

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,  
KUMASI, GHANA

**Factors affecting Procurement performance in Public Sectors in Ghana: a Case of  
Kintampo Municipal Assembly.**

by

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A dissertation submitted to the Department of Building Technology, College of Art and  
Built Environment, in partial fulfilment for the degree of

MASTER OF SCIENCE

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## DECLARATION

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

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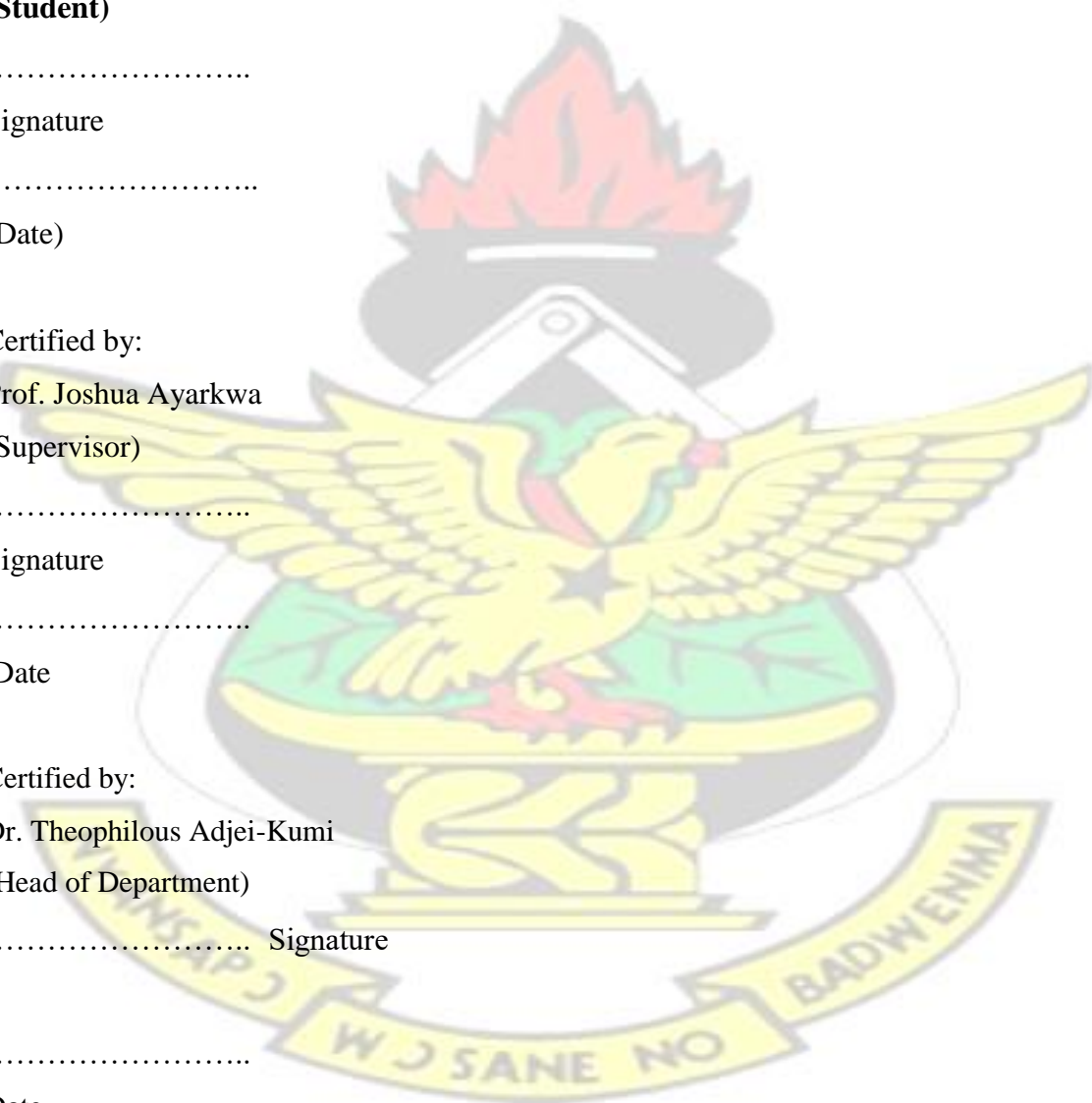
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## ABSTRACT

This study is carried to ascertain factors affecting public procurement performance at the Kintampo Municipal Assembly. The study was purely qualitative; therefore there was sample size. Interviews were used as a data collective instrument. Five (5) respondents were used as key informants to the study. The data analysis was done by transcribing the responses on the interview guide into themes and meaning drawn from them. procurement performance is a major hindrance to both private and public sectors in organization growth. Poor procurement performance in the public and private sectors has been a problem due to unprofessional staff, traditional procedures and inability to embrace electronic procurement, poor coordination of activities, lack of quality assurance policies ad lack of proper regulations, lack of established procurement plans. The findings of the study also disclosed that lack of expertise, political interference, weak institutional structures, inability to implement, monitor policies and laws are the most significant factors affecting procurement performance in the public sectors in Ghana. The study therefore recommends that the assembly established a procurement department to managed by a qualified person, train staff regularly, provide guidelines for practitioners, create procurement websites to improve procurement system.

**Keywords:** Public sector, process, procurement, operations, performance, activities, procedure

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## DEDICATION

I dedicate this work to Almighty God by whose mercy I am alive, and for seeing me through all the challenges I encountered during the period of this research work. I also dedicate this thesis to my wife, Mrs. Asante Boamah Esther and all my children for providing me the needed sound environment and for enduring my absence from home during this academic journey.



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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

Throughout the world, public purchases are a very important component in the delivery of services and functioning of various departments of the government institutions. It is imperative on the government to ensure that goods and services are provided efficiently to the public. (Uyarra and Flanagan, 2009) The public procurement procedures are crucial for this to be achieved. All goods and services for public use should be guided by the Public procurement requirement (Roodhooft and Abbeele, 2006).

It is obvious that the public sector comprises of government departments and public institutions, such as a roads and transport services, communication systems and health services. These organizations supply goods and services to the public (Institute of Internal Auditors, 2010) and are supplied through public procurement (Uyarra and Flanagan, 2009).

Public procurement is described as the process by which public sector organizations, ministries, and local authorities acquire goods and services. These goods and services are quality items, stationery, and standard to more complex expenditures such as the construction of roads and key services to citizens (Roodhooft and Abbeele, 2006). Because of the significance function of public procurement, the public procurement performance in most countries is controlled by public procurement laws and regulatory frameworks.

Obviously, procurement has an important role to play in helping the public sector to achieve its core missions, objectives and to prepare for the uncertainty ahead.

In order to achieve authenticity and efficiency in public procurement, it is an important task, as procurement faces numerous challenges, especially due to the nature of current

market structure, the legal framework and the political environment that procurers have to deal with (Thai, 2009). The African public sector has been struggling with poverty and provision of effective services. Besides personal emoluments, public purchases account for about 24% of all goods and services that are imported into Ghana. Between 50 to 70% of the country's budget and 14% of the Gross Domestic Product is spent on public purchases (Adjei, 2005). The World Bank (2003), states that, about 14% of the country's GDP at a monetary value of US\$600 million is spent on purchasing of goods, works and consultancy every year (The WorldBank, 2003). The bulk of this spending was done on the activities of the various government agencies, departments and ministries. Other public agencies that benefited from this include public Hospitals, government owned Universities, public Schools and Colleges whose activities require the acquisition of services, goods technical and consultancy services.

Ghana's economy will greatly improve with efficiency in its spending. Thus, the ability to cut down on budgets and public spending, in order to improve savings create wealth and reduce poverty. This can be achieved through a better performance of the public sector procurement system. Ghana has had challenges with its public spending and has put in efforts to overcome these challenges. To improve the performance of the public sector procurement, series of interventions such as the enactment of different financial and legal instruments have taken place. The most instrumental of these interventions has been the passage of the Public Procurement Law, 2003 (Act 663). This law was enacted to forestall the short comings in public purchases of goods and services and other public spending particularly in government institutions. In consultation with its development partners, the government of Ghana saw the need to revamp the public procurement system which was aimed at building trust in the public procurement system, given the public perception that, the public procurement process was bedeviled with rots and corruption among others.

Given that between fifty to seventy percent of the country's budget is used on the purchase of goods and services, efficiently allocating such resources could ensure that monies spent are equivalent to the satisfaction derived from services received or goods purchased. This is a very crucial need for a country faced with huge developmental challenges as showed in a study by the World Bank. (The World Bank, 2003)

In the year 1996, a Public Financial Management Reform Programme (PUFMARP) was put in place. The main objective was to guarantee that, every money spent on goods and services for the public sector was worth it to devoid the system of corrupt practices. By extension, public sector procurement performance would improve. The activities of the PUFMARP brought to bare some of the flaws inherent in the public procurement system. Among these flaws was the absence of a detailed and all-encompassing public procurement policy. In addition, there was the lack of a central body made up people with expertise in the area of procurement. Also, Entities responsible for procurement did not have clearly defined roles and responsibilities. Most importantly, there was no legal framework to guide public procurement. Last but not the least, the rules, and regulations to provide direction, guidance and monitoring of public purchasing were not available. The PUFMARP was tasked to guide the design of an all-encompassing program to help with the reform of public procurement process. By September 2002, a bill was ready and a public procurement law subsequently enacted on 31 December 2003.

