

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

**COLLEGE OF ART AND BUILT ENVIRONMENT  
DEPARTMENT OF BUILDING TECHNOLOGY**

**AN ASSESSMENT ON SOLICITATION OF OFFERS THROUGH  
INTERNATIONAL COMPETITIVE TENDERING – AN EXAMINATION OF  
CHALLENGES FACED BY  
KOMFO ANOKYE TEACHING HOSPITAL  
(KATH)**

**BY  
NANA ODURO APPIAGYEI  
BSc.(Hons)**

**A THESIS SUBMITTED TO THE DEPARTMENT OF BUILDING  
TECHNOLOGY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE AWARD OF A DEGREE OF MASTER OF SCIENCE IN  
PROCUREMENT MANAGEMENT**

**NOVEMBER, 2015.**

## CANDIDATE'S DECLARATION

I hereby declare that this submission is my own work towards the MSc and that, to the best of my knowledge, no part of it has been presented for another degree in this university or elsewhere except for the references to other people's work which have been duly acknowledged.

Nana Oduro Appiagyei

Student. No. PG 1769014  
20375833

.....  
Signature

.....  
Date

Dr. Gabriel Nani  
(Supervisor)

.....  
Signature

.....  
Date

Dr. Bernard Baiden  
(H.O.D)

.....  
Signature

.....  
Date

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## ABSTRACT

This study sought to examine the challenges faced by procurement entities for effective execution in the solicitation of offers through international competitive tendering. The study population included management, procurement unit and departmental heads, logistics and stores department of Komfo Anokye Teaching Hospital. A sample size of forty (40) respondents was selected from management, staff of the procurement unit, head of departments and staff of logistics and stores of the hospital. The study used purposive sampling. Data was collected through questionnaires. Findings showed that, the challenges plaguing international competitive tendering procurement process consist mainly of difficulties in complying with national policies without violating international conventions and NonCompliance with Policies and Regulations. Other challenges found included; political interferences in the tendering process, Cost Overruns, Contract Variations, Lack of Proper Knowledge, Skills and Capacity in the institution to effectively execute solicitation of offers through international competitive tendering, failure to adhere to public procurement act and irregularities related to purchases not taken on ledger charges. These challenges were found to have significant negative effects on healthcare delivery, hospital management, operations, staff performance and health of the patient. Based on the findings, the study recommended that management of Komfo Anokye Teaching Hospital takes procurement, purchases, management staff, and all other employees active in the procurement process through frequent training programs to update their knowledge and skills, institute operational and punitive measures to halt the perpetuation of corrupt practices in the execution of the procurement process and strict adherence to the Public Procurement Act so as to improve procurement process.

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## LIST OF ABBREVIATIONS

KATH	Komfo Anokye Teaching Hospital
GHS	Ghana Health Service
CEO	Chief Executive Officer
DOA	Director of Administration
SCM	Supply Chain Manager
OM(s)	Office Manager (Secretariat)
QAC	Quality Assistant Coordinator
HOP	Head of Pharmaceuticals
TC	Tender Committee
PM	Procurement Manager
CSRO	Contract & Supply Relation Officer
PU	Procurement Unit
ICT/IS	Information Communication Technology Items Section
GHC	Ghana Cedi
ICT	International Competitive Tendering
INCOTERMS	International Commercial Terms
ITT	Invitation to Tenders
NCT	National Commercial Tendering
PPA	Public Procurement Authority
HIM	Health Inventory Management
NSC	Nature of Solicitation Challenges
LFM	Logistic for Management



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Overview**

The chapter encapsulates the general theme for the research. It summarizes the various parts of the study in a short comprehensive overview. The chapter covers details research problem, background, the study aim and objectives, scope of the study and research questions. Moreover, it discusses the justifications and the benefits of the study to the various stakeholders in the industry, most especially Komfo Anokye Teaching Hospital (case study institution). The scope or limitations of the study is also presented.

##### **1.1.1 Background of the research**

The workings of organizations require that goods and services be purchased either as raw materials or logistics to aid productivity and organizational welfare. When buying situations crop up, organizations exercise options to pick a sole vendor from who to acquire the needed goods and services (sole sourcing) or solicit bids from all eligible vendors (competitive bidding). Though both strategies have their advantages and disadvantages, public institutions in Ghana tend to prefer competitive bidding for various reasons: to satisfy national legal regulations, to cut down on chances of corruption and most importantly, to drive down cost by introducing competition amongst bidders.

Yet, the use of competitive bidding is a strenuous and complicated endeavor. Supplier selection is never a straightforward exercise. The process of identifying suppliers with the twin qualities of low cost yet high value, evaluating bids and contracting suitable suppliers requires not just extensive man hours, but also significant financial resources (LeRoux, 2007). When the goods and services required by a public sector institution

goes beyond the scope and capacities of local vendors, an international competitive tendering is required, significantly increasing complications for the public sector involved.

According to Eriksen and Jensen (2010) the administration of an international competitive bidding can be a lengthy, complex and an expensive process. The public institution involved has to prepare bids adequately detailing the task to be performed in a scope of work which requires skilled professionals, ensuring effective cooperation between the contracting staff and the various heads of department, bringing in legal advisors to oversee the framework amongst other functions. The entire process can be significantly long and expensive to execute.

The Ghana Health Service, like other critical sectors of the economy, often solicits bids from qualified firms for the supply and delivery of various goods and services.

The conducts of the tendering is in accordance with the procedure required for International Competitive Tendering (ICT) specified by the Public Procurement Act, 2003 (Act 663) (Adjei, 2008).

Though the procurement act is designed to help reduce corrupt practices and protect the public purse, studies conducted in other jurisdictions assert that most public institutions face major challenges in managing the tendering process and the Komfo Anokye Teaching Hospital is no exception. Built to provide general and specialist health services to the inhabitants of the Ashanti region and other regions in the northern sector of the country, the Komfo Anokye Teaching Hospital has over the years fully executed its mandate in most areas except for one: financial efficiency.

According to the National Public Procurement Authority Annual Report (2013), the Komfo Anokye Teaching Hospital is amongst a long list of public institutions struggling to fully implement competitive bidding in its procurement activities and thereby reduce expenditure and enhance financial efficiency. Perceptions of the precarious financial situation the hospital is immersed in is rife amongst stakeholders and the public alike. The researcher perceives the inadequate implementation of competitive tendering as a significant contributing factor to the financial inadequacy confronting the hospital, hence, the need to investigate the challenges faced by the hospital in the area international competitive tendering.

#### **1.1.2 Aim of the Study**

The study seeks to examine the challenges faced by procurement entities in soliciting for offers through international competitive tendering during procurement process, its causes and effects, the need to assess staff capacity, institutional linkages, and recommendations.

#### **1.2 Statement of the Problem**

The procurement process is fraught with a myriad of challenges and international competitive tendering, undertaken by a regional hospital like the Komfo Anokye Teaching Hospital is no exception. The challenges of such solicitation of offers stem out of the fact that, clear understanding, knowledge and capacity culminating with external influence contributes significantly in this regard. According to a world bank report (2005) cited by Adjei (2006), irregularities related to contract manipulations, poor record management of purchases, cost overruns, payments for works which have not been done and the use of fuel coupons without proper accountability etc. have been

identified by the Public Procurement Authority and the World Bank as some of the challenges contributing to non compliance of the preparation of annual procurement plan and adherence to the public procurement regulations.

Procurement at Komfo Anokye Teaching Hospital is perceived to be fraught with most challenges including: inaccurate demand management, inadequate capacity of procurement staff, political interference and non-compliance with the Act. Consequently Shaw (2010) noted that, the public have lost trust in public procurement due to the widespread corruption which had eaten into processes.

There are also challenges related to compliance with national economic policies (in training local firms), without mistreating foreign companies as provided in the World Trade Organization (WTO) agreements. According to Shaw (2010), perceptions of procurement challenges amongst stakeholders can severely restrict the achievement of economic, social and other corporate objectives. There is the need to find out if the challenges as ascertained in other jurisdictions and alleged at the Komfo Anokye Teaching Hospital hold any substance, hence the need for an empirical study such as this one.

### **1.3 Research Questions**

To adequately ascertain the procurement challenges involved in international competitive tendering at the Komfo Anokye Teaching Hospital and determine adequate measures to reduce its effects, the following questions were set.

1. What are the challenges faced in soliciting offers through International Competitive Tendering?
2. What are the causes of these challenges?
3. What are the effects of these challenges on solicitation of procurement?



