

**EXPLORING THE POTENTIAL OF OPEN COMPETITION FOR ACHIEVING
VALUE FOR MONEY IN PUBLIC SECTOR PROCUREMENT.**

By

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DECLARATION

I hereby declare that, except references to other peoples work, which have been duly acknowledgement, this thesis is the results of work herein under supervision towards MSc Procurement Management and that, to the best of my knowledge, it has been neither in whole nor partly been presented elsewhere.

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ABSTRACT

An effective and efficient way of achieving value for money in the procurement process is by open competition, which is allowing all eligible contractors and suppliers to tender for contracts without any restrictions once the contractors and suppliers are qualified. The purpose of the study was to explore the potential of open competition for achieving value for money in public sector procurement. The objectives were; identify the factors considered in adopting competitive tendering methods, to identify the types of competitive tendering methods, to determine the challenges in achieving value for money when using open competition and finally to identify some measures put in place in achieving value for money. The data collection tools included questionnaires and interviews while the target population included procuring officials and other stakeholders. Statistical Package for the Social Sciences (SPSS version 25) was used in the analysis, taking into consideration the mean score ranking to analyse the data obtained from various respondents. Limitations from the research were of the geographic focus and due to time constraints the study was limited to only one region and on the ministries. This impacted the population and sample size. Implications for the study is a step towards achieving value for money in public procurement through open competition as a default method of procurement. The findings revealed that procurement thresholds as a major factor influencing the use of open competition, national competitive tendering was the most commonly used open competitive tendering method, value management as a major factor that achieves value for money, on challenges recorded, political and management interference was a major challenge and on measures to enhance value for money, procurement audits was most recognized, The findings will help in enhancing the practise of procurement in public.

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DEDICATION

This piece of work is dedicated to my family who have loved me throughout a lifetime of learning. It is especially dedicated to my late father Issahaku Mumuni, who gave me faith and an unconditional love. May his soul rest in peace; to my mother Beatrice Biba Bukari who has been the wind beneath my wings; to my brother Sumaila Issahaku whose love and support kept me balanced and gave me the fortitude to continue my education; to my family for their untiring support. This study is also dedicated to my lovely guardian Abdullai Asunga Mahama, for his understanding and unflinching support and making me feel special.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Public sector procurement is the process of acquiring goods and services for the operation of government and to provide public services. It is carried out within a specific legal framework based on certain principles aimed at making the fulfilment of public procurement requirements competitively available to qualified firms and individuals in a transparent and non-discriminatory manner based on pre-established selection criteria. The goal of public procurement is to provide everything necessary for the operation of government and, specifically, public services to the population within a country. (Lynch, 2013).

Ensuring value for money is a critical goal of the legislation on public procurement, the Public Procurement Authority (PPA) also ensures that, as well as all public and private institutions since ultimate responsibility for spending lies within their scope. Value for Money therefore is an effective, efficient and economical use of wealth resourcefully, thus at a rational cost. Value for money doesn't necessarily mean, the lowest procurement or construction costs: it is defined as the optimum combination of whole project life cycle costs and quality of products and services to be produced. Value for money is usually defined on three pillars which are efficiency, economy and effectiveness of an outcome of a project as against its whole life cost involved. Value for money includes Life Cycle Cost analysis, Value Management, and Lean procurement methods and procedures, the key determinant or agenda of Value for money are the efficiency, effectiveness and Economy of a project life cycle. Value for money concepts on the other hand consists of the inputs, outputs and the outcomes of projects. Are the outputs and outcomes of a project as against its costs effective and efficient?

Project cycle and when to conduct value for money analysis. Value Management analysis can be conducted at the inception of the projects procurement processes, the construction stages, when the project ends or at any point of project. This can be conducted by economists (looking at the economical points associated with procurement) or the quantity surveyors who deal in pricing and costing. The Ghana Public Procurement Authority (GPPA) was established by the Public Procurement Act, 2003 (Act 663) as a regulatory body responsible for the effective implementation of the Public Procurement Law in Ghana. The Authority seeks to ensure fairness, transparency and non-discrimination in public procurement in order to promote a competitive local industry and increase the confidence of varied stakeholders in public procurement processes in the country and beyond. The procurement act has so far been amended as the Public procurement (Amendment) Act, 2016 (Act 914).

Procurement strategy defines how an organization would procure and manage services, goods and works. Procurement strategy is most likely considered when a project is being formulated or developed along with the business case. Procurement strategies includes: Adversarial strategy, preferred partnership relation, Single sourcing, Network sourcing, Merger or acquisition, in house processes, barter or commodity trading. All these strategies are used by both the private and public sector to achieve value for money. Some methods of sourcing available to all the public and private organizations are both competitive (Adversarial, bidding and tendering) and non-competitive (Restricted tendering, two stage tendering, single sourcing, partnerships) in nature. Most private sector organization's also make good use of other procurement methods and strategies other than the adversarial strategies.

Open competitive tendering methods allows contractors and suppliers to bid on goods in an open, transparent and open manner. Open tendering requirements call for an entity to: Advertise locally and internationally were appropriate, have an unbiased, clear and coherent technical and performance specifications, have precise evaluation measures, open to all qualified bidders to compete and to be granted to the least evaluation based on quality and cost for contract negotiation and contracting. Arguably, the open competitive methods of procurement helps in encouraging effective and healthy competition among contractors to obtain the best quality of goods, works and services, with much emphasis on value for money. However, considering this procedure of open competitive based methods, most procurement experts feel that open competition is not a very suitable strategy for large or complex acquisitions due to the intense focus on the output process instead of stringent obedience to standards.

1.2 STATEMENT OF THE PROBLEM

An effective and efficient way of ensuring value for money in the tendering and awarding process of contracts is by open competition, that is allowing all eligible contractors and suppliers to bid or tender for contracts in works, goods and services without any restrictions and barriers once contractors and suppliers are qualified to tender, this is due to the fact that the open competitive tendering method will be providing the procuring entity a variety of supplier with a wide variety of goods, works and services within which a procuring entity can best select the contractor or supplier in the market for contracting. The research work therefore seeks to explore the potential of open competition in achieving value for money in public sector procurement.

1.3 RESEARCH QUESTIONS

- i. What types of competitive tendering methods used by the ministries and departments to award contracts?
- ii. How does the open competition assist stakeholders involved in achieving the value for money?
- iii. How some challenges faced by these stakeholders in tendering procedures be solved?

1.4 RESEARCH AIM

The aim of this study was to explore the potential of open competition in achieving value for money in public sector procurement.

1.3.2 OBJECTIVES.

In order to achieve the stated aim, the following specific objectives were set:

1. To identify the factors considered in adopting competitive tendering methods.
2. To identify the types competitive tendering methods.
3. To determine the challenges associated in achieving value for money using open competition.
4. To identify some measures put in place in achieving value for money through open competitive processes.

1.5 SCOPE OF THE STUDY

This study was undertaken in the Greater Accra Region, specifically in Accra and will cover the Ministries. The Ministries as it stands implements its goals and objectives through the departments and agencies. Also with some stakeholders such as procurement

officials, suppliers, contractors, consultants associated with the ministries, departments and agencies.

1.6 SIGNIFICANCE OF THE STUDY

Below are the importance of this research work

1. This research exercise will give stakeholders the insight as well as the awareness of Open Competition and Value for money, its recommendation will facilitate their action to solve the associated challenges in the process.
2. It can be relied on as a secondary data for further research to researchers who wants to broaden their know how in the various procurement methods and adopting competitive tendering processes which is accepted to be the most suitable method for ensuring values for money in all procurement activities.
3. And lastly it will serve as a guide to the Public Procurement Authority (PPA) Ghana, in improving upon its procurement functions.

