

## **Report on**

# **Improper Vendor Management Strategies and Risk Augmentation of WorldFish Bangladesh**

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the  
requirements for the degree of  
Bachelors of Business Administration

BRAC Business School

BRAC University

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## Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

**Student's Full Name & Signature:**

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**Aminul Islam**

ID: 16304044

**Supervisor's Full Name & Signature:**

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**Hasan Maksud Chowdury**

Assistant Professor, BRAC Business School

BRAC University

## Letter of Transmittal

Hasan Maksud Chowdhury  
Assistant Professor  
BRAC Business School  
BRAC University  
66 Mohakhali, Dhaka-1212

**Subject: Application for accepting the internship report.**

Respected Sir,

I am hereby submitting my Internship Report, which may be a part of the BBA program curriculum. It is an excellent achievement to figure under your active supervision. This report is based on, the problems of vendor management strategies of WorldFish Bangladesh. I have got the opportunity to work as a Procurement Intern in WorldFish Bangladesh in the Procurement and Vendor Management Department for three months, under the supervision of Sinthia Shahrin, Procurement Manager of WorldFish Bangladesh. I have tried my level best to make this report informative, practical, reliable and relevant as possible. To prepare this report I have reviewed some books, journals and download information from the internet, take informal interviews and based on available information. I think this Internship experience will help me to bridge the gap between classroom learning and real-life situation to a great extent.

I appreciate your kind advice, cooperation, patience and suggestions regarding this report, which has helped me to prepare this report. I will be available for any longer query and clarification regarding this report whenever necessary

Sincerely yours,

Aminul Islam  
16304044  
BRAC Business School  
BRAC University  
April 30, 2020

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between WorldFish Bangladesh (“Organization”) and the undersigned student at Brac University Aminul Islam (“Student”).

Since I have been working as an Intern at WorldFish, I have access to the Procurement and Vendor Management department’s confidential information that is why I have signed this Non-Disclosure Agreement document.

I agree not to disclose any confidential information to any person, company or organization at any time, both during and after my WorldFish internship enrolment.

I will not reveal any such details to any other person or organization that I have learned from the WorldFish internship program unless it is required by applicable law or legal procedure.

Here I declare that I have not disclosed any confidential or harmful information of the company in this report. This report was made only for academic purpose as a part of my undergraduate degree completion procedure.

This report will not be published and it will only be withheld by Brac University as a record for my internship completion.

Intern Name: Aminul Islam

Internship Site: WorldFish Bangladesh

Date: April 30, 2020

## Acknowledgement

I am thankful to many individuals for having completed my internship paper. First, I would like to thank the BRAC Business School of BRAC University and WorldFish Bangladesh for allowing me to have an internship program and enabling me to present my Internship report based on the Procurement and Vendor Management process of WorldFish Bangladesh. During my internship period at WorldFish Bangladesh, I have gained a tremendous amount of experience in procurement and vendor management procedure. I give my utmost effort to utilize and implement that practical knowledge and application while preparing this Internship report. I would like to thank my Internship Supervisor, Hasan Maksud Chowdury, Assistant Professor of BRAC Business School for his excellent guidance and support during the preparation of the report. A special thanks go to my Supervisor, Sinthia Shahrin Procurement Manager of WorldFish Bangladesh for providing me the support and courage throughout my Internship program and helping me to accumulate the necessary information. I gathered all the information through my job duties at the procurement and vendor management department and learned WorldFish Bangladesh procurement and vendor management processes and policies that facilitate me a lot to complete the report.

## Executive Summary

Measuring risks and eliminating them as much as possible is very important for any kind of organization to be successful. Risks arising from improper vendor management strategies can be a major threat for a company's existence. Insufficient number of approved vendors and improper vendor management criteria are two improper vendor management strategies which increases the risk of a company in various aspects. Through the results of this report, it is evident that a company's risk augmentation from the procurement and vendor management department depends on insufficient number of vendors and improper vendor management criteria. Moreover, the evident has been found through the report is that, these two improper vendors management strategies are being followed by the WorldFish Bangladesh. Furthermore, apart from these two problems it has been found that, some other improper vendor management strategies such as- unaware of vendor's capabilities, doing business with unapproved vendors without a formal contract, working with inflexible vendors; are also being followed by the WorldFish Bangladesh. In the conclusion of this report, some recommendations for WorldFish Bangladesh have been given.

**Keywords:** Improper Vendor Management Strategies; Insufficient Number of Vendors; Improper Vendor Evaluation Criteria; Risk Increase.

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## List of Acronyms

Acronyms	Full Name
<b>EOI</b>	Expression of Interest
<b>CGIAR</b>	Consultative Group for International Agricultural Research
<b>ECOFISH BD</b>	Enhanced Coastal Fisheries in Bangladesh
<b>VRF</b>	Vendor Registration Form
<b>PO</b>	Purchase Order
<b>RFQ</b>	Request for Quotation

## Chapter 1: Overview of Internship

### 1.1 Student information

Name: Aminul Islam  
ID: 16304044  
Program: Bachelor of Business Administration  
Major: Operations and Supply Chain Management

### 1.2 Internship information

#### 1.2.1 Basic Information:

Period: 3 Months  
Company Name: WorldFish Bangladesh  
Department: Procurement Department  
Address: Road # 04, Block # B, House # 2/B, Banani Dhaka

#### 1.2.2 Company Supervisor:

Name: Sinthia Shahrin  
Position: Procurement Manager

#### 1.2.3 Job Description:

- i. Preparing, organizing and monitoring Expression of Interest (EOI) process.
- ii. Supplier management including sourcing, due diligence process and related enlistment activities.
- iii. Raising quotations, quotation analysis, preparing tender and procurement documents.
- iv. Participate in opening of tender, proposals, quotations and assist in drafting the evaluation.
- v. Updating procurement status report.
- vi. Follow-up and communicate with suppliers for delivery of goods/services, invoice and other relevant activities.

- vii. Facilitate customs clearance for international consignment in consultation with the Procurement Manager.
- viii. Organizing and maintaining procurement documentation and filing.
- ix. Audit preparedness and related follow up actions.
- x. Organizing and maintaining vendor profile management.
- xi. New Supplier Enlistment.

## 1.3 Internship Outcomes

### 1.3.1 Student's Contribution

- a. Prepared, organized and monitored Expression of Interest (EOI) process for WorldFish Bangladesh for the year 2020.
- b. Organized Supplier management including sourcing, due diligence process and related enlistment activities for WorldFish
- c. Monitored, organized and raised quotations, quotation analysis, prepared tender and procurement documents
- d. Communicated with suppliers for delivery of goods/services, invoice and other
- e. Organized and maintained vendor profile management.

### 1.3.2 Benefits to the Student

#### Clear Idea

Having the opportunity to do internship at WorldFish Bangladesh has enabled me to know whether I like to work in the Procurement & SCM field that I have studied at University and to experience it. I got to learn about the actual situation in real world, and then when I goes back to finish up his studies, I will have a better idea of what to focus in my learning.

## **Corporate Experience**

The internship experience enabled me to have an edge in the job market. This internship has really helped me to get to know more about corporate world and real-life procurement process lesson and their application that was different from classroom learning.

## **Mentor**

This Internship experience has also helped me to decide if this is the right career for me. Before joining at WorldFish Procurement department as an intern I was not sure whether this is the right career for me, but after some days I really enjoyed and satisfied with my overall activity of procurement department of WorldFish. In addition my supervisor Miss Sinthia Shahrin, the Procurement Manager of WorldFish Bangladesh was a very kind and humble person who always took care of me and also provided such an environment where I could learn as much as possible in this short period of time and head to the right direction of my career. For example, whenever I failed to perform a certain task she always motivated me and gave a positive feedback and recommended the best way to complete the task or handle the situation. Besides, she gave me the freedom to look for better career opportunity while working as an intern at WorldFish and also gave permission to attend in different job interviews. Moreover, my supervisor gave me suggestion on how I could perform well in those job exam and interviews that I had applied or called for.

## **Networking and Communication**

As an intern I have gained networking opportunities from my internship which was a great way to meet people in my earliest days. Internship has allowed me to meet and communicate with different vendors and stakeholders of WorldFish for different types of purpose, activities and occasion. I personally believe that it has been a great platform for me to evaluate myself and my activity to find the answer wheatear I am suitable for the Procurement arena or not.

### **Applied Classroom Knowledge**

This internship program has been a great opportunity in my undergraduate education and it has given me the chance to use the skills which I have learnt in the classroom in a real-world setting. It was a chance to prove the worth of my qualifications and to show that I can perform in the role that I had been given or assigned.

### **Gained confidence**

Having experience is an extraordinary way to build confidence. After my Internship program, I have become confident enough to face any job interviews that are related to supply chain management and procurement.

## Chapter 2: Organization Part: Overview, Operations of WorldFish Bangladesh

### 2.1 Company Overview

#### 2.1.1 Introduction

WorldFish is an international, not-for-profit research organization that works to reduce hunger, malnutrition and poverty by improving fisheries and aquaculture. With a 40-year track record of leading-edge science, WorldFish has generated research evidence and innovations to inform sustainable practices and inclusive policies that has enabled better livelihoods and healthier diets for millions of poor people, particularly women, who depend on fish for food, nutrition and income in the developing world. WorldFish executes this collaborating with an extensive network of national research institutions, universities, NGOs, development agencies, the private sector and other actors to develop and test practical, innovative solutions for sustainable fishing and fish production, processing and trade. By working together in this way, WorldFish ensure that the poorest and most vulnerable communities can share in economic growth, nourish their families and sustainably manage precious natural resources in the face of global climate change and other challenges. WorldFish is a member of CGIAR, the world's largest global partnership on agriculture research and innovation center for a food secure future. It has headquarters situated in Penang, Malaysia and with regional offices across Africa, Asia and the Pacific.

#### 2.1.2 Vision

A sustainable future of food through fish WorldFish is to be competitive, safe and inclusive fisheries and aquaculture industries, making fish a way out of poverty for farmers, processors and traders, and an effective, healthy and usable source of food for poor consumers in developing countries.

#### 2.1.3 Mission

WorldFish is dedicated to eradicating poverty, hunger and malnutrition among the millions of people who depend on fish for food, nutrition and income in the developing world. WorldFish's goal is to provide scientific evidence and groundbreaking advances for the

effects of sustainable development through multidisciplinary cooperation and innovative public- and private-sector collaborations. WorldFish's aim is to improve the health and welfare of fish producers, processors, traders and consumers to promote resilience, adaptability and environmental sustainability in the face of climate change, and to empower women and youth, in particular, to take part and share in the benefits of the emerging blue economy.

