

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF ARCHITECTURE AND PLANNING**

**DEPARTMENT OF BUILDING TECHNOLOGY**

**KNUST**

**Topic:**

**ASSESSING ETHICAL PROCUREMENT PRACTICES AT ACCRA METROPOLITAN  
ASSEMBLY**

**A project report submitted to the Department of Building Technology of the Kwame  
Nkrumah University of Science and Technology in partial fulfillment of the requirement  
for the award of Master of Science (MSC.) Procurement Management**

**BY**

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## DECLARATION

I hereby declare that this submission is my own work towards of the MSC Procurement 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 acknowledgment has been made in the text.

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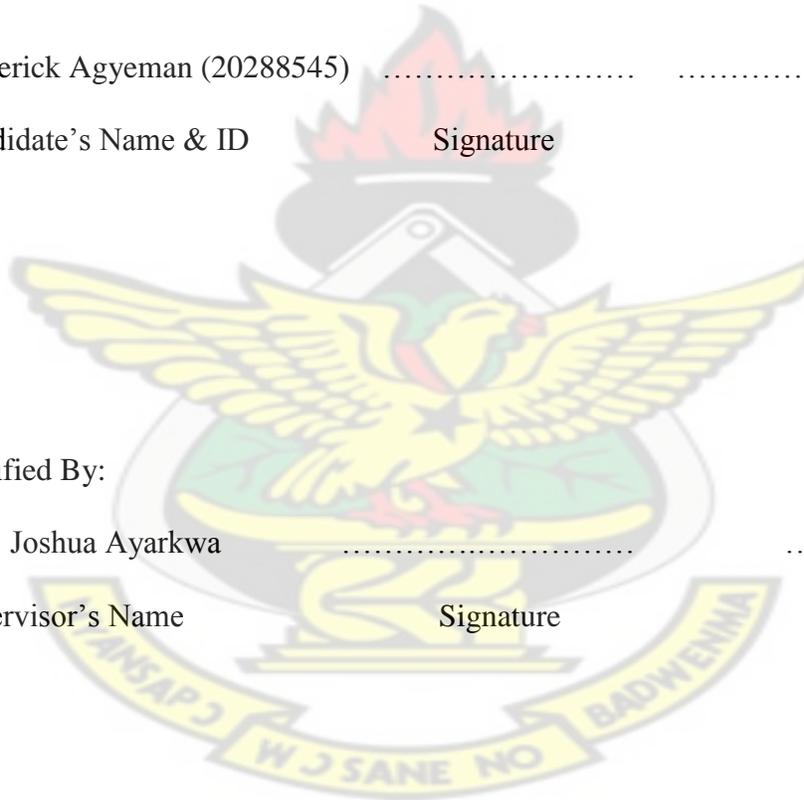
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## DEDICATION

An appreciation to my humble and caring wife, for her love and kind support. A dedication to my daughters, Shepherdia and Winnifred, Sylvia, and Stephanie their excellence support.

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First and foremost, I would like to place on record my most sincere appreciation and gratitude to my supervisor, Prof. Joshua Ayarkwa, for his invaluable guidance and advice in supervising me throughout this entire research project. Many thanks to Agyekum for his assistance and opinion. I also wish to thank my best friend, Mr. , whose friendship and encouragement has been helpful in my completion of this project. Finally, special and heartfelt thanks to my beloved wife, and daughters, Shepherdia and Winnifred, for their love, support and encouragement throughout my years of study.



## ABSTRACT

Procurement is when an organization identifies a need and decides on its procurement requirement, it also extends to the ultimate disposal of property at the end of its useful life.

Ethics is the moral principles governing or influencing conduct. Ethics is the basis on which most of the procurement related principles, such as fairness, integrity and transparency, are based

The purpose of the study was to assess the ethical procurement practices of Accra Metropolitan Assembly in Greater Accra Region of Ghana. The study sought to provide information on the level of awareness of ethical procurement practices of Accra Metropolitan Assembly, challenges impeding the implementation of ethical procurement practices and measures to promote ethical procurement practices. The research design adopted in the study was descriptive survey research.

A sample size of the study was 70 AMA personnel and suppliers of goods using simple random sampling techniques. A survey questionnaire was used to collect data on respondents' views of ethical procurement practices and their responses were analyzed and presented in, graphs, frequency tables and percentages.

The findings of the study revealed respondents higher level of awareness that procurement officials are required not to disclose information to third party. This was ranked 1<sup>st</sup> with a mean of 4.056 and a standard deviation of 1.036. Further, the response also agreed with the statement that inadequate qualified procurement staff is a major challenge facing AMA. Lack of employee's motivation was identified as a challenge to ethical procurement practices at AMA.

The study recommended that ethical procurement practices should consistently be evaluated and audit performance of professionals so as to ensure procurement activities are made in compliance with the law and regulation of procurement and there should be an improvement and training supports for procurement officials to enhance their effectiveness and efficiency in their work.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 BACKGROUND TO THE STUDY**

Werkman (2007) posits that procurement comprises the acquisition of goods, services and works at the best possible total cost of ownership, in the right quantity, at the right time, in the right place for the direct benefit or use of governments, corporations or individuals generally through a contract. Further, Mlinga (2004) avers that procurement encompasses the whole process of acquiring goods, services and works. To Mlinga, procurement begins when an organization has identified a need and decided on its procurement requirement and also extends to the ultimate disposal of property at the end of its useful life. Hence, procurement plays an important role in the organization's profitability and enhances value and wealth creation. The need for a well-functioning public procurement system as a potential for accelerated national development cannot be overemphasized.

According to Organization for Economic Cooperation and Development (OECD, 2002), government expenditure on procurement is estimated to be US \$2,000 billion in 1998 which represent 7% of world gross domestic product (GDP) and 30% of world merchandise trade in advanced countries. However, in developing countries and Ghana in particular, public procurement accounts for 50-70% of the national budget (after personal emoluments), representing about 24% of total imports and makes up about 14% of the country's Gross Domestic Product (GDP) (World Bank, 2003). In other words, public procurement constitutes over 50% of government budgets besides the cost of government wage bill and accounts for the largest share of government expenditure. Consequently, Schiele (2007) asserts that public

organizations serve the public interests through delivering desired services and this certainly makes it imperative to study problems associated with ethical procurement practices in the public sector to find possible challenges of critical success factors in the delivery of efficient and effective services. He advocates that public procurement professionals and stakeholders should adhere to a well-defined and established code of ethics.

The concise Oxford dictionary of current English (2010) defines ethics as the moral principles governing or influencing conduct. Ethics is the basis on which most of the procurement related principles, such as fairness, integrity and transparency, are based. Therefore, professional standards of ethical conduct, no matter what the organization, contain typical characteristics including commitments to avoid conflicts of interest, behave honourably in all aspects of work and professional activity, and conduct oneself in such a manner as to maintain trust and confidence in the integrity of the acquisition process. Ethical procurement prohibits breach of the public's trust by discouraging a public employee from attempting to realize personal gain through conduct, which is not in agreement with the proper discharge of the employee's duties. In summary, ethics are the principles, which define behaviour as right, good and appropriate. Employees in public service are bound to uphold certain values National Institute of Governmental Purchasing (NIGP, 2011). Any attempt to realize personal gain by conduct inconsistent with the proper discharge of the employee's duties is a breach of the public trust. The value of the transactions in the procurement process along with pressures to lower costs could result in bribery, corruption and other practices, which could be deemed unethical.

In the public sector where goods and services are funded by public expenditure, it is imperative that procurement operates ethically, with impartiality, transparency, and professionalism. Ethical

procurement best practice starts with the employees in procurement following an ethical code which dictates their behaviour and actions while conducting business.

Prier and McCue (2006) profess that public procurement plays a central role in governance and anti-corruption efforts because of its impact on society. Traditionally, the legal framework for procurement activities in the public sector of Ghana was enormously minimal. Initially it was Ghana Supply Commission, which was responsible for the procurement of all public goods. Improper planning for required goods, lack of adequate database and problems in the timely acquisition of funds, which resulted in late delivery, characterized their services. As a result of these developments, most public sector institutions decided to conduct their own procurement activities. In an effort at stemming the tides of procurement corruption, Ghana's Public Procurement Act, 2003 (Act 663) which is fashioned after the UNCITRAL Model Law of Public Procurement guarantees transparency and accountability in the use of public funds. Some of the salient provisions in the Act 663 that could serve as effective antidote for procurement related corruption are establishment of a regulatory body and comprehensive, transparent legal and institutional framework. Hence, the successful implementation of Ghana's Public Procurement Act, 2003 has a bearing on the technical and ethical skills of those involved in the whole process. The problems of violations of procurement procedures, the use of high-ranking officials to influence procurement decision-making and bribery-induced violations of procurement procedures by government officials in collaboration with providers are attributed not only to the technical skills of the experts but rather their ethical skills. Hunja (2003) asserts that procurement is a hotbed of ethical challenges because the decisions and choices made in procurement affect the entire public sector. Based on the above discussion, this study will attempt to assess the ethical issues related to procurement practices of Accra Metropolitan Assembly in Greater Accra

Region of Ghana and recommend measures to curb these ethical procurement issues in public sector.

