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DEPARTMENT OF BUILDING TECHNOLOGY

**EXPLORING THE FACTORS IMPEDING THE IMPLEMENTATION OF
PUBLIC PROCUREMENT SYSTEM IN THE PROCUREMENT OF WORKS
IN KUMASI METROPOLIS**

BY

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DECLARATION

This is to certify that this work or any part thereof has not been previously submitted in any form to the University or to any other body whether for the purpose of assessment, publication or for any other purpose. I confirm that except for any express acknowledgements and references cited in the work, the original work is the result of my own efforts.

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DEDICATION

I dedicate this report to my Dear and lovely daughter, Ivena Eyram Manchi and Elorm Ivan Kwame Manchi. It also goes to my wife, Stella Manchi, my mother Mrs. Mabel Nyavor Manchi, David Pius Manchi Odonkor, Harriet Boakyewaa, Pricilla Owusu, George Yeboah, Agnes Sarpomah.

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ABSTRACT

Public procurement is the acquisition of goods, services, and works by a public “authority” or “body”. Transactions of this nature are public undertakings and, therefore, they are governed by Civil, Community, or International Law. It is estimated that Government of Ghana spends huge sums of money in the procurement of works, goods and services for the public sector to prosecute the agenda of public responsibility. It is intended that these procurements made will provide the requisite value for money which will benefit the citizens. The aspirations of realizing a sustainable value for money in the procurement system is becoming unattainable as certain undercurrents underlying procurement practices are defeating this noble purpose. The Public Procurement Law, 2003 (Act 663) is a comprehensive legislation designed to eradicate the shortcomings and institutional weaknesses which were inherent in public procurement in Ghana. A Ministry of Finance Review Report in (2011) revealed that public procurement expenditure between the periods of 2004 and 2008 grew from 20 to 24 percent of the country’s GDP. The aim of this research is to explore thoroughly the key factors that impede implementation of the public procurement policies in public procurement entities and objectives set is to uncover the factors that impede transparency and fairness in the public procurement system and to identify unethical practices. This research adopted a quantitative strategy of survey questionnaire. Out of the 25 questionnaires distributed, 24 of them representing 96% were completed, and these were used in the analyses. The findings revealed 70.9% of the respondents affirmed the declined level of transparency, 75% of them had complied with rules of advertisement. Additionally, 92% of the respondents confirmed their experience of impediment in the performance of their duties. 58% agreed that inadequate and lack of trained professionals could affect public procurement processes. Using Relative Importance Index, the following were ranked as

the key factors that impedes public procurement; Lack of transparency in procurement processes (1st), Lack of accountability (2nd), Insincerity in procurement processes (3rd). Finally there is a strong revelation by this research which indicated that, a poorly managed procurement system affects different elements of society and denied it citizens of a good social amenities support that is provided through public projects like (e.g. roads, hospitals, schools housing and power). A battle against corruption and unethical activities should begin with a strong political will and explicit commitment to eradicate all its manifestations.



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CHAPTER ONE

INTRODUCTION

1.1 Background

According to Nagle (1999), legislations on public procurement evolved in 1777 in the United States of America. Procurement of goods, services and works constitute substantial spending of corporate institutions and governmental organizations on a larger scale (World Bank, 2003a). Over the years various governments have purchased goods, works and services through various means without taking cognisance of the processes involved in the acquisition of these goods and services (Development Assistance Committee, 2005). Contemporary procurement requires that works, goods and services are procured within the framework of time, cost and quality. According to a Ministry of Finance Review Report (2011) public procurement expenditure in Ghana between the periods of 2004 and 2008 increased from 20 to 24 percent of the country's GDP.

Public procurement embraces a huge array of stakeholders who take decisions regarding the procurement of works, goods and services. A good decision taken will inure to the benefit of the procurement entity and the nation as a whole. It is incumbent on the procurement entities to acquire works, goods and services within the rules and regulations enshrined in publicly enacted documents to ensure value for money. To achieve the intent of value for money and fairness in the procurement of works, goods and services, the Government of Ghana (GoG) promulgated the Procurement Act (Act 663) in 2003 to ensure equity in the procurement of works, goods and services. Public procurement is one of the most legislated and regulated fields of government; and as such care must be taken in the procurement of works, goods and services in order not to be entangled in the claws of the law (Lloyd and

McCue, 2004). The Public Procurement Act (Act 663) which mandates public entities to acquire works, goods and services within the Act has been over a in existence decade now but various concerns have been raised concerning the application of the key aspects of work acquisitions. In spite of the numerous studies which focus on the major aspects of the procurement system, there is not much that has been done in terms of the undercurrents impeding the smooth implementation of the procurement Act for which this research is novel in filling that gap.

1.2 Problem Statement

The Government of Ghana spends huge sums of money in the procurement of works, goods and services for the public sector to prosecute the agenda of public responsibility (Osei-Tutu *et al.*, 2011). It is intended that these procurements made will provide the requisite value for money which will benefit the citizens. The aspirations of realizing a sustainable value for money in the procurement system is becoming unattainable as certain undercurrents underlying procurement practices are defeating this noble purpose. Unethical practices which the procurement Act frowns upon abounds and in most cases incompetent suppliers and contractors are awarded contracts which eventually end up being abandoned because of their inability to complete the project within schedule. One area where the public procurement has witnessed massive infractions as far as public procurement is concerned is the procurement of works at the local authority levels which in some occasions seen at the national level. There has also been a clear lack of transparency; lack of equal playing field for all interested parties; and lack of standardization in public procurement processes. It is therefore clear that certain invisible dynamics are responsible for engagement in procurement malpractices which must be unravel for lasting solutions

to be found to ensure value for money in procurement. It is in this light that this research study is appropriate and timely.

1.3 Research Aim

The aim of this research is to explore thoroughly the key factors that impede smooth implementation of the procurement policies in public procurement entities.

1.4 Research Objectives

In order to achieve the above stated aim; the following specific objectives are set:

- To explore the existing public procurement system through an elaborate literature review.
- To uncover the factors that impedes transparency and fairness in the public procurement system.
- To identify unethical practices in the public procurement system.

1.5 Research Questions

Drawing on the problem statement, the following research questions were posed to guide the conduct of this study:

1. What factors impede the smooth implementation of the public procurement in Kumasi metropolis?
2. What illegal practices are pervasive with the existing public procurement system?
3. How has the passing of the procurement Act 663 influence Entities procurement activities at the local authorities?

1.6 Scope of Study

Geographically, this study was conducted in the Ashanti Region of Ghana focusing on the Kumasi Metropolis. The choice is embedded in the fact that the Kumasi play host to both public and private sector projects. In contextual terms, public sector officials of KMA will form the key scope of the study.

1.7 Research Methodology

The main methodology to be adopted for this research is quantitative. This is necessary as the researcher intends to measure and assess the opinions of stakeholders in the public procurement system. In adopting the quantitative methodology, the survey process was utilized to gather data for analysis through the use of questionnaires developed on the bases of the research objectives and questions. Statistical Package for Social Scientist (SPSS) version 16 and Relative important index (RII) was used to analysing data results. Finally, the results were presented in the form of Tables and graphs.

1.8 Significance of the Research

This study is very important to the Government of Ghana especially the local authorities notably the MMDAs and other governmental organizations like the ministries in the sense that the research findings could be applied in the routine practices of the procurement system. The study is also critical to academia because of the novelty.

1.9 Organization of Research

The composition of the thesis is divided into five (5) interdependent chapters, in the following outline: Chapter 1, titled “General Introduction to the Research”, presents the background to the research and states the problem warranting research efforts. The

research questions, research aim, objectives, and scope are all contained in this chapter. Chapter 2; the literature review provided an extensive coverage on earlier works.

Again, the review explored the relations between these aspects of literature and attempted to link them. It also discussed fully Perceived lack of transparency and corruption in Ghana. Chapter 3; the research methodology will describe the systematic approach to the research and situate it within its appropriate context. Detailed discussions will be provided on the data collection analytical tools that would be employed.

Chapter 4 presents the empirical analysis of data and discussions from the field survey that answered all the research objectives and questions. Chapter 5 labelled “Conclusions and Recommendations” wrapped up the entire research (see Fig.1.1).

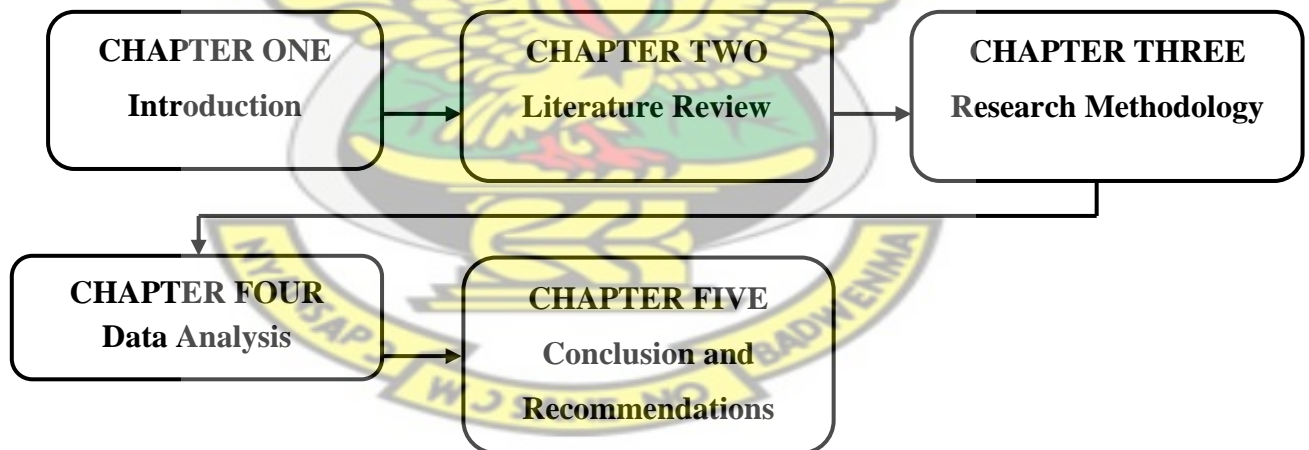


Fig.1.1 Summary of workflow of the study

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter provides a critical review of pertinent literature in public procurement to establish the factors that seems to obstruct the processes. This will be followed by an extensive analysis on the challenges of the implementation of the procurement Act 663 (2003) in Ghana and the perceived corrupt practices. This will be possible by analyzing papers by a number of authors who have investigated similar factors that hinder procurement cycle around the globe. A worldly cited research of Osei-Tutu *et al.* (2009); Uniter office (2011); Thai (2004); Wittig and Jeng (2004); National Public Procurement Authority's (NPPA) Annual Report (2005); Ameyaw *et al.* (2012); Capgemini (2012); Kaspar and Puddephatt (2012); Ngugi and Mugo (n.d); Wayne and Habib (2005) and other influential papers informed the reviewed which provided the theoretical basis for this research.