Many developing countries around the world, especially Africa and Asia have similar challenges with public procurements and Ghana is not an exception. (Kumaraswamy, 1994; Aniekwu and Okpala, 1988; Rwelamila, et al., 1999).

There exist a complex interaction between the challenges faced by the public procurement process. Corruption is a very crucial canker, bedeviling the system and that must be dealt with, with all efforts. It is very important that appropriate measures are put in place to curb this unfortunate situation.

This work seek to investigate factors that affect performance of the public procurement process and in public sectors in Ghana and uses the Kintampo Municipal Assembly as a case in point.

## **1.2 Statement of the Problem**

The public procurement system in Ghana is to ensure that in a harmonized procedure, all goods and services purchased by public institutions are done in a way that ensures a careful, economic and efficient use of public resources. It is also to ensure that transactions are devoid of corruption, but are done in fairly, plainly and in an impartial way, whereas encouraging competition among local industries.

Several factors affect the proper functioning of the public procurement system and its processes. These factors include unavailability of qualified personnel for sectors are also confronted with procurement problems such as expertise in the area, inadequate career progression opportunities for the personnel, and frail contract managements (CPAR, 2003). There are important economic and political implications related to Public procurement hence, the need to make sure that the process is efficient and economical. All key players in the public procurement process are required to understand the tenets of the procurement processes to ensure that it works efficiently. In a lot of government Organizations howbeit, the public procurement process is sheltered with concealment, incompetence and bribery (Nyakundi, et al., 2012)

Previous studies have not concentrated on factors affecting procurement performance in public sector in Ghana and this thesis uses Kintampo Municipal Assembly as a case study This has inspired the researcher to carry out this study and also to fill the vacuum created and add literature to the body of knowledge.

### **1.3 Aim of the Study**

This research seeks to ascertain the issues related to procurement performance in the public sectors in Ghana using Kintampo Municipal Assembly as a case in point.

### **1.4 Objectives of the Study**

1. To identify factors affecting public procurement performance practices
2. To determine procurement performance in the Municipality
3. To determine if the procurement law is used in the Municipal assembly
4. To determine the challenges faced by procurement practices in Public institution

### **1.5 Research Questions**

1. What are the factors affecting procurement performance practices?
2. What are the procurement performances in the Municipality?
3. Is there procurement law exists in the Municipality?
4. What are the challenges faced by procurement performance in public institution?

### **1.6 Scope and Delimitation of the Study**

The research took place at Kintampo (Kintampo Municipal Assembly) in the Brong Ahafo Region of Ghana. Most studies on public procurement reforms have been conducted in urban areas. This study on procurement performance was conducted in a public sector in a rural Ghanaian setting. The findings and recommendations may be used by similar public organizations in Ghana.

### **1.7 Significance of the Study**

This study contributes to procurement activities and strengthens the act of obtaining goods and services in the public sectors in Ghana and also promotes transparency and accountability which are important components in the procurement practices. The study again contributes to the body of knowledge in the area of research in Ghana.

## **1.8 Definition of Terms**

### **1.8.1 Public Sector**

It refers to that part of the economy which is controlled by the state, regional and local authorities financed with public funds. This includes the provision of security, health care public education, road infrastructure and so on. In other words, public sector is responsible for the production, distribution and apportionment of goods and services by government or its citizens.

### **1.8.2 Public Sector procurement process**

According to Matechack (2010), the process whereby government organizations indenture private sector enterprises to provide specific goods or particular services for a fee subsequent to legal terms and conditions stipulated in a contract is termed as the public procurement process.

Public procurement in effect denotes all the contractual agreements between government and companies (public or private) or individuals (Transparency International, 2006).

### **1.8.3 Accountability**

Accountability refers to the situation in which the people affected by a specific decision, hold those who make such decisions responsible for all their output as regards the decisions they make on their behalf (Maipose, 2000). The core principle with accountability is notion that people or institutions are obligated to be accountable for their stewardship (Jenkins, 2007). It therefore behooves decision makers to take responsibility for their performances and non-performances because they are answerable to the populace. There exist two different modes of accountability, thus, vertical and horizontal accountability. The situation where non-state actors charge the state to give an account of its stewardship is referred to as vertical accountable.

Horizontal accountability on the other hand ensures that state institutions placed in charge of stewardship over government agencies hold such agencies in check (Jenkins, 2007).

#### **1.8.4 Procurement Performance**

The National Institute of Governmental Purchasing has defined procurement performance measurement as the “process by which procurement establishes criteria, based on strategic planning goals, for determining the results and quality of its activities. It involves creating a simple, effective system for determining whether procurement is meeting its objectives”.

#### **1.9 Organization of the Study**

There are five parts to this thesis. The first part talks about the overview of the study. It defines the research problem, discusses the research question, and study objectives as well as the significance of the study. The extent of the study, its organization and definition of terms are also described in the first chapter.

The second part, discusses the applicable literature on the performance of procurement in the public sectors in the world, African and Ghana.

Chapter three looks at the study design, and methods used to gather the data. These include a description of the study area, study participants, data collection guides, data analysis, among others. The fourth chapter dwells on the study outcomes and discussion in line with literature.

The last chapter summarizes the findings, deduction made from the findings, and suggests ways of making progress with public procurement processes. The citation for references to literature used and appendixes also form part of this chapter.

## **CHAPTER TWO**

## LITERATURE REVIEW

### 2.1 Introduction

This part of the thesis explores previous studies done that are related to the main theme of the thesis. This is relevant because knowing what exist, informs identification of other relevant areas that need to be reached into. An act which ties the past to the present, and looks into filling the gap for the future in a particular field of study (Creswell, 2013). Literature on world, Africa, and Ghanaian views on the procurement processes in public institutions have been reviewed based on sub- headings, disciplines and concepts that are related to the study.

Within the public system, issues that influence the process of procurement are as follows:

Procurement performance in the public sector

Uses procurement law

Existence of procurement law in the public sector

Challenges faced during procurement process in the public sector

### 2.2 Description and Theory of Procurement

The term procurement is defined as the acquisition of quality commodities, or services at a cost efficient rate (Cole, 2007). In more simple terms, Cole (2007), explains that procurement may be referred to as the process whereby products are assessed at low prices.

The dictionary of Business defines the term procurement as the all-encompassing task of the procedures necessary to obtain goods and services (Business Dictionary, 2011). “Procurement” in principle is different from “purchasing”, in that, the former deals with undertakings involved in creating essential requirements, in sourcing activities like researching into the market, performing an evaluation on vendors as well as contract and

negotiations. The later forms part of procurement thus, it is part of the activities of necessary for goods and services to receive. The processes of procurement flow along six different channels. As described by Weele and Van (2010), these stages of procurement include specifying the needed good or service, choosing of suppliers; giving out the indenture or placing an order, expedition and assessment of the whole procurement process. On the other hand, Monczka et al., (2003) talks about five cyclical events in the procurement process but agrees with the processes outlined by Weele and Van (2010).

### **2.3 Factors affecting procurement process in public sector**

Several factors have been identified as responsible for the performance of procurement processes in the public sector. These factors include the expertise and experience of procurement personnel, poorly managed sites, absence of acceptable levels of supervision as well as inadequate preparation by the contractors. All these negatively impact on the cost and time for the procurement processes as observed by the following people (Sambasivan and Soon, 2007; Assaf and Al-Hejji, 2006, Chan and Kumaraswamy, 1997; and Odeh and Battaineh, 2002) resulting in less consumer fulfilment (Maloney, 2002).

Given the limited levels of public resources, Kabaj (2003) noted that, it is crucial to ensure that the processes of public procurement are efficiently done, in order to promote national development and serve as manifestation of national obligation to efficiently use the inadequate resources available. Not sticking to consistent procurement processes results in poor organization within the various departments and heightens incidence of leakages of financial resources, and in effect result in cost inefficiency within the entire management of the procurement processes. (Waterman and Knight, 2010). Substantial reduction in cost calls for prudent selection of partners, bid appraisal based on appropriate parameters and taking into consideration the preferred competences, proficiencies and attitudes. (Chua et al., 1997; Iyer and Jha, 2005; Wardani et al., 2006)

It is also important to consider the time factor (Chan and Kumaraswamy, 1997), in order to improve upon the quality of procurement performance (Yasamis *et al.*, 2002) in addition to favorable working environs (Ai Lin Teo *et al.*, 2005), and modernization (Manley, 2008; Bosch-Sijtsema and Postma, 2009).

For projects to succeed or fail, it is significant to involve users and build the skills of the team, according to Wixom *et al.* (2001). These are vital communication tools. Wixom also argues that, user participation occurs when beneficiaries are allotted responsibilities on the project which results in a better communiqué of their needs and helps to guarantee that the system is implemented in a proficient and effective way. He also contends that, expertise of the team are an important element of successful implementation. The skills of a given team are enriched by their interpersonal capabilities which are also influenced by good communication skills.

De Boer and his colleague noted that, not complying to procurement regulations is as a result of the levels of knowledge on the procurement regulations. (De Boer and Telgen, 1998, Gelderman *et al.* 2006). They further reiterated that, a lot of municipalities in the Netherlands, were unable to conform to the public procurement regulations when it was first initiated since they were not conversant with it.