## **1.2 STATEMENT OF THE PROBLEM**

Procurement plays an important role in a nation's prosperity and wealth creation. Consequently, the need for a well-functioning public procurement system is a potential for accelerated national development, which cannot be overemphasized (Westing, 1997; Work Bank 1996). This is particularly true for developing countries where procurement usually accounts for a high proportion of total expenditure. Trionfeli (2003) assert that public procurement accounts for 50-70% of the national budget representing about 24% of total imports and makes up about 14% of the Ghana's Gross Domestic Product while most industrialized countries spend about 10% of their GDP on public procurement. Procurement in many developing countries has been identified with inherent weaknesses, making the system ineffective and non-responsive to strategic procurement needs of organizations and government alike. Agaba and Shipman (2012) posit that the procurement system invariably suffered various forms of malpractice and unethical conduct, including a high incidence of vested interests, interference and insider dealings and occasional cases of retrospective approval of contract awards in most metropolitan assemblies including Accra Metropolitan Assembly.

The questions that naturally arise are that: what is the level of awareness of ethical procurement practices at the Accra Metropolitan Assembly? What are the challenges in implementing these ethical procurement practices in Accra Metropolitan Assembly and what can be done to improve upon these phenomena? There is the urgent need to provide answers to these questions and other questions affecting the operation of ethical procurement in the organization. It is in the light of

these questions that this present research study is undertaken to assess ethical procurement practices in Accra Metropolitan Assembly of Greater Accra region in Ghana.

### **1.3 AIM OF THE STUDY**

The aim of this thesis is to assess the ethical procurement practices of Accra Metropolitan Assembly.

### **1.4 OBJECTIVES OF THE STUDY**

The following objectives are proposed to help in achieving the aim of the study:

1. To assess the level of awareness of ethical procurement practices of Accra Metropolitan Assembly
2. To identify challenges impeding the implementation of ethical procurement practices of Accra Metropolitan Assembly
3. To identify measures to promote ethical procurement practices in Accra Metropolitan Assembly

### **1.5 RESEARCH QUESTIONS**

Following from the proposed objectives of the study, the study sought to provide answers to the following research questions:

1. What is the level of awareness of ethical procurement practices in Accra Metropolitan Assembly?
2. What are the challenges impeding the implementation of ethical procurement practices in Accra Metropolitan Assembly?

3. What are the measures to promote ethical procurement practices in Accra Metropolitan Assembly?

### **1.6 SIGNIFICANCE OF THE STUDY**

The Findings of the study will add to the existing body of knowledge on the issue of ethical procurement practices of public sectors in the country. Also, the study will assist the management and coordinators of Accra Metropolitan Assembly in enhancing ethical procurement practices in the organization in order to achieve its mission and goals. The findings of the study will aid the procurement professionals in identifying unethical practices associated with procurement in the Assembly and how to maintain best practices in all procurement issues.

### **1.7 DELIMITATIONS OF THE STUDY**

The study was delimited to ethical procurement practices of Accra Metropolitan professionals in Finance and Audit Department, Procurement Department, Budget Officers, Suppliers of goods and the Coordinators of the Assembly.

### **1.8 LIMITATIONS OF THE STUDY**

The study adopted survey research methods, which employ the use of questionnaires to collect data from the respondents. One of the limitations of questionnaires is that the respondent may not provide all the needed information the researcher needed because they may think that the study will expose the flaws that are associated with ethical procurement practices of Accra Metropolitan Assembly. This weakness may have affected the results of the study.

## **1.9 ORGANISATION OF THE STUDY**

This study was organized into five chapters. Chapter one covered the background to the study, objectives, research questions, significance of study and research scope, definitions of terms as well as organization of study. Chapter two describe the review of literature relevant to the research theme, providing insight into previous studies relating to the research area. Chapter three describes the methodology including research design, sample and sampling procedure, method of data collection and method of data analysis. Chapter four presents analysis of data while chapter fives describes the summary, conclusions and recommendations.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 INTRODUCTION

This chapter aims at providing a focus for the study as well as the basis for the assessment of the findings. The literature review will cover conceptual and the empirical perspectives on the assessment of ethical procurement practices in the organizations. These are:

- The Concept of Public Procurement
- Ethical Standards in Public Procurement
- Factors impeding ethical procurement practices
- Ways of enhancing ethical procurement practices

#### 2.2 THE CONCEPT OF PUBLIC PROCUREMENT

Agaba and Shipman (2012) assert that public procurement refers to the government's activity of purchasing the goods and services, which it needs to carry out its functions. They identified three phases of the public procurement process:

- i) Deciding which goods or services are to be bought and when;
- ii) The process of placing a contract to acquire those goods or services which involves, in particular, choosing who is to be the contracting partner and the terms on which the goods or services are to be provided; and
- iii) The process of administering the contract to ensure effective performance.

The concept of public procurement can be used to refer to all the three phases. However, in terms of procurement practice the three stages need to be closely integrated and regarded as separate

phases of a single cohesive chain. Thus, Mlinga (2004) believes that procurement encompasses the whole process of acquiring goods and services.

Also Trionfeli (2003) buttresses' that procurement plays an important role in a firm's profitability and enhances value and wealth creation. The need for a well-functioning public procurement system as a potential for accelerated national development cannot be overemphasized. This is particularly true for developing countries, where procurement usually accounts for a high proportion of total expenditure. For example in Ghana, public procurement accounts for 50-70% of the national budget (after personal emoluments), representing about 24% of total imports and makes up about 14% of the country's Gross Domestic Product (GDP) (World Bank, 2003) while most industrialized countries spend about 10% of their GDP on public procurement. For instance, in the Organization for Economic Co-operation and Development (OECD) countries, it is estimated that globally public procurement accounted for about US\$2,000 billion in 1998, which was about 7% of the global GDP (OECD Procurement Outlook, 2002) and as the statistics below indicate, public procurement accounts for more than 15% of Gross Domestic Product (GDP) in OECD countries with the share of GDP going even higher in non-OECD countries (OECD Procurement Outlook, 2005). This shows the effect of performance of public procurement markets on the effectiveness of governance in both developed and developing countries.

Generally, procurement in many developing countries has been identified with inherent weaknesses, making the system ineffective and non-responsive to strategic procurement needs of organizations and government alike. According to Hunja (2003), one consistent weakness in most developing countries is the departments within government agencies that are charged with overall responsibility for formulation of procurement policy and to ensure that the system is

functioning properly. This, Hunja (2003) indicated, leads to diverse interpretations and implementation of existing rules across various public agencies and even within some of the agencies lack of oversight responsibilities for the proper functioning of the procurement system creates serious gaps in the enforcement of rules. The procurement system invariably suffered various forms of malpractice and unethical conduct, including a high incidence of vested interests, interference and insider dealings and occasional cases of retrospective approval of contract awards. Consequently, a lack of professional knowledge and expertise in the purchasing and contracting function at all levels of public institutions

### **2.3 ETHICAL STANDARDS IN PUBLIC PROCUREMENT**

Ethics is an important issue to business activities. The abundant literature on implementing a code of ethics in a business environment is the evidence of its importance. However, emphasis has been placed on the formal procedure of positive environmental development and implementation, while very little attention has been given to individuals who must follow the code. A code of ethics theoretically restates a person's moral ideals and adhering to moral ideals requires integrity and courage of convictions, it is not easy to do what you know is "right". Therefore, it is even more difficult to follow a code of ethics that runs counter to your own values (Lantos, 1987).

According to Webster's Dictionary (2009), ethics is defined as a conforming to accepted professional standards of conduct. Furthermore, ethics is defined as a system of moral principles governing the appropriate conduct for an individual or group. The relationship between a code of ethics and individual values has long been studied by evaluating the emotional reactions of successful construction procurement staff. Also, Heady et al (1996) say that ethics has to do with

upholding moral principles and values which influences an individual's beliefs, actions and decisions. Therefore, ethics involves leading an unquestionable lifestyle especially within the professional domain. Frankel (1989) suggests that a code embodies the collective conscience of profession and is testimony to the group's recognition of its moral dimension. Problems arise if there is not a common acceptance of the "collective conscience." If the code is questioned or not respected, the spirit along with the code may be violated. Therefore, it is important to determine actual feelings about the ethical determinants of code values. Bynum and Moor (1998) mentioned that topics of ethics includes rights and responsibilities, quality of life issues, equity and access, the use of power and risk, privacy, and copyright issues and how they affect individuals, institutions, organizations, cultures, communities, and nations. Like Snow (1959), one of his goals is to help bridge the gap between the 'two cultures' of the scientific and humanities communities: that it is the advances of science that have raised many of our 'new' moral and social problems, and it will take some hard thinking and action to solve them. Those from the 'two cultures' must work together to solve these problems. Those from the scientific community must bring a greater technical understanding of the underpinnings of the technologies involved; whereas those from the humanities must bring a basis on which to make moral judgments and choose social and political alternatives as well.