2.1 Procurement

According to Uniter Office (2011) Public procurement is the acquisition of goods, services, and works by a public “authority” or “body”. Transactions of this nature are public undertakings and, therefore, they are governed by Civil, Community, or International Laws.

A study by the World Bank (2003a) cited in Ameyaw *et al.* (2012) reported that about 50-70% of the national budget (after personal emoluments) is procurement related. Therefore an efficient public procurement system could ensure value for money in government expenditure, which is essential to a country facing enormous developmental challenges. A study by Transparency International (2012) cited in

Ameyaw *et al.* (2012), revealed that Ghana remains one of the most corrupt nations in the world judging from the annual Corruption Perceptions Index (CPI) released in 2012.

Uniter Office (2011) again observed that as public procurement constituted one of the main expenditures of government in developing countries, the importance of public procurement cannot be denied. Needless to say, any improvements in the public procurement system could have a direct and beneficial effect on the overall economic situation of a country. Given the significance of resources controlled through public procurement systems and the need for improvement. Public procurement is perceived as an area of waste and corruption (Thai, 2004). Other research had indicated that the cost of corruption in Africa is estimated to be around \$148 billion a year (Mawenya, 2008).

The Public Procurement Law, 2003 (Act 663) is a comprehensive legislation designed to eradicate the shortcomings and institutional weaknesses which were inherent in public procurement in Ghana. To ensure sanity and value for money in the public procurement landscape, the government of Ghana in 1996 launched the Public Financial Management Reform Programme with the aim of improving financial management in Ghana Public Financial Management Reform Programme (PUFMAR (n.d) cited in Ameyaw *et al.*, 2012).

Capgemini (2012), Public procurement is the buying of goods and services on behalf of a public authority, such as government agency. Governments spend public monies to secure inputs and resources to achieve their objectives and by doing so; create significant impact on key stakeholders and wider society. In addition, government purchasing impacts both domestic and international trade given that governments

spend approximately 10 to 15 percent of their GDP in the procurement marketplace. Hence, public procurement plays a significant role in the global economy. Procurement problems relating to Ghana are similar to the situations in many African and some Asian countries (Aniekwu and Okpala (1988), Kumaraswamy (1994) and Rwelamila *et al* (1999) all cited in Ameyaw *et al.* (2012)).

Procurement is an important part of efficient drug management and supply and is critical for all levels of health care institutions. An effective procurement process ensures the availability of the right drugs in the right quantities, available at the right time, for the right patient and at reasonable prices, and at recognizable standards of quality (WHO 2007 cited in Ngugiand (n.d)).

According to Capgemini (2012), the current economic crisis puts pressure on governments to cut spending and reduce deficits. With public procurement often accounting for 10-15 percent of a country's GDP and for up to 65 percent of public sector budgets, governments are faced with the challenge to keep adding maximum value while at the same time rigorously reduce their spend. This implies that many government organizations need to shift from a budget driven to a value driven way of thinking and acting, but this also means that, there is an important role for the procurement function to fulfill. It is importance to note that research have shown that corruption pervades developing countries because of weak institutional infrastructures and lack of effective monitoring mechanisms (Lengwiler and Wolfstetter, 2006).

According to Thai (2001) cited in Ngugi and Mugo (n.d), Public procurement systems are central to the effectiveness of development expenditure. Budgets get translated into services largely through governments' purchases of goods, services and works. It is estimated that 15% of the world's Gross Domestic Product (GDP) is spent

through public procurement (Development Assistance Committee, 2005). It is further estimated that public procurement accounts for 9%–13% of the GDP of the economies of developing countries. In Angola, public procurement accounts for 58%, it accounts for 40% in Malawi while in Uganda, it accounts for 70% of public spending.

An efficient public procurement system is critical for good governance. However a poor public procurement system will results in higher costs to government and the public as well. it delays project execution, accomplishment and completion which further increase government and public expenditure, leads to poor project performance and delays the delivery of benefits to the beneficiaries. Procurement problems also enhance and provide channels for corruption, generate more complaints, increase bad perceptions and raise concerns about the integrity of the procurement process.

Public procurement – an opportunity for growth Kaspar and Puddephatt (2012) also said that, how public funds are managed affects different elements of society. On one hand, it affects the citizens who need material support that is provided through public projects (e.g. roads, hospitals, desks and educational supplies, etc.). On the other, it affects the business community of actual or potential suppliers to satisfy the government's identified requirements. As such, a well-managed and transparent procurement system can benefit the society as much as a poorly managed and corrupt system can harm it. If procurement laws and regulations are not enforced to the latter, issues of corruption will continue to cover headlines in both the print and electronic media (Ameyaw *et al.*, 2012).

Effective national procurement policies have an important developmental effect in both developed and developing countries. They attract foreign investment and provide

local economic opportunities through their employment generating activities. This is no surprise given the substantial proportion of national GDP that public procurement expenditure takes up (Kaspar and Puddephatt, 2012). In the developed world, public procurement makes for an average 12 per cent of GDP in OECD countries and most industrialized countries spend at least 10 per cent of their GDP on public procurement. Studies in Uganda, Tanzania and Kenya reveal that corruption in public procurement has mainly been through hidden violation of laid down procurement rules (Transparency International, 2009). Low detection of breaches of the law (Kanaga, 1999), weak enforcement of rules (Larmour, 2006) and regulations will also strengthen the hands of wrongdoers to misapply the law with impunity (Ameyaw et al., 2012).

Kaspar and Puddephatt (2012) further stated that in developing countries, these figures are at approximately 15-20 per cent of GDP and the public procurement sector is often the largest domestic market. In Sub-Saharan Africa, for instance, the procurement market could be worth between US\$ 30 to US\$ 43 billion. Poor accessibility and inadequate advertising of opportunities is an issue for SMEs in both developed and developing countries, although recent e-procurement initiatives have had relative success in tackling this issue.

Sound public procurement policies and practices are among the essential elements of good governance and also noted the irregular procurement activities in public institutions provide the biggest loophole through which public resources are misappropriated (Kippra (2006) and Otieno (2004) all cited in Ngugi and Mugo (n.d)).

According to Zunia group reports there is a wide-ranging corruption, political control

and pressure from trade unions in the procurement process. Public trust in the process is generally absent. The World Bank's evaluation of Bangladesh concluded that the implementation of procurement process is far from satisfactory, due to the following problems, poor advertisement, short bidding periods, poor specifications, nondisclosure of selection criteria, contract awards by lottery, one-sided contract documents, negotiations with all bidders and rebidding without adequate grounds, occurrence of corruption involving donor agency are not uncommon at nationally or globally and or other levels.

The interesting finding is that procurement happens to be one of the lucrative areas where corruption of the above nature occurs and therefore the quality of public administration must be improved and accountable, which is an integral part of good governance.

Transparency is a useful tool to address corruption, but political will to deal with it will be decisive – in its absence, initiatives to curb corruption in public procurement will inevitably fail (Kaspar and Puddephatt, 2012).

2.2 Factors that Impede Public Procurement Processes

It is important to note that corruption is indicated to occur throughout the procurement process and project cycle, through the inactions and actions of, public servants, political officers, clients, consultants, contractors and suppliers (Osei-Tutu *et al.*, 2009).

However, having known the impact of procurement activities on the operation and effectiveness of public procurement sectors in Ghana, it is important that these activities be performed by competent personnel with high professional and ethical standards and using sound procedures anchored in appropriate policies and

regulations. The office of the Director of Public Procurement of Malawi in its 2006/2007 Annual report outlined the following factors, among others, impeding the operation of the procurement law in Malawi: shortage of qualified personnel, lack of adequate financial resources, lack of adequate office space, non-compliance with some provisions of the law, poor records management by entities and overpricing of goods, works and services by bidders (Ameyaw *et al.*, 2012). Ngugi and Mugo (n.d) observed the following factors impeding the smooth running of public procurement processes ;(a) accountability (b) ict adoption (c) internal processes (d) ethics.

Accountability: is government's obligation to demonstrate effectiveness in carrying out goals and producing the types of services that the public wants and needs (Segal and Summers, 2002). Lack of accountability creates opportunities for corruption. Brinkerhoff (2004) identifies three key components of accountability, including the measurement of goals and results, the justification or explanation of those results to internal or external monitors, and punishment or sanctions for non-performance or corrupt behavior. Strategies to help increase accountability include information system which measure how inputs are used to produce outputs (Ngugi and Mugo, n.d).

2.2.1 ICT Adoption

Government officials and elected leaders have increasingly come to realize that public agencies must utilize ICT in order to enhance the procurement processes in the public sector (Ngugi and Mugo n.d). The lack of modern equipment and technical know-how in public sectors also contribute to the operational challenges to their constituents.

2.2.2 Internal Processes

Public procurement has, for long, been overshadowed with inefficiency, corruption and disregard of fundamental "value for money" considerations. This has adversely impacted the rate and quality of progress in realizing the objectives of national development, especially in developing countries and further observed that officials involved in procurement must not make improper use of their position for their own interest (Tan *et al.*, 2009 cited in Ngugi and Mugo, n.d). Employees may neither engage in, nor give the appearance of engaging in, dishonest or unethical actions. Both are injurious to the public's perception of honest government (Ngugi and Mugo, n.d).

2.3 Ethics

According to Wee (2002); cited in Ngugi and Mugo n.d ethics are the moral principles or values that guide officials in all aspects of their work. Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency. Ethical behavior includes avoiding conflicts of interest, and not making improper use of an individual's position. Ethical behavior is important in public procurement as it involves the expenditure of public money, and is subject to public scrutiny. Public officials should always behave ethically and fairly, including their business undertakings. Ethical behavior supports openness and accountability in a procurement process and gives suppliers confidence to participate in the Government marketplace. Ethical behavior can also reduce the cost of managing risks associated with fraud, theft, corruption, and other improper behavior; and enhance confidence in public administration.

Political interference with the procurement process poses a challenge to the implementation process and public procurement reforms. A good number of politicians think that they have the right to intervene in the procurement procedures thereby leading to capricious procurement decisions (World Bank, (2004) cited in Ameyaw *et al.*, 2012).

2.4 Challenges in Public Procurement

The challenges to the institutionalization of national laws are pervasive in developing countries, Ghana not being an exception Ameyaw *et al.* (2012), Sahr (1998) in his research stated that political will is the demonstrated credible intent of political actors (elected or appointed leaders, civil society watchdogs, stakeholder groups etc.) to attack perceived causes or effects of corruption at a systemic level.

