

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI**

**INSTITUTE OF DISTANCE LEARNING**

**DEPARTMENT OF SUPPLY CHAIN AND INFORMATION SYSTEMS**

**AN INVESTIGATION INTO THE EFFECT OF EFFECTIVE PROCUREMENT  
MANAGEMENT ON THE PERFORMANCE OF CHRISTIAN HEALTH  
ASSOCIATION OF GHANA (CHAG) FACILITIES**

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## DECLARATION

I hereby declare that this thesis is the result of my original work towards the MSc in Procurement and Supply Chain Management and that, to the best of my knowledge, it neither contains materials published by another person, nor materials which have been accepted for the award of any other degree of the University, except where due acknowledgements have been made in the text.

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## **DEDICATION**

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I dedicate this thesis to God and my family and friends.



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I am grateful to Prof. De-Graft Owusu-Manu, my supervisor, for all the guidance, support, instruction, and invaluable feedback he provided me throughout my research and thesis writing.

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## **ABSTRACT**

Although there has been an increase in scholarly interest in private procurement over the past two decades, research output in this developing discipline is still relatively modest when compared to comparable research conducted in the private sector. The purpose of this study is to investigate the

extent to effective procurement of goods and services by CHAG facilities helps improve overall organisational performance. The sample of the study constituted Christian Health Association of Ghana (CHAG) facilities staffs whose job functions relates to the procurement function. The researcher selected about 60 respondents based on their willingness and availability as well as their knowledge of the subject matter of the study. Out of the questionnaires administered, fifty (50) questionnaires were retrieved representing 83.3% response rate. This was as a result of the sampling techniques adopted for the study. The findings revealed that the extent of procurement management practices is high at Christian health facilities in the Volta region. Also, it was revealed that staff of Christian health facilities partly attribute their performance to their effective procurement management practices. It could be seen that direct effect of effective procurement management practices on performance. This implies that effective procurement management practices to a great extent contribute to performance at Christian health facilities in the Volta region. It was therefore recommended that Christian Health Association of Ghana facilities should establish a procurement structure and reforms which should be managed by qualified procurement experts to ensure that procurement process is done. They should also recruit and engage eligible staff who have the requisite knowhow and are familiar with the procurement processes with their job descriptions clearly defined in their respective designations and adopt electronically-based procurement system to make their procurement process effective.

**Keywords:** Procurement; Health facilities; Performance; Effective;

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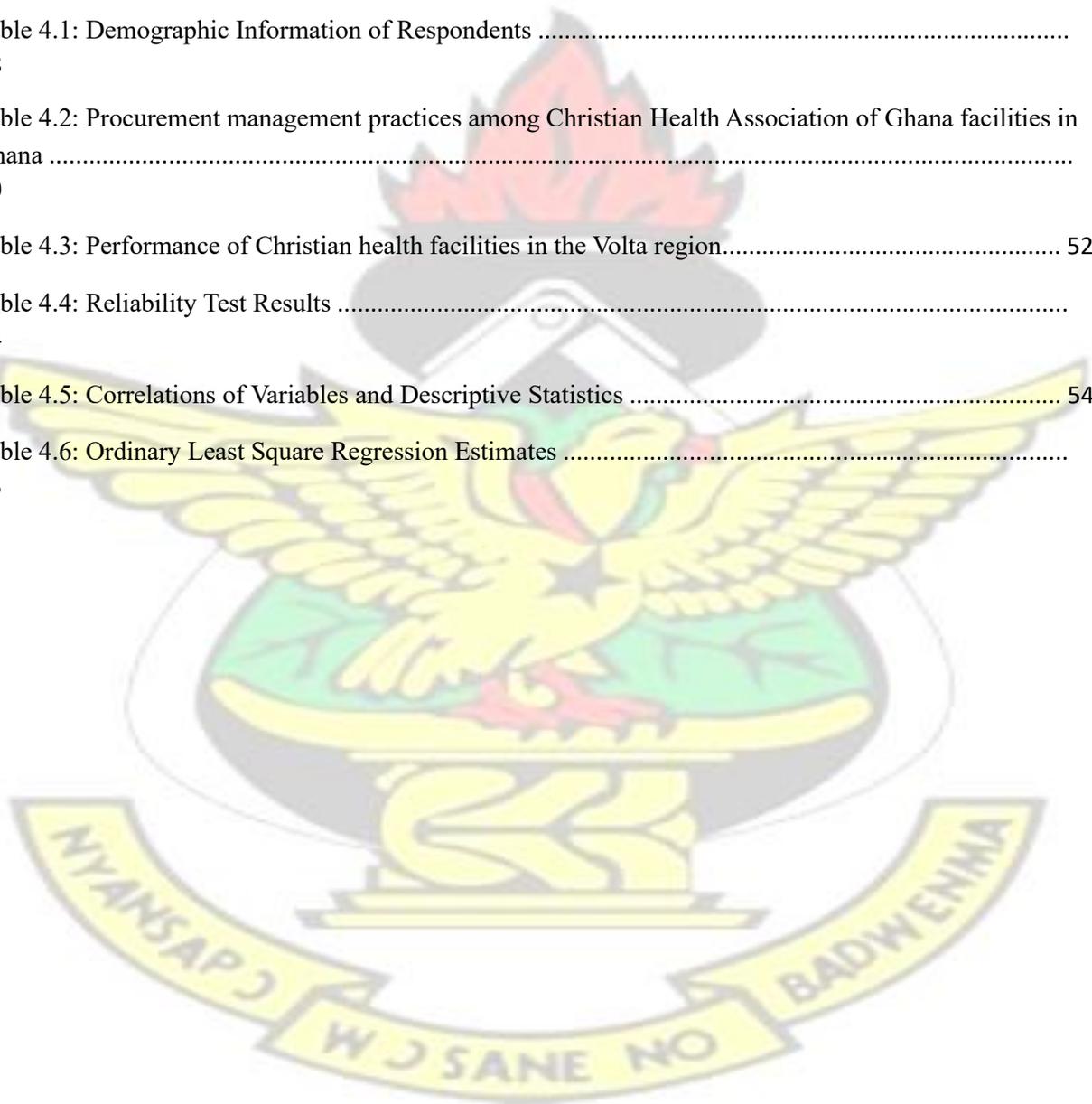
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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Procurement refers to the systematic acquisition of goods, works, and services, and it has significant importance within the service delivery system of governments (Kohler & Dimancesco, 2020). The procurement function plays a pivotal role in the provision of services and the functioning of several companies globally (Roberts and Hamilton Edwards, 2023). Knight et al. (2012) provide a comprehensive description of the procurement process, which involves the management of various business activities and relationships within an organisation. This includes interactions with immediate suppliers, as well as first and second-tier suppliers and customers along the supply chain. Additionally, the procurement process encompasses the coordination of activities and relationships with the entire supply chain.

It is imperative for the government to ensure the efficient provision of products and services to the people (Tweneboah Senzu and Ndebugri, 2017; Uyarra and Flanagan, 2009). In a similar vein, it is imperative for the private sector to exercise prudence in their procurement decisions in order to enhance the overall performance of their organisations. In order to achieve this objective, it is imperative to have efficient procurement management in place. The application of procurement is essential for all goods and services intended for the general public (Roodhooft and Abbeele, 2006). The dominance of the private sector in the commercial world is evident. These enterprises offer the general population with commodities and services that they acquire through the process of procurement (Tweneboah Senzu and Ndebugri, 2017; Uyarra and Flanagan, 2009).

The method by which firms acquire goods and services in order to fulfil organisational goals and objectives is commonly known as effective procurement. The spectrum of products and services include a variety of items, including high-quality supplies such as stationery and office supplies, as well as more complex expenditures like infrastructure development and the provision of important services to residents (Roodhooft and Abbeele, 2006). The role of procurement has significant importance, leading most governments to establish regulatory and legislative frameworks that oversee the operational efficiency of firms.

Procurement plays a vital role in facilitating the private sector's attainment of its core objectives and equipping it to navigate the unpredictable landscape of the future. According to Thai (2009), purchasers are required to manage market dynamics, the legal system, and the political context. The African private sector has encountered challenges pertaining to ineffective service delivery and poverty. Public procurement accounts for approximately 24% of the total volume of imported goods and services entering Ghana, excluding personal remuneration. According to Adjei (2005), the nation allocates around 50 to 70 percent of its budget and 14 percent of its Gross Domestic Product (GDP) towards public expenditures. As to the World Bank's report (2003a), the nation allocates around 14% of its gross domestic product (GDP), equivalent to an annual expenditure of \$600 million, on the procurement of goods, services, and consultancy (World Bank, 2003a). The predominant portion of these funds was allocated towards the many projects undertaken by several governmental departments, agencies, and ministries. Additional public entities that have derived advantages from this initiative encompass public healthcare facilities, state-run tertiary education institutions, and public primary and secondary schools, as their operations necessitate the procurement of various services, commodities, technical expertise, and consultancy services.

Despite the growing scholarly attention towards private procurement in recent years, the research output in this emerging field remains relatively limited in comparison to similar research conducted in the private sector (Harland et al., 2019; Roman, 2017; Walker and Brammer, 2012). The problem of insufficient private sector procurement research is particularly severe in poor countries (Lund-Thomsen and Costa, 2011; McMurray et al., 2014). The procurement process is subject to a complicated interplay of problems. Corruption is a pervasive and significant issue that plagues various systems, necessitating comprehensive and concerted measures to address it effectively. The implementation of suitable measures is of utmost importance in order to address and mitigate this regrettable circumstance. The primary objective of this research is to examine the impact of efficient procurement practises on the overall performance of CHAG facilities in terms of acquiring goods and services. Hence, the researcher found it imperative to do a study that examines the correlation between efficient procurement management and organisational performance within a representative private sector health institution in Ghana. The study specifically focuses on CHAG facilities as a case study. The investigation would have both theoretical and practical ramifications.

## **1.2 Statement of the Problem**

Procurement in Ghana is a substantial undertaking that generates considerable financial resources and is regarded as a constituent of a wider reform endeavour aiming at improving public financial management (Tweneboah Senzu and Ndebugri, 2017). The primary objective of Ghana's procurement system is to establish a coordinated approach for the acquisition of products and services by public institutions, with the aim of ensuring the prudent, cost-effective, and efficient utilisation of public resources. Furthermore, it is imperative to guarantee that transactions are executed with integrity, transparency, and neutrality, hence promoting a climate of competitiveness among domestic enterprises.

The efficacy of the procurement system and its functioning is influenced by several factors. The concerns encompass several factors, such as the scarcity of skilled personnel in companies facing procurement challenges, particularly those necessitating specialised knowledge, limited career advancement opportunities for employees, and inadequate contract management (World Bank, 2003). The imperative to maintain the efficacy and cost-efficiency of the procurement process arises from its substantial economic and political ramifications. In order to facilitate the efficient execution of the procurement process, it is imperative that all key stakeholders possess a comprehensive understanding of its underlying concepts.

Nevertheless, the procurement process frequently involves the utilisation of deceit, incompetence, and bribery, particularly inside governmental organisations (Nyakundi et al., 2012). However, it is difficult to determine the same from private sector organisations due to the scarcity of empirical research on the subject area in Ghana. The present thesis selects the Christian Health Association of Ghana (CHAG) facilities as a subject of investigation, as prior studies have not specifically examined the factors that impact procurement performance within the private sector of Ghana. The researcher was driven by this impetus to undertake this inquiry, address the lacuna in knowledge, and contribute to the existing corpus of literature.

The principal rules governing public sector procurement in Ghana (2016) are the Procurement Act, Act 663 (2003) and the Procurement Amendment Act, Act 914. However, it is important to note that the private sector procurement process still lacks a comprehensive governing structure.

This study aims to assess the potential of good procurement management in enhancing the organisational performance of Christian Health Association of Ghana (CHAG) facilities, which are private sector health institutions operating in Ghana.

### **1.3 Objectives of the Study**

The general objective of the study is to investigate the relationship between effective procurement management and organisational performance of Christian Health Association of Ghana (CHAG) facilities. However, specifically, the study seeks;

1. To investigate the extent of usage of effective procurement management of Christian Health Association of Ghana (CHAG) facilities.
2. To examine the effect of effective procurement management on organisational performance of Christian Health Association of Ghana (CHAG) facilities.
3. To suggest efficient and effective procurement management practices to improve overall organisational performance at Christian Health Association of Ghana (CHAG) facilities.

### **1.4 Research Questions**

The study would be guided by the following research questions:

1. What is the extent of usage of effective procurement management of Christian Health Association of Ghana (CHAG) facilities?
2. What is the effect of effective procurement management on organisational performance of Christian Health Association of Ghana (CHAG) facilities?
3. What could be the efficient and effective procurement management practices to improve overall organisational performance at Christian Health Association of Ghana (CHAG) facilities?