### 2.1.4 Core Values

The 4 core values of WorldFish Bangladesh are:



Figure 1: Core Values

### 2.1.5 Company Organogram

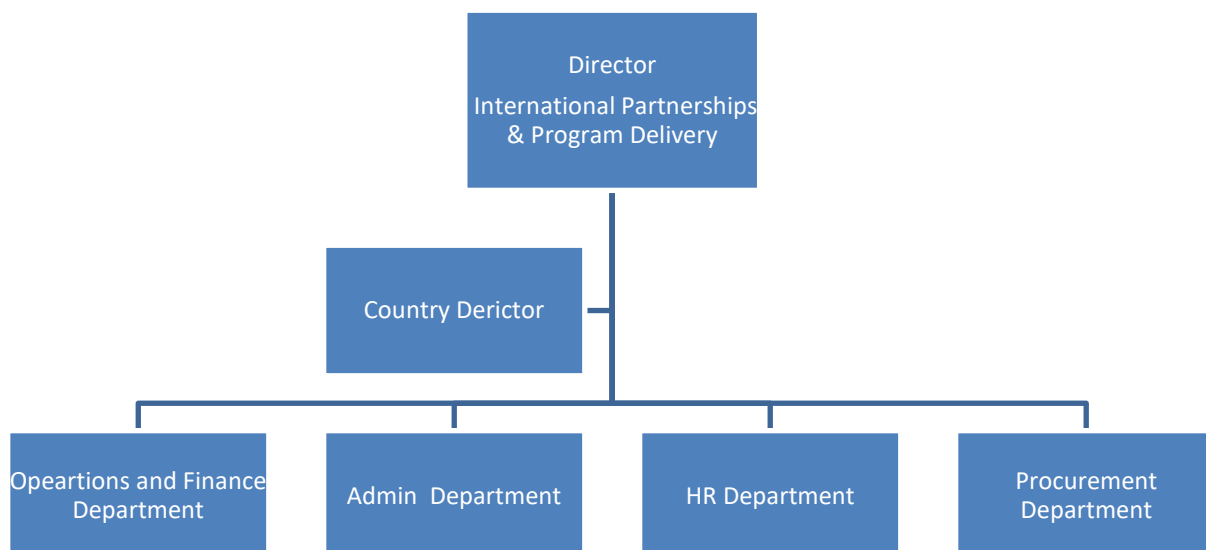


Figure 2: Company Organogram



## 2.2 Corporate Functions of WorldFish Bangladesh

### 2.2.1 Human Resource

The primary activity of WorldFish's Human resource department includes recruiting, selecting, orienting, and training employees. They also focus on employee relations, recruitment policy, selection, and compliance, competence development, HR operation, organizational development and training management. Besides, they enhance the organization's human resources by planning, implementing, and evaluating employee relations and human resources policies, programs, and practices..

### 2.2.2 Admin Department

The administration is the area of a company's operations that focuses on supporting the organization's operations. This department includes all the office tasks that are related to the company's strategic functions, such as finance, information technology, staff, and all other functions that support the purchasing of a product or service.

### 2.2.3 Operations and Finance Department

This department provides accounting and financial management support services to the WorldFish. This includes assistance with account structures, payroll processing cost centers, fund control, general ledger, and accounting transaction/variance analysis, cost transfers and corrections, cost allocations, interagency transactions, regulatory and management of financial accounts and reports, preparing reporting and financial statements.

### 2.2.4 Procurement Department

Procurement is the act of purchasing, obtaining goods and services from an outside source. It is essential that the products, services or works are appropriate and that they are purchased at the best available cost in terms of quantity and quality, place and time to satisfy the requester's needs. This department is very important for WorldFish. The procurement team organizes, prepares and monitors all the activities for purchasing items or acquiring any services or items for different WorldFish Bangladesh projects like BANA, IDEA, and SAFETY and ECO FISH and for Corporate Function.

## Chapter 3: Vendor Management Process of WorldFish Bangladesh

### 3.1 Vendor Management

Day by day, business in a diverse world is getting more challenging. As an International organization, WorldFish always keeps focusing on their operations, which is even very important to manage different strategic and critical operational challenges. To sustain in this competitive business world, it is important to invest necessary effort and resources in identifying potential and suitable Vendors and developing & maintaining relationships with them.

#### 3.1.1 Objective of vendor management

The objective of vendor management is to provide strategic direction concerning the management of vendors, relationship with vendors and associated risk management to ensure that the vendor activities are conducted ethically and effectively complying with regulatory requirements and applicable policies, procedures of WorldFish Bangladesh.

#### 3.1.2 Framework for Vendor Strategy

The vendor strategy framework of world Fish focuses on the high-level guideline on Vendor selection, vendor positioning & maintenance and maintaining appropriate and vendor relationships. The principle idea is that vendors will support the operations of WorldFish Bangladesh to manage the different extent of operational criticality in a timely, quality and cost-effective manner and at the same time, they will expect certain terms and commitment from WorldFish Bangladesh in line with the guiding principles, which will create a win-win situation. In particular, WorldFish vendor strategy framework has been designed to focus on the following areas:

- **Key Priorities:** pricing, efficiency, distribution and responsiveness to vendors.
- **Supplier relationship stages:** Pre-bidding, bidding and post-bidding supplier management.

- **Supply Positioning Model:** An outline to correct the strategy for identifying and controlling the right mix of Suppliers by performing risk and market effect assessment appropriately.
- **Risk Analysis:** Carrying out risk evaluations and risk management
- **Business Impact Analysis:** Evaluate expenditures by type of purchasing.
- **Vendor Pool Creation and Vendor Performance Evaluation:** Vendor pool to facilitate smooth operations and regular assessment of Vendor performance.
- **Key Priorities:** The Procurement department of WorldFish is considered the following key priorities during Vendor Strategy formulation:
  - **Quality:** All products and/or services are required to be fit for purpose and well maintained, and must completely meet the standards and requirements of WorldFish technical and performance.
  - **Pricing:** WorldFish seeks prices, which are fair and rational.
  - **Delivery:** Ensure the right amount is provided at the right moment and in the right location.
  - **Suppliers Responsiveness:** Ensure Vendor's response is accurate and successful.

### 3.1.3 Stages of Vendor Relationship

To enter into a relationship with the supplier and maintain a successful relationship thereafter, it is important to recognize the following stages of the Vendor relationship. These three phases of the relationship with the vendor are as follows:

#### **Pre-Bidding Stage**

Determine a contracting strategy for procurement and finalize technical requirements, market analysis for vendors, conduct pre-qualifications for invited vendors, develop standards for bid evaluation and weighing, guidelines for bidding and the contract document.

#### **Bidding Stage**

Flow bid, clarify tender, accept tender, assess tender, negotiate, grant, and sign a contract (where feasible)

#### **Post- Bidding Stage**

Perform PO / agreement, track performance, assess Supplier and terminate contract.

### 3.2 Vendor Category of WorldFish Bangladesh

To run the procurement operation successfully and purchase the desired items or service effectively and maintain a healthy profile management of vendors, the Procurement department of WorldFish has 13 individual purchase categories based on their need.

Vendor Category	Expertise on
<b>Category- 1</b>	Stationary Items
<b>Category- 2</b>	Office Supply
<b>Category- 3</b>	General Supply & Repair
<b>Category- 4</b>	Travel Agent
<b>Category- 5</b>	Event Management
<b>Category- 6</b>	C&F Agent
<b>Category- 7</b>	Rent A Car
<b>Category- 8</b>	IT Support (Software, Hardware, Repair, Maintenance)
<b>Category- 9</b>	Promotional Items
<b>Category- 10</b>	Hotel and Accommodation
<b>Category- 11</b>	Catering Service
<b>Category- 12</b>	Scientific equipment's and Lab material's

**Table 1: Vendor Category**

### 3.3 Vendor Registration

Vendor registration of WorldFish involves the following requirements.

- i. The business enterprise or vendor must be registered as a company under the business name for a period not less than one year. Sole proprietors/Independent Contractors must be able to demonstrate that they have been engaged in their business activity for not less than one year.
- ii. The Vendor has to provide evidence of insurance coverage for the following categories: Comprehensive, General, Liability, and Workers' Compensation (If any).
- iii. The Vendor must provide client references for work, which has been performed within the last twelve-month period.
- iv. The Vendor currently must not be debarred by the other organization.
- v. The Vendor must legally be able to conduct business in the country for which they are registering.
- vi. The vendor must provide the clients' list and their working process.
- vii. The vendor must provide their way of network with their clients.
- viii. The vendor has to provide their bank statement, which confirms their fund's availability.

#### **3.3.1 Supplier Enlistment Form (SEF)**

Supplier Enlistment Form is a prescribed form, which helps to enlist the suppliers or vendors of the WorldFish Bangladesh for all kinds of procurement objects at the beginning or during the financial year. Vendors have to meet the WorldFish's standards related to product/service quality, delivery systems, price, and service objectives. To be enlisted a vendor must fill the vendor registration form along with important business documents that need to be submitted in the procurement department.

#### **3.3.2 Monitoring**

Monitoring is a part and parcel of the procurement process. Procurement Department of WorldFish takes some time to analyze and monitor the process to understand the vendor, their past history and also cross checking their business documents. Procurement Department checks out its own monitoring mechanism from time to time and if necessary, they talk or

informs the vendor for any corrective action or for providing us the missing documents. After checking all the documents and making sure, everything is perfect then procurement department of WorldFish enlists them in their OCS system to generate vendor ID.

### **3.3.3 Business Ethics**

The procurement operations are performed in a way beyond reproach, with complete impartiality, and without any special privileges. WorldFish procurement personnel should not request or accept, directly or implicitly, any gratuities, presents, favors, entertainment, a loan or something of monetary value from suppliers or anyone who has or wants to acquire the business or has interests that may be significant.

### **3.3.4 Purchase Approval**

When the WorldFish procurement department goes to purchase some items, they need to obtain manual approval from the recognized authority. The Department of Procurement can't purchase any product or acquire any service without their approval. In that case, it often takes some time for the authority to approve it.

Most of the sanctioned authority is staying on another floor of the World Fish Bangladesh office, so the procurement officer has to go over there for having their approval. Sometimes the authority takes a couple of days to approve the purchase approval and invoice approval, which makes the whole process delay.

### **3.3.5 Bill clearance**

After completion of successful delivery, the vendor submits the bill and the delivery challan to the procurement department of WorldFish for clearance of the bill and then the procurement department makes the payment approval note for them and sends it to the finance department to clear the bill.

### **3.3.6 Mismatching of sample proof and delivered product**

When a vendor gets a work order, they are delivers the product as same as the sample they have given. However, sometimes they are unable to deliver the product they should. In that circumstance, procurement department of WorldFish has to face many problems because they fail to deliver the product to the user in time.

### **3.3.7 Quotation drop process**

After getting the requisition from the procurement department of WorldFish, vendors provide the quotation physically to the tender box in procurement. Sometimes it results in the unwillingness of the vendor to submit the quotation and which is very much time-consuming. The reason behind their unwillingness is that, the vendors have some other clients too and they have to take care of them as well. Moreover, though they come out with the lowest bidder they also try to make it much over the phone, which creates problems for them as well as for WorldFish in time of negotiation.

### **3.3.8 Enlisting vendor**

When a vendor wants to be enlisted, they are supposed to give some necessary papers for their enlistment and based on it the procurement department of WorldFish enlist them as their supplier. In addition, procurement department makes entry and enlist that vendor information through OCS system.

## **3.4 Vendor Enlistment process**

WorldFish enlist the vendors/suppliers/contractors in each year for January – December. The duration of the period can be extended under the decision of the Procurement department. The Procurement Department will circulates the advertisement or Expression of Interest (EOI) through the newspaper or individual invitations. The procurement Committee will prepare an analysis sheet with the category of the following terms and conditions of the vendor.

