploratory research design is conducted when little is known about the phenomenon that is under study and when the problem is difficult to limit with limited restriction on the topic Brink (1996). Exploratory research is aimed at gathering as much information as possible through the use of different sources and through stating the purpose and criteria to judge the exploration successfully Saunders et al (2007).

This design was used to understand in-depth information concerning ways of minimizing challenges of international procurement faced by private sectors. Therefore, both descriptive and exploratory designs were used.

3.3 Study Population and Study Area

3.3.1 Study Population

Population can be defined as the totality of observation with which the researcher is concerned Myers (1962). The population for the proposed study will be comprising of key informants from ALBF Company Limited. These included staff from 29 departments of procurement and production as well as top managers in the company. Procurement officers were selected because of their direct involvement in the procurement procedures while top managers were selected because they are in charge of all activities in this organization includes procurement activities and production. Therefore, the study wanted to investigate the strategies used in international procurement, the challenges they face and the impact of these challenges in production process. However, these individual assists researcher in find out ways to remove these challenges which face private sector.

3.3.2 Study Area

The study will be conducted at Babylon Garments Ltd. in located at Plot# 2-B/1, Darus Salam Road, Mirpur, Dhaka-1216, Bangladesh. The reason for choosing this company was because the company is the oldest of other related companies in Bangladesh it was incorporated in Joint Stock Company in the year 1986. Apart from being the oldest the company is said to be the leading company in garments products manufacturing in Bangladesh, however, it products are sold in and outside Bangladesh. So, it is good for to understand the strategies this company apply, the challenges it faced and the way it overcome these challenges in international procurement for the other companies (new and small companies) to benefit.

3.3.3 Organization History

The journey of Babylon group began in 1986 with a handful of sewing machines to produce woven products in small scale. Sincere efforts, constant strive towards efficiency and commitment towards highest level of quality fueled the growth of Babylon to become one of the iconic ready-made garment and textile industries of the country employing over 11500 skilled workers in 18 concerns and has an annual revenue earning surpassing 127 million US Dollars (2011). All units of Babylon thrive for excellence in knit, woven and casual wear manufacturing; washing, dyeing, garment accessory manufacturing, printing & packaging, embroidery & screen print, transporting, clearing & forwarding and fashion wear retailing.

3.3.4 Organization Vision

To build capacity and resources to contribute at least half a billion dollars in national GDP, evolving with diversified business portfolios and delivering value to the customers, being one of the best responsible business entities and preferred employers.

3.3.5 Organization Mission

- To have the best infrastructure to pick and fit every possible changes in the business world faster.
- To build a sustainable business model having the right people & process.
- To focus on continuous improvement by leveraging latest industrial engineering methods and models in manufacturing.
- To focus on continuous capacity enhancement by developing and engaging people, bringing in good business practices, leveraging technology and automation.

3.3.6 Organization Strength

The strength of Babylon Group lies in its facilities, skilled human resource and management. Following are some of the highlights –

- Ample storage and computerized inventory management system at every factory facility
- All the factories have their own power generation and distribution facilities
- The quality of Babylon is recognized by the international standardization authorities like ISO and WRAP

- Availability of modern machinery and equipment that can cater the diverse requirements of customers
- The group has all sorts of support facilities within its concerns which directly contribute to smoother execution of the orders and cost reduction

3.3.7 Organization Quality Policy

Babylon Group follows stern quality benchmarks to achieve flawless output. The group is equipped with man and machine to comply with the ever rising global standards. Some of the measures adopted in this regard are -

- Use of fabric screening machines, color and shade matching equipment and metal detectors to ensure making perfect and safe products.
- Centralized research and development activity as part of continuous strive towards raising product quality and productivity, improving efficiency and cost reduction.
- Regular and rigorous training for every employee has been made mandatory for him/her to achieve acceptable level of performance.
- Separate training facilities in each factory unit to continuously enhance the skills and perfection of the workers.

3.3.8 Organization Recognitions

- Babylon is compliant to the international benchmarks for all CoC issues environment and workplace safety. Fire and safety drills are regularly practiced to avoid casualties. For all these and more, Babylon has earned accreditation from the international standardization authorities like Oeko-Tex® and WRAP. It has also been awarded as the most "worker friendly factory" by Bangladesh Knit Manufacturers & Exporters Association (BKMEA) and CSR award from Bangladesh Garment Manufacturers & Exporters Association (BGMEA) for its social welfare efforts.
- Babylon believes in ethical business practices and environmental conservation. The group has installed one of the most efficient effluent treatment plants of the country at the dyeing and washing plants.



Image: 3.1: Study Area Geo-map

3.4 Study Sample

3.4.1 Sample Design

According to Babbie (2004) sample is the representation of certain population. Kothari (2006) defined sample as a collection of some parts of the population on the bases of which judgment is made. Also, he explained that sample should be small enough to make data collection convenient and should be large enough to be true representative of the population which is selected. In the study sample involved top managers, and experienced staff; those who have worked in this company for more than three years in procurement and production departments. The working experience of three years was enough for the staff to understand evidently the strategies, challenges of international procurement as associated impact of these challenges. Therefore, reliable and valid information relating to the challenges facing private sectors in international procurement was enclosed.

3.4.2 Sample Procedures

Kothari (2006) defined sample procedure as the process of selecting a part of the aggregate of the totality based on which a judgment or inference about the aggregate or totality is made.

It is a process of selecting a group of people, events, behavior, or other elements with which to conduct a study. It also includes selection of technique that is going to be used in the selection process. The major criteria influencing the choice of a sampling technique is based on the availability of sampling frame, that is, a list of the units comprising the study population. In the case when the sample frame is available investigator is advised to use probability sampling techniques such as simple, stratified and cluster random sampling techniques. When it is not available investigator has to use non-probability sampling techniques such as purposive, convenience and snow ball sampling techniques Saunders et al.,(2007).

In the proposed study researcher used simple random sampling (one of probability techniques) to select staff from department of procurement and production at this company. This technique was used because total number/population of these two groups is already known by researcher. But the researcher used convenience sampling (non-probability sampling) to select representatives from top management. This is because only few of them who are directly involve in procurement and production was included and because of other reasons relating to the merit of their position. According to Zikmund (2003) convenience sampling refers to a sampling obtaining unit of people who are most conveniently available; therefore, the study involved those who will be willing to participate in the study.

3.4.3 Sample Size

Sample size is the number of respondents selected to participate in the study from targeted population. It depends on the accuracy needed, population size, population heterogeneity whether the sample will be subdivided or not and resources available Bailey (1994).

From the result of pilot study it was discovered that at Babylon Group there 09 staff in procurement department and 12000 staff in production department, therefore, the study made sample of these two groups of potential respondents working with the said company using a sampling formula provided by Yamane (1967) when population/sample frame is less than 200 individuals.

Thus, the study had to sample a total of 06 and 09 staff of procurement and production department respectively Babylon Group. For purposes of selecting the key informants among Top management, convenience sampling was used and two (2) respondents were selected from each of said department, those who are directly managing the activities of the respective department. Therefore, the study had twenty nine (29) respondents.

3.5 Source of Data and Tools of Data Collection

These are the techniques that are used to describe the specific approaches used for gathering data and the choice of methodology depending on research objectives and questions to be addressed. Sweet and Martin (2008) described data as facts, figures and other relevant materials, past and present that serve as bases for the study and analysis. For the purpose of obtaining enough data, concerning the statement of the problem, primary data and secondary data were collected for the study.

3.5.1 Primary Data

These are the data collected direct from the source, they are fresh information gathered for the first time and happened to be original in character. Kothari (2006) described primary data as the original works of research or raw data without interpretation or pronouncements presented on official opinion or position. Krishnaswami (2002) described four major advantages of primary data as follows:

- i. They form the observation in which the researcher can study behavior as it occur
- ii. In participation observation, the observer can understand the emotional reactions of the observed group and get deep insight of their experience.
- iii. The researcher will be able to record the context which gives meaning to the observed behavior and heard statements Krishnaswami (2002).