## 1.5 Justification of the Study

The significance of research originality cannot be overstated. The anticipated outcomes of the study are likely to make a significant contribution to several stakeholders. The main objective of this study would be to offer valuable insights into a topic that seems to be overlooked by academics in Ghana. This research aims to contribute to the existing body of knowledge and give a foundation for further investigation by other researchers. One subject of great interest among practitioners is to the many elements that exert impact on the adoption and acceptance of efficient procurement management.

The prudent administration of procurement has been acknowledged as a crucial element to be taken into account while enhancing an organization's internal financial control systems. Due to this rationale, consecutive entities have implemented suitable technology, enabling them to initiate the use of efficient procurement management.

Procurement management is widely seen as a fundamental component in promoting transparency, accountability, and efficiency in the attainment of organisational goals and objectives inside organisations. This study is also significant considering the fact that good procurement management may contribute to the attainment of corporate goals and objectives. This study aims to give comprehensive insights on the preparedness of private sector institutions to enhance their performance.

This study aims to provide private sector organisations under investigation with insights into the perceptions of key individuals about successful procurement management practises and their impact on organisational performance.

## **1.6 Overview of Methodology**

The study employed a case study and descriptive research designs. It also adopts the quantitative approach to collect and analyse data. The primary source of data was collected from staff of the Christian Health Association of Ghana (CHAG) facilities whose job functions relates to procurement activities including staffs of procurement units, finance and stores. Out of this population, the study would sample about 60 of them and administer questionnaires to them taking into consideration a fair representation of staffs of all the departments/units in the institution. Data collected was analyzed quantitatively by descriptive statistical tools (means, standard deviations and standard errors) provided by Statistical Package for Social Science (SPSS) software Version 25. The results were presented and discussed in line with the objectives of the study.

## **1.7 Scope of the Study**

This study was limited to investigating the effect of effective procurement management on the performance of Christian Health Association of Ghana (CHAG) facilities in Ghana. The research work would concentrate on staff of the Christian Health Association of Ghana (CHAG) facilities whose job functions relates to procurement activities including staffs of procurement units, finance and stores. Geographically, the study would focus on the facilities in the Volta region of Ghana. In relation to the research variables, the study focused on effective procurement management as the independent variable and organisational performance as dependent variable in which both would be uni-dimensional variables.

## **1.8 Limitations of the Study**

Despite the existence of several studies examining the relationship between good procurement management and organisational success, there is a dearth of research specifically focused on the

public tertiary educational sector in Ghana. Furthermore, this study was subjected to significant restrictions in terms of resource constraints, namely pertaining to time and resources. These limits may impede the researcher's ability to perform comprehensive research including all tertiary institutions in Ghana. The selection of a case study institution is motivated by this rationale. Moreover, the researcher may have challenges in scheduling visits and experience delays in completing the research due to the demanding schedules of the key informant groups. The research is constrained by a limited time frame and a scarcity of resources, particularly financial resources. Despite these limitations, the findings of this study are likely to stimulate intellectual inquiry and can serve as a foundation for further comprehensive and analytical investigations into the subject matter in subsequent research endeavours.

### **1.9 Organisation of the Study**

The present work was structured into five distinct chapters. In Chapter One, the lengthy essay provides an overview of the investigation, defines the topic, establishes research objectives and questions, highlights the relevance of the study, outlines the scope of the research, presents the methodology employed, and acknowledges the limits of the study. Chapter Two provides a comprehensive literature review pertaining to the successful management of procurement and its impact on organisational performance. Additionally, it introduces the theoretical framework that underpins the subsequent analysis. Chapter Three provides an overview of the research technique employed in this study. This chapter provides a comprehensive overview of the organization's profile. In Chapter Four, this section will provide an analysis of the data, present the conclusions, and engage in debates. Chapter Five provides a comprehensive overview of the research findings, culminating in a concise synthesis, a well-grounded conclusion, and practical recommendations for both theoretical and practical applications.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter presents the literature and theoretical review for the study. Basically, this chapter is based on views of different researchers conceptualized by the researcher to get a directed path for this research. The chapter also covers the conceptual framework for the study.

#### **2.2 Conceptual Review**

##### **2.2.1 The Concept of Procurement Management**

The definition of the concept of procurement management has exhibited a range of perspectives, reflecting the diverse viewpoints of several experts within the discipline. According to Harland (2011), the procurement process involves the management of internal business activities and relationships within an organisation. This includes interactions with direct suppliers, as well as first and second-tier suppliers and customers throughout the supply chain. Additionally, the procurement process encompasses the management of relationships with the whole supply chain. Scott and Westbrook (2001) provide a description of procurement as a comprehensive process that connects many components of production and supply, starting from the acquisition of raw materials and extending to the final consumer. This process spans several organisational boundaries. According to this given definition, procurement comprises the complete value chain and encompasses the management of materials and supplies across the full lifecycle, starting from the extraction of raw materials and extending to their eventual disposal.

Other scholars have regarded procurement practises as akin to supply chain management practises, which encompass a series of activities undertaken by an organisation to facilitate efficient

management of its supply chain (Koh et al., 2007). These practises involve the integration, management, and coordination of supply, demand, and relationships to effectively satisfy clients (Wong et al., 2005). They can also be viewed as tangible activities or technologies that play a significant role in fostering collaboration between a focal firm and its suppliers and/or clients (Vaart and Donk, 2008). Furthermore, they encompass an approach that seeks to involve suppliers in decision-making processes, promote information sharing, and explore novel avenues for integrating upstream activities. Consequently, this entails the cultivation of client relationships through the utilisation of consumer input, with the aim of integrating downstream operations and facilitating the direct delivery of orders to customers (Chow et al., 2008). Procurement practises, as a general objective, strive to enhance the delivery of value to consumers. This is achieved by the implementation of a just-in-time system, the elimination of waste, the active engagement of all stakeholders in the value creation process, and the establishment of close working relationships with suppliers. Ireland and Webb (2007) assert that organisations are increasingly adopting procurement practises as a means of establishing and maintaining a competitive edge. They highlight the rationale for this shift, emphasising the potential advantages associated with effective procurement management. Procurement is associated with several advantages, namely inventory reduction, enhanced delivery service, and shortened product development cycles. The researchers further noted that the primary goals of supply chain management encompass prioritising the fulfilment of end consumers, formulating and executing strategies centred around acquiring and maintaining end-customer business, and effectively and efficiently managing the entirety of the supply chain.

Mehta (2004) posits that the impetus behind procurement activities may be attributed to two primary factors: external pressures and the possible advantages derived from the alignment of the

supply chain with strategic objectives. The adoption of an efficient supply chain is driven by various external factors, such as technological advancements and growing customer demand on a global scale. Additionally, organisations are compelled to balance the challenge of reducing costs while simultaneously catering to diverse customer requirements. Furthermore, intensified competition in the market is prompting firms to leverage collaborative relationships with vertically aligned partners. The aforementioned forces have initiated a change in the attention of individual enterprises, as they compete for market position and influence, towards supply networks. The second primary motivating factor involves the potential advantages derived from effective collaboration throughout the supply chain. Organisations who have implemented an efficient supply chain management (SCM) have observed enhanced inventory turnover, higher income, and cost savings throughout the chain as a result of this collaboration.

Procurement facilitates the acquisition of products and services by purchasers via the use of many mechanisms and formats. For example, the utilisation of online tendering or e-tendering facilitates the submission of contract bids using digital platforms, hence promoting more engagement and involvement among potential providers. The potential of e-procurement has been verified by several studies (Turban et al., 2000) and has garnered interest from public sector entities at various levels, including local, national, and worldwide. Primarily, governments perceive procurement as a favourable avenue for enhancing and optimising efficiency in the procurement processes of public sector entities. The aforementioned methods are subject to stringent regulations, encompassing precise guidelines pertaining to the advertisement of procurement requirements, the issuance of invitations to tender, and the process of contract allocation. As aptly emphasised by Kierkegaard (2006), the principles that can serve as guiding factors for government procurement procedures encompass three key aspects. Firstly, it is imperative that all interested parties across

member states are afforded an equitable opportunity to submit tenders. Secondly, it is crucial that all inquiries are treated impartially, thereby eradicating any form of discrimination based on the contractor's nationality or the origin of the goods/services. Lastly, the tendering and award processes must incorporate the application of objective criteria.

### **2.2.2 Procurement Practices**

Procurement practises refer to the managerial activities implemented to enhance the performance of the integrated supply chain. Li et al. (2006) identified many procurement practises, including customer orientation, strategic supplier relationship, amount of information sharing, quality of information sharing, reverse logistics, and knowledge management.

Public sector procurement primarily consists of acquisitions made by government entities or organisations that are owned or controlled by the state. Public procurement encompasses the supply chains and multi-level networks within the public sector, which may be evaluated at several levels such as the central, provincial, district, and local authority levels. The distinction among these tiers of procurement often hinged upon factors such as value, volume, and the yearly acquisition of goods and services (Ellinger, 2006). Furthermore, the procurement activities within the public sector primarily prioritise certain domains. The variation in standardisation and regulation exists across different sectors and industrial sectors, however they are governed by a same regulatory authority. In Kenya, the regulation of all public procurements is overseen by the Public Procurement Oversight Authority (PPOA).

Ochieng and Muehle (2012) assert that the Public Procurement System in Kenya has undergone a transformation from an unregulated and rudimentary system to a well-structured and legally governed procurement system. The first framework for the Government's Procurement system was

established in the Supplies Manual of 1978. The individual holding the position of Director of Government Supply Services was entrusted with the responsibility of ensuring the appropriate adherence to the regulations outlined in the Manual (PPOA 2010). The aforementioned reform initiatives were implemented with the objective of enhancing accountability and transparency in the public procurement system. The primary goal was to achieve value for money and stimulate investments by fostering a favourable business environment and promoting competition among suppliers of goods, works, and services. These efforts aimed to rebuild public trust in the procurement process in Kenya and ensure that the government obtains the most advantageous outcomes for its financial resources (PPOA, 2007). As a result, the establishment of the Public Procurement Oversight Authority (PPOA) was undertaken in order to supervise the public procurement system. The primary responsibilities of the PPOA include guaranteeing adherence to the public procurement legislation and enhancing the competence of stakeholders involved in the process (PPOA, 2010).

#### **2.2.2.1 Customer Orientation**

According to Chong and Ooi (2008), the focus of procurement practises is in collaborating with external entities, specifically consumers and suppliers. They argue that establishing a strategic relationship among the parties in the supply chain is necessary. For example, the key variables in the implementation of supply chain standards like Rosetta Net standards include strategic partnerships and the involvement of supply chain members. Sourcing decisions play a crucial role in the procurement process. The selection of suppliers and the effective integration of firms to acquire appropriate complementary talents are crucial practises for every company entity. In a study conducted by Narasimhan and Jayaram (2008), it was discovered that the implementation of

strategic sourcing initiatives has a positive impact on supply chain performance. Through an analysis of various sourcing decisions, the researchers observed a strong correlation between strategic sourcing decisions and the achievement of manufacturing goals. This study involved a sample of 215 manufacturers located in North America. Furthermore, the establishment of strategic supplier partnerships is a crucial component of the secondary architecture of supply chain management, as stated by Li et al. (2006). According to Kocabasoglu and Suresh (2006), the key components that characterise strategic sourcing include the positioning of supply management within the organisational structure, effective coordination between supply management and other functions within the firm, proactive sharing of information with suppliers, and the implementation of comprehensive supplier development initiatives.

The collaboration between suppliers and retailers, who possess distinct areas of expertise, can provide novel knowledge that has the potential to enhance business understanding. Enhanced ties between merchants and their suppliers have been found to positively impact the likelihood of new product adoption (Kaufman, 2002). Retailers face inherent risks when deciding to stock untested items on their shelves. The hazards manifest in several forms. The reputation of the retailer is at risk in the event of poor product performance, perhaps leading consumers to attribute responsibility to the store for the sale of inferior goods. Furthermore, there is a constraint on the amount of shelf-space available for untested new items. Hence, retailers have a higher inclination to carry novel, unproven merchandise from suppliers with whom they have cultivated intimate and enduring partnerships.

### 2.2.2.2 Strategic Supplier Partnership

The selection of suppliers and the successful integration of enterprises to acquire appropriate complementary skills are significant concerns. Strategic sourcing encompasses two key components: strategic outsourcing and supplier capabilities analysis. Furthermore, the establishment of strategic supplier partnerships is a crucial component of the second-order construct of supply chain management, as discussed by Li et al. (2006). According to Kocabasoglu and Suresh (2006), the key components of strategic sourcing encompass the following: the placement of supply management within the hierarchical structure of the organisation, the internal integration of supply management with other functional areas within the firm, the proactive exchange of information with suppliers, and the implementation of comprehensive supplier development initiatives.

