

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,

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**Assessment of Centralised Purchasing in Government Institution: A case Study of
Social Security and National Insurance Trust (SSNIT Koforidua Area Office).**

by

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Environment in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

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DECLARATION

I hereby declare that this submission is my own work towards the MSc Procurement Management and that, to the best of my knowledge, it contains no material previously published by another person, nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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ABSTRACT

The purchasing operational systems as operated by most corporate institutions are the centralized, decentralized and the hybrid. This project work seeks to analyze the operations of the centralized procurement system of SSNIT Koforidua Area Office. In centralized procurement, purchasing is organized, coordinated and regulated from the headquarters of an institution. The objectives of the study were to evaluate the effects of centralized purchasing operations of SSNIT Koforidua Area Office and to find out the challenges facing the centralized purchasing system of the institution. The main aim of it is to assess centralized purchasing system in SSNIT Koforidua Area Office. Qualitative research method, thus is purposive sampling method was employed to come to the conclusion of the study. The instrument used for this study was structured questionnaire with opened ended and closed ended questions on the operations of centralized purchasing system at SSNIT Koforidua Area Office. The study established that the operation of the centralized purchasing unit of SSNIT was effective because, Centralised Purchasing helped SSNIT to make saving on operational cost, enabled SSNIT to engage suppliers/contractors to provide service cheaper and cost reduction. Some of the challenges established by this study were: bureaucratic processes hindered the capacity of procuring staff in the implementation of centralised purchasing at SSNIT; ineffective legal framework implementation affects the centralized purchasing at SSNIT and change in technology in purchasing had challenges to the implementation of centralized purchasing in SSNIT. Majority of the respondents were in support of area proximity decentralization of purchasing at SSNIT. It is therefore recommended that area proximity decentralisation at SSNIT should be put in place to reduce bureaucracy, delays in purchasing processes.

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ABBREVIATIONS

Social Security and National Insurance Trust:	SSNIT
Public Procurement Service:	PPS
Public Procurement Authority:	PPA
Statistical Package for Social Sciences:	SPSS

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DEDICATION

I dedicate this work to my loving wife, Mrs. CYNTHIA MARY MAGLO, my mum GRACE YAWA KUMAH, my Manager SSNIT Hohoe Branch Mr. Foster K. Kusorgbor, My late Father Wilson Kofi Maglo, My late Friend Moses Agbenyegah, To my children, for their contribution towards my education and my life in general.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Purchasing as defined by the Organization for Economic Co-operation and Development OECD, (2000), is the acquisition of goods, works and services made by public institutions. Public procurement denotes an important portion of national GDP: the past research indicates that Gross Domestic Product (GDP) amounts to 12.8% and 29% of overall public expenditure on average across OECD nations, starting from 12% in Greece to 45% in the Netherlands OECD, (2013). More so, procurement constitutes the usage of state funds; in this recent time of financial crisis the procurement activity has become a vital policy concern. Currently, looking at the limited economic wealth available, there prevails a persistent burden on the state coffers of several governments to make changes in the procurement sector of the state, to enable a credible system in place in order to achieve value for money. Centralization of purchasing is one of the ways to gain the merits influenced by indirect procurement in a firm (Karjalainen, 2009). In this, purchasing is organized and controlled through the centralised point of the institution. The essence of this is to gain the economies of scale by bringing together the purchasing processes of a firm's different units (Lysons and Farrington, 2012; Karjalainen 2009). Purchasing management is viewed very important when the purchasing cost of goods and services for numerous organizations is representative of the highest part of the overall costs; costs of purchase could increase to a level of 80% of overall cost (Van Weele 2005; Gadde and Håkansson, 2001). However, supply chain management (SCM) is

obtaining an upsurge in global attention as a managerial instrument as a result of its influence on the bottommost line (Fabbe-Costes and Jahre 2008). As a result of this important influence we find purchasing to be an important area to study. Within the field of purchasing there are many areas to study, like the new roles of purchasing, in-house vs. outsourcing, offshoring, supply network strategies and supplier relationships etc. The project work concentrates on an important area of purchasing: centralization of purchasing. In relation to purchasing structure, centralization is defined as “Purchasing is controlled at one location of the organisation” Leenders and Johnson (2000). Leenders and Johnson, (2000), a centralized purchasing structure is defined as when “all main purchasing is controlled at one particular point for the entire organisation” (Leenders and Johnson 2000). The structure is described as a situation whereby a centralised purchasing department, operating on the strategic and tactical level, is found at a corporate level. The department is often responsible for the various product specification, supplier selection, contract negotiations and coordination of activities. While the corporations’ different business units’ conduct the operational purchasing programmes (Van Weele 2005). By centralisation of purchasing it makes easier for organisation to control the resources used and the activities undertaken at one place (Gadde and Håkansson 1993). Purchasing is when all the vital decisions (what, how, when and where.) are completely centralized to procure items either by competitive tendering, single sourcing or by negotiations are in the care of an organisation’s headquarters or a centralized procurement unit assigned to undertake procurement activities for the satisfaction of organisational need like the Public Procurement Service (PPS) that is Korea’s Buying Agency and the centralised

purchasing, administration and provision of goods, and services necessary for the running of the numerous governmental organizations and state firms as a whole. Dimitri et al (2006), continue to debate that states like Mexico (1996), Brazil (1997), Chile (2003) and other government's institutions, recently Latin America has improved centralized e- purchasing systems. Also, some public institutions have to consider some activities or items to be strategic which have national interest and for that matter, negotiations pre-contract activities should be done at the central level for the reasons of security. Due to this, Department of Defense (2004) is in charge of the USA defense procurement. Contrary to the centralized as the local administrations are given the capacity to make decisions on how, what and when to purchase goods and services. However, studies have proven that whenever institutions increase in size, managing the costs of devolved subdivisions turns out to be tedious. It is for this reason that centralized system is easily found in countries like Europe, USA, and Asia. On the other hand, centralized purchasing is reckoned to save 15% -20% on procures of goods and services. This is due to the fact that the centralized system of contracting ensures the availability of several items to all state units from a particular length of time at a particular (usually renegotiable) price. State units procurement are thus, advice to take advantage of centralization of purchasing systems that will enable to get goods, works and services at a competitive charge that in the long run value for money. (Dimitri et al 2006.). Albeit, Ghana is not excluded even though it has not centralized every procurement activity, the passing of the Public Procurement Act 663 (2003) and the establishments of the Public Procurement Authority (PPA) provide an important mechanism to all procurement deals

in the country. A proper assessment of the fiscal influence of centralised state procurement is significant to different institutions linked with the public procurement procedure. The assessment assists contracting parties in decision making on participation in terms of centralisation. This will help an institution carrying out centralised purchasing to react to needs time and conform to the public procurement centralisation strategies. Notice must be made on the fact that the positive outcome is not always expected from the financial implication of the centralisation of purchasing. The central procurement institutions constitute an extra connection in the supply chain system (Young, 1989) creating a huge gap amid the purchaser and the one supplying. Thus, there must be a clarification of the link which is in existence (Nollet, Beaulieu, 2005), and the assessment of the influence of centralised purchasing is also a vital tool in achieving that decisions about centralisation are important to the country. There is a need to study on the factors influencing implementation of centralised purchasing procedures. This study therefore sought to fill this gap of knowledge by determining factors influencing implementation of centralized purchasing processes in SSNIT Koforidua Area Office.

1.2 Problem Statement of the Study

Centralization of undertakings related to acquisition is an ever-increasing development in state and non-state institutions. There could be a considerable reduction in the purchasing costs when the Centralized public procurement is well designed Albano et al, (2010). For this reason, globally, the governments of several states have taken a recourse to a particular amount of centralised purchasing and charged government institutions with accumulating public demand and

implementing centralized acquisition tactics. The public institutions are trying to obtain economies of scale in procuring prices and running costs by substituting single acquisitions carried out all over the entire institution corporate-wide outline agreements. These gains are attained through formalization of procuring processes and channels, for instance e-procurement, and the decrease in supplier or buyer base, established by the centralised acquisition unit. But the implementation of centralized acquisition process has not been effective as workers previously handled acquisitions more informally at a local level or decentralised level together with restricted contribution of minor supplying or contracting persons. There is a need for study to be found out about the factors influencing centralised purchasing implementation process at SSNIT Koforidua Area Office. Inability to meet the over growing branch demand due to centralised purchasing system at SSNIT. A longer line in communication between branches and the centralised purchasing point has being a problem. Centralisation of purchasing at the SSNIT make it difficult for branches to meet the growing demand due to delays in centralised purchasing processes. To fill this gap, this study seeks to explore factors influencing implementation of centralized purchasing at SSNIT Koforidua Area Office. This study therefore sought to fill this gap of knowledge by determining factors influencing implementation of centralized purchasing process in SSNIT Koforidua Area Office.

1.3 Aim and Objectives of the Study

1.3.1 Aim of the Study

The main aim of this study is to identify centralized purchasing system in SSNIT Koforidua Area Office.

1.4 Objectives of the Study

The objectives of the study were as follows:

1. To identify factors influencing the implementation of centralized purchasing system in SSNIT Koforidua Area Office.
2. To identify the effects of compliance level on implementation of centralized purchasing process in SSNIT Koforidua Area Office.
3. To identify the effects of availability of technical knowledge and capacity on implementation of centralized purchasing system in SSNIT Koforidua Area Office.
4. To identify the challenges facing the centralized purchasing system of SSNIT Koforidua Area Office.

1.5 Research Questions

1. What are the factors influencing implementation of centralized purchasing system in SSNIT Koforidua Area Office?

2. What are the effects of compliance level on implementation of centralized purchasing process in SSNIT Koforidua Area Office?
3. Are there any effects of availability of technical knowledge and capacity on implementation of centralized purchasing system in SSNIT Koforidua Area Office?
4. Are you able to procure without difficulties?

1.6 Significance

The research work highlights on centralized purchasing systems and its effects on government institutions. The study provides some empirical evidence on the challenges of centralized purchasing and reference point for future researchers. The research shall also be used as the basis for the thesis for further research by other students and researchers in similar area of study. The researcher's knowledge base will be broadening on centralized purchasing for government institutions especially on SSNIT Koforidua Area Office. This work will serve as secondary data source that improves the policies of SSNIT and other organizations. This research will provide information that would help higher degree of coordinating procurement activities at SSNIT.

1.7 Research Methods

Both primary and secondary data source were employed for data collection. To carry out a primary research in government institutions specifically in SSNIT Koforidua Area Office in order to assess the opinion of staff about the effects of centralized purchasing. A

questionnaire was developed with questions that based on the effects of centralized purchasing in government institutions. The questionnaires prepared were distributed to selected respondents at SSNIT Koforidua Area Office. The secondary source of data collection was information from public and private library, the internet, and newspapers. Statistical Package for Social Sciences (SPSS) and Microsoft excel were used in data analysis and graphical presentation.

1.8 Scope of the Study/Delimitation

Government institutions in Ghana are broad areas that the researcher cannot carry out the study. Therefore, the researcher focused his study on Social Security and National Insurance Trust (SSNIT Koforidua Area Office). Also, the study covers the factors influencing the implementation of centralized purchasing.