From another vein, it is likely that people who are conversant with the principles of procurement are so much versed in it to the extent that they are able to cheat the system to their own benefit. What is worthy of note is the fact that, ambiguity in the public procurement processes can give a leeway to suspicious acts such as discrimination in tender and choice of suppliers which can affect compliance. (Gelderman *et al.*, 2006) Ogunsanmi (2013) in their study among professionals involved in construction in Nigeria on the factors that affect construction project performance in Nigeria found that project performance was affected by the principles related to the selection of cost time, quality, environmental factors as well as project characteristics. (Ogunsanmi, 2013)

Another study in Nigeria by Nadi (2009) on dealing with corruption in Nigeria found that even though procurement laws do exist, its operation is a huge challenge in the public sector (Nadi, 2009)

From his perspective, Jacob (2010) noted a partial implementation of the procurement law by the Nigerian government. Currently, the Federal Executive Council is responsible for approving contracts in the public sector procurement process whereas the ministers and other government bodies execute other key roles in the procurement process.

#### **2.4 Evaluation of Public Sector Procurement Processes**

The public procurement Act requires all stakeholders to assess the processes involved in the procurement and to know the efficiency and reliability in the procurement processes. Importantly is to recognize the flaws and challenges inherent in the system of procurement in order to correct them. These can be achieved through a formal procurement audit, among others. An official procurement inventory is carried out to inform management of whether the core procurement objectives are being realized. It brings to bare flaws and makes sure that compliance to the Public Procurement Act 663 is achieved. An official audit equally assist in execution of monitoring activities and improves in the execution of the rules and regulations and successive trial of those culpable of not complying with the Act (Public Procurement Act, 2003).

Adjei (2006) indicates that professionalism in the processes of procurement is defined as people with procurement ideas who have the required educational background, the experience and are able to make informed decisions as regards the procurement of works. He contends that the part played by procurement professionals in the procurement system of the Ghanaian economy is important for the economy to develop.

Against this background, the need to promote professionalism as an important element in the procurement board cannot be over emphasized .There is also the need for professional

development, and assistance for individuals and MDAs involved in public procurement. It behooves on The Board is to guarantee compliance to ethical standards by trained personnel in procurement processes.

Selecting a proficient and dependable contractor is one of the greatest problems consumers who wish to achieve project success face (Fong and Choi, 2000; Kumaraswamy and Anvuur, 2008). Bid assessments can encompass many diverse factors, for example, cost, technical capability, management aptitude, previous experience, the object of reference, environmental and quality management systems, financial solidity and concerted skills (Lam *et al.*, 2001, Eriksson and Laan, 2007; Malmberg, 2007). Conventionally, in the public sector procurement, consumers elevate weight on price and reduce weight on soft parameters, particularly amongst public clients (Fong and Choi, 2000; Eriksson, 2008a). Currently, there has been elevated attention for a shift from low price selections to multiple benchmarks selection also putting into consideration the soft parameters (Kumaraswamy and Anvuur, 2008). Whereas the prices of bid is based on to competition, the other areas may be perceived as aspects responsible for the potential for collaboration in the project (Eriksson, 2008a). For instance, appropriate proficiencies and abilities will give a basis for better amalgamation between client and contractor.

It is significant to assess how well the procurement practice has been and to find out any deficits or difficulties in order to put forward actions to avert comparable problems later.

In Ghana, public purchasing process is mandatory by Act 663, (2003) to do a formal procurement assessment or appraisal to determine its performance. The performance of the Procurement process within the public system may be a direct or an indirect yield of the processes depending on the objectives, goals, expectation and customer satisfaction. (Sollish and Semanik 2007). The foremost thing for consideration during the procurement process is identifying the specific needs, how to pay for these needs and a review of the

whole output. (Emmert and Crocker 2008; Baily et al 2005; Burt et al., 2006). There is a direct correlation between public sector procurement procedures and the functioning of set targets to be achieved. Therefore, strict and difficult processes which are not easy to amend in order to illicit customer satisfaction as a product of responding to their requirements will not be appreciated by customers, no matter what the function achieves.

The tenets of Ghana's Public Procurement Act 663, (2003) has laid down procedures that states that, specified amounts set planned for specific use must follow previously determined sub-processes in purchasing a product. These procedures usually provide guidance on the period, value, supply time and availability rate of the product which are crucial to the vital performance of the functions of purchasing.

Public procurement according to Hui and his colleagues, is the process of acquiring things, works and services by an entity for procurement through the use of state money. These state funds are collated through taxes paid by citizens and demands that it is used in a more opened and responsible way. (Hui et al, 2011)

In order ensure transparency and accountability, the procurement laws of most countries have been restructured. Unfortunately, the problems with these laws still remain due to the fact that officers in charge of procurement activities have failed to adhere effectively to these regulations. (Lisa, 2010).

A greater amount of the government's expenditure is used on public sector procurements. Mahmood (2010) found that, 18.4% of global GDP is used on procurements of the public sector. In emergent economies, between nine to thirteen percent of the GDP is used of public sector procurements (Mahmood, 2010).

It is an undeniable fact that, public sector procurement is an indispensable process and deserves real attention given that, the bodies responsible for procurement in state

institutions are guided by protocols, strategies and techniques (Odhiambo and Kamau 2003).

This notwithstanding, De Lange (2011) found that, enormous funds are lost every year because public procurement policies are poorly managed. In view of this, public sector workers need to be properly managed to make sure that compliance to important regulations, policies and procedures are achieved. (De Lange, 2011)

## **2.5 Procurement Process in the Public Sector**

Procurement encompasses the full course of obtaining assets and/or services. It starts when an institution has acknowledged a necessity and decide on processes to obtain it. The process of obtaining things in the public sector continues with assessment of risk, looking for and evaluating other solutions, giving out the contract, paying for it and supply of the assets and/or services and, if needed, a continual management of the contract and reflections on alternatives related to the contract. Procurement spreads to the ultimate discarding of property when the use for it ceases. (Waters, 2004).

For the act of procurement in the public sector to be effective and efficient, the right goods and services in the appropriate proportions should be available when they are needed, and at realistic costs for the appropriate consumers in familiar ideals for quality (WHO, 2007).

Among the important elements of good governance is the performance of Public sector procurement policies (KIPPRA, 2006).

According to Otieno (2004), irregularities in the activities of procurement in public institutions make way for the misappropriation of state resources. (Otieno, 2004)

Thai (2001), recognizes that, central to the ethics of decent procurement practice is accountability, and the institution of operative mechanisms in order to ensure that, procurement agencies optimally use resources, with the knowledge that they are

answerable to the populace (Thai, 2001). Central to competitive supply is competition during public procurements, except in cases where there are good motives for sole sourcing and dependability, which demands even treatment to competitors irrespective of they come from or their political affiliations.

The processes of procurement in the public sector involves public sector supply chains and networking at so many levels. This may be assessed at the national levels, district levels and local authority levels. The variation in these levels is determined by the value of the need, its volume and the goods and services obtained per year. (Ellinger Keller & Hansen, 2006). Further, to this is the fact that procurements in the public sector focus different areas. This however is sector dependent and are all regularized and managed by a single entity. For example in Kenya, the Public procurement oversight Authority (PPOA) takes charge of all public procurements. As Ochieng and Muehle put it, the public procurement system in Kenyan has advanced from a rough structure with no protocols to a methodical and lawfully controlled procurement system. (Ochieng and Muehle, 2012)

Initially, it was the responsibility of the director of government supply services to ensure the appropriate enactment of the dictates of the procurement manual in Kenya, until that changed (PPOA, 2010). The afore mentioned modification were done to elicit better reformation in the public procurement system by improving accountability and transparency aimed at securing value for money, and to attract investors through the creation of conducive environment for business.

In Ghana, public procurement is the perusal of information that has been brought forth by possible suppliers. There are four stages to this phase, beginning from the initial selection of tender based on pre-determined principles. Next to this stage is commercial evaluation which stresses on the time for delivering of the good or service by the institution proposing to buy and the supplying institution. In the next phase, the payment modalities

and other relevant commercial issue needed to be in the contract are also determined. (Lysons and Farrigton, 2006). In addition, if the numbers are great and quality or deliveries are very relevant, then additional negotiation with the suppliers on their aptitude to embark on such contract must be carried out with the procurement Act's support.

A set of rules, policies and procedures in the public procurement process provide detailed information on how public sector procurement activities should be carried in Ghana (Azeem, 2007).

## **2.6 Existence of Procurement law in the Public Sector**

The public procurement law exist in a lot of countries. More than seventy percent of emerging economies have resorted to procurement reforms to meet up with universal best practices in the procurement processes and the award of contracts (Adegbola et al., 2006).

Corruption is the most challenge identified with political and economic development of African countries (Basheka, 2009). Hence, most countries are increasingly accepting best universal practices in procurement as a way to deal with corruption (Bryane, 2004).

For instance in Nigeria, the performance of the public procurement in most of the federal ministries, departments and agencies (MDAs) are under the control of the public procurement law. There is to an extent, a degree of genuineness through the invitation for bidders. This system has in effect brought to bare some level of accountability, stewardship and reduced corruption. There now exist advertisement and obligatory open calls to bid for public procurements at the federal level of Nigerian government. The bureau of public procurement (BPP) has received power to provide required guidelines and other strategies to reinforce procurement practices by the law. (Ogege, 2010).

In Ghana, a bill for public procurement was drafted in 2002 and brought into law on December 31, 2003. This is referred to Act 663; thus, the Public Procurement Act (PPA) of 2003. This Act obliges all state organizations establish procurement units in the

institutions supervise their entire procurement activities directly. (World Bank Report, 2004).