Within the realm of retail category management, it has been observed that strategic sourcing plays a significant role in shaping the process of knowledge generation and sharing between suppliers and retailers (Dewsnap and Hart, 2004). The collaboration between suppliers and retailers, who possess expertise in distinct sectors, can provide novel information that has the potential to enhance business acumen. Enhanced ties between merchants and their suppliers have been found to positively influence the likelihood of new product adoption (Kaufman, 2002). Retailers face inherent risks when deciding to stock untested items on their shelves. The hazards manifest in several forms. The reputation of the retailer is at risk in the event of poor product performance, perhaps leading consumers to attribute responsibility to the store for the sale of inferior goods.

### 2.2.2.3 Information Sharing

The concept of information sharing pertains to the degree to which confidential information is disseminated across the supply chain. Several studies have been conducted to investigate the significance of information sharing within the supply chain. The researchers have mostly attempted to quantify the advantages of information sharing through the utilisation of simulation methodologies. The exchange of promotional information between merchants and manufacturers might prove to be quite advantageous. Promotional activities have the potential to cause disruptions throughout the supply chain. A promotional strategy implemented at the retail level has the potential to artificially augment consumer demand for a limited duration. In the absence of shared information on the campaign, the manufacturer may find themselves ill-equipped or lacking in readiness. The retailer's inventory may be insufficient to meet the increased demand resulting from the offer.

One notable area of study pertains to the observation that the significance of information sharing is notably elevated in instances where demand exhibits autocorrelation (Hamister and Suresh, 2008). The presence of autocorrelated demand has been identified as a significant factor in the early season signal for a product that exhibits seasonal patterns. This finding has been established by Fisher and Raman (1996) and holds practical implications. The act of providing information to the retailer at an early stage in the selling season might enhance the manufacturer's ability to assist the store and prevent expensive inventory blunders. In practical application, it has been observed that the use of point-of-sale (POS) technology and sharing mechanisms like Vendor Managed Inventory (VMI) exhibit some limitations, necessitating the inclusion of a study of real-time order

patterns (Smaros et al., 2003). The extent of information exchanged is contingent upon the nature of the business affiliation.

#### **2.2.2.4 Adoption of Information Technology**

The emergence of the internet and electronic communication has facilitated enhanced responsiveness of corporations towards their clients in comparison to previous eras. According to Sanchez and Peres (2003), firms that have extensive experience with electronic resource planning (ERP) are more likely to achieve greater benefits. Additionally, organisations that adopt electronic data interchange (EDI) tend to perceive more operational benefits, experience more external pressures and mutual understanding, and encounter fewer technical and organisational challenges compared to those that do not adopt EDI.

Practises pertaining to the exchange of information, such as vendor-managed inventory (VMI), provide manufacturers with enhanced accuracy in terms of data, including client sales data, compared to previous methods. In their study, Smaros et al. (2004) employed discrete-event simulation to investigate the integration of conventional order data from VMI customers into a manufacturer's production and inventory management system, and assessed the resulting effects on the manufacturer's operational control. The researchers discovered that, even in the case of items with consistent demand, enhancing the level of demand awareness can lead to enhanced efficiency in production and inventory control. The significance of product visibility is heavily contingent upon the replenishment schedule of the target items and the planning cycle implemented by the manufacturer.

### 2.2.2.5 Reverse Logistics

The concept of reverse logistics encompasses the proficient and optimal handling of a sequence of tasks necessary for the retrieval of a product from a client, with the ultimate goal of either disposing of it or extracting value from it (Defee et al., 2009). According to Rogers and TibbenLembke (1999, p. 2), the reverse supply chain can be defined as the systematic management of the flow of inventory, finished goods, and associated information from the point of consumption back to the point of origin. This process aims to efficiently and cost-effectively recapture or generate value, or to ensure proper disposal of these goods.

The need of maintaining a strong level of control has been widely acknowledged as a critical element within the field of supply chain management (SCM). According to Sanderlands (1994), the initial stage in supply chain management (SCM) involves implementing a framework and establishing a systematic approach to the supply process. This entails refining processes and assuming authority over all operations within the supply chain. One crucial approach to establishing organisation is through formalising logistical operations. The exponential increase in the quantity of returns frequently surpasses enterprises' capacity to effectively handle the influx of undesirable products being returned from the market. The intricate procedures and stages necessary for the establishment of a Research and Development Service Centre (RSC) sometimes deter enterprises from embarking on this endeavour. Mollenkopf et al. (2007) delineated a number of processes inherent in the resource-based view (RBV) framework that served as deterrents for the majority of organisations in their pursuit of the resource-based strategy (RSC). The specified operations encompassed in this framework are as follows: initiation of returns, determination of routing, receipt of returns, selection of disposal, crediting the customer, and analysis of performance.

## 2.2.2.6 Knowledge Management

The presence of intense global rivalry and the rapid pace of technical advancements, particularly in the fields of information and communication technologies and the internet, have transformed competitiveness into a knowledge-based phenomenon. As a result, these factors have had a significant impact on supply chain management (SCM) practises inside organisations (Lang, 2001). Enhancing the focus on knowledge management within an organisational plan might potentially enhance the ability of supply managers to effectively navigate and address uncertainties. The implementation of internal knowledge management systems within organisations has been shown to provide a robust foundation for the use of tacit learning. In contrast, external knowledge management serves to enhance collaboration among value chain participants and contributes to the overall value of the product by improving its quality and influencing customer perceptions of brand platforms. According to Koh and Tan (2006), the authors argue that knowledge management alone is insufficient in effectively managing a supply network in an unpredictable environment. Therefore, they propose the necessity for a new methodology. The authors established a connection between the influence of organisational structure on the processes of knowledge transmission and utilisation within various participating roles, as viewed through the lens of systems theory. Information sharing practises, such as the use of vendor-managed inventory, have provided manufacturers with improved access to precise demand information, including customer sales data, compared to previous methods.

## 2.2.2.7 Purchasing Ethics

Ensuring the public procurement function is carried out with integrity, openness, and responsibility is of utmost significance, as it guarantees optimal utilisation of public funds (Telgen, 2007). The principle of probity necessitates that the procurement process be carried out in a manner that upholds ethical standards, honesty, and fairness towards all involved parties. Transparency and accountability need the establishment of a clearly evident and unbiased foundation for decision-making, as well as the imposition of responsibility on the purchaser for the execution of the procurement process. Contracting authorities are required to demonstrate cost-effectiveness and resource efficiency, while maintaining the utmost standards of honesty. Contracting authorities should prioritise the implementation of effective purchasing practises and establish procedures to guarantee compliance with relevant rules, particularly in cases where there is a substantial procurement role. According to the study conducted by Saeed et al. in 2005, According to Badenhorst (1994), there is a lack of complete involvement of buying departments in strategic decision-making inside organisations, resulting in the appointment of incompetent individuals to oversee this role. The impact of organisational culture on ethical standards in procurement is seen in the notion that individuals lacking sufficient training may not be capable of upholding the desired high ethical standards. According to Saeed et al. (2005), the presence of deficient record-keeping practises and insufficient control mechanisms inside the buying department creates a situation where unethical conduct and fraudulent activities are bound to occur. Thai (2001) posits that the procurement system is subject to the effects of both culture and technology. In a cultural

context where the act of presenting gifts is a prevalent practise in the realm of public relations, discerning between the act of offering presents and engaging in bribery becomes a challenging endeavour (Thai, 2001). According to the OECD (2007), process-based organisational culture is identified as a contributing factor to unethical standards. As a result, the OECD suggests the adoption of knowledge-based procurement procedures as a recommended approach. According to Badenhorst (1994), the public procurement environment has the potential to foster a climate that is favourable to unethical conduct. The presence of ambiguous ethical guidelines within a setting might potentially foster the development of unethical conduct. According to Reilly and Kyi (1992), the ethical behaviour exhibited by procurement employees is primarily influenced by factors such as the organisational environment, top management, inadequate productive resources, and a lack of intellectual support inside the organisation. In his work, Thai (2001) provides an overview of the many environmental elements that influence ethical standards in procurement. These aspects encompass the internal environment, legal environment, political environment, and socio-economic settings.

### **2.2.3 Organizational Performance**

The concept of organisational performance pertains to the extent to which an organisation effectively attains its market-oriented objectives and financial targets (Jensen & Meckling, 2006). According to Hassanzadeh and Jafarian (2010), the primary short-term aims of supply chain management (SCM) are to enhance productivity and minimise inventory and cycle time. On the other hand, the long-term objectives of SCM entail augmenting market share and profitability for all participants within the supply chain. Financial metrics have been utilised as a mechanism for comparing and assessing the performance of organisations, as well as analysing their behaviour and trends over a period of time.

In their study, Lau and Lee (2000) conducted measurements of organisational performance by employing a combination of financial and market-based indicators. These indicators encompassed several criteria such as return on investment (ROI), market share, profit margin on sales, growth in ROI, growth in sales, growth in market share, and overall competitive position. Consistent with the aforementioned research, this study will employ the same measures to assess organisational performance. This study examines the performance of organisations in relation to their competitors from several organisational viewpoints, such as quality, productivity, market share, profitability, return on equity, and total firm performance. According to Schonberger (2007), there are several non-financial measures of success that may be considered. These include the rise in customer base, the growth of market share, the delivery of quality services, and the expansion of firm branch networks.

#### **2.2.4 Best Procurement Practices and Organizational Performance**

The inclusion of a procurement system inside a company's supply chain system is of utmost importance. In accordance with Turban et al. (2000), it is customary for organisations to separate their procurement function into strategic and operational processes due to the distinct differences in activities and priorities within these domains. Strategic procurement often involves the assignment of duties such as supplier management, the consolidation of buy requisitions, and the formulation of procurement-oriented product strategies. From a strategic standpoint, the use of eprocurement systems may effectively streamline buying practises, resulting in enhanced cost savings through increased negotiation power and improved service quality from suppliers. The objective is to enhance the efficiency of information exchange between buyers and suppliers, minimise administrative workload, allowing for more time to be allocated to other tasks, facilitate prompt responses to intense competition from emerging market participants, and enhance the

likelihood of securing new business opportunities (Eng, 2004). E-procurement, as exemplified, presents a multitude of opportunities such as enhancing organisational image and fostering improved corporate trading relationships. Additionally, it facilitates the enhancement of buyer/supplier relationships through mutual cooperation, while also ensuring greater accuracy in the procurement process. This is achieved by minimising the occurrence of transaction errors, thereby reducing the likelihood of order delays or incorrect deliveries (Amit and Zott, 2001). E-procurement has operational benefits that contribute to enhanced auditing and security measures. It facilitates the verification and tracking of order movement within the system, thereby improving transparency for staff and auditors. Additionally, e-procurement reduces delivery time by eliminating delays associated with traditional mail-based document processing. Furthermore, it overcomes time zone limitations by enabling access to procurement services at any time of the day. Lastly, e-procurement aids in reducing inventory levels, thereby minimising costs associated with inventory management. Furthermore, e-procurement serves to optimise workforce efficiency by providing employees the autonomy to engage in transactions that align with their professional needs (Johnson and Klassen, 2005).

According to Delaney et al. (2006), the assessment of organisational performance may be conducted through several factors such as the provision of high-quality services and goods, customer satisfaction, market performance, service innovations, and employee relationships. In contrast, Hoque et al. (2000) conducted a research on organisational performance utilising the balanced scorecard approach. They posited that the assessment of organisational performance may be achieved by the evaluation of many factors, including return on investment, sales margin, capacity utilisation, customer happiness, and product quality. Similarly, Greene et al. (2007) have listed return on investment, sales and market growth, and profit as significant indicators that may

be quantified to assess organisational effectiveness. Procurement practises have a positive correlation or usually impact the extent of organisational performance across several performance indicators.

According to Green et al. (2005), a robust client base is associated with enhanced marketing and financial outcomes. As the consumer base increasingly expresses a preference for environmentally sustainable products and services, it becomes imperative for manufacturers to get relevant insights pertaining to these evolving client preferences. An unsold produced product that remains in inventory due to its failure to meet customer demand might be considered ecologically detrimental. The effectiveness of a company's customer relations practises has been found to have an impact on both its ability to manage the supplier base and its overall performance (Turner, 1993). Every participant within the supply chain functions as both a supplier and a client. The simultaneous implementation of a customer-driven corporate vision, together with effective Total Quality Management (TQM) and supplier base management practises, has the potential to provide a competitive advantage across several dimensions. These encompass enhancements in productivity, savings in inventory and cycle time, augmented customer happiness, market share, and profitability.