Schapper et al (2006) mention that in the procurement system, ethical standards and considerations are very important for the following reasons:

1. Procurement staff act as representatives of their organizations in dealing with suppliers in a likened principal-agent theory;
2. Excellent ethical conduct is exhibited in dealing with suppliers and contractors;
3. It creates a good buyer-supplier relationship;

#### 4. Procurement officers are more exposed to acting ethically than most other employees

To ensure good ethics in procurement, Section 86 of the Public Procurement Act, Act 663 (2003), requires the Procurement Board to publish and compile the code of conduct for procurement activities. According to the Act, officials and their immediate families must not sell goods and services to their own agency for ethical reasons. Ethics requires officials not to disclose to any third party confidential or proprietary information. It requires further that officials are to avoid conflict between their personal financial interests and their official duties and are not to accept directly or indirectly any gift from any person or entity which has or seeks to obtain a contract with their own agency, department or ministry (Republic of Ghana Public Procurement Act, Act 633). Section 32 of the Act 663 places emphasis on ethics in procurement and therefore states that a procurement entity shall reject a tender, proposal, offer or quotation if the supplier, contractor or consultant that submitted it offers, gives, or agrees to give, directly or indirectly to any current or former officer or employee of the procurement entity or governmental authority, a gratuity of any form, an offer of employment, or any other thing of service or value as an inducement with respect to anything connected with a procurement entity and procurement proceedings ( Public Procurement Act, 2003). Section 32(2) states that a procurement entity shall record any such attempt in its record of proceedings and immediately notify the Public Procurement Board of any attempt to influence an award of contract or performance of a contract (Ghana Government PPA Act 663, 2003). Hence, the Act indeed has cautions against corruption in procurement between procurement officers and suppliers and contractors simply because corruption increases the cost of procurement to tax payer and the procurement entity. The private sector is not exempted from responsibility to act ethically and transparently in procurement proceedings with the Government of Ghana.

For this reason the Act requires tenderers to sign a formal declaration before being allowed to participate in any procurement process (Ghana Government PPA Act 663, 2003).

### **2.3.1 PRINCIPLES UNDERPINNING ETHICS IN PROCUREMENT**

The basic objectives of good procurement are to procure the right quality of goods, works or services from a reliable supplier in the right quantity ensuring cost effectiveness. Procurement items are to be delivered at the right time, to the right place, in the right quantity and at the right price whilst achieving the lowest total cost (Schapper et al., 2006). In the achievement of the objectives of a good procurement system, the following factors are of utmost importance:

- Fairness and impartiality
- Consistency and transparency of process
- Use of an appropriately competitive process
- Appropriate security and confidentiality arrangements
- Identification and management of actual and potential conflicts of interest
- Compliance with legislative obligations and Public policies

#### **2.3.1.1 Fairness and Impartiality**

Chapman (1993) posits that it is essential that procurement is conducted in a way that is fair and impartial. The material needs to be available to all interested parties within the same time frame, and each tenderer need to have access to the same material within the process for it to remain fair. Each bid also needs to be considered in a fair and impartial manner, with no conflicts of interest or bias towards or against certain bidders. When communicating with bidders, it is important that it is conducted not only in the same timeframe but also in the same manner for all

bidders. The most appropriate manner should be selected according to what is being communicated, to whom, and the urgency of the communication. If all potential tenderers have access to the Internet, additional information provided in response to an individual tenderer's inquiry could be posted on a dedicated website during the tender period so that all potential tenderers have the same clarification of the requirements already provided. It is good practice to always provide information in writing, whether in hard copy or electronic form. This practice also needs to be followed when notifying tenderers whether they are, or not successful. Once the successful tenderer has been appointed, all unsuccessful tenderers should know the results of the evaluation as soon as possible. As emphasized by Smith-Deighton (2004) that procuring entities need to consider the most effective way of notifying tenderers, taking into account postal delays, particularly if there are international tenderers. The request documentation must clearly detail the conditions for participation and evaluation criteria and be equally available to all interested parties. Well-defined conditions for participation provide the market with a clear indication of requirements that they must meet, and reduce the resources wasted as a result of lodgment of unsuitable or misdirected bids. Decisions on the selection of suppliers must be made purely against these criteria. It is important that potential suppliers feel confident that decisions will not be unduly influenced by external factors. Request documentation must clearly identify and separate conditions for participation from those evaluation criteria that are 'desirable' or 'optional'. Bids must meet the conditions for participation, and these should be well targeted, clearly measurable, and not excessive in number. The 'desirable' or 'optional' criteria need to be addressed for the procuring entity to be able to rank the submissions in order of suitability for the procurement. To maintain fairness in a process, the separation of duties is important and the

officials involved in evaluation should not be those who are approving the award of the tender among others.

### **2.3.1.2 Consistency and Transparency of Process**

Procurement processes used by procuring entities must be consistent and transparent. Consequently, the decisions needs to be made in a visible manner and appropriately documented to allow them to be understood or justified upon review by tenderers, PPRA, and Controller and Auditor-General. The Public Procurement Act (PPA) No. 21 of 2004 makes transparency a primary consideration throughout the procurement process from the initial identification of need through to the final disposal of any property. It requires Procuring Entities (PEs) to offer unsuccessful bidders a written debriefing, on request, as to why their offers were not successful (Agaba & Shipman, 2012).

Another important element of transparency is public reporting of procurement opportunities and awards. The PPA 2004 and its Regulations requires this to be done in newspapers, Authority's website and Journal. Transparency is another important principle in public procurement. Transparency in procurement means openness in the tendering process. This involves having regard for the procurement laws, policies and practices in the country. Transparency provides an assurance for both domestic and foreign firms that contracts will be awarded in a fair and equitable manner. According to Smith-Deighton (2004), transparency requires governments to adhere to higher standards of conduct by ensuring that conduct will be open to scrutiny. Transparency therefore is an essential aspect of ensuring accountability and minimizing corruption, and has gained prominence in Organization for Economic Cooperation and Development (OECD) countries, and is particularly associated with the rise of the governance agenda as transparency is a core governance value. In all markets, a lack of transparency in the

sense of absence of information on rules and practices could operate as a barrier to trade and may affect foreign suppliers more than local ones (Arrow-smith, 2003). Furthermore, transparency in procurement on the other hand means making the procurement process open to all suppliers and contractors of goods, works and services and that the procurement process is open for all stakeholders and interested parties to see. Adjei (2008) asserts that transparency requires the creation of open and fair method of acquisition of goods, works and services. In summary, transparency leads to the growth of in-country investments and competitiveness and the public sector is seen as a responsible business partner. Transparency is considered one of the best deterrents to corruption and it provides access to information to the public.

#### **2.3.1.3 Use of an Appropriately Competitive Process**

The method used for procurement processes should suit market circumstances as well as the size and nature of the procurement. Thus, method used for procurement processes should also provide reasonable access for suppliers to public procurement opportunities. Procuring entities should investigate the relevant market conditions and consider whether an open procurement process is appropriate. A key element of the procurement framework is open competition. Procuring entities should aim to ensure that the cost of tendering for opportunities does not deter competent suppliers. They must provide adequate and timely information to prospective bidders, and avoid asking for unnecessary information or requirements. Requests for unnecessary information may occur when details are required for pre-selection, and then the same details are required again in the tender, making it time consuming and expensive to be a part of the tender process. Procuring entities should therefore be familiar with any pre-selection or prior processes to avoid requests for duplicate information. Procuring entities should also set and meet

reasonable timeframes for any procurement process, to enable bidders to confidently allocate resources to their bid (Trionfeli, 2003).

#### **2.3.1.4 Security and Confidentiality**

Procuring entities will need to have measures in place to manage the security and confidentiality of documents, including physical security of submissions and related documents, access to secure documents, and confidentiality of commercial information. Procuring Entities should establish clear physical security measures for the handling of documents related to the tender. Security measures should include the usage and security of the tender box; appropriate storage of submissions; limiting the number of and numbering copies made of the documents; limited access to the submissions, such as only allowing access by authorised staff; and ensuring documents are not removed from the procuring entity's premises (Arrow-smith, 2003; Trionfeli, 2003).

#### **2.3.1.5 Conflicts of Interest**

Arrow-Smith, 2003 and Trionfeli (2003) maintain that a conflict of interest arises where an official or adviser has an affiliation or interest that might prejudice, or be seen to prejudice, his or her impartiality. The key management strategy is for all parties to be aware, before the process commences, by employees to disclosing, and taking steps to avoid, any conflict of interest (real or apparent) in connection with procurement. Any person involved in the tender process, including contractors such as legal, business or probity advisers should make a written declaration of any actual or perceived conflicts of interests prior to taking part in the process. This declaration includes other employment, prior employment or financial interests in organisations who may be potential suppliers and relationships with people who have interests in

these organisations. Conflicts of interest can endanger both the actual and perceived objectivity and probity of the procurement process.

#### **2.3.1.6 Compliance with Legislative Obligations and Public Policies**

Procurement must be conducted in compliance with all relevant legislation and Public policy. It is important that all staff involved in procurement have access to and is familiar with the relevant procurement policies (Arrow-smith, 2003; Trionfolti, 2003).

#### **2.3.1.7 Professionalism in Public Procurement**

According to Adjei (2008), procurement professionalism refers to the vocation whereby educated, experienced and responsible procurement officers make informed decisions regarding procurement of works, goods and services and argues that the role which procurement professionals play in the procurement system of the Ghanaian economy is critical to the economic development of the country. It is therefore in recognition of this fact that one important object of the Public Procurement Board is to promote professionalism in procurement and provide the professional development, support for individuals and MDAs engaged in public procurement. The Board is to ensure adherence to ethical standards by trained persons in procurement processes.

