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KUMASI

COLLEGE OF ART AND BUILT ENVIRONMENT

DEPARTMENT OF BUILDING TECHNOLOGY

ASSESSING COMPETITIVENESS IN PRIVATE SECTOR PROCUREMENT

(A CASE STUDY OF PBC LIMITED)

BY

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**A DISSERTATION SUBMITTED TO THE DEPARTMENT OF BUILDING
TECHNOLOGY, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF MASTER OF SCIENCE (MSc.) IN PROCUREMENT
MANAGEMENT**

NOVEMBER, 2015

DECLARATION

I hereby declare that, this submission is my own work towards the MSc in 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 any university, except where due acknowledgement has been made in the text.

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ABSTRACT

Given that competition is a pillar of capitalism in all industries in that it stimulates innovation, encourages efficiency, ensures quality of goods, works and services, or drive down prices, procurement approaches and procedures should therefore be important and suitable for what is being used for and the market must be able to make available in affordable price. The key benefits of competitive procurement is, its expectancy to lower procurement cost and also prevent corruption. Hence, the aim of the study was to assess the challenges and provide strategies for the successful implementation of competitive procurement procedures in PBC Limited. To achieve this aim, the following objectives were developed; to analyse the current procurement practices pursued by PBC Limited, to identify the challenges associated with the implementation of competitive procurement procedures at PBC Limited, and to identify strategies in addressing the smooth implementation of competitive procurement procedures. The study further reviewed other literature that was done on the subject matter to bring out opinions of different authors on the subject area. The review of associated literature captured important areas such as: an overview of procurement, procurement cycle, PPA (Act 663), procurement methods and competitive tendering practices. Primary Data was collected from the all 21 procurement practitioners in PBC Limited using questionnaires. The data that was received was generally examined using SPSS 17.0 (Statistical Package for Social Sciences) computer software program and Mean Score (MS) where necessary. The analysis revealed that there was an institutional framework or policy which serves as a guide to the company when procuring, but not all the procurement practitioners are aware of its existence. Limited Competitive Tendering methods like Request for Quotations, Single Sourcing and Restricted Tendering was revealed to be the most used procurement methods in the company and also from the opinion of the respondents, it was concluded that the purchasing methods being used by PBC Limited are not competitive and needs to be reviewed to achieve value for money in a transparent and fair manner. Furthermore, the need for strategic procurement in the private sector was an issue worth addressing and inadequate measures for monitoring and evaluating procurement activities was also a major challenge that faces the organization and must be addressed. It is recommended that there should be a comprehensive and transparent institutional procurement framework or policy with emphasis on competition towards achieving value for money, transparency and fairness, consolidation of all procurement undertakings under one Department or Unit, training and development of its procurement practitioners in competitive procurement, establishment of an effective independent procurement monitoring and audit team which report to the Board of Directors periodically on procurement activities, and adopt procurement planning systems instituted in the Public Procurement Act 2003, (Act 663) to prevent “artificial” emergencies.

Keywords: Procurement, Competitive tendering, Private sector and PBC Limited.

ACKNOWLEDGEMENT

First and foremost I want to thank God Almighty for seeing me through this project.

The successful completion of this research work would have been impossible without the advice, assistance and support of other people. I am indebted to my Supervisors, Dr. Bernard Kofi Baiden and Dr. Joseph Kwame Ofori Kuragu for their support, supervision, motivation, constructive criticism, patience and guidance which resulted in this final product.

To my lovely wife Anne Baah (Mrs.), I am very thankful for being the pillar of encouragement towards the successful completion of this work.

I am also very grateful to all the study respondents who allocated time in spite of their busy schedules to assist in making it a success. May God richly bless you.

DEDICATION

This work is dedicated to God Almighty who has brought me this far.

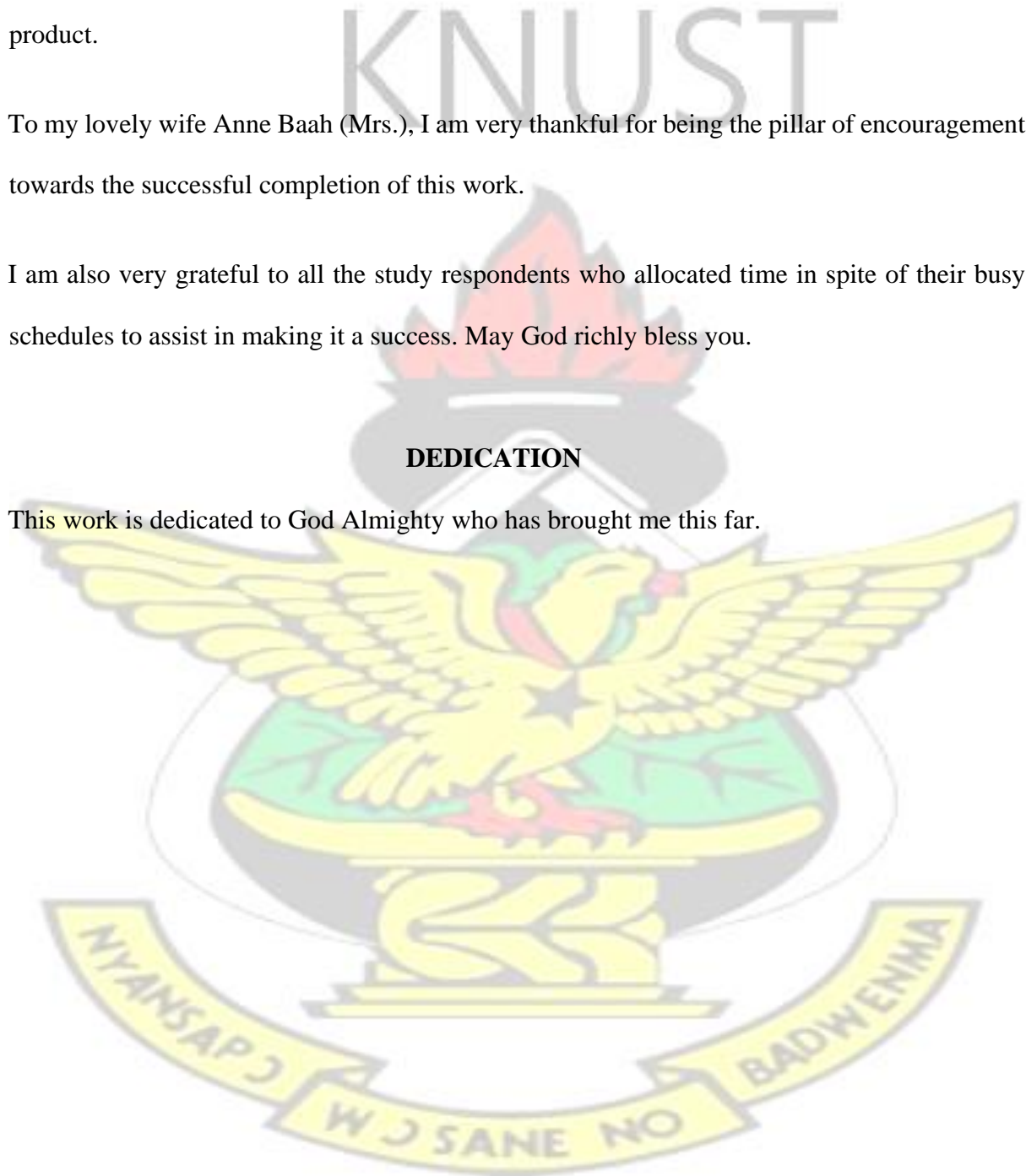


TABLE OF CONTENTS

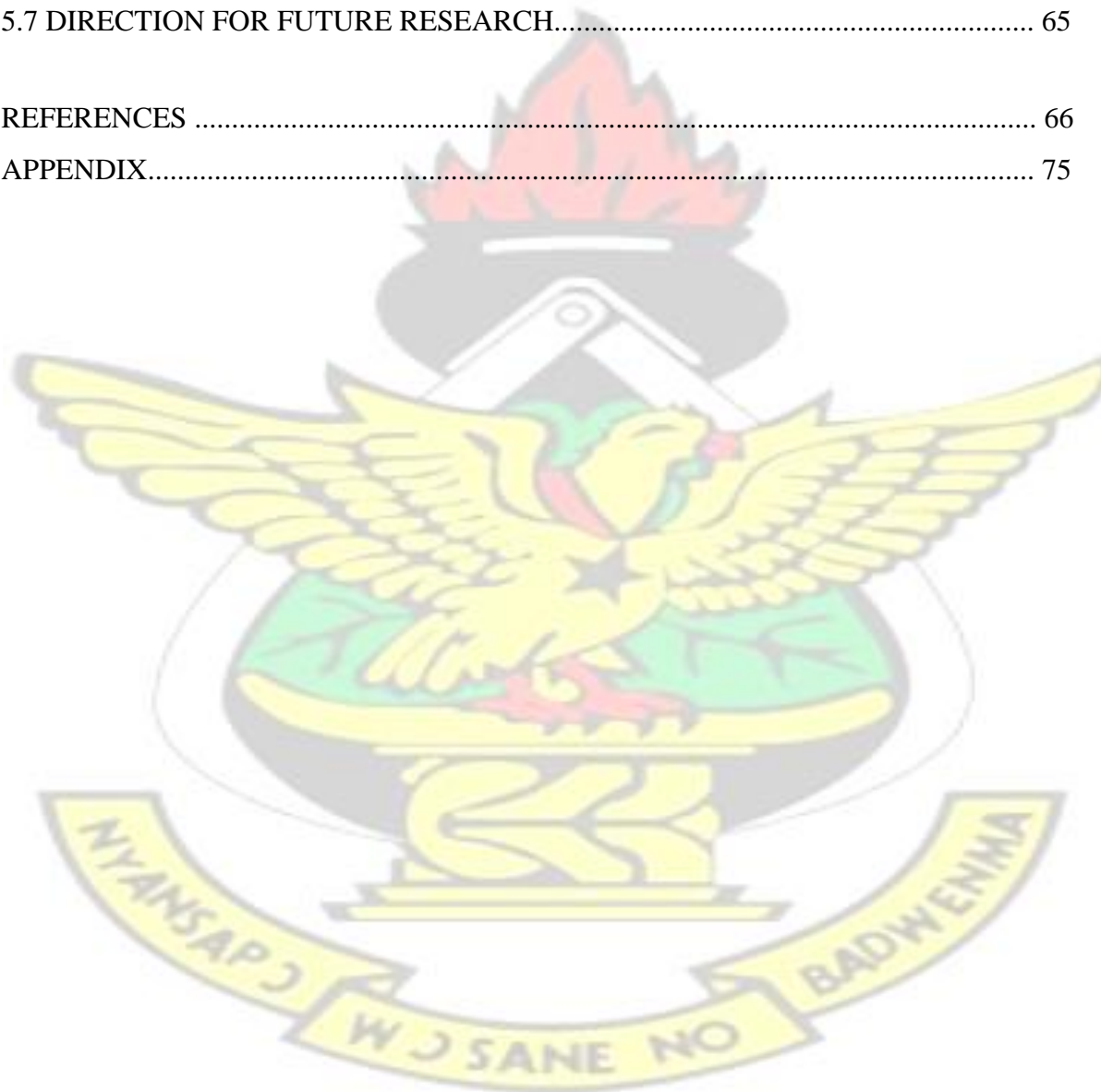
DECLARATION.....	ii
ABSTRACT	iii
ACKNOWLEDGEMENT.....	iii
DEDICATION	iv
TABLE OF CONTENTS	v
LIST OF TABLES	ix
LIST OF FIGURES	x

CHAPTER ONE	1
INTRODUCTION	1
1.1 BACKGROUND OF STUDY	1
1.2 PROBLEM STATEMENT	3
1.3 RESEARCH AIM AND OBJECTIVES	6
1.4 RESEARCH QUESTIONS	6
1.5 SCOPE	6
1.6 JUSTIFICATION	7
1.7 ORGANISATION OF STUDY	8
CHAPTER TWO	9
LITERATURE REVIEW	9
2.1 INTRODUCTION	9
2.2 OVERVIEW OF PROCUREMENT	9
2.4 FRAMEWORK OF PROCUREMENT	12
2.5 THE PROCUREMENT CYCLE	13
2.5.1 Planning	14
2.5.2 Sourcing	14
2.5.3 Contracting	14
2.5.4 Contract Management	15
2.5.5 Storing.....	15
2.5.6 Distribution	15
2.5.7 Elimination	16

2.5.8 Evaluation	16
2.6 SUPPLIER DEVELOPMENT CONCEPT	17
2.7 THE PUBLIC PROCUREMENT ACT, 2003 (ACT 663)	18
2.8 PROCUREMENT METHODS	19
2.9 Competitive tendering (open competition)	19
2.10 Competitive tendering methods	19
2.10.1 National competitive tendering	20
2.10.2 International competitive tendering	20
2.10.3 Two-phase Tendering	20
2.10.4 Restricted tendering	20
2.11 ADVANTAGES OF COMPETITIVE TENDERING	21
2.11.1 Value for money	21
2.11.2 Opportunities equality / fairness	21
2.11.3 Increase the competition and to reduce the prices	21
2.11.4 Accountability and transparency	22
2.11.5 Corruption and mitigation favoritism	22
2.12 BARRIERS AND CHALLENGES OF COMPETITIVE TENDERING PRACTICES	22
2.13 STRATEGIES FOR EFFECTIVE COMPETITIVE PROCUREMENT PRACTICES	23
2.13.1 Establishment of functional procurement unit/department	23
2.13.2 Training and professional development in the realization of contests	24
2.13.3 Announcement of the tenderers (proposals)	24
2.13.4 The agreement with the Ethical procurement practices	24
2.14 Procurement practices of the public and private	25
2.15 Practices of Public Procurement	27
2.16 CHALLENGES TO PUBLIC PROCUREMENT PRACTICES	28
2.16.1 Too much decentralization of the procurement practices	28
2.16.2 Lack of proper knowledge, skills and capacity	29
2.16.3 Bureaucracy	29
2.16.4 Unethical behaviour	30
2.16.5 Non-compliance with policies and regulations	30
2.16.6 Accountability, fraud and corruption	30
2.16.7 Inadequate planning and linking demand to budget	31

2.16.8 Inadequate measures for monitoring and evaluating procurement activities	32
2.17 PRIVATE PROCUREMENT PRACTICES	32
2.17.1 Strategic procurement	33
2.17.2 Relationship forms	33
CHAPTER THREE	35
RESEARCH METHODOLOGY	35
3.1 INTRODUCTION	35
3.2 STUDY POPULATION AND RESEARCH DESIGN	35
3.3 SOURCES OF DATA AND RESEARCH APPROACH	36
3.4 DATA COLLECTION INSTRUMENT	37
3.4.1 Questionnaire	37
3.4.2 Content of questionnaire	38
3.5 DATA ANALYSIS	39
CHAPTER FOUR	40
DATA ANALYSIS AND DISCUSSION	40
4.1 INTRODUCTION	40
4.2 DEMOGRAPHIC DATA OF RESPONDENTS.....	40
4.2.1 Gender distribution of respondents	41
4.2.2 Age distribution of respondents	41
4.2.3 Educational level of respondents	42
4.2.4 Professional Background of respondent	43
4.2.5 Respondents years spent in the organization	44
4.2.6 Years of work experience of respondents in procurement	45
4.3 PROCUREMENT PRACTICES AT PBC Limited.	46
4.3.1 Institutional procurement framework or policy	46
4.3.2 Procurement department/unit	47
4.3.3 Procurement methods Employed at PBC	48
4.3.4 Competitive procurement practices of PBC Limited	49
4.3.5 Transparency, fairness and value for money in procurement practices	50
4.4 CHALLENGES ASSOCIATED WITH COMPETITIVE PROCUREMENT	
PRACTICES AT PBC LIMITED.	51
4.5 ADVANTAGES AND STRATEGIES ON ADOPTING COMPETITIVE	
PROCUREMENT PRACTICES AT PBC LIMITED	54
4.5.1 Advantages of competitive procurement practices	54