According to Chong and Ooi (2008), a well-structured and well implemented procurement strategy may enable organisations to reduce their inventories, enhance customer service, reduce expenses, and facilitate rapid inventory turnover. One of the primary benefits associated with procurement in the context of short-term objectives is the potential to enhance productivity, minimise inventory levels, and reduce lead time. The component in question plays a crucial role in enhancing a

company's market share and facilitating external integration of the procurement process, in alignment with long-term objectives (Li et al. in 2006).

Carr and Smeltzer (1999) have conducted research that demonstrates the ability of organisations with strategic buying practises to cultivate enduring, collaborative partnerships and effective communication channels, resulting in enhanced responsiveness to supplier requirements. While there are other significant issues to consider, such as restructuring, governance, and transaction cost economising, these aspects are not within the purview of this study. The use of strategic purchasing practises facilitates the establishment of effective communication channels, which play a crucial role in ensuring seamless integration across the whole supply chain. The enhancement of a firm's power to effectively manage strategic alliances has been established to be influenced by effective communication, which plays a significant role in the formation and maintenance of inter-organizational routines (Zollo et al., 2002).

The manifestation of an organization's relational exchange, information enrichment, and collaborative learning techniques may be observed in the areas of partner relationships, information sharing, and supply chain integration, correspondingly. In Walters' (2008) study, a specific focus is placed on the relational trade approach, emphasising the significance of establishing and maintaining committed continuing relationships between firms. The primary emphasis of the information enrichment strategy is in the management of information flows, encompassing activities such as information gathering, diffusion, and exploitation. The jointlearning strategy emphasises the collaborative sharing of knowledge and the creation of mutual competencies (Walters, 2008). On the other hand, partner relationship pertains to the mutually committed relationships between enterprises and their partners, such as suppliers,

manufacturers within the same tier, and channel members, within the supply chain (Panayides and So, 2005). The concept of information sharing pertains to the effective transmission of high-quality information between an organisation and its supply chain partners. On the other hand, supply chain integration is characterised by the harmonisation and integration of various supply chain processes between an organisation and its partners in the supply chain.

## **2.3 Theoretical Review**

There are some underlying theories that guide the conduct of this study and some of them are reviewed in this study in the next sub-sections.

### **2.3.1 Principal-Agency Theory**

The principal-agent theory is a conceptual framework created by economists to analyse scenarios in which a principle possesses the ability to incentivize an agent to carry out certain actions that align with the principal's objectives, without necessarily aligning with the agent's interests (Health & Norman, 2004). A number of scholarly investigations (Eisenhardt, 1988; Bergen et al., 1992; Rokkan & Buvik, 2003) have made significant contributions to the existing body of knowledge on principal-agent theory. The aforementioned contributions together revolve on a central subject, namely the interplay between a principle and an agency. The principal-agent theory pertains to the organisational structure in which an individual or entity, referred to as the agent, carries out actions on behalf of another individual or organisation, known as the principal.

The principle has entered into a contractual agreement with an agent to carry out certain services on behalf of the principal. These contractual agreements necessitate the agent to invest diligent

effort and exercise discretion in making judgements. An illustrative instance involves the selection of management by shareholders, who serve as principals of a corporation, to function as their agents. Similarly, investors, acting as principals, choose fund managers as their agents to oversee and manage their assets. The management is responsible for making operational decisions on behalf of the company's owners, such as maximising revenues and minimising costs, among other considerations. In this particular association, the principal enlists the services of an agent who assumes the role of an intermediary and exercises decision-making authority on behalf of the principle (Eisenhardt, 1989; Bergen et al., 1992). The efficacy of this connection is contingent upon the agent's proficiency in making requisite judgements, although it becomes less effective when there is a significant disparity between the principal's and agent's interests. Typically, a contract serves the purpose of delineating the specific conditions governing a principal-agent association.

Eisenhardt (1989) posits that Agency theory focuses on the pervasive agency connection wherein a principle assigns responsibilities or labour to an agent who carries out these activities. The connection in question is explicated by Jensen and Meckling (1976) through the use of agency theory, which employs the metaphor of a contract. Agency connections are established within a wider societal framework to facilitate the implementation of policies aimed at matching incentives, with the goal of discouraging self-interested conduct by managers and mitigating agency costs. Several studies have demonstrated that procurement plays a significant role in an organization's financial outlays, accounting for around 60% to 70% of total expenditures. In light of the functional characteristics of procurement expenditures, the organization's management (acting as agents) is required to make choices on behalf of the firm owners (acting as principals) within the authority granted to them under their employment agreements.

The theory further addresses two particular issues. In this context, it can be observed that the objectives of the principal and agents do not exhibit any conflict, which is commonly referred to as the agency problem. Additionally, it is worth noting that the principle and agent possess varying levels of risk tolerance, necessitating a process of reconciliation. The principals and agents endeavour to optimise their benefit derived from the same organisations. The primary objective of shareholders is to optimise their wealth through the generation of profits, often in the form of dividends, by the firm. Similarly, management aims to maximise their personal satisfaction or utility through the attainment of higher earnings. Furthermore, due to the distinct responsibilities assumed by these two parties inside the organisation, there exists a variance in their levels of risk tolerance. Due to the shareholders' inclination to safeguard the value of their assets, their risk tolerance tends to be relatively low. Conversely, management often exhibits a greater willingness to assume larger levels of risk. These contrasting risk preferences are typically adjusted in order to ensure the effective functioning of the organisation. Procurement management is a fundamentally precarious task that entails making managerial decisions to effectively allocate the finite resources given by shareholders. Consequently, it is imperative to mitigate the associated risks in order to maintain competitiveness.

### **2.3.2 The Institutional Theory**

The concept of institutional theory pertains to the impact of external institutional influences on organisations. It encompasses many entities such as regulatory bodies, government agencies, laws, courts, professions, interest groups, and public opinion (Lowell, 1994). The regulations and conventions established by the institutions within a certain context are supported by several stakeholders. In the context of this research project, actors and the institutional environment are discussed with regard to the norms embodied by the players within the environment and the

influence that these norms have on other actors within the same environment. One of the strengths associated with institutional theory is its capacity to elucidate the non-choice behaviour of organisations, namely how they comply to established standards without critically challenging them or deviating from their public role (Lowell, 1994).

Scott (2003) posits that institutions consist of cultural-cognitive and regulative components, which, in conjunction with linked activities and resources, imbue life with significance. The author provides an explanation of the three fundamental components of institutions, namely regulatory (policy), normative, and cultural cognition. The regulatory pillar places emphasis on the utilisation of rules, regulations, and fines as mechanisms for enforcement, with a particular focus on ensuring compliance. The normative pillar pertains to the establishment of norms, including the prescribed manner in which actions should be conducted and the values that are preferred and sought. The cultural foundation is predicated upon a collective comprehension, encompassing shared values, symbols, and a mutual understanding.

According to the Public Procurement and Disposal Act (2005), it is mandatory for all public purchasing organisations to establish and adhere to policies, norms, and standards that ensure the effective preservation and record-keeping of procurement activities. Drawing upon this theoretical framework, public procurement entities are directed by a set of rules and regulations, such as the Public Procurement and Disposal of Assets Act (PPDA) of 2005, the Public Procurement and Disposal of Assets Regulations (PPDR) of 2006, and associated policies. These guidelines are utilised to effectively execute the aforementioned legislation and regulations, including policies pertaining to records management. Scott (2003) posited three pillars of institutions, including organisational culture, social influence, and organisational incentives and enforcement. These

pillars have been recognised as factors that impact compliance with procurement records management.

### **2.3.3 Legitimacy Theory**

The notion of institutional theory deals to the influence of external institutional factors on organisations. The concept of including several institutions, including regulatory bodies, government agencies, laws, courts, professions, interest groups, and public opinion, has been discussed by Lowell (1994). The norms and conventions set by the institutions within a given environment are backed by numerous stakeholders. This study project examines the actors and institutional environment, focusing on the norms exhibited by the individuals within the environment and the subsequent impact of these norms on other actors in the same setting. One of the notable advantages attributed to institutional theory is its ability to provide insight into the non-volitional actions of organisations, namely their adherence to established norms without critically questioning them or straying from their public obligations (Lowell, 1994).

According to Scott (2003), institutions are comprised of cultural-cognitive and regulative elements that, when combined with interconnected activities and resources, provide meaning to human existence. The author presents a comprehensive analysis of the three essential elements that constitute institutions, specifically regulatory (policy), normative, and cultural cognition. The regulatory pillar prioritises the use of rules, regulations, and sanctions as means of enforcement, with a specific emphasis on guaranteeing adherence. The normative pillar encompasses the creation of norms, which encompasses the regulated methods for doing acts and the preferred and desired values. The cultural basis is founded upon a communal comprehension, comprising common values, symbols, and a mutual understanding.

In accordance with the Public Procurement and Disposal Act (2005), it is obligatory for all public procurement entities to adopt and comply with policies, norms, and standards that guarantee the efficient preservation and documentation of procurement operations. Public procurement entities are guided by a specific set of laws and regulations, including the Public Procurement and Disposal of Assets Act (PPDA) of 2005, the Public Procurement and Disposal of Assets Regulations (PPDR) of 2006, and related policies, within the context of this theoretical perspective. These standards are employed to efficiently implement the aforementioned legislation and regulations, including rules related to records management. According to Scot (2003), there are three fundamental components that constitute institutions, including organisational culture, social influence, and organisational incentives and enforcement. The aforementioned pillars have been acknowledged as influential elements that affect adherence to procurement records management.

#### **2.4 Empirical Review**

Several studies (Aberdeen Group, 2011) have previously demonstrated the efficacy of procurement strategy in improving organisational performance. Based on the findings of these research, it has been observed that the implementation of a procurement strategy allows organisations to distribute operational procurement procedures across several departments while consolidating strategic procurement processes. This is primarily attributed to the enhanced visibility and transparency in the supply chain facilitated by procurement systems. The procurement function of a corporation is separated into strategic and operational processes due to the distinct differences in actions and priorities within these two domains (Kaufmann, 2009). Strategic procurement is often responsible for duties such as supplier management, the consolidation of buy requisitions, and the formulation of procurement-oriented product strategies. Strategic procurement frequently encounters the need to manage administrative tasks, including but not limited to handling individual transactions,

transforming buy requests into purchase orders, and guaranteeing accurate distribution of incoming bills. The strategic elements of the process are often overlooked, resulting in limited buyer impact on supplier selection and product procurement (Industrial Distribution, 2011).

According to Johnston (2005), effective cost management is crucial for attaining the performance objectives of a corporation. There exist several crucial determinants of success, which pertain to both the proficiency of the service supplied by an online auction mediator and the internal capabilities of the respective organisation. According to Johnston (2005), the technological competency of the system is a crucial determinant of success in cost control. According to Johnston (2005), technical service quality may be defined by considering many factors such as system cost (including security, dependability, ease of use, and accessibility) as well as service quality, which encompasses aspects like the responsiveness of the provided service. Furthermore, the establishment of confidence in the service provider becomes a significant determinant of successful strategic procurement implementation (Rotchanakitumnuai & Speece, 2009).

The impact of organisational record management systems on organisational performance is significant (Croom & Brandon-Jones, 2007). The administration of organisational records plays a crucial role in driving internal process improvement and fostering learning and innovation inside an organisation. This includes the acquisition of knowledge pertaining to purchasing employees, their computer skills, and available resources. The provision of assistance for record management is a crucial factor that significantly impacts the functioning of organisations (Rotchanakitumnuai & Speece, 2004). The provision of positive management support for eprocurement can significantly contribute to the successful adoption of the system. Training is often regarded as the

most effective means of equipping staff with the necessary skills and knowledge to enhance their efficiency in using records. According to the findings of Croom and Jones (2007), effective document administration plays a crucial role in the successful implementation of strategic procurement. According to Hui et al. (2011), the use of record management practises enhances transparency in the procurement process and contributes to the attainment of good governance outcomes inside organisations.

The best practises in procurement encompass three key aspects: green purchasing and supplier selection procedures. The study conducted by Baines et al. (2005) examines the evaluation of suppliers in green purchasing and the correlation between green purchasing practises and performance. In his study, Gershon (2004) aimed to identify potential avenues for enhancing resource utilisation within organisations. The study emphasised the potential for substantial cost savings in procurement through improved supply side management, which involved strategically communicating and managing anticipated demand with the supply sector. Additionally, Uyarra and Flanagan (2010) highlighted the importance of further professionalising the procurement function within organisations. The implementation of information and communication technology (ICT) in the procurement support process, which involves the acquisition of works, products, and services across various stages of the value chain, has been discussed by Porter (1980).

The primary objective of procurement operations is to proactively anticipate the organization's requirements, acquire and secure necessary supplies, facilitate the transfer of goods into the organisation, and continuously monitor the condition of supplies as a valuable current asset (Leenders and Fearon, 2000). The adoption of information and communication technology (ICT) in procurement processes within business-to-business (B2B) markets has been shown to have

several beneficial effects. These include reducing the costs involved in identifying and selecting the most suitable suppliers, enhancing the value of purchases by improving the price-quality relationship, and decreasing transaction costs through increased process efficiency. Ultimately, these improvements in supply chain management and organisational performance contribute to the overall success of the business (Hardaker & Graham, 2000).