1.7 RESEARCH METHODOLOGY

For the aim of this study to be realized, it was imperative to make usage of appropriate research approaches to facilitate the findings. The methodology adopted in conducting this research was the quantitative research approach. Quantitative research entails the use of structured questionnaire and the provision of possible responses and it would also engage many respondents. It was the process of making inquiries with the aim of testing the theories with variables, assessed using numbers, and analysed with statistical techniques.

Both primary and secondary sources of data were made use in this study. Questionnaires are the primary data collection method selected as the survey method for this work. Data collected was based on "close-ended" questionnaires and was given out to the relevant

persons with the experience and knowledge in procurement management. The target population are all procurement agents and professionals of different educational categories etc.

The collection of data via secondary sources was from extant literature through journals, publications of corporate bodies, books, newspapers, online sources senior dissertation, etc. The literature review also serves to reveal more understanding and knowledge of theoretical and research issues related to the research topic. Therefore, a comprehensive literature review regarding would be carried out. The information that would be reviewed must relate to the research topic for this research to be carried out efficiently.

After the data regarding the questionnaires have been collected and gathered, it would be analyzed using the Statistical Package for the Social Sciences (SPSS) and Microsoft Office Excel for data analysis. The analyzed results will be presented in the form figures and tables form with explanations in details regarding the data collected.

The objective was to identify and explore most relevant determinant of value for money through open competition. The questionnaire was also to test the content validity. These tests helps to make any relevant changes or introduce some minor amendments to better suit the conditions prior to sending out the questionnaire to the target research population.

1.8 ORGANIZATION OF THE STUDY

The first chapter of this study digested the general introduction, the problem statement, objectives, scope, methodologies, limitation as well as the organization of the study.

Chapter two would emphasise on the study related to articles on open competition, value for money, sustainability, procurement and the views pooled by writers on the study topic in other economies on the globe.

The third chapter would outline the data and all the methods that was used in the analysis of data and technique of data assembling and the digest of the data collected.

The fourth chapter presented the detailed analysis and discussion of the results in the third chapter.

The fifth chapter would entail the conclusion and the recommendation based on the obtained results of the research study conducted. Finally, the appendix contains the data used in this research study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The aim of this chapter is to provide a focus for the study as well as some background on sourcing or procurement and value for money particularly for those responsible for managing budgets and spending within institutions. The way money is spent affects both individual and the organizational budgets as a whole. As publicly funded bodies it is important for organizations to: Follow best practice in obtaining goods, works and services, accountability for every penny spent, ensure that all applicable legislation is adhered to and conduct value management to obtain excellent value for money.

The literature will be reviewed on both conceptual and the empirical perspectives on the factors achieving value for money in procurement in public institutions.

1. Concept of procurement,
2. Centralization and decentralization of public procurement.
3. Overview procurement activities in Ghana,
 - Procurement structures, rules and obligations.
 - Tendering methods processes and procedures.
4. The concept of Value for Money (VFM)
5. Open competition and Value for money in Public Procurement
6. Summary of the chapter

2.2 CONCEPT OF PROCUREMENT.

Procurement is the process of finding and agreeing to terms, and acquiring goods, services, or works from an external source, often via a competitive bidding process. Corporations

and public bodies often define these processes as intended to promote fair and open competition for their business while minimizing risks such as exposure to fraud and collusion.

According to the Business Dictionary procurement is the act of obtaining or buying goods and services. The process includes preparation and processing of a demand as well as the end receipt and approval of payment. It often involves, purchase planning, standards determination, specifications development, supplier research and selection, value analysis, financing, price negotiation, making the purchase, supply contract administration, inventory control and stores, and disposals and other related functions.

The process of procurement is often part of a company's strategy because the ability to purchase certain materials will determine if operations will continue. A business will not be able to survive if its price of procurement is more than the profit it makes on selling the actual product.

Therefore, procurement can be termed as the process of product and service acquisition resulting in the awards of contracts under which payments are made and certificates issued in the implementation of projects. This includes the preparation and processing of a demand, executing the demand and the approval of payments and receipts.

Government procurement or public procurement is the procurement of goods, services and construction on behalf of a public authority, such as a government agency. This is made up of defined rules, regulations, methods, processes and procedures by which governmental institutions are mandated by law to use to acquire goods, works and services using public finances.

Government or procurement is necessary because governments cannot produce all the inputs for the goods they provide themselves, therefore the need for sourcing these inputs from other sources.

Private sector procurement, on the other hand, can be termed as the process of goods, works and service acquisition resulting in the awards of contracts under which payments are made in the implementation of projects to satisfy the needs of a particular private entity (usually a business, for profit or not).

2.3 CENTRALIZATION AND DECENTRALIZATION OF THE PROCUREMENT SYSTEM IN GHANA.

Public procurement is fully centralized when there is a single law or regulation governing procurement, when relevant procurement decisions such as (how, what, when, where) to procure goods, works and services by any procurement method is in the hands of a centralized body or public unit such as the Public Procurement Authority (Ghana) which oversees, make proposals for formulation and the monitoring and supervision of public procurement in Ghana.

Benefits of procurement centralization

1. To harmonize and streamline the processes of procurement in the public sector.
2. To ensure the economical, efficient and effective use of scarce state resources.

Decentralization of the procurement system. Even though there is a centralized authority with legislation governing public procurement, the direct opposite of Centralization is decentralization, as local authorities are sometimes delegated and given the power in deciding (how, what, when, where) to procure goods, works and services from. When

organisations become so large, controlling them from a single centralized system becomes more difficult.

2.4 OVERVIEW OF PUBLIC PROCUREMENT IN GHANA.

The main laws and rules that regulates and governs procurement in Ghana is the Public Procurement Act 2003 (Act 663) as amended by the Public Procurement (Amendment) (Act 914) (the Amendment Act). This legislation is an integral part and often used in conjunction with Public Financial Management Act and other manuals for optimum utilization of funds, is to instil integrity, transparency, probity and accountability in public sector spending.

The Act applies to the procurement of goods, works and services financed, in whole or in part, from public funds, loans taken by the government of Ghana, including foreign aid and grants and the disposal of government stores and equipment. All government agencies and institutions in which the government has a majority stake are mandated to comply with this legislation. The key exceptions to this legislation is as follows.

1. Where the Minister of Finance decides that it is in the national interest to use a different procedure.
2. Where a loan or funding agreement specifies alternative procedures which shall be subject to the prior review and 'no objection' to those procurement procedures by the Authority.
3. The Act does not apply to stores management or distribution. This is because there is another legislation governing stores management or distribution called the stores regulation 1984 and also stores management does not deal with the procurement of goods, services and works.

2.4.1 Public Procurement Authority

The Authority is mandated to ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner and is vested with administrative powers to ensure that procuring entities comply with the Act. It is also mandated to:

1. Monitor the processes employed by procuring entities;
2. Review procurement decisions made by procuring entities;
3. Investigate procurement malpractices; and
4. Sanction offenders.

Procuring entities under the Act have responsibility for the procurement of goods, works and services for prescribed threshold values set out in the schedules to the Act. (Public procurement Act 663 as Amended 914)

2.4.2 Procurement structures and their responsibilities

The procurement structures are grouped in ascending order in terms of authority and responsibilities.