In non-governmental institutions, they may assume negotiations with suppliers after assessing the source of supply, which will subsequently lead to the awarding contracts. In the public sector however, certain circumstance must be prevalent prior to negotiation as requirements of procurement. These situations as noted by Carter and Kirby (2006) have to be present even on conditions of sole sourcing in the situations where competition in tendering is not possible and when the regulations of the country permits negotiation. (Carter and Kirby, 2006). For example in the (Public Procurement Act, 663 (2003) negotiation in the public sector is not allowed. Howbeit, it may be permitted after the contract has been given out and all the methods recommended by the Act has been followed. Supplementary explanation of some of the terms and conditions may be needed to demonstrate ability to perform and to build relationships. This stage in the process of procurement may be permitted if enough preparation and research are done (Burt et al., 2006; Milligan and Blockley, 2009).

Ghana's public procurement Act, (663, 2003) requires that an official documentation of contract be drawn up, based on agreed terms of reference and condition and these should be sign by both parties. Emmer and Crocker (2008) postulate that, more easy requirements can be used as a procurement order or in cases where framework contract prevail, the act of contract may include the placing of a call-off based on the existing contract. (Emmet and Crocker,2008)

Otterheim and his colleague think that the function of the procurement process may add value at this stage when operative strategies like efficient ordering and repetitive checks to make certain that all procurement orders are received are ensured by suppliers; keeping a data base of important procurement and supplier information and taking active and instant decisions when necessary (Otterheim and Strands 2006)

Ghana's public procurement Law, 2003 (Act 663) is an all-inclusive law intended to eliminate the weaknesses and institutional flaws which were the public procurement processes in Ghana. In discussion with its development partners, the Ghana government had found the public procurement process as an area that deserved immediate attention because of the extensive notion of corrupt practices in the procurement process.

The struggle for a public procurement Act date back to as far as 1996, when the Ghana Public Financial Management Reform Programme (PUFMARP) was launched. The purpose of this move was to improve the entire public financial management in the country. The establishment of PUFMARP brought about some discoveries of insufficiencies and inadequacies in the procurement system. These insufficiencies included insufficient public procurement policy, lack of an intermediary agency with technical background and know how to oversee procurement practice, absence of roles, tasks, duties and power for procurement agencies, a complete absence of full legal rule to protect public procurement practice, ineffective guidelines and rules to guide, direct, and organize orientations for public procurement staff, lack of autonomous appeals process to attend to complaints from bidders, nonexistence of authority to dispose off public assets, and the absence of an autonomous procurement auditing function.

Against this background, the government Ghana in 1999 saw the need for a public procurement law and hence brought together an oversight committee to lead the development of a complete public procurement reform program.

### **2.7 Challenges faced by Public Sector Procurement process**

In most emerging economies, the public sector procurement system has not been identified as positively influencing the management of public resources. A lot of these countries, do not have people with the requisite skills and technical know-how needed to execute the procurement responsibility. In reference to the Country's Procurement Assessment Report (CPAR, 2003) most of the workers engaged in Ghana to work in the

various sectors placed in charge of procurement were not people with technical and professional training although they were equipped with some knowledge. The impediments caused by politicians in the processes of procurement activities also poses a big challenge to the functioning of the Act 663. Most politicians think that they have the authority to interfere with the processes of procurement which leads to fraudulent procurement choices (World Bank, 2004). More to this, the public procurement process is bedeviled with a whole lot of corrupt practices like overly pricing of goods and services low levels of supervision, low levels of monitoring, lack of compliance to some dictates of the law (PPA Annual Report, 2008).

In their study, Kakwezi and Nyeko (2010) found that it was difficult to determine the efficiency and effectiveness of the procurement system because, procurement entities in the various departments of public institutions in Uganda are faced with the challenge of not having adequate information on the procurement processes, its inputs, outputs, use of resource and results. (Kakwezi and Nyeko, 2010)

Hunja (2003) noted a major setback in a lot of developing countries to be the nonexistence of competent bodies in the public sector to take charge of the daily affairs of procurement in terms of the formulation of policies, practices and also to make sure that procurement structures function appropriately. (Hunja, 2003) He also noted gaps in the implementation of procurement laws in the sectors. Various forms of unprofessional behaviors negligence and dishonesty which includes the act of inflating contract figures, alteration of documents, meddling, insider dealings and sporadic cases of suspicious approval of contract awarded to families and allies were prevalent.(Hunja, 2003)

Agaba and Shipman also found a complete lack of professional expertise and proficiency in the procurement agencies and in contract awards at all angles (Agaba and Shipman, 2012).

In addition to these, the absence of tender boards in some of the district and municipal assemblies give way to corrupt acts in the processes of procurement since some of the rural areas do not have proficiency in procurement. In cases like this, decisions are forced up to the regional or national entities which obviously breach the motivation for decentralization as outlined in the Ghanaian constitution (ISODEC, 2003).

That is not all, the Act provides no avenue for civil societies and the media in the public procurement processes. The civil society and the media are crucial in the monitoring of public activities hence it is prudent that they are given responsibilities to ensure transparency and efficiency in the use of public resources. Another weakness is the fact that the Act does not indicate public procurement performance in Ghana, parameters for the utilization of modern Information and Communication Technology (Anvuur and Kumaraswamy 2006).

Uromi (2014) A study on the Challenges confronting Public Procurement Information in Zimbabwe, South Africa, Uganda, and Tanzania found as one the of the challenges to public procurement sectors in the developing countries, lack of public information about the gains of public procurement, the laws, guidelines, regulations, procedures and governing instruments. There also exist lack of awareness among stakeholders, public procurement markets and complaints review mechanisms. (Uromi, 2014).

(Hinson and McCue, 2004).

Forgor (2007) also found the lack of adequate training of managers on the processes of procurement as a challenge to the procurement reforms. This backs the claim by Azeem that poor dissemination of the laws of procurement is one of the most prominent challenges of an effective application of public procurement laws (Azeem, 2007).

Political interference is another big challenge. It interferes with the procurement system creates problems for the implementation process reforms to public procurement.

Most politicians are of the view that they are at liberty to intervene in the processes of procurement hence, committing to dubious procurement plans (World Bank, 2004).

Absence of career progression pathways small salaries of procurement employees militate against procurement reforms and its implementation processes. (World Bank, 2003).

Another setback is poor record keeping which slows down payment of contractors and suppliers (Azeem, 2007).

Most countries the world over, though have put in place procurement reforms involving laws and regulations, compliance is a challenge.(De Boer and Telgen, 1998) They state that the problem of non-compliance is for both the developed and developing countries alike, and position is shared by Gelderman et al. (De Boer and Telgen, 1998; Gelderman et al.,2006)

Hui et al. (2011) examined the challenges with procurement in Malaysia and realized that procurement officers were charged with malpractices and nonconformity with the policies and procedures of procurement. (Hui et al, 2011).

A study in Malawi realized that most bidders have inadequate capacity such as low basic knowledge of the law, limited capacity to understand normal tender documents, less access to tender information and inadequate technical and managerial skills to make them competitive in the process of tendering. (ODPP Annual Report, 2007).

In Africa, major problems faced by the non-governmental sectors in the procurement process are less developed skills, in-effective recruitment procedures and how to keep procurement experts.

Private sector procurement units are affected by both internal and external challenges. But to find, attract and retain professionals in the public sector procurement activities are one of the most important challenges for public institutions (Berger and Humphrey, 2007).

Because there are lot of things at stake, it is crucial to fill in procurement roles with employees who are experienced and who really understand how the procurement procedures work out in a world full of competition.

Procurement is an entirely new area and challenges like training plus ethical policies are now going to be fully developed. (Banda, 2009).

Mamiro (2010) in another vein postulates that one of the biggest setbacks in public procurement is poor planning of procurement processes and poor management which includes needs that are not properly identified and estimated, impractical budgets and insufficiency of skills of procurement staff (Mamiro, 2010)

Rotich (2011) confesses that the assessment of procurement performance is usually problem for procurement professionals. He stresses that traditionally, firms focus on examining their own internal developments which do not depict the reality of how they relate well with competitors. Such approaches does not consider what the competitors do (Rotich, 2011)

Many procurement activities still undergo all forms of abandonment, deficiency of proper direction, weak co-ordination, unnecessary delays as a result of bureaucracy, lack of open competition and transparency, different forms of corruption and absence of properly trained and qualified procurement officials with the requisite competence to carry out and manage the procurement process in a proficient, timely and cost effective way (Mburu and Njeru, 2014).

## **2.8 Measures to Improve Procurement Process in the Public Sector**

It is very crucial that all countries put in place policies to help in the fight against corruption along all sectors of the economy and more importantly, improve the public sector procurement performance. A lot of malpractices are ongoing in the activities of the

public procurement sector. To do this deserves an extensive and varied range of anti-corruption measures.

To be able to curb the menace of malpractices within the public sector, there is the need to ensure a strict implementation of all the procurement interventions available. These include the Financial Administration Act, the Public Procurement Act, the Whistleblower Act, the Assets Declaration Act, and the Anti-Money Laundering Act. There is the need for reliable and codes of conduct that can be enforced as well as keeping to the ethics of the Act by public officials and professional bodies. In addition to these is to adopt the guiding principle on Conflict of interest by CHRAJ. Ghanaians must change their approach to issues.

Also, the government needs to instruct the Attorney General to take to trial all corrupt cases notwithstanding the sort of people involved (Azeem, 2009).