According to the nature of the proposed study the data was collected through survey from the field area, involving mentioned staff members of Babylon Group as a key informants hence being able to capture the effect occurring in the course of time, questionnaire and interview was the two main tools suitable for collecting primary data to be used in the study.

3.5.1.1 Questionnaire

Questionnaire is known as the set of questions that are normally sent to the selected respondents to be answered at their own convenient time and return back the filled questionnaire to the researcher Kothari (2006). Open and close-ended questionnaires will be designed to in fetch information from all mentioned groups of respondents. The study had structured questionnaires that were sent to all respondents in the study area by hands. The main purpose of questionnaires for this study was to identify the strategies used in international procurement, challenges and the results associate with the challenges. The questionnaires were self-administered to all participants in duration of two days and left with them for three days so that they can have enough time to fill the questionnaires.

3.5.1.2 Interview

According to Leedy and Ormrod (2005) interview is the process which involve direct data collection by associate personal contacts with the participants who are requested to respond to questions while the researcher listen to what participants say about their views and opinions in their own words and learn from them. Burns and Grove (2005) added that an interview allows direct exchange of ideas, opinions, or information between the interviewer and the interviewee. For the purpose of this study semi-unstructured interview was used to enable the researcher to obtain information by interacting face to face with respondents who were provide straight answers to research questions in a simple technique and also it allows greater freedom to ask supplementary questions to the respondents. The researcher used interview to uncover what was not captured by questionnaire, mostly the ways used in this company to reduce challenges of international procurement. The respondents were interviewed at the place and the time of their own choice.

3.5.2 Secondary Data

These are the data which are gathered from different sources of literature. According to Saunders et al. (2007) secondary data is defined as the second hand information which has already been collected by other researchers for other purposes and they are comprised of published data. In the study, the secondary data was collected though documentary from different existing relevant documents such as books, files, journals, and reports which were available at Babylon Group as well as internet source. However, secondary data collection method saves time that would otherwise be spent in collecting data.

3.6 Methods of Data Analysis

According to Zikmund (2003) data analysis can be defined as the application of reasoning to comprehend and interpret the information that has been collected. Based on the proposed study the methods of data analysis utilized depends on the nature of the data whether it is qualitative or quantitative in nature.

3.6.1 Qualitative Data Analysis

The researcher analyzed the qualitative data of the study by following the method which was used by Leedy and Ormond (2001) in which after validation the researcher followed the procedures as follows:-

- i. Identify statements that relate to the topic: The information from the interviews was broken up to reflect single and specific thoughts.
- ii. Group statements into meaningful units: The single specific thoughts were clustered into similar categories that reflect various perspectives of the respondents.
- iii. Sought perspective divergent: conflicting and similar perspectives was considered.
- iv. Constructed composite: various meanings identified was used to develop an overall description on the challenges facing company when make international procurement.

3.6.2. Quantitative Data Analysis

Babbie (2004) narrated that normally quantitative research approach tend to focus on analyzing numerical data, compared to qualitative approach which deals with meanings, examining the attitudes, feelings and motivations of people.

In qualitative analysis statistical procedures were conducted using Statistical Package for Social Science (SPSS) version 16.0.

In analyzing quantitative data, data was coded, investigated for integrity, analyzed and presented in useful outputs, such as tables and figures for easily drawing of conclusions and to make recommendations regarding challenges face private companies in international procurement. Descriptive analysis was used in calculations of percentages and Arithmetic mean of collecting data in order to come up with valid conclusions.

3.6.3 Reliability of Data

Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. Reliability of the instrument according to Amin (2005) refers to the degree to which the said instrument consistently measures whatever it is measuring. Therefore, in order to estimate the reliability of the research instrument for the proposed study (questionnaire) a split-half reliability method was adopted.

The Cronbach alpha indicates the extent to which a set of test items can be treated as measuring a single latent variable Malhotra (1999) and is more accurate and careful method of establishing the reliability of a measuring instrument than the Spearman-Brown and Kuder-Richardson reliability measures Parasuraman (1991). The Cronbach alpha can also produce a reliability estimate with a single administration. The Cronbach alpha coefficient is interpreted as the mean of all possible split-half coefficients Bland and Altman (1997). The Cronbach alpha reliability coefficient ranges from 0 to 1 George and Mallery (2003), hence the closer the alpha coefficient is to 1.0, the greater the internal consistency of the items in the scale.

According to George and Mallery (*ibid*), a Cronbach alpha coefficient of 0.70 or more is considered ideal. Other studies, however, regard a Cronbach alpha coefficient of 0.50 as acceptable for basic research Thereon (1993). A Cronbach alpha of 0.70 means that 70 percent of the variance in observed scores (the actual scores obtained on the measure) is due to the variance in the true scores (the true amount of the trait possessed by the respondent). In other words, the score obtained from the measuring instrument is a 70 percent true reflection of the underlying trait measured. Therefore, the measures of the variables were conducted as follow:

International procurement strategies; the variables for examining the international procurement strategies used by private sectors were; bulk purchasing, networking with other firms to access information, establish a process for quick buys and transports including fast tracking approvals, timely ratification of emergency contracts, creating a dedicated team for emergency contracting requirements, preparation of schedule for the entire international procurement cycle, use of competitive international procurement, cover procurement officer with procurement liability (insurance), advance contract award notice(award a good supplier), use e-procurement, benchmarking procurement performance of staff and suppliers or measure the compliance of both staff and suppliers to influence their behaviors, conducting legal and financial review, compliance with our standards, requirements and process, establishing and collaborate with contacts in government departments and other regulatory authorities, conduct of procurement risk assessment and be prepare use e-procurement, driving potential suppliers away by applying complex processes or complex requirements and conduct procurement risk assessment and be prepared. The instruments (variables) had a 5-point Likert-scale and reliability check of the instruments revealed a Cronbach alpha of 0.794, which shows that the measure was reliable.

Challenges facing private sectors; the variables for identifying challenges facing private sectors in international procurement system were; top management interference, political interference, promoting transparency or integrity, interactions of environment factors, inadequate skilled and/or informed procurement committee, inadequate technology, rapid economic changes, language barrier with some international suppliers, widespread of corruptions and bribes, so very many taxes to pay, some specific foreign policies, lack of optimal decisions due to some trade-offs among the goals, unfriendly procurement regulations, rules and guidance, hardship of arbitration procedures, lack of competing suppliers, globalization effects to the supply chain, procurement talent scarcity problem, inadequate management systems, limitation due to some international trade agreements between countries, cost full, performance optimization problem and poor means of transport. The instruments (variables) had a 5-point Likert-scale and reliability check of the instruments revealed a Cronbach alpha of 0.860, which shows that the measure was reliable.

Impact of challenges; the variables for examining the impact of the challenges associated with international procurement in the private sectors were; decrease of customers, depreciation of quality and quantity of the product, out stock, increase cost of production, loss of capital, loss of trust and credibility in the procurement professional, and procuring of poor material. The instruments (variables) had a 5-point Likert-scale and reliability check of the instruments revealed a Cronbach alpha of 0.810, which shows that the measure was reliable.