1.9 Organization of the Research Study

The study was organized into five chapters

Chapter one depicts the background of the study, problem statement, and research question, objectives of the study, significance of the study, scope of the study and the organization of the study. The chapter two entails all relevance literature on the chosen topic. Chapter three covers the methodology of the study, target population, sample size, personal observation, interview, data requirement and sampling procedures. Chapter four presented the research findings, analysis of data and presentations. Chapter five of the research work details the summary findings, recommendations and conclusions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter grants an overview of the theoretical framework of the thesis. It includes both literature relevant for a general understanding of the research topic and theories that have been employed more specifically to interpret and analyze empirical findings. The submissions and thoughts of various authors on centralised purchasing systems in the public institutions were reviewed and discussed.

2.1.1 A Brief History of SSNIT

The aim of SSNIT is to administer the retirement fund of the Ghanaian populace that constitutes workers. The historical record of SSNIT is traced to 1965. Previously, till 1991 where a new policy was formulated, it used to be a provident fund converting the provident fund into a retirement fund plan. This was because of the interest rate on the funds, the majority of which was invested in government bills, was way beneath the level of inflation and has influenced the profit accruing to their members. So as to give more favourable social income protection working population in Ghana, the retirement fund plan was the replacement of the provident fund (Gockel, 1996). Currently SSNIT has over 700,000 individuals making contributions to the retirement fund plan pays about 30,000 retirement fund people. It runs through 46 offices in the districts level, 11 regional offices and a head office (Gockel, 1996). SSNIT works on two primary lines which include retirement fund's administration and investment management.

2.1.2 Objectives of SSNIT

The main objective of SSNIT is to control the funds and this is to assist in meeting the retirement fund obligations as promised to its contributing participants. The slogan of SSNIT is "to deliver on our promise" and that constitutes the fundamental objective of every retirement fund plan. SSNIT is obliged by contract to reimburse each contributor at the time that their retirement fund is expected. SSNIT delivers three (3) remunerations; the old age retirement fund for people between 55 to 60 years, invalidity retirement fund for people who are completely disabled and a survivor's lump sum for those who depended on a departed member (Disney & Co, 2000).

2.1.3 The Philosophy of SSNIT

SSNIT has the largest properties, as well, by the bulk of contributions that it receives. As a new fund, SSNIT gather all excesses with investments in numerous units of the economy. SSNIT also invest in the real estate unit. SSNIT is rank as the biggest sole investor on the stock market in Ghana with investment in 16 out of the 21 corporations on the stock exchange market. (Disney & Co, 2000).

2.1.3.1 Our Vision

To be the standard for the management of Social Protection Retirement fund Plans in the entire of Africa and outside Africa.

2.1.3.2 Our Mission

To deliver income and stable security for working Ghanaian populations by means of outstanding business customs.

2.1.3.3 Our Values

1. Professional (Ethical conduct, confidentiality and discipline)
2. To provide leadership (Empowerment)
3. Integrity (Accountable and Transparent)
4. Customer Focus (Service Excellence and Empathy)
5. Commitment (Passion)
6. To provide innovation in pension schemes
7. To build strong team work

2.1.4 SSNIT Organisatioanal Structure

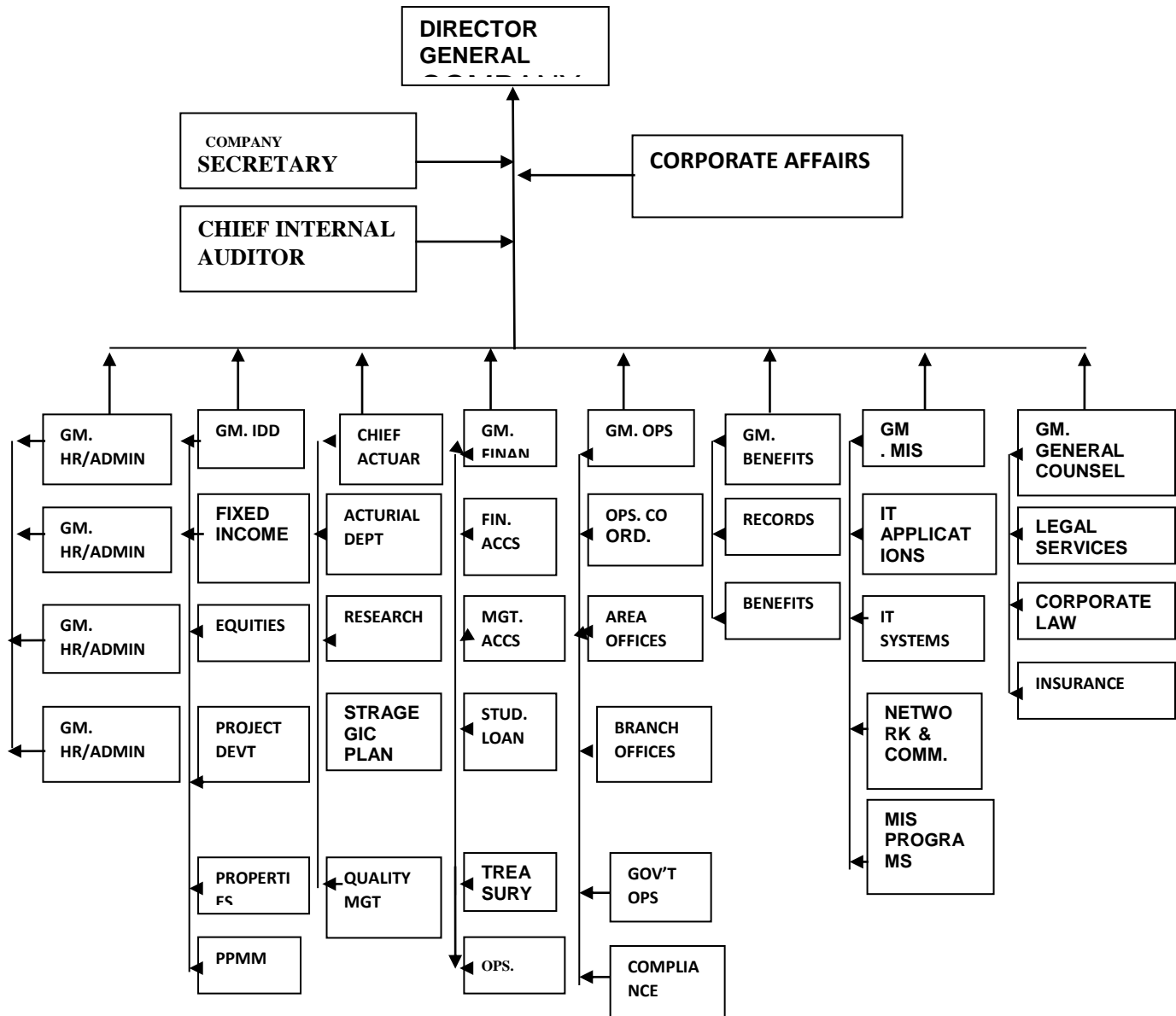


Figure 2.1 SSNIT Organisatioanal Structure

Source: Disney & Co., (2000)

2.2 Definition of Procurement

According to Public Procurement Board PPB, (2003), public procurement is defined as the procedure that encompasses the acquisition of goods, works and services for the best value for money. It involves assessment and the crucial “make or buy” choice that could lead to the acquisition of goods, works and services in suitable manner. According to Azeem (2007), Public Procurement is defined as acquiring goods, works and services at the most suitable probable charge of proprietorship, at the correct measure, value, at the appropriate time, delivered at the appropriate destination directly for the profit or usage of governments, companies, or persons, commonly through an agreement. It has a cardinal impact on the economy and directly influences the everyday living of individuals since it constitutes the manner in which public policies are carried out (Azeem, 2007).

2.3 Centralized/Decentralized Procurement Definition

Centralized purchasing means that choices on purchases are made by the corporation’s head office or some regional or divisional level, Lyson and Farrington, (2006). A decentralized purchasing function connotes that an organization’s activities range among a number of plants. Lately, it means that purchasing is passed on to real users (Lyson and Farrington, 2006).

2.4 Centralized purchasing organization

In a centralized purchasing institution, a corporate level purchasing department has responsibility for all buying undertakings. Institution choices on product specifications are taken at central level, and this applies to the choice of suppliers as well. Agreements

with suppliers are normally discussed at central level and equivalent terms and conditions are applied to every commercial entity. In relation to this kind of corporation pacts have the tendency to be long-standing agreements that states from which suppliers' buying could be carried out and to which charges and supply provisions are agreed upon, however the real buying within the pacts are normally undertaken through the commercial department. The merit of this corporation constitutes the fact that representatives are negotiating for the whole spend of the corporation and have much higher influence on the one supplying and a more compelling power for making negotiations. This normally brings about improvement in charges and alternative arrangements. An additional merit of this corporation is that this has the tendency to bring about a greater degree of calibration of products which are bought. The demerit is that this brings about difficulties in obligation when a commercial unit administrator is accountable for his outcome but is unable to influence his cost for the bought goods. This administrative arrangement is normally suitable when manifold commercial units bought identical products or services (Van Weele, 2005).

2.5 Centralization in Procurement

Procurement is said to be centralized at the time that every important choice on what, how, when to buy products through competitive tendering or through negotiations means are in the jurisdiction of an organization's head office or a central public division committed to procuring items to fulfill the requirements of the institution like the Public Procurement Service PPS that is Korea's Purchasing Organisation and the centralised purchasing department, procuring goods, works and services necessary for public

institutions. Dimitri et al (2006), argues further that states like Mexico (1996), Brazil (1997), Chile (2003) and other public institutions in Latin America have of late advanced centralized (e-) procurement systems. As well, particular institutions could take into consideration certain undertakings/products to be tactical to the attainment of specific social or state agenda and for that reason, discussions of pre-contract issues must be carried out centrally for safety reasons. Because of this, USA defense purchasing is in the control of the Department of Defense (Dec.2004). Purchasing within the healthcare system is not excluded, as anti-malaria drugs/vaccines ought to be bought quickly as green purchasing rules with the aim of purchasing products which have slight or no influence on the environment all for the reason that state acquisition is representative of a larger segment of government spending in developed and developing nations equally.