1. **End-User Department:** Existing Department which initiates requirement and provides Technical Inputs or Specification.
2. **Procurement Unit:** Permanent Unit staffed by Procurement Professionals; Manages and Facilitates all Procurement Activities; The Head of the Unit – Procurement Officer or Director, acts as Secretary to the Committees. (Entity Tender Committee, Tender Evaluation Panel etc.)
3. **Procurement Entity -** Institutions responsible for procurement subject to Act 663 and any conditions and laid down procurement regulations.
4. **Head of Entity** (e.g. Ministers, chief executive officers, Vice Chancellor) is responsible and accountable for all procurement actions and inactions taken. The

Head of Entity in a way of strengthening the procurement system in the organization could delegated part of his authority to the following structures; Directors; Heads of Department; and Managers. (Public procurement act 633 as amended act 914). Procurement decisions shall be taken in a corporate manner. It is the responsibility of the Head of Entity to ensure that provisions of the Public Procurement Act, 2003 (Act 633) are complied with in the Entity.

5. Tender Evaluation Panel (TEP): The Procuring entity shall establish a Panel with the required experience and expertise to evaluate bids and assist the Review Committees in their work. Tender Entity Panel shall work with the predetermined and published evaluation criteria. Tender Entity Panel is made up of Ad-Hoc specialists who evaluate, review and make appropriate recommendations for contract awards, using specified and previously announced criteria for evaluation.
6. Entity Tender Committee: - Each Procurement Entity shall establish Entity Tender Committee.
 - i. That ensures procurement activities carried out conforms to the procedure prescribed in the Act. Exercise sound judgment in making procurement decisions.
 - ii. Refers to appropriate Tender Review Board for approval.
 - iii. Entity Tender Committee approves Procurement Plans and Invitation Documents.
 - iv. Awards Contracts within its Authority.
 - v. Ensures referral to the appropriate Tender Review Board.
 - vi. Entity Tender Committee is a Standing Committee of Senior Officials.
 - vii. Entity Tender Committee reviews yearly & quarterly procurement plan.

- viii. Entity Tender Committee ensures correlation between policies and procurement plans of the entity.
 - ix. Entity Tender Committee applies proper procedures
 - x. Entity Tender Committee seeks one stop only concurrent approval
7. Tender Review Boards (TRBs): Tender Review Boards are established at 4 levels and their levels of operations are governed by thresholds. Tender Review Boards review and approve evaluation reports. They consist of the following:
- i. Central Tender Review Board (CTRB)
 - ii. Ministerial Tender Review Board (MTRB)
 - iii. District Tender Review Board (DTRB)
 - iv. Entity Tender Committee (ETC)
 - v. Head of Entity (HOE)

Also the functions of Tender Review Boards: To review the activities at each step of the Procurement Cycle leading to the selection of the lowest evaluated bid or best offer by Procurement Entity in order to ensure compliance with the provisions of the Act and its operating instructions and guidelines; Give concurrent approval; Furnish the PPA with reports in prescribed format; and TRBs may engage the services of consultants and advisers, or co-opt persons with specialized expertise.

8. Public Procurement Authority: the authority makes proposals on policy formulation.
- i. Ensures the implementation of policies and development of human resource.
 - ii. Develops and draft rules, instructions and other regulatory framework on Procurement and formats for Public Procurement documentation.

- iii. Monitors, Audits PP and ensures the compliance of entities with statutory requirements and Prosecutes breaches of the Act
 - iv. Possesses the right to obtain information on Public Procurement from contracting authorities
 - v. Establishes and implementing information Systems relating to Public Procurement.
 - vi. Publishes monthly Public Procurement Bulletin which contains Procurement Notices and Invitation to Tender and Contract Award Information.
 - vii. Investigates and debars officials from procurement practice under the Act, suppliers, contractors and consultants who neglect their obligations under PP contract, have provided false information about their qualifications or offered inducement of a kind referred in Section 32 of the public procurement Act 633.
 - viii. Maintains list of firms that have been disallowed from participating in PP and send the list to all PEs.
9. Minister of Finance: The Minister of Finance is responsible for Issuing Regulations; Receives Public Procurement Authority's Annual Report for on-ward submission to Parliament; Recommend for amendments of any section of the ACTS; Procurement expenditure in the year; Proposals on the formulation of policies on procurement; etc.

2.4.3 Procurement processes and procedures

Public Procurement entails the following processes:

1. **Identifying Sources Funding;** this is the act of financing a project, usually in the form of budgetary and monetary allocations, or others such as the effort or time, to finance a need or project, this is usually done by an organization. Sources of funding include savings, subsidies, taxes, credit, venture capital, donor support and grants.
2. **Needs Assessment and Planning;** the annual planning of requirements starts with the Initiation of the whole procurement process, planning of individual requirements, planning of these requirements includes: (Contract packaging, Aggregation of like procurement requirements to obtain economies of scale, source of funding, budget verification and commitment of funds). Specifications of Requirements, that is Technical Specifications (equipment and / or materials), Performance Specification (functional criteria, testing checking) and should conform to National /International Standards (quality of materials, performance and testing). The estimated cost of each package, the procurement method or strategy, processing steps and times, schedule of delivery and implementation dates, annual estimates and budgeting are all part of Procurement planning.
3. **Sourcing, Methods of procurement**
 - i. Competitive tendering (bidding) is the most commonly used method of procurement in the construction. Those tendering for a contract are often in a form of competition with other tenderers, and generally, none of the tenderers are aware of the price quotes provided by competing tenderers that is their technical and financial qualifications are unknown among tenderers; therefore, they are incentivized to submit their most competitive tender. In

this way, it is believed that competition in procurement helps in adding value for the employer.

- ii. Restricted tendering is a procurement method that limits some form of participation for eligible tenders, which is in selecting number of suppliers, contractors or service providers. This method of procurement is also called: Limited tendering.
- iii. Two stage tendering is a method of procurement where the employer seeks to appoint a contractor at an initial stage of the project based on an outline scope of work. It is designed to achieve the early appointment of a contractor on the basis of an agreement to undertake pre-construction services, with the intention that the parties will ultimately enter into a lump-sum contract, or a cost-reimbursable contract with a target price, following a period of negotiation.
- iv. Request for Quotations, this method is also referred to as invitation to quote or shopping, it is also used for small amounts involved in procurement and it does not require the preparation of comprehensive tender documents
- v. Single source procurement refers to purchases from one selected supplier, even though there are other suppliers that provide similar products and sole sourcing on the other hand is based on a justification that only one known source exists or that only one single supplier can fulfil the requirements.
- vi. Request for Proposals for consultancy service. The request for proposals outlines the bidding process and contract terms, and provides guidance on how the bid should be formatted, this is done in the procurement consultancy services.

4. Pre-qualification or expressions of interest Offers

This is the preliminary stage in abiding or tendering process where it is determined if an applicant has the requisite resources and experience to complete the job as requires.

5. Awarding and Managing Contracts.

An agreement between two or more parties for the doing or not doing of something specified. An agreement enforceable by law.