4.5.2 Strategies on adopting competitive procurement practices	55
CHAPTER FIVE	59
CONCLUSION AND RECOMMENDATIONS	59
5.1 INTRODUCTION	59
5.2 REVIEW OF OBJECTIVES AND RESEARCH QUESTIONS	59
5.3 FINDINGS OF THE RESEARCH	61
5.4 RECOMMENDATIONS	63
5.5 LIMITATIONS OF THE RESEARCH	64
5.6 CONCLUSION OF THE RESEARCH	65
5.7 DIRECTION FOR FUTURE RESEARCH.....	65
REFERENCES	66
APPENDIX.....	75



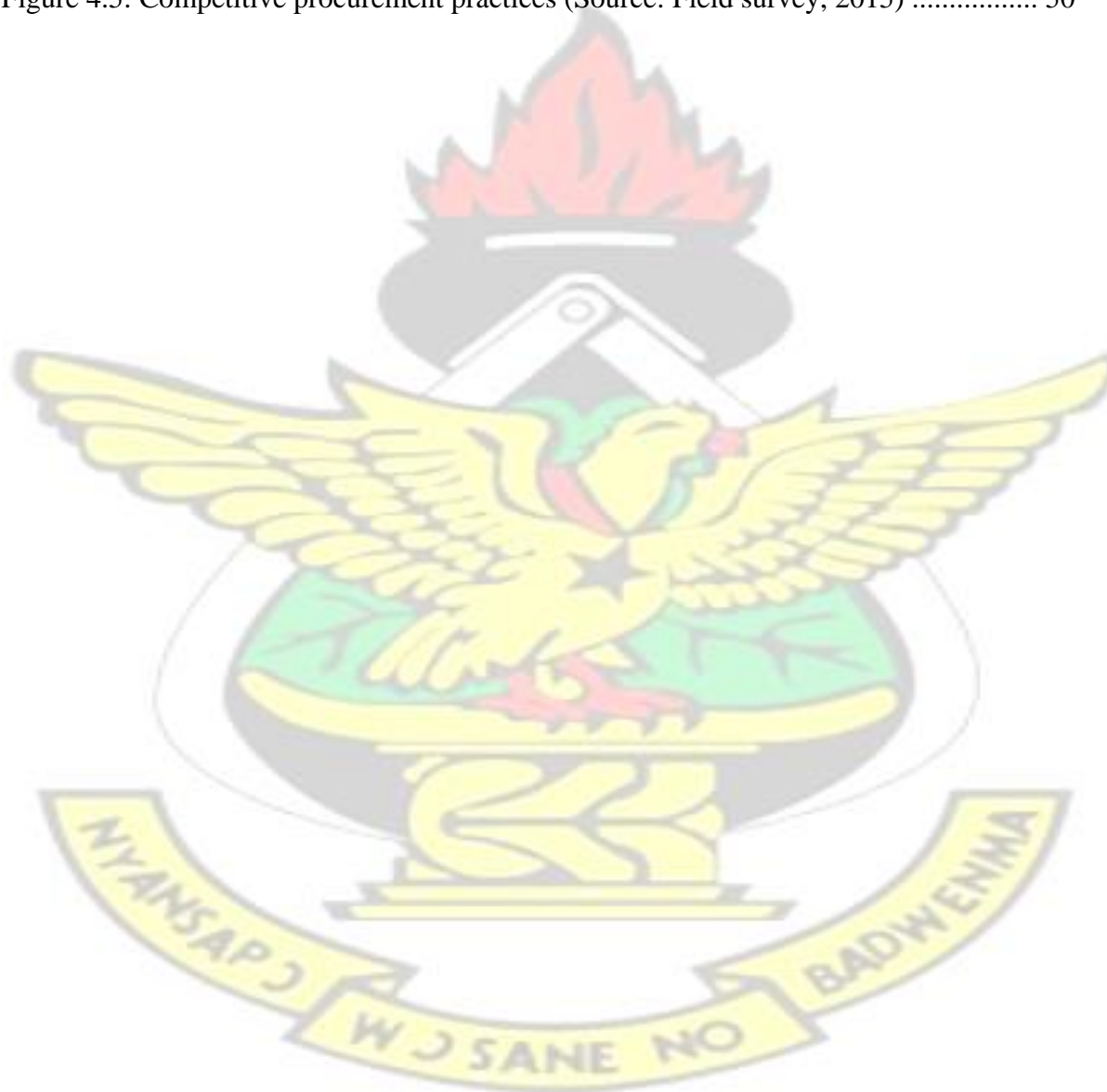
LIST OF TABLES

Table 4.1 Age distribution	42
Table 4.2 Institutional procurement framework or policy	47
Table 4.3 Procurement department/unit	48
Table 4.4 Procurement methods employed at PBC	49
Table 4.5 Challenges associated with competitive procurement	52
Table 4.6 1 Advantages of competitive procurement practices	54
Table 4.7 Strategies on adopting competitive procurement practices	56



LIST OF FIGURES

Figure 2.1: Framework for procurement (Source: Organization for Economic Co-operation and Development, 2009).....	13
Figure 2.2: Procurement Cycle (Source: Public Procurement Authority, 2003)	16
Figure 4.1: Gender distribution (Source: Field survey, 2015)	41
Figure 4.2: Educational level (Source: Field survey, 2015)	43
Figure 4.3: Years spent in the organization (Source: Field survey, 2015)	44
Figure 4.4: Years of work experience (Source: Field survey, 2015)	45
Figure 4.5: Competitive procurement practices (Source: Field survey, 2015)	50



CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF STUDY

Securing of supplies, works and/or services takes place in the lives of individuals and institutions at various times and in several forms. Procurement is the process that aims at acquiring these at the finest optimal price, in the correct magnitude, of the right condition, at the needed time and in the correct location for the exact gain and consumption of the client (Public Procurement Authority, 2003). Sarpong (2007) described procurement as the administration of sustainable acquisitions to boost value for money within an expert, reviewable and transparent structure. The Public Procurement Authority (2003) defines procurement as the procedure of obtaining supplies, works and expertise, comprising purchases from third parties. This includes alternative assessment and the analytical “make or buy” resolution which may lead the delivery of supplies, works and expertise of suitable condition.

Sumbana (2004) explains procurement as the procedure that creates, manages and fulfills contracts. It is the function accountable for buying, leasing and other lawful ways of acquisition of the exact supplies (like plants, material and consumables), works (construction, repairs, rehabilitation), and services (individual consultants, consulting firms, training, workshop) required to satisfy certain needs, at the right quantities.

Procurement approaches and procedures should therefore be pertinent and suitable for anything being bought and the market should be able to deliver it at a reasonable charge. Smith (1998) attests that, competition continues to be a decent, factual and straightforward approach of selecting suppliers which understood as an impartial means of identifying the best worth for money and selecting the supplies at the least possible cost proposed.

Procurement sequence must therefore be improved to involve understandable and inevitable pre-requisite for competition among providers as a vital element (Kangogo and Kiptoo, 2013). From time immemorial researchers have recognised that competition is the formula attaining economical pricing and hence, worth for money spent. It therefore implies that, there would be significant savings by government or private institutions if the organizations and their procurement practitioners are trained to understand the relevance of adopting purchasing techniques that are competitive in all buying effort whenever possible (Ameyaw et al., 2012).

In Ghana the Public Procurement Act, 2003 (Act 663) has in sections 35-47 highlighted all the various tendering methods and procedures. The research is based on the default tendering methods/practices (competitive tendering) which are clearly stated in section 35 of the Act which is also known as open tendering, because, equal opportunity is given to qualified contractors to bid for the contract with commensurate benefits (Lyson and Farrington, 2006). These come in the form of restricted tendering and two stage tendering, National Competitive Tendering (NCT), as well as International Competitive Tendering (ICT) (PPA, 2003). These are the various methods of competitive methods of procurement available for all public sector organizations when it comes to the acquisition of goods, works and services. These days, most private sector organizations make good use of the above mentioned methods to achieve value (Ackah, 2013).

Marshall and Humby (1998) expounded that, the difference between government and private sector and the process they acquire required supplies are turning out to be more indistinguishable. Although a number of people may disagree that the private and government sector purchasing effort is turning out to be progressively alike, experimental proof to validate such sweeping statement has not been offered. Actually, current study

has emphasized the presence of significant variance concerning government and private sector purchasing procedures (Lian and Laing, 2004).

1.2 PROBLEM STATEMENT

Competition is a pillar of capitalism in all industries in that it may stimulate innovation, encourage efficiency, ensure quality of goods, works and services, or drive down prices. The main benefits of intensified competition are the expectations to lower procurement cost and also prevent corruption (Che and Kim, 2006).

In recent times government and private purchasing participants have established numerous ingenuities and linkages intended at sharing acceptable purchasing practices.

These players include the International Purchasing and Supply Education and Research Association (IPSERA), European Union Public Procurement Learning Lab (2003-2005), International Federation of Purchasing and Materials Management (IFPMM), as well as Ghana's Public Procurement Authority (PPA). These initiatives were taken to ensure the best procurement procedures (competitive tendering) are observed (Ackah, 2013).

According to Ackah (2013), a useful way of safeguarding worth for money spent in the given of a contract is letting every qualified contractor or supplier to bid for the contract per section 35 of the Act, 663 (PPA, 2003). Ackah (2013) explains that competitive tendering methods provide a range of contractors with variety of commodities, labour and services within which an institution can choose the greatest obtainable choice, all things being equal.

Though competitive procurement has been identified with these benefits, the private sector (including PBC Limited) unlike the public sector, has not adequately embraced competitive procurement practices to exploit its advantages. Rather employee procurement

practitioners are prospective beneficiaries of private sector procurement. Kangogo and Kiptoo (2013) supports that, a deceitful individual in the procurement unit is in a place to request or to collect personal enhancement or other personal gains in replacement for placing an order or permitting a purchasing agreement or for preferential handling from a dealer. These have high potential of occurrence when there is little or no competition in the procurement undertakings inhibiting the private sector organization from the very benefit of competition since the private sector organisations practice less of competition in their procurement processes.

The private sector organizations are expected to also embrace competition in their procurement undertakings to achieve best value for moneys spent with their scarce resource to maximise profit. The case of PBC Limited (the then Produce Buying Company Limited), a Licenced Buying Company (LBC) which was a wholly owned subsidiary of Ghana Cocoa Board (COCOBOD) and was wholly responsible for the internal marketing of cocoa in Ghana was that of a public institution. Its status was altered when the internal marketing of cocoa was privatized by the Government of Ghana in 1993 as a result of the cocoa marketing reforms. This reforms introduced the multi-buying where any company can buy cocoa from farmers after licencing with COCOBOD. PBC Limited was then incorporated as a Public Limited Liability Company in September 1999.

In May 2000, the company was listed on the Ghana Stocks Exchange. The company operates in all the six cocoa growing regions in Ghana namely Eastern, Central, Western, Volta, Brong-Ahafo and Ashanti Regions.

The company is mainly into purchasing of cocoa beans from farmers, storing and conditioning (drying and bagging) and handing over to COCOBOD at various take over centres in Ghana (i.e. Tema and Takoradi harbours and Kaase inland Port).

The strength of the Company's finances is hinged on the quantity of bags of beans it is able to buy in the Crop Season. In a competitive environment such as this, increased market share and prudent management of the Company's resources are therefore key for the sustenance of the company.

However, PBC Limited as a profit making public liability private sector organization has failed to exploit competitive procurement practices in order to secure value for money and other cost saving benefits as have been highlighted above. Over the last two years PBC Limited has not been able to declare profit and pay dividend its shareholders (PBC Annual Report, 2012/13, 2013/14). The Company's share price has also reduced drastically. The shareholders, including the Government of Ghana which holds about thirty-seven percent (37%) shares (PBC Annual Report, 2012/13, 2013/14), are not pleased about the performance of the Company. There have also been agitations internally about the perceived high cost of procurement in the Company. Determined and consistent cost saving measures have to be adopted to restore the financial image of the 2009/10 and 2010/11 best company on the Ghana Club 100 of the Ghana Stock Exchange. Contribution from the buying process in this wise cannot be overemphasized.

It is against this backdrop that this study is being conducted. The challenges observed and the strategies to be suggested will be of much importance to PBC Limited in its effort to reduce operational cost which has escalated over the years as a result of increasing cost of procurement of both capital and recurrent expenditure especially during the recent past years of drop in the national output of cocoa production. Other private sector organizations may also use this study as the base for future research in related subject matter.

1.3 RESEARCH QUESTIONS

The following questions will serve as a guide in addressing the research objectives to achieve the aim of the research;

- What are the current procurement practices in PBC Limited?
- What challenges are associated with the implementation of competitive procurement procedures at PBC Limited?
- What possible strategies are available in enhancing smooth implementation of competitive procurement procedures?

1.4 RESEARCH AIM AND OBJECTIVES

The research aim at assessing the challenges and provide strategies to the successful implementation of competitive procurement procedures at PBC Limited. To accomplish the aim of the study, the following objectives are generated;

- To analyse the current procurement practices pursued by PBC Limited.
- To identify the challenges associated with the implementation of competitive procurement procedures at PBC Limited.
- To identify strategies in addressing the smooth implementation of competitive procurement procedures.

1.5 SCOPE

Resource limitations, access and time constraints will not allow the researcher to cover all the private sector organizations in Ghana. Neither will a sample of them serve the research purpose. Hence, a case study approach is adopted. The study will be conducted within the framework of competitive procurement practices as prescribed by the Act (Act

663) and the procuring procedures of PBC Limited as a private sector organization in Ghana. The study will be carried out at the head office of PBC Limited in Accra. It is a case study of one particular private sector organization and will not include others to indicate the reaction of the private sector in its entirety on matters worth researching on competitive procurement and the benefit that comes with it. Therefore, the outcome of this research will not take a broad view of the private sector but its discoveries will be positioned in the relevant context of the specific organization. However, its recommendation may be applicable to other private sector organizations.

1.6 JUSTIFICATION

Competition has always been the channel by which majority of supplies and services are obtained through which purchasers make the finest usage of forces that are competitive in the market to acquire the most advantageous bid received in the market instantly. Competition happens in the tendering process as tenders are presented by several tenderers for evaluation. Competition similarly happens in cases for instance as contractor's reliability in implementing former contract of similar nature, their charges and the most competitive tenderer is granted the contract (Raymond, 2008).