2.5.1 Benefit of centralization in procurement

- ✓ Efficient,
- ✓ Savings
- ✓ Cost control,
- ✓ Greater bargaining power,
- ✓ Product calibration,
- ✓ Observing supplier's performance
- ✓ Value for money in public procurement

(Dimitri et al, 2006). “Purchasing is completely centralized when every necessary choice made on what, how and when to buy products, in the case of competitive tendering procedures or by negotiations methods, are handle at the centralised point or a centralised public unit committed to purchasing products to meet the demands of the organization or state offices. Moreover, the terms of the agreement for the product obtained are identical all through an organisation’s indigenous divisions or indigenous state administrations. Alternatively, “purchasing is decentralized when divisions or local level administrations are delegated the power to decide on how, what and when to procure”. Complete centralization and complete delegation there is a huge gap of intermediate procurement system where central and local purchasing share the authority on buying decisions”, this is categorized as hybrid type of purchasing systems. From the this discussion, academics itemize the merits and demerits of the two opposite systems (Thai, 2009; Tella and Virolainen, 2005; Albano and Sparro, 2010). The primary issues regarding centralization are: savings due to bulk amounts, to reduction of duplicates, reduction of the number of dealings exist between those who supply and those who purchase, increasing of haggling power, the engagement of the negotiation power, the use and hire of professionals with and skills to procure high product and service value, to minimize supplier risks and legal charges on litigations matters, to have gain right of entry to resources and markets. Furthermore, the literature stresses on the subsequent demerits of recurring to a centralised institution: higher coordination charges and start-up charges, unable to meet the exclusive needs the user department, loss of relationship with suppliers, probable rejecting minor

suppliers, possible lock- in phenomena, ineffective involvement of central department in planning process, complex coordination process, possibly unsatisfactory schedule for single unit requirements, high costs of maintenance of the centralised organisation activities.

2.6 Definition of centralization in public procurement (*Cont'd*)

Centralization is the aggregation of political power at one point, (Ferlie et al., 2005). In a community that practices democracy, there is usually decentralization of political power, whereas procedures of centralization and decentralization of administrative authority are undertaken consistently. From the angle of administration, centralization constitutes a measure of the organizational arrangement that depicts the authority's vertical locus that makes decisions (Dröge, Germain, 1989). With large institutions with various departments connected by subordination relations this is particularly important. Centralization of procurement can be noted under three kinds of the organization of procurement: complete centralization, complete decentralization, as well as a hybrid structure. According to Dimitri et al. (2006), there is a provision of the definitions for the various institutional forms: complete centralization of purchasing.

- ❖ Purchasing is completely centralized when the crucial choices pertaining to the procurement of goods and services what, how and when are applied one hundred and six (106) by the central purchasing department in order to meet the purchasing needs of a firm's divisions; complete decentralization of purchasing.

❖ Purchasing is decentralized when the responsibility of decision making on what, how and when to procure is delegated to the divisions of a firm; also hybrid form of centralization in procurement. This is a regular example where a central purchasing unit divides the procurement procedure with the institution's decentralized units. In the last decades, centralization of public procurement by means of a central contracting authority has become much known in Europe (Dimitri et al., 2006). This is usually consistent with the hybrid form of centralization. This model is mainly distinguished by the centralization of individual parts and the whole process. Figure 1 below shows the entire purchasing process that is from the onset of purchasing to the final stage of payment. With decentralized purchasing, the whole process is undertaken by the contracting authority. In the case of centralized purchasing, portion of the purchasing procedures components like organization of public purchasing certification and implementation of purchasing methods along with capable dispute with supplier are deputized to the central contracting department. Complete centralization of purchasing denotes that every aspect of government purchasing process are given to centralised purchasing unit (see Figure 1) in every case of buying goods or services. Practically, centralization of purchasing in public procurement is not seen at every stage. Based on the assessment of viability conducted in Lithuania on the centralization of public purchasing indicates the succeeding levels of centralization (Vengrauskas et al., 2006): at the organisational stage, purchasing is centralized at procurement division whiles at

the departmental stage, procurement of a department is focused at its procurement division. Also, at the state level the procurement is focused at the central contracting authority. The distance between a decentralised and centralised divisions has an important impact on centralised public purchasing (Young, 1989). Compared to the national level, the distance between organizational and departmental units could be shorter. The public organisation is highly varied and subsists as a complex organisational system, with various selection of goods and services, stationery items bought to bridges or military vessels. Hence, complete centralized purchasing on the national level is very difficult to be applied. Various studies on the issue of purchasing centralisation on national point have realized that centralisation or decentralisation of public purchasing cannot be completely practiced. Thus, the challenge of the study is not restricted to the enquiry of what fiscal merit is obtained from the decentralised procurement organisation against a centralised system. The study had an aim of determining the financial effect on the purchasing centralisation or decentralisation proportion on a nationwide point in a particular duration. With the problem of the study being connected to public purchasing, that is an object that is exposed to a thorough lawful control, the scientific explanation of government purchasing must be completed with the lawful outline. According to public procurement law, Act 663 of 2003, centralisation is referred to as the idea of a central contracting authority. “Centralised contracting authority is an authority that: procures goods, works and services for the planned purpose, or finalises public purchasing agreements for

their contracting authority, or concludes legal agreements in the buying of works, goods or services.” The lawful meaning of public purchasing allows for three means by which the central contracting authority may centralise public procurement. Where the space amid the decentralized division and the central contracting authority is extensive then the first two ways are less suitable. Therefore, through outline agreements, centralisation of public purchasing on a nationwide scale is executed (Dimitri et al., 2006). In summary to the explanations of centralisation in public procurement, given in the scientific and legal literature, and that of the studies of procurement practice, the following definitions have been formed by authors of centralisation in public procurement on a nationwide level: “Centralisation of purchasing is a change among centralised and decentralised purchasing on a national level, where the central contracting authority centralises the purchasing throughout contract agreements“

2.7 Centralized Versus Decentralized Purchasing

The matter is based with centralized purchasing and decentralized functions. Centralized purchasing deal with organizing purchasing undertakings for the whole institution by means of a single central point. That purchasing department constitutes the sole location within the organisation for the processing of requisitions as well as the selection of suppliers for the awarding of contracts. Decentralized purchasing authority and duty for tasks related to supply are carried out all through the institution.

2.8 Merits of Centralized Purchasing

Centralized purchasing aims at having lesser charges as a result of the obtainability of the of purchase quantity reduction by suppliers. If all materials made usage of are organized into a single main purchase, the one doing the supplying would labour effectively to service the organization doing the purchase. The predominant number of corporations that manufacture use over 70% of their overall proceeds in the acquisition of materials and constituent.

The efficiency of a centralized organizational purchasing strategy would have a relevant effect on earnings. For instance, take into consideration a corporation which as numerous divisions which make usage of comparable constituents; they can really be in competition for limited resources, leading to prices which are higher for every division. Centralization of purchasing encourages efficient usage of purchasing experts. This is as a result of the fact that it permits the manager doing the supplying a greater level of authority and trustworthiness. Proficiency and know-how would be acquired or contacted in times of crucial need. GM, Dell, Walmart, and IBM all make used centralized purchasing system and have in-house know-how from engine components to vehicles for rent to office equipment to pharmaceuticals respectively. Furthermore, centralized purchasing allows the purchasing organisation to perform better in the observation of numerous variations all through the organisation. Centralized purchasing provide regular (1) assessments of purchasing programmes, (2) assessment of contractors, and (3) advancement of new training on purchasing activities. But in decentralized purchasing systems, there may be a failure to attain these tactical undertakings. Centralized purchasing is favored normally

from the angle of the one doing the supplying. The vending corporation could with ease decide on who to call upon. These always ensure improvement in the effectiveness of the two groups. From a new Center for Advanced Purchasing and Supply (CAPS) study, 59% of the organisation made usage of both a centralized–decentralized structure whilst 28% made usage of centralized purchasing. About 13% of the institution answering made usage of decentralized purchasing.

2.9 Demerits of Centralized Purchasing (Cont'd)

There are several views against centralization of purchasing

The 3 fundamental contentions are listed thus:

1. Great degree of engineering participation in purchasing decision-making. At the beginning of product development, it is necessary for engineering to be profoundly engaged with the technical layout that could vary with completely situated centralized purchasing.

2. Great necessity to harmonize all purchased components with work plans. It is particularly appropriate in the time that little quantities of items are ordered regularly. The suppliers ought to be close geographically Just in Time (JIT) supplies. It might not be effective in terms of cost to have centralized purchasing operations in certain JIT occurrences.

3. Great necessity to buy from native community. At times, it constitutes sound political sense for organizations to make acquisitions in the areas where the plant is being situated.

Due of the profit-leveraging influence, profit center officers find it important to regulate purchasing if they are to be held responsible for profits generated.

2.10 Merits and Demerits of Procurement Centralization

By discussing the merits as well as the demerits of public purchasing, the topic of centralization in public purchasing is assessed. These are the following merits of public purchasing which have been given cognizance in various studies: an economy of scale by means of higher quantity-based discounts and with purchasing procedures (Munson, 2000); 108 calibration of goods, works and services (Munson, Hu, 2009); calibration of procedures (Rozemeijer, 2000); consist of combined purchasing policy Trautmann et al., (2009). As concluded by K. Karjalainen that a greater incorporation of the purchasing function brings about some merits and could be employed to reduce purchasing cost (Karjalainen, 2009). The following are also disadvantages of procurement centralization analysed in literature: increased expenditure for setting up and maintenance of the centralized purchasing department (Vagstad, 2000); certain goods / services are special and their calibration is very challenging to handle (Matthyssens, Faes, 1999); in the course of the centralization procedures, rational precise requirements of the authorities in the contract could be ignored (Munson, 2007). Some of the merits depicted by the researcher could be directly connected to its financial effect. The economy of scale

revealing itself by means of quantity-based discounts (Munson, 2000) and specifications calibration (Munson, Hu, 2009), have influence on the price of goods and services. Calibration of the procurement procedures (Rozemeijer, 2000) as well as the expenditure for establishing the maintenance of the centralized purchasing authority (Vagstad, 2000). The issues that control the fiscal influence centralization in public purchasing may result in variances in the value of commodities and services. It must be considered that this influence might be revealed in though the means of financial earnings (profits) or as losses for the nation. These savings are referred to as capital earnings obtained from the endeavours of a procurement department and directly affecting a firm's expenditure in the scientific literature. (Nollet, Beaulien, 2005). Moreover, savings can be defined as an extra or additional value for purchasing unit of an institution (Van Weele, 2005). It can be finalized that an examination of the savings received by authorities in contract as a result of the activities of the central contracting authority can be made so as to respond to the enquiry of fiscal impact of the variation in the proportion amid centralized and decentralized purchasing on the national level. This can be explained as the fiscal influence the centralized public procurement can be either savings or losses suffered by authorities in contract undertaking their procurement processes by the means of the central contracting authority.

2.11 Centralization/Decentralization

According to Galbraith JR (1977), in view of the development of multi-national firms, conglomerates, holding firms and additional groups, deliberations on centralization/decentralization have been greatly debated in recent years. Skeptics

propose that the usual executive would have gone through two restructurings comprising each in the duration of his or her working life; or that corporations have the tendency to duplicate the organizations structural arrangement succeeded certain more effective apprehension; or that management consultants in the lead endorse their favourite organization structural arrangement anywhere they go. In certain situations, there might be valid reasons for such skepticism, however, efficient administration will endeavour to create the structural arrangement of its organization on grounds that are more objective. The greater number of clusters of corporations or big organizations that have many institutions tried purchasing everything centrally and purchasing everything locally, with the aim of balancing the merits of strength with those of flexibility. Fundamentally, there are three alternatives:

1. Total decentralization, permitting total independence in every division.
2. Total centralization that in practical terms connotes that part from local purchases of small worth, every purchase is made from a central office; advantages usually cited for decentralization are:
 - The local purchasers would have better understanding of the necessities of their specific firm or section, of indigenous suppliers, as well as of transportation including amenities for storing.
 - They would have the ability to answer with greater swiftness to will be able to respond more quickly to critical needs, partially as a result of smaller lines of

communication and partially as a result of the fact that they would have enough information on indigenous situations as compared to a person who is far away.