Table 3.1 Cronbach's Alpha Coefficient

Variables	No of Items	Cronbach's Alpha Coefficient
International procurement strategies 0.794		17
Challenges facing private sector 0.860		22
Impact of challenges 0.810		7
Cronbach's Alpha of Questionnaire 0.906 (source: Researcher Computation-2019)		47

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of the findings of the study. The presentation is organized according to the research objectives and questions as well as the emerging issues. The first part provides background characteristics of the respondents in terms of their qualifications. The second part examines the international procurement strategies used by private sectors, challenges facing private sectors in international procurement systems, impacts of the challenges associated and the ways to minimizing challenges of international procurement in private sector. These findings were established by the researcher through various methods of collecting data which were questionnaire, interview and document review. However, primary data from all the respondents were compared to give a better understanding of the situation. Then, this comparison was used to achieve the objectives of the study by evaluating them on the basis of secondary data. Unique personal quotes from respondents were taken as a basis of comparison of the different views to consolidate it into finding of the research. To begin with, researcher discussed the background of the respondents.

4.2 Demographic Data of Respondents

The results that follow show the background of the respondents. Frequency tables were used for presentation background of respondents. The respondents' backgrounds include gender, age, level of education, and working experience of respondents at Babylon Garments Ltd. (Babylon Group). The results from the demographic data were presented as follows:

Table 4.1: Respondents Profile

Variables	Responses	N	%
Gender of the Respondents	Male	15	80
	Female	5	20
	Total	20	100.0
	20-29	3	15.0
Age group of respondents	30-39	3	15.0
	40-50	12	60.0
	50 and above	2	10.0
	Total	20	100
	Diploma	11	55.0
	Bachelor	8	40.0
Level of education of respondents	Master	1	5.0
	Total	20	100
	1-3 years	3	15.0
	4-6 years	3	15.0
	7-9 years	7	35.0
Experience in working	10 years and above	7	35.0
	Total	20	

(Source: Filed Data-2019)

From table 4.1 above it shown that number of responding male officers (80.0%) of Babylon Group were higher than that of female (20.0%) officers. This can be because most of responding officers were from management levels the positions which are highly dominated by males in developing countries. More ultimate reason is that the study was conducted in the industry which deals with manufacturing of metallic goods; a business which is highly conducted by men. However, since the study had both male and female it can be said that the study consists of the views from both genders. Almost two third (60%) of the respondents were in the age group between 40-50 years old and this implied that many staff at Babylon Group working in procurement department are at old age and this means that the results are reliable because they came from people who are old enough to know the challenges faced in international procurement. This was followed by 15% who were at age group between 20-29 years old and 15% who were at age between 30-39 years old.

Concern with academic qualifications; most of the respondents had a diploma level of education and they presented 55.0% of all respondents in the study. They were followed by those who were holding Bachelor degree (40.0%) and Master degree (5.0%) holders. This shows that the respondents were well educated, however it can be interpreted that the findings of this study were from understanding people and can be reliable and valid. Finally it shows that 35% of the respondents had an experience in working with Babylon Group for 7-9 years and another 35% of the respondents had an experience of more than 10 years, this implies that the respondents have enough experience to know and understand the aim of the study that is the challenges associated with international procurement in the private sectors.

4.3 Presentation of Results to the Research Objectives

This section presents analysis of the results of the study obtained from the primary data as well as discussion arose during interview and document reviews. To start analysis and make the reader more aware of the discussion, a reader can go back to chapter one and review objectives of this study. During analysis stage researcher used mean scores, standard deviation and Chi-square values to explain the results of specific objectives of the study. It must be noted that the mean is the average value of response for each item on the Likert scale. This is simply the sum of the values divided by the number of values. The implication is that the item with the highest mean is the one which most respondents chose or rated highly and vice versa.

Standard deviation is however a measure of variation. This uses all the observations, and is defined in terms of the deviation ($xi-\mu$) of the observations from the mean, since the variation is small if the observations are bunched closely about their mean, and large if they are scattered over considerable distances. This means an item on the Likert scale with the smallest standard deviation implies that respondents gave a similar answer to that item compared with the others.

4.3.1 International Procurement Strategies

The first specific objective of the study was to examine the international procurement strategies used by private sectors. Therefore, respondents were given questionnaires with 5 Likert points ranging from strongly disagree (1) to strongly agree (5) and told to rate their views concern with the constructs/variables were given. In the same line interpretation was not used (1) to used very frequently (5) as shown below.

The strategy with the highest mean is that which most respondents thought was used mostly among the private sectors under review. In the same vein the strategy with the smallest mean is the least used in the view of respondents. Therefore, to interpret the obtained data, the following numerical values and interpretations were used;

Range	Mean Range	Response Mode	Interpretation
5	4.21-5.00	Very frequently	Very large extent
4	3.41-4.20	Frequently	Large extent
3	2.61-3.40	Rarely	Some extent
2	1.81-2.60	Very rarely	Small extent
1	1.00-1.80	Never	Negligible

Table 4.2 Strategies of International Procurement

VARIABLES		N	Mean	Std.	
INTERPRETATION					
Bulk purchasing	20	4.31	.718		Very large extent
Networking with other firms to access information	20	4.00	.649		Large extent
Establish a process for quick buys and transports including fast tracking approvals	20	3.85	.813		Large extent
Timely ratification of emergency needs	20	3.70	.801		Large extent
Creating a dedicated team for emergency requirements	20	3.60	1.142		Large extent
Preparation of schedule for the entire international procurement cycle	20	3.60	.883		Large extent
Use of competitive international procurement	20	3.60	.598		Large extent
Cover procurement officer with procurement liability (insurance)	20	3.60	1.046		Large extent
Advance contract award notice (award a good supplier)	20	3.60	1.095		Large extent
Use e-procurement	20	3.55	.887		Large extent
Benchmarking procurement performance of staff and suppliers or measure the compliance of both staff and suppliers to influence their behaviors	20	3.50	.513		Large extent
Conducting legal and financial review	20	3.50	.761		Large extent
Compliance with all standards, requirements and process	20	3.45	.605		Large extent
Establishing contacts and collaborating with government departments and other regulatory authorities	20	3.40	.821		some extent
Driving non-potential suppliers away by applying complex processes or complex requirements	20	3.35	.875		some extent
Consider new and innovative solutions for the procurement difficulties	20	3.35	.875		some extent
Conduct procurement risk assessment and be prepared	20	3.30	.801		some extent

(Source: Filed Data-2019)

Result Analysis:

The results of Table 4.3 show the international procurement strategies used by private companies, whereby bulk purchasing was rated very high at the mean of 4.31 interpreted as the strategy which have been used at “very large extent” by private companies in international procurement.

Followed by networking with other firms to access information on procurement issues (mean=4.00), establish a process for quick buys and transports including fast tracking approval

(mean=3.85), timely ratification of emergency needs (mean=3.70), creating a dedicated team for emergency requirements (mean=3.60), preparation of schedule for the entire international procurement cycle (mean=3.60), use of competitive international procurement (mean=3.60), cover procurement officer with procurement liability or insurance (mean=3.60), advance contract award notice (award a good supplier) (mean=3.60), Use e-procurement (mean=3.55), benchmarking procurement performance of staff and suppliers or measure the compliance of both staff and suppliers to influence their behaviors (mean=3.50), conducting legal and financial review (mean=3.50), compliance with standards, requirements and process for procuring the product (mean=3.45) all these were rated high and interpreted as the strategies which have been at large extent by private companies when procuring at international market.

Other strategies which were found to be used at some extent were establishing contact and collaborating with government departments and other regulatory authorities (mean=3.40), use e-procurement (mean=3.35), driving non-potential suppliers away by applying complex processes or complex requirements (mean=3.35) and conduct procurement risk assessment and be prepare for the risk (mean= mean=3.30).

According to the results bulk purchasing was highly used by private sector when procuring from international market. The study argued that this strategy was highly used because it helps them pay a lower price for the same good or same price for better quality of the same good, as well as lowering the cost of procurement due to the shipping of large quantity of goods. From the discussion with one of the procurement officers in Babylon Group she said that it is common to find two, three or four local companies dealing in the same business combine their money together and procure things together abroad.

