LEAD TIME ANALYSIS OF CAPITAL ITEM PROCUREMENTS: A CASE OF PUBLIC DEPARTMENTS

K.W.G.N. Pathum Wijesiri

179225F

Research submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in Supply Chain Management

Department of Transport and Logistics Management

University of Moratuwa

Sri Lanka

<May 2019>

DECLARATION OF ORIGINALITY

I declare that this is my own work and this thesis/dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

Signature: Date:

K.W.G.N. Pathum Wijesiri

COPY RIGHT STATEMENT

I hereby grant to University of Moratuwa the non-exclusive right to reproduce and distribute my thesis/dissertation, in whole or in part in print, electronic or other medium. I retain the right to use this content in whole or part in future works (such as articles or books).

Signature:

Date.....

K.W.G.N. Pathum Wijesiri

STATEMENT OF THE SUPERVISOR

The candidate has carried out research for the MBA in Supply Chain Management in the Department of Transport and Logistics Management of University of Moratuwa under my supervision.

Signature of the supervisor:

Date:

Dr. Indika Sigera

ABSTRACT

Lead time in public procurements is not a common topic which is discussed in the government sector. That is because of the lot of barriers in the public sector which affect the efficiency of the lead time of all the procurements in both government departments and ministries. Even though it is not a commonly talked topic, the impact which it makes to the government as a whole is a topic to be discussed. Public procurements can be divided in to two considering their nature as capital and recurrent item procurements. However the purpose of this research is to analyze the lead time of capital item procurements in government departments.

The study is designed to obtain views and ideas from suppliers and to collect secondary data which is already in the previous procurements files of the department. Literature review, questionnaires were used to collect data for the study. For the collection of data from previous procurements were done purposively selecting samples which represents various categories such as vehicle procurements, generator procurements, garage equipment procurements, and communication equipment procurements. The study found a number of reasons for delays or long lead times sometimes common for all categories and sometime separately related to some categories. Findings reveal that there are number of reasons for the long lead time or the delays in public procurements such as staff inefficiency, lack of funds, long approval process in procurement process, political uncertainties, staff transfers and more.

(Key Words: Capital Item Procurement, Public Procurement, Lead Time/Delays in Public Procurements)

ACKNOWLEDGEMENTS

I make this an opportunity to pay my heartiest gratitude to everyone who put their maximum efforts and spend their valuable time to encourage me to complete this Research Project.

Firstly, my special thanks with honor go to Dr. Indika Sigera for the grand supervision and directions given. And I should pay my gratitude to the head of the department and all other staff members of the department of Transport and Logistics Management for all their help, support and interest.

And I would like to extend my thanks to all my family members, my friends and to all others including my working place members at Transport Division of Sri Lanka Police who encouraged me and helped me in various ways to complete this project.

K.W.G.N. Pathum Wijesiri

LIST OF ACRONYMS

GNP	Gross National Product
NPC	National Procurement Commission
PTS	Procurement Time Schedule
VFM	Value for money
OECD	Organizations for Economic Cooperation and Development
NCB	National Competitive Bidding
LNCB	Limited National Competitive Bidding
PC	Procurement Committee
PE	Procurement Entity
ICB	International Competitive Bidding
TEC	Technical Evaluation Committee
GLC	Government Linked Companies

CONTENTS

DECLARATION OF ORIGINALITY	ii
COPY RIGHT STATEMENT	iii
STATEMENT OF THE SUPERVISOR	iv
ABSTRACT	V
ACKNOWLEDGEMENTS	vi
LIST OF ACRONYMS	vii
LIST OF FIGURES	xi
LIST OF TABLES	xi

1.	INTRODUCTION	1
----	--------------	---

1.1	Introduction	1
1.1.1	Procurement Guideline 2006	3
1.1.2	2 National Procurement Commission (NPC)	3
1.2	Problem Statement	4
1.3	Research Objectives	4
2.	Literature Review	6
2.1	Introduction	6
2.2	Public Procurements	6

2.3 Main Principles in Public Procurement
2.3.1 Value for money
2.3.2 Ethics
2.3.3 Competition
2.3.4 Transparency
2.4 Challenges and Importance of Public Procurement
3. METHODOLOGY14
3.1 Introduction14
3.2 Research Design
3.3 Study of Previous Capital Item Procurements-First Stage of Data Collection16
3.3.1 Type of Capital Items Selected and Sample Design17
3.4 Questionnaire to the Capital Items Suppliers – Second Stage of Data Collection17
3.4.1 Population and Sample Design17
3.4.2 Period that was consider for Data Collection
3.4.3 Administering of survey questionnaire
3.4.4 Factors Considered in preparing the Questionnaire
4. RESEARCH ANALYSIS
4.1 The Lead Time Analysis with Previous Procurements Study
4.1.1 Procurement Process for Considered Lead Time
4.1.2 Factors considered for selecting of time durations for each procurement actions22

4.1.3	Lead Time Analysis of Vehicle Procurements	24
4.1.4	Lead Time Analysis of Procurement of Garage Equipment	31
4.1.5	Lead Time Analysis of Procurement of Generator	34
4.1.6	Lead Time Analysis of Communication Equipment Procurements	38
4.2	Questionnaire to Capital Items Suppliers	42
4.2.1	Section A: Yes/No Questions	43
4.2.2	Section B: Rating Questions	44
4.2.3	Question 1	49
4.2.4	Question 2	50

5. CONCLUTION	.5	51	
---------------	----	----	--

5.1	Introduction	

5.2 Inherent Reasons which affect the Lead Time of Procurements in public departments...51

6.	REFERENCES	58
----	------------	----

List of Figures

Figure 3-1: Research Methodology	15
Figure 4-1: Procurement Process	20
Figure 4-2: Value of the Procurement Vs the Deviation in Lead Time	27
Figure 4-3: Quantity of the Procurement Vs the Deviation in Lead Time	28

List of Tables

Table 3-1: Selected procurement Categories for the Study	17
Table 4-1: Procurement Time Schedule (PTS) of the Public Procurement Guideline	23
Table 4-2: Lead Time & Lead Time Deviation-Vehicle Procurements	25
Table 4-3: Lead Time & Lead Time Deviation-Garage Equipment Procurements	31
Table 4-4: Lead Time & Lead Time Deviation-Generator Procurements	35
Table 4-5: Lead Time & Lead Time Deviation-Communication Equipment Procurements	39
Table 4-6: Suppliers' Reason for Lead Time Delays	49
Table 4-7: Suppliers' Suggestions for accelerate the Time Delays	50
Table 5-1: Payment for TEC Members.	53