According to Erridge et al. (1998) competitive tendering avoids allegation of favoritism and deception and that the transparency of the approach encourages more contractors to take part. Enhanced competition helps improve quality, decrease prices and point to much competitiveness among the contractors (Erridge et al., 1998). Prices of suppliers are higher because they do not face any real competition (Falvey, 2012). One critical area of the Public Procurement Act that ensures competitive bidding, is Section 35 which advocates for the use of competition to ensure that public procurement is fair and that effective and efficient means are used in procuring goods, work and services unless in special cases.

1.7 RESEARCH METHODOLOGY

The study is presented chapters of five. Chapter one will deal with the general introduction, which includes background of the research, problem statement, research aim and objectives, research questions, scope, justification, limitation to the study and organization of study. The chapter two will bring together related literature on competitive procurement and methods and the challenges and benefits that come with it in a comprehensive manner. Chapter three will give the study approach and methodology as well as the profile of the case study. It will explain the research design, data requirements and sources, population and sampling technique that is employed in executing the study. The chapter four will focus on the analysis and discussion of the data collected for the study. Conclusively, the chapter five will establish the key findings of the research study. Upon establishing the findings, appropriate recommendations will be formulated to improve the challenges which will be identified followed by the conclusion of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Research on public procurement has never reached a level so high of discussion than it is in recent times. Notwithstanding, competitive procurement in the public sector, just like in the private sector, leaves much to be desired. This chapter presents an in depth review of literature of past works undertaken in significant publications and articles in the procurement field. The review of secondary data delves into the overview of procurement, public and private sector procurement, practices of public and private sector procurement and the differences between both sectors. It also looks at a typical framework for

procurement (Figure 2.1) and some of the challenges faced by the public sector during the procurement process and strategies that can be adopted to improve procurement delivery.

2.2 OVERVIEW OF PROCUREMENT

In most developing countries, public procurement practices are targeted for the purposes of improving the economy and achieving sustainable developmental goals for the people. Substantial evidence in literature suggests that procurement problems relating to Ghana are similar to the situations in many other African countries (Thou & Njeru, 2014; Ameyaw et al., 2012; Rwelamila et al., 1999; Jibrin et al., 2014).

Weak public expenditure management is often a sign of poor budgeting in its planning and design, weak budget execution, weak accounting and recording of public expenditures, weak monitoring, and vulnerabilities of the budget to external factors (Centre for Policy Analysis, 2007).

The prime objective of many governments and other private organizations is to eliminate wastage in the systems of both government and private organizations. Value for money has long been advocated as the primary objective of government purchasing having been identified in the first significant review of government purchasing in 1984 (Cabinet Office, 1984). The Public Procurement Act, 2003 (Act 663) is a complete law created to remove the challenges encountered by institutions of the government when buying (Ameyaw et al., 2012). Small firms believe that a good way for the government to support them is through buying their goods and services (Start, 2003). Telgen et al. (2007) reported in their work that both public and private sector procurement of goods, works and services have to be acquired, and in both cases there are good reasons to strive for the best deal in obtaining the required goods, works and services. However, despite these similarities, it is well accepted that public procurement is quite different from procurement in the private sector

(Erridge and Greener, 2002; Thai, 2001; Thai et al., 2004). These differences in procurement action between these two different sectors can be seen in the execution of procurement functions while others are exhibited in the buyer-seller relationship (Covington, 2006; Wang and Bunn, 2004).

2.3 DEFINITION OF PROCUREMENT

Procurement is defined respectively by several investigators, writers and organizations. For example the Public Procurement Authority (2003), defines procurement as the process of acquisition of goods, works and services, including third party acquisitions. It includes evaluation of alternatives as well as a decision to either produce in-house or outsource that can lead to the eventual supply of the required stock (Mbaruku, 2008) Sumbana (2004) explains procurement as the process that establishes, manages and carries out contracts. It is the function responsible for the acquisition, financial lease or other legal ways of acquiring appropriate goods (equipment, material, consumable), works (new construction, rehabilitation, repairs) and services (training, workshop) necessary to satisfy determined requirements, in the right measure. Procurement is the means of acquiring stocks in a manner that can be sustained to enhance the worth for money spent within an expert structure that can be clearly verified (Sarpong, 2007).

Sarpong (2007) also thinks that the acquisition process must possess these ideologies;

- Equity: procurement must seek to achieve impartiality and ensure the provision of uniform opportunity to all participants to tender.
- Effectiveness and Efficiency: buying effort must point toward getting the appropriate magnitude and value at the least possible charge.

- Transparency: the acquisition effort must be sufficiently opened to prevent some bidders being offered advantage over other competing bidders.
- Competitiveness: acquisition process must secure some competitiveness among the competing bidders.
- Ethical dealings: acquisition effort must prevent activities that may possibly create conflict of interest.

Barley (1994) also elucidates procurement as the purchase of an appropriate quality of materials in the right moment, at the best price, in the right quantity and from the right source. The main objectives include: purchasing economically and judiciously, management of stock in a way that provides the best possible service to the users at the least cost and protecting government expenditure structure, providing organizations with regular flow of services and materials to meet its needs and obtaining value for money through ethical practices.

2.4 FRAMEWORK OF PROCUREMENT

Any procurement entity whether public or private sector institution must operate within a framework in the process of procurement whether written or implied. This is important for a transparent, reduced level of risk for corruption, accountable and well managed structure in the procurement process (Organization for Economic Co-operation and Development, 2009). The picture below depicts a typical procurement framework proposed by the Organization for Economic Co-operation and Development (OECD) and is made up of five main points as;

- Legislation: covers the entire procurement cycle and all the involved actors which creates the overall framework for how to operate.

- Institutional and administrative infrastructure: this poses restrictions on how to structure the procurement process. Preferably, staff roles should be clearly separated between financial and procurement authorities to ensure propriety.
- Review and remedies systems: are necessary to detect and correct irregularities.
- Independent internal control systems: these are crucial to strengthen integrity and detect corruption or fraud.
- External audit and oversight: offers the last independent check done by a supreme audit institution.



Figure 2.1: Framework for procurement (Source: Organization for Economic Cooperation and Development, 2009)

2.5 THE PROCUREMENT CYCLE

In accordance with the Chartered Institute of Purchase and Supply (2014), procurement cycle is the cyclical process of vital stages followed during acquisition of goods, works and services, from the identification of need and undertaking of market survey through the process of choosing the supplier, managing their performance and evaluating learned lessons.

Procurement cycle establishes useful parameters of reference and the main activities in all the phases of the process of procurement to enable effective monitoring and evaluation. The Cycle brings to light the whole supply chain not the procurement only as shown in the procurement cycle (CIPS, 2014). The listed below forms a typical goods procurement cycle as inferred from the Public Procurement Act, 2003 (Act 663) including;

2.5.1 Planning

In this phase, the purchasing needs are determined and specified by the user agency. It is decided on the approach whether to produce the product in-house or outsource. The services, goods and works may be available under an existent framework contract. Decisions on financing, applicable rules and approach to be employed will be taken. (Example, Single or sole sourcing, request for quotation, restricted or open tendering, etc.). A schedule for acquisition process is prepared (Public Procurement Authority, 2003).

2.5.2 Sourcing

In this phase, the bidding document is prepared and given out for out for potential contractors, supplier or consultants to tender in accordance with the procedure established in the selected method of procurement. The received tenders are evaluated in accordance with criteria of evaluation and award indicated in the bidding document towards eventual award of contract. Negotiations are carried out where applicable prior to selecting the most qualified bidder for contract award (Public Procurement Authority, 2003).

2.5.3 Contracting

At this stage a contract is made and a formal contract document which applies the agreed terms and conditions is prepared and signed by both parties. More simple requisitions can

use purchase order or where there is an existent framework contract, contracting can consist of making of a call off order in the context of the existent contract (Public Procurement Authority, 2003).

2.5.4 Contract Management

Managing the awarded contract aims at guaranteeing that the buyer as well as the supplier will fulfil the responsibilities imposed on them by the contract. These events may include facilitating swifter supply, organizing on-site examinations, verifying comfort letters, preparing for receipt and installation of goods, checking documentation and making payments. The works contracts, very often, go in for technical supervision by an engineer. Contracts for consultancy services, often demand the express participation of the client organization or buyer, as the beneficiary of training or technical advice or reports (Public Procurement Authority, 2003).

2.5.5 Storing

When the goods are not being used immediately, very often there is the need for storing and securing to prevent damage or lost. The stock may be very delicate and of high value and timeous availability of good storage system can be crucial for the operations of an organization. Products can have conditions that require particular storage need or have limited shelf life, so efficient storage, treatment and management of the levels of stock is essential (Public Procurement Authority, 2003).

2.5.6 Distribution

Good deposited at stores must be handed over to their final destination, in accordance with the requirement of the client. Distribution involves a very difficult supply and delivery within the entire nation at different stores and user locations. It is required sometimes to act on different customer or client demands and transport goods through very difficult environments with precarious infrastructure (Public Procurement

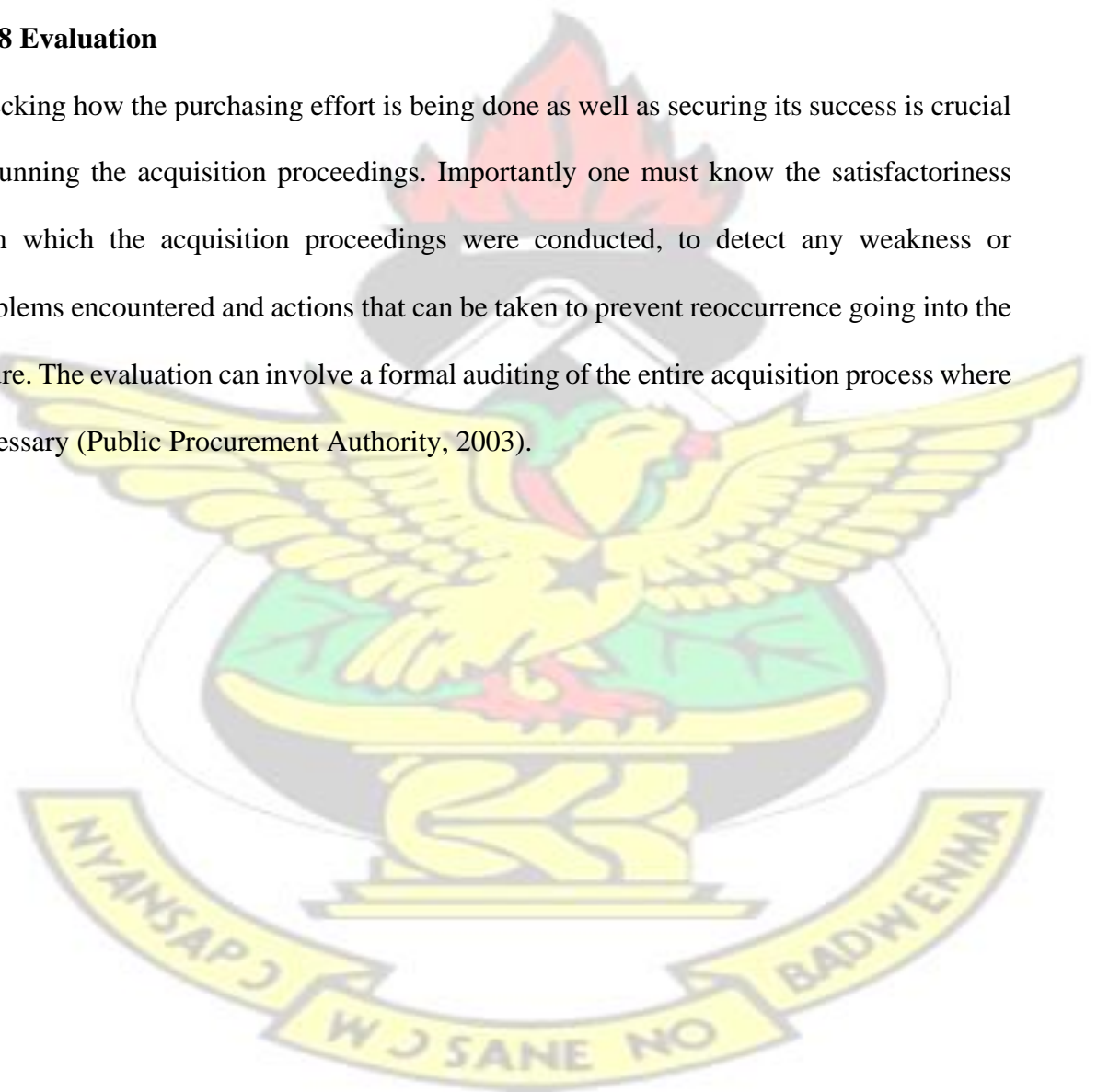
Authority, 2003).

2.5.7 Disposal

Unusable, outdated or extra stock need to be disposed. Such goods may be sold by open tender or auction, transferred to another public institution or destroyed depending on its nature and condition. The value of goods disposed and any income generated must reflect accordingly in the appropriate accounts (Public Procurement Authority, 2003).

2.5.8 Evaluation

Checking how the purchasing effort is being done as well as securing its success is crucial in running the acquisition proceedings. Importantly one must know the satisfactoriness with which the acquisition proceedings were conducted, to detect any weakness or problems encountered and actions that can be taken to prevent reoccurrence going into the future. The evaluation can involve a formal auditing of the entire acquisition process where necessary (Public Procurement Authority, 2003).