Others purchase their goods differently but when come to the shipping they share one container to make shipping cheap by reducing shipping charges, customs duty and other liabilities. Thus is an alternative mechanism that will bring cost savings and value for money in international procurement.

Networking with other firms to access information on procurement issues is also the strategy used by local companies at the large extent after bulk procurement. It was explained that local companies normally communicating with other local and international firms and inquire from them how they have been performing in international procurement, the procedure and techniques others have used, the challenges and difficulties they are facing and so on are highly requested especially when a local company wants to procure in the new country when it has not been procuring before.

However, establishing of a process for quick buys and transports including fast tracking approvals is also popular used international procurement strategy used by the private sector. It was said that this was achieve by contacting shipping agents, legal officers and other officers from regulatory authorities before start procuring what they need-this enable then to be aware of what they have to accomplish for the smooth buying and shipping process. One of responding top managers of Babylon Group put it that

Contacting regulatory officers before purchasing is very important since they are the one to allow things to entre in the country or not..... He added that "this officers they can even decide to burn your goods on the leg of the factor that the goods are either harmful or under allowed standard.

The statement of this respondent (officer of Babylon Group) can create doubt and raise some other question on what is the ultimate reason of contacting officers of regulatory authorities such as officers of Bangladesh Land Port Authority (BLPA) and The Chittagong Port Authority (CPA), National Board of Revenue (NBR), Bangladesh Standards and Testing Institution (BSTI), Bangladesh Customs and related before bring the goods the company purchase from outside. This study did not go beyond this stage to investigate more on this, therefore, it remain and should be understood that in order to establishing fast tracking approvals and smoothen international procurement process a private company has to make prior notification to the responsible regulatory officers. It was also said that this strategy is very important because it helps so much in time of emergency procurement because it helps mitigate risks and losses during the stressful time of emergency procurement hence the procedure become quick, calm and flexible.

Also, creation of dedicated team for emergency requirement together with timely ratification of emergency needs is other strategies of international procurement used to the large extent. Private companies put a special team responsible for emergency procurement; these teams are comprised of the most senior staff and they are always prepared for the urgently needs of their respective companies. The emergency team in Babylon Group was said to be responsible for facilitate a speedy response; assign a liaison officer(s) who will be the point of contact for assisting and coordinating an organization's resources. In the discussion phase of this study it was noted that the emergency teams of the private companies especially manufacturing companies have to ensure that they are equipped to handle an emergency need relating to the production processes such that immediately procuring of additional raw materials and spear parts, whereby ensuring that they have the tools and resources in place to facilitate their duties.

Be available and ensure that all the key players are at all critical meetings and briefings at the time of emergency need. They have to establish contacts and collaborate with officers in government departments and other levels of government in and outside the country such as those works at the borders for easy permission to transship the urgently requirements.

It was also found in the analysis of table 4.2 that in order to have sound international procurement there is the need of establishing as special schedule for the entire international procurement cycle, as the one of the strategies. It was argued that the schedule is supposed to have method of procuring; total estimated cost including all other resourceful options, as well as maintenance and storage costs; contract or procurement period; delivery requirements; evaluation procedures and method of selection suppliers. Environmental factors and risk factors also were considered. In the visited company it was said that at the beginning of the year procurement officers prepare annual procurement schedule which include all goods and services they have to procure locally and internationally. After prepare the schedule then the approval authority must be given the opportunity to approve or reject the proposed procurement strategy as early as possible to avoid the situation where a contracting officer has done significant work following a strategy which may not be approved. As soon as the key elements of the procurement strategy have been determined, the contracting officer must complete a Procurement Risk Assessment (PRA), prior to prepare any procurement documents for both local and international procurement. One of the respondent from this study acknowledge that preparation of this procurement schedule helps the ALBL company in defining the terms on how goods or service will be procured and will include, at the highest level, the determination to

procedures to be used whether competitively or non-competitively procedure and applicable details in support of industrial sectors in Tanzania and regional benefits or other national objectives.

Use of competitive procedures (open tender system) in international procurement was also found to be preferable compare to the non-competitive procedures moreover it was one of the strategies seem to be highly used in achieving the best results in international procurement. This intends to provide to all eligible and qualified suppliers adequate and timely notification of companies' requirements and to provide them equal access and fair opportunity to compete for contracts of required goods. It was mentioned that procuring by competition help to improve transparency, efficiency and accountability. Cover procurement officer with procurement liability (insurance) According to the Babylon Group policies, procurement officer shall not under any circumstances or for any reason whatsoever be held liable for loss, damage or injury sustained by the Contractor or by any person acting on behalf of the Contractor during the performance of the Contract. He/she shall not accept any claim for compensation in respect of any such damage. This clause motivates an officer and helps in ensuring the transparency and accountability of procurement process.

However, another strategy found, in the analysis of collected data shown in the table 4.2 above, used in international procurement is Advance Contract Award Notice (ACAN) to the best supplier. It was argued that notifying a supplier, assist to stimulate him/her to supply the best product in the future. Moreover, the advance contract award notice help the supplier to determine if he/she possesses the capabilities required to satisfy the company requirements.

Moreover, the advance contract award was argued to permit the contracting boards and/or authorities to have an adequate basis for reviewing a potential supplier's statement of capabilities.

According to Accenture (2007) an ACAN policy is one of the measures to strengthen the transparency aspects of directed contracts. It is used when the organization has reasonable assurance, but not complete certainty, that a supplier met its requirement. Sowinski (1999) further highlighted that the provision of ACANs provides other potential suppliers, unknown to the company, an opportunity to demonstrate they are also capable of fulfilling the organization's requirement by submitting what is known as a Statement of Capabilities. If a Statement of Capabilities meets the requirements set out in the ACAN, the organization must proceed to a full solicitation process in order to award contract. This process helps the organization to know the good supplier and award them the contract. Furthermore, e-procurement is another strategy used at large extent by private companies in international procurement as seen from the results of the table above. E-procurement is done through tendering via a website. The study argued that e-procurement in not only helps the company to reduce the cost of procuring, but also improves procurement process's efficiency and can reduce administrative and other a touched cost. With e-procurement manual communications like phone and fax together with paper invoices are reduced and/or eliminated together with their associated risk and costs of issuing contract to the unqualified supplier. Also, implementation of e-procurement helps in accounting and make company budget to be more productive than with traditional buying methods. One expert in this field of procurement, argued that e- procurement systems provide a standardized approach to rolling out efficient processes of procuring especially when deal with international procurement subsection as well as assisting in financial record-keeping.

It was reported by chief procurement officer of the visited company that Babylon Group use e-procurement mostly that convention procurement because it ensures consistent and thorough market diligence, costing measures, and compliance methods are applied to each purchasing and supplying category.

The study also found out that (in the Table 4.2) consideration of new and innovative solution for the procurement difficulties is also a strategy used in international procurement but at some extent compare to others already mentioned above. In this study it was argued that innovation in solving procurement problems especially in international procurement can bring performance and growth of the organization through improvements in tendering process and selection of the best bidder, best methods of procuring, faster and on time delivery of requested material, high performance of company productivity, quality of end products, etc. it was further argued that innovation in procurement difficulties can involve both the creation of entirely new procurement framework as well as the diffusion of new procurement techniques and procedures in the organization. Innovative solutions are therefore better strategies since in private procurement considering innovative solutions can be the seeking of a new product, market, shipping, or supplier. In this essence Babylon Group uses this when meet several unrealistic procurement challenges on the same procured material/goods.

Additionally, procurement risk assessment (PRA) and be prepared for the procurement risk was mentioned to be used at some extent in making international procurement better. It was said that procurement team of Babylon Group makes the PRA in order to determine the level of risk the company faces when entering into international contracts especially with the new supplier from abroad. The assessment process also provides the foundation for risk response strategies that will be employed to reduce contract risks.