- The indigenous purchaser's direct duty to his/her direct administration would create efficient collaboration as well as stricter regulation by indigenous topmost administration specifically where their operation is as a profit point. As materials are representative of such a huge ration of the cost of works in manufacturing, issues that are commonplace centre on authority and duty. The debate runs: if indigenous administration is not permitted, for instance, to appoint and handle their own contractors, how could they be held accountable for production that depends so greatly on the effectiveness of suppliers.

Complete centralization, on the other hand, has advantages which include:

Economies of scale gained by confirming demands of every department in the collection, thus bettering purchasing strength in negotiating and facilitating the association of suppliers.

- To avoid price irregularities amid group unit and of rivalry amid them for materials in scarce supply.
- Economies of staffing and clarified effort together with uniformly in procedures forms, standards and specifications. Talking from a usual point of view, the merits of one method constitute the disadvantages of the other, hence, a thus a mixture of

the two is usually made usage of to attain the profit from the most favourable characteristics of each, while shunning the demerits of both methods.

- Determining of policy, standards, processes and group stipulations
- To negotiate agreements for shared materials that are made usage of by the group in any volume?
- Major plant and equipment and capital projects agreements
- Agreements for imported goods and for exports where important
- Legal matters relating to supply management
- Inventory management
- Supplies are developed within the group and the provision of advice on staffing and related recruitment issues

Another approach sometimes used has a little group staff that has comparatively restricted policy and coordinating role, as well as the biggest user of specific product or material in the group negotiates on behalf of all group users as 'lead' buyer. Thus, in the organization illustrated in Figure 3.3, the buyer in company A might negotiate contract for raw material X on behalf of the companies B and C as well as his own. In the same way the buyer in, say, company D might do so on behalf for companies A and C. In both systems, in matters outside the scope of the group office role, local buyers act

autonomously. In some groups, the local managers are directly responsible to a member of their own board and have only an indirect or professional accountability to the senior supplies man in the group office.

A centralized/decentralized structure

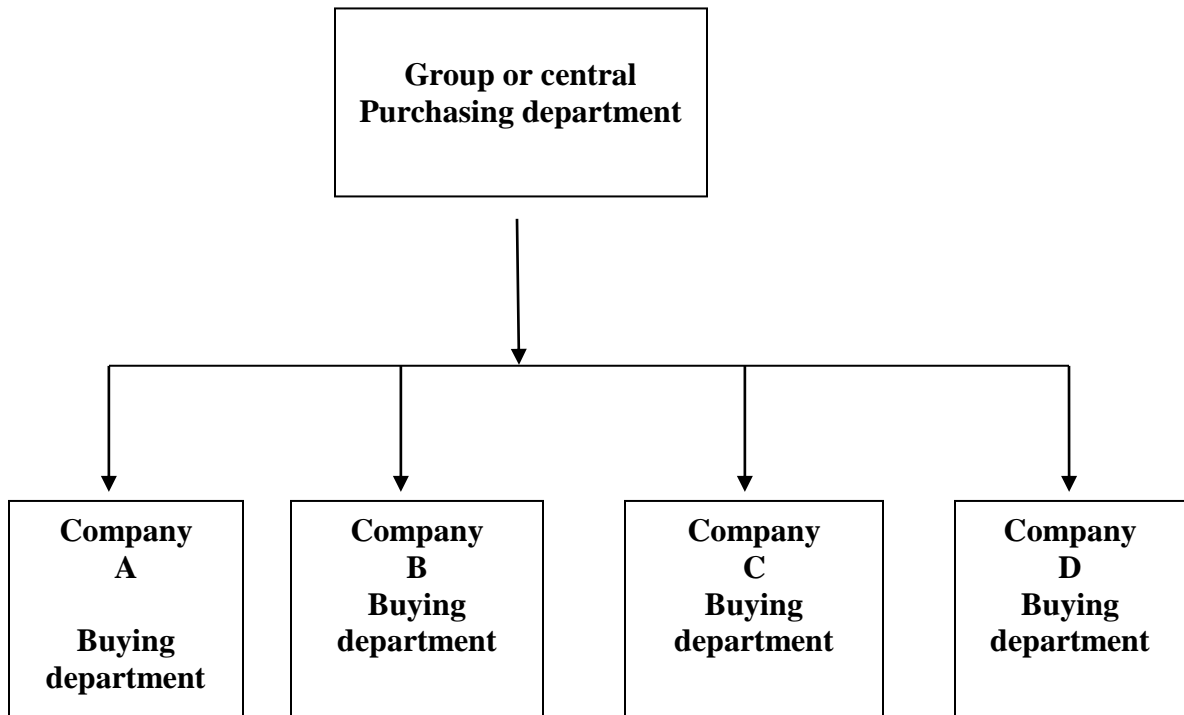


Fig. 2.2 A centralized/ decentralized structured

Source: Rozemeijer, Weele & Weggeman (2003)

Having established a particular approach within group, it is still necessary to consider the problem of centralization/decentralization at plant or unit level. Over the last thirty years there has been a trend to centralize purchasing activity into one department. However, there is considerable difference between companies as regards the effective centralization

of these activities. In some instances it is still the case that the purchasing department merely comprises rubber stamp which signs orders which have been negotiated by whichever line manager is concerned with the material or service in question: in others, full authority is vested in the purchasing manager as the only executive to commit the company to expenditure. Moreover, having official initials to purchase orders both have the same legal authority, their levels of decision-making authority are at different extremes of a continuum. Between those extremes exist a variety of authority levels, most of which in analysis relate to the degree of confidence which the remainder of the organization has in the professionalism of the incumbent.

The advantages of centralizing purchasing activity in an organisation is dependent on the capability of the executive entrusted with their work to make usage of the organisation's purchasing power most judiciously. This will include the consolidation of requests, development of sources, rationalization of stocks, simplification of procedures, working with suppliers to remove needless cost to joint benefit, and working with associates to guarantee the efficient course of information that will facilitate the achievement of the goals of the firm. Effective centralization of authority to buy on behalf of the organization, however, does not imply a dictatorial mandate. Many studies have shown that many people may be involved directly or indirectly in the decision to procure.

For example, in the case of a piece of capital equipment in a manufacturing concern, the following executives, in addition to the purchasing specialist, could bring influence to bear, depending on the seniority of the individual, and his or her level of authority,

strength of personality, level of performance as a profit earner, and effectiveness of past decisions: the chief engineer, the production manager, the finance manager and the chief executive. Effective centralization of purchasing does not mean that the supply manager dictates which piece of equipment is to be purchased. Nor does it imply that his or her only role is to vet the commercial technicalities of the contract for the equipment, try to ensure that the price is competitive and that the equipment is delivered on time. For the best effect, he or she should advise associates on sources and work personally with them on the evaluation of substitutes. He or she should be seen by prospective suppliers as the decision making unit, giving the opportunity to him or her commercial leverage in discussion with them. This does not imply that technical matters should be subordinated to commercial, but suggest that both are considered in parallel. Too often the converse is true and the purchaser is given little to perform his or her duties. If suppliers know that technical factors dominate, the buyer has to negotiate with slightly limited power.

Furthermore, among the commercial factors which the purchaser should take into consideration are as follow: guarantees on the life span of the machine, the position regarding spares, breakdown services, operative training, payment terms and conditions, delivery programme and check points, logistic and installation issues, price breakdown and relationship with the programme, level of after-service, etc. It is important to remember that effective comparison between alternatives at the quotation stage should include these and other considerations as well as the technical specification.

2.12 Theoretical Frame work

Central purchasing that is premised on the award of outline agreements, the purchasing volumes established in the outline are usually premised on estimates and normally are not representative of an institution's obligation to the supplier(s) or contractor(s). The ultimate output with regards to contract volume under an outline contract cannot be determined during the period of tendering, particularly when the contract award is based on supplier outline contracts. (Van Weele, 2002). Centralization of purchasing is one of the three organizational systems. Centralization does not make reference to the geographical location of the purchasing team. It however makes reference to the place the choices on expenditure are made. Purchasing power and duty of the organisation is allocated to the central department of the institution (Martin, 2001). According to Johnson et al (2011), purchased goods and services is in the control of one purchasing unit. Within many large organizations this division is administered and controlled by a purchasing or procurement administrator in the division that procure the requisite goods, works and services for every other unit within the organization. Iloranta & Pajunen-Muhonen (2008) posit that centralization of purchasing system resources are centred on their fundamental capabilities. It is just the demand that is decided by all user units, then the purchasing department handle all the purchasing aspects. Centralized Purchasing are usually justified by the requirement to set up technical benchmarks for information technology systems and computer software applications within the public institutions and to establish environmental benchmarks to be included in the technical stipulations and agreements with suppliers

and contractors. It is much easier to attain these goals if the public purchasing system is very fragmented, specifically in the absence of a public purchasing office with adequate formal and informal powers. Monczka & Trent (1995).

2.13 Centralised Public Procurement and Control of Public Spending

Centralized purchasing tactics adopted assists in the reduction of the overall price of public acquisitions, through obtaining reduced prices of buying prices and also, rationalizing the acquisition procedures. This is as a result of the interaction amongst many factors:

- ✓ Providing economies of scale and higher power to bargain
- ✓ Enhancement of the procurement procedure along with specialization, data and knowledge distribution, investments in technology (ICT) infrastructure (e-procurement equipment)

a) Production of Economies of Scale and Power to Bargain

According to Albano et al. (2006b), as an organisation continues to standardize their products and services widely beneficial to the buyer to aggregate demand, because, suppliers have the chance to abuse economies of scale, by running at a reduced unit cost. An economy of scale occurs when the costs of production that includes a fairly large fraction of the fixed costs, thus, the costs which do not depend on the production scale. Production increases by organization and this enables them run at a reduced unit cost. The level of rivalry is normally anticipated to be high with the worth of purchasing

agreements. Specifically, in markets areas where the public sector is responsible for an important share of the whole demand, centralization, calibration and aggregation could take the winner of a single sourcing to a location at which it can relevantly boost its market share. By this the purchasing organization awarding the agreements increases its bargaining power and this enables the suppliers to compete more effectively to provide things of better quality but at a reduced price.