4. What measures can be put in place to reduce the effects of the challenges?

#### **1.4 Objectives of the research**

The general objective of the research was to examine the challenges faced by procurement entities in effectively executing solicitation of offers through international competitive tendering. The specific objectives of this study are:

1. To identify challenges faced in soliciting offers through International Competitive Tendering.
2. To identify the causes of these challenges
3. To identify the effects of these challenges in the solicitation process.
4. To determine measures needed to reduce the effects of the challenges

#### **1.5 Significance of the Study**

The procurement process, if managed effectively could unlock the key to national economic efficiency. This study therefore is significant to various stakeholders. To the Komfo Anokye Teaching Hospital, this study presents an avenue to identify the challenges facing procurement efforts (competitive tendering), the extent of the challenges on both procurement effectiveness and financial efficiency and measures that can be adopted to surmount the challenges.

When these objectives are achieved, the Hospital can retain a larger share of both its internally generated funds and government support funding which would spur greater infrastructure development, logistics provisions and higher salaries and remunerations for staff, increasing operational effectiveness.

To procurement staff and agents, the study would offer educational on financial efficiency and operational effectiveness to ensure higher returns for the organization and staff as well. To the government, financial efficiency would not just stop the drain



on the public purse, but also ensure that much needed financial resources are retained for greater infrastructural and social economic development of the nation.

To the general public, the study would ensure that tax monies are effectively safeguarded and used for developmental projects, instead of suspicious endeavours and corrupt activities. Moreover, it will serve as a source of reference for future study by those in academia.

### **1.6 Brief Methodology**

The study research design was descriptive which utilized quantitative research approach. At the first stage, review of literature was carried out on key issue relating to the current study such as procurement, challenges with the implementation of procurement laws and the Ghanaian public procurement Act. The source of these information was mainly through books, research publications, previous thesis just to mention a few. Following this, the research collected primary data from the study area. A forty (40) respondents were mainly the management staff members and procurement personnel of the Komfo Anokye Teaching Hospital were selected for the study using purposive sampling technique. They were the management and staff of the procurement unit of the hospital, heads of all departments and units and staff of the logistics stores of the hospital. The study used questionnaires to elicit the necessary information from the respondents.

The data collected was analyzed using the Statistical Package for Social Sciences (SPSS) version 16 software package. The data was analyzed using descriptive statistics such as mean, frequencies standard deviation etc. The results were presented in the form of tables and charts.

## **1.7 Scope**

International competitive tendering is an exclusive adventure, for companies and departments with the capacity to engage in it. Amongst the healthcare providers in the middle belt of Ghana, the Komfo Anokye Teaching Hospital seems to be the only healthcare provider with specialized needs for equipment and machinery that may necessitate the sourcing of foreign providers.

The hospital also seems to have the financial capacity to engage in international competitive tendering. In view of this limiting factor, the study was limited to examining the challenges faced by procurement entities in effectively executing solicitation of offers through international competitive tendering using the Komfo Anokye Teaching Hospital as case study.

## **1.8 Limitations of the Study**

There were some limitations which the study encountered but the researcher was able to handle it to ensure the successful conclusion of the project. Firstly, the study was constrained by the limited amount of time it had to successfully complete it. The researcher being a working student had to juggle the time between professional duties and academic work. The researcher therefore had to take time off his professional work duties to enable the collection of data for the study and the subsequent analysis of it.

Secondly, the geographical distance between the workplace / home of the research and the case study company, the Komfo Anokye teaching hospital posed a limitation to the study. the researcher had travel long distances frequently to collect the needed primary data and also collect the needed secondary data.

## 1.9 Structure of the Study

The study was structured under five chapters. The first chapter encapsulates the general theme for the research. It summarizes the various parts of the study in a short comprehensive overview. The chapter covers details the research problem, background, the study aim and objectives, scope of the study and the research questions. Moreover, it discusses the justifications and the benefits of the study to the various stakeholders in the industry, most especially KomfoAnokye Teaching Hospital (case study institution). The scope or limitations of the study are also presented.

Chapter two reviews pertinent literature on the study. Issues such as procurement, procurement methods as well as challenges with the implementation of procurement laws. The third chapter explains the methods used for carrying out the study. It include the data collection and analysis techniques, study population and sample size, sampling technique etc. Chapter four presents discussions of the results of the study. The findings of the current study are compared with literature to find out the trend in the current study. The last chapter summarizes the study by presenting conclusions and recommendations. Moreover, directions for further studies have also been highlighted.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview**

Chapter two conducted a review on previous studies and extant literature on the topic of the study. The study sourced the reviewed literature from internet sources, journals, previous research works and other sources considered credible by the study. The study reviewed the following topics: The Concept of Definitions, The Concept of Procurement, Public Procurement and Ghana Health Service, Competitive Tendering, National Competitive Tendering, International Competitive Tendering, Nature of Solicitation challenges, Procurement and Healthcare Delivery, Aspects of Procurement Affecting Healthcare Delivery, Healthcare Inventory Management, Logistics for Medicines, Extent of Challenges on Effectiveness and Efficiency of the Solicitation Process.

#### **2.2 Definition of Concepts**

In this section, terms such as solicitation, procurement, competitive tendering and delivery are defined.

##### **2.2.1 Solicitation**

Solicitation is the method used by procurement entities to communicate information to suppliers. Solicitations of offers through International Competitive Tender (ICT) for the supply of goods can be verbal but written or electronic communication is preferred due to its quality and consistency.



### **2.2.2 Procurement**

The Public Procurement Authority of Ghana (PPA, 2003) defines procurement as the method of obtaining works, goods or services from a third party. In the view of Ghana Integrity Initiative (2007) Public Procurement is “the purchase of works, goods or services at the best possible cost, in the right quality and quantity, in the right place at the right time, for the benefit of individuals, governments, or corporate organization using contract. It has effect on the economy as well as the lives of the people who live in the country (Ghana Integrity Initiative, 2007). To the economy, procurement ensures judicious use of state resources. In summary, procurement is viewed as the acquisition of goods, works and services required by a country, organization or an individual to carry out its activities.

### **2.2.3 Competitive Tendering**

Competitive tendering is a means of selecting and engaging eligible suppliers and contractors from the general public both foreign and local to provide goods; services and works through a systematic process of invitation, opening and evaluation of tenders based on pre-determined criteria and award of contract to the lowest evaluated tender.

In the UN Handbook for Procurement Practitioners (2006), competitive tendering is defined as the procurement strategy in which offers are requested from multiple suppliers.

Policy Framework of Tasmania (1999), defines competitive tendering as a method of awarding the best among the best service provider from a range of qualified providers by requesting for offers and assessing the bidders based on a predefined selection criteria.



The Public Procurement Act 2007, of Nigeria, also defines Open Competitive Tendering as a practice used by procuring entities, using previously well-defined criteria, effects public procurements by allowing every potential and interested tenderers, equal concurrent information and chance to supply the goods and works advertised for.

#### **2.2.4 The Concept of Procurement**

The concept of procurement has been fundamental to the understanding of purchasing and supply. According to Ahmed and Mahmood (2010), the understanding of procurement as a topic enables a better understanding of purchasing and supply in particular and international trade in general. Baily et al., (2008) describe procurement at the purchase of goods and services using laid down policies and requirements. The researcher goes on to state that requirements considered as standard in the procurement field are the provision of high quality service, economy, and fairness in competition and efficiency in cost. Finally, Mangan, et al., (2008) defined procurement as the procedure observed in the identification and obtaining of goods and service for a company or for government. These goods and services must be appropriate and must be purchased at cost considered relatively moderate and convenient to the purchasing company or government.

The procurement process can be seen as a management process requiring compliance to various stages to ensure it is effective. The management process entails that needs are correctly and adequately determined, cost are effectively assessed, requirements and policies reviewed and bids invited. If an international competitive bidding is required, then foreign supplies are alerted.

In Ghana, pharmaceutical supplies represent a large section of the budget of the health sector. This huge need require government and the health sector stakeholders to evaluate best measures to take to enable them make needed purchases at the lowest possible prices.

According to the World Health Organization (2006), to ensure this, there is the need to adequately plan for procurement activities. Procurement planning could be done on a host of procurement activities to ensure that the process is both effective and efficient.

#### **2.2.5 National Competitive Tendering**

National Competitive Tendering is used for situation where the value of the projects or good and services to be procured has a lower value as defined by the threshold limited specified by the procurement Act. Moreover, the scope and nature of the workers are unlikely to attract foreign competition.

#### **2.2.6 International Competitive Tendering**

International competitive bidding relates to an official offer to supply logistics (goods and services) to a company for an agreed cost within an agreed frame of time (Dimitri et al., 2006). According to Lysons and Frrington (2006), the tendering process requires potential suppliers to make firm and unequivocal offers in regard to the price and terms of the logistics they hope to supply to the accepting company and when chosen, this document would form the basis for any future contract.