Nadi (2009) also conducted a study on reducing corruption with the Public Procurement system in Nigeria. It was found in the study that, though Procurement regulations are prevalent, adherence is a problem. To be able to deal with mismanagements in the public sector, Abdulai (2008) indicated the call for a collective stewardship to all and sundry in the country. This calls for a multi-faceted approach and starts with a strong political will. (Abdulai, 2008) Lack of political will and commitment from the country's leadership will make corruption a difficult to deal with and corruption rules the day (Philip, 2002).

Caiden (2005) adds to this call by saying that, the battle against corruption in procurement within the public sector should not be pretentious and reluctantly pursued, but demands a strong political will and commitment to act, to fortify restrictive measures against corruption. (Caiden, 2005)

Cavill and Sohail (2005) indicate the need for appropriate guidelines or orders to direct all the processes in the battle against public corruption in the public sector, and

unjustified use of power need to be limited to the minimum (Mawenya, 2007; Goredema, 2002).

Gould (2001) states seven strategies which will enable the African public sectors to fight corruption in procurement practices in state institutions.

First among the list is a commissions of enquiry, next is codes of ethics, and then leadership, a free press; then tougher laws and enforcement, and then anticorruption agencies and finally structural and policy changes (Gould 2001)

Brinkerhoff (2001) stresses the necessity for answerability in the public service to be able to deal with misdeeds and rots. This can be achieved by giving power to bodies against corruption to fight it. Public sector establishments must create mechanisms within their institutions to help with better reporting systems aimed at exposing all corrupt practices. (Brinkerhoff, 2001)

In addition, if the struggle against corruption can succeed if public officials people appointed by the government are courageous enough to punish and uncover corrupt act. In implication, battle against corruption must start from the top hierarchy of the political arm of government and the administrative leadership. Leaders must be worthy of emulation by demonstrating their commitment to ethical standards, and other codes of conduct. In-house whistle blowing acts must be passed and enforced within the public sector, and there should be an award system for whistleblowers to serve as a motivation for them. (Morris and Klesner, 2010; Porta, 2000; Lu and Gunnison, 2003; Philip, 2002; Gould, 2001; Williams, 1987; Caiden, 2005; Jamieson, 2000; Volkov, 2002).

## **2.9 Procurement Performance Indicator**

The Functional Organizational Assessment Tool (FOAT) in conjunction with the District Development Facility (DDF) provides incentive for Metropolitan, Municipal and District Assemblies (MMDA) to operate according to national standards and laws, to improve

upon the status quo and to create public accountability for MMDA operations. The FOAT is a dynamic tool that is evolving with each yearly iteration, to better challenge and test the MMDA's increasing capacity.

The FOAT performance indicators and minimum conditions can be enhanced to ensure there is consistent information between the different steps of the planning cycle. The table below highlights the indicators most relevant to the planning cycle.

**Table 2.1: Performance Indicator (PI) / Minimum Condition (MC)**

<b>Performance Indicator (PI) / Minimum Condition (MC)</b>	<b>Suggested Enhancements to Performance Assessment</b>
Socio economic data collection and management (PI)	FOAT currently assesses the existence of a databank at the MMDA, but does not assess the use of data to inform issues in the MTDP and activities in the AAP. This indicator could be revised to crosscheck the link between the MTDP indicators and AAP activities and the district databank
AAP has been formulated on basis of the MTDP (MC)	No suggested revisions. This minimum condition captures the necessary linkage between the MTDP and AAP.
Level of plan implementation (PI)	AAP may indicate a high level of implementation, but there are no means of ensuring the AAP has changed from the previous year. The AAP could be crosschecked with previous year AAP to ensure there are no duplications of projects.
Progress Reports on the implementation of activities in the AAP (MC)	FOAT currently assesses the existence of progress reports, but does not assess the inclusion of progress against MTDP district indicators and status of AAP projects/activities. This could be added to the minimum condition or added as a performance
Involvement of Key Stakeholders in Plan Implementation and Monitoring (PI)	An effective mechanism for stakeholder inclusion is public hearings. It could be explicit that the district is to hold a yearly public hearing, to review plan implementation with key district stakeholders.

## METHODS

### 3.1 Introduction

This part of the thesis concentrates how data was gathered. It describes the area for the study, the design used for the research, the study population, and the size of the sample used. It also talks about the technique used for sampling, data sources, data collection tools and analysis.

The methodology for the thesis according to Creswell (2012) as the means required for executing a certain stage in the research process, and that it includes methods of definition, sampling, measurements, data collection, and data analysis.

### 3.2 Research Design

A descriptive study design was used for the conduct of this study. Data was collected to describe factors that affect procurement performance in the Kintampo Municipal Assembly.

#### 3.2.1 Case study

The research design refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you will effectively address the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data (Barnara, 2006). It situates the structure or framework that will be used to solve the main research problem. Traditionally, research designs are based on experiments, surveys or case studies.

In a study where no such relationship exists and the design involves detailed study in a specific case, the tendency is towards a case study; therefore, the present study is purely qualitative in nature.

### 3.3 The Study setting

The study was conducted at the Kintampo Municipal Assembly in the Brong Ahafo Region of Ghana. The Brong Ahafo region is bounded to four of the ten regions in Ghana. Ashanti, Northern, Upper West and Western. Kintampo is one of the 27 districts in Brong Ahafo and situated in the middle belt of Ghana. The Municipality is well known for its two powerful water falls (Fulla falls and Kintampo falls). Majority of the people are farmers and traders. It has a total land surface of 24389 square kilometers or 10.2 per cent of the total land area of Ghana. In terms of population, however, it is one of fastest growing Municipalities in the region. The population of Kintampo was about 3,612,950 in the year 2000, and represents 19.1% of the total population of Ghana. (GSS 2005). There are about one hundred and twenty two (122) villages and one municipal Assembly. It has one Senior High School and one College of Health Sciences.

### 3.4 Study Population

The target population for the study consisted of two Procurement Officers (2), one Coordinating Director (1), one municipal finance officer (1) and one Engineer(1). Population can be any size and it is usually referred to as the target population to which a researcher would like to generalize. It can be a person, an organization, a written document or a social action (Neuman and Vidler, 2006).

**Table 3.1: Categories of Population**

Categories of respondents	Population
Procurement officers	2
Coordinating Director	1
Finance Officer	1
Municipal Engineer	1
Total	5

**Source:** Fieldwork, 2016

### **3.5 Sample size and sampling Technique**

Because of the small nature of the participants the researcher did not sample. The number of people available for each category of the respondents of interest were interviewed. Therefore, purposive convenient sampling was used to select respondents to participate in the study.

Two procurement officers, one Coordinating Director, one Municipal Finance officer and one municipal engineer were purposely selected to participate in the interview. This was because they always participate in procurement activities.

### **3.6 Study Instrumentation**

The interview method was used to collect qualitative data. The interview is a qualitative data gathering instrument which plays an important part of research. It offers the researcher the opportunity to gather data which otherwise may not be obtained with other instruments like the questionnaire. Interviews can take different forms and Yin (2008) gives three, which include open-ended, focused, and structured. Interviews can also add in-depth and validity to a study.

Questionnaire, especially when it is closed-ended has a tendency to restrict the quality of data that can be collected, so relying on only this method to collect data can affect the outcome negatively Yin (2008). Again categorized questions can cause respondents to overlook or omit points which are not explicitly included in questionnaire though space may be provided for additional comments. An interview is a conversation carried out with the aim of obtaining certain information. It is designed to gather valid and reliable information through the responses of the interviewee to planned series of questions (Osuala, 2005).

It is aimed at collecting information about qualitative facts (Sharma and Bhagwat, 2007).

The interviews were conducted in the offices of the respondent with their own convenient hours. The time and day for the interview were agreed upon with the staff.

A face-to-face interview was employed in this study. The interview involves openended questions. The interview questions were based on the objectives of the study and this was to help adequately examine the research questions. QSR Nvivo version 9 for qualitative data analysis tool was used for the data analysis.

The interview sought to find information on the following:

**Section A** Demographic data

**Section B** Factors affecting public procurement performance practices

**Section C** Procurement performance in the Municipality

**Section D** Determine if there is procurement law exists in the Municipality

**Section E** Challenges faced by procurement practices in Public institution

### **3.7 Sources of Data**

Data collected for this thesis was primary data, with some literature review. The primary data were obtained directly from respondents through indepth interviews. The primary data gives personal information on themes of the study. The literature review was to gather the necessary information to guide the conduct of the study in order to confirm or reject primary data.

#### **3.7.1 Primary Data Collection**

The primary data was collected with a semi-structured interview guide. Qualitative researchers usually employ semi-structured interviews which involve a number of open ended questions based on the topic areas that the researcher wants to cover. The open ended nature of the questions posed defined the topic under investigation and provided opportunities for both researcher and interviewee to discuss the topic in more detail. The instrument also enabled the researcher to have the freedom to probe the respondents to

elaborate on an original response or to follow a line of inquiry introduced by the researcher.

### **3.7.2 Literature search engines**

To be able to identify relevant literature on factors affecting procurement performance and activities involved to overcome these factors. Books, online Journals, articles and other professional papers on procurement performance were searched online and from the library.

### **3.8 Mode of data collection**

Interview was adopted as research instrument to gather information for the study. The success of a research project largely depends on the quality of data that is gathered. A good research design and a representative sample will not guarantee a successful project if the analysis is based on inaccurate data (Creswell, 2012).