- Vendor Registration Form of World Fish Bangladesh
- Corporate offer Form (only for Hotel/ Accommodation vendor)
- Company Profile
- Valid Trade License
- Bank solvency certificate
- TIN Certificate

- VAT Registration
- Client list
- National ID card of the proprietors
- 13 Digit BIN Number
- Business information, address and contact number

The vendors' enlistment must be through the OCS system and the whole process will organize, monitor and prepared by the procurement department.

## 3.5 Vendor Management and Contract

### 3.5.1 Contract Review

Contracts are reviewed by the designated Procurement Committee or individual/ team at periodic intervals based on the level of the Vendor but no less than once a year to ensure the original terms and conditions are aligned with current practices. Contracts should be amended as needed, with approval from Legal to ensure sure alignment. All the terms and conditions are mention in the Vendor Registration Form (VRF) form.

### 3.5.2 Renewal of Existing Contracts

The Procurement department of WorldFish is responsible for monitoring the expiration date of Vendor contracts and working with areas of expertise as appropriate to determine renewal strategy. If a Vendor agreement is to continue, the contract must be renewed or extended before the expiration date of the contract. The contract will follow the correct contract renewal strategy with designated individual/team procurement and related areas of expertise well in advance of the contract renewal date.

### 3.5.3 Ongoing Vendor Contract monitoring

The Procurement department of WorldFish monitors respective contracts as to Vendor's activities and performance, engaging areas of expertise as appropriate. Continuous monitoring efforts reflect the level of risk associated with the specific scope of the procurement category involved and the Vendor's performance etc.



# **Chapter 4: Project Part: Improper Vendor Management Strategies and Risk Augmentation of WorldFish Bangladesh**

## **4.1 Introduction and Objective of the Report**

After joining WorldFish Bangladesh as a Procurement Intern, I was assigned to help the procurement department of this company. The main job of these teams were to make purchasing decisions, selecting or enlisting vendors, evaluating vendors, negotiating contracts, acquiring services or items and maintaining relationship with the approved vendors. There I learnt how the procurement and vendor management process of WorldFish actually works.

I got interested in vendor management strategies of WorldFish, as I had to do the works of creating separate vendors' list for several items, e-mailing the vendors to submit the quotation (RFQ) and finally receiving the goods from the vendors. From then on, I tried to find out the flaws and problems regarding the vendor management strategies of this company. Thereafter, I decided to do a report on the problems that exist in the vendor management strategies of WorldFish.

The main objective of this report is to identify key problems related to the vendor management strategies that are increasing the risk of WorldFish.

## 4.2 Importance of the Report

Surprisingly I could only find a very little information regarding the problems of vendor management strategies in the context of an international not-for-profit research organization. Most of the information that I have presented in this report is from what I encountered during my 3 months internship period in WorldFish. Conducting a survey on the WorldFish employees for extracting information was a challenging task; however, I tried to get as much information as I could for this report.

This report can be further use to get insight on the topic in the context of an international not-for-profit research organization and on problems regarding vendor management strategies in general.

## 4.3 Limitation of the Report

Though my internship contract was for 3 months and I had a plan to conduct an open discussion session and a survey by the employees of WorldFish at the end of my internship, I could not do so because COVID-19 pandemic took place at that time. All the organizations were lockdown and people had to stay at home. Therefore, that critical situation enforced me to cancel the plan of conducting an open discussion session from which I could gather a lot of information and compelled me to conduct only the survey through the internet. So, I e-mailed the survey questionnaire about 20 employees of WorldFish of all the departments and requested them to give their valuable answers within a certain date. Moreover, it was very problematic for me to work on the report as many of the employees submitted the survey answers after the due date. But at last, I was able to complete my survey successfully and to create a report.

Furthermore, I was not able to find too many reliable literatures on this topic in the context of an international not-for-profit research organization. Therefore, I was more dependent on the answers and interpretation of the employees of WorldFish from their point of view while making this report.

## 4.4 Literature Review

Researchers have found that, insufficient number of vendor create great dependency on those suppliers only, which is bad for a company (Roberta et. el, 2010). So, it is understandable that, insufficient number of suppliers or vendors threatens a company's product supply.

Moreover, insufficient number of vendor increases the vulnerability of supply (Roberta et. el, 2010). This means that, insufficient number of vendors increases the risk of 'On Time Delivery' of a product.

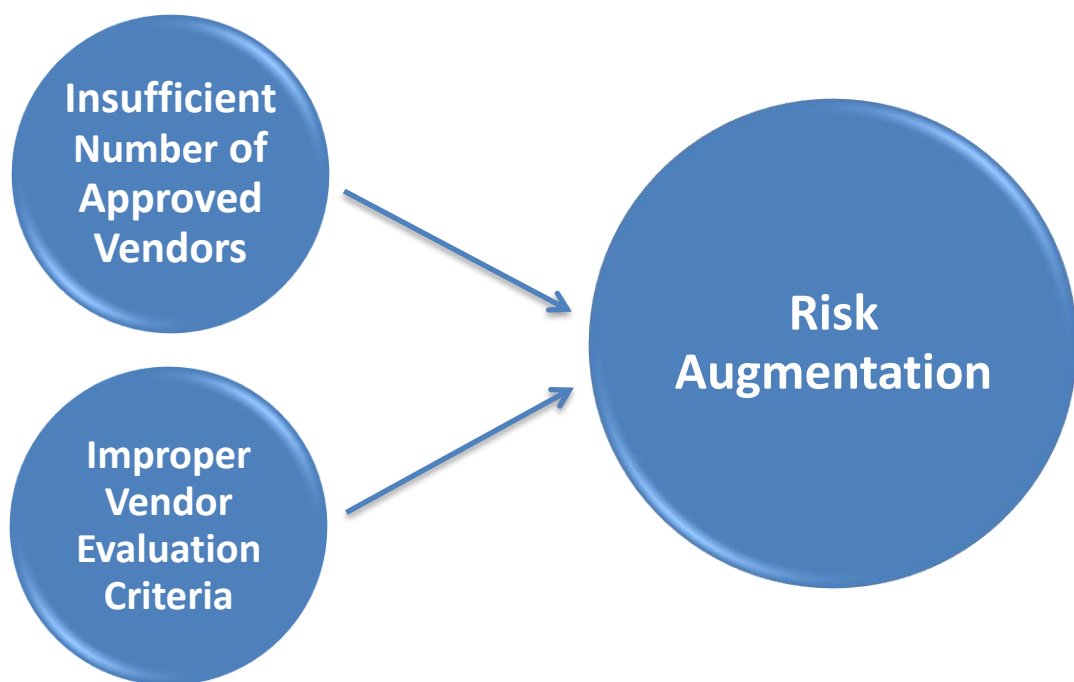
Additionally, insufficient number of vendor increases the risk of supply interruption (Roberta et. el, 2010). Therefore, it is clear that, when the number of suppliers or vendors is few; it increases the risk of a company in many aspects.

Researchers also have found that, the main objective of vendor evaluation process is to reduce purchase risk, maximize overall value to the purchaser and to develop long term relationship with them (Taherdoost & Brard, 2019). Therefore, it is clear that, improper vendor evaluation criteria can increase purchase risk and supply chain risk.

Another research has found that, the most significant process of the purchasing function is the efficient evaluation of vendors or suppliers because it brings huge savings for the organization (Ramnath & Kesavan, 2010). Therefore, from this it is clear that, when vendor evaluation or selection is not efficient it will cost a huge amount of money to the organization.

Moreover, Researchers have found that, the vendor evaluation process is very important to companies as selecting the right vendors or suppliers that fits a company; brings drastic savings (Imeri et. el, 2014). Therefore, it is clear that, improper vendor evaluation will cost a lot to a company.

## 4.5 Conceptual Framework and Hypothesis



**Figure 3: Conceptual Framework**

### **Insufficient Number of Vendors:**

In this framework, the first segment indicates that insufficient number of vendors increases the risk of a company. This means, there is a direct relationship between insufficient number of approved vendors and risk augmentation.

Researchers have found that, product sourcing from insufficient vendors is risky because unexpected stoppage of delivery by a vendor (Nicola & Pellegrino, 2010).

Moreover, insufficient number of suppliers reduces competition among the suppliers or vendors, which leads to lower quality product, higher price, failure to get on time delivery, less product innovation and no negotiation opportunity (Roberta et. el, 2010).

Furthermore, a company gets no flexibility to react to unexpected events that could endanger supplier's capacity when there is insufficient number of vendors (Roberta et. el, 2010).

Therefore, we can hypothesis that:

*H1.* There is a direct relationship between insufficient number of approved vendors and risk augmentation.

### **Improper Vendor Evaluation Criteria:**

In the framework, the second segment indicates that improper vendor evaluation criteria increase the risk of a company. This means, the relationship between improper vendor evaluation criteria and risk augmentation is direct.

Researchers have found that, conducting a proper evaluation of vendors is very important to assure the quality of the products (Alves et. el, 2017). Therefore, it is understandable that, if the vendor evaluation criteria are not proper, the risk of getting lower quality product is higher.

Moreover, researchers have also found that, improper vendor evaluation criteria can lead to not getting product delivery in time (Rajhans & Dhake, 2013). This means, when vendor evaluation criteria are not proper, there is a risk of not getting in time delivery of the products.

Another research has found that, improper vendor evaluation criteria increase the risk of missing out discounts and inclusion of some additional surcharges (Ahmed, M. 2019). So, it is clear that, because of improper vendor evaluation criteria, the risk of missing out discounts over products increases.

Therefore, we can hypothesis that:

*H2.* The relationship between improper vendor evaluation criteria and risk augmentation is direct.

## 4.6 Methodology

### 4.6.1 Research Strategy

Survey research produces especially qualitative data based on the real world observations and it can produce a large amount of data in a short time for a fairly low cost (Kelly et al., 2003). With that on mind, I conducted a survey by the employees of WorldFish to get necessary information to create the report.

The objective of this report was to establish a meaningful relation between the two independent variables that are insufficient number of approved vendors and improper vendor evaluation criteria with the one dependent variable that is risk augmentation and to find out if these two problems actually exist or not in the vendor management strategies of WorldFish that may increase the risk of this company.

The main research question driving this report is, “What are the problems of the vendor management strategies of WorldFish that are increasing the risk of it?” Given the organizational focus, this report provides an insight in series of study needed to understand the bigger picture.

### 4.6.2 Sample Population

Taking into account the purpose of this study, the target population was the employees of all the departments of WorldFish. I had selected 20 employees in total from all the departments. Among these 20 employees, 3 employees were from the Procurement department, 6 were from the Finance department, 4 employees were from the Operations department, 2 employees were from the Human Resource department and 5 employees were from the Admin department.

As all the employees of WorldFish works in a single building, it was easy for me to maintain a decent relationship with all of them and to collect their e-mail addresses. Therefore, I used

the e-mail addresses to send them the survey questionnaire and to record their response which was necessary for creating this report.

#### **4.6.3 Research Instruments**

To yield reliable data from the employees of WorldFish, I formed a structured questionnaire with predetermined set of responses.