An international competitive bidding occurs when foreign supplies are extended invitations to participate in the tendering process (Ahmed & Mahmood, 2010). The assertion is made by Adjei (2006) as with the case of all tenders, international

competitive tendering are based on specified requirements made out by the purchaser to which tendering companies respond with their offers. This process is based on certain universally accepted principles like fair competition, openness and transparency, probity and accountability.

Adjei (2006) justifies this process and assures that such a process not only ensures best value for money but also that the companies are able to provide on an efficient basis. International Competitive Tendering is open to all companies who have the required qualification to tender and in Ghana, this process is often used to ensure that public organizations purchase needed logistics at the best bargain possible.

International Competitive Tendering is appropriate for high value or complex procurements, or where the supply of goods by their nature or scope, is unlikely to attract adequate local competition. The Public Procurement Act, Act 663 requires the use of ICT for procurement of goods above the threshold stated in Schedule 3 of Act 663.

#### **2.2.7 Solicitation Steps in Competitive Tendering**

Solicitation steps are undertaken when competitive tendering is used to select suppliers for the supply of goods and services. They include: Tender Documents preparation, Prior review/ETC/TRB approval, Adverts/Tender Invitation, Tender Close/Opening, Tender Evaluation and Report Submission, Approval by ETC/TRB, Contract Award, Contract Signature, Letters of Credit (Goods), Delivery, Inspection and Acceptance.

#### **2.3 Management of Contract**

Efficient management of contracts is important to ensure the realization of the objectives of the procurement process.

### **2.3.1 Administration and Supervision of Contracts**

Activities involved in contract management and administration can and include:

Monitoring the delivery periods of all procurements to ensure that they are well supplied with delays and defaults, receiving information about goods in transit, writing to suppliers if there are any problems and initiating and supervising any process involved in the delivery of goods etc.

### **2.3.2 Acceptance and Inspection of Goods**

The above task is usually carried out by the Stores Department of the procurement unit. The goods are first cleared from the port before they are carried to the store. Upon the receipt of the items, they are inspected before being kept in the stores.

## **2.4 Public Procurement and Ghana Health Service**

The Ghanaian public sector has been plagued by indistinct legal structure, disintegrated legal procedures and feeble department for overseeing the effective management of procurement systems. Governments and other major stakeholders have over the years sought to design and push a comprehensive reform agenda to sanitize the system, achieving nominal successes.

Programs such as the Public Financial Management Reform Programme (PUFMARP) in 1995 were introduced to ensure the provision of access to basic healthcare delivery and service and ensure that healthcare delivery was to a certain measure of quality.

Then came the follow up to the Public Financial Management Reform Programme (PUFMARP) which was enacted in 2003 by the Ghanaian Parliament called the Public Procurement Act, 2003 (Act 663). This second reform program sought to set up a public procurement authority, establish institutional structures or frameworks procurement, lay



down procurement processes and purposes, harmonize procurement in the public sector and ensure efficient economic and judicious use of public funds whilst ensuring that the public procurement process is fair, transparent, open and nondiscriminatory (PPA, 2003 Act 663).

Notwithstanding the Public Procurement Act, 2003 (Act 663), the public accounts committee has consistently and assuredly made damning and criteria, if not criminal findings of public servants regarding the implementation of the procurement process and the poor management of public funds. According to the MDA's report (2011), public sector officials tasked with protecting the public purse through ensuring the effective and efficient use of procurement continues to disclose poor cash management practices, non-availability of adequate records on revenue collected, inadequate controls over the administration of procurement and contracts, corruption and interference among others. According to the report, the overall financial impact of the weaknesses and irregularities identified amounted to GH¢118,820,175.66, US\$246,744.24 and GBP136, 084, 22 in the year 2011 alone. These adverse findings are coupled with irregularities recorded at about (21.53%). It is important to note that in spite of the numerous adverse findings stated above, other irregularities of the healthcare sector costs the nation significant sums of monies which could have been channeled to other industries.

The causes of these irregularities stemmed from cost overruns, payments for works not yet completed, giving out fuel coupons, variations in contract estimations, and lack for proper accounts for coupons and purchases, and a host of others.

Also, the challenges of poor supervision of subordinates and the lack of sanctions meted out affirmed as notable causes. Other causes were stated to be irregularities in contract



administration as a result of contract management lapses that occurred particularly at the Ministries of Health, Defense, Roads and Transport, Education and Employment and Social Welfare.

The report of the Auditor General identified all the above stated challenges as a consequence of poor procurement planning and implementation and asserted its negative impact on effective and efficient management of the public purse.

In view of the challenges stated above, short to medium term strategies have been propounded by the Ministry of Health as part of efforts to improve capacity building in the procurement sector in the ministry through increased donor funding. Consequently, procurement procedures have been proposed to enable enhanced procurement practices. These procurement procedures are programmed to assist the Health Ministry (MOH), its subdivisions and all other corporate bodies and individuals who undertake procurement within the Public Health Sector. The procedures detail procurement practices in three (3) major areas of procurement in the public sector: the acquisition of civil works, goods, and services.

## **2.5 Nature of Procurement Challenges**

Procurement through the international competitive tendering procedure is like all other ventures in business, fraught with significant challenges. Adjei (2006) enumerates some of the procurement through international competitive tendering challenges as cost overruns, payments for works not yet completed, giving out fuel coupons, variations in contract estimations, lack for proper accounts for coupons and purchases, and a host of others. In an article purchased by the World Bank in 2014, a lack of concerted local regulations, corruption, lack of knowledge and skilled expertise and the propensity for procurement staff and management of public institutions to collude with foreign

companies at the expense of the public purse are the major challenges hindering the system of procurement under the international competitive tendering process.

A study by Shaw (2010) on the major challenges affecting international competitive tendering in public sector organizations in developing countries showed that procurement forms a huge section of the budgets of governments and a lack of effectiveness in managing is a credible challenge on its own. That coupled with a real struggle to comply with various international and local policies and requirements on conducting a fair, effective international competitive bidding process (Arrowsmith and Trbus, 2008).

A previous study by Shaw (2010) outlined several challenges of the procurement system using international competitive bidding methods. Shaw states the inability of government and other stakeholders to determine if the amount given for the purchase of the item is going to be used to purchase exactly the same item or something else. Further, is the quoted price the right one, will the set policies and requirements be followed in the conduct of the international competitive tendering? Stakeholders also want to ensure that local businesses are given opportunities at such activities to local economic growth and increase job creation to reduce the high unemployment rate. Maurer (2004) listed the challenges of inability of purchasing companies to ensure fairness, integrity, accountability, transparency and the encouragement of indigenous businesses like manufacturers and suppliers.

### **2.5.1 Inaccurate Demand Management**

The management of demand in the supply chain process is critical to the conduct of an effective procurement regime through International Competitive Tendering. The accurate measurement of demand ensures that procurements are done at the right times and goods procured are of the right requirements and specifications. Demand

management should ensure that management decisions both at the departmental level and organizational level are in tune proper measurements of demand and proper standards of procurement through international competitive tendering.

Thai et al, (2005) recommends the involvement of specialist in the measurement of demand, assessment of need and the determination of the relevant logistics in order to decrease the instances of inaccurate demand management which could have significant financial and time effects on the healthcare institution.

### **2.5.2 Lack of Proper Knowledge, Skills and Capacity**

Procurement using international competitive tendering methods and processes could be significantly hampered by shortages in skills and competencies by procurement staff. Sheoraj (2007) as cited by Intaher (2012) makes the assertion that lack of knowledge of proper processes and structures cause the biggest individual frustrations on procurement using the international competitive tendering process.

When the competencies and capacities of staff are sub-standard could lead to a helpless flawed bidding process that could cost the company significant funds to reverse (Intaher, 2012).

### **2.5.3 Non-compliance with Policies and Regulations**

In several countries, both developing and developed, the supply chain management system is governed by policies and regulations that seek to ensure sanity in the environment.

Sometimes, compliance with both national and international regulations on supply chain management or international competitive tendering can pose a challenge to local institutions. Matthee (2006) indicates, as cited by Intaher (2012) that some tenders

might require companies to utilize competitive processes whilst some might not. Again, the statements of bids, quotations and such stuff may have different methods of undertaking them across different countries and that may inhibit effective international competitive tendering processes. In furtherance of this point, Ambe and Badenhorst-Weiss (2011b) highlighted the inadequate control measures and procedures in the handling of bids, appointments of oversight committees to oversee bid processes, etc.