The public procurement function, however, is faced with a number of challenges consisting of the fear for negative publicity. This has led to a growing emphasis on the legal aspects of the tendering process; procurement acts in a reactive way and is often not involved until the specifications have been defined; procurement is seen as an operational department and not perceived as an advisor or partner of the business; procurement is organized around contracts rather than commodities. Corruption is said to be present in all societies (Sahr, 1998). Lengwiler and Wolfstetter (2006) revealed that the quantum of money changing hands through corruption in public procurement is estimated between \$390-400 billion per annum all over the world.

Without political will and commitment by the leadership of a country, grand corruption is perpetuated at an alarming rate with petty corruption becoming endemic and more difficult to stop (Philip, 2002). There are peak moments when contracts are about to expire, but there is no continuous process to manage internal and supply

market developments and opportunities; and procurement does not feel it is responsible for the operational procurement processes, there is no focus on managing the end-to-end process and closing the procurement loop. A battle against corruption should begin with a strong political will and explicit commitment to eradicate all its manifestations (Osei-Tutu *et al.*, 2009).

Kaspar and Puddephatt (2012) observed perceptions of corruption in Egypt remain high, which casts doubt over the extent of open competition in public contracting. However it is estimated that corruptions in Sub-Saharan Africa exist in about 70% of public contracts and results in about 20-30% rise in contracts sums (Ameyaw *et al.*, 2012). Curbing corruption is particularly relevant in the transition period. As the revolution creates a power vacuum that increases the risk of corruption, old elites lose monopoly on power and new actors start pursuing their own agendas. Transparency is a useful tool to address corruption, but political will to deal with it will be decisive – in its absence, initiatives to curb corruption in public procurement will inevitably fail.

2.5 Highlight of Key Words in Public Procurement

2.5.1 Fairness

In public procurement the goals of fairness, competition and economic value are paramount. To achieve these goals, effective and efficient procurement processes must be established. This includes incorporating adequate controls to promote competition and minimize the risk of fraud, corruption, waste, and the mismanagement of public funds. In this context, transparency is considered to be one of the most effective tools to deter corruption and ensure value for money (United Nations Procurement, 2011).

2.5.1 Transparency

Transparency in procurement takes form in a variety of practices, such as: publishing procurement policies; advance publication of procurement plans; advertisement of tender notices; disclosure of evaluation criteria in solicitation documents ;publication of contract awards and prices paid; establishing appropriate and timely complaint/protest/dispute mechanisms; implementing financial and conflict of interest, disclosure requirements for public procurement officials; and publishing supplier sanction lists (United Nations Procurement, 2011).

2.5.2 Corruption

Kaspar and Puddephatt (2012) define Corruption – the abuse of public office for private gain is inevitably harmful for the overall economy and SMEs in particular. Apart from repelling foreign direct investment, it also distorts the size of government expenditures and the decision-making process for public investment projects. Transparency International's handbook on curbing corruption in public procurement highlights the teach phase of the procurement process is vulnerable to corruption, from advertising bids to the selection process. This makes efforts to tackle corruption crucial in any attempt to reform public procurement.

2.5.3 Cronyism

Frequent practice of senior officials, government leaders, and politicians favoring businesses to which they, their family members, personal and business associates, or political allies have a financial or ownership connection (Kaspar and Puddephatt, 2012).

2.6 Good Principles in Public Procurement

The application of the principles of integrity, transparency, accountability, fairness and efficiency to all decision making on public investments and purchases will minimize corruption and maximize the economic, financial, social, environmental and political benefits of public procurement.

1. Integrity: Integrity means that the procurement processes are honest and in compliance with the respective laws, that the best available, most suitable technical expertise is employed in a non-discriminatory manner.
2. Transparency: Transparency means that laws, regulations, institutions, processes, plans and decisions are made accessible to the public at large or at least to public “representatives” so that processes and decisions can be monitored, reviewed, commented upon and influenced by the stakeholders, and decision makers can be held accountable for them.
3. Accountability: Accountability means that governments, public and various other agencies acting on their behalf must be accountable for the correct and complete execution of their tasks and duties and for the decisions and actions being made in their area of responsibility.

2.6.1 Fairness, Economy, and Efficiency

Contract award decisions should be fair and impartial. Public funds should not be used to provide favors to specific individuals or companies; standards and specifications must be nondiscriminatory; suppliers and contractors should be selected on the basis of their qualifications and the merit of their offers; there should be equal treatment of all in terms of deadlines, confidentiality, and so on (Social Accountability curriculum, 2005). In the country of Gambia, as part of their decision to reform their procurement systems stated clearly the following as their National

objectives which covers all the lapses n the loop holes which were perceive to be a serious border all Governments and Donors (Social Accountability Curriculum, 2005).

2.7 National Objectives for Procurement

The law sets clear objectives to provide a system for ensuring: Transparent, efficient and economic public procurement; Accountability in public procurement; A fair opportunity to all prospective suppliers of goods, works and consultancy services; The prevention of fraud, corruption and other malpractices in public procurement; and Improvements in social and economic capacity in The Gambia, including providing opportunities for local small enterprises and individuals to participate in an economic manner as suppliers, contractors and subcontractors in public procurement (Wayne and Habib, 2005).

2.8 Objectives of Public Procurement Systems

Value for money (efficiency) in the acquisition of required goods, works or services, Integrity - avoiding corruption and conflicts of interest, Accountability Equal opportunities and equal treatment for providers, Fair treatment of providers, Efficient implementation of industrial, social and environmental objectives (“horizontal policies”) in procurement opening up public markets to international trade, Efficiency in the procurement process.

Wayne and Habib (2005) made some observations on Resistance to Change and said that any new system faces this. In the early days of the reforms, there was a general reluctance of the Public Enterprises/Parastatal to jump on board such that they were never subjected to such supervision prior to the reforms, saving procurements under donor-funded projects. Invariably, their argument is based on the fact that they are

subject to a Performance Contract and expected to be commercially oriented, thus the new rules could unduly restrain their performance. However, this stance has changed greatly with continuous sensitization and high-level support from the a memorandum issued by the Secretary of State for Finance on June 30, 2003, made it clear that all were to follow the new procedures as well as the President's 'Operation on 'No Compromise' crusade of bringing to justice corrupt public officers.

Procurement Cadre and Capacity Constraint (n.d) conducted a study on public procurement prior to reforms revealed that, saving a few public enterprises and Departments of State with projects, the procurement function at the organizational level was entirely handled by Accounts Officers deployed from the Accountant General's office (Sahel Investment Management International, 2001).

Sahel Investment Management International, (2001) further revealed that personnel with professional procurement qualification can mostly be found within some public enterprises, departments of state with donor-funded projects and the Central Tender Board, in very limited numbers. This is further confirmed by recent GPPA quarterly audits on procuring organizations. This Audit highlighted the low level of competency of procurement staff and the Authority's viewpoint that most of them cannot and will not be able to relate to emerging procurement issues considering their backgrounds. It should be pointed out at this stage that most of these people were employed for a less challenging task. Therefore, for the government to realize one of the objectives of the reforms in creating a professional workforce there is the urgent need for employment and training of a trainable procurement workforce.

2.8.1 Equal treatment

The principle of equality has an important place in EU history and much effort has

been applied to dealing with discrimination. Primarily developed to guarantee an equal treatment between men and women on the labour market, the principle evolved to ensuring equality among the EU citizens.

In the procurement context, as mentioned in the introduction, one of the main drivers of the Procurement Directive was to eliminate discrimination against bidders from other Member States. Under the Procurement Directive, the principle of equal treatment seems to be used as a ‘general principle of law’ to interpret and develop EU legislation and is not limited to cases of equality on grounds of nationality. For example, in the *Wienstrom* case, the Court found that a criterion should be precluded on the ground that it discriminates in favour of larger suppliers the criterion in question sought to award points in accordance with how much electricity, the tenderer could supply in excess of the supply to be purchased under the contract. This criterion was also found to be impermissible because it was not linked to the subject matter of the contract (Legal Briefing, 2011).

According to Legal Briefing (2011) the analysis of the CJEU cases on the transparency of procurement criteria indicates the need for rule-based procedures to limit discretion, ensure the objective and uniform application of the criteria, and enable the selection process to be reviewed for impartiality. Publicizing the relative weightings assigned to the criteria promoting horizontal policies as well as the procedures and indicators used to assess compliance with each criterion, and publishing the reasoning underlying decisions, would ensure a transparent, rule-based decision-making process that limits discretion and ensures equal treatment and non-discrimination.

Successful reform of public procurement is highly dependent on context. There are, nevertheless, some common barriers in participating in public procurement that have been continuously noted by SMEs across a range of 14 countries. A simplified summary of issues facing SMEs at different stages of the procurement process can be illustrated as follows:

A clear regulatory framework and guidelines open to public scrutiny and supported by adequate enforcement mechanisms effective procurement planning by Local Government Institutions will lead to compliance of the Public Procurement Act, 2003 Act 663 and the attainment of its objectives the objectives.

However according to (Agbesi, 2010) there is slow or in some areas absolute noncompliance in procurement planning, the situation was attributed to inadequate capacity in effective procurement planning and recommended measures. Since 1988, Ghana has operated a decentralized political and administrative system aimed at establishing efficient and effective local governance. Among other priorities, for instance the Assembly system and other Entity of local Governance is intended to promote popular participation in the public decision making process.

2.9 The Benefits of Transparent Public Procurement

Transparency, which has long been accepted as a tool for tackling corruption through a number of international agreements, is also an effective tool in addressing challenges SMEs face in public procurement. Without transparency, “open competition cannot prevail, corrupt dealings can proliferate, and other failings in the procurement process may be covered up.

Robredo (2006) cited in Kaspar and Puddephatt (2012) observed that in the Philippines, an initiative to improve public sector transparency had a positive impact

on SME performance. Positive impact was achieved in shortening processing times and simplifying procedures.

For instance, processing of applications for building permits, which previously took more than 15 days—took only 5 days in 2001, and in 2006, it only required a maximum of 3 days. Subsequently, by opening procurement to SMEs and allowing public scrutiny of notices and outcomes of bids posted on the website, this program significantly reduced costs of public projects (e.g. construction of a public school classroom was 36 per cent reduced costs of public projects (e.g. construction of a public school classroom was 36 per cent government agencies). Adequate communication could help the entities to build their capacity in the law and to seek assistance of any kind from the PPA, especially in the areas of capacity development and clarification of any section of the law (Ameyaw *et al.*, 2012).

Transparency can be used as a tool aimed directly at reforming in public procurement, but it is important to understand that corruption in public procurement does not exist in a vacuum. When Egyptian small business owners who had experience with paying bribes to public officials were asked about the reasons for these payments, 90 per cent regarded it as something normal, 'something everybody does. For this reason, we need to see efforts to improve transparency in public contracting as part of a broader transparency regime that includes: (i) An active and engaged civil society and media capable of challenging corruption (ii) Regular and open publication of information and (iii) Effective audit and regulation bodies with real independence (Kaspar and Puddephatt, 2012).