The questionnaire consisted of fifteen items, among them eight were about the two independent variable, six were to find out if there is any problem regarding the vendor management strategies of WorldFish and one was open-ended. Ordinal scale was used for the measurement purpose. For ordinal, I have used five point Likert scale to find out respondents agreement level for the items.

### **4.7 Analysis and Interpretation of the Collected Data**

#### **4.7.1 Data of Variables and Hypothesis Testing**

In this section I have presented the data about the two independent variables of the framework of this study and have tested the two pre-established hypotheses. I focused on deriving information about four affairs regarding each variable while conducting the survey.

## Insufficient Number of Approved Vendors

### Survey Statement (1)

The first statement regarding the independent variable ‘insufficient number of approved vendors’ was “insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors” and I got affirmative response from the respondents.

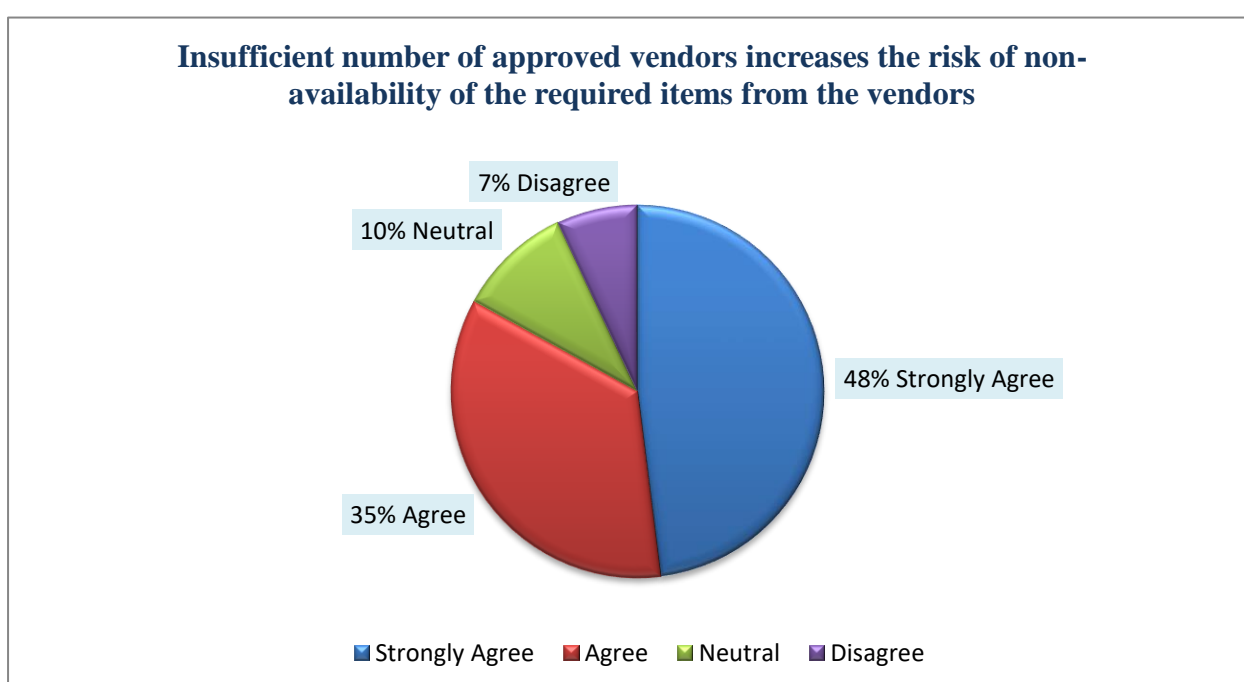


Figure 4: Pie Chart of Survey Question 1

Among the 20 employees of WorldFish, 48% employees strongly agree and 35% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 10% of the employees disagreed and 7% was neutral. This result shows that, the risk of non-availability of the required items from the vendors actually arises from the insufficient number of approved vendors.



### Survey Statement (2)

The second statement regarding the independent variable ‘insufficient number of approved vendors’ was “the risk of giving away more money for a product than its actual worth arises from insufficient number of approved vendors” and I got affirmative response from the respondents.

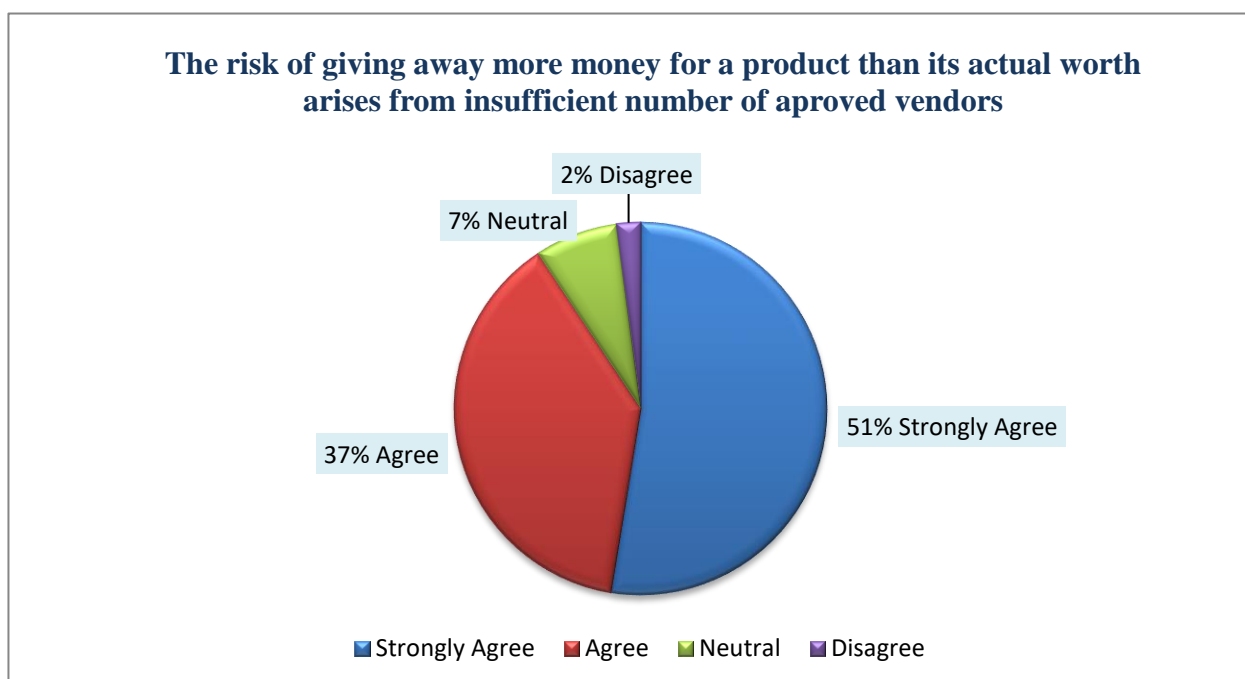
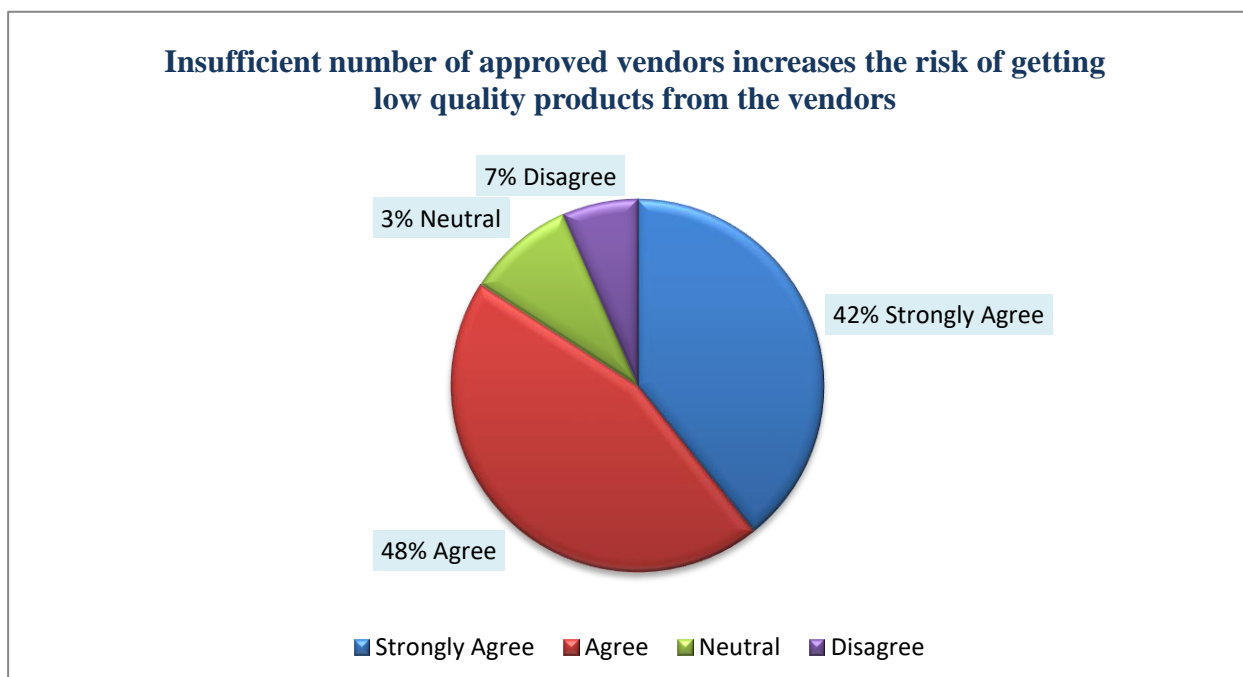


Figure 5: Pie Chart of Survey Question 2

Among the 20 employees of WorldFish, 51% employees strongly agree and 37% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 8% of the employees disagreed and 2% was neutral. This result shows that, insufficient number of approved vendors actually increases the risk of giving away more money for a product than its actual worth.

### Survey Statement (3)

The third statement regarding the independent variable ‘insufficient number of approved vendors’ was “insufficient number of approved vendors increases the risk of getting low quality products from the vendors” and I got affirmative response from the respondents.



**Figure 6: Pie Chart of Survey Question 3**

Among the 20 employees of WorldFish, 42% employees strongly agree and 48% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 7% of the employees disagreed and 3% was neutral. This result shows that, the risk of getting low quality products from the vendors actually arises from the insufficient number of approved vendors.

**Survey Statement (4)**

The fourth statement regarding the independent variable ‘insufficient number of approved vendors’ was “the risk of missing out of discounts over products arises from the insufficient number of approved vendors” and I got affirmative response from the respondents.