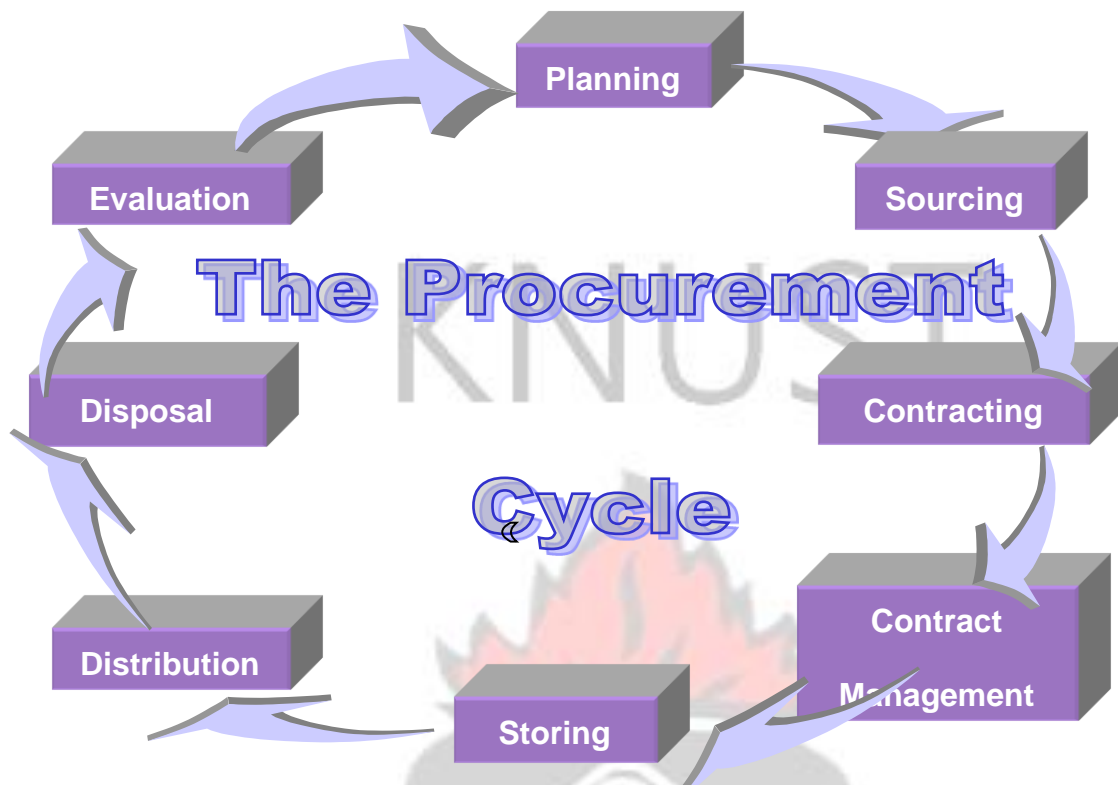


Figure 2.2: Procurement Cycle (Source: Public Procurement Authority, 2003)

2.6 SUPPLIER DEVELOPMENT CONCEPT

Suppliers' development has been an attractive concept for management in the academic community from the beginning of the 90's (Celly et al., 1999; Dyer and Singh, 1998; Madhok and Tallman, 1998). Chartered Institute of Procurement & Supply (2013) described the development of suppliers as a technique of doing business directly with specific dealers consistently to enhance their capabilities to deliver in order that the buyer becomes the beneficiary. This form of supplier relationship has been known to be effective in helping meet the needs of the organizations through reducing cost, ease in attending quality, issuing and improving performance of suppliers. Handfield & Krause et al. (2000) believe that it is best to view supplier development as a long-term business strategy that is the basis for an integrated supply chain. However, this form of relationship does not promote competitive procurement and fosters numerous practices that does not benefit the majority in society. This is so since supplier development empowers those involved to

make decisions not subjected to procurement policies or laws; decisions that will consequently affect the majority.

Supplier development started to gain traction as a business idea after the Second World War, particularly in Japan. It was only in the 1970's when the process started to take hold in the United States of America that it began to be used more widely as a business tactic (CIPS, 2013). The Chartered Institute of Procurement and Supply in their report recounted that the institution of this form of doing business by organizations in the past was as a result of competitive pressures that forced companies to reduce their inventory cost and improve the quality of products or services and delivery in good time. Conversely, this form of organizational operations only benefits the few while exposing the majority to a potential selfish decision.

Besides, the selection process has been described like a typical trade-off that it allows that a determined supplier to offer products of low quality to a reduced cost, while another supplier will offer superior quality product with a time of uncertain delivery (Khuruum and Huq, 2002). This implicates that there is a great tendency of compromising the quality and schedule of purchases of goods, works or services.

In agreement with Ellram (1995) the enterprises confronted with problems of weak performance and capacities of suppliers normally implement a spacious scale of practices of suppliers' development, which might be introduced to improve the capacities of the suppliers identified to be the weakest link in the supply chain of the enterprise.

2.7 THE PUBLIC PROCUREMENT ACT, 2003 (ACT 663)

This is a law that provides for government purchases, establishes the highest governance level, makes procedures for purchases, specifies modus operandi for selection of sellers

and take care of commitments associated with the World Bank's five basic pillars of public procurement, which are:

- i. A framework which is a thorough, clearly understood, lawful and functional;
- ii. Well defined as well as regiment purchasing processes and uniform documentation for selection of sellers;
- iii. Anti-corruption measures;
- iv. Good purchasing workforce; and
- v. Independent control system

The Act has been organised in parts as well as in sections involving diverse subject. It constitutes nine parts and ninety-nine sections.

2.8 PROCUREMENT METHODS

There are several procurement methods used in the acquisition of goods, works and services. Choosing any procurement method is based on the financial threshold of the goods, works and services to be procured and/or by certain circumstances established in the Act. Per the Act the following methods of procurement may be used;

- Request for quotation (RFQ) (section 42-43)
- Competitive tendering (Part V, section 35)
- Single source procurement (section 40-41)
- Two-stage tendering (section 36-37)
- Restricted tendering (section 38-39)
- Request for proposal (RFP) for consultancy services (section 66-67)

2.9 Competitive tendering (open competition)

In agreement with Lysons and Farrington (2006) competitive tendering is seen by purchasers as a process through which prospective sellers are requested to offer a definite

charge as well as conditions within which certain commodities will be made available such that a contract can be made after they are agreed upon. However, competitive tendering is opened only to suppliers who are qualified in order to ensure good execution of the contract. Competitive procurement procedure from the PPA, is applicable to acquisition of typically high worth commodities. The types include international competitive bidding, national competitive bidding and framework agreement.

2.10 Competitive tendering methods

Open competition is the default mode of procurement in the public sector. In accordance with articles 35, 36 and 38 of the law, different techniques of the acquisition process that introduces competition include competitive tendering (national as well as international), two stage tendering and restricted tendering.

2.10.1 National competitive bidding

Only the national or local contractors or suppliers can submit tenders. This approach is adapted for contracts of less worth, where the necessities to be procured are not likely to entice internationals to compete by virtue of their scale or in situation that the organization can justify the restriction of the contest to only local contractors.

2.10.2 International competitive bidding

Appropriate for very expensive or complicated acquisitions, or where by the scale of the necessities to be purchased are not likely to receive enough contest locally and also when the needs to be acquired are not available locally or cannot be supplied locally.

2.10.3 Two-phase tendering

This method is adopted where the procurement entity does not have sufficient information on what it is procuring, the nature of what is to be bought changes very often because of advancement in technology and or when the organization requires a project to do research

or development. Therewith the organization that is buying request the bidders in the preliminary phase to provide for development of a thorough specification of the goods. After analysis and discussions, preparation of a detailed specifications is undertaken and then a limited bid is given out in the final stage for only the bidders who took part and passed the preliminary phase.

2.10.4 Restricted tendering

In this technique a selected list of already-qualified bidders are directly invited to submit bids. The Public Procurement Authority must specifically approve the use of this method by any government organization.

2.11 ADVANTAGES OF COMPETITIVE TENDERING

Ackah (2013) explains in his inquiry that, the bids are based on requisites prepared by the buyer, but a different way is to present an answer and price to a problem indicated by a buyer. He affirmed that, it is reasonable to have tendering grounded on the ideology of a contest, impartiality as well as responsibility, plainness and openness so far as the main objective is to guarantee the best worth for the money spent and not automatically the least charged cost.

2.11.1 Value for money

Value for ones" money is the ultimate mix of the cost of the whole life and quality necessary to satisfy to the client"s needs. Therefore, the product or service will be going to satisfy the client"s needs and expectation at a competitive price. The process of getting competitive proposals, together with the use of tactics of negotiation have been identified as the way to follow in order to acquire the best price for what is required as buyers want to acquire a package of value which embodies features of quality, delivery, services and cost. (Ackah, 2013).

2.11.2 Opportunities equality / fairness

In agreement with Chapman (1993), it is essential the acquisition process is organized in a fair and impartial manner.

2.11.3 Increase the competition and to reduce the prices

Competition takes place in the acquisition process when bids are submitted by several tenderers for consideration (Raymond, 2008). The application of rules guiding the acquisition process (competition) seems to reduce the prices by 30 %. The price reduction is as a result of increasing competition (Falvey, 2012)

2.11.4 Accountability and transparency

Good purchasing practices requires that practitioners are made answerable for administering as well as ensuring conformance to the law. It may subject practitioners to challenges and sanctions, when needed, for disregarding or misapplying the rules. Accountability is an essential stimulus to probity among practitioners. Its discourages in corruption which is a key requirement for integrity in the acquisition process.

2.11.5 Corruption and mitigation favoritism

Corruption takes place during implementation and also at contract award when officials conspire with bidders to demand additional payment for non-existent work. The preparatory and actual purchasing stage are specifically vulnerable to corruption, thus monitoring is very much needed (OECD, 2006). In agreement with Erridge et al. (1998), using contest to select sellers would prevent allegations of partiality as well as deception and also the sincerity of the process stimulates multiple supplier participation.

2.12 BARRIERS AND CHALLENGES OF COMPETITIVE TENDERING PRACTICES

Numerous challenges confronts the implementation of competitive procurement practices in many public and private sector procurement organizations. For example, clear understanding of procurement methods, processes and even the law governing the process both on the path of some implementers and bidders is identified to be a huge setback to procurement. Per the Office of the Director of Public Procurement in ODDP report (2007), lack of knowledge in the procurement process, bidding and skill to be competitive in the process has become a challenge to the project.

Although Section 35 of the Procurement Act clearly advocates the use of competitive bidding of contracts except for special cases, a study by Ameyaw et al. (2012) disclosed that sole sourcing and request for quotations are mostly used in organizations. A situation they argue to be a direct contravention to Section 35 of the Act which could breed grounds for corruption as a result of lack of competitiveness.

2.13 STRATEGIES FOR EFFECTIVE COMPETITIVE PROCUREMENT PRACTICES

To obtain best value, quality and services, it is a good procurement policy to encourage the most competitive and able suppliers to tender for contract. To achieve this objective, the procuring entity should emphasize on;

- Standard conditions of contract
- Rationalism of needs and aggregation of demand to facilitate economic manufacture
- Use of long term contracts to encourage investment
- Compliance by the purchaser with their obligation under the contract including the terms of payment

- Requirements which are clear – using performance and international specifications where possible
- Good working relationships and trust between purchasers and suppliers
- Use of framework and call of contracts (WTO, 1999)

2.13.1 Establishment of functional procurement unit/department

There are no procurement units responsible for procurement activities specifically for competitive procurement practices in some organizations, which means that procurement activities are diffused in one department which do not guarantee effective procurement outputs (Agbesi, 2010).

2.13.2 Training and professional development in the realization of contests

Different institutions always see differently when it comes to procurement as an established occupation making it difficult for a set standard or certification. While some institutions are bringing in qualified professionals for procurement offices, great most of the entities suffer serious lack of qualified candidates in trying to recruit new officials (Agbesi, 2010). Osei-Tutu et al. (2009) argued that, the acquisition decision taking must be done by specialist trained in the technicalities, particularly, building technologist and quantity surveyors. New and emerging purchasing techniques must be incorporated in the continuous professional development programs of procurement officials. The practitioners must be recognized for efficiency and effectiveness and must admit the challenges related to purchasing effort. It is therefore high time to school practitioners and introduce them to modern expertise.

2.13.3 Advertisement of tenders

When the acquisition process applies international or national competitive tendering method, it is required in section 47 to notify the selling world. Where sellers have been

choosing already for the contest, advertisement is not required. Advertisement is done to timeously inform and notify all prospective bidders of available opportunities to foster equal treatment and prevent discrimination as well as favouritism (Agbesi, 2010).

2.13.4 Compliance with Ethical procurement practices

Practitioner in the buying discipline are expected to hold superior standard of moral discipline than persons in many different occupations. Nonetheless some are not even aware of expectations people hold of them. Training of practitioners in issues of this nature to prevent consequential violation of the codes of conduct is crucial (Atkinson, 2003). The law also specifies that participants as well as practitioners who tries to manipulate the acquisition effort by any fraudulent means, will face punishments including being excluded from being given the opportunity to bid for Ghana Government jobs.

2.14 Procurement practices of the public and private

Public and private sectors are dissimilar in the way they operate. It may not make sense to compare them (Thai, 2001; Murray, 2001). When comparing public and private sector acquisitions, it looks like public procurement needs are enormous and widely varied than those of private sector. However, a great deal of the items and services bought and produced in the public sector can be handed by the private sector, though the conditions for the two sectors differ widely regarding regulations and transparency (Telgen et al., 2007). The differences are as follows:

- Multiple function (public organizations are large consumers, reciprocity, determines some regulations)
- External demands (integrity, exemplary, openness, responsibility)
- Process demands (regulations and procedures, long term relationships, co-operation with other public organizations).

- Internal demands (political objectives, multiple objectives, numerous stakeholders) •

Context demands (open budget, budget driven, interdependent budgets, cultural specific)

Marshall and Humby (1998) explained that, the frontiers between the public and private sectors in the way they buy is becoming unclear. And while some may disagree that the acquisition process in the private and public sector is becoming more and more similar, the empirical evidence to justify such a generalization has not been given. In fact, recent inquiries have emphasized the existence of significant differences between the practices of acquisitions of the public and private sectors (Lian and Laing, 2004).

One noticeable feature of public procurement is that, in comparison with the private sector, the public sector has only recently turned to external consultants for assistance. Most of the private enterprises have developed and implemented a set of management strategies to monitor and evaluate their suppliers, such as formal evaluation systems and development of suppliers (Krause, 1997).

According to Sanderson (1998) there have been major changes over the decade, in the traditional buyer-supplier relationship in industrial organizations which has involved improving old-styled purchasing relationships, which depended on several suppliers competing mainly on price, to the preferred single sourcing relationships, with commensurate reciprocal benefits to the parties involved. Research indicates that the private sector enterprises are looking more and more to reducing and managing the number of suppliers for greater improvements in cost and quality of services delivered, strategic partnership which is, characterized by long term collaboration based on trust between buyers and suppliers is thus adopted (Lamming and Cox, 1995).

The acquisition rules for the public sector makes it difficult, if not impossible, for public purchasers to use collaborative buying methods, even when the supply circumstance indicates that this type of buying approach is most suitable.

The process of change from arm-length relation to partnership is a difficult task for any organization to reach, but more difficult in organizations of the public sector, where profits maximization is not central for the organizations behaviour, and where standard practices is the basis for modern operational decisions (Boyett et al., 1996). Government organizations work within a framework of public accountability and cost effectiveness.

Considerable emphasis is thus placed on the impartial treatment of compliance, suppliers, competitive processes and tendering to guarantee decency and uniformity, preventing the promotion of collaborative procurement activities (Erridge and Greer, 2002).

Purchasing and procurement are more strategic in the private sector than in the public sector. A study by Johnson et al. (2003) concluded that purchasing practitioners in private organizations were engaged more in crucial organizational activities (E.g. financial planning, marketing, etc.) than they were in public institutions. There is a difference between private and public sector procurement in the extent to which either is strategic. This difference is probably due to (1) factors other than financial (E.g. competition, equity, transparency) which characterize public purchasing and may cramp the innovation, preference and creativity of public procurement practitioners, thus, limiting their abilities to operate at strategic levels; and (2) the comparative ease with which major organizational purchasing decisions might be made in the private sector on a financial basis alone (Snider, 2006).

2.15 Practices of Public Procurement

Public procurement, per the Public Procurement Act, 2003 (Act 663), is the acquisition of goods, works and services at the fairest possible total cost of ownership, in appropriate quantity and quality, at the right moment, in the location for the exact benefit or use of governments, corporations, or individuals, generally by an a contract. It involves planning, invitation of bids, given and administering of contracts. In order that the purchasing process will attain its objectives, the following must be available: Professionalism (the discipline whereby educated, experienced and responsible purchasing practitioners make informed decisions in respect of purchasing undertakings.