Other transparency initiatives include standardization of rules governing procurement procedures and improving instructions and document formats. Besides tangible

benefits in the form of time and costs saving, clear and public selection criteria matched by final decisions that are public and justified, may deter corrupt practices and improve competitiveness. Provided that an SME is a competitive bidder, this form of disclosure can give it access to contracts that otherwise would have been reserved for better connected, but potentially less competitive bidders. Moreover, it also gives SMEs the leverage to substantiate potential grievances. If clear standards and criteria against which the outcome of bidding can be judged, procurers can be held accountable for their actions to (Kaspar and Puddephatt, 2012).

According to Kaspar and Puddephatt (2012) greater transparency has two-fold benefits One, is linked to tangible results such as saving time and money on finding and processing bids. Two, transparency has a role in deterring a culture of corruption and not creating conditions for open competition. Drawing on examples of good practice, e-procurement stands out as the most commonly employed tool to improve transparency in public procurement. Provided that basic infrastructure is in place, its main strength is its ability to improve access to procurement.

2.10 The Level of Compliance of Procurement Entities

The baseline indicator assesses the strengths and weakness of National Procurement Systems. The indicator covers the legal and regulatory instruments from the highest level (national law, act, regulation, decree, etc.) down to detailed regulation, procedures and bidding documents formally in use. These indicators can be broken down into eight sub-indicators which are individually scored. These are: Scope of application and coverage of the legislative and regulatory framework, Procurement Methods, Advertising Rules and time limits, Rules on Participation, Tender Documentation and Technical Specifications, Tender Evaluation and award criteria,

Submission, receipt and opening of tenders and Complaints (OECD-DAC/World Bank, 2006). Foreign investors would be unwilling to invest in Ghana economy especially where they would have to deal with public procurement entities whose procurement processes are at variance with norms, standards and practices. It is further suggested that steps be taken by the PPA to sanitize the procurement process by training both procurement officers and suppliers, contractors and consultants to understand the procurement processes and to enable them apply the law to the letter. Punitive measures should also be put in place to deter officers who would deliberately abuse the procurement process (Ameyaw *et al.*, 2012).

Greater harmonization of donor procurement rules to be followed would improve the effective use of relatively scarce professional procurement staff. Donors often require that only their rules be followed. While donors have every right to set their own rules and conditions, questions of sovereignty will exist to determine the longevity of the reforms. Sovereignty describes the ultimate authority in a state, important in an international system of commitments (Wayne and Habib, 2005).

2.10.1 Performance/Compliance of Procurement Entities

The Public Procurement Authority of Ghana in its review in 2006 identified some challenges in the public institutions ability to interpret the act to the latter which therefore suggest the need to urgently identify these weaknesses and address them. These are: (a) Lack of qualified procurement personnel (b) incorrect interpretation and application of some provisions of the procurement Act, (c) slow pace in regularizing the Draft Regulations (d) lack of clear procedures for Emergency procurement, (e) lack of Training Avenues or Institutions (f) poor Record Management (scattered files), (G) poor handling of Suppliers' Complaints (h) poor

Procurement Planning, Mobilization and Implementation, (i) poor Contract Management and high cost of Advertisement (PPA, 2007 cited in Osei Tutu et al, 2011).

Country Procurement Assessment Report (CPAR), review by a team of Government officials, World Bank and donor staff, and national consultants, reveals substantial inefficiency in public procurement and concludes that the principle of “value for money” is not achieved. This is true for both governments financed and donor financed procurement. The main findings of Country Portfolio Performance Review of World Bank (2002) projects also reviewed slow project implementation and disbursement among other factors due to, a large extent of inadequate procurement planning, non-transparent procurement procedures and poor contract management.

A review in 2002 of 132 works contracts which constitute an important part of public procurement indicated that about 84% incurred cost-overruns of up to 30% of the initial amount (World Bank, 2003).

Similar findings of public procurement weaknesses were recorded in the 1966 Country Procurement Assessment Report (World Bank, 1996 cited in Osei Tutu *et al.*, 2011). In Africa, public procurement is generally managed and its planning in particular takes place in an increasingly complex political, economic, social, cultural and technological environment (Basheka, 2008).

2.11 Brief Revision/Introduction of the Public Procurement Act, 2003 (ACT 663).

2.11.1 Objectives of the Act 663 of 2003

The main objectives of Act 663 are given in section 2 and are to:

- Harmonize public procurement processes in the public service
- Secure judicious, economic and efficient use of state resources

- Ensure public procurement fair, transparent and non-discriminatory.

2.11.2 Scope of Act 663

Act 663 applies to the following (Section 14 (1)):

- Procurement financed from public funds-wholly or partly;
- Procurement of goods, works, services and contract administration;
- Disposal of public stores and equipment; and

Procurement financed by funds and loans taken by the government of Ghana, including foreign aid funds.

2.12 Procurement Structures

- i. Public Procurement Authority
- ii. Procurement Entity
- iii. Head of Procurement Entity
- iv. Procurement Unit
- v. Entity Tender Committees
- vi. Entity Review Boards
- vii. Tender Evaluation Panel

2.12.1 Public Procurement Authority (PPA)

The Public Procurement Authority acts as the statutory advisory and coordinating body on procurement (Part 1 of Act 663). All Procurement Entities, Tender Committees and Tender Review Boards are required to abide by the technical guidelines and regulatory instructions.

2.12.2 Procurement Entity

A procurement entity is an organization or person that has legal/administrative mandate for procurement purposes (Chapter 2.2, Procurement Manual). In order

words, any entity conducting Public Procurement under the Act and is responsible for all procurement activity of the entity in compliance with the law and any regulations or administrative instructions which can be sue and be sue.

2.13 The Orthodox Procurement Cycle (Works, Goods and Services)

The Public Procurement Manual of the PPA outlines procurement cycle for works goods and services; the cycle is the road map of the procurement process. It establishes the key activities required at every stage of the procurement process and the actions to be taken by respective offices. For the purposes of this studies will use national competitive tendering. (NCT) procedure which is known to the generic for all contract types;

The activities are as follows:

- Preparation of Tender Documents
- Confirm Contract Notice or publication
- Issue tender documents to candidates/applicants;

Deal with queries during period including issue of supplementary information if necessary fairly and equally.

Grant an extension of time to the tender period if necessary;

- Record receipt of tenders
- Open tenders

Evaluate tenders in the case of an open procedure evaluate suitability first before evaluating tenders

- Post Review /ETC/TRB approval
- Post tender clarifications
- Issue Letter of Intent

- Issue Letter of Acceptance or award
- Issue Letter to unsuccessful Tendered Mobilisations.

2.14 Completion Period

Final Acceptance perceptions of corruption in Egypt remain high, which casts doubt over the extent of open competition in public contracting. Curbing corruption is particularly relevant in the transition period (Kaspar and Puddephatt, 2012).

As the revolution creates a power vacuum that increases the risk of corruption, old elites lose monopoly on power and new actors start pursuing their own agendas. Transparency is a useful tool to address corruption, but political will to deal with it will be decisive—in its absence, initiatives to curb corruption in public procurement will inevitably fail (Kaspar and Puddephatt, 2012).

Transparency can be used as a tool aimed directly at reforming public procurement, but it is important to understand that corruption in public procurement does not exist in a vacuum. When Egyptian small business owners who had experience with paying bribes to public officials were asked about the reasons for these payments, 90 per cent regarded it as something normal, ‘something everybody does’. For this reason, we need to see efforts to improve transparency in public contracting as part of a broader transparency regime that includes: to (i) An enforceable and effective right to freedom of information (ii) Regular and open publication of information (iii) Effective audit and regulation bodies with real independence (iv) An active and engaged civil society and media capable of challenging corruption (v) Regular and open publication of information (vi) Effective audit and regulation bodies with real independence; and an active, engaged civil society and media capable of challenging corruption (Kaspar and Puddephatt, 2012).

2.15 Summary of Literature

Finally, there is need for transparency to enhance openness and clarity on procurement policy and its delivery (World Bank, 2003). Accountability is government's obligation to demonstrate effectiveness in carrying out goals and producing the types of services that the public wants and needs (Segal and Summers, 2002). Lack of accountability creates opportunities for corruption.

The review came out clearly that a poorly managed procurement process will affect a country's economy. This assertion is back by findings of other authors that public procurement formed or constitutes 20% - 50% of every country's GDPs. It further came out that it is perceived to be an area or a process which is bedevil with a lot of waste and corruption and needs a serious reformed for value for money programmes and projects. It however came out to light again that, institutionalization or procurement Act or law is also a problem. Qualify professional to ensure that efficient and transparent processes are adhered to also became a big challenge to the systems as well as enforcing the law and its interpretation.

Three key components of accountability, including the measurement of goals and results, the justification or explanation of those results to internal or external monitors, and punishment or sanctions for non-performance or corrupt behavior were also identified.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology adopted for this study. The Chapter addresses data collection instruments, methods, Sampling and Sample Size Determination and procedures. It provides detailed explanations to each of the methods employed and how the methods adopted were used to address the aims and objectives. It explores the approaches implemented in order to bring to bear the core issues as pertaining to the quest to ascertain the responses of the major players in the Ghanaian procurement processes.

3.2 Research Strategy, Design and Process

According to Naoum, (1998) research strategy deals with how the research objectives are question. The three main strategies are quantitative, qualitative, and triangulation. The decision to follow any particular strategy depends on the purpose of the study, the type and availability of information for the research (Naoum and Coles, 1997). On the other hand, research design deals with the framework for data collection and analysis; the structure that guides the execution of the technique for collection and data analysis, which provides the connection between empirical data to its conclusions, in a logical sequence to the initial research question of the study (Bryman, 2004: 1992); and includes experimental, survey, action research, and case study (Baiden, 2006).

Research process however addresses data collection instruments, methods, and procedures. It provides detailed explanations to each of the methods employed and how the methods adopted are used to address the aims, objectives and research questions.

This research adopted a quantitative strategy of survey questionnaire which is preceded by thorough literature review and interviews. In this study, some interview, (the exploratory method) was also employed just to gain insights into the topic and increase fact and knowledge during the analysis as to whether or not one would want to give more information which though might be important to this research but the researcher fail to pose question on them during public procurement processes. A was selected because i) it is convenient for the researcher and the respondent due to their tight schedules ii) it is believed that the challenges cut across the institutions iii) to have a response answering a uniform question. It also enhances the reliability of observations and improves replications because of the inherent standardised measurement and sampling procedures (Oppenheim, 2003).