It also provides guidance and instructions to the procurement officers of this company when high risks are identified. Hui et al. (2011) put it that the PRA process places an emphasis on the early assessment of contract risk factors that may put procurement at risk, recording the risks and identifying the response strategies in the approval documents.

Finally, the international procurement strategies used by the **Knowledge Beez Global Ltd.** are very important to the private companies procuring their either all or some of their raw material or products internationally. However, the study tried to generalize that **Knowledge Beez Global Ltd.** and other local private companies, especially those co-brands of **Knowledge Beez Global Ltd.**, are equipped with many better international procurement strategies and they are using them regularly in purchasing materials from other countries. This section has been concluded by stressing that most important international purchasing decisions are concerned with selection of the right sources and this can be achieved by implementing and practicing the rights strategies.

4.3.2 Challenges Facing Private Sectors

The third specific objective was to identify the challenges facing private sectors in international procurement systems. Just like for the first objectives respondents were given questionnaires with 5 Likert points ranging from “strongly disagree” (1) to “strongly agree” (5) and told to rate their views concern with the constructs/variables were given. In the same line interpretation was “Very low” (1) to “Very high” (5). And, therefore, the challenge with the highest mean is that which most respondents thought was very high challenge facing private sectors in international procurement system. Likewise, the challenge with the smallest mean is the least liked in the view of respondents. To interpret the obtained data, the following description was used.

Range	Mean Range	Response Mode	Interpretation
5	4.21-5.00	Strongly agree	Very high
4	3.41-4.20	Agree	High
3	2.61-3.40	Undecided	Moderate
2	1.81-2.60	Disagree	Low
1	1.00-1.80	Strongly disagree	Very low

Table 4.3 Challenges Facing Private Sectors

VARIABLES	N	Mean	Std.	Interpretation
Interference from top organization’s managers	18	4.00	.767	High
Interference from politician	20	3.80	.834	High
Interactions from environment factors	18	3.61	.608	High

Inadequate skilled and/or informed procurement committee	20	3.55	.999	High
Inadequate technology	20	3.50	.688	High
Rapid economic changes	20	3.50	1.192	High
Language barrier with some international suppliers	18	3.50	.924	High
Widespread of corruptions and bribes	18	3.44	.784	High
So very many taxes to pay	18	3.44	.856	High
Lack of optimal decisions due to some tradeoffs among the goals	18	3.44	.784	High
Some specific foreign policies	18	3.44	.784	High
Unfriendly procurement regulations, rules and guidance	20	3.35	.875	High
Hardship of arbitration procedures	18	3.33	.686	Moderate
Lack of competing suppliers	20	3.30	.979	Moderate
Globalization effects to the supply chain	18	3.28	.669	Moderate
Procurement talent scarcity problem	18	3.22	1.003	Moderate
Inadequate management systems	18	3.22	1.003	Moderate
Limitation due to some international trade agreements between countries	18	3.22	.548	Moderate
Cost full (more than just the price)	18	3.17	.786	Moderate
Poor means of transport	18	3.06	.725	Moderate
Performance optimization problem	18	3.00	.686	Moderate
Average Mean		High 3.39		High
(Source: Field Data-2019)				

Result

The result of Table 4.3 above shows that the factors that were rated highly that challenge private sectors in international procurement were top management interference (mean=4.00), political interference (mean=3.80), promoting transparency or integrity (mean=3.67), interactions from environment factors (mean= 3.61), inadequate skilled and/or informed procurement committee (mean=3.55), inadequate technology (mean= 3.50), rapid economic changes (mean=3.50), language barrier with some international suppliers (mean=3.50), widespread of corruptions and bribes (mean= 3.44), very many taxes to pay (mean= 3.44), some specific foreign policies (mean=3.44) and lack of optimal decisions due to some tradeoffs among the goals (mean=3.44) together with Unfriendly procurement regulations, rules and guidance (mean=3.35). These factors were rated to be the high challenging factors from private companies to conduct international procurement.

Hardship of arbitration procedures (mean=3.33), lack of competing suppliers (mean=3.30), globalization effects to the supply chain (mean=3.28), procurement talent scarcity problem (mean=3.22), inadequate management systems (mean=3.22), limitation due to some international trade agreements between countries (mean=3.22), cost full process (mean=3.17), performance optimization problem (mean=3.06) and poor means of transport (mean=3.00) were rated averagely and interpreted as the factors with moderate challenges is international procurement.

In the discussion face it was said that the top officers tend to interfere with the international procurement system by trying to impose some things that they are on their benefit, thereby leading to capricious procurement decisions. Without double one of the respondents put it that one of the major obstacles to the procurement system is top managers' interference with the tender process

where top managers intervene and influence tender awards.

The threat of being suspended or fired has in many cases intimidated procurement officers into obeying illegal managerial directives leading to non-compliance procurement processes and deterred transparency.

On the other hand, **Knowledge Beez Global Ltd** being a Private Limited Company (PVT LTD) is also facing interference from politicians. One of responding procurement officers acknowledge by saying that interference by politician is also a big challenge to the implementation good procurement process in both international and local procurements. This ultimately interferes with the procurement process and constrains compliance of standard procedures, rules and guidance.

Concern with inadequate skilled and/or informed procurement committee to be among the factors which cause high challenges in private procurement, the study argued that the quality of procurement does not only depend on the academic qualification of the workforce but also to the professional approach in the performing procurement activities. So **Knowledge Beez Global Ltd.** and other private companies are not surfacing from lack of educated procurement officer but the lack of talent personnel with adequate knowledge in this field.

The findings of the study also revealed that inadequate technology is another challenge facing private sector in international procurement at high rate. It was argued that this is due to poor technological infrastructure such as network, internet connectivity and electrical power supply; unsupportive electronic policies to govern online business in the country and shortage of technical knowhow in electronic procurement which lead to the lack of enough technical support, unsecured data transaction.

In conclusion he said that traditional methods of procurement were highly used by public institution. This situation can be the same even in private organization. Respondents from **Knowledge Beez Global Ltd** acknowledged by saying that they were normally using manure paper, fax and email in performing procurement activities. As well rapid economic changes are also the challenge facing international procurement performance of private companies. In the discussion of this study it was argued that due to the high speed of economic changes in the world, the exchange currency is also highly fluctuated. Since in the in international business (that is, international procurement) the money has to be moved between countries (from local buyer and foreign seller), it is therefore highly affected by fluctuation of money values in the world. It was added that the stability of currency enables the international trade to be easier while instability makes it more complex. However, rapid economic changes have been the root cause of price fluctuations and interfere with budgetary procedures of private companies which in turn lead to the reschedule of procurement plans. Cook (2006) highlighted that a 0.5% deviation of exchange rate can affect the effectiveness of global sourcing strategy and profitability of the whole supply chain while, 4% deviation can result in a disastrous end.

Language barrier; it was said that sometime language barrier create problems in purchasing and shipping goods and materials from abroad. Most of companies in Bangladesh do not have multilingual personnel in their procurement departments whom can be used to detect good suppliers. Hence the companies are limited to the suppliers who speak either Bangla or English while there other good suppliers who speak other languages apart from these two languages. Even when these procurement officers decide to go abroad and procure material directly from the producers without using suppliers they have to hire a middle man who understand both language of material producer and either Bangla or English.

The same applied even in shipping of procured material/goods, they have to look for the middle man who understands both shipping agents' language and either Bangla or English which also triggers expensive translation costs. In short language barrier has been one of the hindrance big factors.

Private sector organizations understand that conducting a competitive process generally results in the best value being realized, and therefore private sector procurement policies often require it; there are no legislative requirements for private sector to conduct competitive procurement processes. Once a decision to use a competitive process is made, however, the same duties of transparency, fairness and competitive contracting law apply as in the public sector. It is crucial that private sector staff understand these obligations and the associated risks when embarking on a competitive process.