Moreover, by setting up an effective procurement procedures in centralisation can also result in the creation of economies of scale. On the one hand, if each purchasing section were to undertake the procurement procedures on its own and rival corporations were to tender unique proposals for every procurement procedure this will simply result in the fair execution of procurement agreements and demand aggregation will stop the duplication of transaction costs' that would crop up. But some issues associated with centralization could bring about streamline procedures. Huge corporations which have features of great levels of specialization of human resource capital and concurrently, providing abundance of information. The distribution of knowledge has also become an important externality arising within the boundaries of such institutions. The sharing of information also enhances efficiency along with the use of more current data, problem-sharing and the provision of common solutions Dimitri et al (2006b). Further, apparently other markets are mostly linked (e.g., printers and PCs, insurance and banking, etc.), as most competitors turn out to be multi-product organisations. For example, HP, IBM – that constitute retailers of their products taking part in procurement competitive tendering for desktop PCs that include laptops.

2.13 From Cost Control to (Social) Value for Money

The capacity of centralised purchasing to pursue objectives lying beyond just reduction in price is as a result of numerous deliberations. Foremost, public procurement processes and rules have an important influence on the structure of market in as far as the award of vast centralized public agreements have the tendency to have significant effect on sharing of the overall market share of the economic administrators. Secondly, in markets where externalities are clearly identified as playing a key part is where the public organisation is usually called to handle public goods and/or operate. In principle, in order to benefit the whole society such outward features can be efficiently internalized, equally through regulatory actions (that is establishing benchmarks, regulations and policy targets) and by means of direct administration of acquisition initiatives (big government projects and investments, centralized purchasing tactics).

a) Effects on the Market Structure

Summing up demand requirements might have a substantial effect on institutions' market shares and as a result, on the market structural arrangement relevantly. By centralized strategies, the share of public demand that is awarded can be higher if the impact is bigger. The most proximate issue is related to the probable challenges SMEs might encounter in approaching the procurement market as good-sized procurement agreements would lead to more strict economic requirements which will limit SMEs involvement in centralized competitive procedures. An additional issue, equally disconcerting, is the danger of the locking in of the buyers by a leading supplier, which will translate into a

decline in the intensity of competition with the passage of time. Nevertheless, there is in existence an appealing answer which creates an equilibrium amid aggregating demand (cardinal to increase the buyer's power to bargain) and permitting contribution of big corporations and SMEs equally, namely splitting a purchasing agreement into numerous lots and or relaxing the restrictions for joint tendering. Albano et al (2009). Additionally, if complementarities arise amongst differing lots, for instance, as a result of significant common fixed costs – then permitting corporations to present package bids might turn out to enhance effectiveness. Dimitri (2006b).

b) Centralized Procurement and Novelty

Novelty in the long run depends on production and dissemination of fresh knowledge that could be perceived as public good exerting constructive externalities on the whole economy. Arrow (1962) posited that simple economic issues will give the key reasoning for government interference in the novelty market. A discussion concerning the public good kind of novelty extends outside the range of this work, Edler et al (2005). However, it is relatively clear that virtually every government generally execute policies with the goal of encouraging novelty at various stages as well as through various means. Several are premised on directly backing and providing sustenance to the novelty of producers (‘market push’ approach): from infrastructures building (for instance national high education systems) to subsidies to R&D undertakings. Alternatively, novelty could likewise be advanced through the means of acting on the demand aspect of the market (‘market-pull’ approach). In this regard, the public demand, if administered by means

tactical public purchasing tactics, could play a crucial role as far as large-scale public purchases can be adapted to goods with diverse R&D content. For example, the critical part played by US defense acquisitions in activating or advancing novelty in divisions like transports, ICT, electronics, new materials is extensively acknowledged. OMC-PTP, (2009).

2.15 Determining the Appropriate Purchasing Structure

There are different ways in determining the purchasing units located in the organizational structure for example Monczka et al. (2010), and Cousins et al. (2008). According to Rozemeijer et al (2003) the structure purchasing for an organisation is usually determined by the level of purchasing maturity as seen in the figure below.

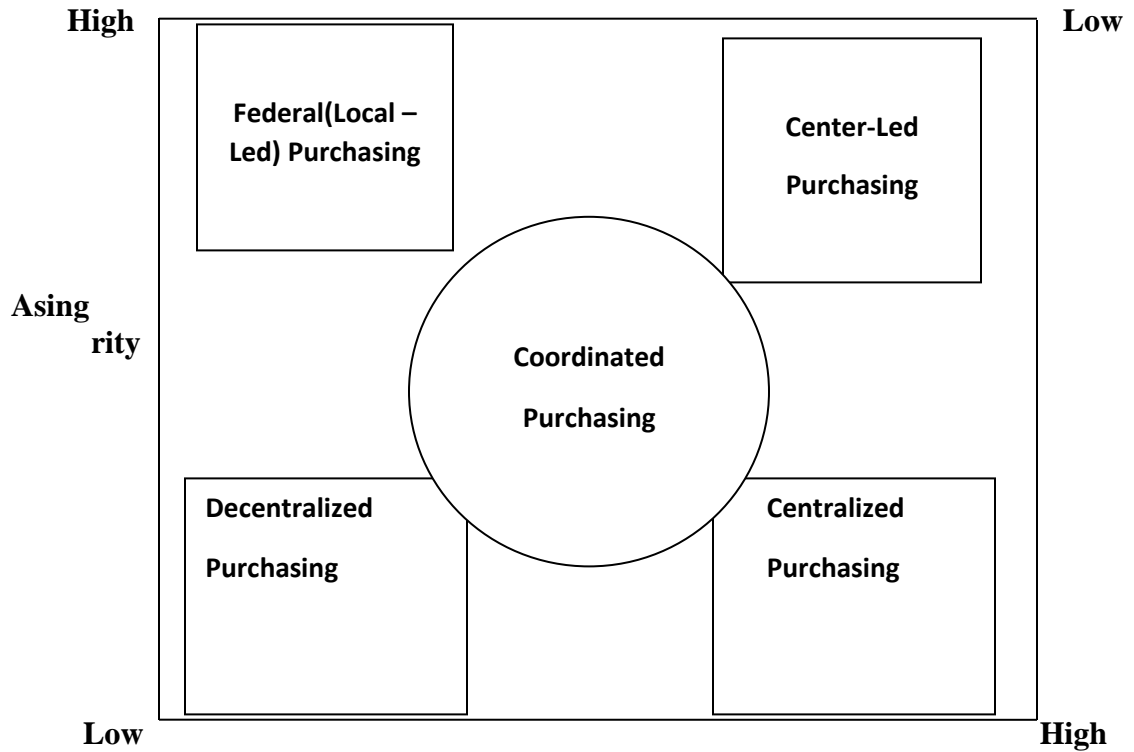


Figure 2.3 Centralised purchasing organization

Source: Corporate purchasing organizational approaches Rozemeijer, Weele & Weggeman, (2003)

2.16 Centralised Purchasing Organisation

Centralisation of purchasing can be defined as any central purchasing office which has the ability to clearly depict needs and buy on behalf of the suction. The purchasing office is assumed to have the experienced staff, documentations and political power, (Cousins et al. 2008).

CENTRALISATION

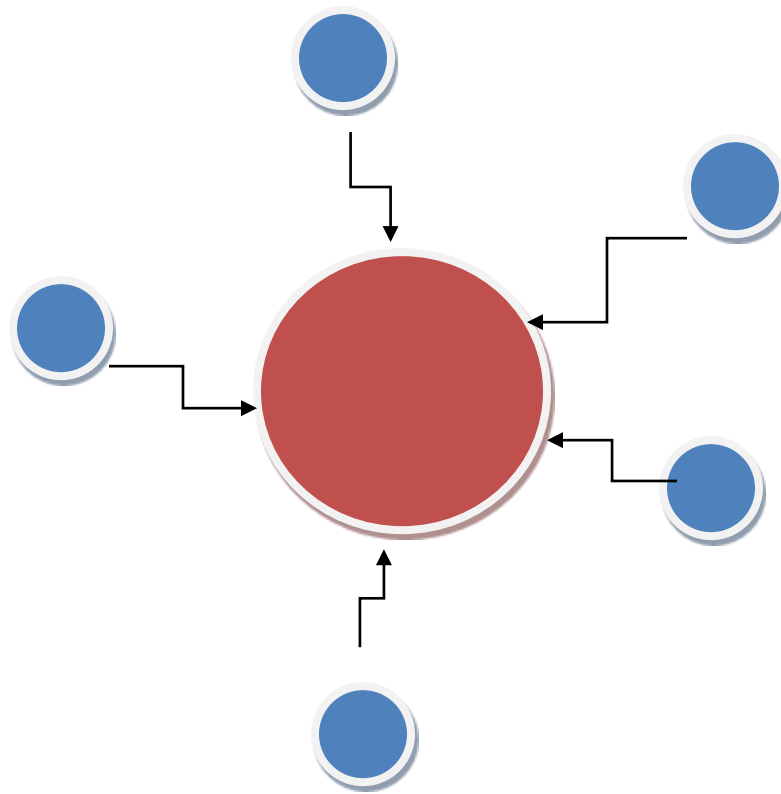


Figure 2.4 Centralised purchasing organization

Source: Rozemeijer, Weele & Weggeman, (2003)

Powerful Central Purchasing Office gives specifications and representative for purchasing for the Departments

According to Monczka et al. (2010), centralisation of purchasing decision making is right for managing partnership connections with crucial suppliers; Evolving technological procuring schemes; employing widely used method by firms; Discussing wide organizational supply contracts; handling key items, and the standardization of procuring

practices/procedures occurs in strategic supplier sourcing. Through centralization of purchasing which serves as a stage to systematically make tactics is provided, by combining professional, commerce, and procuring strategies (Monczka et al. 2010). As a result of the distinct desires established by the EU Orders, procurement centralization has become a clear trend, where all procuring above verges have to be publicized (Gelderman, Th. Ghijen & Brugman 2006, Dimitri, and Dini & Piga 2006). Where the cost of running highly tendering processes has become the main driver for centralization, and any departures concerning procurement processes give opportunities to suppliers to seek redress at the law court (Gelderman, Th. Ghijen & Brugman 2006). Centralization of public purchasing has mainly been driven by an attempt to avoid repeating a burdensome process, and the expected volume discounts from pooled purchases Karjalainen (2011). Furthermore, if purchasing agreed quantities of all or most units are pooled then volume discounts can be negotiated and maintained; a centralized purchasing unit is allowed to negotiate a favourable framework agreement, moreover placing an order would still happen at a local level (Karjalainen 2010). As proposed by Karjalainen that the supplier management and contract handling located at organization headquarters can be referred to as the centralisation task (Karjalainen 2010).

2.17 To Centralize or Not To Centralize

1. Strategic Security -(Tier 2)

❖ To enable Supply - Supply x Cost Nature

❖ Nature Supply Market:

- ❖ Increased operational risk
- ❖ Increased supplier management activities
- ❖ Grow Options
- ❖ Few supplier in target market
- ❖ Nature

2. Strategic Critical -(Tier1)

Enable Supply and Maximize Cost - supply - Cost

Nature Supply Market:

- ❖ Few selected suppliers / strong relationship management
- ❖ Medium / High degree operational running
- ❖ Careful attention cost
- ❖ Higher level supplier management

3. Tactical Acquisition - (Tier 4) Minimise Effort - Supply x Cost

Nature Supply Market:

- ❖ high volume / Low Business spend
- ❖ simplify business (e-cat / proccard)
- ❖ High collaboration agreements with suppliers
- ❖ Less minimum supplier management relationship

Tactical Leverage – b (Tier 3) Optimise Cost - x Supply -Cost Nature

- ❖ Aggregates spend and optimise cost
- ❖ Reduced level of operational risk
- ❖ Auctions
- ❖ Inadequate supplier management

Source: CIPS/IPSA Annual Procurement Congress May 24-26, 2011

**2.18 Centralized Procurement must focus on leveraging the
Collective Genius of the supply chain system...**

- ❖ **Eliminating** system inefficiencies by enhancing our existence and quality of supply.