3.3 Data Collection and Instrumentation

3.3.1 Data Sources

The approach for collecting data involves desk survey and field survey. The desk survey (literature review) forms an essential aspect of the research since it sets the pace for the development of field survey instruments using questionnaires, and interview (Fadhley, 1991). The field survey deals with the collection of empirical data. The approach adopted for data gathering for the purpose of this research is questionnaires. Having conducted a thorough literature review and positioned the study within its theoretical context; the adoption of the questionnaires helped to elicit relevant information from the respondents.

3.3.2 Questionnaire Design

Oppenheim, (1996) observed that prior to the questionnaires development it was important to first establish the information to be gathered so that relevant questions

are solicited. The questionnaires were designed to be close-ended questions and scaled-response questions. For some closed- ended questionnaire, the Likers response scale was employed to assess the strength or intensity of respondent's view. Effort was made to keep the questions in the questionnaire in simple language, devoid of technical terms to minimize potential challenges from respondents. In addition, the number of questions in each set was kept low as possible to persuade respondents to answer the questions. The format of the questionnaires was guided by considerations of respondent's posture to filling questionnaires and ease of reading.

3.3.3 Content of the Questionnaires

Quality of the responses and response rate is conventionally affected by the nature of questions and the way, in which questions are structured, articulated and presented. Wahab, (1996) observed that anchored on this premise, it was important to ensure that the right questions are asked, well understood and asked in the right way. On the whole, twenty five (25) questions were asked, with the aim of exploring the in depth processes in public procurement in public institutions.

The first three set of questions were asked to explore the background data about the respondents, which included information such as organization or institution you work in, how long you have been working in the firm and your role in the organization. The next six set of questions which were mainly closed-ended type were asked to inquire about issues impeding implementation of public procurement, accountability in procurement and illegal practices in public procurement processes.

3.3.4 Scope of Questionnaire Survey

Geographically, the research was limited to Kumasi (the second largest city of Ghana) because of its strategic importance in Ghana. Given that economic growth is largely

skewed towards regional capital, it is believe that major procurement activities are on the ascendancy in the cities by public institutions. Another reason for limiting the survey in this region precisely to Kumasi is that it accounts for 12% of the registered building contractors and supplier's operating in the regional capitals (Ahadzie, 2007).

3.4 Questionnaires Distribution

Considering the content, nature and structure of the questionnaires it is important that the researcher personally administered them via face-to-face and assisted by the help of two trained research assistants and also to ensure that the questionnaires were completed by the intended respondent, and also to help improve the response rate. . As suggested by Bell (1996), Dillman (2000) and Frazer and Lawley (2000), the questionnaires was pre-tested using some procurement managers in selected public institutions in Kumasi, Ghana. The pretested questionnaires were analyzed and revised based on the outcome and the feedback. The revised questionnaires were finally administered. For this study 3 institutions were selected. Out of the 25 questionnaires distributed, 24 representing 96 percent were completed. This high response rate may be attributed to the strict adherence to the techniques employed in distributing the questionnaires and the persistent follow ups to retrieve the questionnaires.

3.5 Sampling and Sample Size Determination

Sampling is the process of selecting the people with whom to conduct the research. The sampling criteria were based on the research problem, purpose, design and practical implications of the research topic. Hence using convenience and purposive sampling the sample was obtained from a population of MCE, finance officers, planning officers, procurement officers', co-ordinating directors and engineers of the

KMA involved in the financing and provision of infrastructure projects and, heads and procurement officers of two key public institutions in local governance; health & education in the metropolis of Ashanti Region. In convenience sampling participants are included in the study because they happen to be at the right place and at the right time. Purposive sampling refers to the judgmental sampling that involves the conscious selection by the researcher of certain participants to include in the study.

A convenience and purposive sampling to select the population officers, of the KMA and other public institutions involved in the procurement financing and provision of infrastructure projects in the metropolis in Ashanti Region was done. This approach according to Israel (1992), cited in Owusu and Badu (2009), eliminates sampling errors and provides data on all individuals in the population.

3.6 Data Analytical Tool

The selection of the analytical tool is contingent on a thorough review of available analytical and statistical gears. In deciding which test is appropriate to use, it is important to consider the type of variables that you have (i.e., whether your variables are categorical, ordinal or interval and whether they are normally distributed). Consequently, descriptive statistics was adopted in analyzing the data; the kinds of data derived from the survey were mostly nominal and ordinal data.

3.7 Chapter Summary

This chapter has discussed research methods and given reasons for the options selected to achieve the research aims and objectives. The chapter also described the research design and methodology. The research adopted statistical descriptive tool of SPSS technology to do the analysis. Purposive and convenience sampling were adopted for the research work. Finally very important key personalities targeted for

the research work were gotten to fill the questionnaire. The chapter concluded with the research process and covered issues such as scope of questionnaire survey, data sources, sampling and sample size determination, questionnaires development, content of the questionnaires, questionnaires distribution, and data analytical tools.

KNUST



CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the results of the study; compares them to the findings of previous works and consequently establish the current trend in public procurement activities. The chapter has been organized into four main headings as discussed in the proceeding sections.

4.2 Profile of the Respondents

The questions on of the background of the respondents were meant to assess the credibility of the respondents and the responses provided. From the results in Table 4.1, 41.7% of the respondents work at the Metropolitan Assembly whereas 33.3% and 25 % work at the Health and Education sectors respectively. Thus, the inclusion of different sectors of the economy will help provide picture of the problem in a wider scope. They play various roles ranging from procurement directors, Engineers, Planners and directors to Accountants. Besides the above, level of experience of the respondents was also another issue of great concern as it gives more validity to the data collected. In the context of this study, the experience of the respondents was measured based on the number of years they have been involved in procurement activities. As a plus to the validity of the data, more than half (54.2%) of the procurement personnel have worked more than 5 years in procurement activities. This therefore suggests that those who responded to the survey are sufficiently experienced in public procurement to provide credible data.

Table 4.1 General Particulars of the Participants

	Item Description	Frequency	Percent
1	Type of Institutions respondents work in		
a	Metropolitan Assembly	10	41.7
b	Health	8	33.3
c	Education	6	25.0
	Total	24	100.0
Table 4.1 Cont'd			
2	Role of respondents	Frequency	Percent
a	Director	2	8.3
b	Planner	6	25.0
c	Engineer	2	8.3
d	Manager	2	8.3
e	Procurement director	5	20.8
f	Accountant	7	29.2
	Total	24	100.0
3	Years of working experience		
a	1- 5years	11	45.8
b	6- 10year	4	16.7
c	11-15years	5	20.8
d	16-20years	4	16.7
	Total	24	100.0

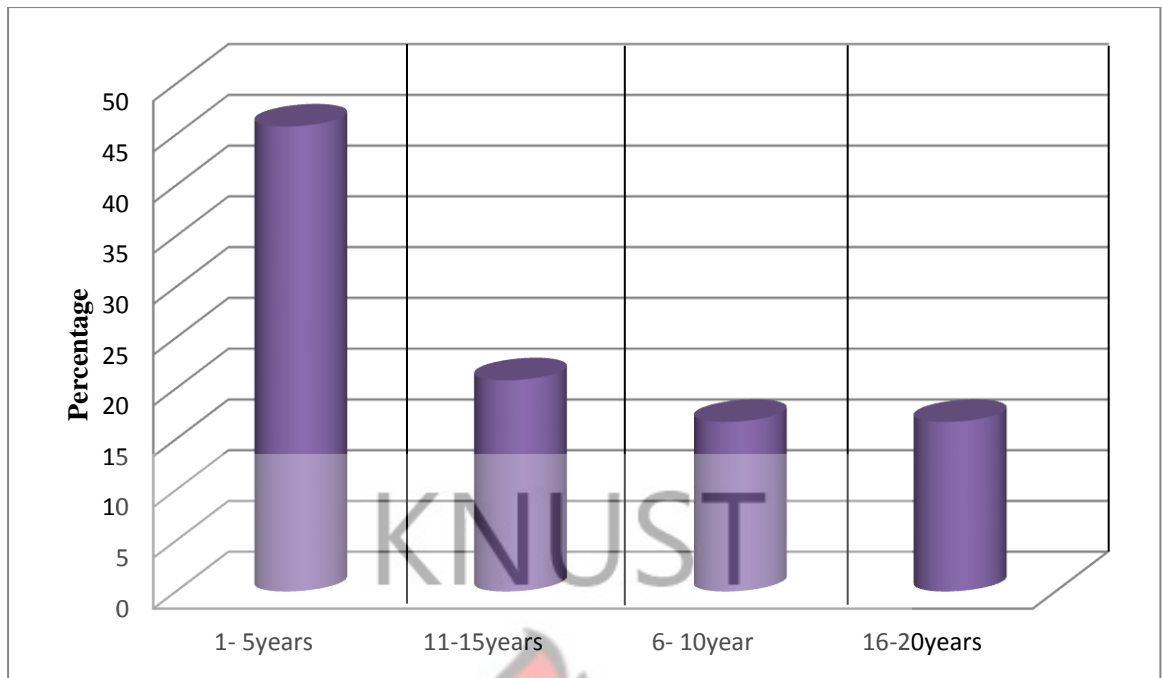


Fig 4.1: Years of working experience in procurement activities

4.3 Transparency and Compliance with the Procurement Processes

The Public Procurement Act, 2003 (Act 663) is a comprehensive legislation designed ensure accountability, transparency and ethical conduct in public procurement in Ghana. The opinions of the respondents were solicited on how far this aim of the act has been realized. From the results in Table 4.2, a majority of the respondents (70.9%) are of the view that, the level of transparency in current procurement processes still declining. This result affirmed the report by Lengwiler and Wolfstetter (2006) who found that the presence of weak institutional infrastructures and lack of effective monitoring mechanisms pervades developing countries which consequently leads to corruption and lack of transparency in public processes. That notwithstanding, other section (33.4%) of the respondents sided with Lengwiler and Wolfstetter (2006) that corruption exist in the country and this is seen in the high decline of the level of transparency in public procurement activities. Transparency International (2009) also reported similar case in Uganda, Tanzania and Kenya where corruption in public

procurement had led to violation of laid down procurement rules. According to Kaspar and Puddephatt (2012) transparency is a useful tool to address corruption, but political will to deal with it will be decisive but in its absence, initiatives to curb corruption in public procurement will inevitably fail.

To further probe into the issue of transparency, the respondents were asked whether Invitation to bid or contract awards are advertised on the Public Procurement Authority (PPA) website as demanded by the act. Table 4.2 shows a good picture: whilst 75% of the respondents indicated that they place their adverts on PPA website, 21% of them rather do it sometime (i.e. not always. This raises the question why some public procurement is advertised while others are not. To add to this 4% indicated that they do not advertise it at all. On the whole the results show a good compliance by the respondents to the provisions of the act. However few of the respondents still agree with the report by OECD-DAC/World Bank (2006) that some procurement entities flout the advertising Rules to their own advantage.