#### **2.3.1.8 Value for Money and Competitiveness in Public Procurement**

Value for money refers to the optimum combination of whole life cost and quality to meet customers or the end-users requirements of the procured goods or service under consideration. Value for money is a way of comparing alternatives for the supply of goods and services.

Assessing value for money includes consideration of a number of factors. These include the contribution to the advancement of government priorities; cost related factors such as whole-of-life and transaction costs as well as non-cost factors such as fitness for purpose, quality, service and support, and sustainability considerations.

The concept of Value for Money (VFM) in everyday life, according to Glendinning (1988), is easily understood as not paying more money for a good or service than ensuring that its quality or availability justifies the procurement. In relation to public spending it implies having a concern for economy, efficiency and effectiveness. In procurement the concept of value for money refers to cost minimization, output maximization and full attainment of the intended results. The practical conclusion is that policy makers in procurements must frame precise aims so that at least there are some criteria with which to compare results. That is, there should be laid down values and a means of measuring these values. VFM requires that steps must be taken to ensure that procurement activities of public sector organizations are in conformity with these values. The concept of VFM also reflects in the price of the item procured. It is the responsibility of a Public Procurement Board according to Adjei (2008) to harmonize the processes of public procurement in the public service so as to secure a judicious, economic and efficient use of state resources in public procurement. This principle of value for money in the procurement system is emphasized by the Act.

Competitiveness in procurement on the other hand refers to the active participation of the relevant private sector and or suppliers and contractors in the procurement process. As Glendinning (2008) mentioned that competitiveness in procurement is achieved through advertising of tenders, sourcing reviews, prequalification and the adoption of transparent procedures in the procurement systems. He adds that the benefits of competitiveness in

procurement cannot be over emphasized. It makes potential savings for the economy, increases in the supplier interest and develops local industries within the economy. Barrows et al (2003) posit that competitiveness in procurement eventually leads to economic development and poverty reduction because corruption and frauds in procurements are avoided or at least minimized.

### **2.3.1.9 Accountability, Fairness and Efficiency in Public Procurement**

Accountability, fairness and efficiency are three cardinal pillars that procurement reforms seek to achieve in that a very fair and accountable procurement system helps in the efficient utilization of the state resources judiciously. Barrows (2003) concludes that procurement practitioners need to be very fair in their day-to-day dealings with their suppliers and potential bidders and the public at large in order to earn the trust of the various actors within the procurement system. Thompson (1991) defines accountability as the process of holding an individual or an organization fully responsible for actions and inactions for functions they are engaged in over which they have authority to exercise their discretions. Thompson outlines the benefits of accountability and fairness as follows:

1. The strengthening of the perception of transparency and fairness.
2. The reduction of the incidence of corruption.
3. The development of mutual trust and the fact that procedures are adhered to in all stages of the tendering process.

## **2.4 CHALLENGES INPEDING ETHICAL PROCUREMENT PRACTICES**

There have been several studies, which have been conducted on the factors affecting public procurement ethical standards in Africa and other parts of the world. Schweitzer et al. (2004) conducted an empirical research on ethical standards in the Danish public sector established that

unethical standards are a factor caused by people with specific unmet goals. The research covered all the 48 public corporations in the country. Again, the Badenhorst (1994) research conducted in European public sector likewise pointed to individual factors as being significant in determining the ethical standards in the procurement profession.

The empirical research conducted by Mlinga (2006) in Tanzania suggests that the ethical standard in public procurement is a factor of the technical and ethical skills of those involved in the whole public procurement process. Also, according to a recent unscientific survey of 704 members at the National Institute of Governmental Purchasing, indicate that 83% of respondents contended that the major role of current purchasing is tactical ([www.nigp.org](http://www.nigp.org)). Thus, making public procurement an organized profession by building a body of public procurement knowledge is very critical.

Andvig and Fjeldstad (2010) conducted a research on public procurement ethics in the Less Developed Countries (LDCs) through the Norwegian Agency for Development Co-operation (NORAD) platform. The research established that the public procurement unethical behaviors manifest in terms of direct embezzlement of public funds and commit similar offences. Basheka and Tumutegyereize (2010) conducted a research on the public procurement ethical standards in Uganda. The empirical study found organizational culture as statistically significant with regard to the causes of public procurement corruption. The research concluded that organizational determinants are the major factors, which account for the increasing trends of procurement corruption. Ogachi (2011) conducted a research in Kenya about the procurement profession and indicated that the procurement professionals' reward (pay) affected the extent to which they adhered to the ethical code of ethics. With better pay the public procurement professionals tended to observe the professional code of ethics. Nyeko and Kakwezi (2011) study underscores

the importance of the procurement cycle in fostering enhanced ethical standards in Africa. The study concluded that a good procurement cycle encouraged competition among suppliers, professionalism, good business ethics and non-discrimination in public procurement.

An empirical research by Davies (2010) established that accumulative corruption occurs when government officials abuse their position of power for purposes of personal enrichment. It takes place mainly in the form of soliciting bribes when overseeing government projects and procurement, in privatization processes and in taxation (Davies, 2010). The research conducted in selected Africa countries points at unethical public procurement as being perpetuated by the ethical culture prevailing in the public sector. The Badenhorst (1994) research showed that the actions of managers, the ethical climate in the enterprise and the absence of a company policy on the matter are all contributing factors towards unethical behaviour in public procurement. Basheka and Tumutegyereize's (2010) research in Uganda also points at environmental variables as a significant factor with regard to the state of public procurement ethics: economic, political, organizational and social environment are statistically significant with regard to procurement corruption. The paper concludes that organizational environmental determinants are the major factors, which account for the increasing trends of procurement corruption. Reilly and Kyi (1992) state that the ethical level of behaviour in procurement staff is mainly determined by the climate (environment) of the organisation, top management, limited productive resources and lack of intellectual support in the organization. Thai (2001) outlines the environmental factors affecting the ethical standards in public procurement as: internal environment, legal environment, political environment and socio-economic environments. Thai (2001) discusses the influence of the politics of public procurement as forming an Iron Triangle Relationship. The interest groups within the public procurement process affect all the standards and rule of

procedure including the legislative arms. Davies (2010) blames the culture of accumulative corruption on the unethical standards in public procurement. The accumulative corruption takes place in the form of soliciting bribes when overseeing government projects and procurement, in privatization processes and in taxation.

## **2.5 WAYS OF ENHANCING ETHICAL PROCUREMENT PRACTICES**

There are a number of issues that could be considered to enhance ethical procurement practices in Accra Metropolitan Assembly. Therefore, the literature covers the following subtopics as discussed below.

### **2.5.1 Training and Professional Development on Procurement Regulations**

According to a study by Public Procurement Oversight Authority (PPOA, 2007), the procurement regulations were meant to ensure that efficient training had been offered to professionals to serve in procurement. It was also revealed by the study by the PPOA that the available expertise at the procurement units did not meet the need for specialized procurement knowledge despite there being steps towards developing a professional procurement workforce.

Public procurement is increasingly recognised as a profession that plays a key role in the successful management of public resources, and a number of countries have become increasingly aware of the significance of procurement as an area vulnerable to mismanagement and corruption and have thus made an effort to integrate procurement into a more strategic view of government efforts. As part of the efforts to adopt a long-term and strategic view of their procurement needs and management, most countries have resorted to using their annual procurement plans as a possible problem solver (Mahmood, 2010). Sauberet al., (2008) emphasize that procurement professionals need to acknowledge and devise strategies for

managing procurement challenges. The professionals must be seen as champions of efficiency and effectiveness and must acknowledge the challenges and their various forms, and their sources. The requirements to educate professionals and equip them with new and higher-level skills have consequently become urgent. According to Peterson and Van Fleet (2004), a skill is the ability either to perform some specific behavioural task or the ability to perform some specific cognitive process that is related to some particular task. However, Lan, Riley and Cayer, (2005) report that finding, hiring and retaining dedicated, energetic, and ethical employees with special skills is always hard. While we understand that professionalism is a key mechanism for, and primary targets of institutional change, the precise role of professions and professional service firms in processes of institutional change remain under theorized.

The procurement exercise follows steps according to the PPOA of 2007. These steps must be observed in order to ensure that all the stakeholders involved in the procurement exercise obtain fair treatment. The steps include; planning for the required procurement over a given period, identifying the source of the items, highlighting specifications/initiation of procurement, determination of procurement procedure, Sourcing (soliciting) offers, evaluation of offers, post qualification, commencement of contract, contract performance (delivery) and management, record keeping and accountability, payment and post contract performance (PPOA, Act, 2007).

### **2.5.2 Involvement of Top Management and Stakeholders in Ethical Procurement Practices**

Public procurement malpractices could be limited through the employment of stakeholders such as civil society organisations to be part of the procurement process. The current status of the procurement system requires the creation of three bid committees: namely the bid specification committee, the evaluation committee and the adjudication committee. For the purpose of compliance and to minimise unethical and corrupt practices, stakeholders should be involved in

the evaluation and adjudication process. This will ensure and support open governance. Open governance creates the conditions for effective collaboration between governments and citizens in a process that enhances legitimacy and accountability of public decision-making. Therefore, stakeholder involvement will also encourage public servants to be more deliberate about decisions they make and will provide citizens as well as stakeholders with the opportunity to hold their leaders accountable. It will improve the efficiency of government institutions, reduce fraud and waste of public finances, strengthen the management of natural resources and ensure better service delivery.