### **3.9 Method of Data analysis**

Five (5) respondents were used as the key informants to the study and Indepth Interviews (IDI) were held with them. The data analysis was done by transcribing the responses on the interview guide into themes and meanings drawn from them. The content qualitative data analysis was used to gather views for data analysis from the interviews conducted. Data analysis involves making sense out of the data collected from the questionnaire and other sources. According to Creswell (2012), it involves preparing the data for analysis, conducting different analyses, moving deeper and deeper into understanding the data, representing the data, and making interpretation of the larger meaning of the data.

### **3.10 Ethical consideration**

Researchers need to protect their research participants, develop a trust with them, promote the integrity of the research, guard against misconducts and impropriety that might reflect on their organization or institution, and cope with challenges (Creswell,

2013). Ethical practice that regulates research of this nature was appropriately observed. A letter of introduction was taken from the Department of Building Technology, Kwame Nkrumah University of Science and Technology to seek permission from the Municipal Chief Executive of Kintampo before the study was conducted. Informed consent was sought from the participants and their confidentiality was assured. All scholarly work and data was consulted and acknowledged in reference or bibliography as appropriate. The Kwame Nkrumah University for Science and Technology code of conduct for research was adhered to suit research objectives.

## **CHAPTER FOUR**

### **RESULT AND DISCUSSIONS**

#### **4.1. Introduction**

This chapter analyses data from the field of study. The data analyses are in line with objectives of the study. As stated earlier, the specific objectives of this research are to identify factors affecting public procurement practices, to determine procurement performance in the municipality, to determine if the procurement law is used in the municipal assembly and to determine the challenges faced by procurement practices in public institutions. Five (5) respondents were used as the key informants to the study and In-depth Interviews (IDI) were held with them. The data analysis was done by transcribing the responses on the interview guide into themes and meanings drawn from them.

#### **4.2 Factors affecting public procurement performance practices**

Generally, respondents mentioned the following as factors affecting procurement performance practices. They include low level of thresholds, non-availability of VAT

registered suppliers, cumbersome procurement procedures as well as too much waste and low monitoring of procurement practices. Political interference was also mentioned as a major factor which influence procurement practices as explained in the excerpt below;

***“Most of the politicians want their activities to be done quickly and therefore put pressure on the civil servant. In effect civil servants are forced to circumvent procedures in order to get the work done for the politicians” (Indepth interview with an MFO)***

The statement above supported that of Juma (2010) which highlighted that poor procurement performance, lack of professionalism among the personnel, outdated procurement procedures, and failure to accept the electronic forms of procurement, weak coordination of activities of procurement , absence of quality assurance policies and proper regulations have been identified as some of the factors affecting public sector procurement.

#### **4.2.1. Qualified personnel and procurement performance practices**

Two divergent opinions emerged from this theme. Some respondents mentioned that there is a qualified procurement officer who is being supported by other staff in the municipality as summarized in the excerpt below:

***“There are qualified and competent procurement officers and other supporting staff work on the purchase of items needed by the assembly” (IDI with a procurement officer)***

It is possible that the respondents who maintained that there are qualified personnel in the Municipal Assembly are those who play the role of the procurement officer and hence will defend “their territory”

On the contrary, other respondents without any reservation alluded that there is no qualified procurement officer in the assembly as explained beneath:

*“There is no qualified procurement officer here because they have not posted some to the assembly” (IDI with an MCD)*

The statement above affirmed the study of Banda (2009) which revealed that majority of private and public organizations do not have skillful and experienced staff to handle procurement process management and that calls for leaders to give much prominence to develop such proficiencies and to accept best practices.(Banda, 2009)

Nonetheless, respondents were of the view that, there is the need for an adequately trained procurement officer to be involved in the procurement processes of the Assemblies. A respondent attributed this need to the fact that there are usually no legal people on the procurement committee and so it is prudent that a qualified person with the requisite training be allowed to provide technical support throughout the procurement process. The following quote below gives credence to this opinion:

*“The Ministry find it difficult to get procurement officers to challenge some metropolitan, municipal and district assemblies”. (IDI with MCD )*

*“Since there are no legal persons on the committee, there is the need for qualified procurement personnel”. (IDI with an assistant engineer)*

### **4.3 Procurement performance in the Municipality**

#### **4.3.1. Areas where procurement have failed**

Respondents mentioned three key areas where procurement has failed. First it was noted that politicians sometimes procure materials and services themselves without following the procurement rules and regulations. Secondly, price quotations are sometimes manipulated and this leads to the procurement of substandard goods and services. Lastly,

contracts and sub-agreements awarded at the national level for the district do not come with enough documentation.

#### **4.3.2. Value for money**

The following were the mechanisms for ensuring value for money at the municipal assembly; advertising for more suppliers or services so that you can choose from the lots and subsequently collecting at least three quotations from three different registered companies through competitive bidding. Other mechanism for ensuring value for money is ensuring that items supplied meet the specification required.

The current study affirmed that of Otterheim and Strands (2006) who mention that the function of procurement is able to improve upon value for money with effective strategies put in place. These include effective ordering and regular monitoring which guarantees that the orders for procurement are received by those supposed to supply them. They also state the need for a data base of important procurement information as well as supplier information. This will help to take appropriate decisions at the right time.(Otterheim and Strands 2006)

#### **4.3.3 Quality of materials procured and the effectiveness of the Processes of procurement.**

Majority of respondents believe that the quality of materials procured largely depends on the effectiveness of the procurement process in an organization. On the contrary some respondents think otherwise as elaborated in the responses below;

***“I don’t think the quality of materials procured solely depends on the procurement process because sometimes it depends on the availability of the materials in the area” (IDI with an accountant).***

Similarly, another respondent had this to say:

*“The quality is not just about the procurement process, it is also depends on the specification given out and this is usually done hand in hand with the procurement, works and planning unit” (IDI with MFO)*

#### **4.3.4 Early delivery of essential materials and procurement process**

Commonly, respondents believe that the early deliveries of materials are essential element of the procurement process. The reasons indicated in the excerpts below corroborate this finding;

*“Timeliness in procurement is very essential because of price fluctuations and delays projects implementation and completion” (IDI with MCD)*

*“Timely delivery of materials makes work very easy but largely depends on the supplier who is asked to deliver the items” (IDI with an assistant engineer).*

The present study is in line with Migai (2010) which disclosed that the slowing down of deliverables raises deficiencies, leads to low quality goods being delivered and sometimes not delivering all together. This hinders both private and public sector procurement process.

#### **4.3.4. Stakeholder communication and procurement process**

It was generally upheld among respondents that communication among relevant stakeholders enhances procurement process because procurement is not a stop activity it involve others with varied expertise. These stakeholders include the procurement unit, finance, budget, works and planning. In addition, stakeholder’s consultation is important in the procurement process because pre-contract meetings enable these stakeholders to bring the views and concerns to bare on the contract agreement. This finding is simplified in the response below:

*“Every department has schedule and works in collaboration units such as departments of works and planning to facilitate the procurement process” (IDI with an accountant)*

#### **4.3.5. Independent procurement committee**

Interestingly, whilst some respondents said that there is a procurement committee set up according to the guidelines of the public procurement authority and takes its own decision as the law mandates, others said there is non-existence of any in the assembly. However, those who said the procurement committee were quick to add that the committee is not independent in its operation as explained in the response which follows:

***“The committee is not independent because the chairperson and the Chief Executive are all government appointee or nominee” (IDI with MCD).***

The respondents’ views buttressed that of the PPA Act 663 that various government institutions should set up procurement departments within their organizations which will directly supervise all their own procurement activities (World Bank Report, 2004).

#### **4.4 Existence of procurement law in the municipality**

##### **4.4.1 Procurement law exists**

The Public procurement law is the most important document to pay attention to during any procurement public procurement activity. Respondents’ knowledge on the public procurement law and how long it has been in existence was explored. All interviewees knew of the existence of the law. Some respondents quoted the date the law was passed and also mentioned the fact that the law has been amended as shown in the quote below;

***“Yes, the law has been in existence for a long time since the year 2003 and was amended on 12<sup>th</sup> July, 2016.” (IDI with MCD)***

The current study reiterated the fact that the law was enacted to eradicate the flaws in the processes of procurement in the country.

#### **4.4.2 Effectiveness of the law**

Apart from their knowledge on the existence of the law, it was interesting to know whether the law was in force/effective in the organization. Two interesting views came up. While some respondents thought that the law was not effective in that it delayed procurement processes,

*“No the law is not effective because it creates a lot of delays in the procurement processes of the organization”*

Others also opined that, the organization cannot function in their procurement activities without the law. *“Yes the law is effective because we work with the law. Without it, we cannot procure anything.”*

The above statement made by the respondents disagrees with that of De Boer and his colleague Telgen who admitted that, after the passage of the law in the Netherlands, compliance was difficult for a lot of the municipalities because they did not have much knowledge of it. (De Boer and Telgen, 1998). Nadi (2009) also had similar findings where she mentions that though the laws are prevalent, its enforcement is still a challenge. (Nadi, 2009)

#### **4.4.3 Need for amendment of the procurement law**

In response to whether the current law should be left in its current state or be amended, some respondents shared their view as follows *“ Yes the law should be amended to care for the short falls in the old one”* another person also mentioned that *“ The law needs to be amended to give more mandate to the procurement officers”*.