Table 4.2: Transparency in the procurement processes

	Item Description	Frequency	Percent
1.	Current level of transparency is declining		
a	Strongly disagree	1	4.2
b	Slightly disagree	1	4.2
c	Disagree	5	20.7
d	Agree	7	29.2
e	Strongly agree	10	41.7
	Total		
2.	Advertisement of Invitation to bid or contract award on PPA website as demanded by the act	Frequency	Percent
a	Yes	18	75.0
b	Sometimes	5	20.8

c	No	1	4.2
	Total	24	100.0
3.	Presence oversight bodies in monitoring and auditing procurement activities		
a	Yes	18	75.00
b	Sometimes	5	20.8
c	No	1	4.2
	Total	24	100
4.	Procurement personnel should be held accountable for the actions and inactions		
a	Strongly disagree	1	4.2
b	Slightly disagree	1	4.2
c	Disagree	8	33.3
d	Agree	10	41.7
e	Strongly agree	4	16.7
	Total	24	100.0

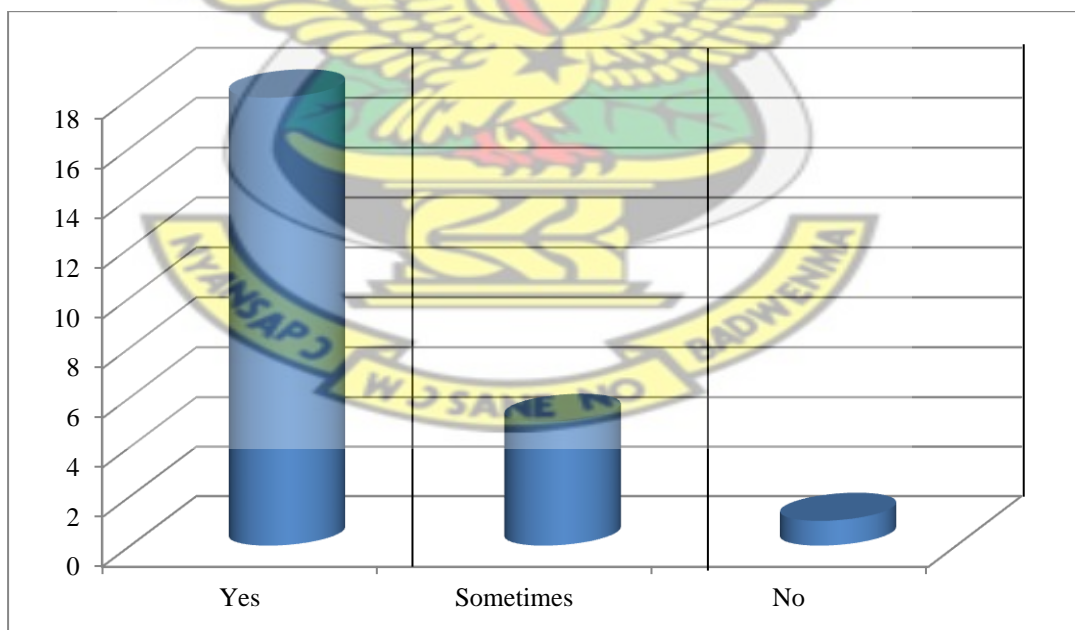


Fig 4.2: Advertisement of Invitation to bid or contract award on PPA website as demanded by the act

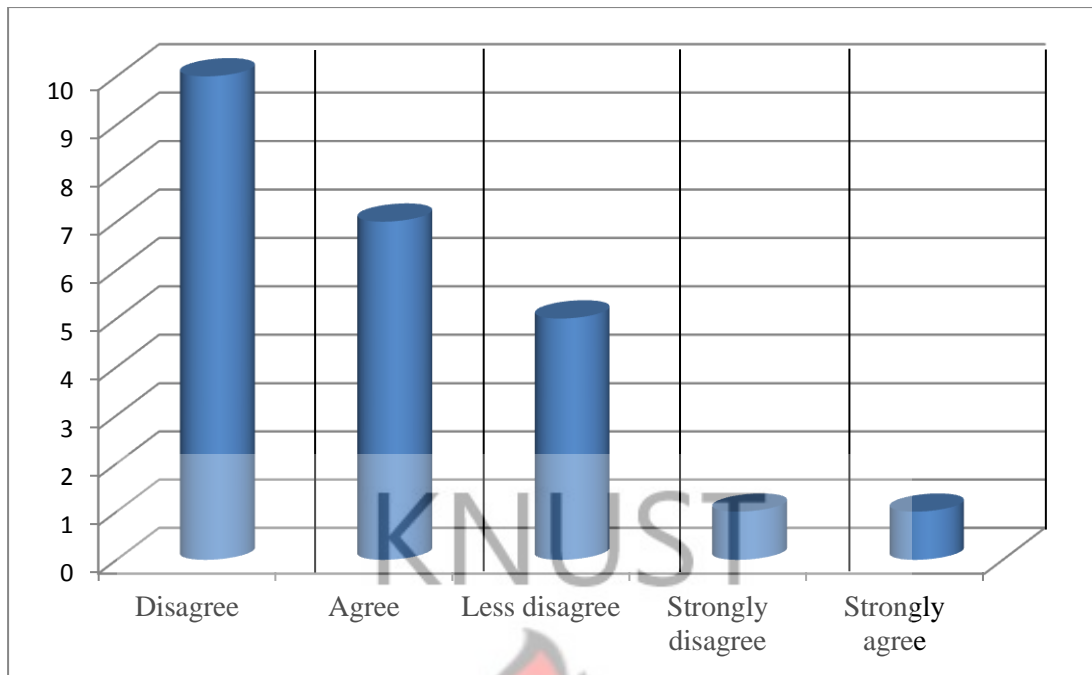


Fig 4.3: Respondents opinion on the decline of transparency in current procurement processes

Finally, with regard to whether public procurement practitioners should be held accountable for actions and inactions during public procurement processes interesting observation was made where as high as 57.4% of the respondent agreed that they should be held liable for any lapses, malpractices' and act of corruption detected in the procurement processes whereas 42.6% disagreed. This result is in agreement with the research by Wee (2002); cited in Ngugi and Mugo (n.d) that ethics are the moral principles or values that guide officials in all aspects of their work. Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency. Public officials who behave unethically should be held accountable for their actions.

4.4 Factors Impeding Public Procurement Implementation

The study among its objectives sought to find out whether there exist impediments (battlements) in the smooth operation of public procurement activities in the Kumasi Metropolis. Per the results shown in Fig 4.4, a whopping 92% of the procurement personnel indicated that there exist a lot of challenges which militate against their activities. The key factors reported include Lack of transparency in procurement processes (1st), Lack of accountability (2nd), Insincerity in procurement processes (3rd), Unfairness in procurement processes (4th) etc. as shown in Table 4.3.

Transparency occurs where there is openness and fairness in all procurement processes. Transparency if practiced to the later could be used as a device aimed at transforming and reforming public procurement. Hence, the Procurement Act requires transparency to be demonstrated in the area of advertisement of tender notices; publishing procurement policies; disclosure of evaluation criteria in Tender solicitation documents and disclosure of requirements for public procurement actors etc. Contrary to the provision of the act, there is significantly lack of transparency and unfairness in public procurement processes in the Kumasi Metropolis. This takes the form of corruption, lack of accountability, political interference among others. The rate of occurrence of these irregularities was also found to be very frequent (Fig 4.7). As reported by World Bank report (2004) cited in Ameyaw *et al.*, (2012) Political interference with procurement process poses a serious challenge to the implementation process and public procurement reforms. A good number of politicians think that they have the right because of their power to intervene in the procurement procedures to let it favor their political cronies and relatives thereby leading to capricious procurement decisions. These result slow project implementation and disbursement among other effect.

Besides the above, Lack of integrity, honesty and competitiveness in procurement processes, etc. (see Table 4.3) were also among the key challenges reported by the respondents.

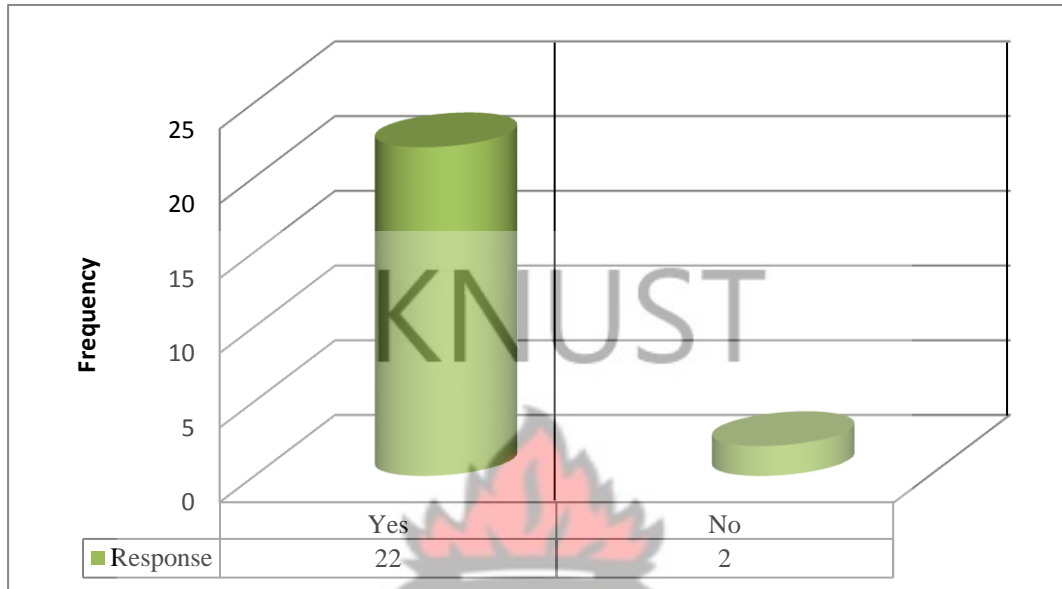


Fig 4.4: Respondents opinion on the presence of impediments in procurement process