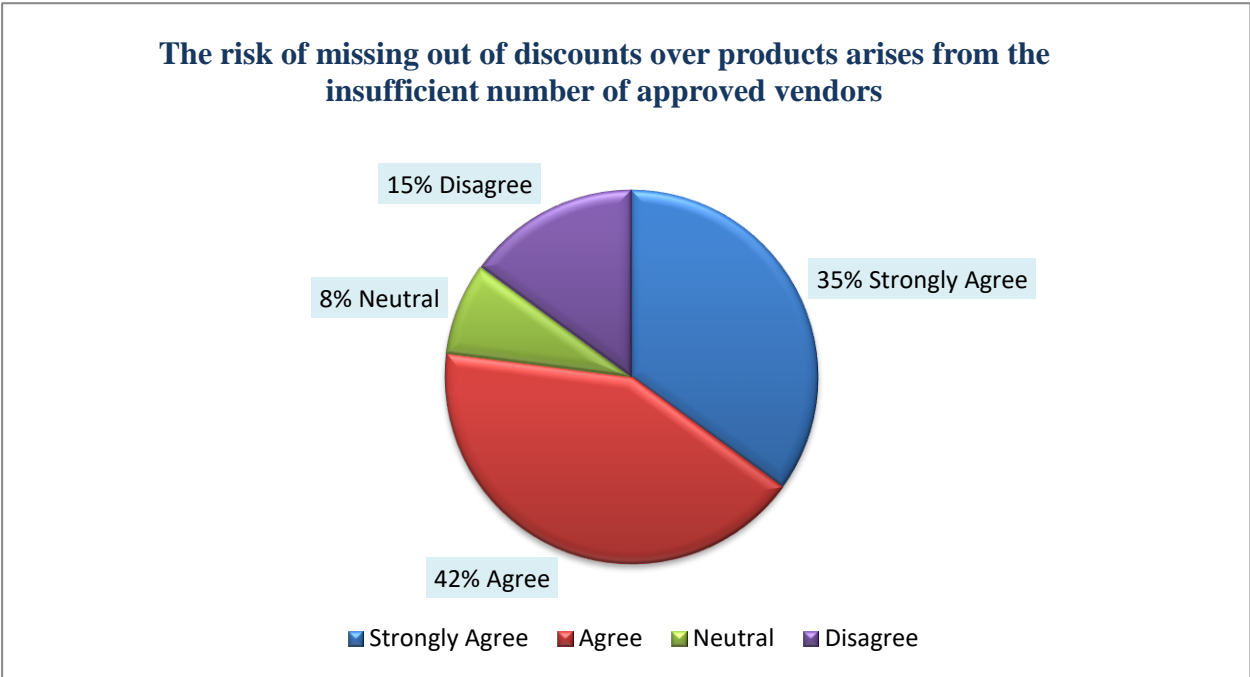


Figure 7: Pie Chart of Survey Question 4

Among the 20 employees of WorldFish, 35% employees strongly agree and 42% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 15% of the employees disagreed and 8% was neutral. This result shows that, insufficient number of approved vendors actually increases the risk of missing out of discounts over products.

### **Data Analysis of Statement (1), (2), (3) & (4)**

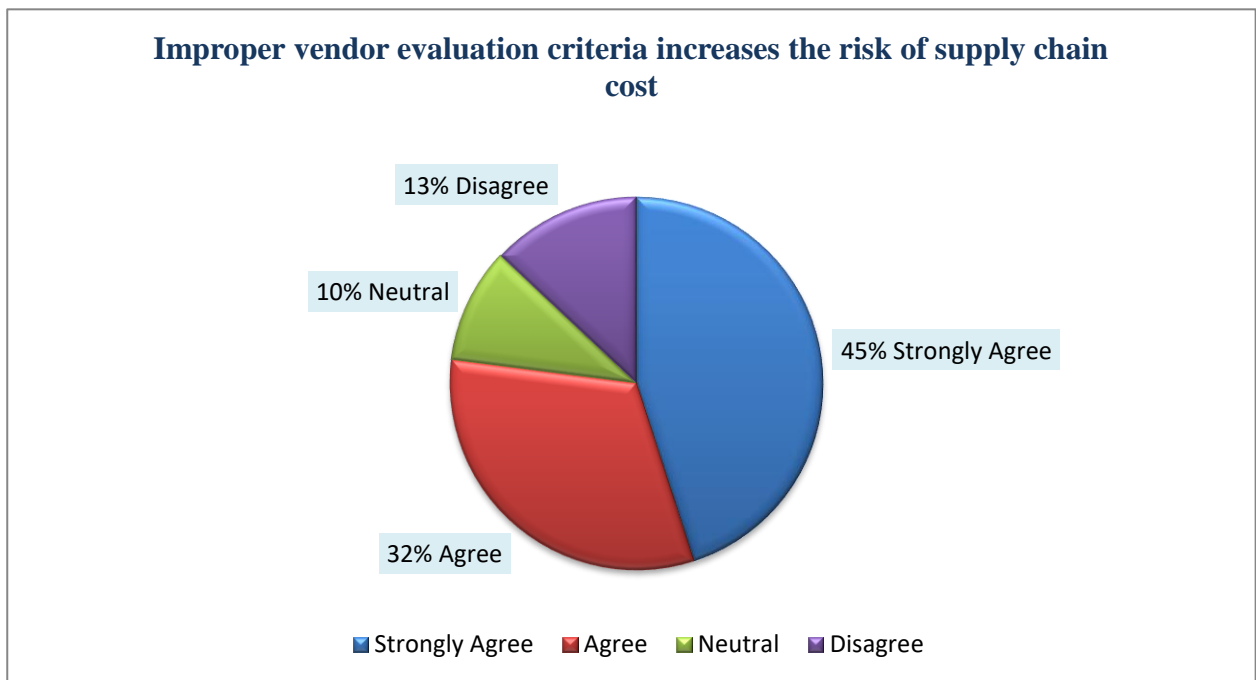
The above four statement's result, supports the earlier established hypothesis "*H1*. There is a direct relationship between insufficient number of approved vendors and risk augmentation".

Employees of WorldFish agree that, insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors and the risk of giving away more money for a product than its actual worth. Moreover, the employees agree that, the risk of getting low quality products from the vendors and the risk of missing out of discounts over products also arises from the insufficient number of approved vendors.

## Improper Vendor Evaluation Criteria

### Survey Statement (5)

The first statement regarding the independent variable ‘improper vendor evaluation criteria’ was “improper vendor evaluation criteria increases the risk of supply chain cost” and I got affirmative response from the respondents.



**Figure 8: Pie Chart of Survey Question 5**

Among the 20 employees of WorldFish, 45% employees strongly agree and 32% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 13% of the employees disagreed and 10% was neutral. This result shows that, the risk of supply chain cost actually arises from improper vendor evaluation criteria.

**Survey Statement (6)**

The second statement regarding the independent variable ‘improper vendor evaluation criteria’ was “the risk of getting low quality products from the vendors increases due to improper vendor evaluation criteria” and I got affirmative response from the respondents.

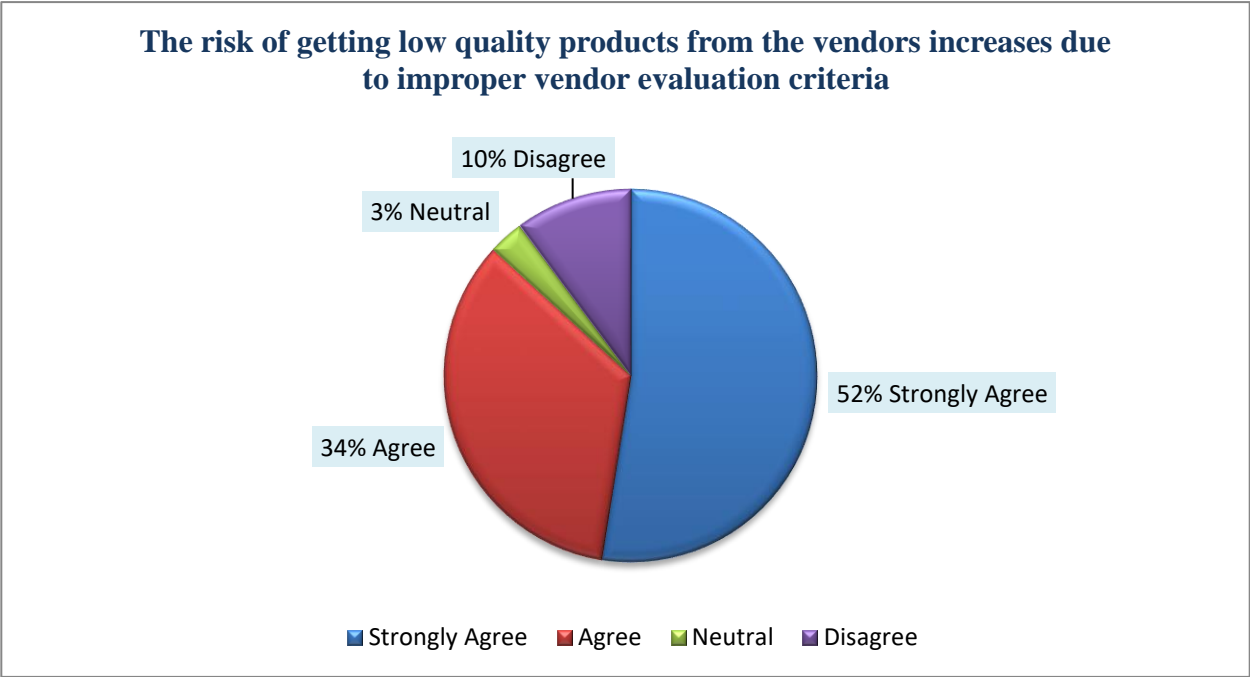
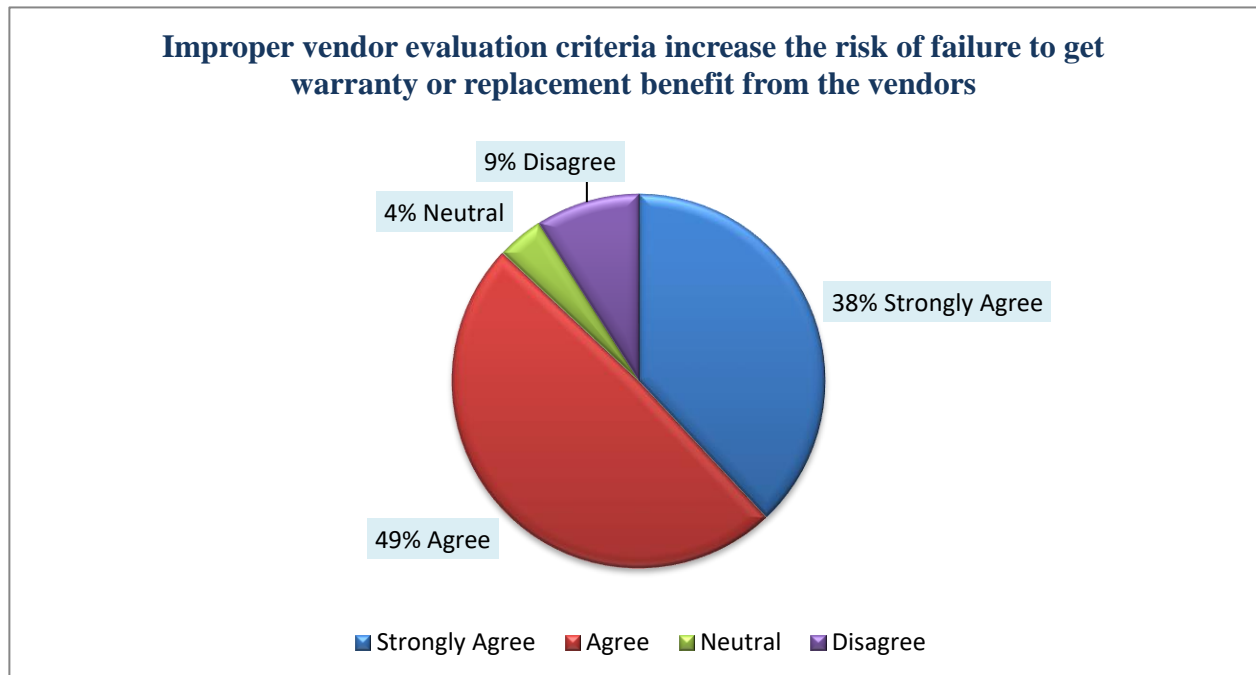


Figure 9 Pie Chart of Survey Question 6

Among the 20 employees of WorldFish, 53% employees strongly agree and 34% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 10% of the employees disagreed and 3% was neutral. This result shows that, improper vendor evaluation criteria actually increase the risk of getting low quality products from the vendors.