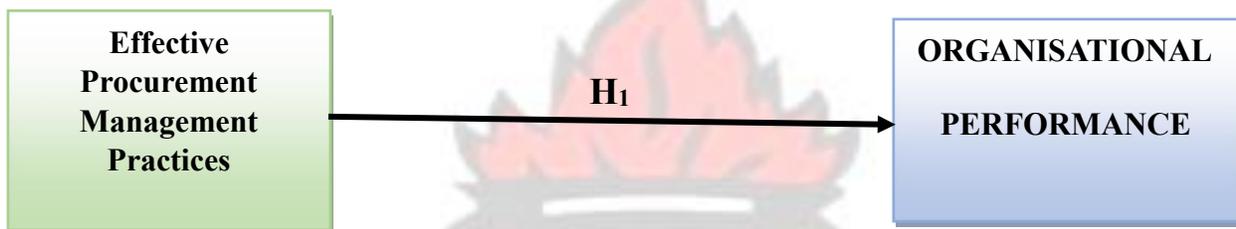
Lancioni (2000) has demonstrated the significance of Information Communication Technology (ICT) in enhancing employee productivity, facilitating real-time response, impacting the attainment of lean procurement, improving procurement service delivery, and enhancing procurement efficiency, ultimately leading to overall organisational performance improvement. The implementation of ethical practises in procurement processes facilitates enhanced transparency, accountability, and cost-effectiveness. The primary objective of procurement is to acquire goods and services that meet the desired quality standards and required quantity, sourced from appropriate suppliers, and delivered to the designated location, while minimising costs and prices (Lyson, 2000). Procurement practises that are deemed successful and efficient are characterised by their ability to fulfil client needs while achieving optimal conditions and value in the allocation of limited resources (Ntayi, 2009).

The practise necessitates a workforce with proficient management capabilities, capable of formulating precise and professional specifications, while also demonstrating a comprehensive understanding of competitive process negotiation and monitoring abilities. According to Hunja (2003), it is argued that the adherence of procurement systems to purchasing ethics is essential in order to achieve effective quality and service delivery to stakeholders. According to Walker and

Sidwell (2006), it is important for people in charge of procurement implementation to adhere to sound practises, which involve ensuring clarity of objectives and maintaining continuous quality.

## 2.5 Conceptual Framework

From the review of key literature, the effect of best procurement practices on organizational performance could be depicted in the Conceptual framework in Figure 2.1.



**Figure 2.1: Conceptual Framework**

**Source: Researcher's own construct 2022**

The conceptual framework (Figure 2.1) developed based on the literature reviewed presents the hypothesized relationships between the key constructs of interest in the study. The framework proposes that effective procurement management practices will positively influence organizational performance. Effective Procurement Management Practices is the independent or exogenous variable in the framework. Based on the literature, it is comprised of several subdimensions that characterize best practices in procurement management that can enhance organizational performance. Some of the key sub-dimensions include:

- Customer Orientation - This refers to collaborating with external entities like customers and suppliers and establishing strategic relationships across the supply chain. It focuses on understanding customer needs and involving suppliers in decision making.

- Strategic Supplier Relationship - This involves selecting suppliers strategically and establishing long-term collaborative partnerships with them. It is about integrating suppliers in product development and operations.
- Information Sharing - This refers to sharing quality information openly and accurately across the supply chain network. It is about sharing demand forecasts, sales data and other operational information with suppliers.
- Adoption of IT - This pertains to leveraging information and communication technologies like ERP systems, e-procurement platforms etc to streamline procurement processes. It enhances transparency, visibility and efficiency.
- Reverse Logistics - This refers to effectively managing the return and disposal of products from customers. It aims to extract residual value from returns or ensure proper disposal.
- Knowledge Management - This is about leveraging the expertise and collective knowledge within the organization and across the supply chain partners. It facilitates collaborative learning and innovation.

Organizational Performance is the dependent or endogenous variable in the framework. The literature identifies several indicators that can measure organizational performance outcomes when best procurement practices are implemented. Some of the key sub-dimensions of organizational performance proposed in the framework include:

- Productivity and Inventory levels - Enhanced practices help improve productivity and minimize inventory carrying costs.
- Market Performance - Strategic practices help gain market share and increase the customer base by understanding demand better.

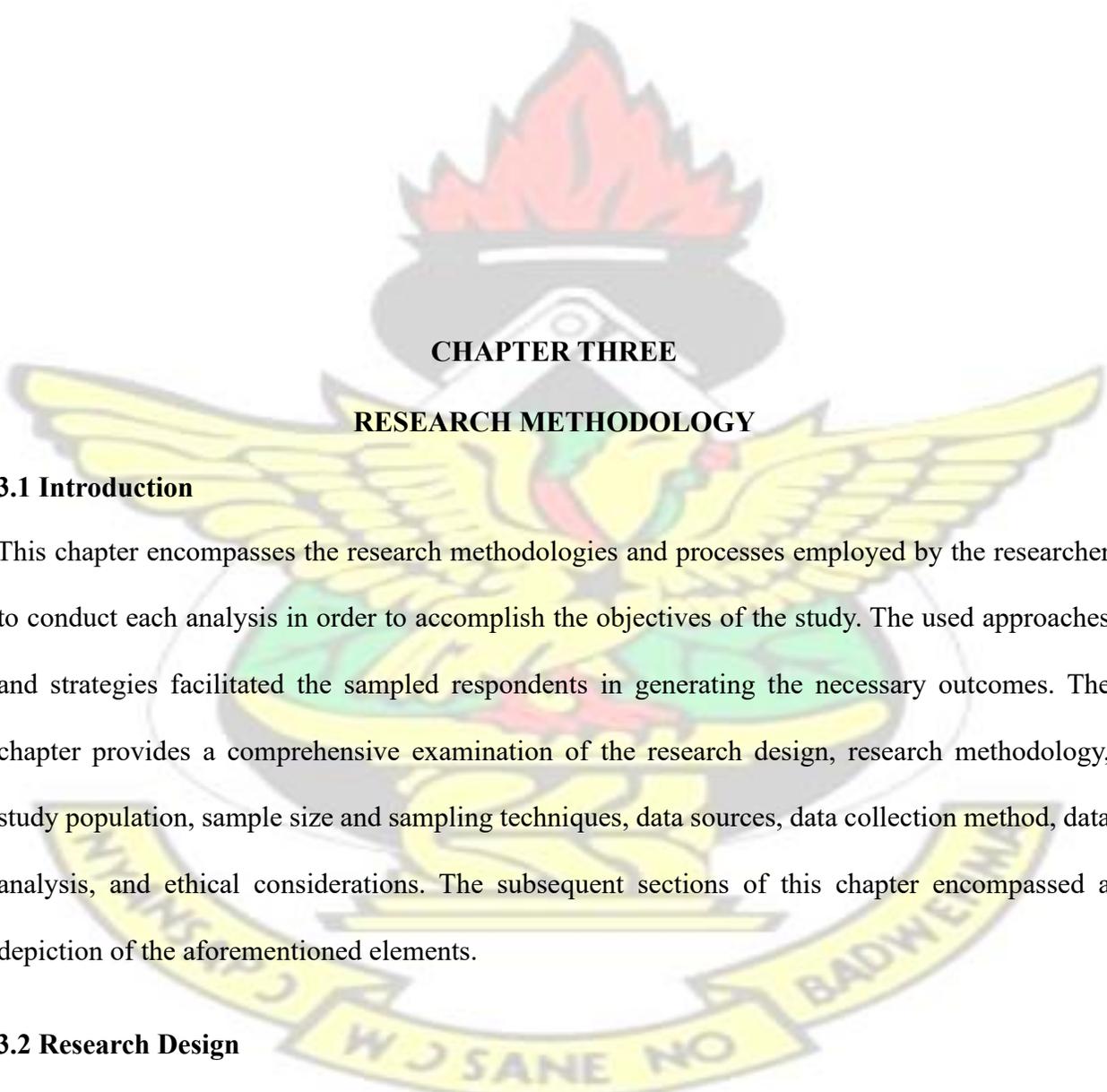
- Quality of products/services - Collaboration and information sharing helps enhance quality delivered to customers.
- Profitability and ROI - Streamlined processes and optimized supply chain reduces costs, increases revenues and boosts profits.

The framework proposes that when organizations effectively adopt the various procurement management best practices characterized by the above sub-dimensions, it will have a positive impact on their overall organizational performance as measured by the outlined sub-dimensions. The relationships indicated by the single headed arrows from effective procurement management practices to organizational performance are hypothesized to be directly and positively correlated. This forms the core proposition that will be empirically tested in the study.

## **2.6 Chapter Summary**

This chapter covered the literature review for the study. It discussed key concepts like procurement management, procurement practices, organizational performance and best procurement practices and their relationship to organizational performance. The procurement practices discussed included customer orientation, strategic supplier relationship, information sharing, adoption of IT, reverse logistics and knowledge management. The chapter also reviewed theories relevant to the study like principal agency theory, institutional theory and legitimacy theory. Empirical studies related to the topic were also reviewed. Lastly, a conceptual framework was developed showing the hypothesized relationships between effective procurement practices and organizational performance.

# KNUST



## CHAPTER THREE RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter encompasses the research methodologies and processes employed by the researcher to conduct each analysis in order to accomplish the objectives of the study. The used approaches and strategies facilitated the sampled respondents in generating the necessary outcomes. The chapter provides a comprehensive examination of the research design, research methodology, study population, sample size and sampling techniques, data sources, data collection method, data analysis, and ethical considerations. The subsequent sections of this chapter encompassed a depiction of the aforementioned elements.

### 3.2 Research Design

According to Creswell (2014), the concept of research design may be defined as the systematic blueprint or procedural framework utilised in doing research. The cross-sectional research design

was chosen by the researcher for this investigation. This study employed a cross-sectional survey methodology to gather data for analysis. According to Robson (2011), surveys are a valuable tool for researchers to assess a subset of individuals within a specified community.

The survey employed a cross-sectional sample design, which enabled the researcher to collect and analyse data from a specific population at a single moment in time, drawing from several sources. According to Robson (2011), the design serves as the foundation for acquiring the necessary information from a representative sample within a predetermined timeframe. This practise serves to reduce instances whereby survey participants cite information from other respondents or receive input from coworkers throughout the data gathering phase. Given that this study employs a cross-sectional survey design, any data obtained beyond the designated data collecting period is disregarded and not included in the analysis. The key focus of this study is to examine the effect of effective procurement methods on organisational performance, using as a case the Christian Health Association of Ghana (CHAG) facilities. As such, a survey research design is appropriate to help to test the relationship between the key variables.

### **3.2.1 Research Paradigm**

According to Weber (2010, p.2), a research paradigm may be described as a set of interconnected assumptions about the social environment that establishes a philosophical and conceptual framework for systematic examination of that particular reality. According to several social researchers, it is widely acknowledged that social studies are often grounded in three distinct research methodologies: quantitative, qualitative, or a combination of both (Creswell, 2014; Saunders et al., 2009; Creswell and Zhang, 2009). The objective of this study is to examine and establish connections among variables using quantitative analysis (Bryman and Bell, 2018).

Furthermore, within the realm of quantitative analysis, variables are computed numerically, while the collection and analysis of data are conducted employing appropriate statistical methodologies (Saunders et al., 2009). Creswell (2014) further emphasised the need of validating hypotheses through the use of measurable variables in quantitative research. Qualitative research, on the other hand, seeks to examine and elucidate the meaning attributed to social or human issues by individuals or groups, as well as other phenomena (Creswell, 2014). This study integrates both qualitative and quantitative methodologies to employ a mixed methods approach (Saunders et al., 2009).

For this study, a quantitative approach was adopted based on the objectives of the study to examine the effect of effective procurement methods on organisational performance using the Christian Health Association of Ghana (CHAG) facilities as a case. Given the necessity to gather data on key factors and establish links among them, it was evident that a quantitative approach would be the most suitable research strategy for conducting this investigation. The adoption of a quantitative technique was advantageous in facilitating the analysis of the relationship between the variables employed in the study. The utilisation of the quantitative technique facilitated the employment of the questionnaire as the primary means of data gathering (Creswell, 2009). Moreover, the researcher selected for the quantitative technique due to its ability to yield a significant sample size for the investigation.