### **2.5.3 Compliance with Ethical Procurement Practices**

Kangogo and Kiptoo (2013) conducted a study on factors affecting ethical standards in public procurement in Kenya and recommended that frequent independent procurement audits and rigorous monitoring to ensure compliance to the procurement code of conduct as a way of enhancing the ethical standards in public procurement. Further, the study recommended that proper documentation of all public procurement activities ensure complete audit trails to trace fraudulent (unethical) procurement practices. Consequently, the adherence to the provisions of the Act and Regulations by public officials is obligatory and therefore failure to do so is considered an offence, which is subject to sanctions. According to Section 92 of Ghana Public Procurement Act 633 (2003), officials suspected of non-adherence to the rules and regulations and found guilty following investigations would be suspended and his or her benefits including salary withheld whiles officials found misappropriating government funds regardless of the value are to be summarily dismissed. Hence, Section 92 of Act 663 (2003) establishes that contravention of any provision of the Act is an offence and stipulates the penalties to be applied while Section 93 of the Act defines corrupt practices in terms of article 284 of the Ghanaian

constitution, and the Criminal Code of Ghana, Act 29 (1960). Act 663 also stipulates that any tenderer, supplier, contractor or consultant who attempts to influence a procurement process, or the administration of a contract by any unfair method, will be subject to sanctions which may include debarment of the company from Government of Ghana contracts. In an assessment of procurement systems in developing countries, Hunja (2003) found out that the abuse of procurement systems arises largely due to weak or inconsistent enforcement of the prevailing rules and regulations. He says that the weak enforcement of procurement rules was clearly reflected by the dissonance between prevailing (formal) rules and what actually takes place in practice during the procurement process. Hunja further argues that public entities usually go the extra length to create a semblance of formal compliance with procurement procedures and other requirements while seriously compromising the intent and spirit of such rules. Similarly, Falvey et al. (2007) state also that corruption depends on the lack of enforcement and monitoring systems and on the lack of an effective system of debarment for suppliers who have been accused of corruption. They suggested the following for limiting the opportunities for corruption at the stage of the procurement process:

- i. The criteria for the selection of suppliers could be set by law or regulation and the procuring authority should be bound by those criteria, in so limiting the discretion of the public authority and avoiding the use of ad hoc solution aimed at favouring corrupted bidders.
- ii. Clear and unambiguous rules regarding publication and advertisement of solicitation documents should be included in the law defining in clear and succinct terms time allowed for adverts for each procurement method used. Advertising rules and limits must be reviewed with the view to prescribing clear time limits for publication. The law should

clearly state the criteria for setting the minimum time between advertisement and submission of tenders. Additionally, the law should clearly prescribe “sufficient time” for advertising for both national and international competitive tenders.

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## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 INTRODUCTION**

This chapter describes the research design, the population, the sample and sampling procedure. It also describes the research instruments, the procedure for data collection and methods that are used for the data analysis.

#### **3.2 RESEARCH DESIGN**

Research design is a set of advance decisions that make up the master plan specifying the methods and procedures for collecting and analyzing the needed information (Dyslex, 2011). A research design is based on the research questions and can be considered a “blue print”, which indicates how data relating to a given problem should be collected and analysed. There are two types of research design, qualitative and quantitative.

This study employed a quantitative research approach and it is largely descriptive in nature. A descriptive research presents facts concerning the nature and status of a situation, as it exists at the time of the study and also describes present conditions, events or systems based on the impressions or reactions of the respondents of the research (Bryman & Bell, 2007). The major tool used in collecting data in this research is questionnaires.

#### **3.3 POPULATION**

A population refers to the complete set of cases or elements from which a sample is taken (Bryman & Bell, 2007). The population of this research is all professionals at Procurement Unit, Audit, Account, Budget unit, supplies of goods and operation who have link to the procurement

practices in AMA. There are 235 professionals from these departments as given by the human resource unit. Due to the difficulty in collecting data from this large population, lack of resources and time constraint, a sample size was drawn in order to carry out this research.

### **3.4 SAMPLE AND SAMPLING PROCEDURES**

Sampling is defined as a process of selecting a section to represent a whole. It is mostly impractical to conduct a census as conducting a census could be very expensive and time consuming. The sampling technique employed in this study is simple random. The core principle is that, the sample size should have features, which reflect the entire population, such that conclusions can be generalized for the entire population. Based on the Yamane Taro's formula below the sample size for the study was determined;

$$n = \frac{N}{1+N\alpha^2}$$

Where; n=Sample Size, N=Sample Frame (Professionals in all Procurement Unit, Audit, Account, Budget unit, Engineers and Operation-235)

$\alpha$  = margin of error (which will be 10% or 0.1).

$$n = \frac{235}{1+235(0.1)^2} = 70.14$$

A sample size of 70 professionals was obtained from using the formula. Questionnaires were administered to all 70 professionals who are in Procurement Unit, Audit, Account, Budget unit, Engineers and Operation.

### **3.5 SOURCES OF DATA**

The study made an extensive use of both primary and secondary sources of information from selected public institutions. The primary sources of data include information that was gathered

from the questionnaires that were administered to the respondents. The advantage of using primary data is that, they are more reliable since they come from the original sources and are collected especially for the purpose of the study. The secondary sources of data included annual reports, brochures and manuals. A number of both published and unpublished materials on public procurement in general from journals and articles as much as possible were used.

### **3.6 RESEARCH INSTRUMENT**

The research instrument used for the study was questionnaires comprised of open and closed questions. The questionnaire was developed from the literature review based on research questions proposed for the study.

### **3.7 DATA COLLECTION PROCEDURE**

The purpose of the study was explained to the respondents as well as the instructions for completing the questionnaire. The study took three weeks (from August 15 to August 29, 2014) to collect the data and throughout these periods the researcher availed himself to answer questions that bordered on the study.

The researcher personally administered the questionnaire which contained series of structured questions which were related to the research work and directed to respondents with the aim of gaining first-hand information. The questionnaire consisted of both open-ended and close-ended questions. Thus, in some cases, respondents were to choose the option that best reflected their opinions. The questionnaires afforded respondents much flexibility and privacy in answering the questions without any undue influence. The questionnaires was in simple and unambiguous language and as such, did not pose any problem as regards interpretation. The respondents were

also assured that the information would be kept confidential. All questionnaires were filled and returned by the respondents.

### **3.8 RELIABILITY AND VALIDITY**

#### **3.8.1 RELIABILITY**

Reliability is concerned with issues of consistency of measures (Saunders, Lewis & Thornhill (2007). There are three prominent factors related to considering whether a measure has reliability: stability, internal reliability and inter-observer consistency. In this study, internal reliability will be considered. Saunders, Lewis and Thornhill suggested that a multiple-item measure in which each answer to each question is aggregated to form an overall score. Hence, the researcher needs to be sure that all the indicators are related to each other.

#### **3.8.2 VALIDITY**

Validity is defined as how much any measuring instrument measures what it is intended to measure. Saunders, Lewis and Thornhill (2007) also suggested that the important issues of measurement validity relates to whether measures of concepts really measure the concept. Validity refers to the issues of whether an indicator (or set of indicators) that is devised to gauge a concept really measures that concept. In this thesis, construct validity has been used.

### **3.9 DATA ANALYSIS**

The responses to the item on the questionnaires for the respondents were analysed using frequencies and percentages, with the use of Statistical Package for Social Science (SPSS) Version 16. To ensure consistency, the responses in the questionnaires collected from respondents were edited and coded. The responses for the open-ended questions were grouped based on common ideas that the respondents expressed, and then a pattern employed for them. The results were presented using frequencies and percentages.

### 3.9.1 ANALYSIS OF DEPENDENT VARIABLES

Mean score and standard deviation were the statistical analyses used in this section. The respondents were asked to rank the various ethical procurement practices using the likert scale. Using the five-point likert scale rating, a criterion is deemed significant if it had a mean of 3.5 or more and 2.8 if it's based on the four-point likert scale. Where two or more criteria have the same mean, the one with the lowest standard deviation is assigned the highest significance ranking (Ahadzie, 2007). Standard deviation values of less than 1.0 indicate consistency in agreement among the respondents of the reported level of results (Ahadzie, 2007).



## **CHAPTER FOUR**

### **DATA ANALYSIS AND DISCUSSIONS**

#### **4.1 INTRODUCTION**

This chapter focuses on the analysis and discussion of primary data collected from various personnel of the Accra Metropolitan Assembly, to address the research objectives. It discusses respondents' views on the level of awareness, challenges and measures to promote ethical procurement practices. The results obtained are compared with relevant existing literature and the researcher's comments are added.