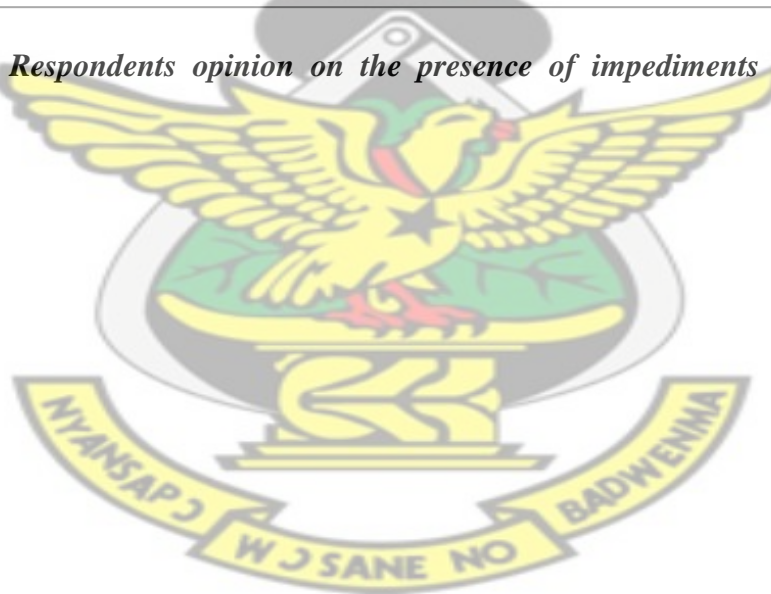


Table 4.3: Factors impeding the successful implementation of procurement processes

No.		RATING									
	FACTORS	1	2	3	4	5	Total	$\sum W$	Mean	RII	Rank
1	Lack of transparency in procurement processes	0	3	6	11	4	24	88	3.6667	0.7333	1st
2	Lack of accountability	0	3	9	9	3	24	84	3.5000	0.7000	2nd
3	Insincerity in procurement processes	0	4	10	5	5	24	83	3.4583	0.6917	3rd
4	Unfairness in procurement processes	0	7	7	5	5	24	80	3.3333	0.6667	4th
5	Lack of integrity in procurement processes	1	4	10	5	4	24	79	3.2917	0.6583	5th
6	Lack of honesty in procurement process	1	6	7	6	4	24	78	3.2500	0.6500	6th
7	Lack of Competitiveness in procurement processes	0	9	6	4	5	24	77	3.2083	0.6417	7th
8	Lack of probity and accountability in the procurement processes	0	10	4	5	5	24	77	3.2083	0.6417	8th
9	Insufficient modern equipment and technical know- how	1	11	3	7	2	24	70	2.9167	0.5833	9th
10	Inadequate trained professionals	3	6	8	5	2	24	69	2.8750	0.5750	10th
11	Inadequate knowledge in ICT	2	10	8	4	0	24	62	2.5833	0.5167	11th

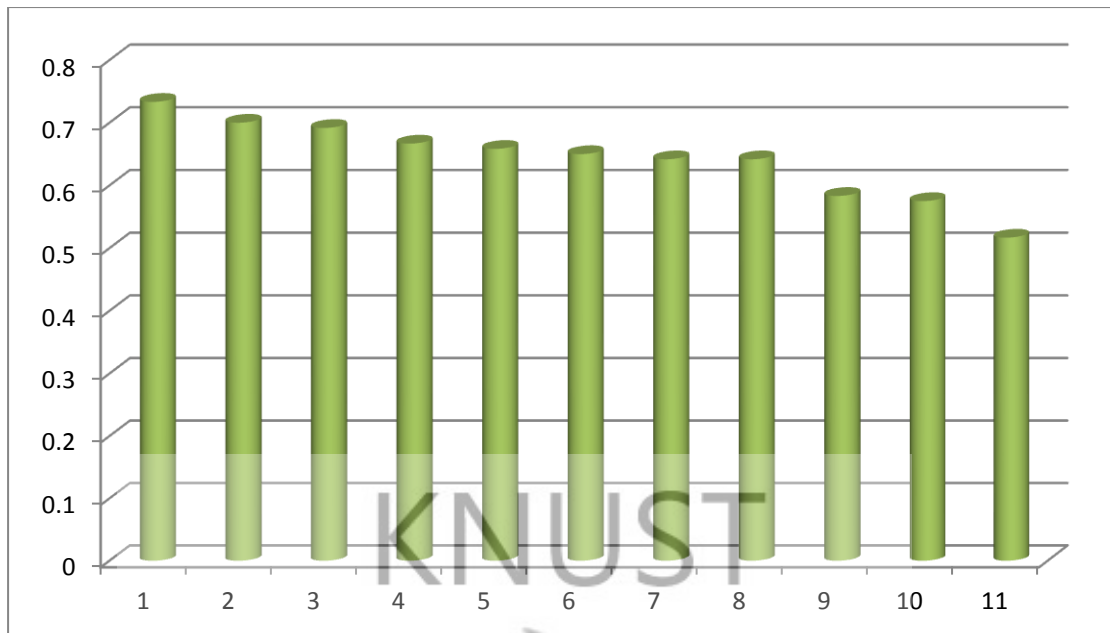


Fig 4.5: Factors impeding the successful implementation of procurement process

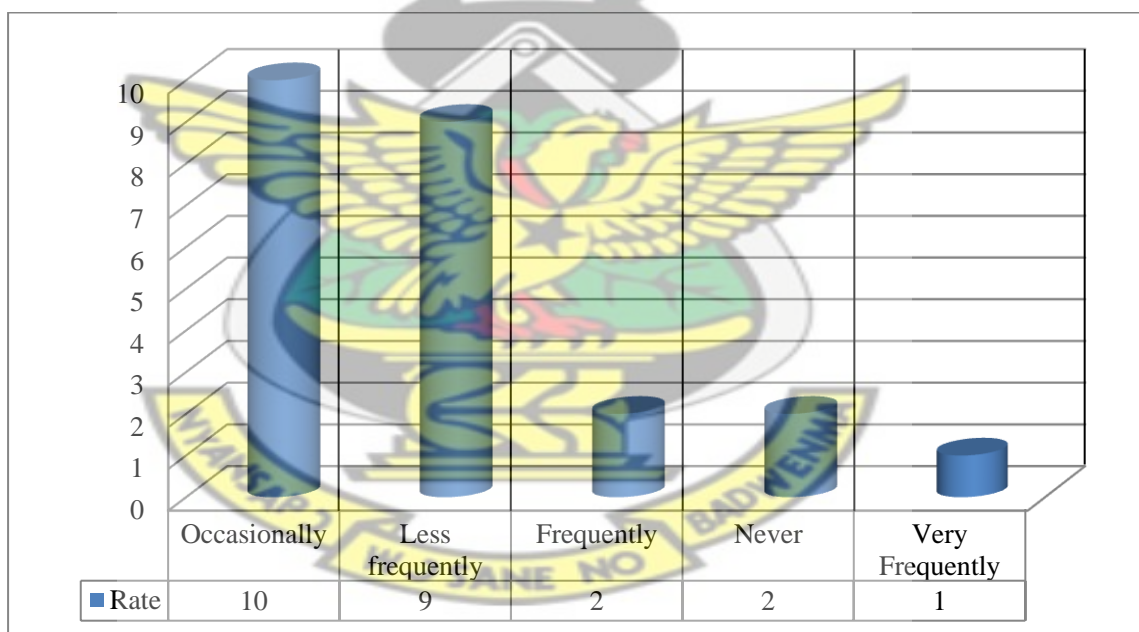


Fig 4.6: Frequency of occurrence of the impediments

4.5 Illegal Practices in Public Procurement

The probe deeper into the procurement processes in the metropolis, the study solicited from the respondents the various illegal practices found in their procurement processes. Their responses revealed that corruption is the most prevalent illegal

practice in the procurement activities. Some of the respondents explained that, tenderers have to pay 10% of the contract sum of a project as bribe before the contract is awarded to them. In some cases, the contract sum is inflated. Some contracts are also sold to contractors. These irregularities confirm the study by Transparency International (2012) cited in Ameyaw *et al* (2012) where Ghana was reported to be one of the most corrupt nations in the world judging from the annual Corruption Perceptions Index (CPI) released in 2012. It is estimated that corruption in Sub-Saharan Africa exists in about 70% of public contracts and results in about 20-30% rise in contracts sums (Ameyaw *et al.*, 2012). Apart from this practice repelling foreign direct investment, it also distorts the size of government expenditures and the decision-making process for public investment projects (Kaspar and Puddephatt, 2012). The respondents attested to the fact that the bribery and corruption is seriously affecting the effectiveness of procurement processes in the country and the economy in general.

Influence by politicians was another key illegality reported by the participants. Most of the politicians use their power to intervene in procurement procedures to let it favor their political cronies and relatives thereby leading to capricious procurement decisions. Conflict of interest was affected the effectiveness of procurement process.

Table 4.4: Illegal practices in Public procurement

No.	Illegal practice	RATING					Total	ΣW	Mean	RII	Rank
		1	2	3	4	5					
1	Corruption	0	5	3	7	9	24	92	3.8333	0.7667	1st
2	Contract buying	1	4	7	3	9	24	87	3.6250	0.7250	2nd
3	Political interference	2	3	6	7	6	24	84	3.5000	0.7000	3rd
4	Bribery and inducement	1	6	5	5	7	24	83	3.4583	0.6917	4th
5	Preparing tender documents to favor a particular contractor	1	4	10	5	4	24	79	3.2917	0.6583	5th
6	Poor remuneration of work force	2	7	6	6	3	24	73	3.0417	0.6083	6th
7	Conflict of interest	1	12	7	0	4	24	66	2.7500	0.5500	7th