High Taxes; Many taxes to pay while purchasing goods from foreign countries also challenge procurement performance of the local companies. It was mentioned that in procuring goods/material from outside there are very many duties charges associated such as import and export charges, port storage charges, inspection charges and others. However, it was argued that each country has its own rates and they can change their rates and any time depend on the season and political climate of the country. This changing of the charges hinders performance of international procurements.

Corruption & Lack of Transparency; Widespread of corruptions and bribes is also voted to affect international procurement highly in private companies. Corruption is the abuse of office for private gain or simply the misuse of resources for personal profiteering. Due to the corruption, transparency and accountabilities in procurement process for the better performance of procurement department and the whole procurement sector in general are unseen.

It was said that bureaucratic in acquiring permits and other related paper works for purchasing things outside and bring them in the country are the breeding ground for corruption. It takes place mainly in the form of soliciting bribes in taxation. Corruption is becoming a threat in the business in spite of government to establish strong legal and institutional frameworks with a hope of addressing corruption. To reduce corruption rate and make more transparency in procurement government takes practices Procuring Entity using electronic processing systems.

Unfriendly Procurement Regulations; Concerning the matter of unfriendly procurement regulations, rules and guidance in challenging international procurements in private sectors, the study argued that due to the various phases of industrialization in different countries, industrial standards and regulations vary among different countries in the world. Therefore, evaluating the situations and clarifying the differences are highly important and necessary before the companies purchase products with other suppliers who use different technical guidance. Again, misunderstanding may filter into the scenario of trying to understand the rules and regulations which in turn bring unsymmetrical information harmful for the performance of procurement procedures. Moreover, sometime it takes an inordinate amount of time for the buyer to understand complicated explanations of required industrial guidance, which may be self-explanatory in the supplier's country.

Different Standard; In addition to the different standards, the special regulations promulgated by governments also influence global sourcing directly and indirectly and often make supply chain complicated since they are highly quite different making in global source complicated and bring dilemma to the key players.

Inadequate Management; Moreover, inadequate management systems are also the challenge faced in private sectors. On the other hand, less developed country suppliers are short of experience with the most advanced approaches and are usually unfamiliar with high standard requirements, such as sequence deliveries combined with just in time; electronic data interchange communications and Vendor managed inventory.

Poor Infrastructure; The inadequate and poor quality of transportation infrastructure in the country was voted to impose some moderate challenges in international procurement done by private companies.

the poor interconnectivity of the rail networks, and the limited capacity of many smaller ports to accommodate the largest supersize container ships. Moving goods across borders is also very costly and subject to lengthy delays. All these hinder the free flow of goods across borders. Indeed poor quality of transportation infrastructure impinges on competitiveness as well as consumer demand, since high trade costs result in higher retail prices and dampen the company appetite to increase their spending.

Lastly, it was reported that performance optimization problem is among the factors which cause challenge in international procurement within private organization at moderate level. It was highlighted that this problem of performance optimization was caused by improper management of procurement and poor procurement strategies, as well as ineffective organization structure. In Babylon Group Company it was argued to happen very rarely and therefore, was not a serious matter to be observed in procurement process although they should be prepared for it. Poor procurement resource management, development and poor stakeholder relationship management and ineffective communication are all the problem of performance optimization.

4.3.3 Impact of Challenges Associated with International Procurement

The third specific objective was to examine the impact of the challenges associated with international procurement in the private sectors. The questions were structured in the Likert scale with five Likert scale points ranging from strongly disagree to the strongly agree with the neutral point of neither disagree nor agree and presented to the respondents. The variables used to examine the impact of the challenges associated with international procurement in the private sectors were; loss of capital, out stock, loss of trust and credibility in the procurement professional, procuring of poor material, increase cost of production, depreciation of quality and quantity of the product and decrease of customers.

Descriptive analysis was used to perform the analysis in which mean score was used to rank the responses according to the order of priority. Accordingly, the factor with the highest mean is that which most of respondents thought to happen very high due to the challenges in international procurement. In the same vein the factor with the smallest mean is the least liked in the view of respondents. The result of such analysis has been given in Table 4.4 below:

Table 4.4: Impacts of the challenges Associated with International Procurement

	N	Mean	Std. Deviation	Rank
Decrease of customers	18	3.89	.758	1
Depreciation of quality and quantity of the product	18	3.78	.548	2
Out stock	17	3.71	.772	3
Increase cost of production	18	3.67	.907	4
Loss of capital	18	3.44	.922	5
Loss of trust and credibility in the procurement professional	18	3.33	.907	6
Procuring of poor material	18	3.33	.970	7
Average Mean			3.59	
Interpretation of the Mean				
4.21-5.00 Very high				
3.41-4.20 High				
2.61-3.40 Moderate				
1.81-2.60 Low				
1.00-1.80 Very low				

(Source: Field Data-2019)

Result Analysis: The results in Table 4.4 show the impact of the challenges associated with international procurement in private sectors. Wherein the variables voted highly and interpreted to be the high impacts of the challenges associated with international procurement were: decrease of customers

(mean =3.89), depreciation of quality and quantity of the product (mean=3.78), out stocking (mean=3.71), increase cost of production (mean=3.67) and loss of capital (mean=3.44) according to that order of priority. Other impacts were loss of trust and credibility in the procurement professional (mean=3.33) and procuring of poor material (3.33) which were interpreted as the moderate factors that are caused by challenges associate with international procurement in the private sectors.

Relating to the decrease of customers was the highest impact of the challenges associated with international procurement, it was explained that since the challenges faced in international procurement lead to the delay of material or procuring low material which are not enough to produce sufficient products to supply to all customers some customer diverge to products of other companies on the factor that they do not get what they need in time. Bloomberg and Hanna (2002) reported that without quicker supply of materials to the firm, operations in a firm may be disrupted, customer service levels may fall, and long-term customer relationships may be damaged.

Depreciation of quality and quantity of the product is another impact of challenges of international procurement which make customers to abandon a firm. It was said that due to the many taxes and levies to pay in completing international procurement, firms concentrating on searching for the cheapest supply resources in order to compensate those charges. Thus cause procuring of cheap materials that resulted into depreciation of quality and quantity of the products and hence cause the decrease of customers and loss of value of money in the company.

This was the same issue in the case of out stocking in the firms; the delay of suppliers together with delays due to inspection at the point of entre such as airport, sea port or borders was blamed to the shortage of production materials in the visited company.

The situation was said to encroach loyalty of some potential customers. One of the respondents from production department of Babylon Group mentioned that the time it take for the material procured from South Africa to reach to the company in 20 days. But some time it can take even 40 days or more to reach to the country and then in the company for production process. While in the mid time customers are in need of products, this causes customers to go and buy from other co-brand companies, hence loss of potential customer and also low profitability of the company.

Likewise, increase cost of production was also another challenges voted at high rate to associate with international procurement. It was also mentioned that in case procurement incidences happen the company has to send a lot of money in trying to secure and ensure material are reaching in the company. Additionally, other shipping and transshipping charges both at local and international levels are all impacting in the production costs.

However, the loss of capital is among the problems caused by the challenges of international procurement. It was argued that procuring of material or goods from outside via online transaction has caused some firms to loss significant amount of money when they land on the unfaithful online traders/suppliers who disappear with their money. Hinkelman (2008) reported that the method of electronic payment provides the greatest security for seller but the greatest risk for buyer. It was also said that sometimes the paid supplier may got a problem in his/her business before delivering of the products which cause a lot of delay to the buyer- companies (a local firm in Tanzania) and hence cause loss of capital while waiting for the materials/products ordered to reach or may decide to procure from other supplier and hence cause another loss.