- ❖ **Working** with all crucial stakeholders to ensure that suppliers will meet elevated and increasingly precise quality specifications.
- ❖ **Transferring** expertise and knowledge to our suppliers raising their ability to avoid their own cost inefficiencies, passing the advantages on our system.
- ❖ **Leveraging** “unbundling” and “up-streaming” in order to ensure that merits are benchmark at every level of the supply chain system.
- ❖ **Partner** with other stakeholders to develop new products that will enable improve quality and efficiencies and provide value for money.
- ❖ **Identifying** “anchor” suppliers. Improvement of supplier base will obtain consistence, enduring enhancements from suppliers.
- ❖ **To leverage** the scale of our system to continue improving our profitability.

Source: CIPS/IPSA Annual Procurement Congress May 24-26, 2011.

2.19 Benefits of Centralized Purchasing.

The Coca-Cola Experience...

- ❖ Leverage volume at the most possible level
- ❖ Operate as an aligned collaborative team player
- ❖ Extra value from the supply chain base system
- ❖ Share knowledge and best practices/procedures

- ❖ Build a high level of trust and confidentiality among parties
- ❖ Optimize spend across our institutions
- ❖ Utilize commodity risk management and all available purchasing strategies in all appropriate areas
- ❖ Negotiate from a superior level of knowledge and skills
- ❖ Develop first class transactional and sourcing business strategies of purchasing
- ❖ Develop professional purchasing management routines
- ❖ Build support internally and externally towards purchasing initiatives.

Source: CIPS/IPSA Annual Procurement Congress May 24-26, 2011.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The chapter discusses the methodology that was used to undertake the research work. The research design, target population, sample size, sampling procedure, data collection methods and procedure, the validity and reliability of the research instruments, ethical considerations and data analysis and presentation techniques were discussed in detail.

3.1 Research design

According to Burns and Grove (1999), the design of the research work becomes the end result of a series of decisions taken by the researcher concerning how the study was conducted. The researchers work was cross sectional, time dimension in nature. It is also a case study for soliciting information from procurement and supply chain and from other management staff of Social Security National Insurance Trust, SSNIT Koforidua Area Office. The research designs dealt with both quantitative and qualitative; this will allow a structured approach, where data was collected by means of a structured questionnaire.

3.2 Target Population of the Study

A population is the total group of subject that meets a designated set of criteria. Polit and Hungler (1999) distinguished between the target population and the accessible population. Target population of forty (40) respondents includes all the cases about which the researcher makes generalizations. This research work was carried out in an organization in Eastern Region. The organization under study was Social Security

National Insurance Trust, SSNIT Koforidua Area Office. Respondents were made up of procurement and supply chain professionals and other management staff. The respondents were purposively selected; the choice of organization was influenced by its accessibility to the researcher.

3.3 Sample Size and Sampling Techniques

Convenient sampling, a method that involves the selection of persons who represent the desire population that was used by the researcher. This is non-probability sampling method which involves the conscious selection of certain subjects to be included in the study. Convenient sampling represents a group of different non-probability sampling techniques. Also known as selective or subjective sampling method, convenient sampling that relies on the subjective of the researcher when it comes to selecting the study units (e.g., people, cases, organizations, events and pieces of data) that are to be studied. The main reason of convenient sampling was to focus on particular group of a population of interest, which best enabled the researcher to answer your research questions. Selection of sample size was determined by considering the cost and time involved in undertaking the research work. A convenient sample size of 40 respondents was made up of procurement and supply chain professionals and other management staff.

3.4 Data Collection Tools / Instruments

A questionnaire was used as the main tool for data collection. The selection of this tool was guided by the nature of data to be collected and the time available and the objectives set by the researcher for study. The researcher used both open ended and closed ended

questions. The use of open ended questions offers flexibility to the respondents to provide more detail. Closed ended questions allowed for quantitative analysis to be done.

3.5 Data Collection Procedures

Questionnaire and interview was used for collection of primary data. Questionnaire was administered to procurement and supply chain professionals and other management staff at (SSNIT Koforidua Area Office) to solicit information on the research topic. The researcher administered questionnaire to the target respondents and collected them thereafter. Once the questionnaires were received, the researcher coded and cleaned them, then fed the data into the Statistical Package for Social Sciences (SPSS). The data then was analyzed using frequencies, cross tabulation and graphs.

3.6 Data Presentation and Analysis Techniques

The questionnaires administered to procurement and supply chain professional and management staffs was edited. Qualitative data from interviews and observation was also analyzed. Tables and graphs were used for data presentation.

3.7 Ethical Considerations

Streubert and Carpenter (1999) posit that a fresh set of ethical considerations can be applied when a qualitative method is used. Albeit, equivalent ethical principles ought to be regarded by the researcher in the course of the research in an accountable and ethical fashion. The foremost ethical principle to be considered is the principle of independence which indicates the right to self-determination and the right to total disclosure (Polit & Hungler, 1999). The principle of self-determination means that participants have the right

to choose on their own if they want to take part in the study or researcher need to seek the consent of the participants before carrying out the research. The participants in this study were put in the know concerning the kind of study and what would be done with the findings when the study has been completed. Participants were informed and reminded throughout the study their participation will be voluntary. The ethical principles to be considered are the principles of beneficence and justice, which means that the researcher must be good and be fair to all the participants. Streubert and Carpenter (1999) also point out that the interpretation of data and reporting of findings also require the researcher to follow ethical guidelines.

CHAPTER FOUR

INTRODUCTION

4.0 Results and Analysis of the Study

The section discusses the data and interpretation processes. After gathering all the completed questionnaires by the researcher from the respondents, the data was then coded and entered into the computer for data analysis by using the Statistical Package for Social Sciences (SPSS) version 20 for windows. Descriptive statistics (frequencies and percentages) were computed for the objectives.

4.1 Demographic Features

Table 4.1 Biographical Detail of Respondents

ATTRIBUTES	NUMBER	FREQUENCY	PERCENTAGE (%)
Gender	31		
Male		20	64.5
Female		9	29
None respondents		2	6.5
Age Group	31		
18-23 years		1	3
24-29 years		2	6.5
30-35 years		11	36
36-41 years		2	6.5
42-65 years		15	48
Non-Response			
Level of Education	31		

SHS		0	0
Tertiary		30	90
Professional Qualification		1	10
Position	31		
Senior Level		28	90
Junior Level		3	10
Working Experience	31		
Less Than 8 years		0	9.6
2-4 years		7	22.5
4-8years		7	22.5
More than Eight years		14	45
Department you work	31		
Strategic/Planning/Finance		9	29
Procurement & Supply- B. COM		1	3.2
Corporate/Administration		3	9.7
Other: Compliance, ICT, Records, Benefit, Public Relation, and Prosecution Unit etc.		18	58.1

Field Survey, 2016

Table 4.1 on the bio data of the respondents' show that out of the total 31 respondents surveyed there were 20 males representing 64.5% and the female compatriots were 9 representing 29% and two (2) respondents did not categorize their gender representing 6.5%, showing that males were more than the females. Given the bigger difference in the

numbers, one can say that the respondents were made of males in terms of gender. It can be inferred from Table 1 that, among the age ranges, majority of the respondents were within the age range of 42 to 65 which stood 15 representing 48% of the respondents, 30 to 35 had 11 representing 36% of respondents while 2 respondents representing 6.5% were within the ages of 36- to 41. The age range of 24 to 29 was 2 representing 6.5 % and 18 to 23 were 1 representing 3%. This is an indicative of the fact that more matured and experienced people have answered the questionnaires and provide exactly what is on the ground concerning centralised purchasing at SSNIT Koforidua Area Office. Also from Table 4.1 above on the respondent's level of education, 30 of the respondents representing 90% have gained tertiary education while one (1) of the respondent representing 10% has professional qualification, this means that the majority of the respondents have in place higher tertiary education and have the knowledge on centralised purchasing at SSNIT Koforidua Area Office. When it comes to position held in their various offices 28 respondents representing 90% are all in senior level position while (3) three of the respondent representing 10% were junior level. This means that respondents made up of senior management that have enough experiences to respond to questions. From the above table 1, the respondents working experience, fourteen (14) of the respondents representing 45% have more than 8 years working experience, seven (7) respondents representing 22.5% have 4-8 years working experience, seven (7) respondents representing 22.5% have 2-4 years working experience and three (3) respondents representing 9.6% have less than 2 years working experience. One can state categorically that majority of the respondents have more working experiences.

Respondents' department where they work, out of 31 respondents, 9 of the respondents representing 29% are from strategic planning and finance, (1) one of the respondent representing 3.2% from procurement and supply department but hold a B.COM, three (3) of the respondents representing 9.6% from corporate administration department and nineteen (19) of the respondents representing 61.3% where from other departments such as Compliance, I.T, Record, Estate, Benefit, Prosecution Unit, Public Relation departments. From table 4.1 above, the majority of the respondents are from other departments but not from Procurement and Supply department. It means that most of the respondents are not having procurement and supply background.

4.2: Influence/Impact of Centralised Purchasing On Cost Reduction at SSNIT Koforidua Area Office.

Table 4.2 Centralised Purchasing has led to cost reduction at SSNIT Koforidua Area Office.

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	6	19.4
Disagree	31	2	6.5
Not Sure	31	8	25.7
Agree	31	9	29
Strongly Agree	31	6	19.4
Total	31	31	100

Source: Field survey, 2016.

The analysis from the Table 4.2 above shows that 19.4% of the respondents chose strongly agree, 29% of the respondents chose agree and 25.7% of them chose not sure, 6.5% stated disagree and 19.4% represent strongly disagree. However, 29% of the respondents chose agree. This is an indication that Centralised Purchasing has led to cost reduction at SSNIT Koforidua Area Office. However, though respondents were chosen using purposive sampling technique with the view of expecting them to be masters of the field, 25.7% of them were not sure on the answers. This was basically due to the recent establishment of the procurement office at the SSNIT department thereby leading to the appointment of procurement personnel with insufficient knowledge in Centralised Purchasing.

4.3 Centralised Purchasing Enabled Ssnit Koforidua Area Office to Engage Suppliers/Contractors to Provide Service Cheaper.

Table 4.3 Centralised Purchasing enabled SSNIT Koforidua Area office to engage suppliers / contractors to provide service cheaper

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	3	9.7
Disagree	31	4	12.9
Not Sure,	31	10	32.2
Agree	31	11	35.5
Strongly Agree	31	3	9.7
Total	31	31	100

Source: Field survey, 2016.