**Survey Statement (7)**

The third statement regarding the independent variable ‘improper vendor evaluation criteria’ was “improper vendor evaluation criteria increase the risk of failure to get warranty or replacement benefit from the vendors” and I got affirmative response from the respondents.

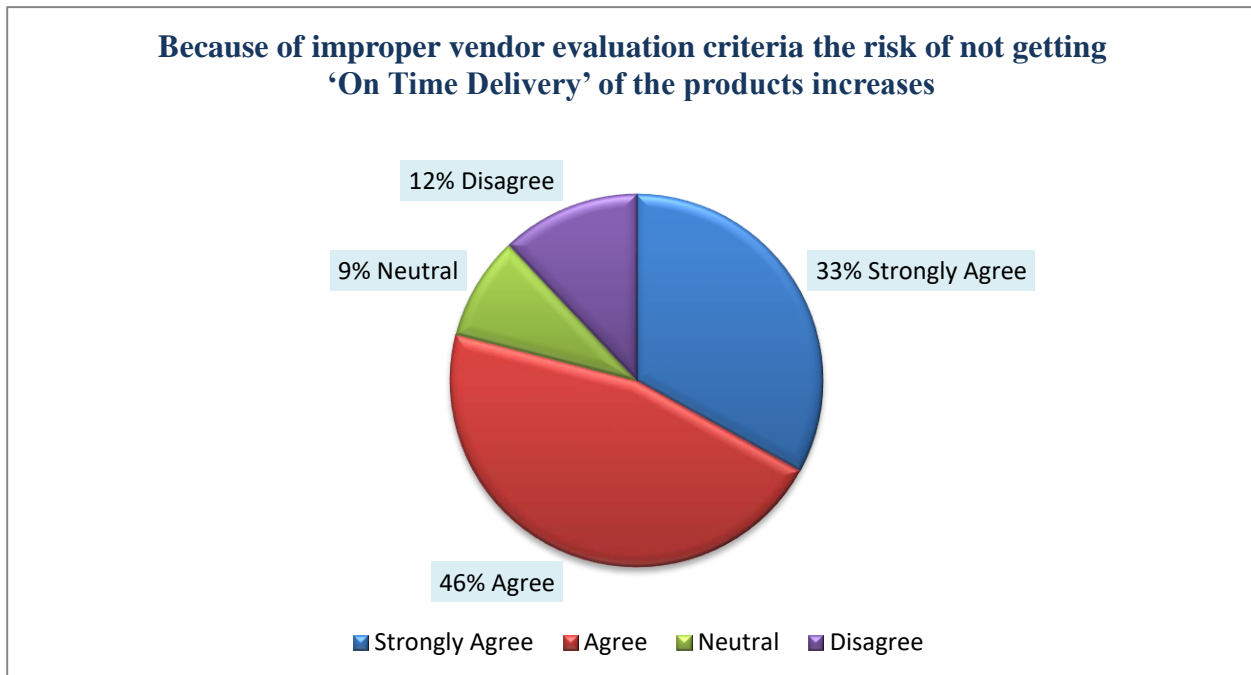


**Figure 10: Pie Chart of Survey Question 7**

Among the 20 employees of WorldFish, 38% employees strongly agree and 49% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 9% of the employees disagreed and 4% was neutral. This result shows that, the risk of failure to get warranty or replacement benefit from the vendors actually arises from improper vendor evaluation criteria.

**Survey Statement (8)**

The fourth statement regarding the independent variable ‘improper vendor evaluation criteria’ was “because of improper vendor evaluation criteria the risk of not getting ‘On Time Delivery’ of the products increases” and I got affirmative response from the respondents.



**Figure 11: Pie Chart of Survey Question 8**

Among the 20 employees of WorldFish, 33% employees strongly agree and 46% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 12% of the employees disagreed and 9% was neutral. This result shows that, improper vendor evaluation criteria actually increase the risk of not getting ‘On Time Delivery’ of the products.



## Data Analysis of Statement (5), (6), (7) & (8)

The above four statement's result, supports the earlier established hypothesis "*H2*. The relationship between improper vendor evaluation criteria and risk augmentation is direct".

Employees of WorldFish agree that, improper vendor evaluation criteria increase the risk of supply chain cost and the risk of getting low quality products from the vendors. Moreover, the employees agree that, the risk of failure to get warranty or replacement benefit from the vendors and the risk of not getting 'On Time Delivery' also arises from the improper vendor evaluation criteria.

### 4.7.2 Data regarding Number of current approved vendors and Vendor evaluation criteria of WorldFish

While working with the procurement team of WorldFish, I have found that WorldFish has few approved vendors for each item, from whom they actually make purchase. These vendors have become approved vendors by the vendor registration process of WorldFish. Moreover, WorldFish uses vendor evaluation criteria whenever they want to make purchase from their approved vendors.

In the previous section, by analyzing the survey data it has been shown that there is a direct relationship between insufficient number of approved vendors and risk augmentation. Moreover, the relationship between improper vendor evaluation criteria and risk augmentation also exists.

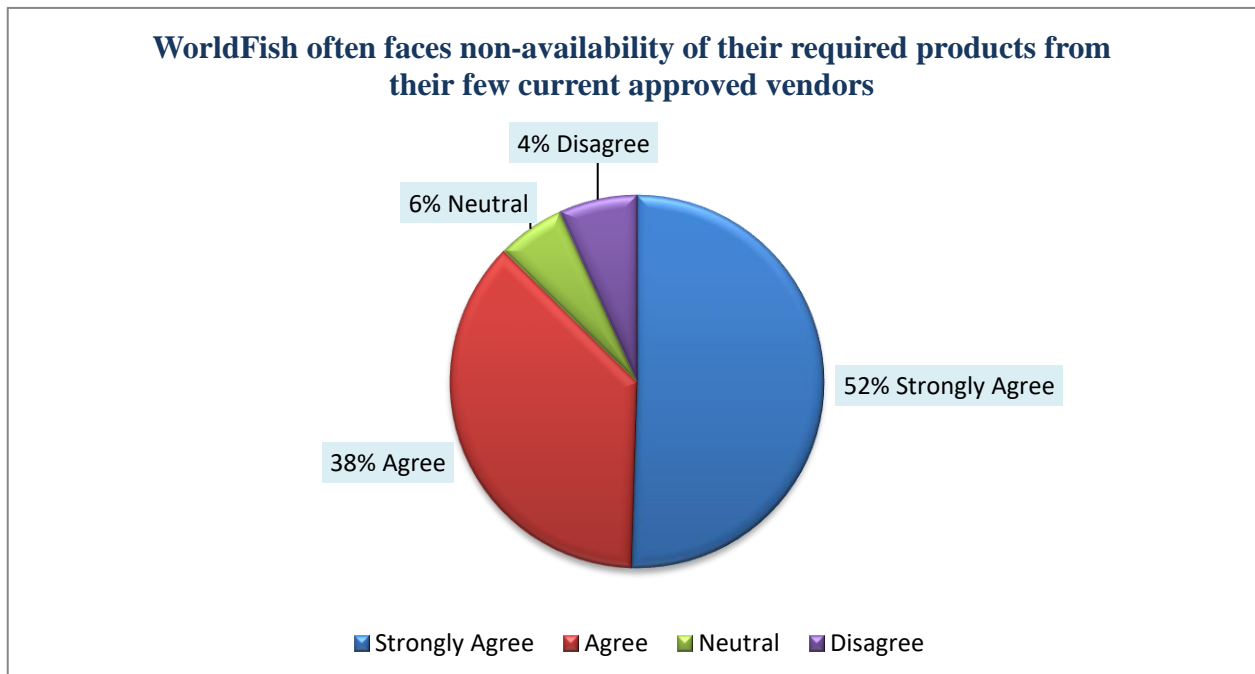
In this section, I have tried to find out the answers of two questions regarding those two variables in the context of WorldFish. First question is, "Is the few approved vendors of WorldFish really sufficient for them or insufficient for them?" Second question is, "Is the vendor evaluation criteria of WorldFish really proper evaluation criteria or improper evaluation criteria?"

In both the questions, I focused on deriving information about three affairs.

**First Question: “Is the few approved vendors of WorldFish really sufficient for them or insufficient for them?”**

**Survey Statement (9)**

The first statement regarding the first question “Is the few approved vendors of WorldFish really sufficient for them or insufficient for them?” was “WorldFish often faces non-availability of their required products from their few current approved vendors” and I got affirmative response from the respondents.

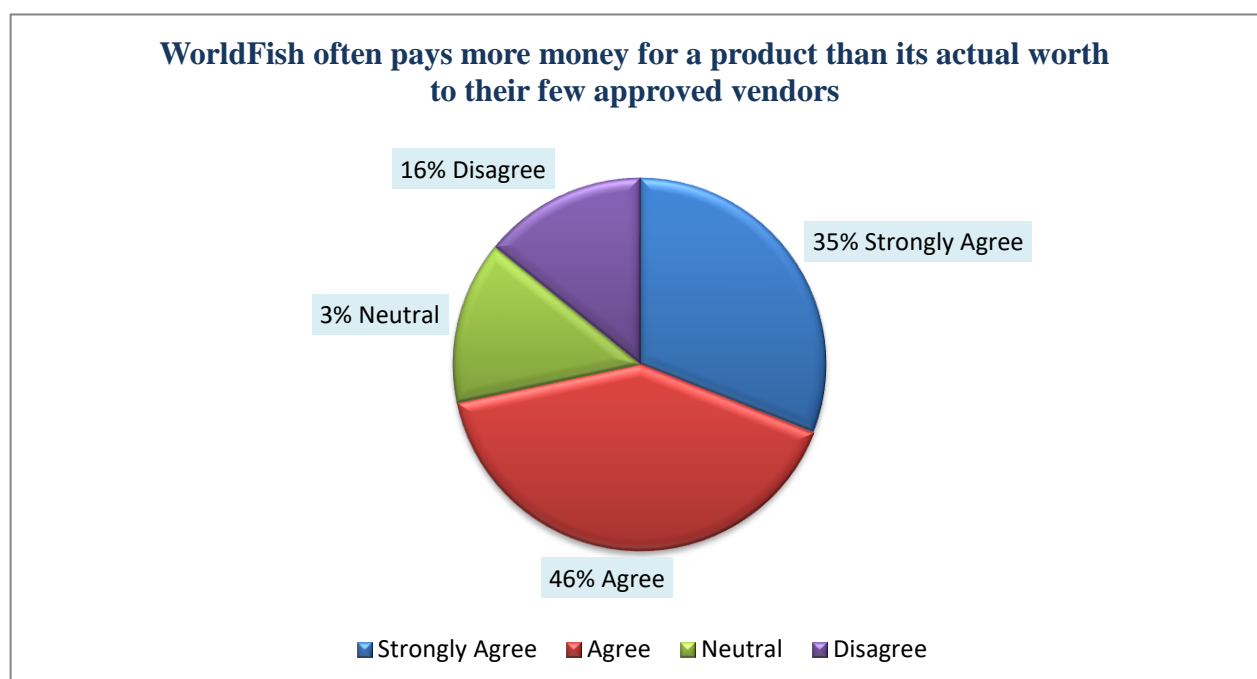


**Figure 12: Pie Chart of Survey Question 9**

Among the 20 employees of WorldFish, 52% employees strongly agree and 38% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 4% of the employees disagreed and 6% was neutral. This result shows that, WorldFish actually faces non-availability of their required products from their few current approved vendors.