### **3.3 Population of the Study**

Bryman (2016) posits that the concept of population may be defined as a comprehensive assemblage or whole of all entities, individuals, or elements that conform to a set of criteria which the researcher specifically intends to investigate. In view of this, the Christian Health

Association of Ghana (CHAG) facilities constituted the population of the study which stood approximately at 500. The study focuses primarily on a fair representation of staffs whose job functions relates to the procurement function from the Christian Health Association of Ghana (CHAG) facilities.

### **3.4 Sample Size and Sampling Techniques**

The process of choosing a subset or aspect of the population to accurately reflect the complete population is commonly referred to as a sampling strategy (Bryman, 2016; Robson, 2011). In particular research endeavours, the use of the entire population proves to be both viable and efficient from a financial perspective. Nevertheless, it is essential to consider several criteria such as cost, time constraints, availability of respondents, accessibility, willingness, location, and environmental conditions when selecting a methodology that enables the researcher to obtain a sample of respondents that accurately represents the community. In this study, a representative sample was chosen.

The sample of the study constituted Christian Health Association of Ghana (CHAG) facilities staffs whose job functions relates to the procurement function. The researcher selected about 60 respondents based on their willingness and availability as well as their knowledge of the subject matter of the study.

Therefore, the researcher employed purposive and convenience sampling strategies in order to pick the necessary sample for the study. The researchers employed purposive sampling to select respondents who were considered to possess specific knowledge and characteristics that were pertinent to the study. On the other hand, convenience sampling was utilised to select respondents who were readily available and willing to participate in the study during the data collection period

(Saunders et al., 2016). Both of these approaches are considered nonprobability sampling strategies. The aim was used to classify administrative personnel from Christian Health Association of Ghana (CHAG) facilities. In addition, the researcher used convenience sampling technique to select eligible, affordable, and willing respondents who fell within the study's inclusive criteria. In view of this, 60 respondents were sampled for the study.

### **3.5 Data Collection Method**

According to Saunders et al. (2016), research data refers to any information that is obtained, acquired, collected, generated, or manufactured in order to substantiate the initial conclusions of a study. Therefore, the procedure of data gathering has significant importance in any investigation. The data gathering technique encompasses several components, including data sources, the data collection tool, and the data collection process. The data collecting approach employed in this study was the utilisation of a designed questionnaire to assess the primary variables under investigation, namely effective procurement strategies and organisational performance.

#### **3.5.1 Sources of Data**

The study employed two basic methods of data collecting, specifically primary and secondary sources. The collection of primary data was conducted by the administration of a questionnaire. The major source of information is derived from firsthand data collected from respondents. The study employed primary data, which is often regarded as a very reputable and dependable source of information due to its first-hand and accurate nature (Walliman, 2017). Furthermore, the study gathered secondary data from various sources such as online databases, scholarly articles, unpublished manuscripts, and academic publications.

### **3.5.2 Data Collection Instrument**

The data collecting instrument employed by the researcher to get data from the selected participants was a questionnaire. The questionnaire consists of a series of semi-structured questions that align with the stated aims of the study. Saunders and colleagues (2016) provided clarification about the fundamental purpose for utilising the aforementioned tool. Saunders et al. (2016) assert that questionnaires yield data that is consistent, continuous, and devoid of variability, hence enabling measurement. Section A: Effective procurement methods, Section B:

Organisational performance and Section C: Respondent's Profile. The questionnaire was built at the 5-point Likert scale from Strongly Disagree to Strongly Agree. The quality and reliability of the scale is based on this 5-Point Likert Scale and the Cronbach's Alpha test run.

### **3.5.4 Data Collection Procedure**

Before collecting data, the researcher received an introductory letter from the University in order to allow the research to be carried out. Therefore, the letter used to sort permission from the Registry of the University to allow the researcher to perform the study at Christian Health Association of Ghana (CHAG) facilities departments/units on campus. The data was obtained in one month.

Staffs whose job functions relates to the procurement function from Christian Health Association of Ghana (CHAG) facilities were contacted to answer the questionnaire. Using not more than 30 minutes, questionnaires were filled in at the respondents' offices. The data collection was conducted on the basis of one-on-one level and the researcher was involved personally in the administration. As soon as it was filled out, questionnaires were collected from respondents.

During the data collection process, the respondents were given clarifications and explanations.

### **3.6 Data Analysis**

According to Bryman (2016), data analysis encompasses the methodical examination of patterns within documented observations and the formulation of interpretations that include these patterns. The quantitative data obtained from the questionnaire was examined by the researcher using version 25 of the Statistical Package for Social Science (SPSS). The ordinary least square (OLS) regression was adopted and it helped in establishing the direct effect of effective procurement methods on organisational performance, using the Christian Health Association of Ghana (CHAG) facilities as a case.

### **3.7 Research Quality**

Quality of the research was assured by focusing on validity and reliability of the research instrument and methods used by the researcher.

#### **3.7.1 Research Validity**

According to Saunders et al. (2016), validity refers to the extent to which the chosen procedures or data collecting techniques effectively capture the intended measurements. This guarantees that the concept of validity encompasses the specific aspects that the investigator intends to examine. It is essential to ensure that the chosen data collecting technique have the capability to accurately measure the specific objectives set by the researcher. The study discovered a substantial quantity of experiments conducted to evaluate the reliability and accuracy of the investigative tool. The initial step involved in the research instrument design was the examination and evaluation of existing literature. Furthermore, in order to align the statements with the current study, some modifications were made to the prototype questionnaire. Subsequently, the questionnaire underwent either a pre-testing process or a pilot review. The researcher was compelled to make

alterations, elucidations, adaptations, and refinements to some questions in order to get the ultimate questionnaire. The enhanced questionnaire was used to collect information from the key staffs whose job functions relates to the procurement function of the Christian Health Association of Ghana (CHAG) facilities. Eventually, case validity tests using SPSS version 25 were used to obtain the valid cases.

### **3.7.2 Reliability**

Creswell (2014) defines dependability as the extent to which the chosen data gathering process or procedures will produce consistent findings. Additionally, it guarantees the consistency of observations and the derivation of pertinent conclusions, while also providing elucidation on the logical interpretation of raw data. The researcher utilised Cronbach's Alpha as a metric to assess the internal consistency. The alpha coefficient serves as a measure of the degree of association or cohesion among the variables or constructs that the researcher has incorporated into their study. According to Cronbach, a coefficient value of 0.70 or above is deemed to be an adequate predictor. The investigation yielded an alpha coefficient of 0.70. Furthermore, a meticulous examination of each item was conducted using SPSS version 25 to assess the internal consistency of the variables being measured.

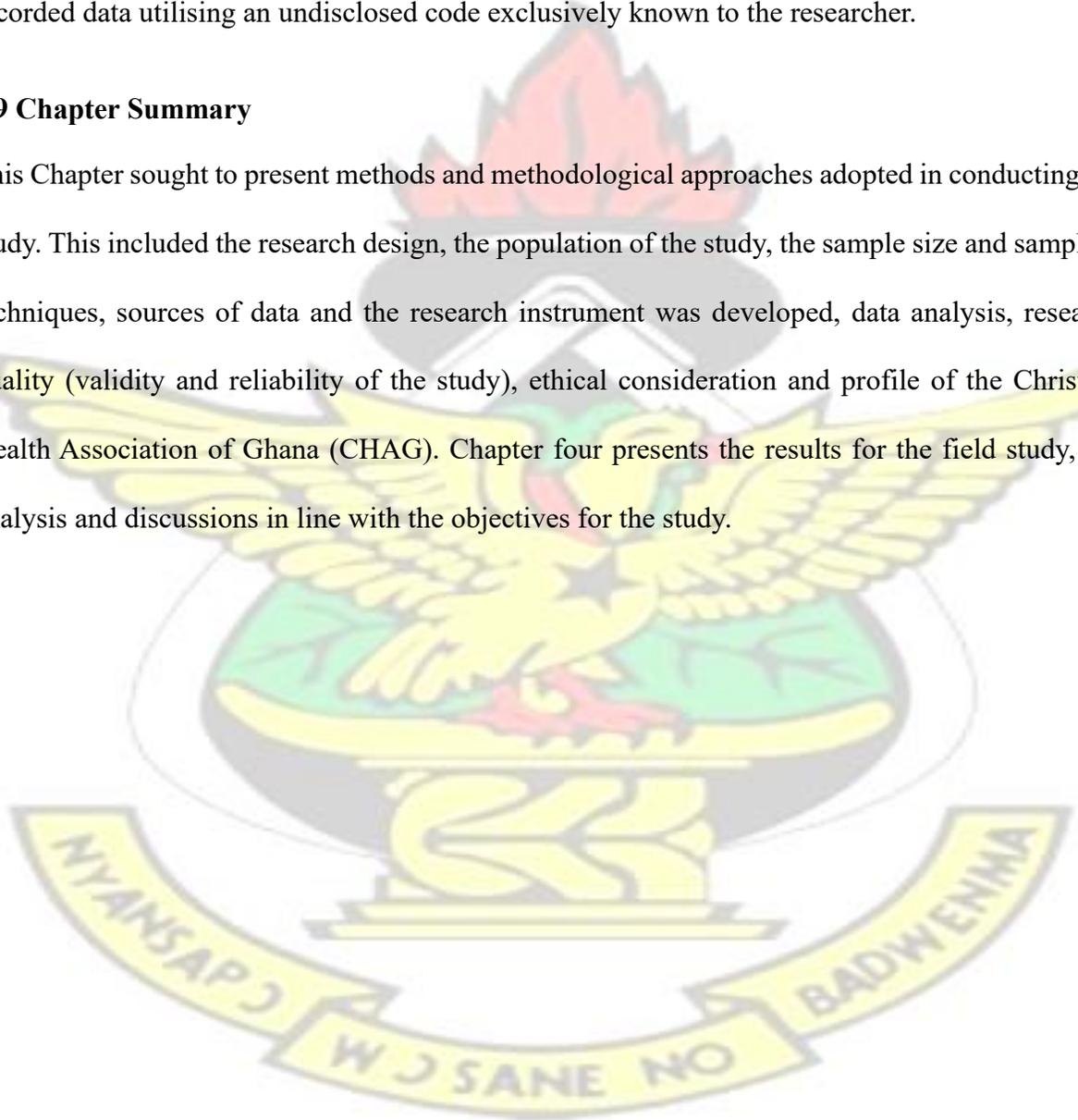
### **3.8 Ethical Consideration**

The field of research ethics pertains to the implementation of ethical principles and professional standards in the process of gathering, evaluating, documenting, and disseminating research subject matter. This includes the crucial acknowledgment of individuals' entitlement to privacy, confidentiality, and informed permission (Saunders et al., 2016). The researcher abided by ethical principles that formed the foundation of any social research endeavour. In consideration of this, participants were provided with informed consent. This enabled participants to comprehend the

purpose and objective of the study. This feature facilitated the ability of participants to discontinue their involvement in the data gathering process at any point throughout the study. Moreover, the principles of anonymity and secrecy were upheld in the field of science. In the course of data collection, participants were explicitly instructed not to provide any personal identifying information, such as their names or any other markers of identity. In addition, the participants recorded data utilising an undisclosed code exclusively known to the researcher.

### **3.9 Chapter Summary**

This Chapter sought to present methods and methodological approaches adopted in conducting the study. This included the research design, the population of the study, the sample size and sampling techniques, sources of data and the research instrument was developed, data analysis, research quality (validity and reliability of the study), ethical consideration and profile of the Christian Health Association of Ghana (CHAG). Chapter four presents the results for the field study, the analysis and discussions in line with the objectives for the study.



# KNUST

## CHAPTER FOUR

### PRESENTATION OF FINDINGS, ANALYSIS AND DISCUSSIONS

#### 4.1 Introduction

This chapter presents the findings of the study as well as analysis and discussions in line with the objectives of the study

#### 4.2 Response Rate

The leaders of Christian healthcare facilities who responded received sixty (60) surveys. A total of fifty (50) questionnaires—representing an 83.3 percent response rate—were collected from the questionnaires that were sent. This resulted from the sample strategies used for the study. The high response rate may be attributable to respondents' desire to see procurement management methods implemented strategically in Christian health institutions to help them achieve their organizational objectives.

#### 4.3 Demography of Respondents

The study used staff and management of Christian health facilities in the Volta region. Therefore, their demographic information is presented in Table 4.1.