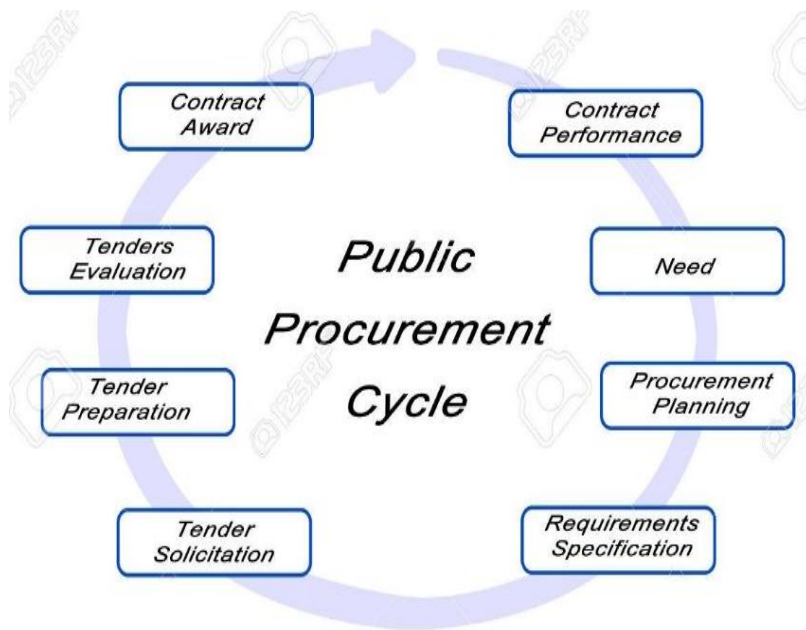


Figure 2.1: The procurement process or cycle

2.5 THE CONCEPT OF VALUE FOR MONEY

Value for money is taking into account the optimum combination of whole life cost and quality necessary to meet the customer's requirement. (Baily et al 2008).

Value for money is often talked about but with less understanding of this terminology; it is not about procuring cost effective or most affordable products such as goods, works and services but is the balancing of the whole lifetime cost of these procurement and the quality or performance of these products and service.

In assessing value for money, this is done over the whole life cycle of the procurement, right from planning to execution to management, taking into account sustainability. This also includes disposal of either sale proceeds or decommissioning costs and taking into account all costs and benefits to society as a whole, not simply those directly relevant to the purchaser as set out in (HM Treasury's Green Book, 2006).

Value for money includes life cycle cost analysis, value management, and lean procurement or construction methods, the key determinant or agenda of value for money are the efficiency, effectiveness and economy of a project life cycle. Value for money concepts on the other hand consists of the inputs, outputs and the outcomes of projects. That is are the inputs, outputs and outcomes of a project as against its costs effective, efficient and economical?

1. Life cycle cost analysis is the process of compiling all costs that an owner or producer of an asset incur over its lifespan.
2. Value management is a value added activity or action taken that increases the benefit of goods, works and services to a customer.
3. Lean procurement methods are all strategies that deal with the elimination of waste in the procurement of goods, works and services.
4. Economy: this explores whether some inputs are procured at the lowest available costs, prices and can be delivered at a specified time frame, place, quantity and quality.
5. Efficiency: This is how productively input resources are converted into outputs. Also it means optimum output at reasonable cost.
6. Effectiveness: This can be termed as the extent to which resource outputs achieve the desired outcomes. (Batho Pele Handbook, 2007)

As part of eight Batho Pele principles. Value for money in public services should be provided economically and efficiently in order to give the best possible value for money.

Project cycle and when to conduct value for money. Value for money analysis can be conducted at inception phase of the projects procurement processes, the construction stages, when the project ends or at any point of project. This can be conducted by economists (looking at the economical points associated with procurement or the quantity surveyors who deal in pricing and costing).

DFID's 4e VALUE FOR MONEY FRAMEWORK

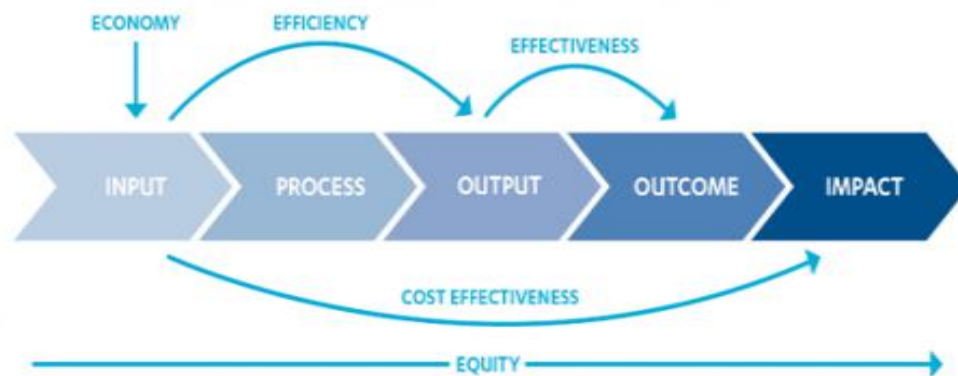


Figure 2.2: Value for money framework, source: Department for International Development, Gov.UK

2.5.1 Value for money and public sector procurement

The aim of a good procurement system requires the following procurement principles and ethics that are of utmost importance to the procurement of goods, works and services. By integrating these principles into your work ethic, the outcome of your decisions should always be in line with the goal of public procurement.

Transparency, professionalism, integrity, economy, openness, value for money, fairness, efficiency, effectiveness, competition and accountability are some of the fundamental principles of public procurement.

2.6 RATIONSHIP BETWEEN OPEN COMPETITION AND VALUE FOR MONEY IN PUBLIC PROCUREMENT.

Value for money is termed as optimally combining the life cycle cost, quality and performance to meet employers, clients or end-user needs. This objective is drawn from the legislations incumbent, standard tender documents and the public procurement authority's responsibility "to harmonize the processes of public procurement in the public service to secure a judicious, economic and efficient use of state resources in public procurement" (public procurement act 663).

Open competition on the other hand refers to the standard form of where all qualified, eligible or responsible parties such as suppliers and contractors are eligible to compete or take part in the procurement process. Making available to all eligible and qualified parties information on procurement processes in a non – discriminatory manner.

The importance of open competition cannot be over emphasized and includes tremendous savings in public institutions and the economy as a whole, open competition also results in goods, works and services being provided to clients or employers at competitive prices and Tenders or bids are evaluated on the basis of certain predetermined criteria, such as price, quality and value.

Value for Money therefore is the effective, economic and efficient utilization of resources at a reasonable cost. This is not achieving the most affordable prices of goods, works and services: it is defined as the optimum combination of whole life costs and quality of these

products and services to be produced. Value for money is therefore usually based on three pillars which are efficiency, economy and effectiveness of an outcome of a project as against its whole life cost involved in the project.

Open Competition is important in demonstrating procurement represents value for money. When purchasing, e.g. high earned equipment's or specialised consultancy services, there's the need in demonstrating that value is most important than the lowest quoted prices of contractors. Therefore, the reasoning behind choosing the lowest evaluated tender based on technical and experience before the financial considerations. This leads some organisations to have more pre-tender dealings and their approved suppliers, in a wide range of product and services. Value for money is therefore an important standard in spending and does not necessarily mean contractors or suppliers will quote the most affordable prices but does provides assurances that entities get the best available cost, which is consistent with quality from a reputable suppliers and contractors.

2.7 CHAPTER SUMMARY

This chapter as presented by others' views about exploring of the potential of open competition for achieving value for money in public procurement. By also using these views of the authors will help me to solve the problems. Also this chapter covers areas such as the concept of public sector procedures, the concept of value for money, and the relationship between open competition and value for money.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter will comprise of two parts, the methodology and the research design. The chapter also will describe the methods and the tools that will be employed in collecting data and how the objectives of the study will be investigated. The chapter gives the procedures and techniques which is used in the collection of data. It informs readers on the strategies, designs, methods, population and the sample as are described. Mainly two different methods will be used in achieving the stated objectives. Firstly, important information was gathered from literature review and secondly through questionnaires, observations and informal interviews of some targeted respondents to obtain their responses. Also once this data is collected, data is then analyzed with outputs made and the outcome of the results interpreted and discussed, and finally with ethical considerations being made. All the methods and techniques are used to determine the sample, collect data, analyse the data and then interpret the results with intention that either approving or rejecting hypotheses previously formulated comprises the research methodology.