#### **4.4.4 Effects of the procurement law on corruption**

Another important subject was brought up for respondents to share their thoughts on, thus, whether the procurement law has helped to reduce corruption in their organization. Very interesting thoughts were shared. A respondent had this to say to the effect that the procurement law does not help in reducing corruption:

***“No because the politicians will continue to have their way by using their political powers to manipulate system”***

The above assertion agrees with Canon (2000) who confirmed that because there were no stipulated laws for obtaining things in Kenya’s public sector, there is a procurement bid loss of up to 61%.

Other respondents were of a differing view. They believed the law helps to check corruption as indicated below.

***“Yes, putting up contracts for advertisement for people to competitively bid for whatever is being sort for, minimizes corruption.”***

***“Yes because it brings about transparency, and also involves too many hands and checks”***

#### **4.5 Challenges faced by procurement practices in Public institution**

It was important to find out whether the procurement processes in their organizations are beset with any challenges. Most respondents believed that the system was faced with numerous challenges and had this to say:

***“Yes. There is a lot of political interference and unnecessary delays in the procurement process”. “Yes, the low threshold for entity heads and committees, stakeholders not conversant with the procurement rules, and no VAT registered suppliers in the area”***

***“Yes because there is no transparency, no accountability, there is waste and use of preferred contractors and party faithful” (ruling government).***

The views from the respondents confirmed that of World Bank (2004) statement that most politicians think that they have the authority to interfere with the processes of procurement which leads to fraudulent procurement choices (World Bank, 2004).

#### **4.5.1 Challenges with application of the procurement law**

Another important thing was to find out what the challenges are with the application of the procurement law. Almost all respondents alluded to difficulties in using the law.

The following quoted challenges were shared.

*“There are challenges with the application of the law because of the limited number of registered institutions to deal with at the procurement stage”*

*“Many people are not conversant with the procurement rules and inadequate knowledge of stakeholders on the Act makes application difficult”.*

*“The amended Act is just a month old, however the Act 663 (2003) caused delays and did not allow for emergency procurement”*

#### **4.5.2 Qualification of personnel on the procurement committee**

A specific enquiry was made as regards the qualification of personnel on the procurement committee. Respondents mentioned that, members of the committee are mostly not qualified because some are politically appointed and lack the technical knowledge needed to serve on the committee, as illustrated below:

*“Yes, there are problems with some of the committee members. Political appointees to serve on works, finance and administration sub-committees chairpersons are both politically appointed. “Yes there are no enough personnel and most of the members have inadequate know-how on the procurement procedures”.*

Opinions were sought on how respondents thought these challenges could be improved.

Respondent shared very insightful ways of resolving this challenge. The following views were shared:

*“Training of all members on the procurement committee”*

*“Recruitment, and training of procurement officers; every assembly must have a procurement officer”. Orientation for members on the Amended Act 914; grassroots involvement to ensure value for money and acceptance service/product/ project”*

#### **4.6 Discussion**

This corroborated the position alleged by (EOCD/DAC, 2007) in a study that some procurement officials lack some level of skills and knowledge to manage the procurement process effectively and efficiently. Therefore simple matters like bid evaluation and selection were only based on lowest price and not the lowest evaluated price. It is also buttressed the study of Hunja (2003) that there are deficiency in most developing countries in terms of competent body in the public sector who will take responsibility for the daily activities on policy formulation for procurement practices and also to ensure that procurement structure are functioning properly.

Mburu and Njeru (2014) confirmed that, some public organizations do not have personnel with the requisite background and know how in the procurement processes in order to carry out their responsibilities professionally, and this affects procurement processes.

The study revealed that low level of thresholds, non-availability of VAT registered suppliers, cumbersome procedures, low monitoring of procurement practices and political interference are the factors that affect public procurement performance practices at the Kintampo Municipal Assembly. These were supported by Knight et al. (2008), who found that there were multiple factors that affected public procurement practices but the major one was that, the non-compliance to laid down procedures in procurement results in weak management in the different units and creates loss of financial resources and does not make the venture cost effective (Knight et al. 2008). Again, these were confirmed by Ogunsanmi (2013), who found that procurement selection criteria of cost, time, quality, project characteristics and external environmental factors have effects on project

performance. Political interference delays the public procurement process because a politician would like to benefit monetarily from the project and for that would continue to influence the project. In the daily operation of an organization, officers are needed to be supervised to achieve efficiency and effectiveness so the lack of monitoring which is a management function affects the public procurement performance practice. The unavailability of monitoring of procurement process was also due to the lack of monitoring officers or officers employed had limited knowledge and skill to man their jobs. A procurement committee should have a legal person on the committee and those committees without legal persons affected their performance.

On the reasons why procurement has failed in the municipality, three key areas were revealed by the results of the study; politicians procured materials and services without adhering to procurement Act (2003), manipulation of prices and buying of substandard goods, and decentralized projects do not have the right documents. This is supported by De Lange (2011) who found that, enormous funds are lost every year because public procurement policies are poorly managed. In view of this, public sector workers need to be properly managed to make sure that compliance to important regulations, policies and procedures are achieved (De Lange, 2011).

The Public Procurement Act (2003) establishes that the Procurement Board must adhere to ethical standards in the procurement process. However, this was not done at the municipality. According to Hui et al. (2011), state monies, are collected via taxation and should be used in a clear responsible way. However, the problem of transparency and accountability of projects costs was a challenge at the municipality. This failure in the procurement public procurement process could be overcome if public sector managers comply with relevant regulations, policies and procedures in the Act 663. Again, some projects from the national level does not have enough or proper documents and the ability to take proper records of the materials was an area of failure.

These challenges could be overcome if the municipal assembly adopted a mechanism to ensure value for money. It was established by the study that advertising for more suppliers or services so you can choose from the lots and subsequently collecting at least three quotations from three different registered companies through competitive bidding and ensuring that items supplied meet the specification required were keen to the concept of getting real value for the money spent in the procurement process. This is confirmed by Thai (2001) who opined that the fundamental principles of good procurement practice involve accountability, where effective mechanisms must be in place in order to enable procuring bodies to use the limited resources cautiously and competitive supply requires that the public procurement should be carried out by competition unless there are convincing reasons for single sourcing and reliability, which lay emphasis on the equal treatment of all bidders regardless of their race, nationality or political affiliation. This means that there should be a commercial evaluation of projects by the municipality in order to ensure that value for money is sustained.

Again, it was established by the respondents that communication among relevant stakeholders, quality of materials and the early delivery of materials for a project are essential elements to the procurement process. These results are confirmed by Lysons and Farrington (2006) In addition, if the numbers are great and quality or deliveries are very relevant, then additional negotiation with the suppliers on their aptitude to embark on such contract must be carried out with the procurement Act's support. (Lysons and Farrington 2006)

Again, Li et al. (2006) identified that customer orientation, strategic supplier partnership, level of information sharing, quality of information sharing, Reverse Logistics and Knowledge management were important factors that enhance public procurement process. This means that materials needed for a particular project should be submitted on time and they should be of quality. The quality and speed of materials depend on the

experience and financial capital of the bidders. Coordination and communication among various stakeholders such as the procurement unit, finance, budget, works and planning were good to ensuring effective public procurement performance practice.

The knowledge on the passage of the law not new to the respondents as they expressed the year (2003) since it had been in existence and the year of amendment (2016). However, some were of the opinion that the law was not effective because it caused delays in the procurement process and others had no challenge with the law. Some respondents also argued that the law should be amended to overcome its current challenges. Ghana's law on procurement demands that an official indenture be carved, based on the terms and conditions agreed upon and signed by both parties.

In study by World Bank (2003), Given that between fifty to seventy percent of the country's budget is used on the purchase of goods and services, efficiently allocating such resources could ensure that, monies spent are equivalent to the satisfaction derived from services received or goods purchased. This is a very crucial need for a country faced with huge developmental challenges as showed in a study by the World Bank. According to Bryane (2004), most countries are increasingly accepting best universal practices in procurement as a way to deal with corruption (Bryane, 2004).

The implication is that the public procurement Act needs to periodically review to meet international standards so as to check corruption in the public sector.

countries that embrace good universal practices in the processes of procurement use them as their reforms against. (Bryan, 2004) The implication is that the public procurement Act needs to periodically review to meet international standards so as to check corruption in the public sector.

The challenge faced by the procurement practice in public institution is the problem of political interference. This is confirmed by World Bank (2004) who expressed in their

report that most politicians think that they have the authority to interfere with the processes of procurement which leads to fraudulent procurement choices (World Bank, 2004).

Political interference with the procurement process poses a challenge to the implementation process and public procurement reforms. This is because politicians assume they have right to intervene in procurement process in order to achieve their partisan decisions. Again, the application of the law is faced by a challenge of low interpretation of the act which is due to limited number of institutions offering public procurement. According to Banda (2009), majority of private and public organizations do not have skillful and experienced staff to handle procurement process management and Rotich (2011) confesses that the assessment of procurement performance usually a proble for procurement professionals. This means that personnel of the procurement department do not have the right skill needed to man that department. Having unskilled personnel in the procurement department makes it difficult in interpreting the provisions of the act and so hinders its successful implementation. It was also revealed that the persons recruited into the procurement department had no knowledge in public procurement. Persons could be employed on political reasons or recruited without background on procurement. In a similar study, Juma (2010) highlighted that poor procurement performance, lack of professionalism among the personnel, outdated procurement procedures, and failure to accept the electronic forms of procurement, weak coordination of activities of procurement , absence of quality assurance policies and proper regulations have been identified as some of the factors affecting public sector procurement.(Juma, 2010)

This implies that government pays people for their inefficiencies in the procurement process. It could also be expressed that does not appreciate the importance of public procurement in checking corruption and wastage in the public sector.