Purchasing practitioners’ contribution towards our nation’s growth is very crucial. This is why the procurement board has as part of its objectives to encourage the professional development, promotion and support for public procurement practitioners and ensure that they are trained to high ethical standards); and Value for money (Economy): this is to attain a judicious, economic and efficient use of state resources at a reasonable cost which is the best possible combination of whole life cost and quality (AgyekumKwatiah, 2014).

2.16 CHALLENGES TO PUBLIC PROCUREMENT PRACTICES

Public procurement faces many challenges even with the integration of supply chain management in the public sector. Some of these challenges include, too much decentralization of the procurement system, lack of proper knowledge, skills and capacity, bureaucracy, unethical behaviour, non-compliances with policies and regulations, accountability, fraud and corruption, inadequate planning and linkage of demand to the budget, and inadequate measures for monitoring and evaluating procurement activities (Soriede, 2002).

2.16.1 Too much decentralization of the procurement practices

Procurement, akin to other value chain management activities need professional experience and therefore ought to be handled by trained people. Regrettably, with decentralized organizations managing their own procurement activities, too many untrained hands are discharging procurement functions leading to mediocrity in procurement administration. Ghana used to have a National Procurement Agency; unfortunately, its operations have now been reduced to importing rice and salad oil for sale to the public. Over-decentralization of the procurement system has introduced too many crooks and miscreants into the system thereby injuring the value for money component associated with procurement management (Agyekum-Kwatiah, 2014).

2.16.2 Lack of proper knowledge, skills and capacity

In keeping with the government of Ghana's policy of decentralizing governance leading to the establishment of over 130 district assemblies, a good number of fresh university graduates were recruited and put in charge of ensuring the proper functioning of the administrative structures within these newly created districts. Not much capacity building development were put in place to enhance the human capital base of these new organization. The situation appeared worse with the case of managing procurement where specialized knowledge was required to compliment the seemingly new national procurement law (Boateng, 2008).

According to Hardcastle (2007), procurement processes within the district assemblies were handled by mediocre personnel who lacked the proper knowledge, skills and capacity to conduct conventional value for money procurement practices. Insufficient budgetary allocation for training and skills development makes it difficult for personnel to attend coaching sessions run by private consulting groups.

2.16.3 Bureaucracy

Purchasing procedures in the public sector are very bureaucratic in their decisions. Government procurement projects lack proper ways and means that leads to huge cost and time overruns. This asserts that government budget is affected by these bureaucratic decision of the public sector. The opinion of Weele (2000) is close to the World Bank's claim that bureaucratic delays contribute to high spending of the government.

2.16.4 Unethical behaviour

Unethical behaviour includes highly placed officials twisting the arms of the procurement officials to ensure that their favourites eventually succeed in winning the contract bid. Some procurement officers put away the morals of the profession aside and aid particular contractors in winning the contract at all cost. The common unethical practice of some procurement officials are to divulge information on bid quotations to their favourites in order to help them to quote more favourable rates thereby winning the contract. The desire to be wealthy often obscures the judgement of procurement officials to compromise on professional ethics (Hardcastle, 2007).

2.16.5 Non-compliance with policies and regulations

Boateng (2008) expounded that, government appointees are usually political party sympathizers and such appointments are often made in appreciation of the role played in winning political power. Therefore, these appointees often collude and connive with appointed District Chief Executives to implement most projects in their favour.

Newspaper reports reveal the volumes of procurement which are conducted in clear violation of the procurement policies and regulations. Political manipulations form the greatest "enemy" to the compliance with the procurement policies and regulations in Ghana. Boateng (2008) is of the assertion that stricter sanctions ought to be instituted to

punish government officials who help politicians and their cronies to evade the laid down procurement policies and regulations.

2.16.6 Accountability, fraud and corruption

Hawking and Stein (2004) are of the notion that, another setback to procurement management practices lies with accountability, fraud and corruption. The situation is serious with some developing economies where income levels are low and therefore procurement officials cut corners to supplement their pay packets. The absence of structures like Monitoring and Evaluation (M&E) promotes such dishonest practices leading to huge compromise on the value for money principle. Occurrence of underinvoicing and over-invoicing are common in many procurement endeavours in public organizations (Matthew, 2005).

2.16.7 Inadequate planning and linkage of demand to budget

Planning is an important component of strategic management and therefore all administrative functionaries should uphold the virtues of planning. Unfortunately, most procurement functionaries within the public sector of Ghana conduct their procurement activities with inadequate planning (Daft, 2006). Adequate provisions are not made towards appraising the capacity and capabilities of the supplier prior to awarding contracts. In some instances, supply contracts are discussed at the national political level and forced down the throat of the district assemblies which might not be ready with the processes for such political contracts. Procurement officials are not given adequate time to implement the procurement process necessary to ensure that value for money principles are upheld in the procurement processes (Azeem, 2007).

Most procurement processes are linked to budgetary provisions and therefore unbudgeted items cannot be produced. This often leads to some important requisition items not being

met. District assemblies are required to generate funds internally through market tolls and levies which are not enough to budget on. This situation has worsened by the recent increase in utility services which is likely to adversely affect the prospects of many businesses (Matthew, 2005).

2.16.8 Inadequate measures for monitoring and evaluating procurement activities

According to Hunja (2003), good procurement practices covers establishing structures that will bring about effective monitoring and evaluation (M&E) through the various stages of the procuring management processes. This means that right from the requisition stage some evaluation ought to be conducted to assess the authenticity of the demand. The pre-bidding stage all ought to be monitored to ensure that miscreants did not have their way with the process. Opening of the bid also requires M&E exercises to ensure that nepotism and its concomitant of favouritism do not disrupt the fairness of the exercise. The contract award process and the initial mobilization by the contractor all requires monitoring.

Project implementation must be monitored and evaluated to ensure that all target levels are attained. But most public projects lack the requisite structures of M&E leading to serious compromises in the conduct of procurement management services in the public sectors (Azeem, 2007).

2.17 PRIVATE PROCUREMENT PRACTICES

According to Ayitey (2012), organizational purchasing is the process that acquires whether by buying, leasing or any legitimate way the plant, consumables or deliveries needed for use in order to satisfy a wants. Research confirms that private sector firms are progressively seeking to reduce and to manage the number of suppliers for greater cost and quality improvements in the provision of service (Lamming and Cox, 1995).

The primary function of procurement is to get the materials at the lowest cost possible, but keeping in mind quality requirements (Eyad, 2006) and this is done by the procurement department headed by a procurement manager, supervisor or coordinator (coordinate procurement activities and interfaces with the proper functions within the group). The procurement department are responsible for coordinating with other disciplines and they implement the procurement plan and control the procurement schedule. They ensure that decisive action is taken should in case problems arise and maintain relationships with the owner (Ward, 2008).

2.17.1 Strategic procurement

Organizations have now evolved from the management of the flow of goods and services to the management of the supply process which involves not only cost-reduction techniques, but also the development of the supply base, reducing production time with the primary objective of improving customer experience. The main trends of strategic procurement ranges from development of supply relations, sourcing strategies, procurement performance metrics to ICT implementation in procurement systems (Ashok, 2013).

2.17.2 Relationship forms

In the private sector, understanding of the benefits from other forms of relationships (as opposed to pure, market based, arm-length relationships) has increased. Such relationships (partnership sourcing) are based on mutual trust and information sharing. On an experiment conducted by Erridge and Nondi (1994) with forms other than pure, market based relationships, only public tenders were based on competitive tendering. The traditional concepts of the market and market management are now outdated and need to be revised to take into account the potential of collaborative market based relationships between several stakeholders on the demand and supply side in the public sector. However,

the question is which relationship forms can private sectors apply that have some obvious benefits that the traditional approach cannot offer? (Bovaird, 2006).

A very close relationship can also make operations and development easier and less costly. Thus, there are several merits that exist in a close relationship with a business partner. Contrarily, closely related companies can also develop a mutual dependency with regards to how products are developed and produced. This practice can make changes to another supplier or customer more complex. These switching costs can also be of social character, in that, parties who might be interested in developing other relationships may find terminating an existing business relationship difficult. That is to say, a number of transactions costs will decrease, whereas other costs will increase consequential to the relationship. (Arlbjorn and Freytag, 2012).

In summary there is enough literature available to highlight the benefits of competitive procurement, its challenges and strategies that can be adopted for its successful implementation which constitutes the key areas of the study. But whether or not the literature available is exhaustive and wholly applicable to all environment is subject this and future research works.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter details the approaches undertaken, the steps taken and the tools employed in the collection and analysis of the data in addressing the research objectives which are:

- To analyse the current procurement practices pursued by PBC Limited;

- To identify the challenges associated with the implementation of competitive procurement procedures at PBC Limited; and
- To identify strategies in addressing the smooth implementation of competitive procurement procedures.

The study covered a total duration of three (3) months.

3.2 STUDY POPULATION AND RESEARCH DESIGN

Sampling is the procedure of choosing a section of a population to denote the total population. A sample is representative selection of a population that is examined to obtain statistical data about the whole population. The advantages of choosing a sample is because it is time saving and costs less than gathering information from a considerable number of respondents. The chosen sample should therefore, have the features of the population being studied to make the results better enough to denote the population (Saunders *et al.*, 2001).

The purpose of this research was tailored to procurement practices, so the targeted study population is the procurement practitioners in PBC Limited who the researcher finds to be in the best position to provide accurate and precise answers to the information required on the study topic. Therefore, the purposive sampling technique was adopted.

The population of twenty-one (21) captured all the staff of PBC Limited who undertake procurement and comprised of two (2) staff of the Procurement Unit responsible for procurement of goods only, two (2) staff of the Human Resource Department, two (2) staff of the Legal Department, two (2) staff of the Haulage and Technical Department, one (1) staff of the Special Services Department and one (1) staff of the Information

Technology Unit who are responsible for procurement of services related to their various Unit/Departments and ten (10) General Services Department staff responsible for procurement of works and related services. The former Head of Procurement Unit who is

the current Audit Manager was also identified to qualify to be sampled for the study. Due to the relatively small number of targeted respondents the census approach was adopted. The census approach adopted also eliminated sampling errors and provided required data from all the individuals in the population because the entire population became the sample of the study and data required was collected from all of them.

The descriptive research design was employed in the study. This is because the study was used to describe a phenomenon as they exist (the current procurement practice), without influencing the subjects or events in any way.

3.3 SOURCES OF DATA AND RESEARCH APPROACH

According to Bernard (2002), data further brings to light a better understanding of a theoretical background which makes data gathering a very crucial element in research. It then becomes vital that the manner of selecting the respondents for the data becomes very important and sound judgement especially since no amount of analyzing the data can make up for improper data collection (Tongco, 2007).

Primary data for the purpose of this study was collected. Primary data sources are mainly involved with field survey in the collection of empirical data. Field work according to Naoum (2007) is related to three practical approaches; survey, problem-solving as well as case study. The case study approach was employed for this research where the primary data was collected from procurement professionals in PBC Limited. A case study is a pragmatic enquiry which allows for investigation of dynamics of a particular system (Hagget and Frey, 1977). It was the most economical and convenient approach for the research. The primary data was attained via administration of questionnaires directly from

study respondents. This offered an immediate and direct data relevant to this study. Quantitative research approach was adopted the study.

3.4 DATA COLLECTION INSTRUMENT

3.4.1 Questionnaire

The questionnaire was designed to find information that can be attained via written responses of the subject. Structured questionnaire in a form of a printed statement was designed and administered to solicit required data from the selected respondents in PBC Limited. The questionnaire used mainly was close ended questions that focused on the subject matter extracted from the literature review.

Questionnaire was chosen because the respondents were assumed to be literates and therefore could provide responses to the questions being asked without any assistance. The maximum of the items in the questionnaire were closed ended. This facilitated easy comparison of the responses.

3.4.2 Content of questionnaire

The researcher designed the questionnaire based on works previously reviewed. The questionnaire was made up of twenty (20) questions and were grouped into sections to collect data on competitive procurement practices at PBC Limited. Section A solicited demographic data from the respondents using objective test to find out the background and experience of respondents.

Section B, solicited information on the procurement practices at PBC Limited. Information on procurement department and methods were sought and space given for respondent to provide reasons for the choice of their procurement methods. Questions were also asked

on whether the procurement practice at PBC Limited is competitive and promotes transparency, fairness and value for money.

In section C information on the challenges associated with competitive procurement practices at PBC Limited was rated with a Likert scale from 1 to 5 having **strongly disagree, disagree, neutral, agree, strongly agree**. Also, space was provided for respondents to provide other challenges not captured in the questionnaire which PBC Limited encounters in the implementation of competitive procurement practices.

Lastly, section D brings out the advantages and strategies on adopting competitive procurement practices at PBC Limited. The advantages were rated with a Likert scale of 1-5 having **strongly disagree, disagree, neutral, agree, strongly agree**. The strategies to be adopted for enhanced competitiveness in procurement practices was also rated with a Likert scale from 1-5 having **strongly disagree, disagree, neutral, agree, strongly agree** and space for suggestion on other ways to improve competitive procurement at PBC Limited was also provided. The complete details of the questionnaire are attached to this report as Appendix 1

3.5 DATA ANALYSIS

Because of the consistency, completeness, and readability of the work, data collected was corrected to certify this assertion. Immediately after the data was examined and organized such that it can be easy to analyze. The data that can be counted from the questionnaire was then ciphered and analyzed using SPSS 17.0 (Statistical Package for Social Sciences) computer software program. The Likert scaled questions were examined using the Mean Score (MS) by the formula:

$$MS = \frac{\sum (F \times S)}{N}$$

Where MS = Mean Score

S = the score given to each factor by respondent

F = frequency of responses for each rating

N = total number of respondents

Information such as suggestions and comments by respondents were also analyzed and summarized. Descriptive and inferential statistics specifically frequency tables, percentages and charts were used in the summaries and data analysis.

In summary the research adopted a descriptive design, a case study approach and a purposive sampling and census techniques in population determination and sampling. A total of twenty-one (21) respondents provided data for the study. Procurement practitioners in PBC Limited constituted the respondent for the study. Structured questionnaire was generally used to collect required data which was analyzed mainly with SPSS and Mean Score formular and summarized and presented with descriptive and inferential statistical tools like frequency tables, percentages and charts.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.1 INTRODUCTION

This chapter of the study details the analysis and discussions of the data received after administration of the questionnaire. The data from the questionnaire will provide the foundation for analysis in this chapter. The data analyzed in this chapter is entirely primary data which is very substantial when one wants to get factual responses in knowing the truth about the competitiveness in private sector procurement. The chapter brings out the data

analysis and discussions of results using the Statistical Package for Social Sciences (SPSS) and Excel. The demographic data was analyzed with descriptive statistics.

The survey focused on selected departments in PBC Limited who undertake procurement either goods, works or services such as the General Services Department, Procurement Unit, Information Technology (IT) Unit, Legal Department, Special Services Department, Finance Department, Haulage/Technical Department and the Human Resource Department. The data presented in this study was obtained from the fore mentioned respondents. Therefore, the twenty one (21) questionnaires received from these respondents formed the basis of the entire research findings used in the analysis.

4.2 DEMOGRAPHIC DATA OF RESPONDENTS

The first section of the questionnaire conveys the demographic background of all the respondents of the study. To check the dependability and trustworthiness of the responses from the questionnaire, the demographic section was categorized according to gender, age, educational level, professional background or association, the period respondents have worked in the organization, the department they work under and the years of working experience in procurement.