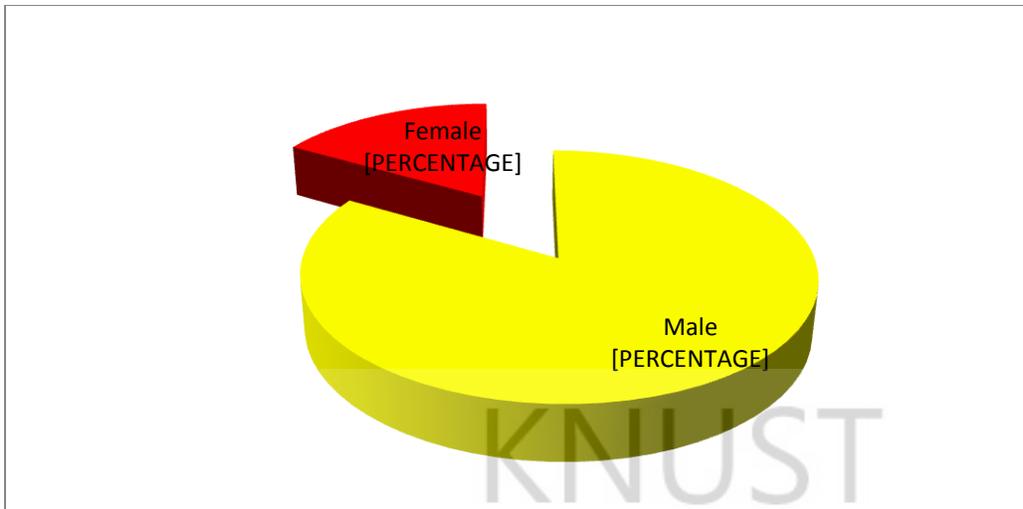
A total of 70 questionnaires were administered to the various finance and audit departments, procurement departments, budget officers, suppliers of goods and the coordinators of the assembly. A total of 54 questionnaires were retrieved, representing a response rate of 77%. Simple descriptive statistics was employed to analyse the demographics and mean scores to rank the dependant variables.

#### **4.2 PART ONE: ORGANIZATIONAL PROFILES**

This section mainly designed to provide general information about the respondents in terms of gender, age of respondent, level of education and years of experience.

##### **4.2.1 Gender of the Respondents**

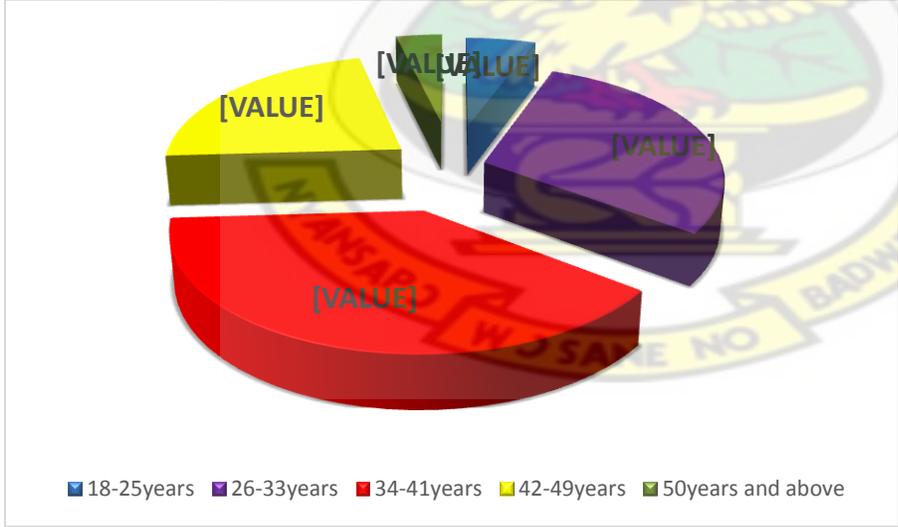
Figure 4.1 shows the percentage distribution of the gender of the respondents. Males constitute the highest with a percentage of 83% while the remaining 17% constitute females. This shows male dominance in public sector in the country.



**Figure 4.1 Gender Distribution of respondents**

**4.2.2 Age Distribution of Respondent**

In the area of age of the respondents, 21 respondents 34-41years old whereas 16 respondents 26-33years. In addition, 12 respondents are 42-49years and 3 respondents are 18-25year ranges. 2 respondents representing 4% were 50years and above (Figure 4.2).



**Figure 4.2 Age of Respondents**

### 4.2.3 Qualification of the respondents

As depicted in Table 4.1 below, it is clear that 14.8% of the respondents have a masters/postgraduate degree while 48.1% of the respondents have a bachelor's degree. Also 27.8% of the respondents have higher national diploma (HND) with the remaining 9.3% having secondary school/technical education. This result also supports the quality of gained information from respondents who are almost qualified and experienced.

**Table 4.1 Qualification of the respondents**

Years	Frequency	Percentage (%)
Secondary School/ Technical Education	5	9.3
HND	15	27.8
Bachelor's degree	26	48.1
Masters/Postgraduate degree	8	14.8
Total	54	100.0

**Source: Field Data**

### 4.2.4 Years of Experience of the respondents

Table 4.2 below shows that, 14.8% of the respondents have less than 1 year experience, 20.4% of the respondents have years of experience between 2-3 years, and 25.9% of the respondent have 4-5 years of experience in their respective positions. It can also be seen from table 4.2 that respondents with an experience above 5 years have the highest percentage (39%). This gives a good indication that the respondents have a good experience in procurement field.

**Table 4.2 Years of Experience**

<b>Years</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Less than 1year	8	14.8
2 – 3years	11	20.4
4 – 5years	14	25.9
Above 5years	21	38.9
Total	54	100.0

**Source: Field Data**

### **4.3 LEVEL OF AWARENESS OF ETHICAL PROCUREMENT PRACTICES**

This section of the questionnaire sought to give respondents the opportunity to indicate on a five point Likert scale their level of awareness of ethical procurement practices. These responses were ranked based on their mean scores to reveal which practices respondents were highly aware of, as seen from table 4.3

“Procurement officials are required not to disclose information to third party” had the highest level of awareness, with a mean of 4.056 and a standard deviation of 1.036. Schapper et al. (2006) agrees to the fact that procurement officers not to disclose confidential or proprietary information to any third party. The 2<sup>nd</sup> ranked ethical procurement practice was ‘Ethical procurement practices at AMA ensures value for money’ with a standard deviation of 0.646. The results further revealed that, ‘Procurement activities are advertised in media and journals’, ‘AMA has a policy on ethical procurement practices’, ‘Procurement officials reject any offer from suppliers as a form of gratuity in the conduct of their duties’ and ‘AMA adheres to higher standards of conduct by ensuring that conduct will be open to scrutiny’ were the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> ranked variable with a higher level of ethical procurement practices since the mean value is more than 3.5.

Procurement activities are advertised in media and journals which confirms Public Procurement Act (PPA) Act 663 (2003), Section 31. Also Glendinning (2008) believes that competitiveness in procurement is achieved through advertising of tenders, sourcing reviews, prequalification and the adoption of transparent procedures in the procurement systems. The last ethical procurement practices were ‘All procured goods and services meet the concept of value for money’, ‘AMA publishes and compiles code of conduct for procurement staff’ and ‘Procurement officials always notify unsuccessful tenderers/bidders of the evaluation results’ with a mean score less than 3.5.

**Table 4.3 Level of awareness of ethical procurement practices**

<b>Level of awareness of ethical procurement practices</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Rank</b>
Procurement officials are required not to disclose information to third party	4.0556	1.03553	1 <sup>st</sup>
Ethical procurement practices at AMA ensures value for money	3.8704	0.64563	2 <sup>nd</sup>
Procurement activities are advertised in media and journals	3.8519	0.68425	3 <sup>rd</sup>
AMA has a policy on ethical procurement practices	3.7778	0.81650	4 <sup>th</sup>
Procurement officials reject any offer from suppliers as a form of gratuity in the conduct of their duties	3.7593	0.88882	5 <sup>th</sup>
AMA adheres to higher standards of conduct by ensuring that conduct will be open to scrutiny	3.6852	0.54337	6 <sup>th</sup>
The suppliers/tenderers are required to sign a formal declaration before participating in any procurement process	3.6852	0.46880	7 <sup>th</sup>
AMA promotes professional development and support for its employees	3.5926	1.31060	8 <sup>th</sup>
All procured goods and services meet the concept of value for money	3.2778	1.36557	9 <sup>th</sup>
AMA publishes and compiles code of conduct for procurement staff	2.7778	1.42308	10 <sup>th</sup>
Procurement officials always notify unsuccessful tenderers/bidders of the evaluation results	2.5370	1.31340	11 <sup>th</sup>

**Source: Field Data**

#### 4.4 CHALLENGES IMPEDING THE IMPLEMENTATION OF ETHICAL PROCUREMENT PRACTICES

Following the literature review a number of challenges impeding the implementation of ethical procurement practices were identified. The respondents were asked to rate how significant these challenges are using the likert scale. Table 4.4 below shows the results of the analysis. It has already been stated that a criterion is deemed significant if it had a mean of 3.5 or more.