From the Table 4.3 above, 9.7% of the respondents chose strongly agree, 35% of the respondents chose agree and 32.2% of them chose not sure and this was as a result of the recent establishment of the procurement office at the SSNIT department leading to the appointment of procurement personnel with insufficient knowledge in Centralised Purchasing, 12.9% stated disagree and 9.7% represent strongly disagree. However, 35% of the respondents chose agree. This is an indication that Centralised Purchasing enabled SSNIT to engage suppliers/contractors to provide service cheaper. In all less than half of the respondents agreed (45.2%) to the fact that the Centralised Purchasing enabled SSNIT Koforidua Area Office to engage suppliers/contractors to provide service cheaper. This is due to their low level of knowledge concerning procurement activities.

4.4 Centralised Purchasing helped SSNIT to make saving on operational cost

Table 4.4 Centralised Purchasing helped SSNIT to make saving on operational cost

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	2	6.5
Disagree	31	5	16.1
Not Sure	31	11	35.5
Agree	31	12	38.5
Strongly Agree	31	1	3.2
Total	31	31	100

Source: Field survey, 2016.

From the Table 4.4 above, 3.2% of the respondents chose strongly agree, 38.5% of the respondents chose agree and 35.5% of them chose not sure, 16.1% stated disagree and

6.5% represent strongly disagree. However, 38.5% of the respondents chose agree. This is an indication that Centralised Purchasing helped SSNIT to make saving on operational cost.

4.5 Centralised Purchasing has helped SSNIT Koforidua Area Office to more efficient in procurement and supply chain activities.

Table 4.5. Centralised purchasing has helped SSNIT Koforidua Area office to be more efficient in procurement and supply chain activities

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	1	3.2
Disagree	31	5	16.1
Not Sure	31	15	48.4
Agree	31	8	25.8
Strongly Agree	31	2	3.2
Total	31	31	100

Source: Field survey, 2016.

From the Table 4.5 above, 3.2% of the respondents chose strongly agree, 25.8% of the respondents chose agree and 48.4% of them chose not sure, 16.1% stated disagree and 3.2% represent strongly disagree. However, 48.4% of the respondents chose not sure. This was strongly due to the recent establishment of the procurement office at the SSNIT department thereby leading to the appointment of procurement personnel with insufficient knowledge in Centralised Purchasing. Making a clear indication that Centralised Purchasing might not have helped SSNIT to be more efficient in procurement and supply chain activities.

4.6 Centralised Purchasing adopted by SSNIT generally enhances profitability

Table 4.6 Centralised purchasing adopted by SSNIT generally enhance profitability

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	1	3.2
Disagree	31	6	19.4
Not Sure	31	10	32.3
Agree	31	12	38.7
Strongly Agree	31	2	6.5
Total	31	31	100

Source: Field survey, 2016.

From the Table 4.6 above, 6.5% of the respondents chose strongly agree, 38.7% of the respondents chose agree and 32.3% of them chose not sure, 19.4% stated disagree and 3.2% represent strongly disagree. However, 38.7% of the respondents chose agree. This is an indication that Centralised Purchasing adopted by SSNIT generally enhances profitability.

**4.7 Compliance issues affecting implementation of centralized purchasing at SSNIT
Koforidua Area Office.**

Table 4.7 Lack of centrally negotiated contracts

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	2	6.5
Disagree	31	5	16.1
Not Sure	31	13	41.9
Agree	31	9	29
Strongly Agree	31	2	6.5
Total	31	31	100

Source: Field survey, 2016.

From the Table 4.7 above, 6.5% of the respondents chose strongly agree, 29% of the respondents chose agree and 41.9% of them chose not sure, 16.1% stated disagree and 6.5% represent strongly disagree. However, 41.9% of the respondents chose not sure and 29% agree. This is an indication that lack of centrally negotiated contracts affects implementation of centralised purchasing at SSNIT Koforidua Area Office.

4.8 Compliance of purchasing department with Public Procurement Act, ACT 663

Table 4.8 Compliance of purchasing department with public Procurement Act, ACT 663

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	0	0
Disagree	31	4	12.9
Not Sure	31	14	45.2
Agree	31	12	38.7
Strongly Agree	31	1	3.2
Total	31	31	100

Source: Field survey, 2016.

From the Table 4.8 above shows that 3.2% of the respondents chose strongly agree, 38.7% of the respondents chose agree and 45.2% of them chose not sure, 12.9% stated disagree and 0% represent strongly disagree. However, 38.7% of the respondents chose agree. This is an indication that majority of staff especially those who handle procurement and supply chain activities complied with Public Procurement Act, ACT 663. Nevertheless, most the respondents chose not sure due their low level of knowledge concerning policies and activities about procurement.

4.9 Supply Volume change

Table 4.9 Supply Volume change

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	1	3.2
Disagree	31	2	6.5
Not Sure	31	1	45.2
Agree	31	13	41.9
Strongly Agree	31	1	3.2
Total	31	31	100

Source: Field survey, 2016

From the Table 4.9 above shows that 3.2% of the respondents chose strongly agree, 41.9% of the respondents chose agree and 45.2% of them chose not sure, 6.5% stated disagree and 3.2% represent strongly disagree. However, 41.9% of the respondents chose agree. Though the majority of the respondents chose not sure due to low level of understanding in procurement activities, the 41.9% can indicate that supply volume change affects the implementation of centralised purchasing at SSNIT Koforidua Area Office.

4.10 Change in technology

Table 4.10 Change in technology

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	1	3.2
Disagree	31	4	12.5
Not Sure	31	13	41.9
Agree	31	12	38.8
Strongly Agree	31	1	3.2
Total	31	31	100

Source: Field survey, 2016.

The respondents were requested to indicate the extent to which change in technology in purchasing challenged implementation of centralized purchasing. From the findings as shown in Table 4.10, 38.8% of the respondents chose agree indicated that change new technology affected implementation of centralized purchasing to a very great extent, indicated 12.5%. The respondents explained that change in new technology had been affecting sharing of information on purchasing, slow real time responses on purchasing needs, and generally affected management of purchasing process at SSNIT Koforidua Area Office. Thompson & Cats- Baril, (2003) pointed out that technologies allow organizations to respond better to existing challenges and improve anticipations of future developments. This clearly indicated that failure to adopt new technologies in purchasing had challenges to implementation of centralized purchasing in SSNIT Koforidua Area Office.

4.11 Does your organisation have in place Public Procurement manual as a guide for their procurement activities?

Table 4.11 Does your organization have place public Procurement manual as a guide for their Procurement activities

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	0	0
Disagree	31	0	0
Not Sure	31	8	26
Agree	31	18	58
Strongly Agree	31	5	16
Total	31	31	100

Source: Field survey, 2016.

The Table 4.11 indicates the response of the respondent's extent to which they agreed with given statement concerning employee's the extent to which they agreed that the organisation has in place Public Procurement manual as a guide for their procurement activities for centralised purchasing implementation at SSNIT Koforidua Area Office. Table 4.11 above shows that 16% of the respondents chose strongly agree, 58% of the respondents chose agree and 26% of them chose not sure, 0% stated disagree and 0% represent strongly disagree. However, 58% of the respondents chose agree. This is a strong indication that SSNIT has in place Public Procurement manual as a guide for centralised purchasing implementation.

4.12 Ineffective legal framework affects implementation of centralized purchasing

Table 4.12 Ineffective legal framework affects implementation of centralized purchasing

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	3	9.7
Disagree	31	4	12.9
Not Sure	31	4	12.9
Agree	31	17	54.8
Strongly Agree	31	3	9.7
Total	31	31	100

Source: Field survey, 2016.

From the Table 4.12 above, 9.7% of the respondents chose strongly agree, 54.8% of the respondents chose agree and 12.9% of them chose not sure, 12.9% stated disagree and 9.7% represent strongly disagree. However, 54.8% of the respondents chose agree. This is an indication that ineffective legal framework affects implementation of centralized purchasing at SSNIT Koforidua Area Office.

4.13 Lack of skills and knowledge on management in changes of procurement

Table 4.13 Lack of skills and knowledge on management in changes of procurement

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	2	6.5
Disagree	31	8	25.8
Not Sure	31	7	22.5
Agree	31	12	38.7
Strongly Agree	31	2	6.5
Total	31	31	100

Source: Field survey, 2016

The study sought the extent to which technical knowledge and lack of capacity affected implementation of centralized purchasing at SSNIT Koforidua Area Office. From the findings as presented in Table 4.13, majority of the respondents stated agree representing 38.7%.

4.14 Bureaucratic processes hindering the capacity of procuring staff

Table 4.14 Bureaucratic process hindering the capacity of procuring staff

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	1	3.2
Disagree	31	4	12.9
Not Sure	31	5	16.1
Agree	31	17	54.9
Strongly Agree	31	4	12.9
Total	31	31	100

Source: Field survey, 2016.

From the Table 4.14 above shows that 12.9% of the respondents chose strongly agree, 54.9% of the respondents chose agree and 16.1% of them chose not sure, 12.9% stated disagree and 3.2% represent strongly disagree. However, 54.9% of the respondents chose agreed. This is an indication that the majority of the respondents agreed that bureaucratic processes hindered the capacity of procuring staff in the implementation of centralised purchasing at SSNIT Koforidua Area Office.

4. 15 Lack of sufficient manpower in purchasing departments

Table 4.15 Lack of sufficient manpower in purchasing department

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	3	9.7
Disagree	31	8	25.8
Not Sure	31	8	25.8
Agree	31	8	25.8
Strongly Agree	31	4	12.9
Total	31	31	100

Source: Field survey, 2016.

The respondents were requested to indicate the extent to which lack of sufficient manpower in purchasing departments has affected the implementation of centralized purchasing at SSNIT. From the findings as indicated in Table 4.15, majority of the respondents agreed that lack of sufficient manpower in purchasing departments has affected the implementation of centralized purchasing at SSNIT. This represent 38.7% of the respondents made up of 12.9 strongly agree and 25.8 agreed respectively.

4.16 Lack of training programs on centralized skill base

Table 4.16 Lack of training programs on centralized skill base

Item	Respondents	Frequency	Percentage (%)
Strongly disagree	31	1	3.2
Disagree	31	9	29
Not Sure	31	6	19.3
Agree	31	12	38.8
Strongly Agree	31	3	9.7
Total	31	31	100

Source: Field survey, 2016.

The study sought the extent to which lack of training programs on centralized skill base affected implementation of centralized purchasing at SSNIT Koforidua Area Office. From the findings as presented in Table 13 , majority of the respondents representing 38.8% strongly agreed that lack of training programs on centralized skill base is one the challenges affecting implementation of centralized purchasing at SSINT.

4.17 What are some measures to be put in place to address the challenges affecting the implementation of centralised purchasing at SSNIT.