## **2.6 Political Interference**

This has been one of the major challenges to the implementation of procurement laws in most countries. Most politicians take the law into their own hands and intervene in the procurement procedures and manipulate procurement decisions (World Bank, 2004b). Finally, facing the challenges above and others, including advancement in technology (which have led to new procurement methods), public procurement cannot be surplus, and the irrational use of limited resources are to be discarded for the provision of value for money.

## **2.7 Procurement and Healthcare Delivery**

Several studies have touted the need for effective procurement in the healthcare delivery sector. The need to provide drugs for patients, logistics in equipments and gadgets for healthcare professionals, materials for service provision and other vital needs requires healthcare institutions to undertake procurement activities usually using international competitive tendering.

Meijboom, Schmidt-Bakx and Westert, (2011) assert that the act of procurement cannot be eliminated from the processes and activities of healthcare institutions due to the fact that it ensures the effective implementation of all other healthcare activities. Mustaffa



and Potter (2009) posit that without effective procurement in the healthcare sector, long patient queues would generate in all healthcare institutions with its attendant hours, if not days of waiting, patients conditions may worsen and avoidable deaths might even occur.

Meijboom, et al. (2011) investigated the role of procurement in healthcare delivery using a study of 60 health institutions in the United States of America. The study analyzed responses from 2400 respondents and found that the healthcare sector is highly demand driven and such demands more often than not require immediate provision. When goods and services cannot be provided on a need-to-provide basis, catastrophic consequences might follow. The healthcare sector has certain demands that are difficult to satisfy with service capacity, there is therefore the need to adequate inventory at all times. Adequate inventory can only be maintained with effective procurement services (Kumar et al, 2008). In similar vein, the findings of other studies show that ineffective procurement performance can cause delivery health service delivery and stock shortages of critical medical supplies that might negatively impact effectiveness and the efficiency of the healthcare systems as noted by the following studies: Mustaffa and Potter (2009) and Kumar, et al (2008)

### **2.7.1 Aspects of Procurement Affecting Healthcare Delivery**

In the healthcare sector, there is a certain scale of uniqueness to procurement as a supply chain management function. This uniqueness is hard to transfer from the healthcare sector to mainstream industry. White and Mohdzain (2009) argue that the uniqueness of procurement in the healthcare sector is underscored by its ability to connect all the faucets of healthcare delivery processes and coordinate the smooth running of operations.



According to Vries and Huijsman (2011) Procurement has real effects on pharmaceutical operations in the healthcare sector. When the procurement process is hijacked by ineffectiveness and corruption, pharmaceutical stocks deplete and important medicines run short, effectively clogging the wheels of smooth operational activity in the hospital. Chandra, Kumar and Ghildayal (2009) put forward the argument that ineffectiveness in the procurement process hampers the operationalization of just-in-time systems which impedes healthcare processes in hospitals.

Kumar et al., (2008) bring up the point that when procurement processes clog up, patient health is adversely affected, leading to high mortality rates. This assertion holds due to the fact that lack of logistics and drugs due to an inefficiency of the procurement process serves as a precursor to decreased standards of healthcare delivery which adversely affects the health of patients.

The phenomenon also frustrates healthcare providers such as doctors and nurses as well as pharmacists who are tasked to delivering healthcare.

Finally, Mustaffa and Potter (2009) opine that a breakdown in the procurement process also hinders the effective and regular administration of healthcare centers like hospitals, clinics as well as pharmaceutical stores.

When hospital managements cannot serve healthcare providers with the right medications and logistics, healthcare provision breaks down and hospital administrations are termed ineffective as best and incompetent as best. A breakdown in the procurement processes also taints the operational integrity of hospitals and causes patients to overlook them in their quest for effective healthcare.

### **2.7.2 Healthcare Inventory Management**

The management of inventory in the healthcare sector and its impact on delivery has over the few decades remained a topical issue of research. Chandra, Kumar and Ghildayal (2009) investigated the topic of healthcare inventory management and made findings which indicated the complex nature of this concept and how it affects hospital finances in a significant manner. Chandra et al., (2009) contended that the twin responsibilities of managing cost of stocks and demand at appropriate levels is a significant challenge. To avoid shortages of drugs and other logistics, the tendency to overstock is real, but overstocking impedes hospitals financial security by locking up funds for other sectors in drugs and logistics sitting dormant in pharmacy stores and warehouses. In similar vein, the trend to adopt just-in-time systems could turn negative on healthcare when a part of that system reneges on its duties and holds up the process (Varies, 2010).

Just-in-time systems in developing countries like Ghana with its attendant inefficiencies in healthcare provision would serve to cause shortages in drugs and other logistics which inadvertently could cause avoidable deaths of patients. Chandra et al., (2009) in an assessment of the over-stocking versus under-stocking dilemma directs on discretion based on current circumstances since both strategies have shortfalls and benefits. The researcher therefore posited that, depending on the current situation on the ground at the hospital institution, one of the two strategies could be chosen.

Tordoff, Norris and Reith (2008) advice that hospital managements liaise with procurement officers to determine an effective solution to the challenge. The researcher advocated dynamic systems where depending on regular demand, certain critical drugs and logistics are kept in stock whilst others are brought on a just-in-time basis.

According to Vries (2010), such a system would prevent healthcare institutions from experiencing cash shortfalls whilst still meeting logistical demands on a daily basis.

### **2.7.3 Logistics for Medicines**

Tetteh and Pharm (2009) posit that the level of stocks of drugs in pharmacies affect the price, availability and access to drugs to save lives. The suggestion is put forward that failure of the procurement process to make available the needed stocks of medicines affects healthcare delivery in a significant manner. Bailey et al, (2005) in a study of healthcare delivery in some American cities found that procurement systems sometimes fail bringing with it shortages in central warehouses which translate into shortages in regional and district warehouses. These challenges bring with it shortages in hospitals which hamper effective healthcare delivery.

The context has been established by Tetteh and Pharm (2009) that the key to ensuring that logistics in healthcare delivery centers and adequate and effective is to ensure that logistics delivery systems like procurement are short and uncomplicated. When procurement chains are long, complications invariably creep up, denying purchasing decisions, the release of funds, the selection of suppliers, warehousing challenges and lapses in delivery to healthcare institutions. Effective procurement systems also require that communication systems and information delivery systems are effective and up-to-the-minute.

A study undertaken by Ramani and Mavalankar (2006) of healthcare systems in several major cities in the India detailed that the most significant determinant of effective healthcare delivery was improved or effective procurement management. The study posited that the effective management of procurement ensured that logistics are fully

and adequately provided on a just-in-time or stocked basis, ensuring that the healthcare delivery process is not hampered or unduly delayed in any way.

Recent investigations into procurement systems have also determined the significance of procurement in industries, most of all, the healthcare industry (Tetteh and Pharm, 2009). One of the most important studies into the subject was conducted by Basheka (2004) into the effectiveness of procurement systems in the Mexican healthcare delivery. The study showed that the shortening of the procurement process not only significantly improved the delivery of healthcare in the country, but also reaped significant cost savings to the country, enabling the government to channel the extra savings into other critical areas of national development.

## **2.8 Extent of Challenges on Effectiveness and Efficiency of the Procurement Process**

When challenges crop up in the procurement process, its effectiveness and efficiency can significantly be compromised. But to what extent can challenges affect the effectiveness and efficiency of the procurement process. Recent investigations into the extent of challenges on the smooth running of the procurement process was done by Johan (2006) as cited by Wogube (2011) and made some interesting findings. Johan (2006) found that the type of challenge, time of the challenge and the duration of the challenge contribute to determine the extent of impact on the procurement process. The study posited that in worse case scenarios, the procurement process could be effectively halted by challenge, rendering the healthcare delivery systems static and ineffective. This can cause serious end-user effects, the worse of it being death.



In recent decades, interest on the influence of procurement on effective and efficient healthcare delivery has been plentiful. Mullins (2003) investigated the contribution of effective procurement in terms of procurement planning, process, and implementation to the effective and efficient delivery of public sector healthcare institutions in some developed and developing countries. Findings revealed strong positive correlations between effective procurement planning and implementation and effective public sector healthcare delivery. In some developing countries like Uganda where procurement planning and processes showed some lapses, the study showed flawed healthcare delivery processes indicative of the state of procurement planning and processes. One of the most interesting assertions on procurement in the health sector was reported in the Public Procurement Policy Manual (2009). The manual made assertions to the effect that when procurement is effectively planned, unexpected positive results which on a business to business basis, can represent huge cost savings in the quantum of contract awarded, reduction in purchases, increase corporate decisions based on hard facts and credible data and significant reductions risks. There are also benefits like increased propensities to identify opportunities for value addition on the part of suppliers, maintain improved client-supplier relations and improve general service delivery and patient (customer) satisfaction.