**Table 4.4 Challenges impeding the implementation of ethical procurement practices**

Challenges	Mean	Std. Deviation	Rank
Inadequate qualified procurement staff	4.0000	1.25893	1 <sup>st</sup>
Lack of top management supports for ethical procurement practices	3.9259	0.98770	2 <sup>nd</sup>
Inadequate controls and procedures for the handling of bids	3.6481	1.23101	3 <sup>rd</sup>
Lack of training on ethical procurement practices	3.5926	1.07315	4 <sup>th</sup>
Insufficient audit checks, control and evaluation	3.2778	0.94003	5 <sup>th</sup>
Employees are not motivated enough to adhere to procurement procedures	3.0741	0.90807	6 <sup>th</sup>
Interference from government and external agencies on ethical procurement practices	2.7593	0.72516	7 <sup>th</sup>

**Source: Field Data**

From the results presented in table 4.4 the highest ranking challenge is ‘Inadequate qualified procurement staff’, with a standard deviation of 1.259 and a mean of 4.000. This shows that this variable is a very significant challenge in the implementation of ethical procurement practices. Already Hunja (2003) indicated that, a significant lack of professional knowledge and expertise in the purchasing and contracting function at all levels in government procurement institutions is

one of the challenges in ethical procurement practices. The next highest rated challenge is lack of top management support for ethical procurement practices. This variable had a standard deviation of 0.988 and a mean of 3.926. Davies (2010) established that accumulative corruption occurs when top management do not support for effective implementation of ethical procurement practices.

Inadequate controls and procedures for the handling of bids and lack of training on ethical procurement practice are other major challenges to ethical procurement practices with a mean of 3.648 and 3.593 respectively (Table 4.4). Reilly and Kyi (1992) indicated that the ethical level of behaviour of procurement staff is mainly determined by the climate (environment) of the organization, top management, limited productive resources and lack of intellectual support in the organization. The least ranking variable is employees are not motivated enough to adhere to procurement procedures ethical procurement practices.

#### **4.5 MEASURES TO PROMOTE ETHICAL PROCUREMENT PRACTICES**

The next question explored measures to promote ethical procurement practices. From the review of literature measures were identified and the respondents to the survey were ask to rate the level of agreement with these measures to help improve ethical procurement practices. Eleven measures were identified. The respondents were allowed to add more measures. However none of the respondents added any other measures. The respondents did this on a five-point likert scale. From the results ten of the eleven measures to promote ethical procurement practices had a mean above 3.5 showing how significant the measures are ethical procurement practices. These measures include; proper documentation of all public procurement activities for complete audit trails to trace fraudulent procurement practices, strengthening the right of bidders to obtain redress when public entity breach the rules, criteria for the selection of suppliers should be set by

law or regulation and the procuring authority should be bound by those criteria, ambiguities and gaps in the rules leads to different interpretations requiring revisions and reviews and specification relating to the product are not to be burdensome and technical for suppliers to comply. The least rank measure is mechanisms of enforcement should not become a barrier so as to make the system insufficient, bureaucratic and costly.

From table 4.4 below, the highest ranked measure was tenderers, suppliers, contractors or consultants who attempt to influence procurement process should be sanction from government of Ghana contracts, which had a Std. deviation of 0.818 and a mean of 4.482. The next highest ranked measure was proper documentation of all public procurement activities for complete audit trails to trace fraudulent procurement practices. Already Kangogo and Kiptoo (2013) indicated that frequent independent procurement audits and rigorous monitoring to ensure compliance to the procurement code of conduct as a way of enhancing the ethical standards in public procurement. Strengthening the right of bidders to obtain redress when public entity breach the rules, criteria for the selection of suppliers should be set by law or regulation and the procuring authority should be bound by those criteria and ambiguities and gaps in the rules leads to different interpretations requiring revisions and reviews are the third, fourth and fifth ranked measures to promote ethical procurement practices with a mean of 4.333, 4.111 and 4.019 respectively confirms with the study of Falvey et al. (2007).

Other measures includes frequent independent procurement audits and rigorous monitoring for compliance with ethical procurement practices, officials suspected of non-adherence to the rules and regulations and found guilty should be suspended and dismissed and weak or inconsistent enforcement of the prevailing rules and regulations. As indicated by Hunja (2003) abuse of procurement systems arises largely due to weak or inconsistent enforcement of the prevailing

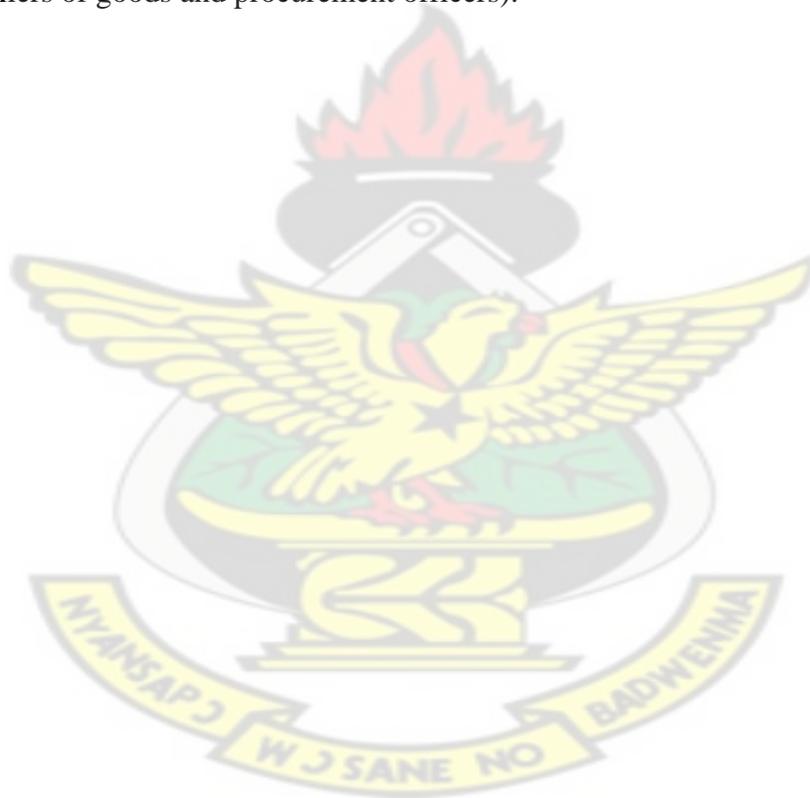
rules and regulations. The least rank measure was mechanisms of enforcement should not become a barrier so as to make the system insufficient, bureaucratic and costly with a mean value less than 3.5. Also a look at the highest ranked measures one can see that they border more on the commitment and involvement of top management and stakeholders in ethical procurement practices as confirm by (Sauberet al., 2008; Mahmood, 2010; ).

**Table 4.5 Measures to promote Ethical Procurement Practices**

Measures	Mean	Std. Deviation	Rank
Tenderers, suppliers, contractors or consultants who attempt to influence procurement process should be sanction from government of Ghana contracts.	4.4815	0.81821	1 <sup>st</sup>
Proper documentation of all public procurement activities for complete audit trails to trace fraudulent procurement practices	4.4259	0.68960	2 <sup>nd</sup>
Strengthening the right of bidders to obtain redress when public entity breach the rules	4.3333	0.54944	3 <sup>rd</sup>
Criteria for the selection of suppliers should be set by law or regulation and the procuring authority should be bound by those criteria	4.1111	0.74395	4 <sup>th</sup>
Ambiguities and gaps in the rules leads to different interpretations requiring revisions and reviews	4.0185	0.78885	5 <sup>th</sup>
Specification relating to the product are not to be burdensome and technical for suppliers to comply	3.9630	0.64319	6 <sup>th</sup>
Frequent independent procurement audits and monitoring for compliance with ethical procurement practices	3.8704	1.24455	7 <sup>th</sup>
Officials suspected of non-adherence to the rules and regulations and found guilty should be suspended and dismissed	3.8519	1.18811	8 <sup>th</sup>
Weak or inconsistent enforcement of the prevailing rules and regulations	3.5741	1.09203	9 <sup>th</sup>
Pre-disclose the selection criteria to bidders and to forbid the procurement entity to change them once the process has started	3.5370	1.09394	10 <sup>th</sup>
Mechanisms of enforcement should not become a barrier so as to make the system insufficient, bureaucratic and costly	3.4630	1.36966	11 <sup>th</sup>

#### 4.4 CHAPTER SUMMARY

This chapter was devoted to the analysis and discussions of the results obtained from the field survey. It began with a brief discussion of the survey questionnaires and descriptive statistics of the results obtained from the field. The chapter concluded with the mean score ranking of the challenges impeding the implementation of ethical procurement practices. Lastly, the factor analysis revealed main principal measures to promote ethical procurement practices, which shows a high level of agreement between the professional (accountants, budget, auditors, operations, suppliers of goods and procurement officers).



## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATIONS

#### 5.1 INTRODUCTION

This chapter presents the summary of findings, conclusion drawn from findings, recommendations and suggestions made for further research. The study sought to provide information on ethical procurement practices in Accra Metropolitan Assembly of Greater Accra Region. Three research questions were used to guide the study and they included assessing the level of awareness of ethical procurement practices in AMA, the challenges impeding the implementation of ethical procurement practices and identify measures to promote ethical procurement practices in Accra Metropolitan Assembly.

The study adopted the descriptive survey method by the use of questionnaires to collect from AMA personnel in Accra Metropolis. A sample size of 70 respondents was selected for the study through the use of simple random sampling techniques. Data gathered through the administration of questionnaires were analysed and presented with the help of percentages, graphs and frequency tables. :

#### 5.2 SUMMARY OF FINDINGS

##### **5.2.1 Research question 1: What is the level of awareness of ethical procurement practices in Accra Metropolitan Assembly?**

The results indicated that respondents had a higher level of awareness that “Procurement officials are required not to disclose information to third party”. This was ranked 1<sup>st</sup> with a mean of 4.056 and a standard. deviation of 1.036. According to World Bank (2003), developing countries including Ghana, public procurement accounts for 50 - 70% of the national budget

representing about 24% of total imports and makes up about 14% of the country's gross domestic product. Hence, ethical procurement best practice starts with the employees in procurement following an ethical code, which dictates their behaviour and actions while conducting business.