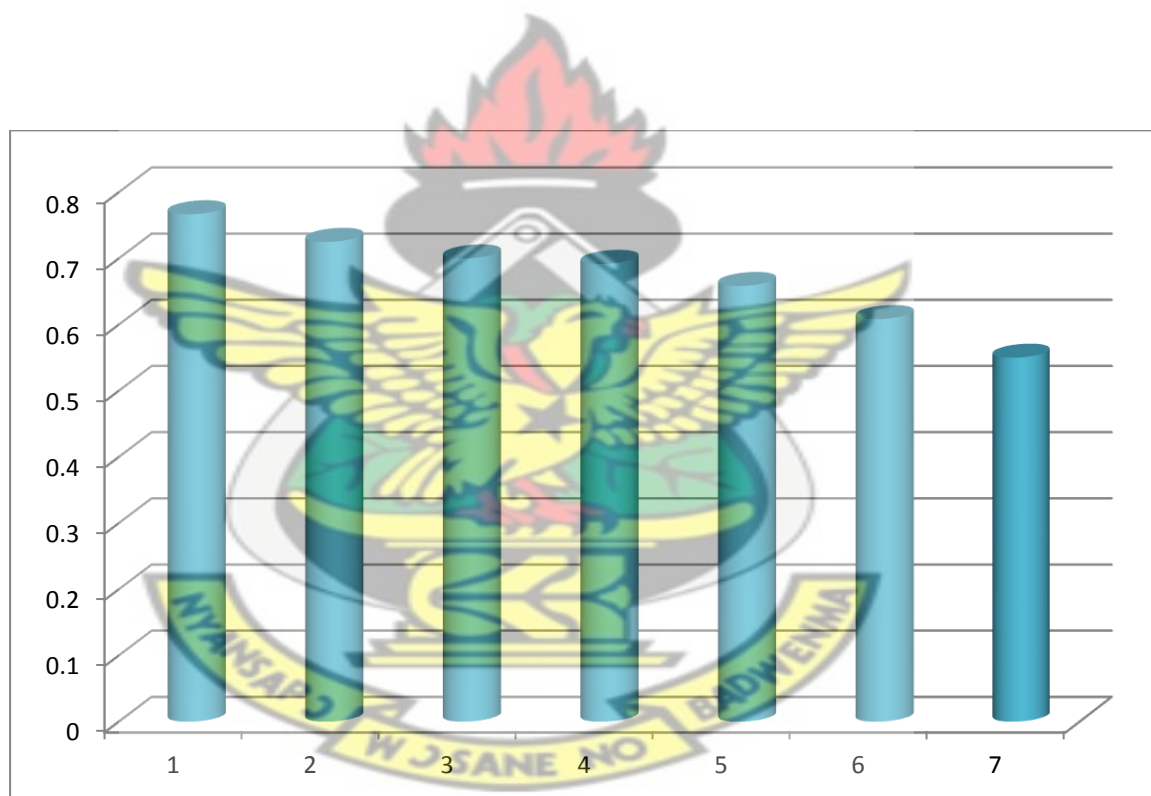


Fig 4.6: Illegal Practices in Public Procurement

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This dissertation focused on factors that impede public procurement implementation in the procurement of works contract. The main introduction to the research was covered in Chapter One. Chapters Two discussed the theoretical/conceptual maps of procurement and the context within which the research was conducted. In Chapter three, methodological issues were considered and appropriate research approaches were selected and justified. Chapter four presented analysis and provided detailed discussions on the results. In this last chapter, the research is brought to a close by summarizing the issues addressed throughout the study.

Recapping what was earlier discussed in Chapter one of this report, the aim of this research was to explore thoroughly the key factors that impede smooth implementation of the procurement policies in public procurement entities. Three research objectives were set for this study. Objective 1 was achieved through literature reviews. Survey questionnaire was conducted to achieve Objectives 2 and 3 which is to explore the existing public procurement system through an elaborate literature review ii) To uncover the factors that impede transparency and fairness in the public procurement system; and iii) To identify unethical practices in the public procurement system.

In public procurement the goals of fairness, competition and economic value are paramount. To achieve these goals, effective and efficient procurement procedures must be established.

This includes incorporating adequate controls to promote competition and minimize the risk of fraud, unethical, corruption, waste, and the mismanagement of public funds. In this context, transparency is considered to be one of the most effective tools to deter corruption and ensure value for money.

5.2 Findings

- a. The first objective was set to conduct literature review and to this effect, a critical review of the public procurement was conducted. Key issues covered include: the theoretical definition of public procurement Public procurement – an opportunity for growth, factors that impede public procurement processes, challenges in public procurement, good principles in public procurement, the benefits of transparent public procurement, the level of compliance of procurement entities and the orthodox procurement cycle for works.
- b. However contrary to the good intention and intent of enacting and passing the public procurement Act 663 2004, the research is showing a worrying picture and a trend that states that a greater number of the respondents indicated strongly that the level of transparency seems to have seriously declined.
- c. The research also revealed in respect of issues relating to advertisement that Entities had complied in all procurement that they sought to have done. This therefore is good for the country as foreign investors would be unwilling to invest in any economy where its public procurement entities ensured that procurement processes are inconsistent with norms, standards and practices procurement Act and laws.
- d. A good number of the respondents confirmed their encounter with impediment's in the carrying out of their public procurement duties and posed a deal of challenge to the implementation processes and brings little or no

fairness in the competition. These however had come as result of certain people in leadership position who would do anything within their means to influence and manipulate evaluation panel to skewed report in favours of their cronies. Even though evaluation reports are to be carried out under some level of secrecy and confidentiality it believed it is use as a cover up to in certain situation. The findings had further suggested that if law makers would advocate for the publishing of evaluation reports it would minimise the manipulation and the non-transparent issues and therefor raise public confidence in the processes and avoid capricious decisions.

- e. Another interesting thing this research revealed is that it highlighted the perceived low level of competency of procurement staff in the entities and where most of them cannot and will not be able to relate to emerging procurement issues considering their backgrounds. The research further identified perceived lack of qualified procurement personnel, lack of Training Avenues or Institutions and incorrect interpretation and application of some provisions of the procurement Act as some of the serious challenges the country is battling with.
- f. The results showed that a higher percentage of the respondents confirmed significantly that lack of competition in public procurement affect and impede the processes. It further exposed that lack of competition fails to bring tangible benefits in the form of time, costs saving and value for money.
- g. Additionally it came out clearly that conflicts of interest and unethical practices are all illegality but respondent believed that it continued to exist in some procurement activities. This is indicative of the fact that even though the

Act 663 is in existence, its influence on public procurement is minimal and therefore discouraged competitions.

5.3 Conclusion

The Government of Ghana spends huge sums of money in the procurement of works, goods and services for the public sector to prosecute its agenda of corporate social and infrastructure responsibility.

To achieve the intent of value for money and fairness in the procurement of works, goods and services, the Government of Ghana (GOG) in 2003 promulgated the Procurement Act (Act 663) to guarantee equity, fairness and competitions in the procurement processes. Interestingly however, the Act 663 had its main objectives as i) harmonize public procurement processes in the public service ii) Secure judicious, economic and efficient use of state resources iii) ensure public procurement fair, transparent and non-discriminatory. Ever since the Act 663 was passed over a decade, various concerns have been raised concerning the applications of the key aspects of work acquisitions. So therefore it is important for institution's charge with the responsibility of ensuring the success of this Act to take a retrospective view on the numerous calls for a serious review. This research had clearly exhibited perceived lack of transparency; lack of equal playing field for all interested parties; and lack of standardization in public procurement processes, lack of trained procurement professionals and sometimes lack of understanding of the Act.

Public Procurement Authority (PPA) is encouraged to be more proactive and adequately do a lot more communication to help the entities build up their capacities in the Act and any assistance of any kind especially in the areas of clarification of sections of the Act. A battle against weak procurement systems must be backed by

strong public institutions with a strong political will and explicit Government's commitment to eradicate all lapses and stick to the Act 663. Finally there is a strong revelation by this research that a poorly managed procurement system affects different elements of society and deprives its citizens of good social amenities provided through public projects and programmes (e.g. roads, hospitals, schools housing).

5.4 Recommendations

The primary aim of this study was to uncover the key factors that impede public procurement practices in public procurement. Having come out with some findings and conclusions, the following recommendations are therefore prescribed to assist in future procurement processes.

- A) E-procurement stands out as the most commonly employed tool to improve transparency in public procurement. Provided that basic infrastructure is in place, its main strength is its ability to improve access to procurement.
- B) It is advised that in future public procurement processes be in line with the noun and standards prescribed in procurement act 663 2003.
- C) Heads of entities should desist from interfering with the carrying out of procurement duties by their procurement professionals
- D) In future the entity should make it a point to employ more qualified and competent procurement professionals to be able to deliver value for money project.
- E) The entities should allow for more competition in their procurement processes to permit fair competition.

- F) It is suggested that evaluation reports by Entities on procurements should be published to bring about a lot more transparency in the processes.
- G) The authorities within the entities should make sure that people who are in procurement position sees it as a platform to deliver a service but not to use the position to enrich oneself.

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APPENDIX I

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF ARCHITECTURE AND PLANNING

DEPARTMENT OF BUILDING TECHNOLOGY

QUESTIONNAIRE

I am a research student from the Department of Building Technology, Kwame Nkrumah University of Science And Technology, Kumasi. I am pursuing MSC PROCUREMENT MANAGEMENT and my research is entitled “Exploring the factors impeding the Implementation of Public Procurement in Ashanti Region and intends to identify a Perceived lack of transparency and corruption”.

Please, kindly respond to the questions by ticking (✓) the appropriate box for each item. Please note that all information provided will be strictly treated as confidential as this work is for academic purposes. Thank you.

SECTION A

PERSONAL DATA

1. Indicate Your Working Organization

- a. Metropolitan Assembly []
- b. Health institution []
- c. Education []
- d. Contractor []

2. How long have you been working in your organization?

1-5 years [] 6-10 years [] 11-15 years [] 16-20 years [] 20 years and above []

3. What is your role in the organization?

Director [] Planner [] Engineer [] C E O [] Manager []

Procurement director [] Accountant []

TRANSPARENCY IN PROCUREMENT PROCESS

On the likert scale of 1-5 answer the following questions using Key 1= strongly disagree 2= less disagree 3= Disagree 4=Agree 5= strongly agree

4. The current level of transparency in the public procurement process for procurement works contracts is believed to be declining.

Strongly disagree [] slightly disagree [] disagree [] agree []
strongly agree []

5. Do you advertise your invitation to bid or contract awards on PPA website as demanded by the Act? Yes [] No [] sometimes []

6. Please do oversight bodies monitor and audit your procurement activities and processes? Yes [] No [] sometimes []

7. Public Procurement practitioners should be held accountable for their actions and inactions during procurement processes.

Strongly disagree [] slightly disagree [] Disagree [] Agree []
Strongly agree []

8. Please, in your opinion are there any impediments in the implementation of public procurement Act in your institution?

Yes [] No [] sometimes []

9 To what extent do you experience impediments in the implementation of the procurement processes in your?

Never [] soldom [] occasionally [] frequently [] very frequently []

FACTORS IMPEDING PUBLIC PROCUREMENT IMPLEMENTATION

10. If yes, to what extent does the following impede public procurement processes in your organisation? Use the key 1= not significant 2= less significant

3= moderately significant 4= significant 5= very significant

FACTORS	1	2	3	4	5
Lack of accountability					
inadequate knowledge in ICT					
insufficient modern equipment and technical know- how					
insincerity in procurement processes					
Lack of probity and accountability in the procurement processes					
Lack of integrity in procurement processes					
unfairness in procurement processes					
Inadequate trained professionals					
Lack of transparency in procurement processes					
Lack of Competitiveness in procurement processes					
Lack of honesty in procurement process					

11. ILLIGAL PRACTICES IN PUBLIC PROCUREMENT

Please indicate which of the following in your opinion impedes your legal practice in public procurement processes. Use the key 1= not significant 2= less significant

3= moderately significant 4= significant 5= very significant.

FACTORS	1	2	3	4	5
Conflict of interest					
Contract buying					
Bribery and inducement					
Corruption					
Preparing tender documents to favor a particular contractor (favoritism and nepotism)					
Political interference					
Poor remuneration of work force					