A previous study by Mawhood (1983) suggested that the effective planning of procurement processes enables right services to be secured and delivered in public sector organizations. Mawhood (1983) posits that effective procurement planning and processes also enables the maximization of the levels of services provided and a reduction in the logistics needed to provide those services. Finally, the importance of a

procurement plan is touted by various extant literature to be paramount as an effective and efficient procurement processes delivery, could be seen as a reality.

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## **CHAPTER THREE**

### **METHODOLOGY AND PROFILE OF CASE STUDY INSTITUTION**

#### **3.1 Introduction**

The chapter details the methods by which the study was undertaken. The sections included; design of the research, study population and sample size, technique for selecting the samples the instrument used for collection the primary data and the technique used to analyze the data among others. The profile of the Komfo Anokye Teaching Hospital which is central to the study is also presented.

#### **3.2 Research Design**

The research design adopted by the study was descriptive, combined with a quantitative research approach. This was aimed at collecting information to explain the problem at hand (Polit and Hungler 1993). The two techniques helped the researcher to address the research questions and meet the study objectives. A case study result style which was focused on the Komfo Anokye Teaching Hospital was used. This research style according to Fraenkel and Wallen (2003) help researchers to obtain an in-depth understanding of a problem.

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

This comprised all staff and management of the Komfo Anokye Teaching Hospital who are involved in procurement decisions at the hospital. They included head of all departments, staff of logistics and stores department of the hospital as well as staff of the procurement unit. The size of this sample frame was three hundred and seventeen (317) (Human Resource Department of KATH, 2015)

### **3.4 Sample size and Sampling Technique**

A total of forty (40) personnel were selected from staff of the procurement unit of the hospital, heads of department and staff of the logistics and stores department of the hospital. They were selected using purposive sampling techniques.

The study used purposive sampling to enable employees whose job descriptions and daily roles were directly linked to procurement, purchasing and supply chain management. The study assumed that such employees would be better placed to adequately respond to the data collection instruments and also provide authentic reliable data to enable the study achieve its objectives. Purposive sampling also allowed for respondents with divergent demographics to be sampled, increasing the representativeness of the sample to the population.

The study purposively sampled the Komfo Anokye Teaching Hospital in the Kumasi Metropolis due to proximity and the ability of the researcher to readily collect data for the study. An institution in a geographically removed location would serve to hamper data collection and delay the completion of the study: which is an academic endeavor set on specific timelines.

### **3.5 Source of Data**

The study collected primary and secondary data from the sources described below:

#### **3.5.1 Primary Data**

The primary data was gathered through the questionnaires administered to the respondents. Interviews were also held with some key procurement staffs.



### **3.5.2 Questionnaire**

According to Britton and Garmo (2002), a questionnaire consists of series of questions either closed or open ended used to gather information from respondents. It ensures standardization of the responses and is easy for statistical analysis of the responses (Yin, 2005). In the current study structured questionnaire with both closed and open ended questions were used. Some of the questions were measured on a five-point Likert scale. The questionnaire had two sections. The first section gathered information about the characteristics of the respondents whilst the other section elicited information based on the objectives of the study. The questionnaires were self-administered by the researcher. This was done to ensure high response rate. Special permissions were sought from the hospital administrators and department heads to allow for data collection in their hospital and units respectively.

### **3.5.3 Piloting of Questionnaires**

Prior to the administration of the questionnaires, a sample of respondents were tested from some selected employees of Komfo Anokye Teaching Hospital. As noted by Cooper and Schindler (2003) piloting helps to clear any ambiguities in the questionnaires before their actual administration. Thus, through the piloting the researcher was able to identify and correct certain challenges and mistakes relating to the clarity of the questions to the respondents.

### **3.5.4 Interview Guide**

As stated earlier on, interviews were held with some key members of the procurement unit. Prior to that, an interview guide which focused on the research objectives were designed. The participants in the interviews were the administrator and heads of the various units of the hospital. See Appendix B for a copy of the guide.

### 3.6 Secondary Data

Secondary data was also collected through the review of literature on the issue relevant to the current study. The findings of from this source helped with the discussion of the results of the current study.

### 3.7 Data Analysis Procedure

The data collected was analyzed using the Statistical Package for Social Sciences (SPSS) version 16 software package. The data was analyzed using descriptive statistics such as such as mean, frequencies standard deviation etc. The results were presented in the form of tables and charts as shown in chapter four. The mean was calculated using the formula below:

$$M = \Sigma (X) / N$$

Where  $\Sigma$  = Sum of

X = Individual data points

N = Sample size (number of data points)

The standard deviation helped to measure variability and spread of data set. The closeness of the data points to the mean indicates a greater uniformity of the responses and vice versa..

### 3.8 Ethical Considerations

In the current study ensured that, it complied with the ethic of research. In the first place permission was sought form the management of the hospital to carry out the study. The hospital like other health institutions prohibits employees from disclosing sensitive information about the operations of hospitals to the public. Thus after seeking the approval of the hospital authority to conduct the research, all the respondents were

relieved and they provided all the necessary information relevant to the study. Moreover, the purpose of the study was clearly explained to them. Finally, all pieces of documents used for the work were appropriately referenced.

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## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS**

#### **4.1 Introduction**

This chapter showed the presentation of data, analysis and discussion of findings. The study analyzed both demographic characteristics of respondents and responses on the research objectives.

#### **4.2 Demographic Characteristics of Respondents**

The study analyzed the background information (demographic characteristics) of the study respondents in a bid to examine the suitability, qualification and competence of the selected respondents to provide for the study, authentic unbiased data as advocated by Amin (2005). The demographic analysis executed included gender distribution, age category, highest academic achievement and job category.

As shown on table 4.1, the study analyzed the demographic characteristics of respondents. In relation to the age distribution of respondents, the study showed that 15 respondents representing 37.5% of the study sample were between the age bracket of 46-60 years. 14 respondents representing 35% of the sample were between 31-45 years and the remaining 11 respondents representing 27.5% were above 18 years but below 30 years. This finding was indicative of the representativeness of the study respondents across age divides. This ensures that perceptions and ideas relating to generational thinking would be represented in the responses received.

**Table 4.1 Demographic Characteristic of Respondents**



Variable	Frequency	Percentage
<b>Age Group</b>		
18-30 years	11	27.5%
31 -45 years	14	35%
46 -60 years	15	37.5%
<b>Gender</b>		
Male	27	67.5%
Female	13	32.5%
<b>Education</b>		
Tertiary	28	70%
Post- Graduate	12	30%
<b>Work Experience (Yrs)</b>		
1-10 years	17	42.5%
11-20 years	15	37.5%
Over 21 years	08	20%

Source: Field Data, 2015

In relation to gender distribution of respondents, the study showed that males formed a majority in the procurement and purchasing and supply sector with 27 respondents representing 67.5% of the study respondents being males whilst the remaining 13

respondents representing 32.5% of the study sample being females. This finding showed that the study sought responses from both genders and took into account gender-related perceptive and thinking.

The distribution of respondents by education showed that respondents who have attained tertiary education as their highest academic achievement were 28 representing 70% of the study respondents compared to 12 respondents representing 30% of the study sample who had achieved post-graduate level education. This finding showed the educational qualifications of the study respondents to respond to the data collection instruments.

Also, the analysis of respondents work experiences showed that a majority of the study sample had worked with the Komfo Anokye Teaching Hospital for periods under 10 years. this section of respondents were 17, representing 42.5% of the study sample. 15 respondents had worked for periods between 11-20 years representing 37.5% of the study sample whilst the remaining 8 respondents representing 20% of the study sample had worked for periods spanning over 20 years. This finding showed the extensive work experience of the study respondents and hence their qualification to give credible data to the study.

#### **4.3 Challenges Faced in Soliciting Offers through International Competitive Tendering**

The study sought to identify the challenges faced by the Komfo Anokye Teaching Hospital in soliciting offers through international competitive tendering.