**Table 4.1: Demographic Information of Respondents**

Demographic Variable	Category	N	%
Gender of Respondents	Male	29	58.0%
	Female	21	42.0%
Educational Background Respondents	Secondary of	2	4.0%
	Tertiary	44	88.0%
	Postgraduate	4	8.0%
Job Status of Respondents	Senior Staff	19	38.0%
	Junior Staff	25	50.0%
	Other	6	12.0%
Number of Years respondent worked in the Institution	Less than 1 year	10	20.0%
	1 - 5 years	20	40.0%
	6 - 10 years	15	30.0%
	Above 10 years	5	10.0%

**Source: Field Study, 2023**

It could be seen from table 4.1.1 that the staff and management respondents who participated in the study were made up of 29 (58.0%) males of respondents whereas the remaining 21 (42.0%) were made up of females. This implies that at the Christian health facilities in the Volta region, there are more males than female staff. Again, concerning their level of education, it could be seen that majority (88%, n=44) were Tertiary, followed by 8.0% (n=4) who were having Postgraduate qualifications and 4.0% (n=2) were having other secondary qualification. This implies that the staffs and management selected are knowledgeable and qualified for their respective positions. They were asked about their level of work experience, it was realized that most of them have been in the Christian health facilities in the Volta region with majority (40%,

n=20) who had been there between 1 – 5 years, followed by 15% (n=30) who had worked there for 6-10 years, followed by 20%(n=10) who have worked for less than a year and 10%(n=5) who had worked for 10 years and above. Finally, they were asked about their job status, it was realized that most of them were junior staff which represent 50%(n=25), followed by the senior staff which represent 38%(n=19), followed by others representing 8%(n=4) and followed by the senior member and casual staff representing 2%(n=1) respectively. The demographic information of the staff and management information of the respondents of the study indicates that they have the requisite knowledge and understanding of the study that was conducted on them because they are educationally sound, have the work experiences to know the procurement function of the Christian health facilities in the Volta region and how it affects the performance.

Therefore, the findings of this study are said to be valid and reliable for any future analysis.

### 4.3 Effective Procurement Management Practices

The first objective of the study is to examine procurement management practices among Christian Health Association of Ghana facilities in Ghana. It was therefore necessary to measure the extent of procurement management practices using appropriate scales. Therefore, the items used to measure it were adopted from existing instruments and measured using a 5-Point Likert Scale with 1=Strongly Disagree 3=Neutral and 5=Strongly Agree. The descriptive table below shows the mean responses, standard deviation (SD) as well as minimum and maximum values per each scale used to measure strategic planning. Table 4.2 summarizes the responses.

**Table 4.2: Procurement management practices among Christian Health Association of Ghana facilities in Ghana**

Procurement management practices	Min	Max	Mean	Std. Dev	RII	Rank
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1. In order not to run out of stock for my “procured-items”, the purchasing department within 'my organization' purchases from appropriate suppliers.	3	5	4.30	.596	<b>4th</b>
2. In 'my organization', the <b>price</b> of my “procured-items” is considered as an explicit purchasing function.	3	5	4.50	.630	<b>1st</b>
3. In 'my organization', <b>quality</b> of my “procured-items” is considered an explicit purchasing function.	2	5	4.37	.765	<b>2nd</b>
4. The procurement department in my organization aims for <b>standardization of processes</b> and “procured-items” in order to leverage the full potential of procurement.	1	5	4.20	.997	<b>5th</b>
5. Procurement vision, strategy and policy for my procured in my organization are evaluated periodically.	1	5	3.97	1.033	<b>7th</b>
6. The purchasing department makes procurement decisions for the user department/unit from a context of their impact on 'my organization' as a whole.	1	5	3.80	1.270	<b>8th</b>
7. 'My organization' sees the relationship with suppliers of “procured-items” as a strategic asset.	1	5	4.03	1.098	<b>6th</b>
8. 'My organization' intensively cooperates with suppliers of “procured-items” through mutual knowledge sharing.	1	5	4.37	.928	<b>3rd</b>

Variables: 1 – strongly disagree 2 – disagree 3 – indifferent 4 – agree 5 – strongly agree

Source: Field Study, 2023

Given a mid-point value of 3.00, which indicates “indifferent in a respondent’s perception on the issues being evaluated, the results produced in Table 4.2 concerning the procurement management practices at the Christian health facilities in the Volta region, it implies that the extent of procurement management practices is high at Christian health facilities in the Volta region.

This is because the mean values for all the eight items were more than 3.0. For the eight items measuring “procurement management practices”, the least mean score was obtained on the sixth item: “The purchasing department makes procurement decisions for the user department/unit from

a context of their impact on 'my organization' as a whole” (M=3.83; SD=1.270; N=6) while the highest mean score was obtained on the first item: “In 'my organization', the *price* of my “procured-items” is considered as an explicit purchasing function” (M=4.50; SD.630).

#### 4.4 The Extent of Organisational Performance

The main dependent variable for the research model was organisational performance of Christian health facilities in the Volta region. It was therefore necessary to measure this variable using appropriate scales. Therefore, the items used to measure it were adopted from existing instruments and measured using a 5-Point Likert Scale with 1=Strongly Disagree, 3=Neutral and 5=Strongly Agree. The descriptive table below shows the mean responses, standard deviation (SD) as well as minimum and maximum values per each scale used to measure performance. Table 4.3 summarizes the responses.

**Table 4.3: Performance of Christian health facilities in the Volta region**

Performance Activities	Min	Max	Mean	SD	RII	Rank
In our organization, the authorization of purchases of procured-items is clearly settled.	2	5	4.53	.605	0.906	1st

My procurement function is expected to minimize costs against the purchase budget for my procured-items.	2	5	4.46	.604	0.892	<b>5th</b>
We apply non-standard terms and conditions in our suppliers' contracts for our procured items.	3	5	4.43	.602	0.886	<b>6th</b>
In my organization, the purchase department always looks for competitive bids from multiple suppliers of my procured-items.	3	5	4.48	.548	0.896	<b>4th</b>
My purchase department has implemented a supplier bonus system (or equivalent financial system) to stimulate the supplier performance.	3	5	4.51	.606	0.902	<b>2nd</b>
In my organization's markets, products and suppliers are continuously monitored and analysed in relation to the procurement of goods/services of interest.	3	5	4.38	.608	0.876	<b>7th</b>
Suppliers of our procured-items are classified based on financial added value and risk.	3	5	4.28	.716	0.856	<b>9th</b>
Performance of suppliers of procured-items is directly communicated by using key performance indicators.	3	5	4.50	.564	0.900	<b>3rd</b>
To improve monitoring and control of the procurement process of procured-items, we apply value chain integration.	2	5	4.16	.577	0.832	<b>10th</b>
My organization defines performance measures against world class standards in a joint effort with the suppliers of our procured items and our customers.	3	5	4.29	.495	0.858	<b>8th</b>

**Responses: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree Source: Field Study, 2023**

Given a mid-point value of 3.00, which indicates “Neutral” in a respondent’s perception on the issues being evaluated, the results produced in Table 4.4 concerning the performance at Christian health facilities in the Volta region, it implies that the Christian health facilities in the Volta region as an institution has good strategic corporate plans regarding their procurement management practices. This is because the mean values for all the 10 items were more than 4.0, implying agreement. For the 10 items measuring “performance”, the highest mean score was obtained on the first item: *“In our organization, the authorization of purchases of procured-items is clearly settled”*

(M=4.53; SD=.605) while the least mean score was obtained on the ninth item: “*To improve monitoring and control of the procurement process of procured-items, we apply value chain integration*” (M=4.90; SD=.577). All other mean values were more than 4.0 implying agreement.

#### 4.5 Measurement Model Analysis

Prior to estimating the theoretical framework developed for the study, it became necessary to assess the suitability of the items used in measuring the constructs. In doing this, reliability test using Cronbach’s Alpha was adopted. In all, two constructs were assessed.

##### 4.5.1 Reliability of the Measures

In checking for reliability of the measures, Cronbach alpha was used to verify the internal consistency among the measures (Pallant, 2007). This was performed in SPSS version IBM 20. The results shown in table 4.6 indicate alpha values ranging from .728 to .871. This implies that the items used in measuring Order Process Management failed. Apart from that, all items for the seven other constructs passed the initial test of reliability as they were far above the recommended threshold of .70 (Nunnally, 1978). The summary of results could be seen from Table 4.4.

**Table 4.4: Reliability Test Results**

Construct	Number of items	Alpha value
1. Effective procurement management practices	8	.850
2. Organisational Performance	10	.871

**Source: Field Study, 2023**

In establishing the influence of effective procurement management practices on performance, correlation and regression analysis were employed.

#### 4.5.2 Correlation and Regression Analysis

The main predictor variable was effective procurement management practices (P), whereas the dependent variable was performance (Y).

The regression estimates were given as:

$$Y = b_0 + b_1P + \epsilon$$

Where,  $b_0$  = constant of proportionality  $b_1$  = coefficient of  
procurement practices Independent Variable

$\epsilon$  = error term

Y = Organisational Performance [Outcome]

**Table 4.5: Correlations of Variables and Descriptive Statistics**

Constructs	1	2
1. Effective procurement management practices (P)	1	
2. Organisational Performance (Y)	.245**	.181*
<b>Mean</b>	<b>4.27</b>	<b>4.63</b>
<b>Standard Deviation</b>	<b>.359</b>	<b>.037</b>

Note:

1. \*\* Correlation is significant at the 0.01 level (1-tailed).
2. \* Correlation is significant at the 0.05 level (1-tailed).

**Source: Field Study, 2023**

The correlation results shown in Table 4.5 above generally revealed that staff of Christian health facilities partly attribute their performance to their effective procurement management practices.

However, the relationships were not strong as all of the coefficients (r) are less than 0.5.

### 4.5.3 Model Assessment

The model estimation process began with creating composite variables and interaction term and then examining relevant assumptions underlying the method of estimation employed in the study. Arithmetic mean was used to create the composite variables. The effective procurement management practices were treated as a composite variable by averaging their respective items. Same was done with the performance variable.

The researcher used ordinary least square regression analysis to estimate the study's model. The main outcome variable was performance and the main predictor variable was effective procurement management practices.

In the model, all paths in the theoretical framework were estimated. That is, the paths from effective procurement management practices (P) to performance (Y).

**Table 4.6: Ordinary Least Square Regression Estimates**

Variables:	Standard Estimates
	Performance
	Model 1
Hypothesized	
<i>Direct Effect</i>	
Effective procurement management practices (P)	.126(2.753)*
<b>FIT INDICES <math>\chi^2</math></b>	
(df)	16.137 (1)
$\chi^2/df$	16.137
F-Statistics	5.840
R <sup>2</sup>	<b>.123</b>

Notes:

t-value is in the parenthesis; \* represent significant path at 5% (1-tailed test: 1.645)

**Source: Field Study, 2023**

From the regression results, model 1 shows the direct effect of effective procurement management practices on performance. It could be seen that both had a positive effect on performance and both

were statistically significant at  $p < 0.05$ . The path from effective procurement management practices to performance generated results of  $\beta = .126$ ,  $t = 2.753$ . The R-square of **.123** implies that about 12.3% changes in performance at the Christian health facilities in the Volta region can be explained by effective procurement management practices. This implies that effective procurement management practices to some extent contribute to performance at Christian health facilities in the Volta region.

#### **4.6 Discussion of Findings**

Section 4.3 examined the extent of procurement management practices at CHAG facilities using an eight-item variables measuring different aspects of procurement practices. The literature identifies some key procurement practices organizations engage in. Li et al. (2006) discussed customer orientation, strategic supplier relationship, information sharing, reverse logistics and knowledge management as important procurement practices. The findings indicated that the mean values for all eight practices measured were above the midpoint of 3, showing high extent of these practices. Customer orientation involves collaborating with customers and suppliers and establishing strategic relationships (Chong & Ooi, 2008). Strategic supplier relationship focuses on selecting suppliers strategically and establishing long-term partnerships (Kocabasoglu & Suresh, 2006; Li et al., 2006). Information sharing refers to openly sharing quality information across the supply chain (Li et al., 2006; Chopra & Meindl, 2016). These findings align with the literature that organizations engage extensively in relationship-oriented practices to manage their supply chains effectively (Walters, 2008).

Section 4.4 assessed organizational performance using a ten-item scale measuring aspects like productivity, costs, innovation, quality and profitability. The literature identifies organizational

performance can be measured using both financial and non-financial indicators (Hoque et al., 2000; Schonberger, 2007; Delaney et al., 2006). The findings showed a mean value above 4 for all ten items, indicating good performance. Procurement practices have been shown to positively impact organizational performance through lower inventory levels, higher productivity and profitability (Chong & Ooi, 2008). Thus, the reported high performance aligns with effective use of procurement practices.

Section 4.5 analyzed the measurement model and hypotheses through correlation and regression. The literature supports the use of correlation to establish relationships between variables (Pallant, 2007) and regression to determine the strength and direction of the relationships (Bryman & Bell, 2018). The findings showed a positive correlation between procurement practices and performance. The direct path from procurement practices to performance in the regression was positive and significant. These findings are consistent with various studies that demonstrated the positive influence of procurement strategies and practices on organizational goals such as better cost management and performance improvement (Johnston, 2005; Aberdeen Group, 2011).