Loss of trust and credibility in the procurement professional is has been found to be among the impact of challenges associated with international procurement but at low rata as shown in the ranks of Table 4.4 above. It was mentioned that the challenges due to the so many challenges in international procurement some many private firms fear procuring from outside on the ground that they many get loses or produce without get any profit. The study argued that sometime international procurement makes the company to a higher risk of losing capital. Following the loss of potential customers, there is the delay in the delivering of materials as well as loss of trust and credibility of procurement personnel in the company.

In conclusion the challenge of international procurement has a negative effect on employee, managers and the whole performance of the company, hence, low production and profitability of the company. And if the steps to mitigate them are not seriously taken the company might fall down. Lastly, the result of the average means indicated that the impacts of these challenges of international procurement are still high in the private sector and therefore, there is the need to help private companies, especially manufacturing firm in accessing material from outside country to make them more competitive in the international market.

4.3.4 Ways of Minimizing Challenges of International Procurement

The last specific objective was to explore ways of minimizing challenges of international procurement in private sectors. This section sought to understand the respondent's views on the way forward towards minimizing challenges of international procurement in private sectors.

Researcher requested the respondent to provide a view of what they believed should be done in organization/company level to reduce challenges they face when conducting international procurement and what should be done at national level to help private firms from the challenges, they get in conducting international procurement. The themes emerging from the discussion with participants in the study regarding ways to improve international procurement were the following:

- Establish a good supply chain management
- Improving information technology
- Reduction of tax and other levies associated
- Shorten bureaucracy and inspection time
- More improvement of international relations
- Ensuring transparency
- Supplier evaluation

a) Establish a good Supply chain management

Establishing a good supply chain management was highly mentioned by all respondents. Supply chain management is an integral part of financial management, which intends to introduce international best practice. It seeks to breach the gap between traditional methods of procuring goods and services and the balance of the supply chain and at the same time addressing procurement related matters that are of strategic importance. The introduction of the new innovated principles of supply chain management should be done in both government and company level. The procurement officers of the given private firm as well as equivalent officers of government

regulatory authorities to extract accurate commercial and other relevant information, so as to effectively measure the achievement of private companies' procurement objectives.

The officers should assess the needs by dealing with issues such as: understanding future needs, identifying critical delivery dates; the frequency of need, linking the requirement to the budget cost, determining the specifications, doing a commodity analysis (checking for alternatives); and doing an industry analysis. This is a cross-functional exercise that brings the supply chain practitioner closer to the end user and ensuring that value for money is achieved in all processes involve in supply chain process including procurement, be either international or local procurement.

Supply Chain Performance; should be achieved by a monitoring process takes place, undertaking a retrospective analysis to determine whether the proper process is being followed and whether the desired are achieved. Some of the issues that may be reviewed are: achievement of goals, compliance to norms and standards, savings generated, stores efficiency, cost variance per item, contract breach and so on. It was argued that the cost efficiency of procurement process (i.e. the cost of the process itself) will be achieved when the supply chain objectives are consistent with companies' broader policy focus and international procurement regulations. Effective supply chain management makes sure that the material construction standards become increasingly, aligned with those standards that support international best practice, that the principles of co- operative governance as expounded in the companies rules and regulation are observed.

However, it was discussed that there is the need of promoting uniformity in supply chain management.

It was said that in order to ensure efficiency and effectiveness of material supply in the country there is the need of promoting uniformities in the process such as uniformity in the mode of bidding, shipping, control measures and in other stages involve in supply chain. This can be accomplished through; the implementation of a uniformed procurement policy at the company and government (local level) similar or close to that of international level. Establishment of uniformity will make easy interpretation of procedures involve in procurement, create cost effective procurement (inexpensive procedure will be used), quick supply, transparent and free of corruption. This will help both local and international private company operating in the country as well as government companies in achieving good material supply chain by smoothen procedures involve in international procurement.

b) Reduction of tax and other levies associated

The government should ensure that the Tax systems should be neutral with respect to location, size of firms, origin of ownership and sectors to avoid discriminating against the most efficient suppliers. Government sets the legal and institutional frameworks within which international markets operate. It raises taxes based on the activities of businesses and consumers in markets. It has an interest in market outcomes and the way these are distributed between different groups and firms in society. Sometimes Government wants to encourage the market to deliver particular products and services for wider social benefit. At other times it wants to discourage market products because of their wider negative effects. Hence, governments have the power to raise and reduce tax base. Thus in case of international procurement government should reduce the tax (especially import taxes) in order to minimize the challenges that are hindering international procurement. With reduced tax and other charges, the production cost of private companies will be reduced;

the companies will be able to procure quality materials which ensure production of quality products will minimize the environmental problems.

c) More improvement of international relations

Government should promote international relations in terms of trade in order to improve international procurement. This is through engaging into different international trade agreements and treaties. Government can greatly contribute to developing supply chains by expanding and integrating external markets through trade agreements. It was explained that Tanzania government should enter in to trade agreement and treaties with many different countries in order to overcome the problems of communication, currency exchange rates and payment, customs regulations, transportation, foreign government regulations. This will help private companies in international procurement process when embarking on a foreign purchasing program.

Government should also encourage stronger regional cooperation which will increase the attractiveness of domestic markets in international market. This will promote increasingly realistic options facilitated by regional integration and the accompanying lowering of trade barriers, which makes intra-regional trade a more viable option than in the past.

d) Improving Information Technology

For a company to operate both efficiently and effectively in such a complex environment (international procurement) useful structures need to be created and suitable instruments put to use. Information technology can have an important function in this regard. In the subsection 4.3.2 of this study it was reported that the challenges of international procurement was caused by poor technological condition among other factors. Therefore the challenges can also be overcome through innovation in this sector of information technology.

Appropriate usefulness improved technology can offer are: smoother and faster process flow, efficient distribution of information, decentralization of tasks and decisions, increased transparency and better control of the whole material supply chain process.

In addition, adoption of modern information technology helps not only to support internal processes of the company here in the country, but also their business partners in the developing countries (for those have involved in partnership) who have increasingly utilize ICT in their business operation. At the same time as make international procurement process easy. It was added that in order to meet today's global challenges, governments and private sectors are turning to ICT to enhance the services for businesses and potential stakeholders, and improve technological infrastructure both in the country levels, region levels and individual company levels by lowering costs and increasing productivity.

Therefore, for the proper operation of the businesses, the study advice local companies to adopt and implement ICT applications to promote economic development, attract new contracts and achieve more tenders, and above all, provide excellent international procurement process to the company. Implementing scalable communication infrastructures such as wide area networks (WANs) accommodates the various types of services the company require on a day to day basis in dealing with procurement activities, hence, save time and money.

e) Ensuring Transparency

The company should aim at ensuring transparency in international procurement process. The concept of transparency is important in any procurement activities and is mentioned as one of the goals of the national procurement policies.

Transparency in procurement refers to the idea of openness and it can be achieved by the company through:

Publicity for contract opportunities which supports value for money by ensuring that the best supplier know about an opportunity and helps open up contracts to trade when publicity is required in a form accessible to foreign suppliers, ii) publicity for the rules of each procedure such as award criteria, which helps to ensure that tenderers submit tenders that best match the procuring entity priorities, thus ensuring better value tenders.

Through the transparency of rule-based decision making that limits the discretion of procuring entities or officers by formulate and publish the rules of the particular award procedure such as the award criteria to be used also relate to this aspect as they not only ensure publicity but also constrain discretion. This helps to safeguard against poor decision making, laying down rules about how the process should be conducted rather than relying on individuals to make decisions on the fact of each case can help procuring officers make appropriate decisions on when to use tendering and when to use other methods that are based on the accumulated wisdom experience, as embedded in the regulatory rules.