3.2 RESEARCH DESIGN

The research design will be outlined to help in structuring and designing this research in order to be aligned with the stated objectives this research. The research design adopted will help in giving the appropriate responses to the questionnaire which governed the study. Also observations and interviews will be used as confirmation to the answers and facts gathered already from this field of study. Every research can be broadly categorized under any three major types according to its purpose; exploratory, descriptive and explanatory research (Cavana, *et al.*, 2009; Saunders *et al.*, 2011). Schindler (2003) gives

a similar categorization by stating that research can function as providing data and information for obtaining certain conclusions (reporting), describing and defining a phenomenon (descriptive) and trying to explain a phenomenon (predictive). The study will employ exploratory research to explore the extent of sustainable procurement practices. This research also seeks to explaining the relationships found among key variables raised as hypotheses within the theories obtained; hence, an explanatory research.

3.3 RESEARCH METHOD

(K Berg, 2001) indicated that Qualitative research emphasize on the ways of understanding social theories by stressing on the linkage between the study area and the researcher in question. (Creswell, 1994), quantitative data is a numerical investigation into world issues by testing theories or hypothesis to know the viability and the trueness of such theories. (Bouma and Atkinson,1995) opined that, it is better to use quantitative data if the study wants to achieve objectivity, credible and real features of the world. Quantitative data is expressed in numerical format and uses various statistical tools and software for its analysis.

3.3.1 Population of the study

Population is termed to be units with a chance of occurrence in a survey. These units could be persons, employees or members of a set (Groves et al., 2009). In this study, the population would be the number of procurement officials. Professionals, suppliers, contractors and other stakeholders who undertake and are part and parcel of the public sector procurement process, seventy (70) of such people partaking in public sector procurement will be identified and considered as the population. Purposes of this work, call for the targets to be procuring staff of some ministries and departments, in that there

is the need to have some knowledge in the type of tendering methods used contracting and how they help in achieve value for money in the public sector procurement of goods, works and services. The target population of this study will be based on 70 staff.

3.3.2 Sampling Techniques.

Based on extent literature (Zhu and Sarkis, 2004 and Zhu et al, 2008) indicate extensive use of purposive and convenience sampling strategies. Purposive sampling is then used to give a fair representation of the target population, this is done by selecting procurement officials and stakeholders in the public sector in Ghana, since accurate information can be obtained on enhancing value for money through open competition in public sector procurement in Ghana.

Snowball sampling technique was used when there was difficulty faced in establishing the numbers of a population. With this, a researcher contacts a few members of the desired population. These members help the researcher find other members of the population (Saunders et al, 2009). These techniques used is appropriate due to the differences in experience and levels of knowledge across these institutions. Data would be gathered from a wide variety of actors involved in procurement.

3.3.3 Sample size

(Yamane, 1967) provides a simplified formula to calculate sample sizes (Israel, 1992).

The formula was used for calculating the sample sizes, where a 95% confidence level and $P = 0.5$ are assumed for the equation;

$$n = \frac{N}{1+N(e)^2}$$

Where

‘n’ represents the sample size,

‘N’ stands for the population size, and

‘e’ is the level of precision

$$n = \frac{70}{1+70(0.1)^2}$$

$$n = 41 \approx 41$$

The total sample size after the research was therefore 41 respondents.

41 questionnaires are to be administered to procurement officials and stakeholders and out of which 30 questionnaires were retrieved respectively.

3.4 DATA COLLECTION

The collection of data would be done using a closed ended questions and interviews. It is the data that informs the researcher towards the objectives of the research. After pilot testing, final adjustments will be made and the questionnaires will be administered to the various respondents, it will then be collated and analysed after within a certain frame of time.

3.4.1 Pilot Testing

The study instruments underwent pre-testing before it was finally administered to respondents. This allows the discovery of errors before actual data collection begins and 20% out of the total population was considered adequate for piloting, which was 8 out of 41 of the sample where seen to be knowledgeable in procurement matters.

3.4.2 Primary and secondary Information

Primary Data: This source of data is mostly obtained from first hand sources, and enables researchers to acquire first-hand information and materials on the topic under study. This is obtained through questionnaires, personal observation and informal interviews in supplementing the secondary sources.

Secondary Information: This information is obtained from previous literature which helps in providing all information needed in the study.

3.4.3 Questionnaire Design

This involved a questionnaire seeking the views of procurement officials with respect to open competition and value for money. A six-page questionnaire with a cover letter was administered to 41 procurement officials. This questionnaire was primarily modified from an existing one such as the demographic data, with some aspects such as the factors considered in adopting competitive tendering methods, types of competitive tendering methods, challenges in achieving value for money were freshly developed from the literature and also with assistance from some procurement practitioners. The questionnaire consisted of five areas in an attempt to satisfying the research objectives (Frank T.A, 2014). These areas are: A. The personal demographic data. B. Factors influencing the use of open competition in public sector procurement and the open competitive methods commonly used. C. exploring if the open tendering procedures achieves value for money D. Challenges in achieving value through open competition E. Measures in enhancing value for money in procurement through open competition.

3.5 DATA ANALYSIS

The techniques used for the data analysis were the Statistical Packages for Social Sciences (SPSS Version 25) together with Microsoft excel package (V. 2016). The mean scores ranking and standard deviation were used to rank the factors.

3.6 ETHICAL CONSIDERATIONS

Ethics that are being disclosed to various respondents on this study is purely meant in satisfying academic requirements and that information obtained is not for any other purpose. In the questionnaire names were not required and the confidentiality of respondents was strictly observed. Analysis is then made on the information obtained and used strictly for the purposes of this research only.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 INTRODUCTION

This section of the study presents the output after going through systematic and various steps of operations perform on the series of questionnaire and interviews. The results obtain for the beneath discussion was perform using statistical package; Statistical package for social sciences (SPSS) and was confirmed with excel. However, it briefs us on figures, values of tables and their implications.

4.2 RELIABILITY AND VALIDITY TEST

In piloting the data, some adjustments will be made to the questionnaire in order to obtain a more efficient, effective and credible information, also the questionnaires will be administered to the research participants to respond in order to counteract this threat, the researcher took various sources of evidence including both primary data and secondary information into consideration, that is in applying triangulation. This research will ensure validity of study outcome through the use of concept of triangulation, and carefully documenting the conducted field study to minimize risk of misinterpretation. This approach will ensure validity such that, if conducted by other researchers again, the same conclusions might be found. Sampled data is then subjected to a reliability testing to check for the consistency of survey responses. The Cronbach alpha will be calculated for all the items in the data. Generally, an alpha of above 0.7 will be preferred and used to gauge the reliability of the instruments.

4.3 DESCRIPTIVE ANALYSIS OF DEMOGRAPHIC DATA

This chapter presented the background on respondents, the professional qualification, level of educational qualification, and experience in the industry. These information is important because a background knowledge of these respondents assists in generating confidence in the validity of data obtained; and also the findings.