4.2.1 Gender distribution of respondents

Respondents were asked to indicate their gender from the total respondents of twenty one (21). From figure 4.1, the males working in these departments are sixteen (16) representing 76% of the respondents and five (5) females representing 24% of the total respondents. This implies that that, the procurement activities in PBC Limited are mostly undertaken

by Males than the Females and also reflects the dominance of males in these departments and units.

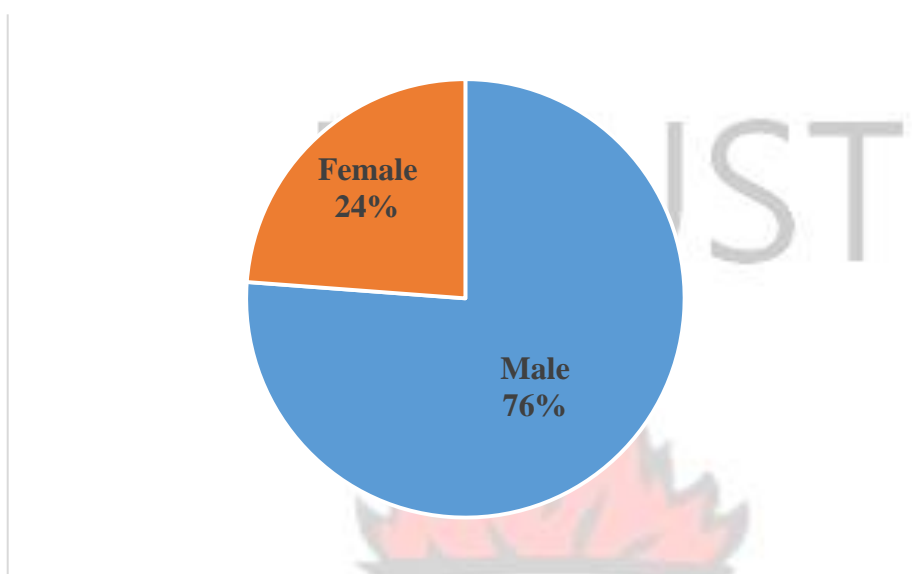


Figure 4.1: Gender distribution (Source: Field survey, 2015)

4.2.2 Age distribution of respondents

The age of the respondents were sought out to know their maturity levels. About 33.3% of the respondents were 31-45 years of age, 28.6% of the respondents were 46-49 years of age, 23.8% of the respondents were 50 years and above whiles the rest making 14.3% were made up of 18-30 years. This indicates that the procurement practitioners in PBC Limited are generally matured in age. The table below (table 4.1) shows a graphical presentation of the results;

Table 4.1 Age distribution

Type	18-30 years	31-45 years	46-49 years	50 years and above	Total
% Response	14.3	33.3	28.6	23.8	100
Number	3	7	6	5	21

Source: Field survey (2015)

4.2.3 Educational level of respondents

On the question of the educational background of the respondents, it was observed that 61.9% of the respondents had Bachelor's Degree, 33.3% had obtained Masters/Postgraduate Degree while 4.8% had attained diplomas which was the least qualification among the respondents. The researcher classified the respondents' education level by Certificate, Diploma, Bachelor's Degree and Master/Postgraduate Degree. The results indicate that the personnel in departments that handle procurement in PBC Limited are generally well educated and are in the position to understand and employ well informed procurement practices in the Company. Figure 4.2 below graphically depicts the educational levels of the respondents.

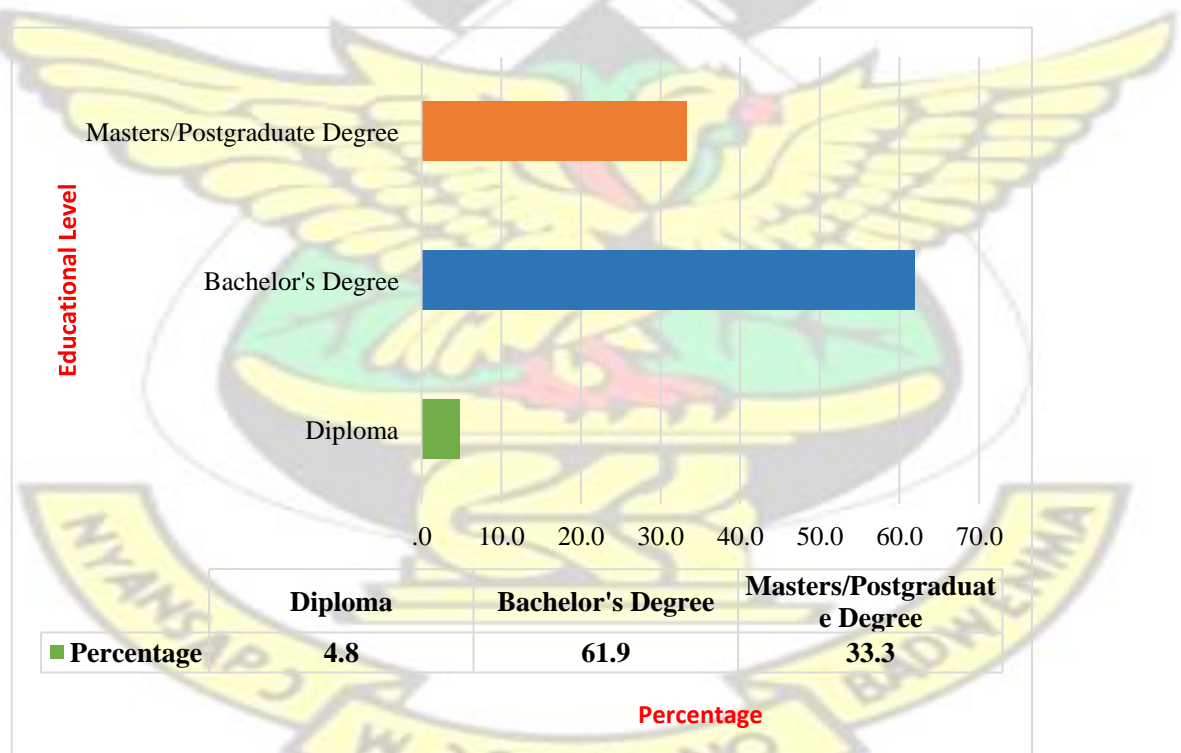


Figure 4.2: Educational level (Source: Field survey, 2015)

4.2.4 Professional Background of respondent

The study, per this question sought to again find out if respondents are members of any professional association in addition to the besides their various educational heights attained. About 29% of the respondents are not members of professional institution. The remaining 71% belonged to professional bodies with 19% belonging to the Ghana Institution of Surveyors (GhIS), 9.5% each belonging to Chartered Institute of Purchasing and Supply (CIPS) and Project Management Institutes (PMI), 19% to Ghana Bar Association (GBA) while 4.8% each belongs to Institute for the Management of Information Systems (IMIS), Associate of the Institute of Chartered Secretaries & Administrators (ACIS), Institute of Chartered Secretaries and Administrators (ICSA), Chartered Institute of Management Accountants (CIMA) with one associated to both Ghana Institution of Surveyors (GhIS) and Project Management Institute (PMI). With more than half of the respondents associated with professional bodies, it asserts to the indications earlier discussed relating to the educational level of the members that, the staff are well educated and qualified to apply best practices in handling procurement activities in PBC Limited. This will ensure that acceptable procurement procedures are employed at PBC Limited.

4.2.5 Respondents years spent in the organization

On the question of the number of years respondents have been working in the organization, it was observed that about 38.1% of the respondents had been with the company for 15 years and over, 28.6% had been with the company for 1-5 years, 23.8% had been with the company for 6-10 years while 9.5% had also been with the company for 10-15 years. With more than half of the study respondents having worked more than five years in the company it was deduced that the Company has procurement practitioners who are

knowledgeable about the competitiveness of procurement practices of the company as well as its shortcoming and probable ways of improvement can be appropriately suggested. The results is graphically represented in the figure 4.3 below;

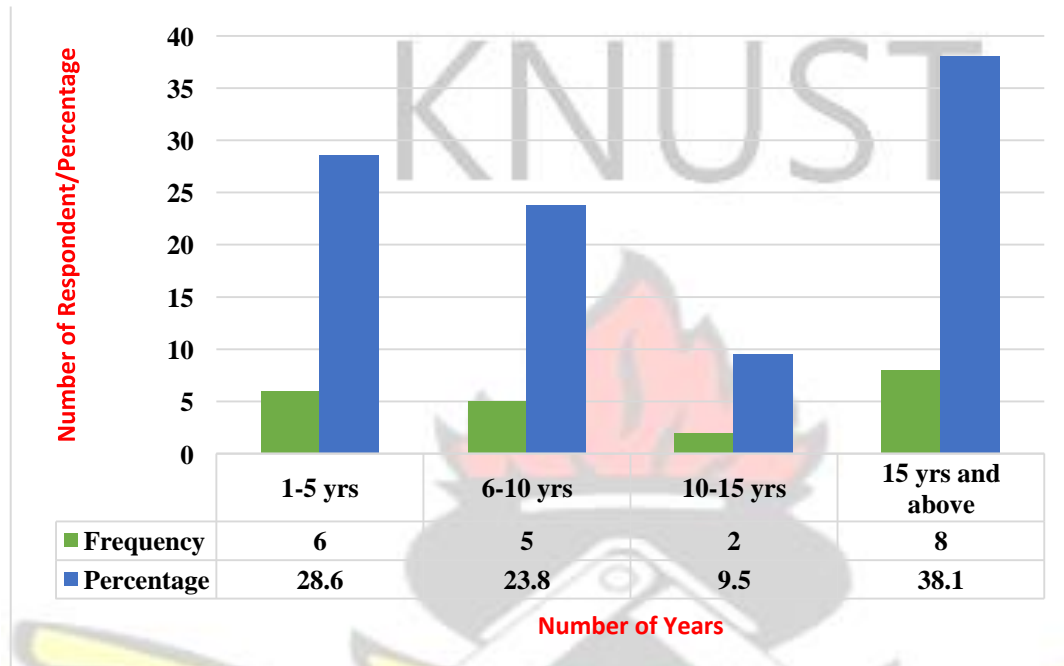


Figure 4.3: Years spent in the organization (Source: Field survey, 2015)

4.2.6 Years of work experience of respondents in procurement

Staff who have considerable years of experience are mostly supposed to be more knowledgeable, considering their acquiring knowledge on the occupation over the period, and hence function well on an assignment than others with barely experience (Bond and Galinsky, 2005). It is in this wise that respondents were asked about the years of experience they had acquired as staff of the departments they work in. From figure 4.4 below, it can be observed that, 9 respondents representing 42.9% of the population had worked at their departments for between 6-10 years. 7 respondents representing 33.3% had worked at their departments for between 1-5 years, 4 respondents representing 19.0% had worked at their departments for 15 years and over with 1 respondent representing 4.8% having worked at the department between 10-15 years.

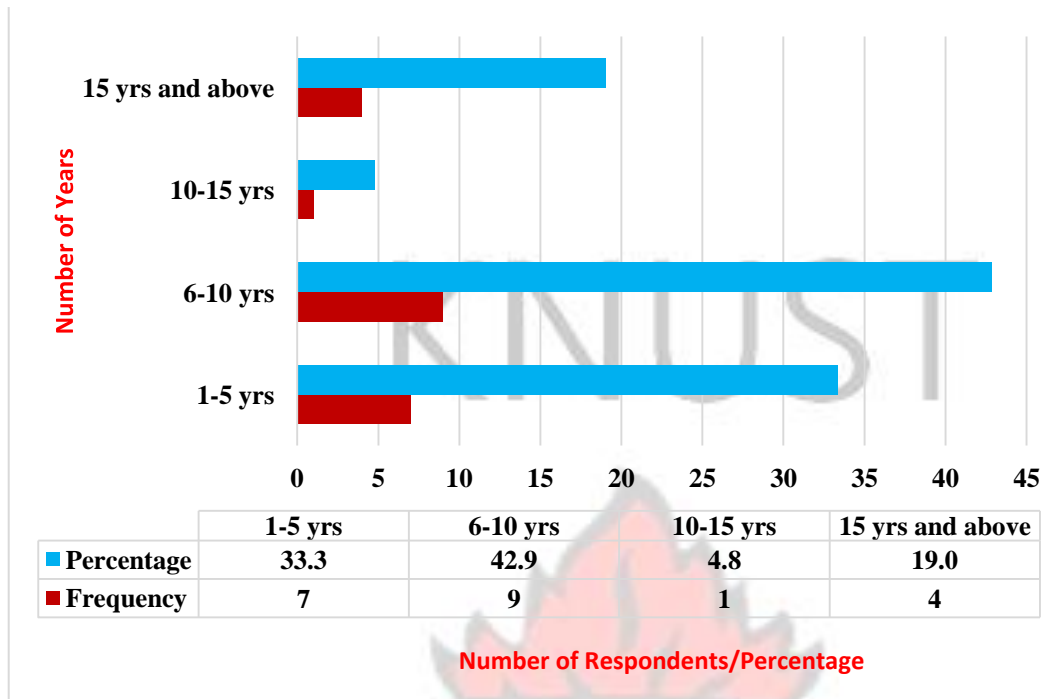


Figure 4.4: Years of work experience (Source: Field survey, 2015)

The experience of study respondent is the period of full participation in procurement activities in the company. The understanding is that an individual's period of continuous practice has the potential to have a good bearing on his understanding on the competitiveness or otherwise, advantages and challenges of different procurement practices and methods and therefore based on Figure 4.4 the respondents are adequately informed in the procurement processes to provide us with credible data. With 67% of the respondents having at least 6years experience at the units they work, it is worth inferring having acquired the needed know how as well as exposure to function well. So far as all of them have worked for more than one year in respective units, inexperience of procurement practices cannot be identified with any respondent.