Conclusively, the reported high extent of procurement relationship practices and organizational performance indicators align with the conceptualization of these constructs in the literature. Furthermore, the positive and significant relationships established through correlation and regression analyses validate the proposition that effective procurement practices enhance organizational performance, as hypothesized in the study's conceptual framework.

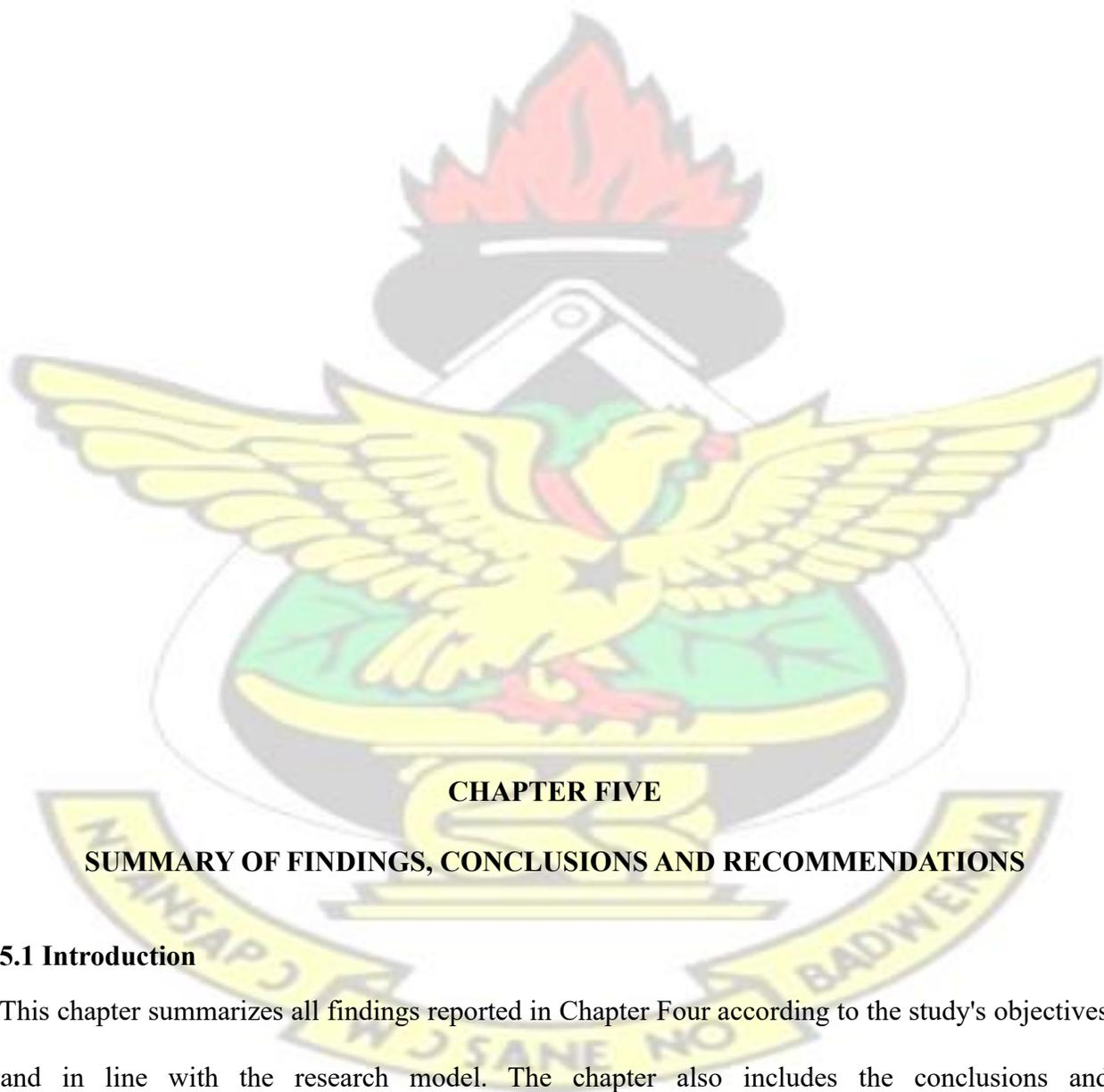
#### **4.7 Chapter Summary**

This chapter presented the results of the study. Response rate of 83.3% was achieved.

Demographic characteristics of respondents like gender, education, job role etc were analyzed.

Descriptive statistics were used to analyze the extent of procurement practices and organizational

performance on 5 point Likert scales. Reliability of multiple item constructs was checked using Cronbach's alpha. Correlation and regression analysis were done to determine the relationship between procurement practices and performance. Findings showed a positive significant relationship between the variables as hypothesized in the conceptual framework.



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes all findings reported in Chapter Four according to the study's objectives and in line with the research model. The chapter also includes the conclusions and

recommendations suggested for the Christian health facilities in the Volta region and Ghana as a whole in the area of effective procurement management practices and organisational performance to help future researchers on the study of this subject matter.

## **5.2 Summary of Findings**

This section presents the summary of findings of the study in line with the objectives of the study. They have been divided into sub-sections to give a meaningful summary and presentation.

### **5.2.1 Demographics of Respondents**

From the perspective of respondents, 58% were males with the remaining 42% been females. This implies that there is a slight edge of males over female at the Christian health facilities in the Volta region Burma Camp. Again, concerning their level of education, it could be seen that majority were Tertiary, followed by those who were having Postgraduate qualifications and the rest were having other secondary qualification. They were asked about their level of work experience, it was realized that most of them have been in Christian health facilities in the Volta region with majority who had been there between 1 – 5 years, followed by the next group who had worked there for 6-10 years, followed by those who have worked for less than a year and finally those who had worked for 10 years and above. Finally, they were asked about their job status, it was realized that most of them were junior staff which represent, followed by the senior staff, followed by others representing and then by the senior member and casual staff. The demographic information of the staff and management information of the respondents of the study indicates that they have the requisite knowledge and understanding of the study that was conducted on them because they are educationally sound, have the work experiences to know the procurement function of the Christian health facilities in the Volta region and how it affects the performance.

### **5.1.2 Procurement Management Practices among Christian Health Association of Ghana facilities in Ghana**

The first objective of the study was to examine the procurement management practices among Christian Health Association of Ghana facilities in Ghana. It was therefore necessary to measure the extent of procurement management practices using appropriate scales. Therefore, the items used to measure it were adopted from existing instruments and measured using a 5-Point Likert Scale with 1=Strongly Disagree 3=Neutral and 5=Strongly Agree. The extent of procurement management practices is high at Christian health facilities in the Volta region. This is because the mean values for all the eight items measuring procurement management practices were more than 3.0 which was the mid-point (neutral).

### **5.1.3 The Effects of Effective Procurement Management Practices on Performance**

The main dependent variable for the research model was organisational performance of Christian health facilities in the Volta region. It was therefore necessary to measure this variable using appropriate scales. Therefore, the items used to measure it were adopted from existing instruments and measured using a 5-point Likert Scale with 1=Strongly Disagree, 3=Neutral and 5=Strongly Agree. The findings revealed that that the Christian health facilities in the Volta region as an institution has good strategic corporate plans regarding their procurement management practices. This is because the mean values for all the 10 items were more than 4.0, implying agreement.

The correlation results revealed that staff of Christian health facilities partly attribute their performance to their effective procurement management practices. However, the relationships were not strong as all of the coefficients ( $r$ ) were less than 0.5.

The researcher used ordinary least square regression analysis to estimate the study's model

It could be seen that direct effect of effective procurement management practices on performance.

It could be seen that both had a positive effect on performance and both were statistically significant at  $p < 0.05$ .

The R-square of **.123** implies that about 12.3% changes in performance at Christian health facilities in the Volta region can be explained by effective procurement management practices. This implies that effective procurement management practices to a great extent contribute to performance at Christian health facilities in the Volta region.

### **5.3 Conclusion**

A study to assess effective procurement management practices and its effect on organizational performance cannot be overestimated especially with emphasis on Christian health facilities in the Volta region. As such, the study used a questionnaire as data collection instrument to collect data from various categories of staff of Christian health facilities in the Volta region. The study concludes that there is high extent of procurement management practices being in place at the camp. Generally, the study gathered that procurement function of the Christian health facilities in the Volta region can be used to achieve organisational performance if both procurement officials and stakeholders comply with the relevant procurement laws and processes leading to the achievement of value for money in all effective procurement management practices.

This study provides more evidence of the procurement function and how it contributes to organisational performance. It supports the alignment of the procurement management practices to the performance in order to improve business performance. Moreover, it also supports that the implementation of certain practices to encourage procurement management practices to contribute to performance. However, this study is against the generalization of these practices. It is also

against the search of organisational performance at any situation. This study asserts that organisation can obtain most benefits of the procurement function in the organisation's organisational performance. It is the most secure way to guarantee that organisational performance can be achieved and consequently to improve organisational performance.

### **5.3.1 Theoretical, Practical and Policy Implications of the Study**

Theoretically, this study provides empirical validation for the principal-agency theory and its application in the procurement context, as it demonstrates how effective procurement practices help align the interests of management (agents) with that of owners/shareholders (principals). Additionally, it validates the use of institutional theory in explaining how procurement regulations and policies shape organizational practices and performance outcomes. Demonstrates the influence of institutional norms and regulations and finally contributes to the legitimacy theory by showing how procurement compliance helps organizations attain legitimacy and social acceptance from stakeholders.

Practically, this study provides guidance to procurement managers on key practices like supplier relationship management, information sharing, adoption of technology etc. that can enhance organizational performance. It also highlights the importance of compliance with procurement laws and strategies for organizations to reap performance benefits. Useful for designing compliance programs and indicates areas of focus for training programs to help procurement staff enhance their skills and competencies. Lastly, it provides justification for investment in professionalizing the procurement function and engaging qualified procurement staff.

Policy-wise, this study informs the need to periodically review and strengthen procurement laws and regulations to promote compliance and also indicates a need for capacity building interventions

and awareness programs to ensure procurement actors fully understand policies, suggests enforcement of accountability through monitoring and penalties to curb non-compliance issues like corruption and highlights the role of technology in promoting transparency and ease of compliance. Signals a need for policies supporting e-procurement rollouts. It further calls for standardized procurement processes, documentation templates etc. to guide procurement practices across organizations and signals a need for collaborative efforts between regulatory agencies, professional bodies and organizations to synergize compliance initiatives.

#### **5.4 Recommendations**

In the light of the findings from the study, the following recommendations are logical:

##### **5.4.1 Compliance with Procurement Laws and Corporate Strategic Plans**

The study uncovered the fact that lack the level of compliance of procurement organisational performance moderates the relationship between effective procurement management practices and strategic procurement planning. It is hereby recommended that periodic training and sessions are organized for both procurement officers within the Burma Camp and all officers to comply with all guidelines of the procurement law and the institution's organisational performance.

##### **5.4.2 Establishment of Procurement Structures**

This study recommends that the Christian Health Association of Ghana should establish a procurement structure and reforms which should be managed by qualified procurement experts to ensure that procurement process is done according to the Public Procurement Act, 2003 and in line with organisational performance.

### **5.4.3 Engagement of Procurement Professionals**

The Christian Health Association of Ghana needs to recruit eligible staff who have the requisite knowhow, and are familiar with the procurement processes with their job descriptions clearly defined in their respective designations. Measures should put in place to retain and motivate them and also to avoid staff-turn-over.

### **5.4.4 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 as well as adherence to organisational performance.

### **5.4.5 Reducing Procurement Challenges in the Christian Health Association of Ghana**

Every procurement entity faces challenges with regards to executing procurement management practices. Therefore, it is recommended that there should be guidelines for procurement practitioners, suppliers and the buyers in their procurement management practices. These guidelines are able to assist in the daily execution of responsibilities.

### **5.4.6 Need for Electronically-Based Procurement System**

The Christian Health Association of Ghana should create a procurement menu and system in the institution's website and encourage the public to get advertisement on tender from there, and also send contract awards there.

### **5.4.7 Enforcing Accountability to Reducing Corruption in Procurement**

Lastly, in order to uproot corruption in public procurement process and ensure enhancement in the level of compliance of procurement to organisational performance, the procurement law should be reinforced and deal vigorous 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.

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## Appendix

### SURVEY QUESTIONNAIRE

I am a graduate student of Kwame Nkrumah University of Science and Technology. As part of the requirements for the award of Master of Science in Procurement and Supply Chain Management, I am undertaking a research work on the topic: “*an investigation into the effect of effective procurement management on the performance of Christian Health Association of Ghana (CHAG) facilities*”. This work is purely for academic purposes and the data collected and the results will not be used in any way to jeopardize the interest of your unit and your business as a whole. I guarantee your anonymity and complete confidentiality.

*Please tick/circle an answer that suit your choice.*

#### PART A BACKGROUND INFORMATION





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*Thank you for being part of the research.*