4.3.1 Professional affiliation

The question was asked to determine the professional qualification of respondents, since this to some extent helps in determining their position in the institution and hence their involvement in the procurement activities. A look at table 4.1 shows frequencies and percentages obtained on the professional affiliation of the respondents. The respondents consisting of 12 members of Chartered institute of procurement are made up of the highest with 40% whilst others were Ghana institute of procurement constitute 10%, chartered institute of logistics and supply chain constitute 13%, those with no professional affiliation 20% and 16.7% constitute those with other professional affiliations not in procurement. This table shows that the public sector procurement is largely made up of members of the Chartered institute of procurement.

Table 4.1: Professional Affiliation

| Professional body | Frequency | Percent |
|-------------------|-----------|---------|
| CIPS | 12 | 40.0 |
| GIPS | 3 | 10.0 |
| CILT | 4 | 13.3 |
| NONE | 6 | 20.0 |
| OTHERS | 5 | 16.7 |
| Total | 30 | 100.0 |

4.3.2 Educational Qualification.

For educational qualification of the respondents, since the level of education determines a position or staff status in the institution and hence their involvement in the procurement activities. These are all key determinants of the quality of responses obtained. A look at Figure 4.2 reveals that 26% are Diploma/Professional Certificate holders while 50% of the respondents are degree holders, 20% of the respondents are holders of Masters/Postgraduate degree with 3% having PHD degree. In using the analysis below, it is noticed that majority of the respondents are bachelor's degree holders; therefore, they being involved in procurement decisions is likely.

Table 4.2: Academic Qualification

| Qualification | Frequency | Percent |
|---------------|-----------|---------|
| HND | 8 | 26.7 |
| BACHELORS | 15 | 50.0 |
| MASTERS | 6 | 20.0 |
| PHD | 1 | 3.3 |
| Total | 30 | 100.0 |

4.3.3 Experience of Respondent

Generally, the results in figure 4.3 below shows the respondents have some reasonable level of expertise in the procurement activities with respect to their respective units in the institution. Also, the results indicate most respondents are active in service and their institutions are also well established. Therefore, it is possible in concluding that the respondents are sufficiently experienced in the procurement activity.

Table 4.3: Level of Experience

| Years of experience | | Frequency | Percent |
|---------------------|---------|-----------|---------|
| | 1-5 | 5 | 16.7 |
| | 6-10 | 10 | 33.3 |
| | 11-15 | 6 | 20.0 |
| | 16-20 | 6 | 20.0 |
| | OVER 20 | 3 | 10.0 |
| | Total | 30 | 100.0 |

4.4 ANALYSIS OF DEPENDENT VARIABLES

Respondents are being tasked in ranking the various factors and their level of knowledge using the likers scale. The five-point likert scale illustrates, a factor is significant if it has a mean of 3.5 or more. Where more than one factor has the same mean, the factor with the smallest standard deviation is assigned the highest significance ranking (Ahadzie, 2007). Standard deviation values of less than 1.0 indicate consistency in agreement among the respondents (Ahadzie, 2007). This was altogether used in assessing the various variables under consideration. The procedures, research findings and discussions that are of relevance are as follows.

4.4.1 Factors influencing the introduction of Open Competition in Public Sector Procurement

In an attempt to assess the factors influencing the use of open competition in procurement of goods, works and service, it is necessary to know the level of knowledge among these respondents. In this view eight factors are identified from the literature of the study and respondents are tasked to rate these factors in accordance to their awareness on the factors using a five-point likert scale. (Highly disagree, disagree, uncertain, agree, and highly

agree). Hence in establishing the level of agreement, some tools were basically adopted, that is the means and standard deviations respectively.

Also from the table below, respondents had indicated that they had some level of awareness of the factors influencing the use of open competition in the procurement process. Procurement thresholds was ranked first with mean score of 4.6333 and a standard deviation of .55605.

Secondly another factor in terms of ranking, influencing the use of open competition was technical specifications with a mean of 4.1000. As has already been indicated, a mean of less than 3.0 indicates that a criterion was not of significance. The analysis further revealed, Eligibility of contractors or suppliers, Budgetary Allocation, Policy Direction, Performance Specifications, Procurement Needs and Management Support, were the other major factors influencing the use of open competition in public procurement in the order of ranks respectively with a mean value above 3.0. The least factor was management support with a mean of 3.5667.

Table 4.4: Factors influencing the use of Open Competition

| Factors | Mean | Standard Deviation | Rank |
|----------------------------|--------|--------------------|-----------------|
| THRESHOLDS | 4.6333 | .55605 | 1 st |
| TECHNICAL SPECIFICATIONS | 4.1000 | .71197 | 2 nd |
| ELIGIBILITY | 4.0000 | 1.11417 | 3 rd |
| BUDGETARY ALLOCATION | 3.9667 | .96431 | 4 th |
| PERFORMANCE SPECIFICATIONS | 3.9333 | .82768 | 5 th |
| POLICY DIRECTION | 3.9000 | 1.15520 | 6 th |
| PROCUREMENT NEEDS | 3.6667 | .84418 | 7 th |
| MANAGEMENT | 3.5667 | 1.33089 | 8 th |

4.4.2 Types of open competitive tendering methods.

Even though the default procurement method is international competitive tendering as per the World Bank. A question was posed to the respondents on the open competitive method commonly used in their various entities, this is important to also determine thresholds often used, the results indicated the national competitive tendering method was commonly used with a percentage of 60 and international with a percentage of 40, the respondents indicated this due to the need to encourage the participation of local suppliers. The results is as indicated in figure 2.

Table 4.5: Types of Competitive Tendering Methods

| Tendering Methods | | Frequency | Percent |
|-------------------|---------------|-----------|---------|
| | International | 12 | 40.0 |
| | National | 18 | 60.0 |
| | Total | 30 | 100.0 |

4.4.3 Challenges in Achieving Value for Money When Using Open Competition in Public Sector Procurement

In the survey undertaken, the respondents were tasked to rank the major challenges in achieving Value for Money when open competition in public sector procurement. Responses on the challenges in achieving value for money when using open competition in public sector procurement are then compared and results showed no significant difference at 5% significance level. Table 4.6 below, shows that the mean scores of all the seven (7) challenges evaluated are greater than the neutral of 3.0 for all the respondents. The results further reveal that all the seven factors are some major challenges in achieving value for money through open competition.

Table 4.6: Challenges in Achieving Value for Money

| Challenges | Mean | Standard Deviation | Rank |
|--|--------|--------------------|-----------------|
| POLITICAL INTERFERENCE | 4.8333 | .37905 | 1 st |
| LACK OF EXPECTISE | 4.7667 | .62606 | 2 nd |
| NON COMPLIENCE | 4.6000 | .77013 | 3 rd |
| INADEQUATE SUPERVISION OF THE PROCESS | 4.2333 | .85836 | 4 th |
| INADEQUATE MONITORING | 4.2000 | .66436 | 5 th |
| INPROPER CONTRACTOR SELECTION | 4.2000 | .71438 | 6 th |
| LACK OF ACCOUNTABILITY | 3.6667 | .95893 | 7 th |

The results also revealed that political and management interference, inadequate skilled personnel or lack of expertise in procurement, inadequate measures for monitoring and evaluation, problems of non-compliance with Institution, improper contractor or supplier selection, inadequate supervision of contracts and the lack of accountability and transparency in the bidding processes are a major challenge in achieving value for money through open competition. The table also shows that lack of accountability in the bidding processes was the lowest ranked challenge with mean score of 3.6667 and standard deviation of 0.95893. The results confirm findings in literature, that political and management interference of the processes was one major challenge in using open competition.