Another is to ***safe guard against abuse, rule based decision making*** and limited discretion ensures that decision can be better monitored to prevent decision being made on the basis of corrupt motives or to favor top management officers. Eliminating the possibility for decision based on these motives will also enhances value for money. Such limits also help maintain the confidence of contractors in the system, encouraging participation and thus better value for money and maintain competition in international procurement. The combination of publicity for the applicable rules and the existence of substantive limits on discretion also promote the objective of accountability.

f) Supplier Evaluation

The company should first do supplier evaluation before starting international purchasing. The company must evaluate existing suppliers, based on their past performance than is the case with a new supplier. The techniques and methods of this evaluation usually tend to concentrate on performance in regards to different factors relating to quality, quantity, timing, service, and price of the accruing the intended material/goods. For the better performance the company should ensure that tender is given to the supplier with the good service. Good service by the supplier should reduce the company's workload, increases the usefulness or availability of the product, and diminishes the uncertainty associated with making the buying decision.

Also, financial stability is one of several supplier characteristics; therefore, It was researcher advice that company must prefer supplier(s) who are financially sufficient to ensure continuity and on-time delivery even at the time when the company has no enough funds to pay for his/her service. A supplier with cash- flow problems will have difficulty in paying their bills, and consequently in obtaining materials, hence there will be a problem in delivery times and possibly product quality will probably suffer.

However while looking for a good supplier the issue of good management of supply chain is also important on the company side. Company, should keep managing closely the performance of supplier even if the supplier has been proven to be highly qualified one. It was this study suggestion that well managed supplier(s) improves quality and quantity of the products, reduce supply costs to the company side and deliver on time.

In conclusion, the company has to have different factors for evaluating the existing international suppliers. The most important are: quality of purchasing materials, delivery schedules, price, terms of payment, confirmation

of the purchase order, packaging, standardization, and location of source of material.

Finally to overcome the challenges of international procurement it was agreed that the company has to promote e-procurement because it can play an important role for minimizing the risk of corruption in international procurement process. It improves the transparency in all aspects of procurement as tendering, sourcing, ordering, and auctioning. E-procurement has been recognized internationally as an important instrument for checking corruption and misuse of power (OECD, 2008; Sohail and Cavill, (2008). Pictet and Bollinger (2008) pointed out that e- procurement helps to fight against corruption by reducing face-to-face interaction in tendering where most requests for bribes take place. Also, Sijaona K(2010) study concluded that Electronic procurement is one kind of solution to the problems of corruption which removes the opportunities for arbitrary actions. It helps to reduce cartels, collusions, and riggings to both procurer and the bidders.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter looks at the main findings presented in chapter four by relating them to the objectives of the study, and also reflects on the methodologies used to obtain and analyze data. From the findings, conclusions are drawn, and recommendations made. The chapter ends with identifying an area for further research.

5.2 Summary of the Study

The study investigated the challenges associated with international procurement in the private sectors. The study posed four research questions relating to the objectives of the study to be answered. The questions are: what are the international procurement strategies used by private sectors? What are the challenges associated with international procurement in the private sectors? What are the impacts of challenges associated with international procurement in the private sector? And in which ways challenges of international procurement in private sector can be minimized?

First using a descriptive analysis the study found that the international procurement strategies used by the company were bulk purchasing which was rated very highly and interpreted as the strategy have been used at very large extent. Followed by, according to the order of priority, networking with other firms to access information on procurement issues, establish a process for quick buys and transports including fast tracking approvals, timely ratification of emergency needs, creating a dedicated team for emergency requirements, preparation of schedule for the entire international

Procurement cycle, use of competitive international procurement, cover procurement officer with procurement liability or insurance, advance contract award notice (award a good supplier), use e-procurement, benchmarking procurement performance of staff and suppliers or measure the compliance of both staff and suppliers to influence their behaviors, conducting legal and financial review as well as compliance with standards, requirements and process for procuring the product. All these were rated high and interpreted as the strategies which have been used at large extent by private companies when procuring at international market.

The strategies which were rated averagely and interpreted as the in the national procurement strategies which have been used at some extent were establishing contact and collaborating with government departments and other regulatory authorities, use e-procurement, driving non-potential suppliers away by applying complex processes or complex requirements and conduct procurement risk assessment and be prepare for the risk.

Second, the challenge facing private sectors in international procurement were found to be to the top management interference, political interference, promoting transparency or integrity, interactions from environment factors, inadequate skilled and/or informed procurement committee, inadequate technology, rapid economic changes, language barrier with some international suppliers, widespread of corruptions and bribes, very many taxes to pay, some specific foreign policies, and lack of optimal decisions due to some tradeoffs among the goals, together with unfriendly procurement regulations, rules and guidance according to that order of importance. These factors were rated to be the high challenging factors from private companies to conduct international procurement. Other factors were hardship of arbitration procedures, lack of competing suppliers, globalization effects to the supply

chain, procurement talent scarcity problem, inadequate management systems, limitation due to some international trade agreements between countries, cost full process, performance optimization problem and poor means of transport were rated averagely and interpreted as the factors with moderate challenges in international procurement.

Third the impacts of the challenges associated with international procurement in private sectors were generally found to be high. Specifically, the factors voted highly and interpreted to be the high impacts of the challenges associated with international procurement were: decrease of customers, depreciation of quality and quantity of the product, out stocking, increase cost of production, and loss of capital, according to that order of importance. Other impacts were loss of trust and credibility in the procurement professional and procuring of poor materials which were interpreted as the moderate factors that are caused by challenges associated with international procurement in the private sectors.

Lastly, the study argued that in order to reduce and/or eliminate the challenge associated with international procurement the following has to be done in both government and company level. These are establish a good supply chain management, improving information technology, reduction of tax and other levies associated, shorten bureaucracy and inspection time, more improvement of international relations, ensuring transparency and supplier evaluation.

5.3. Conclusion of the Study

The study concluded that challenges of international procurement in private companies are high (Mean 3.39 which was interpreted as high existence of challenges) and they were manifested in top management interference, political interference, promoting transparency or integrity, interactions from environment factors, inadequate skilled and/or informed procurement committee, inadequate technology, rapid economic changes,

language barrier with some international suppliers as well as widespread of corruptions and bribes. These challenges were found to cause high impacts in the performance of the private company performances. The highest impact was then decrease of customers following depreciation of quality and quantity of the product.

5.4. Recommendations

Recommendations have been made about measures that could be taken to reduce the challenges of international procurement faced by the private sectors. The following may be noted:

- Bangladesh government should support international procurement in private sector by reducing taxes and other charges and if possible to establish an independent board which will deal with potential private firms which procure either all or part of their production material from outside. Furthermore, Tanzania embassies all over the world can help our local private companies to identify reliable source of different materials in the countries where they are. This will help the companies to avoid dealing with cheater producers and suppliers.

- It is further recommended that the private company should have procurement units that are managed by quality personnel who have the requisite knowledge, training and competence in procurement. This can be done, by providing the staffs in charge of procurement, training and opportunities to gain professional procurement qualifications. This would help achieve more value for money and transparency.

- The private company should establish spend analysis. The spend analysis will provide a tool that can be used to increase visibility and transparency. Correct pricing, rebates and volume discounts are factors that can be reported by implementing the analysis. The visibility issue applies inside the organization as well. By implementing the spend analysis the organization can monitor whether the suppliers are following the corporate policies and using the appropriate contractual terms with buyers, pricing, payment and purchase value commitments.

- Proper documentation of international procurement activities was also recommended. Accurate written records of the different stages of the procedure are essential to provide an audit trail of procurement decisions for controls, serve as the official record in cases of administrative or judicial challenge and provide an opportunity for management and monitor the funds. Additionally, private company need to put procedures in place to ensure that procurement decisions are well documented, justifiable and substantiated in accordance with relevant laws and policies in order to promote accountability.

5.5. Room for Further Studies

Another study should be conducted on the same topic while considering other sector of business rather than manufacturing sector. This will enable to get the general picture of challenges of international procurement in private companies.

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