It was revealed by the respondents, the challenges of the public procurement could be improved if members on the procurement committee were given training, and the right persons employed to handle those offices. Again, some suggested that there should be grassroots involvement to ensure value for money. However, Abdulai (2008) revealed that the fight should be a collective responsibility to all citizens and institutions, but not a single organization or an individual. Therefore, the fight against corruption in the procurement processes need a multi-Sectorial approach. This implies that persons in the procurement department needed education on procurement so as to overcome the challenge facing the public procurement performance practice.



## CHAPTER FIVE

### SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

#### 5.1 Introduction

The outcome from this research is presented here. This summary has been done along the specific objectives of this thesis. These recommendations are aimed at improving performance of the procurement processes in the Kintampo Municipality in the Brong Ahafo Region.

#### 5.2 Summary of Major Findings

The study revealed that the processes of procurement in the municipality is beset with challenges. Even though there exist a Tender Committee, Evaluation members, and Procurement Unit, these bodies are not appropriately constituted to be able to execute their roles appropriately. In addition to these, though some staff have had some level of training in procurement, they still lack the technical capability to execute their procurement activities as required to ensure value for money.

##### 5.2.1 Use of inappropriate procurement procedures

The research found that some procurement do not pass through advert, bidding is not done in the transparent manner and also others do not follow evaluation procedures. Sometimes contracts are awarded to party sympathizers who are not qualified.

##### 5.2.2 Monitoring and Evaluation of procurement Process.

It was established from the study that some politicians have taken undue advantage of the ill functioning system and are abusing the process of procurement in the face of inefficient monitoring and evaluation in the procurement system

### **5.2.3 Lack of Professionals in the procurement process**

From the interviews, most respondents did not have the requisite qualifications to be part of the procurement process, although majority of the procurement officials claimed they have had some level of training and attended workshops.

### **5.2.4 Efficiency and Value for Money**

From the respondents there was no value for money in the procurement activities, absence of advertising for more suppliers or services so that you can choose from the lots and subsequently collecting at least three quotations from three different registered companies through competitive bidding. Other mechanism for ensuring value for money is ensuring that items supplied meet the specification required.

### **5.2.5 Challenges with application of the procurement law**

It was established from the interview that procurement practitioners do not apply the procurement law in their activities.

### **5.2.6 Tender evaluation and selection**

The study revealed that awarding of contracts do not pass through proper tendering process.

### **5.2.7 The flow of Communication**

From the interview it was established that the flow of information from procurement body to the suppliers was not effective enough.

### **5.2.8. Delays in delivery of materials in Procurement process**

Delays in delivery of materials was identified as one of the major setbacks in the public sector procurement process.

### **5.3 Conclusion**

The study confirms the existence of the PPA, 2003 (Act 663) in the municipal assembly. It aims at providing solutions to challenges confronting procurement process. The study pointed out some weaknesses, fraud and threats in the assembly. In order to achieve value for money, the assembly must establish the required structures and employ qualified procurement professionals to manage procurement activities. There should be both short and long term training for procurement staff which must not be a onetime event but routine in order to advance aptitude of members, and other interested parties to work diligently.

### **5.4 Study recommendation**

The following recommendations have been made to the management, unit heads and directors.

#### **5.4.1 Establishment of procurement structures**

This study recommends that the assembly should establish a procurement department and which should be managed by qualified procurement expertise to ensure that procurement process are done according to the Public Procurement Act, 2003.

#### **5.4.2 Engagement of Procurement Professionals**

The assembly needs to employ eligible staff who have the requisite knowhow, and are familiar with the procurement process with their job descriptions clearly defined in their respective designations. Measures should be put in place to retain and motivate them and also to avoid staff-turn-over.

#### **5.4.3 Staff Training**

Budget should be allotted for the training of staff and the focus should be on the procurement practitioners and they must be given continuous practical training

specifically in the area of procurement planning, awards of contract, procurement methods, procedures and tender evaluation procedures.

#### **5.4.4 Procurement Planning and Delay in Procurement**

Measures should put in place to avoid delays in the procurement process through proper procurement planning and the needed attention by management of the body. The procurement practitioners should be given ample opportunity to work.

#### **5.4.5 Reducing Procurement Challenges in the assembly**

There should be guidelines for procurement practitioners“ suppliers and the buyers in their procurement activities. These guidelines are able to assist in the daily execution of responsibilities.

#### **5.4.6 Need for electronically based procurement system**

The assembly should create a procurement website and encourage the public to get advertisement on tender from there, and also send contract awards there.

#### **5.4.7 Amendment of the Public Procurement Act**

The law needs to be revised to take care of the problems confronting its regular usage. Again, procurement law should be amended as a matter of urgency to speed up action on the review process of the Procurement Act, 2003 (Act 663) this will offer the Procurement body to have full authority over decisions related to procurement to forestall time wasting in the discharge of duties by the Tender Review Boards (TRBs).

#### **5.4.8 Formation of Tender Committee**

Creation of tender committee has to involve specialists in procurement to release the challenges in the implementation of the Act. Committee“s members should not be elected based on partisan political considerations.

#### 5.4.9 Enforcing Accountability to Reducing Corruption in Procurement

Lastly, in order to uproot corruption in public procurement process, the procurement law should be reinforced and deal vigorously with bidders who will violate procurement law, if possible a jail term should be given to the defaulters in order to serve as deterrent to others.

#### Study Limitation

The author acknowledges that this findings cannot be generalized due to the limited nature of the sample size.



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## APENDIX

IDI	In-depth Interview
MFO	Municipal Finance Officer
MCD	Municipal Coordinating Director
TRBs	Tender Review Boards.
CPPR	Country Portfolio Performance Review
VAT	Value Added Tax
CPAR	Country Procurement Assessment Report
BPP	bureau of public procurement
MDA	Ministries, Department and Agencies
Das	Districts Assemblies
PPA	Public Procurement Authority
PPOA	Public Procurement Oversight Authority
PUFMARP	Public Financial Management Reform Programme
FOAT	Functional Operational Assessment Tool
DDF	District Development Facility

## APPENDIX A

### QUESTIONNAIRE GENERAL

#### INTERVIEW GUIDE

#### FACTORS AFFECTING PROCUREMENT PERFORMANCE IN PUBLIC SECTORS IN GHANA: A CASE OF KINTAMPO MUNICIPAL ASSEMBLY

Dear Respondent,

This questionnaire has been designed for the purpose of collecting data on the factors affecting procurement performance in public sectors in Ghana: a case of Kintampo Municipal Assembly

The data collected will be treated with a very high degree of confidentiality and it is meant for the purpose of academic work only.

Thank You.



**SECTION A: GENERAL INFORMATION.**

1. Name of interviewee.....
2. Position of the interviewee .....
3. Place of interview .....
4. Date of interview .....
5. Time of interview .....
6. What is your highest qualification? .....

**SECTION B: FACTORS AFFECTING PROCUREMENT PROCESS IN THE PUBLIC SECTOR.**

7. In your view, are there some factors affecting procurement process in your organization?

.....

8. Do you believe that the quality of materials procured depends on the effectiveness of procurement process in your organization?

.....

9. Do you believe that early delivery of materials is very essential to procurement process?

.....

10. In your organization does the flow of communication among stakeholders enhances the procurement Process? .....

11. Can you briefly state the area (s) in which procurement has failed to perform.?

.....

**SECTION C: PROCUREMENT PERFORMANCE IN THE PUBLIC SECTOR**

12. Do you have qualified personnel who involves in the procurement performance?

.....

13. Does procurement performance facilitates entire activities in your organization?

.....

If no to the above why?

.....

14. Please briefly explain how you ensure value for money in your procurement performance?

.....

15. How would you rate the overall efficiency of your institution procurement process?

.....

**SECTION D: EVALUATION OF PUBLIC SECTOR PROCUREMENT PROCESSES.**

16. Do you have independent Procurement committee in the organization?

.....

17. How independent is the Procurement committee in the organization?

.....

18. Do you believe in the perception that some members in procurement committee belong to the ruling party?.....

19. Do you think that there are adequate qualified procurement personnel in the various entities to offer technical assistance to the Procurement?.....

20. In your view can you say that the quality of materials procured by the committee are of high standard? .....

**SECTION E: EXISTENCE OF THE PROCUREMENT LAW IN THE MUNICIPALITY**

21. Have you heard about Public Procurement law before?

.....

If yes, to the above question how long has been in existence?

.....

22. In your view do you think the existence of procurement law in the organization is effective ?

.....

If, no why ?.....

24. Do you think the Procurement law should be amended?

.....

If yes to the above statement why should the law be amended?

.....

25. Do you think the Procurement law has helped in reducing corruption in your organization ?

.....

If yes how?.....

KNUST

**SECTION F: CHALLENGES FACED BY PROCUREMENT PRACTICES IN PUBLIC INSTITUTION**

26. Do you face some challenges in the procurement process in your organization?

.....

If yes, what are some of the challenges you face in the procurement process?

.....

27. Are there any challenges with the application of the procurement law?

.....

28. Are there any challenges in terms of qualified personnel in the procurement committee?

.....

29. How can these challenges be improved?

.....

Thank you for your time.