4.3 PROCUREMENT PRACTICES AT PBC Limited.

4.3.1 Institutional procurement framework or policy

This question was asked in order to identify whether the company has an Institutional procurement framework or policy. The data obtained revealed that out of the twenty one (21) respondents, 15 of the respondents making 71.4% attested to the fact that they have an institutional framework or policy which serves as a guide to the company when procuring whereas 6 making 28.6% of the respondents indicated otherwise. It can be deduced that the existence of such policy is not known by all the procurement practitioners, hence not readily available as a reference for procurement activities in the Company. The content of the policy was also identified to be specific to procurement of goods. It is therefore not surprising that such a significant policy is not known to some of the very practitioners who are expected to ensure its application. The results are illustrated in the table below;

Table 4.2 Institutional procurement framework or policy

QUESTION	FREQUENCY		PERCENTAGE	
	YES	NO	YES	NO
Does PBC Limited have an Institutional procurement framework or policy?	15	6	71.4	28.6
TOTAL	15	6	71.4	28.6

Source: Field survey (2015)

4.3.2 Procurement department/unit

This question was also asked in order to identify whether the company had a procurement department/unit which oversees procurement processes. The data obtained revealed that all the twenty-one (21) respondents constituting 100% confirmed that the company had a procurement department/unit that oversees procurement activities and processes. However

the Procurement Unit/Department is not responsible for all procurement undertakings of the Company. It was revealed that the General Services Department undertakes the procurement of all works and related consultancy services only, the Procurement Unit procures only goods in PBC Limited whiles the Information Technology (IT) Unit, Legal Department, Special Services Department, Haulage/Technical Department and the Human Resource Department undertake procurement of consultancy services specific to the needs of their respective

Department/Unit. The results are illustrated in the table 4.3 below;

Table 4.3 Procurement department/unit

QUESTION	FREQUENCY		PERCENTAGE	
	YES	NO	YES	NO
Does PBC Limited have a procurement department/Unit which oversees procurement?	21	0	100	0
TOTAL	21	0	100	0

Source: Field survey (2015)

4.3.3 Procurement methods Employed at PBC

The selection of a procurement method depends on factors such as cost, quality and time which are generally believed as being the basic requirement for buyers who want to get their supplies of good quality, price and within expectable duration (Muriro & Wood, 2010). This question was aimed at identifying the procurement methods employed by PBC Limited throughout the period that the various respondents have been procuring. The data obtained revealed that out of the twenty one (21) respondents, 6 of the respondents

representing 28.6% revealed that the company goes by Open Competitive Tendering, Request for Quotations & Single Source. 5 of the respondents representing 23.8% also revealed that the company goes by Single Source Tendering & Restricted Tendering, 4 of the respondents representing 19.1% also revealed that the company goes by Request for Quotations, Single Source Tendering & Restricted Tendering whereas 1 representing 4.8% of the respondents indicated that the company uses Request for Quotations and Single Source Tendering. It can be inferred that for over 14 years since the Company was incorporated, PBC Limited applies mostly limited competitive procurement methods. The data is shown in table 4.4 below;

Table 4.4 Procurement methods employed at PBC

Procurement Methods	Frequency	Percentage
Request for Quotations	1	4.8
Single Source Tendering	1	4.8
Restricted Tendering	4	19.1
Request for Quotations, Single Source Tendering & Restricted Tendering	4	19.1
Open Competitive Tendering, Request for Quotations & Single Source Tendering	6	28.6
Single Source Tendering & Restricted Tendering	5	23.8
TOTAL	21	100

Source: Field survey (2015)

Some of the reasons for choice of procurement method the respondents gave include; avoidance of delays, fast track procurement process, control the quality of bidders and get value for money. Some also indicated that the choice is dependent on the size of the project

in terms of contract cost. Accordingly, projects with high cost must apply the most competitive procurement methods.

4.3.4 Competitive procurement practices of PBC Limited

This question was asked to ascertain whether the procurement practices employed by PBC Limited was competitive enough. The data obtained revealed that out of the twenty one (21) respondents, 12 of the respondents making 57% attested to the fact that the procurement methods used by PBC Limited was not competitive enough whereas 9 respondents making 43% thinks otherwise. The results shows that PBC Limited employs more of limited competitive procurement in their procurement undertakings as illustrated in the figure below;

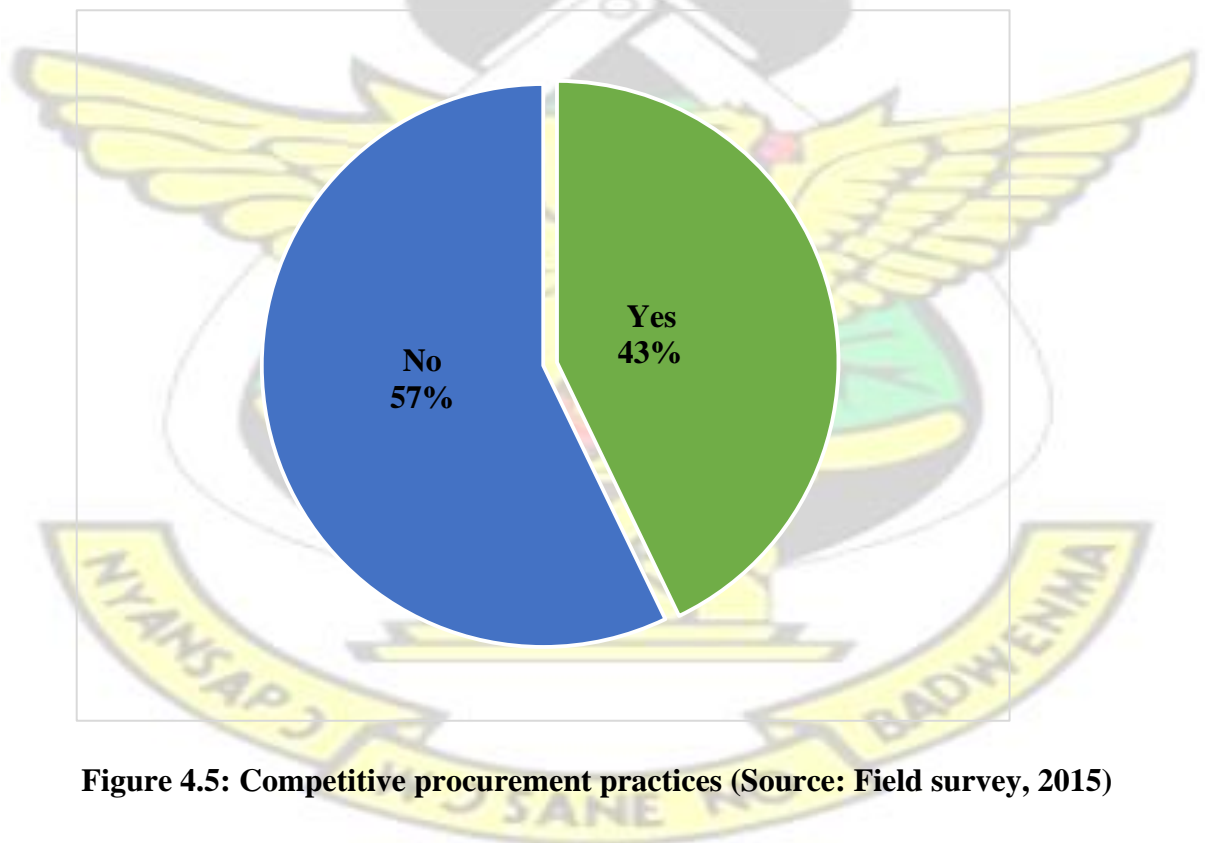


Figure 4.5: Competitive procurement practices (Source: Field survey, 2015)

4.3.5 Transparency, fairness and value for money in procurement practices This question was a follow up question to the previous question where the researcher wanted to know whether the methods being used by the organization was yielding transparency,

fairness and value for money. The data obtained revealed that out of the twenty one (21) respondents, 12 of the respondents making 57% attested to the fact that the procurement methods used by PBC Limited was not transparent, fair and cannot produce value for money whereas 9 respondents making 43% confirmed that the methods being used by the company was transparent, fair and could produce value for money. From the opinion of the respondents, it can be concluded that the procurement methods being used by PBC Limited needs to be reviewed to achieve transparency, fairness and value for money. The result is illustrate in the figure below;

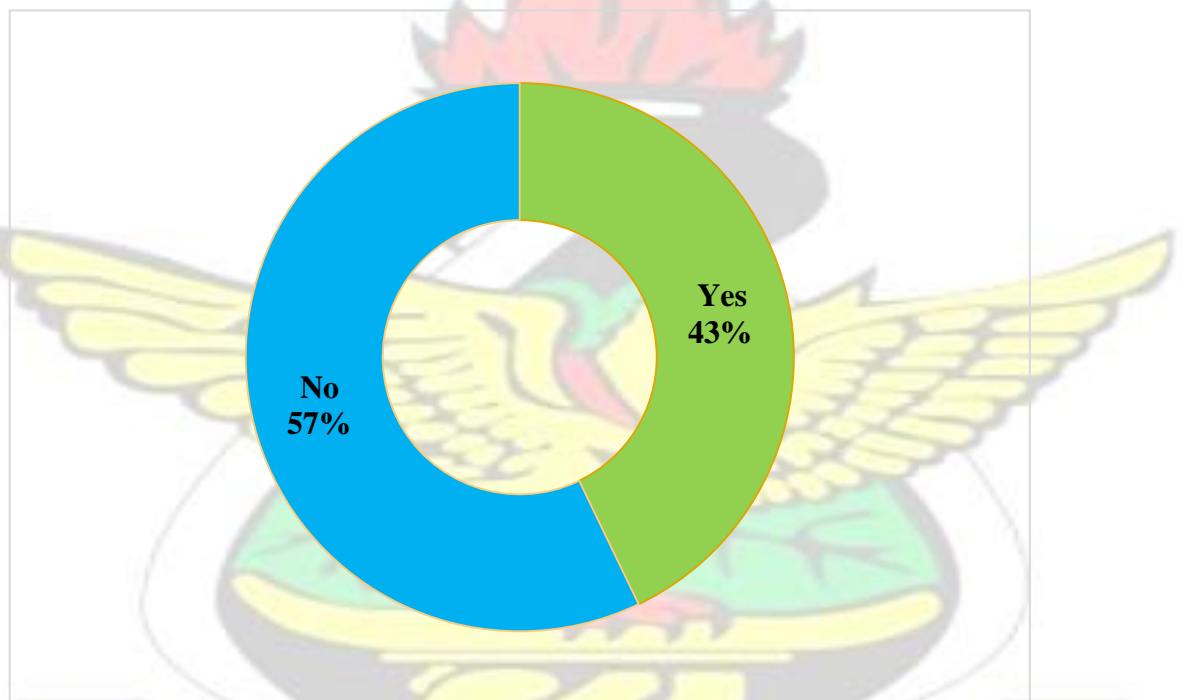


Figure 4.6: Transparency, fairness and value for money (Source: Field survey, 2015)

4.4 CHALLENGES ASSOCIATED WITH COMPETITIVE PROCUREMENT PRACTICES AT PBC LIMITED.

Table 4.5 indicates the challenges associated with competitive procurement practices at

PBC Limited (7 challenges) in terms of mean responses to a range „strongly disagree“ (1) to „strongly agree“ (5). The mean score ranges between 1 and 5 which is 3.

Table 4.5 Challenges associated with competitive procurement

CHALLENGES	MEAN	STANDARD DEVIATION	RANK
The need for strategic procurement	4.10	0.995	1 st
Inadequate measures for monitoring and evaluating procurement activities	3.38	1.284	2 nd
Non-compliance with company policies and regulations	2.90	0.944	3 rd
Accountability, Fraud and Corruption	2.71	1.146	4 th
Setback of clear understanding of procurement methods	2.71	1.007	5 th
Unethical behaviour	2.67	1.197	6 th
Lack of knowledge in the procurement process	2.57	1.121	7 th

Source: Field survey (2015)

From table 4.5, The need for strategic procurement had a mean of 4.10 and standard deviation of 0.995 and was ranked 1st , Inadequate measures for monitoring and evaluating procurement activities had a mean of 3.38 and a standard deviation of 1.284 and was ranked 2nd, Non-compliance with company policies and regulations had a mean of 2.90 and a standard deviation of 0.944 and was ranked 3rd Accountability, Fraud and Corruption had a mean of 2.71 and a standard deviation of 1.146 and was ranked 4th , Setback of clear understanding of procurement methods had a mean of 2.71 and a standard deviation of 1.007 and was ranked 5th, Unethical behaviour had a mean of 2.67 and a standard deviation of 1.197 and was ranked 6th and Lack of knowledge in the procurement process had a mean of 2.57 and a standard deviation of 1.121 and was ranked 7th .

Although available literature identifies all these factors as challenges associated with implementation of competitive procurement, the result from the table 4.5 above indicates that the need for strategic procurement and inadequate measures for monitoring and evaluating procurement activities are the key challenges which inhibit the use of competitive procurement methods in PBC Limited, hence their significance to the study.

It can therefore be inferred from the result that Ashok's (2013) argument that organizations have now evolved from the management of the flow of goods to the main trends of strategic procurement with the focus of developing a supply base and different sourcing strategies is a major challenge in private sector organizations where the need for strategic procurement is predominant has been confirmed.

According to Hunja (2003), the promotion of effective monitoring and evaluation of various stages of the procurement process yields sound procurement practices. Unfortunately for PBC Limited this has been identified as a major challenge that faces the organization, as observed in the table. The need for effective measures for monitoring and evaluating procurement activities can therefore not be overemphasized.

However, even though the use of limited competitive procurement techniques have been identified to be a breeding grounds for unethical behaviors (Ameyaw et al., 2012; Hardcastle, 2007; Matthew, 2005) the result as seen on the table indicate that PBC Limited find Accountability, Fraud and Corruption and Unethical behaviour almost not very significant challenges to competitive purchasing processes as their means score were below 3.

The rest of the challenges also had their means below 3 indicating that those challenges are almost not very significant to the study although they are worth tackling in the organization.

Some of the challenges which were also presented by the respondents are; procurement professionals are not allowed the free room to operate, failure to follow effective evaluation procedure, inadequate funding, external influence, deficient staff strength and organizational and logistical limitations, rapid technological development and inability to plan procurements ahead of time which leads all the procurement becoming emergencies.

4.5 ADVANTAGES AND STRATEGIES OF ADOPTING COMPETITIVE PROCUREMENT PRACTICES AT PBC LIMITED

4.5.1 Advantages of competitive procurement practices

Similarly, Table 4.6 indicates the advantages of competitive procurement practices at PBC (5 advantages) in terms of mean responses to a range „strongly disagree“ (1) to „strongly agree“ (5). The mean score ranges between 1 and 5 which is 3.

Table 4.6 1 Advantages of competitive procurement practices

ADVANTAGES	MEAN	STANDARD DEVIATION	RANK
Value for money	4.33	0.966	1 st
Equal opportunities / fairness	4.10	0.889	2 nd
Transparency and accountability	4.05	0.921	3 rd
Enhance competition and reduce prices	4.05	0.973	4 th
Mitigate favouritism	3.95	0.973	5 th

Source: Field survey (2015)

From table 4.5, Value for money had a mean of 4.33 and standard deviation of 0.966 and was ranked 1st, Equal opportunities / fairness had a mean of 4.10 and a standard deviation of 0.889 and was ranked 2nd, Transparency and accountability had a mean of 4.05 and a

standard deviation of 0.921 and was ranked 3rd , Enhance competition and reduce prices had a mean of 4.05 and a standard deviation of 0.973 and was ranked 4th and Mitigate favouritism had a mean of 3.95 and a standard deviation of 0.973 and was ranked 5th .

From the table the results orients with the advantages that comes with competitive tendering (Ackah, 2013; Raymond, 2008; Falvey, 2012; OECD, 2006; Chapman, 1993), which makes it the reason to adopt competition when procuring.

It can be seen that PBC Limited believes strongly that competition in the acquisition process yields value for money. This means that acquisitions will yield a whole life cost, quality and quantity at a competitive price if it subjected to competition.

Again PBC Limited agrees that competition produces the sense of Equal opportunities / fairness among competing suppliers. This is essential as it provides confidence in the acquisition process of the organization and encourages more suppliers to participate.

Procurement practitioners in PBC Limited believe that competitive procurement introduces competition in the buying effort and reduces price of what is being acquired. This price saving up to about 30% (Falvey, 2012) is very critical for such a profit oriented company as PBC Limited.

All the other advantages have a mean score exceeding 3 making them significant to the study.