**Table 4.2 Challenges in Soliciting Offers through International Competitive**

**Tendering**

Challenges	N	Frequency		Mean
		Agree	Disagree	
Inaccurate Demand Management	40	14 (35%)	26 (65%)	2.4500
Lack of Proper Knowledge, Skills and Capacity	40	31 (77.5%)	9 (22.5%)	3.8250
Non-Compliance with Policies and Regulations	40	34 (85%)	6 (15%)	4.1250
Political Interference	40	33 (82.5%)	7 (17.5%)	4.0250
Irregularities Related to Purchases Not Taken on Ledger Charges	40	31 (77.5%)	9 (22.5%)	3.9250
Contract Variations	40	32 (80%)	8 (20%)	3.9750
Cost Overruns	40	33 (82.5%)	7 (17.5%)	4.1000
Failure to Adhere to Public Procurement Act	40	31 (77.5%)	9 (22.5%)	3.8250
Complying with National Policies without Violating International Conventions	40	34 (85%)	6 (15%)	4.3250

Source: Field Data, 2015

The findings as shown on table 4.2 above showed that the Komfo Anokye teaching hospital faces a host of challenges in soliciting offers through international competitive tendering. The study showed that challenges stem from complying with national policies without violating international conventions. This challenge was agreed to by 34 respondents representing 85% of the sampled respondents compared to just 6 respondents, representing 15% who disagreed. The same percentage of 85% agreed to the assertion that Non-Compliance with Policies and Regulations posed a significant challenge to the solicitation for offers through international competitive tendering. These two challenges were found to be the most prominent amongst all the challenges found to plague the international competitive tendering process.

Other challenges found included political interferences in the tendering process (as cited by 33 respondents, representing 82.5% of the study sample), Cost Overruns (as cited by 33 respondents, representing 82.5% of the study sample), Contract Variations (as cited by 32 respondents, representing 80% of the study sample), Lack of Proper Knowledge, Skills and Capacity in the institution to effectively execute solicitation of offers through international competitive tendering (as cited by 31 respondents, representing 77.5% of the study sample), failure to adhere to public procurement act (as cited by 31 respondents, representing 77.5% of the study sample) and irregularities related to purchases not taken on ledger charges (as cited by 31 respondents, representing 77.5% of the study sample).

The findings of the study showed that the Komfo Anokye Teaching Hospital has significantly challenges that counter their effective execution of the international competitive tendering process. The findings of the study correlate with that of other



studies. The ability of institutions to like the Komfo Anokye Teaching Hospital to adhere to both national policies and international conventions in the execution of international competitive tendering is a significant challenge not just for local institutions but foreign companies as well. Intaher, (2012) states that in several countries, both developing and developed, the supply chain management system is governed by policies and regulations that seek to ensure sanity in the environment and check institutional corruption and corrupt practices perpetrated by individuals.

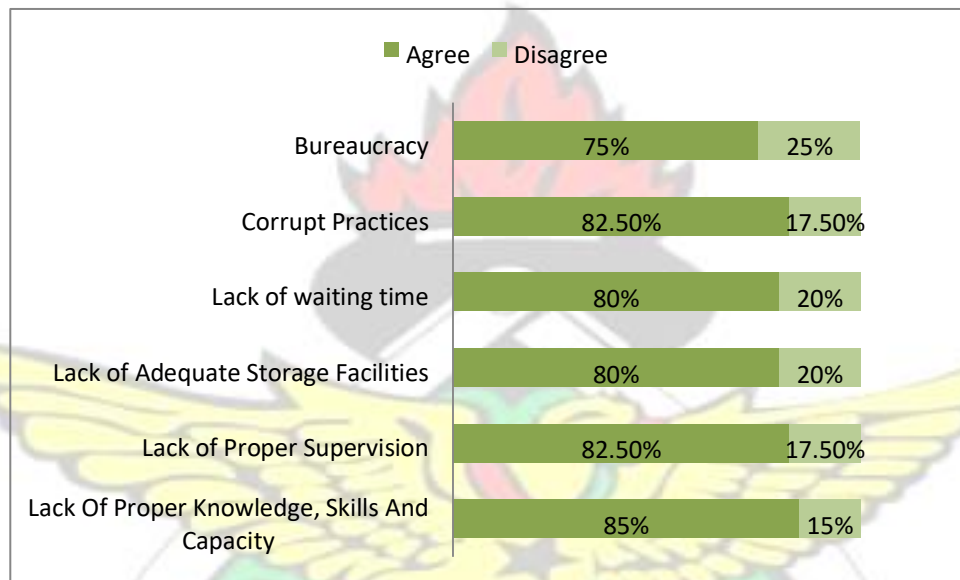
Sometimes, compliance with both national and international regulations on supply chain management or international competitive tendering can pose a challenge to local institutions. Matthee (2006) indicates, as cited by Intaher (2012) that some tenders might require companies to utilize competitive processes whilst some might not. Again, the statements of bids, quotations and such stuff may have different methods of undertaking them across different countries and that may inhibit effective international competitive tendering processes.

The World Bank in its 2014 assessment of institutional reforms and integrity initiative in developing countries held the strong opinion that the interferences of politicians in procurement decisions leads to capricious procurement choices and policies which adversely affects the integrity of the procurement process (World Bank, 2014b). For expediencies, political decisions can deny health institutions vital logistics whilst causing surpluses in other healthcare institutions, therefore not efficiently utilizing the nations or hospital's financial resources.

#### 4.4 Causes of International Competitive Tendering Challenges

Research question two sought to identify the causes of the challenges found in section 4.3 above.

**Figure 4.1 Causes of International Competitive Tendering Challenges**



Source: Field Data, 2015

The study showed on figure 4.2 that the challenges plaguing international competitive tendering were caused by a lack of proper knowledge, skills and capacity (as cited by 85% of the study respondents), lack of proper supervision of the tendering process (as cited by 82.5% of the sample respondents), corrupt practices by the key actors of the tendering process (as cited by 82.5% of the sample respondents), lack of waiting time (as cited by 80% of the sampled respondents), lack of adequate storage facilities (as cited by 80% of the sampled respondents) and bureaucracy (as cited by 75% of the sampled respondents).

The causes of the challenges found to be plaguing the smooth execution of international competitive tendering at the Komfo Anokye Teaching Hospital were symptomatic of the administrative and managerial failures of the public institutions in Ghana. All the causes seem to border on management and administrative shortcomings: from a lack of proper supervision to a lack of proper knowledge, skills and capacity on the job. These managerial failures, as shown by the study can pose critical challenges to any process, beyond the solicitation of offers through international competitive tendering. The causes of the challenges relate to core systems of management and operations in the Komfo Anokye Teaching Hospital in particular and public institutions in general.

#### **4.5 Effects of These Challenges on Solicitation of Procurement**

After identifying the challenges plaguing solicitation for offers through international competitive tendering, the study sought to identify the effects of the challenges on the solicitation of procurement process.

As shown on Table 4.3 above, the study showed that the challenges of solicitation for offers through international competitive tendering have significant effects on the delivery of healthcare at the Komfo Anokye Teaching Hospital. The study showed that challenges in achieving effective procurement lowers overall corporate productivity.

This finding was agreed to by 34 respondents representing 85% of the sampled respondents. other effects of the challenges of procurement included delays in procurement causing long waiting times resulting in worsening of patients conditions (as cited by 33 respondents representing 82.5% of the study sample), Lack of service to patients (as cited by 31 respondents representing 77.5% of the study sample).

Restrict health worker performance (as cited by 31 respondents representing 77.5% of the study sample), Hospital loses its credibility (as cited by 31 respondents representing 77.5% of the study sample) and Increases cost of business (as cited by 33 respondents representing 82.5% of the study sample).

**Table 4.3 Effects of These Challenges on Solicitation of Procurement**

	N	Frequency		Mean
		Agree	Disagree	
Long waiting times for patients	40	33 (82.5%)	7 (17.5%)	4.0250
Lack of Service to Patients	40	31 (77.5%)	9 (22.5%)	3.9250
Restrict Health Worker Performance	40	31 (77.5%)	9 (22.5%)	3.8250
Lowers Corporate Productivity	40	34 (85%)	6 (15%)	3.9250
Increase Cost of Business	40	30 (75%)	10 (25%)	3.9250
Hospital Loses its Credibility	40	31 (77.5%)	9 (22.5%)	4.0000

Source: Field Data, 2015

The findings showed that the challenges to procurement at the Komfo Anokye teaching hospital have significant negative effects on administrative and operational processes, staff performance, hospital finances, patients' health and life and overall hospital productivity. These findings are supported by extant literature and previous findings. Meijboom, et al. (2011) investigated the role of procurement in healthcare delivery using a study of 60 health institutions in the United States of America.



The study analyzed responses from 2400 respondents and found that the healthcare sector is highly demand driven and such demands more often than not require immediate provision.

When goods and services cannot be provided on a need-to-provide basis, catastrophic consequences might follow. These effects included long waiting times resulting in worsening of patient condition, lack of service to patients and restrictions to health worker performance. Within the last few decades, interest on the influence of procurement on effective and efficient healthcare delivery has been plentiful. Mullins (2003) investigated the contribution of effective procurement in terms of procurement planning and process implementation to the effective and efficient delivery of public sector healthcare institutions in some developed and developing countries.