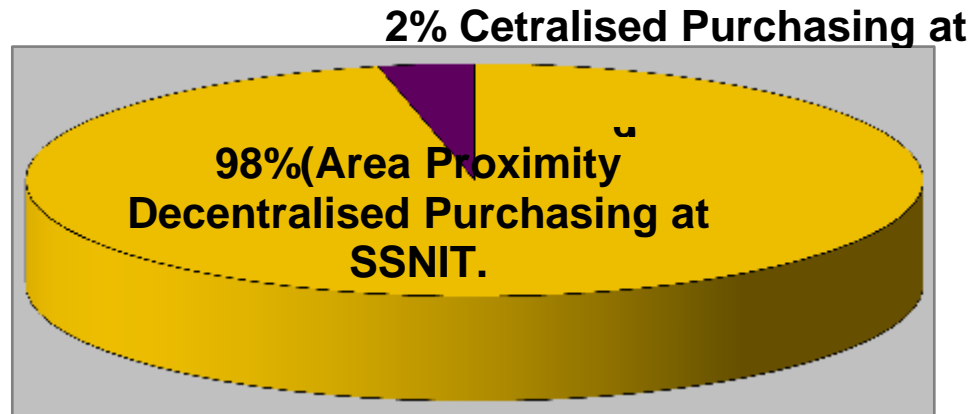


Figure 4.1 what are some measures to be put in place to address the challenges affecting the implementation of centralized purchasing at SSNIT.

From the Table 4.17 above shows that 98% of the respondents chose strongly agree and 2% stated disagree. This is an indication that the majority of the respondents agreed that proximity decentralization of purchasing is the way forward in addressing the effective implementation of purchasing at SSNIT Koforidua Area Office.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter highlights the major findings of the research study. The findings are outlined in direct response to the specific objectives of the researcher. Recommendations have been provided to improve the implementation of centralized purchasing at SSNIT Koforidua Area Office.

5.1 Summary of the findings

In order to arrive at final conclusions and recommendations for the study, the following findings were made by the researcher. The main aim of the study was to identify centralized purchasing system in SSNIT Koforidua Area Office. The following objectives were set out by the researcher for the study and how those objectives were achieved:

1. To identify factors influencing the implementation of centralized purchasing system in SSNIT Koforidua Area Office.
2. To identify the effects of compliance level on implementation of centralized purchasing process in SSNIT Koforidua Area Office.
3. To identify the effects of availability of technical knowledge and capacity on implementation of centralized purchasing system in SSNIT Koforidua Area Office.

4. To identify the challenges facing the centralized purchasing system of SSNIT Koforidua Area Office.

5.1.1 Objective One: To identify factors influencing the implementation of centralized purchasing system in SSNIT Koforidua Area Office.

- ✓ In this objective, certain factors identified included Supply Volume change, change in technology, lack of centrally negotiated contracts, poor tracking of purchasing related costs and others. It was identified that majority of the respondents were of the view that centralised purchasing has led to cost reduction at SSNIT Koforidua Area Office.

Centralised Purchasing enabled SSNIT Koforidua Area Office to engage suppliers/contractors to provide service cheaper.

Respondents agreed that centralised purchasing helped SSNIT Koforidua Area Office to make saving on operational cost.

5.1.2 Objective two: To identify the effects of compliance level on implementation of centralized purchasing process in SSNIT Koforidua Area Office.

The following are the compliance levels identified by the researcher:

- ✓ Majority of staff especially those who handle procurement and supply chain activities complied with Public Procurement Act, ACT 663.
- ✓ SSNIT Koforidua Area Office has put in place Public Procurement manual as a guide for centralised purchasing implementation.

- ✓ The study found out that lack of compliance in centralised purchasing constrained implementation of centralized purchasing in SSNIT Koforidua Area Office.

They demonstrated non-compliance, in centralised purchasing, led to resistance to change.

5.1.4 Objective Three: To identify the effects of availability of technical knowledge and capacity on implementation of centralized purchasing system in SSNIT Koforidua Area Office.

- ✓ Majority of the respondents stated agree representing 38.7% that lack of technical knowledge and capacity affected implementation of centralized purchasing at SSNIT Koforidua Area Office.
- ✓ Majority of the respondents agreed that lack of sufficient manpower in purchasing departments has affected the implementation of centralized purchasing at SSNIT Koforidua Area Office.

5.1.5 Objective Four: To identify the challenges facing the centralized purchasing system of SSNIT Koforidua Area Office.

The study results established that lack of proximity decentralised purchasing affected implementation of centralized purchasing to a very great extent. This was because bureaucracy and delay in purchasing processes hindered the capacity of procuring staff in the implementation of centralised purchasing at SSNIT Koforidua Area Office.

- ✓ From the findings majority of the respondents strongly agreed that lack of training programs on centralized skill base, ineffective public procurement framework and

lack of sufficient manpower in purchasing departments were challenges affecting implementation of centralized purchasing at SSNIT Koforidua Area Office.

The study also revealed that failure to adopt new technologies in purchasing had challenges on implementation of centralized purchasing in SSNIT Koforidua Area Office. The study revealed that lack of centrally negotiated contracts, poor tracking of purchasing related costs and Market changes in terms of good availability and demands affected the implementation of the centralized purchasing in SSNIT Koforidua Area Office.

The study found that lack of compliance in centralised purchasing constrained implementation of centralized purchasing in SSNIT Koforidua Area Office.

- ✓ They demonstrated non-compliance, in centralised purchasing, led to resistance to change.

5.2 Recommendation

The study had revealed that centralization of purchasing activities is an escalating trend for public institutions and SSNIT Koforidua Area Office is not an exception. Institutions are attempting to implement centralized purchasing to capture the economies of scale in purchasing prices and process costs by replacing individual purchases done throughout the institution with corporate-wide framework agreements. However, centralized purchasing implementation has been challenged by low level of compliances. The study

therefore recommends that institutions should focus on effectively improving on their compliance level.

The study recommends that area proximity decentralization of purchasing is the way forward in addressing the effective implementation of purchasing at SSNIT Koforidua Area Office.

The study recommends that public institutions should enhance availability of technical knowledge and capacity on implementation of centralized purchasing. This would enhance professionals in procurement department to execute their responsibilities effectively by improving on lead time in procurement operations. Thus professionals with the expertise and in-depth knowledge must be in charge of the procurement activities.

5.3 Limitations of the Study

Inability of the researcher to retrieve all questionnaires administered from respondents at SSNIT Koforidua Area Office.

- ✓ Difficulty to get enough information to complete the project work
- ✓ The researcher study was limited in scope by its budget and time frame. It was not possible for the researcher to cover all SSNIT offices in Ghana due to limited resources and time.

- ✓ Lack of professionals with the right expertise and in-depth knowledge who must be in charge of the procurement activities making it very difficult in obtaining the right information.

5.4 Further Studies

Since the study was limited to SSNIT Koforidua Area Office and cannot be used to draw a final conclusion for all the Branches, the researcher therefore, throw a challenge to up and incoming MSc. Procurement Management students to assess the area proximity decentralised purchasing.

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KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
DEPARTMENT OF BUILDING TECHNOLOGY



QUESTIONNAIRE

TOPIC:

EFFECTS OF CENTRALISED PURCHASING IN GOVERNMENT

**INSTITUTION: A CASE STUDY OF SOCIAL SECURITY AND NATIONAL
INSURANCE TRUST (SSNIT).**

Respondents' Assurance

My name is **MAGLO EMMANUEL** and I am a student in Kwame Nkrumah University of Science and Technology Studying Master of Science in Procurement Management. The purpose of this questionnaire is to collect data for the research study entitled “**Effects of Centralised Purchasing in Government Institution: A Case Study of Social Security and National Insurance Trust, (SSNIT)**”. The study is purely an academic work. It is in partial fulfillment for the award of MSc in Public Procurement Management. Your assistance is therefore needed and also your comments will be treated confidentially.

SECTION A: DEMOGRAPHIC DATA OF RESPONDENT

1) Gender: Male [] **Female** []

2) Age Group:

18-23yrs [] 24-29yrs [] 30-35yrs [] 36-41yrs [] 42-65yrs []

3) Level of Education and your area of specialization:

.....
.....

4) What is your position in the office?

.....

5) How many years of working experiences do you have in your establishment?)

a) Less than 2 years [] b) 2-4 years [] c) 4-8 years [] d) More than 8 years []

6) Which department are you?

Strategic Planning and Finance []

Procurement and Supply []

Corporate Service and Administration []

Others, (Please, Specify)

SECTION B: EVALUATION OF CENTRALISED PURCHASING PRACTICES

7) To what extent has centralised purchasing influenced or impacted on the implementation system at SSNIT? Please answer by ticking [] the corresponding boxes provided.

1- Strongly disagree, 2-Disagree, 3- Not Sure, 4- Agree, 5- Strongly Agree

INFLUENCE/IMPACT OF CENTRALISED PURCHASING ON COST REDUCTION	Level of Impact
---	------------------------

	1	2	3	4	5
8) Centralised Purchasing has led to cost reduction at SSNIT					
9) Centralised Purchasing enabled SSNIT to engage suppliers/contractors to provide service cheaper					
10) Centralised Purchasing helped SSNIT to make saving on operational cost					
11) Centralised Purchasing has helped SSNIT to more efficient in procurement and supply chain activities.					
12) Centralised Purchasing adopted by SSNIT generally enhances profitability					

To what extent has the effects of compliance level on implementation of centralized purchasing process in SSNIT. Please answer by ticking [] the corresponding boxes provided.

Strongly disagree, 2-Disagree, 3- Not Sure, 4- Agree, 5- Strongly Agree

COMPLIANCE ISSUES AFFECTING IMPLEMENTATION OF CENTRALIZED PURCHASING AT SSNIT.	Level of Impact
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13) Lack of centrally negotiated contracts	1	2	3	4	5
14) Compliance of purchasing department with Public Procurement Act, ACT 663.					
15) Supply Volume change					
16) Change in technology					
17) Poor tracking of purchasing related costs					
18) Poor tracking of purchasing related costs					
19) Does your organisation have in place Public Procurement manual as a guide for their procurement activities?					
20) Lack of accounting interest in centralized procurement					

Extent to which lack of availability of technical knowledge and capacity affecting the implementation of centralized purchasing system in SSNIT. Please answer by ticking [] the corresponding boxes provided.

1- Strongly disagree, 2-Disagree, 3- Not Sure, 4- Agree, 5- Strongly Agree

LACK OF TECHNICAL KNOWLEDGE AND CAPACITY AFFECTS IMPLEMENTATION OF CENTRALIZED PURCHASING	Level of Impact
--	------------------------

	1	2	3	4	5
Ineffective legal framework affects implementation of centralized purchasing					
Lack of skills and knowledge on management in changes of procurement					
Bureaucratic processes hindering the capacity of procuring staff					
Poor preparation of the procuring team to manage challenges of centralized purchasing systems					
Lack of sufficient manpower in purchasing departments					
Lack of training programs on centralized skill base					
Lack of centralized purchasing planning in SSNIT					

In your own opinion, what are some of the measures will you put in place to address the challenges affecting the implementation of centralised purchasing in SSNIT

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Any further comments, kindly indicate them below.

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THANKS