4.5.2 Strategies on adopting competitive procurement practices

On the hand, Table 4.7 indicates the Strategies on adopting competitive procurement practices at PBC Limited (7 strategies) in terms of mean responses to a range „strongly disagree“ (1) to „strongly agree“ (5). The mean score ranges between 1 and 5 which is 3.

Table 4.7 Strategies on adopting competitive procurement practices

STRATEGIES	MEAN	STANDARD DEVIATION	RANK
Transparency and fairness within the procurement process	4.38	0.973	1 st
Encouraging competitiveness among tenderers	4.33	0.913	2 nd
Compliance with ethical procurement practices	4.24	0.889	3 rd
Development of comprehensive and transparent institutional procurement framework or policy with emphasis on competition	4.24	0.944	4 th
Training and professional development in competitive procurement	4.24	1.044	5 th
Establishment of functional procurement unit/department	3.76	1.091	6 th
Open advertisement of tender invitation for tenders within the specified period	3.43	1.121	7 th

Source: Field survey (2015)

From table 4.5, Ensuring Transparency and fairness within the procurement process had a mean of 4.38 and standard deviation of 0.973 and was ranked 1st Encouraging competitiveness among tenderers had a mean of 4.33 and a standard deviation of 0.913 and was ranked 2nd Compliance with ethical procurement practices had a mean of 4.24 and a standard deviation of 0.889 and was ranked 3rd , Development of comprehensive and transparent institutional procurement framework or policy with emphasis on competition had a mean of 4.24 and a standard deviation of 0.944 and was ranked 4th , Training and professional development in competitive procurement had a mean of 4.24 and a standard deviation of 1.044 and was ranked 5th, Establishment of functional procurement unit/department had a mean of 3.76 and a standard deviation of 1.091 and was ranked 6th, Open advertisement of tender invitation for tenders within the specified period had a mean of 3.43 and a standard deviation of 1.121 and was ranked 7th

From the table it can be reckoned that, upon analysing the strategies, transparency and fairness within the procurement process is very important to PBC Limited in achieving and practicing competitive procurement. But the need to ensure fairness and transparency in a competitive environment requires a degree of centralized control system (monitoring and evaluation) in the procurement system (Jones, 2002).

The table again indicates that Encouraging competitiveness among tenderers is believed by PBC Limited also be a key strategy towards achieving competitive purchasing. Increasing competition reduces price up to 30% (Falvey, 2012). It is for this reason that a profit oriented company would welcome competition in its purchasing effort.

Development of comprehensive and transparent institutional procurement framework or policy with emphasis on competition is equally seen very crucial for implementation of a successful competitive purchasing effort. The current Procurement Policy of the Company is unknown by some purchasing participants and has been identified to be goods specific and does not effectively provide the needed governance in the purchasing effort.

Again from the table Training and professional development in competitive procurement is seen to be a very relevant strategy for successful competitive purchasing. The respondent agree with the argument of Osei-Tutu et al. (2009) that, the acquisition decision taking must be done by professionals who have been trained in the methodology, and that new and emerging procurement techniques must be incorporated in the continuous professional development programs of procurement officials.

All the other strategies were also equally deemed significant, since their mean scores were above 3. This explains the need for PBC Limited to put these strategies into practice to achieve better and improved competitive procurement practices in the company.

Comments were also received from respondents on how best competitive procurement should be integrated into the company's procurement process. Suggestions include; the need for an effective independent procurement monitoring and audit team which report to the Board of Directors periodically on procurement activities, punitive measures to deter practitioners from unethical procurement behaviours, adoption of the open competitive tendering for wide contractor/supplier selection base, consideration of eprocurement, consolidation of all procurement under one Department or unit and adoption of the procurement planning systems instituted in the Public Procurement Act to prevent "artificial" emergencies.

In summary this chapter of the study provided detailed analysis and discussions of the data collected through questionnaire administered to the twenty-one (21) respondent. The analyses and discussions in this chapter provides the basis of the research findings, conclusions and recommendations in the next chapter.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This last chapter provides the conclusions of the study and recommendations made to deal with the major discoveries obtained from the analysis in the line with the objectives of the study. The objective of this research was to analyse the current procurement practices pursued by PBC Limited, to identify the challenges associated with the implementation of competitive procurement procedures at PBC Limited and to identify strategies in addressing the smooth implementation of competitive procurement procedures. In this

chapter, the research questions and the objectives are revisited to find out the degree to which the aim of the study has been achieved throughout the various stages of the study.

A total of twenty-one research respondents were used for the study through purposive sampling. Eighteen questions were administered to respondents who are staff of various departments involved in the procurement practices at PBC Limited. From the results and discussions in the preceding chapter, the following conclusions and recommendations were made.

5.2 REVIEW OF OBJECTIVES AND RESEARCH QUESTIONS

To summarize some discussions in Chapter One of this study, the aim of this research was to assess the challenges and provide strategies to the successful implementation of competitive procurement procedures at PBC Limited. To achieve the aim of the research, three research objectives were set for this study. These objectives are:

Objective 1: To analyse the current procurement practices pursued by PBC Limited. The study sought to find out from respondents the procurement practices that was being adopted by the company. From the analysis of the results, it was inferred that; respondents confirmed there was an institutional framework or policy, although not available to all practitioners, which serves as a guide to the company when procuring. Also there are various departments with related procurement responsibilities in addition to the unit labelled “Procurement Unit”. Request for Quotations, Single Source and Restricted Tendering was revealed to be the most used procurement methods in the company and also from the opinion of the respondents, it was concluded that the methods being used by PBC Limited needs to be reviewed to make it transparent, fair and to achieve value for money.

Objective 2: To identify the challenges associated with the implementation of competitive procurement procedures at PBC Limited.

From the analytical results it can be reckoned that the need for strategic procurement and inadequate measures for monitoring and evaluating procurement activities were the major challenges that faces the organization and must be looked at. Some of the challenges which were also presented by the respondents are: that procurement practitioners are not allowed the free room to operate, failure to follow effective evaluation procedure, inadequate funding, external influence, deficient staff strength and organizational and logistical limitations, rapid technological development, the inability to plan ahead which leads procurement to becoming emergencies.

Objective 3: To identify strategies in addressing the smooth implementation of competitive procurement procedures.

Upon analysing the strategies, the need to ensure transparency and fairness within the procurement process is very important in achieving and practicing competitive procurement. But this requires a centralized control system in the procurement system (Jones, 2002). All the other strategies as was suggested in the questionnaires were also deemed significant. This explains the need for PBC Limited to put these strategies into practice to achieve better and improved competitive procurement practices in the company.

5.3 FINDINGS OF THE RESEARCH

Upon reviewing and analysing the related materials on procurement in private sector in competitiveness, the following were discovered; respondents confirmed there was an institutional framework or policy, although not available to all practitioners, which serves as a guide to the company when procuring. Also there are various departments with related

procurement responsibilities in addition to the unit labelled „Procurement Unit”. Procurement in PBC Limited was identified not to be competitive. Request for Quotations, Single Source and Restricted Tendering was revealed to be the most used procurement methods in the company and also from the opinion of the respondents, it was concluded that the methods being used by PBC Limited needs to be reviewed to make it transparent, fair and to achieve value for money. On the challenges associated with competitive procurement in the company, the following were found out:

- The need for strategic procurement in the private sector was an issue worth addressing.
- Inadequate measures for monitoring and evaluating procurement activities was also a major challenge that faces the organization and must be looked at.
- Procurement professionals are not allowed the free room to operate.
- Failure to follow effective evaluation procedure.
- Inadequate funding and external influence.
- Deficient staff strength and organizational and logistical limitations.
- Rapid technological development.
- The inability to plan ahead which leads procurement to becoming emergencies.

The study also revealed that, some of the strategies that can be adopted for smooth implementation of competitive procurement practices are as follows;

- Ensure transparency and fairness within the procurement process
- Development of comprehensive and transparent institutional procurement framework or policy with emphasis on competition
- Establishment of functional procurement unit/department
- Training and professional development in competitive procurement
- Open advertisement of invitation for tenders within the specified period

- Compliance with ethical procurement practices
- Encouraging competition among tenderers
- The need for an effective independent procurement monitoring and audit team which report to the Board of Directors periodically on procurement activities,
- Establishment of punitive measures to deter practitioners from unethical procurement behaviours,
- adoption of the open competitive tendering for wide contractor/supplier selection base,
- consideration of e-procurement
- Consolidation of all procurement undertakings under one Department or Unit
- adoption of the procurement planning systems instituted in the Public Procurement Act to prevent “artificial” emergencies.

5.4 CONCLUSION OF THE RESEARCH

Given that competition is a pillar of capitalism in all industries in that it stimulates innovation, encourage efficiency, ensure quality of goods, works and services and drive down prices, the aim of the study was to assess the challenges and provide strategies to the successful implementation of competitive procurement procedures at PBC Limited.

At the end of the study, the result of the survey gave an indication that, indeed, the methods being used by PBC Limited needs a little bit of change to make it transparent, fair and to achieve value for money. Therefore, there was the need to assess the challenges facing the company in practicing competitive procurement and suggest solutions to these problems.

For PBC Limited to be very competitive and achieve value for money and become transparent and fair in its procurement processes, it was suggested the company should develop a comprehensive and transparent institutional procurement framework or policy

with emphasis on competition towards achieving value for money, transparency and fairness, consolidate of all procurement undertakings under one Department or Unit, train and develop its procurement practitioners in competitive procurement, establish an effective independent procurement monitoring and audit team which report to the Board of Directors periodically on procurement activities, and adopt procurement planning systems instituted in the Public Procurement Act to prevent “artificial” emergencies. With this, the onus falls on the company and various stakeholders involved in procurement to effectively put these strategies to use to ensure a very effective competitive procurement practice at PBC Limited in order to achieve completion related benefits as have been highlighted in this study.

5.5 RECOMMENDATIONS

The findings of this research are expected to contribute more to the effective way of strategically adopting competitive procurement to achieve value for money, transparency and fairness in the procurement process of PBC Limited. To achieve this objective, the study proposes a set of recommendations to the organization involved as summarized the five point bullets below.

- Development of comprehensive and transparent institutional procurement framework or policy with emphasis on competition towards achieving value for money, transparency and fairness.
- Consolidation of all procurement undertakings under one Department or Unit
- Training and professional development in competitive procurement
- The need for an effective independent procurement monitoring and audit team which report to the Board of Directors periodically on procurement activities; and
- Adoption of the procurement planning systems instituted in the Public

Procurement Act to prevent “artificial” emergencies.

5.6 LIMITATIONS OF THE RESEARCH

As with every study, certain limitations bound this research. The study should have covered the entire country with all private sector procurement firms but due to the nature of the research scope the sample size was obtained from only PBC Limited. This was a constraint to the actual population on the basis of private procurement firms in the country.

5.7 DIRECTION FOR FUTURE RESEARCH

This research brings to light a number of areas, which needs attention. The following suggestions are therefore stated for future research:

- Further recommendation for this study is to explore the impact of competitive procurement practices in private sector organizations.

In addition, further research can also be conducted in other private sector firms in the country that this study failed to tackle.

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APPENDIX

RESEARCH QUESTIONNAIRE

TOPIC: ASSESSING COMPETITIVENESS IN PRIVATE SECTOR

PROCUREMENT

(A CASE STUDY OF PBC LIMITED)

Dear Sir/Madam

These set of questions are intended for a research work on Assessing Competitiveness in Private Sector Procurement using PBC Limited as a case study organization. The research seeks to establish how procurement is undertaken in this organization and other related issues. The work will be submitted to the College of Art and Built Environment, Kwame Nkrumah University of Science and Technology, in partial fulfillment for the award of Master's Degree in Procurement Management. Kindly be assured that all information you will provide will be solely used for academic purposes and would be treated as confidential.

Thank you for participating in this study.

SECTION A: Demographic Data of Respondent

Please tick [✓] where appropriate and provide brief answers where necessary.

1. Gender:

- a. Male ☐ b. Female ☐
2. Age: a. 18-30 yrs. ☐ b. 31-40 yrs. ☐ c. 46-50 yrs. ☐ d. 50 years and above ☐
3. State your current position held at PBC.
.....
.....
4. What is your current educational level?
- a. Certificate ☐
- b. Diploma ☐
- c. Bachelor's Degree ☐
- d. Masters / Postgraduate Degree ☐
- e. Others,specify
.....
5. What is your professional background? Please tick as many as you qualify?
- a. GhIS b. CIPS c. PMP d. CIMA e. ACCA
- f. Others (Please state)
.....
6. How long have you worked in the organization?
- a. 1 – 5 yrs. ☐ b. 6 - 10 yrs. ☐ c. 10 – 15 yrs. ☐ d. 15 years and above. ☐
7. What Department do you work in?
8. How many years of working experience do you have in procurement?
- a. 1 – 5 yrs. ☐ b. 6 - 10 yrs. ☐ c. 10 – 15 yrs. ☐ d. 15 years and above. ☐

SECTION B: Procurement practices at PBC Ltd.

9. Does PBC Limited have an Institutional procurement framework or policy?

Yes [☐]

No [☐]

10. Does PBC have a procurement department/Unit which oversees procurement?

11. Yes [☐]

No [☐]

12. What are the procurement methods normally employed by PBC currently?

Open Competitive Tendering [☐]

Two-stage Tendering [☐]

Request for Quotations [☐]

Restricted Tendering [☐]

Single Source Tendering [☐]

13. What are the reasons for the choice above used by PBC Limited?

.....

.....

14. Will you describe the procurement practices of PBC Limited as competitive?

Yes [☐]

No [☐]

15. Does the procurement practices at PBC promotes transparency, fairness and value for money?

16. Yes [☐]

No [☐]

SECTION C: Challenges associated with competitive procurement practices at PBC Limited.

17. Rate the statements below; **strongly disagree-1, disagree-2, neutral-3, Agree-4, strongly agree-5.**

Challenges						
Please tick [√] under your choice of rating		1	2	3	4	5
1	Setback of clear understanding of procurement methods					
2	Lack of knowledge in the procurement process					

3	Unethical behaviour						
4	Non-compliance with company policies and regulations or applicable standard						
5	Accountability, Fraud and Corruption						
6	Inadequate measures for monitoring and evaluating procurement activities						
7	The need for strategic procurement						

18. What are some of the other challenges PBC Limited has encountered in the implementation of competitive procurement methods?

.....

.....

SECTION D: Advantages and Strategies on adopting competitive procurement practices at PBC Ltd.

19. Rate the statements below; **strongly disagree-1, disagree-2, neutral-3, Agree-4, strongly agree-5.**

Advantages							
Please tick [√] under your choice of rating		1	2	3	4	5	
1	Value for money						
2	Equal opportunities / fairness						
3	Enhance competition and reduced prices						
4	Transparency and accountability						
5	Mitigate favouritism and corruption						
Strategies							
6	Development of comprehensive and transparent institutional procurement framework or policy with emphasis on competition						
7	Establishment of functional procurement unit/department						
8	Training and professional development in competitive procurement						
9	Open advertisement of invitation for tenders within the specified period						
10	Compliance with ethical procurement practices						
11	Transparency and fairness within the procurement process						
12	Encouraging competition among tenderers						

20. Suggest ways that would best improve competitive procurement methods at PBC Limited.

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