### Survey Statement (10)

The second statement regarding the first question “Is the few approved vendors of WorldFish really sufficient for them or insufficient for them?” was “WorldFish often pays more money for a product than its actual worth to their few approved vendors” and I got affirmative response from the respondents.

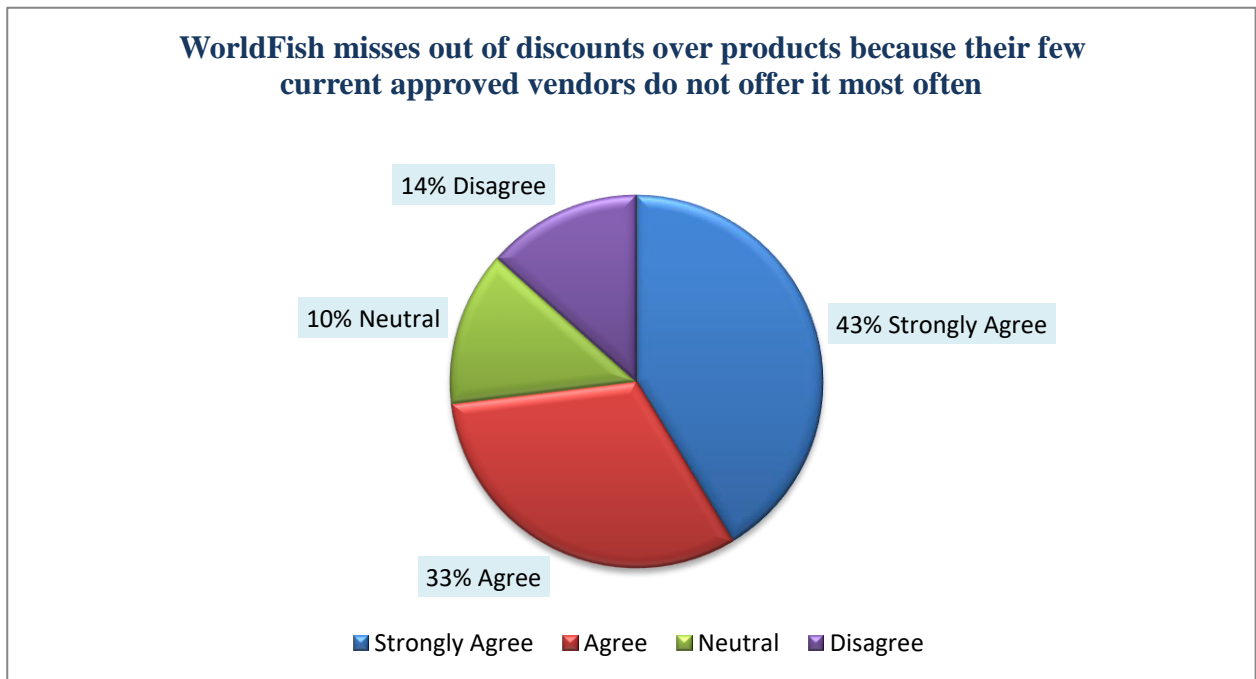


**Figure 13: Pie Chart of Survey Question 10**

Among the 20 employees of WorldFish, 35% employees strongly agree and 46% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 16% of the employees disagreed and 3% was neutral. This result shows that, WorldFish actually pays more money for a product than its actual worth to their few approved vendors.

**Survey Statement (11)**

The third statement regarding the first question “Is the few approved vendors of WorldFish really sufficient for them or insufficient for them?” was “WorldFish misses out of discounts over products because their few current approved vendors do not offer it most often” and I got affirmative response from the respondents.



**Figure 14: Pie Chart of Survey Question 11**

Among the 20 employees of WorldFish, 43% employees strongly agree and 33% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 14% of the employees disagreed and 10% was neutral. This result shows that, WorldFish actually misses out of discounts over products because their few current approved vendors do not offer it most often.

## Data Analysis of Statement (9), (10) & (11)

By analyzing the result of the above three statements regarding the first question which was “Is the few approved vendors of WorldFish really sufficient for them or insufficient for them?” it has been found that the current few approved vendors of WorldFish is actually insufficient for them.

Employees of WorldFish agree that, WorldFish actually faces non-availability of their required products from their few current approved vendors. Moreover, WorldFish actually pays more money for a product than its actual worth to their few approved vendors and it actually misses out of discounts over products because their few current approved vendors do not offer it most often.

In relation to the previous first finding from *HI*, that insufficient number of approved vendors increases the risk of non-availability of products, paying more money for a product and missing out of discounts over products; therefore, there is a direct relationship between insufficient number of approved vendors and risk augmentation, it is clear that the current few approved vendors of WorldFish is insufficient for them as they are already facing all the risks regarding insufficient number of approved vendors.

**Second Question: “Is the vendor evaluation criteria of WorldFish really proper evaluation criteria or improper evaluation criteria?”**

**Survey Statement (12)**

The first statement regarding the second question “Is the vendor evaluation criteria of WorldFish really proper evaluation criteria or improper evaluation criteria?” was “WorldFish fails to get warranty or replacement benefit from their approved vendors most of the time even after following their current vendor evaluation criteria” and I got affirmative response from the respondents.

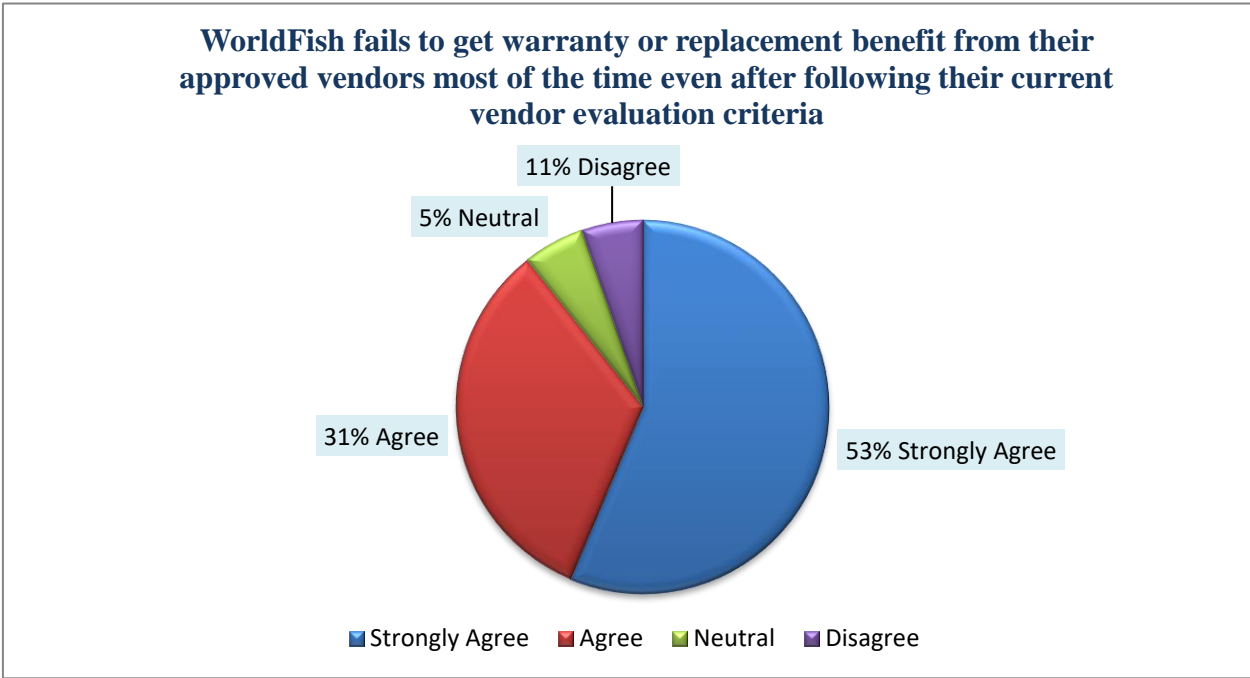


Figure 15: Pie Chart of Survey Question 12

Among the 20 employees of WorldFish, 53% employees strongly agree and 31% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 11% of the employees disagreed and 5% was neutral. This result shows that, WorldFish actually fails to get warranty or replacement benefit from their approved vendors even after following their current vendor evaluation criteria.

**Survey Statement (13)**

The second statement regarding the second question “Is the vendor evaluation criteria of WorldFish really proper evaluation criteria or improper evaluation criteria?” was “WorldFish often gets low quality products from their approved vendors even after following their current vendor evaluation criteria” and I got affirmative response from the respondents.