4.3.4 Measures Employed to improve Value for Money in Procurement

With the measures taken into consideration in enhancing value for money in procurement entities, the mean score of 4 measures were investigated and rankings presented in Tables 4.7. The mean score of the measures in enhancing value in procurement are higher than the neutral value of 3.0, indicating that they are all of significance. In using the table below,

the highest measure was Procurement Audits with a mean value of 4.7667 and Std. deviation of 0.62606. Other measures include, Monitoring and Evaluation, More Punitive Sanctions and Transparency and Accountability, already (Kabaj, 2003) indicated that regular monitoring and audit of procurement activities add value.

Table 4.7: Measures employed in achieving Value for Money

| Measures | Mean | Standard. Deviation | Rank |
|---------------------------------|--------|---------------------|-----------------|
| PROCUREMENT AUDITS | 4.7667 | .62606 | 1 st |
| MONITORING AND EVALUATION | 4.2333 | .85836 | 2 nd |
| TRANSPARENCY AND ACCOUNTABILITY | 4.2000 | .71438 | 3 rd |
| MORE PUNITIVE SUNCTIONS | 3.7667 | .93526 | 4 th |

4.5 CHAPTER SUMMARY

This chapter consisted the analysis, results and discussions obtained from the survey. Firstly, a brief discussion of the survey questionnaires was made and descriptive statistics obtained from the survey. The study adopted the use of mean score and standard deviation to analysed the results of the survey. Lastly a discussion of the factors influencing the use of open competition, open competitive methods commonly used, factors achieving value for money through open competition, challenges and measures in achieving value for money in public procurement where discussed.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 INTRODUCTION

The study has sought to explore the potential of open competition in achieving value for money in procurement by practitioners in public sector. Review of literature led to the concept of procurement, Centralization and decentralization of public procurement, Overview procurement activities in Ghana, Procurement structures, rules and obligations, Tendering methods processes and procedures, the concept of Value for Money (VFM) and Open competition and Value for money in Public Procurement. Adopting the quantitative research approach, a questionnaire survey was employed to assess measures used by procurement practitioners. The previous chapter analysed and discuss the results of the study. This chapter presents the findings of the study in relation to the laid out objectives of the study. Recommendations from the study are put forth. The study limitations and directions for future research are also presented. The objectives are

1. To identify the factors considered in adopting competitive tendering methods.
2. To identify the types competitive tendering methods.
3. To determine the challenges associated in achieving value for money using open competition.
4. To identify some measures put in place in achieving value for money through open competitive processes.

These research objectives served as guidelines in achieving the stated aim of the study.

The research results are discussed in relation to the objectives of the study.

5.2 REVIEW OF OBJECTIVES

The aim of this study is to explore the potential of open competition for achieving value for money in public sector procurement. The Research objectives were subsequently developed in order to achieve the stated aim. Here, the research objectives are highlighted to the extent to which they were accomplished through the various phases of the research. The study employed the use of mean score and standard deviation in the analysis.

5.2.1 Factors considered in adopting competitive tendering methods

In an attempt to discover the factors influencing the use of open competition in public sector procurement, eight factors were identified from literature. From the analysis the mean score for the following factors were above 3.0, Procurement Threshold, performance specifications, Eligibility of contractors or suppliers, Performance Specifications, Budgetary Allocation, Policy Direction, Procurement Needs and Management Support. The standard deviation for most of the variables identified was below 1 showing a high degree of agreement within the respondents. This finding were consistent to the existing studies, (Thai, 2010; Frank, 2014).

5.2.2 Types competitive tendering methods.

In identifying the types of competitive tendering methods commonly used in the ministries to achieve value for money in procurement, the types of open competitive tendering commonly used were international and national competitive tendering. From the analysis national competitive tendering was often used, this was because of the contract thresholds and the idea of domestic preference, which is encouraging local or indigenous firms to participate in the process devoid of foreign firms, which sometimes lead to capital flight. These results were not consistent with current studies.

5.2.3 Challenges in achieving value for money when using open competition

To achieve the understated objective, the respondents were tasked to rate using the likert scale the challenges in achieving value for money when using open competition. It was realized from the study that procurement officials in these ministries and departments are faced with numerous challenges in their aim to achieve value for money in procurement process. The results also revealed that inadequate skilled personnel or lack of expertise in procurement, inadequate monitoring and evaluation, problems of non-compliance with value for money objectives of the Institution, political and management interference, improper contractor or supplier selection, inadequate supervision of contracts and the lack of accountability in the bidding processes are the major challenges in achieving value for money through open competition. This is also supported by the position of (Nsugaba, 2006; Basheka, 2008; Thai, 2010; Frank, 2014).

5.2.4 Measures in enhancing value for Money in procurement

The study of extent literature helped in identifying various measures. The respondents to the survey were ask to rate the level of agreement with these measures in enhancing value in public procurement, four factors were identified. The results revealed that all the measures are key to value for money in public procurement since their mean values are above the neutral rating of 3.0. The findings from the study show that among all the measures procurement audits were most recognized, others were Monitoring and Evaluation, More Punitive Sanctions and Transparency and Accountability. This is also supported by the position of (Niyomwungeri, 2016).

5.3 CONCLUSION

Open competition and Value for money should therefore not be overlooked for the procurement of products and services, this was not often based on the most affordable bid price but necessarily should be based on the whole life cycle cost, leanness, efficient, effective and economical use of inputs, outputs and outcomes of the project or service and the participation of all eligible suppliers and contractors. This study showed that ‘value for money’ seems abstract and subjective, and that not every understanding of what it means presents a clearer definition. Value for Money therefore requires a clearer in order to facilitate its effective implementation. The primary aim of was to explore the potential of open competition in achieving value for money in public procurement using some selected ministries and departments as case study. From the findings, a well-functioning public procurement system is critical for the improved sourcing of goods, works and services. Open competition as the default method and value for money should therefore be encouraged in public procurement.

5.4 RECOMMENDATIONS.

The findings inform these recommendations to be put forward. From the study the recommendations are as follows:

1. The Public Procurement Authority must encourage compliance through rigorous audits to ensure open competitive processes are adhered to in achieving value for money.
2. The use of national competitive tendering method should be encouraged in the ministries and departments since it helps in promoting the development of local or domestic firms through the idea of domestic preference.

3. Stakeholders in procurement should encourage the training of staff on open competitive strategies in achieving value for money in procurement. This is also supported by the position of (Thai, 2010; Frank, 2014) that major challenges in public procurement is the lack of competent procurement workforce.
4. Management support for value for money should be encouraged. This is supported by the position of Thai, (2004) indicating that when procedures are maintained is convenient, but the adding value for efforts will only be successful with the commitment and involvement of top management, along with the appropriate personnel.

5.5 LIMITATIONS OF THE RESEARCH

Limitations stemming from the nature of the topic being investigated are acknowledged. In the first place the geographic focus of the study due to time constraints limited the study to only one region and public entities. This impacted the study population and the consequent sample size. The findings are a first step towards the achieving value for money in public procurement through open competition.

1. this research should have been extended to cover how other developing nations achieve value for money in procurement but, financial barriers and time deficiency have compelled me to limit the research within a smaller area hence the territories of Accra.
2. A study on other measures that achieve value for money and the impact of such measures on the procurement activities.
3. Exploring other procedures or procurement methods in achieving value for money other than open competition.

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APENDIX

To whom it may concern

Dear Sir/Madam,

Invitation to participate in a research into exploring the potential of open competition for achieving value for money in public sector procurement

I write to request your assistance as an experienced practitioner with substantial knowledge in procurement and construction management to complete the attached questionnaire. Currently, I am undertaking a Master of Science (MSc) in the Department of Building Technology of the Kwame Nkrumah University of Science and Technology under the supervision of Dr. Ernest Kissi. This research is entitled “**EXPLORING THE POTENTIAL OF OPEN COMPETITION FOR ACHIEVING VALUE FOR MONEY IN PUBLIC SECTOR PROCUREMENT**”.