Findings revealed strong positive correlations between effective procurement planning and implementation and effective public sector healthcare delivery. In some developing countries like Uganda where procurement planning and processes showed some lapses, the study showed flawed healthcare delivery processes indicative of the state of procurement planning and processes. The findings thus showed that the relationship between procurement and public healthcare delivery was strong and direct.

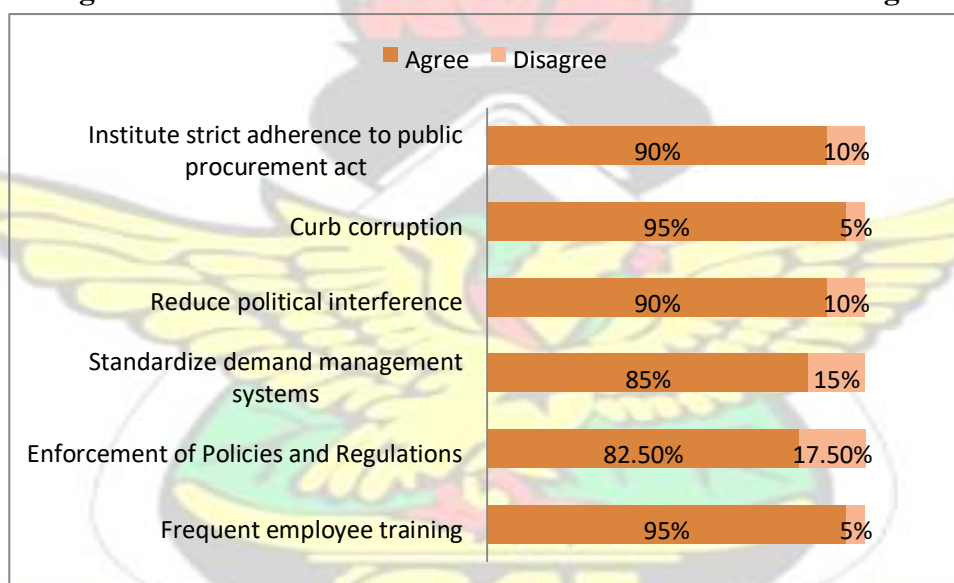
#### **4.6 Measures Needed to Reduce the Effects of the Challenges**

The study sought to determine measures needed to reduce the effects of the challenges.

As shown on figure 4.3 above, the study showed that the Komfo Anokye Teaching

Hospital needs to curb corruption in the procurement process (cited by 95% of the study respondents), institute frequent employee training programs (cited by 95% of the study respondents), institute strict adherence to the public procurement act (cited by 90% of the study respondents), reduce political interferences in the procurement process (cited by 90% of the study respondents), standardize demand for management systems (cited by 85% of the study respondents) and enforce policies and regulations regarding procurement in general and procurement through international competitive tendering in particular (cited by 82.5% of the study respondents).

**Figure 4.2 Measures Needed to Reduce the Effects of Challenges**



Though the challenges found and its effects on the procurement process and healthcare delivery are significantly negative, the study shows measures that the KomfoAnokye Hospital administration could do to reduce the challenges and soften the effects on management of the hospital and health delivery.

One of the most interesting assertions on procurement in the health sector was reported in the Public Procurement Policy Manual (2009).

The manual made assertions to the effect that when procurement is effectively planned, unexpected positive results which on a business to business basis, can represent huge cost savings in the quantum of contract awarded, reduction in purchases, increase corporate decisions based on hard facts and credible data and significant reductions risks.

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## **CHAPTER FIVE**

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

#### **5.1 Introduction**

This chapter captured the summary of the research findings, conclusion to the study and recommendations.

#### **5.2 Summary of Findings**

The main objective of the study was to examine the challenges faced by procurement entities in effectively executing solicitation of offers through international competitive tendering. Below is a summary of the study findings.

Research objective one sought to identify challenges faced in soliciting offers through International Competitive Tendering. The study showed the challenges to include difficulties in complying with national policies without violating international conventions and Non-Compliance with Policies and Regulations. Other challenges found included political interferences in the tendering process, Cost Overruns, Contract Variations, Lack of Proper Knowledge, Skills and Capacity in the institution to effectively execute solicitation of offers through international competitive tendering, failure to adhere to public procurement act and irregularities related to purchases not taken on ledger charges.

Research objective two sought to identify the causes of these challenges. The study showed that the challenges plaguing international competitive tendering were caused by lack of proper knowledge, skills and capacity, lack of proper supervision of the tendering process, corrupt practices by the key actors of the tendering process, lack of waiting time, lack of adequate storage facilities and bureaucracy.



Research objective three sought to identify the effects of these challenges on solicitation of procurement. The study showed that the challenges found by the study had significant negative effects on healthcare delivery at the Komfo Anokye Teaching Hospital. Some of the effects included lower overall corporate productivity, delays in procurement causing long waiting times resulting in worsening of patients conditions, Lack of service to patients, Restrict health worker performance, Hospital loses its credibility and Increases cost of business.

Finally, research objective four sought to determine measures needed to reduce the effects of the challenges. the study showed that to reduce the effects of challenges on healthcare delivery and improve the procurement process, the Komfo Anokye Teaching Hospital needs to curb corruption in the procurement process, institute frequent employee training programs, institute strict adherence to the public procurement act, reduce political interferences in the procurement process, standardize demand for management systems and enforce policies and regulations regarding procurement in general and procurement through international competitive tendering in particular.

The Hospital should be seen to follow the laid down procedure in respect of Procurement Plans much as it is being prepared. Failure to quarterly update the plan becomes violation and contravenes the provision of the Act which states that all procurement entities should prepare procurement plans and update them regularly. Again the procurement plan had to be linked to the budget in order to ensure that, there is a regular flow of the procurement process.

Any officer charged with the procurement function must behave ethically and procurement officers are required to work as a team in order to have a coordinated procurement activities.

### **5.3 Conclusion**

In recent decades, interest on the influence of procurement on effective and efficient healthcare delivery has been plentiful. Findings revealed strong positive correlations between effective procurement planning and implementation and effective public sector healthcare delivery. The findings thus showed that the relationship between procurement and public healthcare delivery was strong and direct.

The study showed that the ineffectiveness of the procurement process has significant negative consequences on healthcare delivery and the lives of patients. The review of extant literature and previous studies showed that other jurisdictions such as India and other developing countries detailed that the most significant determinant of effective healthcare delivery was improved or effective procurement management. These studies posited that the effective management of procurement ensured that logistics are fully and adequately provided on a just-in-time or stocked basis, ensuring that the healthcare delivery process is not hampered or unduly delayed in any way. From the review of literature to the analysis of data, the study has obtained credible findings and propounded effective recommendations for adoption by the various stakeholders. The procurement unit which is charged to undertake the procurement function should be manned by professionals with the requisite professional qualification.

### **5.4 Recommendations**

Based on the findings, the study recommends the following:

#### **5.4.1 Curb corruption in the procurement process**

The study showed that acts of corruption plagues the effectiveness of the procurement process. The study therefore recommends that, management of Komfo Anokye teaching hospital takes steps to halt the perpetuation of corrupt practices in the execution of the procurement process so as to sanitize the process and render it more effective.

#### **5.4.2 Institute Frequent Employee Training Programs**

The study showed that lack of proper knowledge, skills and capacity hampers the administration and effective execution of the procurement process, thereby resulting in negative effects on healthcare delivery. The study therefore recommends that management of the hospital takes procurement, purchasing, supply and delivery, logistics and all other employees active in the procurement process through frequent training programs to update their knowledge and skills so as to improve the procurement process.

#### **5.4.3 Institute Strict Adherence to the Public Procurement Act**

The public procurement act was enacted to bring order and sanity to public procurement processes and activities. The study showed that lack of adherence to the public procurement act serves as a challenge to the effective execution of solicitation of offers through international competitive tendering.

The study therefore recommends that management of Komfo Anokye teaching hospital ensures strict adherence to the public procurement act in order to guarantee the procurement process and other related activities are sanitized and orderly.