Further, the findings revealed that majority of the respondents were aware that ethical procurement ensures value for money. The findings of the study showed that majority of the respondents were aware that ethical procurement practices meet the concept of value for money as it is in line with the opinion of Adjei (2008). According to Adjei, it is the responsibility of a Public Procurement Board of Ghana to harmonize the processes of public procurement in the public service so as to secure a judicious, economic and efficient use of state resources in public procurement. According to R. Glendinning, (1988), the Concept of Value for Money (VFM) in everyday life is easily understood: not paying more for a good or service than its quality or availability justify. In relation to public spending it implies a concern with economy (cost minimization), efficiency (output maximisation) and effectiveness (full attainment of the intended results). But what values are realized by the activities of public sector organisations? Whose values are they and how are they to be measured? The practical conclusion is that policy makers must frame precise aims so that at least there are some criteria with which to compare results.

The findings indicated that majority of the respondents were not aware AMA publishes and compiles code of conduct for procurement practices for its staff as Ghana Government PPA Act 663 (2003), Section 32 which emphasizes that Procurement Board must publish and compile code of conduct for procurement activities. Thus, to ensure effective ethics in procurement the organization should publish and compile code of conduct for procurement practices for its staff

to assist the members in their areas of operations. The findings also indicate that majority of the respondents were not aware AMA Procurement officials always notify unsuccessful tenderers/bidders of the evaluation results.

### **5.2.2 Research question 2: What are the challenges impeding the implementation of ethical procurement practices in Accra Metropolitan Assembly?**

The following are the challenges identified;

1. Inadequate qualified procurement staff;
2. Lack of top management supports for ethical procurement practices;
3. Inadequate controls and procedures for the handling of bids;
4. Lack of training on ethical procurement practices;
5. Insufficient audit checks, control and evaluation;
6. Employees are not motivated enough to adhere to procurement procedures; and
7. Interference from government and external agencies on ethical procurement practices.

The results indicated that majority of the respondents agreed with the statement that inadequate qualified procurement staff was one of the challenges facing AMA in achieving successful ethical procurement practices. The findings of this study collaborates with Hunja (2003) assertion that a significant lack of professional knowledge and expertise in the purchasing and contracting function at all levels in government procurement institutions is one of the challenges in ethical procurement practices.

The findings revealed that majority of the respondents agreed with the statement that lack of top management support as confirms by Hunja (2003) as consistent weakness in ethical procurement practices.

The findings of the study indicated that employees are not motivated enough to adhere to ethical practices in the organization confirms earlier study by Schweitzer, Ordonez and Douma (2004). According to them, ethical standards in the Danish public sector established that unethical standards are a factor caused by people with specific unmet goals. Accordingly, Ogachi (2011) conducted a research in Kenya about the procurement profession and indicated that the procurement professionals' reward (pay) affected the extent to which they adhered to the ethical code of ethics. With better pay the public procurement professionals tended to observe the professional code of ethics.

The results showed that majority of the respondents agreed with the statement that interference from government and external agency is one of the impediments to ethical procurement practices at AMA which collaborates with the earlier research by Basheka and Tumutegyeize (2010) in Uganda that the environmental variables such as economic, political, organizational and social environment are statistically significant with regard to procurement corruption.

### **5.2.3 Research question 3: What are the measures to promote ethical procurement practices in Accra Metropolitan Assembly?**

The following are measures to promote ethical procurement practices:

1. Tenderers, suppliers, contractors or consultants who attempt to influence procurement process should be sanction from government of Ghana contracts.
2. Proper documentation of all public procurement activities for complete audit trails to trace fraudulent procurement practices
3. Strengthening the right of bidders to obtain redress when public entity breach the rules
4. Criteria for the selection of suppliers should be set by law or regulation and the procuring authority should be bound by those criteria

5. Ambiguities and gaps in the rules leads to different interpretations requiring revisions and reviews
6. Specification relating to the product are not to be burdensome and technical for suppliers to comply
7. Frequent independent procurement audits and monitoring for compliance with ethical procurement practices
8. Officials suspected of non-adherence to the rules and regulations and found guilty should be suspended and dismissed
9. Weak or inconsistent enforcement of the prevailing rules and regulations
10. Pre-disclose the selection criteria to bidders and to forbid the procurement entity to change them once the process has started
11. Mechanisms of enforcement should not become a barrier so as to make the system insufficient, bureaucratic and costly

The first ranked measure to promote ethical procurement practices was tenderers, suppliers, contractors or consultants who attempt to influence procurement process should be sanctioned from government of Ghana contracts tenderers.

The findings of the study showed that majority of the respondents averred that Proper documentation of all public procurement activities for complete audit trails to trace fraudulent procurement practices AMA promotes professional development and support for its employees. According to Adjei (2008), procurement professionalism refers to the vocation whereby educated, experienced and responsible procurement officers make informed decisions regarding procurement of works, goods and services. Therefore, it is in recognition of this fact that one important object of the Public Procurement Board is to promote professionalism in procurement

and provide the professional development to support for individuals and MDAs engaged in public procurement.

The majority of respondents agreed that frequent professional development and education on ethical procurement can promote ethical procurement practices at AMA supports the views of Sauberet al., (2008) that public entities should put in place training and educational development to equip the procurement officials with new and higher-level skills which have consequently become urgent as procurement activities have become complex.

The result of the study reviewed that Mechanisms of enforcement should not become a barrier so as to make the system insufficient, bureaucratic and costly was less ranked measures in promoting ethical procurement practices.

### **5.3 RECOMMENDATIONS**

The following recommendations are proposed for management, stakeholders and policy makers.

- Improvement and training supports of procurement officials would go a long way to enhance their effectiveness and efficiency in their work. Furthermore, improvement in ethical procurement practices should be seen as a teamwork rather than individualization.
- It is also recommended that ethical procurement practices should be consistently evaluated and audit performance of professionals so as to ensure procurement activities are in compliance with the law and regulation of procurement.
- Documents on ethical procurement practices should be made available to all the procurement officials as well as all officials who are directly involved in procurement activities to ensure compliance with ethical practices of the organization.

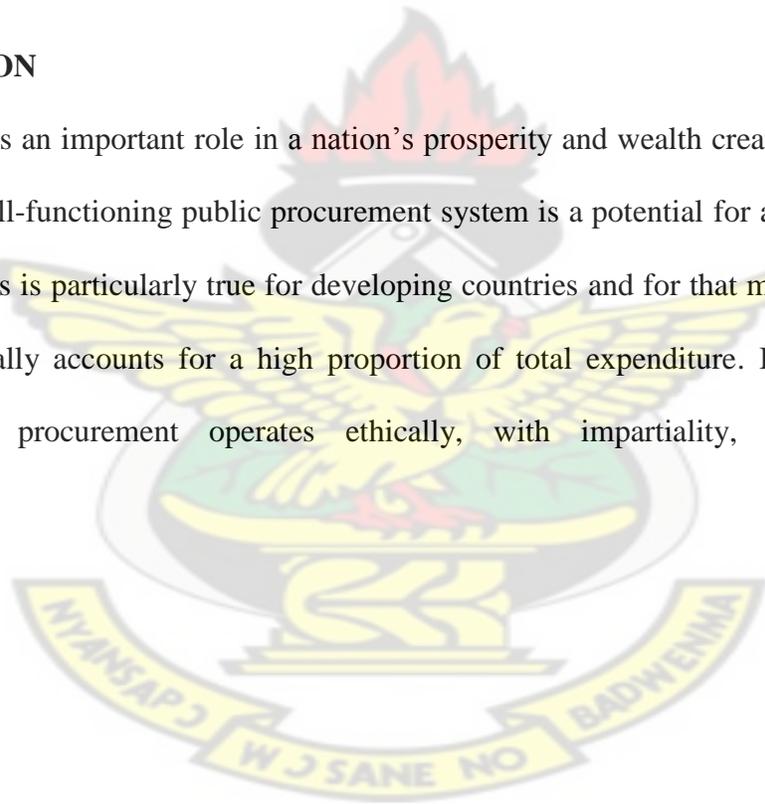
- The right of bidders should be strengthened in order to obtain redress when public entities breach the rules.
- Tenderers, suppliers, contractors or consultants who attempt to influence procurement processes should be sanctioned by the Public Procurement Authority.

#### **5.4 Suggestion for further Study**

Further research should be undertaken on the challenges facing the enforcement of ethical procurement practices in all public organization in Ghana

#### **5.5 CONCLUSION**

Procurement plays an important role in a nation's prosperity and wealth creation. Consequently, the need for a well-functioning public procurement system is a potential for accelerated national development. This is particularly true for developing countries and for that matter Ghana, where procurement usually accounts for a high proportion of total expenditure. In this regard, it is imperative that procurement operates ethically, with impartiality, transparency, and professionalism.



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