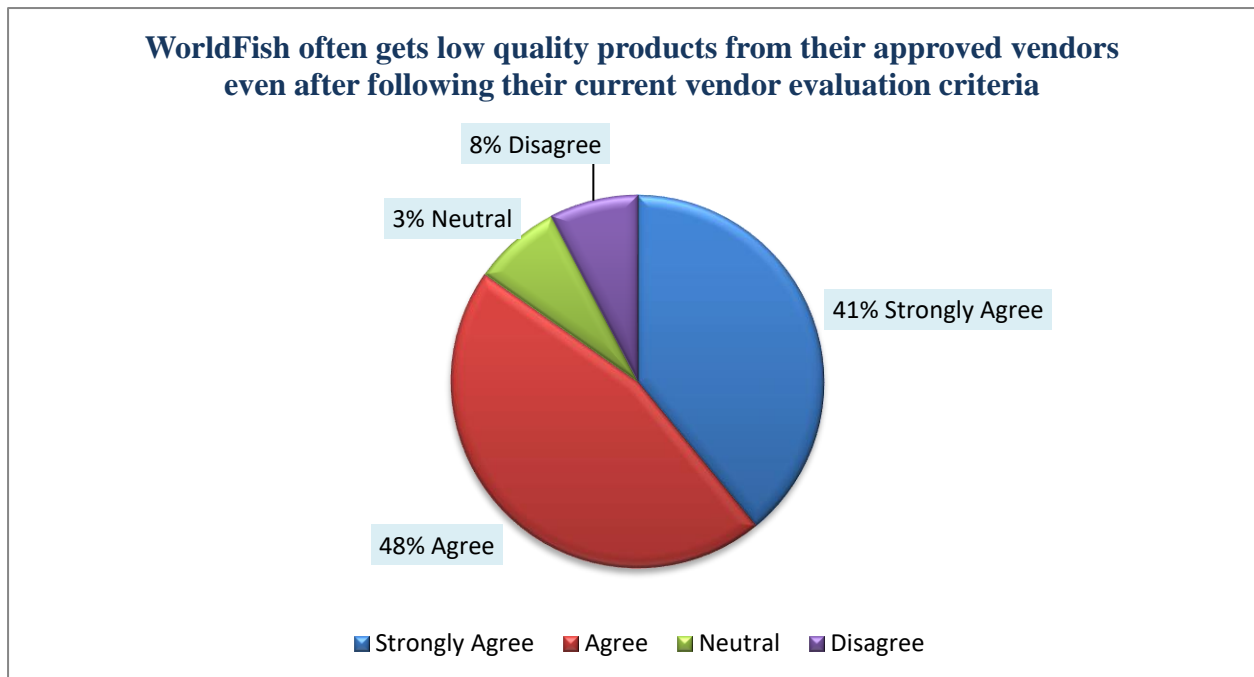
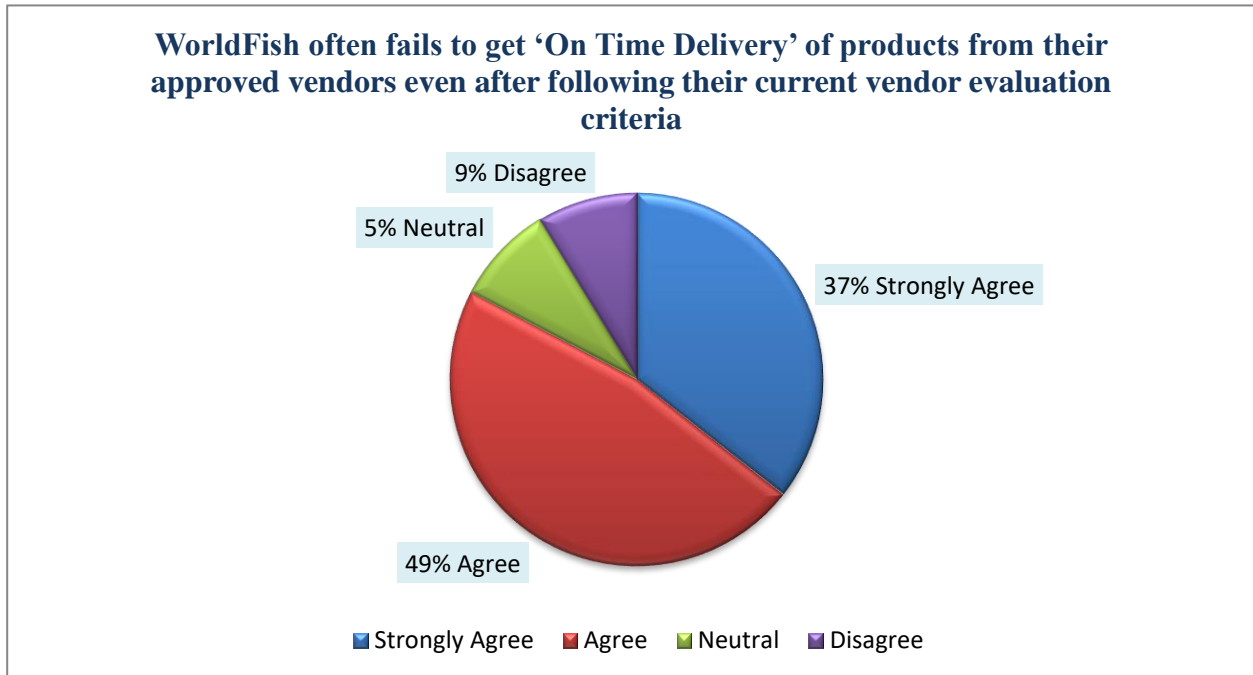


Figure 16: Pie Chart of Survey Question 13

Among the 20 employees of WorldFish, 41% employees strongly agree and 48% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 8% of the employees disagreed and 3% was neutral. This result shows that, WorldFish actually gets low quality products from their approved vendors even after following their current vendor evaluation criteria.

### **Survey Statement (14)**

The third statement regarding second question “Is the vendor evaluation criteria of WorldFish really proper evaluation criteria or improper evaluation criteria?” was “WorldFish often fails to get ‘On Time Delivery’ of products from their approved vendors even after following their current vendor evaluation criteria” and I got affirmative response from the respondents.



**Figure 17: Pie Chart of Survey Question 14**

Among the 20 employees of WorldFish, 37% employees strongly agree and 49% of them agree that insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors. Moreover, only 9% of the employees disagreed and 5% was neutral. This result shows that, WorldFish actually fails to get ‘On Time Delivery’ of products from their approved vendors even after following their current vendor evaluation criteria.



## **Data Analysis of Statement (12), (13) & (14)**

By analyzing the result of the above three statements regarding the second question which was “Is the vendor evaluation criteria of WorldFish really proper evaluation criteria or improper evaluation criteria?” it has been found that the evaluation criteria of WorldFish is actually improper.

Employees of WorldFish agree that, WorldFish actually fails to get warranty or replacement benefit from their approved vendors even after following their current vendor evaluation criteria. Moreover, WorldFish actually gets low quality products from their approved vendors even after following their current vendor evaluation criteria and it actually fails to get ‘On Time Delivery’ of products from their approved vendors even after following their current vendor evaluation criteria.

In relation to the previous second finding from *H2*, that improper vendor evaluation criteria increases the risk of failure to get warranty or replacement benefit, getting low quality products and not getting ‘On Time Delivery’ of products; therefore, there is a direct relationship between improper vendor evaluation criteria and risk augmentation, it is clear that the vendor evaluation criteria of WorldFish is improper as they are already facing all the risks regarding improper vendor evaluation criteria. They are probably including unnecessary criterion and eliminating important criterion from their vendor evaluation criteria or doing improper weighting to the criterion of their current vendor evaluation criteria.

### 4.7.3 Data regarding other problems that exists in the Vendor Management Strategies of WorldFish

At the end of the questionnaire, I asked the employees of WorldFish “Is there any problem that you think exists in the vendor management strategies of WorldFish apart from the problems of insufficient number of approved vendors and improper vendor evaluation criteria?” and got some mentionable answers. They pointed out the following three problems-

- WorldFish is unaware of most of its vendor’s capabilities.
- WorldFish sometimes do business with unapproved vendors without a formal contract.
- WorldFish works with some inflexible vendors who do not offer negotiation option.

## Recommendations

- WorldFish should increase their current number of approved vendors for each of their required products to avoid all the risks that they are now facing which has been arrived from insufficient number of approved vendors.
- WorldFish should include the necessary criterion and eliminate the unnecessary criterion from their current vendor evaluation criteria to make it as proper vendor evaluation criteria.
- WorldFish should do proper weighting to the criterion of their vendor evaluation criteria so that important criterion will be more prioritized.
- Procurement department of WorldFish should continually monitor their approved vendors and should maintain a regular supply review from their vendors to ensure all their delivery demands and standards and to understand the capabilities of their approved vendors.
- WorldFish should eliminate the practice of doing business with unapproved vendors without a formal contract. They should do business only with the approved vendors through a formal contract.
- WorldFish should always select those vendors as their approved vendors who are flexible which means who offer negotiation option while making a purchase.

## Conclusion

The purpose of this study was to identify the problems related to the vendor management strategies that are increasing the risk of WorldFish. To identify the problems I constructed a survey questionnaire and the result from the questionnaire supported the two hypotheses and supported the relation between dependent and independent variables. Moreover, the result from the questionnaire also helped to find out the problems regarding the vendor management strategies of WorldFish. Insufficient number of approved vendors and improper vendor evaluation criteria are the two problems of the vendor management strategies of WorldFish, for which they are already facing the risks regarding these problems and the risk will increase if WorldFish do not solve the problems. Beside these two major problems, WorldFish has other problems that arise from the improper vendor management strategies according to the response of their employees. However, I have tried to give some recommendations regarding the two major problems and other problems that arise from the improper vendor management strategies of WorldFish by which they can make their vendor management strategies proper and flawless.

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## Appendix

### Survey Questionnaire for the Employees of WorldFish Bangladesh

- 1. Insufficient number of approved vendors increases the risk of non-availability of the required items from the vendors.**
  - a. Strongly Disagree
  - b. Disagree
  - c. Neutral
  - d. Agree
  - e. Strongly Agree
- 2. The risk of giving away more money for a product than its actual worth arises from insufficient number of approved vendors.**
  - a. Strongly Disagree
  - b. Disagree
  - c. Neutral
  - d. Agree
  - e. Strongly Agree
- 3. Insufficient number of approved vendors increases the risk of getting low quality products from the vendors.**
  - a. Strongly Disagree
  - b. Disagree
  - c. Neutral
  - d. Agree
  - e. Strongly Agree
- 4. The risk of missing out of discounts over products arises from the insufficient number of approved vendors.**
  - a. Strongly Disagree

- b. Disagree
  - c. Neutral
  - d. Agree
  - e. Strongly Agree
- 5. Improper vendor evaluation criteria increase the risk of supply chain cost.**
- a. Strongly Disagree
  - b. Disagree
  - c. Neutral
  - d. Agree
  - e. Strongly Agree
- 6. The risk of getting low quality products from the vendors increases due to improper vendor evaluation criteria.**
- a. Strongly Disagree
  - b. Disagree
  - c. Neutral
  - d. Agree
  - e. Strongly Agree
- 7. Improper vendor evaluation criteria increase the risk of failure to get warranty or replacement benefit from the vendors.**
- a. Strongly Disagree
  - b. Disagree
  - c. Neutral
  - d. Agree
  - e. Strongly Agree
- 8. Because of improper vendor evaluation criteria the risk of not getting 'On Time Delivery' of the products increases.**
- a. Strongly Disagree
  - b. Disagree
  - c. Neutral
  - d. Agree
  - e. Strongly Agree
- 9. WorldFish often faces non-availability of their required products from their few current approved vendors.**

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly Agree

**10. WorldFish often pays more money for a product than its actual worth to their few current approved vendors.**

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly Agree

**11. WorldFish misses out of discounts over products because their few current approved vendors do not offer it most often.**

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly Agree

**12. WorldFish fails to get warranty or replacements benefit from their approved vendors most of the time even after following their current vendor evaluation criteria.**

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly Agree

**13. WorldFish often gets low quality products form their approved vendors even after following their current vendor evaluation criteria.**

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree



e. Strongly Agree

**14. WorldFish often fails to get ‘On Time Delivery’ of products from their approved vendors even after following their current vendor evaluation criteria.**

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly Agree

**15. Is there any problem that you think exists in the vendor management strategies of WorldFish apart from the problems of insufficient number of vendors and improper vendor evaluation criteria?**

.....