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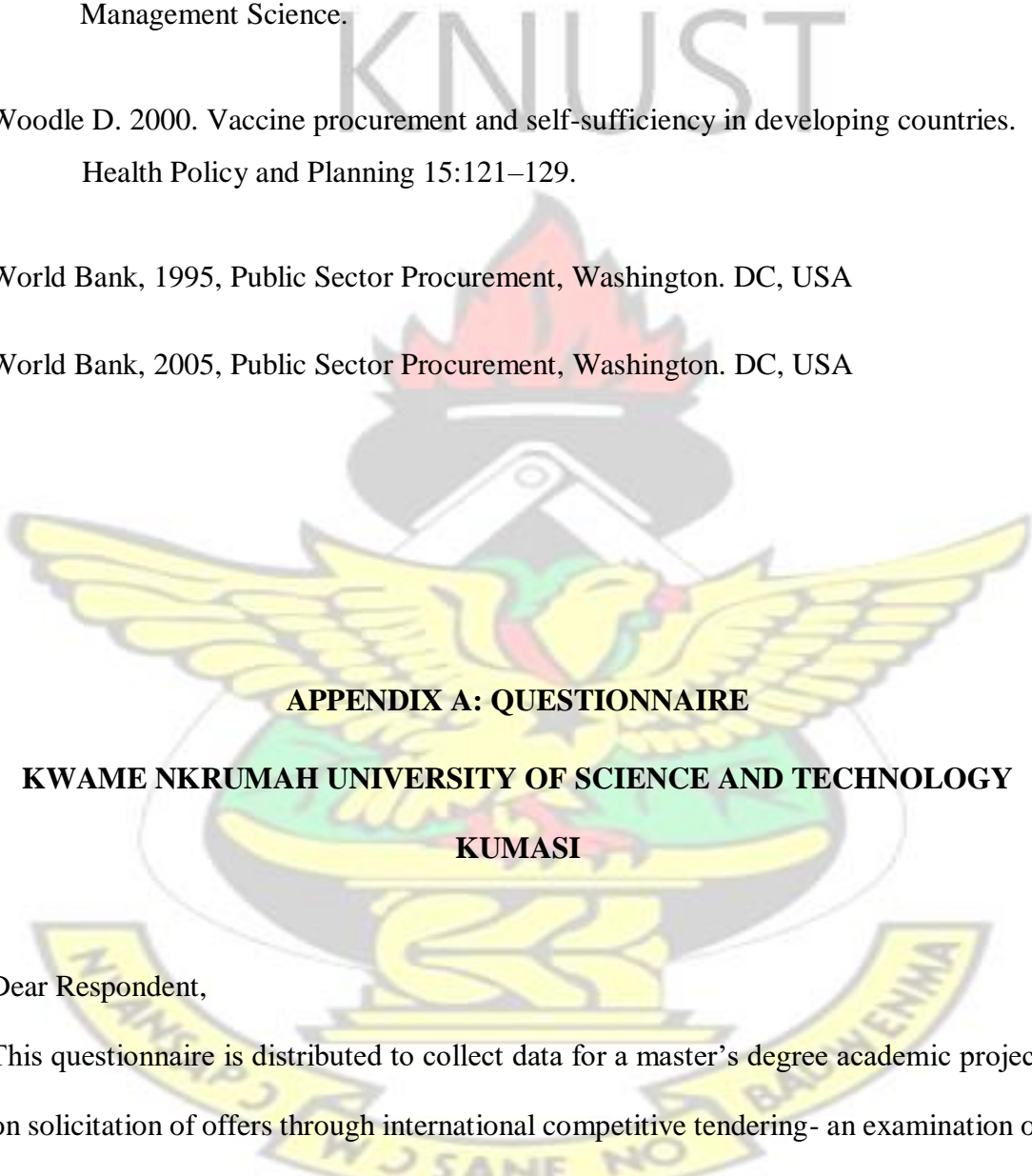
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## **APPENDIX A: QUESTIONNAIRE**

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

Dear Respondent,

This questionnaire is distributed to collect data for a master's degree academic project on solicitation of offers through international competitive tendering- an examination of challenges faced by procurement entities. You are kindly requested to respond to the questions in the questionnaire. The questionnaire is sectioned in two: questions on respondents' background information and questions on the research objectives. To

guarantee your anonymity, please do not indicate your name or any other personal identity. Thank you.

### **Respondents' Background Information**

Please tick [☐] in the appropriate box provided to indicate your answers.

1. What's your gender?      a. ( ☐ ) Male      b. ( ☐ ) Female
2. Which age category do you belong?   a. ( ☐ ) 18-30 yrs   b. ( ☐ ) 31-45 yrs   c. ( ☐ ) 46 – 60 yrs
3. What is your highest academic qualification?  
a. ( ☐ ) secondary    b. ( ☐ ) tertiary                      c. ( ☐ ) Post-Graduate
4. What is your job title? .....
5. What is your area of specialization? .....

How long have you worked with the Komfo Anokye Teaching Hospital?

- a. ( ☐ ) 1-10 yrs    b. ( ☐ ) 11-20 yrs      c. ( ☐ ) over 20 yrs

Please respond to the questions below relating to the effects of training on facets of employee performance. Please tick off only one answer, using a scale of 1 to 5, where 1 represents total disagreement and 5 represents total agreement

**Which of the following is a challenge faced in soliciting offers through International Competitive Tendering?**

Charges	1	2	3	4
6. Contract Variations				
7. Cost Overruns				
8. Payments For Uncompleted Works				
9. Fuel Coupons Not Properly Accounted For				
10. Failure To Adhere To Public Procurement Act				
11. Complying With National Policies Without Violating International Conventions				

Which of the following is a cause of the challenges listed above?

**Which of the following is a cause of the challenges listed above?**

## Lack Of Proper Knowledge, Skills And Capacity

12. Lack of Proper Supervision

13. Lack of Adequate Storage Facilities

14. Lack of waiting time

15. Corrupt Practices

16. Bureaucracy

1	2	3	4	5

## To identify the effects of these challenges on solicitation of procurement

1. Long waiting times resulting in worsening of patient condition

2. Lack of service to patients

3. Restrict health worker performance

4. Lowers corporate productivity

5. Increases cost of business

6. Hospital loses its credibility

1	2	3	4	5



**To determine measures needed to reduce the effects of the challenges**

1. Frequent employee training
2. Enforcement of Policies And Regulations
3. Standardize demand management systems
4. Reduce political interference
5. Curb corruption
6. Institute strict adherence to public procurement act

1	2	3	4	5

26. What would you recommend to management regarding ways to reduce challenges to faced by procurement entities in solicitation of offers through international competitive tendering?

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THANK YOU

## APPENDIX B: INTERVIEW GUIDE

### KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY KUMASI

Dear Respondent,

This questionnaire is distributed to collect data for a master's degree academic project on solicitation of offers through international competitive tendering- an examination of challenges faced by procurement entities. You are kindly requested to respond to the questions in the questionnaire. The questionnaire is sectioned in two: questions on respondents' background information and questions on the research objectives. To guarantee your anonymity, please do not indicate your name or any other personal identity. Thank you.

#### Respondents' Background Information

Please tick [☐] in the appropriate box provided to indicate your answers.

1. What's your gender?      a. ( ☐ ) Male      b. ( ☐ ) Female
  2. Which age category do you belong? a. ( ☐ ) 18-30 yrs      b. ( ☐ ) 31-45yrs      c. ( ☐ ) 46 – 60 yrs
  3. What is your highest academic qualification?  
a. ( ☐ ) secondary      b. ( ☐ ) tertiary      c. ( ☐ ) Post-Graduate
  4. What is your job title? .....
  5. What is your area of specialization? .....
- How long have you worked with the KomfoAnokye Teaching Hospital?
- a. ( ☐ ) 1-10 yrs      b. ( ☐ ) 11-20 yrs      c. ( ☐ ) over 20 yrs

6. What are some of the challenges faced in soliciting offers through International Competitive Tendering?

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7. Are any of the following a challenge faced in soliciting offers through International Competitive Tendering?

- a. Inaccurate Demand Management
- b. Lack Of Proper Knowledge, Skills And Capacity
- c. Non-Compliance With Policies And Regulations
- d. Political Interference
- e. Irregularities Related To Purchases Not Taken On Ledger Charges
- f. Contract Variations
- g. Cost Overruns
- h. Complying With National Policies Without Violating International Conventions
- i. Payments For Uncompleted Works
- j. Failure To Adhere To Public Procurement Act
- k. Fuel Coupons Not Properly Accounted For
- l. Other, Pls Specify.....

8. What are the causes of the challenges you have stated?

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9. Do any of these represent a cause of the challenges you have stated?

- a. Lack Of Proper Knowledge, Skills And Capacity
- b. Lack of Proper Supervision
- c. Lack of Adequate Storage Facilities
- d. Lack of waiting time
- e. Corrupt Practices
- f. Bureaucracy

10. What are the effects of the challenges you have stated on solicitation on procurement?

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11. What measures are needed to reduce the effects of the challenges?

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12. What would you recommend to management regarding ways to reduce challenges to faced by procurement entities in solicitation of offers through international competitive tendering?

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THANK YOU