The questionnaire will take 10 to 15 minutes. All your responses will be treated with strict confidentiality and used only for academic purpose. Your views are valuable for the success of this research. After the research, we are willing to share a summary of the outcomes with practitioners in Ghana and anyone who shows interest. For any enquiries, please contact Faisal Issahaku {Tel.: **0540361747**; & email: faisalissahaku@gmail.com}.

Sincerely,

FI

Faisal Issahaku MSc Student

Dr. Ernest Kissi, Supervisor

Department of Building Technology

The Kwame Nkrumah University of Science and Technology, Ghana

EXPLORING THE POTENTIAL OF OPEN COMPETITION FOR ACHIEVING VALUE FOR MONEY IN PUBLIC SECTOR PROCUREMENT

Questionnaire Survey

Important Instructions:

1. Please duly fill this questionnaire with reference to your latest experience about open competition for achieving value for money in public sector procurement.
2. Please answer the questions by ticking {such as “✓”} or checking {such as “☒”}.
3. Section C of the questionnaire involves writing of appropriate rate (Details in section D)
4. If you wish to have a copy of the report on research findings, please provide your email address:

Section A: Background of respondent

Q1. Please indicate the professional body you are associated with.

MCIPS ☐; GIPS ☐; CILT ☐ None ☐; Others ☐

Q2. Please indicate your category in the professional body you are associated with.

Fellow ☐; Professional member ☐; Probationer member ☐; Others ☐

Q3. Please indicate your academic qualifications.

HND ☐; BSc ☐; MSc/MPhil ☐; PhD ☐; Others ☐

Q4. Please indicate your years of practical experience in the construction industry.

1-5yrs☐; 6-10yrs☐; 11-15yrs☐; 16-20yrs☐; Over 20yrs☐

Q5. Please rate your knowledge on Procurement processes?

No knowledge ☐; Medium ☐; High ☐

Q6. Does the institution have a policy that supports open competition among contractors or suppliers?

Yes ☐; No ☐; Do not know ☐

Section B: Open tendering procedures used in public sector procurement

Question: What are the factors influencing open tendering procedures in procurement of goods and services at the department? Please, rate the importance of each factor with respect to procedures of open competition under which they are listed in procurement of goods and services.

The following are keys for the responses:

1 = Strongly disagree 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree

| No. | Key indicators | Level of Significance |
|----------|--|--|
| | | Low <<<----- >>>Extreme |
| A | Factors influencing open competition in public sector procurement | |
| 1 | The Institutional policies | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 2 | Management support on these policies | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 3 | Number of eligible constructors or suppliers | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 4 | Procurement needs Assessment and Planning | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 5 | Budgetary allocation | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 6 | Technical specifications | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 7 | Performance Specification | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 8 | Procurement thresholds | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| B | Open competitive Procedures commonly used | |
| 9. | National competitive tendering | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 10 | International competitive tendering | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| | Other (Please specify) | |
| 11 | | |
| 12 | | |

SECTION C: Exploring if the competitive tendering procedures achieves value for money

What are the strategies for achieving value for money in public sector procurement? Please, rate the importance of each factor Factors ensuring value for money (VFM) in public sector procurement with respect to the under which they are listed.

1 = Strongly disagree 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree.

| No. | Key indicators | Level of Significance |
|----------|---|--|
| | | Low <-->Extreme |
| A | Institutional policies | |
| 1. | The Institutional policies on ensuring value for money | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 2 | Institution links its budgets to procurement activities | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 3 | The Institution plans procurement spending that ensures VFM | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 4 | The procurement activities of the Institution aims at achieving VFM | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 5 | The management regularly appraise its procurement activities | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 6 | procurement activities are established through open competition and negotiation | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| B | Economy (Cost performance of inputs, outputs and outcomes) | |
| 1 | Effective resource planning | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 2 | Life cycle cost analysis | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 3 | Proper cost budgeting | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 4 | Effective cost control | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| B | Efficiency of inputs, outputs and outcomes | |
| 1 | Availability of resources as planned | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 2 | Value management and appraisal | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 3 | Pre-tender proceedings | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| C | Effectiveness of inputs, outputs and outcomes | |
| 1 | Top management support | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 2 | Effective quality planning | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 3 | Effective quality assurance | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 4 | Effective quality control | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| D | Lean procurement methods | |
| 1 | Elimination of waste in procurement | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 2 | Schedule management | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 3 | Lean sourcing | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 4 | Control and accountability | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |

SECTION D: Challenges in achieving value for money when using open competition.

What are the challenges facing the institution in achieving value for money when using open competition? Please, rate the importance of each factor with respect to the challenges of monitoring and evaluation of donor-funded construction projects under which they are listed. **1 = Strongly disagree 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree.**

| No. | Challenges | Level of Significance |
|-----|--|--|
| | | Low <<<----- >>>Extreme |
| | Challenges in achieving value for money | |
| 1 | Lack of professional and technical expertise | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 2 | Management or Political interference. | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 3 | Improper value for money approach | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 4 | Problem of non-compliance with the VFM objectives of the Institution | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 5 | Improper selection of contractors or supplies | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 6 | Lack of effective and efficient supervision of contacts | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 7 | Lack of accountability and transparency | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 8 | Inadequate monitoring and evaluation of the procurement policy. | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |

SECTION E: Measures employed to enhance value for money

What are the measures employed to enhance values for money in the procurement through open competition? Please, rate the importance of each factor with respect to the challenges of monitoring and evaluation of donor-funded construction projects under which they are listed. **1 = Strongly disagree 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree**

| No. | Measures | Level of Significance |
|-----|--|--|
| | | Low <<<----- >>>Extreme |
| | Measures employed to enhance value for money | |
| 1 | Procurement audits | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 2 | Monitoring for compliance with procurement activities. | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 3 | Punitive sanctions to procurement officials | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 4 | Selection criteria for suppliers should be set and agreed upon | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |
| 5 | Forbid Pre-disclose selection criteria to bidders | <input type="checkbox"/> 1; <input type="checkbox"/> 2; <input type="checkbox"/> 3; <input type="checkbox"/> 4; <input type="checkbox"/> 5 |

--This is the end of the survey---Thank you for your time

Definitions

- **Open competition:** this is termed as a procurement procedure or process in which all the qualified firms, companies contractors and suppliers are eligible to compete in a fair and transparent manner
- **Value for money:** Value for money is taking into account the optimum combination of whole life cost and quality necessary to meet the customer's requirement
- **Quality:** The ability to complete a construction project to meet client's specifications
- **Life cycle cost analysis** is the process of compiling all costs that an owner or producer of an asset incur over its lifespan.
- **Value management** is a value added activity or action taken that increases the benefit of goods, works and services to a customer.
- **Lean procurement methods** are all strategies that deal with the elimination of waste in the procurement of goods, works and services.
- **Economy:** Explores whether some specific inputs are procured at the lowest available costs, prices and can be delivered the right time, place, quantity and quality.
- **Efficiency:** This refers to how productively inputs are translated into outputs. It further means that there should be optimum output with reasonable cost.
- **Effectiveness:** The extent to which outputs achieve the desired outcomes.
- **Relationship with stakeholders:** The ability to complete projects while maintaining a cordial relationship with other construction stakeholders