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## **Procurement Performance on Service Delivery**

**Isaac Kofi Yornu**

### **Abstract**

Nowadays there are varied and practically endless goods, works and services procured by corporate entities. Some of these include cleaning services, IT systems and equipment, consultancy services, food supplies, real estates, and others. Most of these acquisition decisions are made at the strategic level because of procurement importance to corporate competitiveness and attractiveness trend. Due to this, Parikh and Joshi (2005) reveals that organization decision makers are now restructuring their procurement function to achieve optimal operations. Procurement is now a big business and that the government remains the biggest entity that does procurement and disposal on a larger scale in most countries which attracts a countless players and stakeholders (Ondiek & Deya, 2013). The government does procurement from the smallest consumables to multi-million projects to meet the needs of the citizenry. According to Knight et al. (2007), in many economies in the developed world, procurement expenditure from the private sector represents around 40% - 50% in the public sector. Due to its obligations to the citizenry through acquisition of goods, works, and services, it has gain due attention from the media, civil society, donors, researchers, academicians, and other stakeholders. This is because the public constitutes the taxpayers and they are the ones who contribute money to the government for all those acquisitions and therefore need to be served better. There are several benefits connected to the role of procurement activities but there are also challenges that hamper its effectiveness to achieve the intended purpose. Serpins et al (2011) asserts that generation of monetary savings have been the main purpose of public procurement which directly has a great impact on the total costs of public institutions. Knight et al. (2007) assert that 'even though there are substantial total value associated with public sector purchases, not much research has been undertaken to assess the public procurement systems across nations for improvement. In the report of Public Procurement Authority in 2009, it was stated that the government loses a significant percent of its annual budget through ineffective procurement practices in most government organizations. To what extent does this assertion apply to the current procurement processes in the public sector? Therefore, it is significant for this research to be undertaken to investigate the effectiveness and issues related to public procurement and quality service in the public sector.

**Keywords:** Procurement Systems, Supply Chain Management System

### **1.0 INTRODUCTION**

Every organization aim of procurement is to make use of resources by reducing the spending of the organization's cash resources so as to maximize profit. Dobler et al (1996) asserts that 'organizations can employ proactive measures of procurement strategies and techniques to maximize profit in order to contribute to the achievements of the organization. In corporate business, procurement professionals embark on strategies to explore opportunities in the supply market to acquire the right goods and services in their quantity for the right price at right time and place. These acquisitions are done through proactive planning, identification, sourcing, contracting and contract management that an organization need or may need to meet its strategic and commercial objectives. A procurement system can never be effective without employing strategic supply chain management which consist of all parties involved, directly or indirectly through constant flow of information, materials, and funds between different stages to fulfill a customer or employee request. The players in the supply chain management include both internal

and external players to an organization. They may include manufacturers, suppliers, employees, management, transporters, warehouses, and others. In the year 2010, the report of Organization for Economic Cooperation and Development (OECD) indicated that governments as well as international development community are very much concern about how corporate bodies especially public entities apply the effectiveness and efficiency of procurement systems in achieving their procurement and organizational objectives respectfully. Increasing the effectiveness and efficient use of state funds necessitates the existence, implementation and operation of an adequate procurement system by all public entities to achieve the expected goal.

There are several areas of interest within the procurement function to study such as contract management, supply relationship, inventory control, tendering, sourcing, just to mention a few that contribute to expected goal of procurement. This thesis is geared towards another significant area of procurement “effectiveness of procurement systems in achieving quality service in the public sector of Ghana”. Procurement systems can be describing as prescribe procedures, measure, and methods which organizations use for their acquisition of goods, works and services to meet their operational needs.

## **2.0 LITERATURE REVIEW**

### **2.1 Dependent and Independent Variables**

In this study quality service is the dependent variable which is the key concentration in which the variance is attempted to be described by the independent variable of procurement systems or management. Factors for dependent variables (quality service) is the level of customer satisfaction where a customer perceive a service delivered as being satisfactory, exceptional or failure. Factors for the independent variable (procurement systems) also include procurement principles, planning, structure, and monitoring and control. These factors of the independent variables were examined to establish the effectiveness of application or usage by institutions towards the achievement of quality service.

#### **2.1.1 Concepts of Procurement**

The term procurement is usually confused with purchasing. Procurement is modern, complex and has a wider term than purchasing. According to Lyson and Farrington (2006), procurement generally includes activities prior to the act of purchase, such as: identification and definition of a business needs; surveying the market to identify potential suppliers and gather intelligence. They argued that traditional definitions of purchasing are outdated and insufficient when it comes to what organizational buyers actually do. They imply that purchasing is reactive, transactional, and tactical whilst procurement is proactive, relational, and strategic and has integrated role of the function in modern organizations. Hence its adoption in many organization charts and job titles. In the nutshell they defined procurement as ‘a functional area of business or a player in the supply chain responsible for acquisition of inputs or supplies to support an organisation corporate strategy and competitive advantage. It can be concluded from the explanation above that procurement is a business function that acquire inputs (goods and services) for the organization in relation to the right price, source, quantity, time, source to meet the needs of users and also contribute to the organisation financial and corporate objectives.

#### **2.1.2 Importance of Procurement**

Procurement function play an essential role in the achievement of organizations objectives with regards to operation, planning and spend. Musanzikwa (2013) recommends that expenditure on procurement should be managed effectively by spending officers to realize it optimum value since it absolves a larger portion of the total expenditure. There are three essential elements or principles that embraces procurement. These include transparency, accountability, and efficiency and effectiveness. The principle of efficiency and cost effectiveness of procurement relate to ways and means of attaining the ‘six rights’ of procurement which include price, time, quality, quantity, place and product. (Caldwell et al., 2009; Musanzikwa, 2013). It was further revealed by Benslimane et al. (2005) that the procurement rights can be realized to achieve the following specific objectives and importance.

- a. To bargain and acquire quality organizational inputs (goods and services) economically from right sources;
- b. To select capable and efficient suppliers and ensure timely delivery of supplies;
- c. To repetitively locate, assess and develop economical and dependable suppliers and guarantee stable supply of supplies to avoid disruption of production or operation.

#### **2.1.3 Procurement Systems**

Every organization has a set of systems which serve as a source of its foundation, operation and existence. All business functions (marketing, sales, procurement, accounting, research and design, production, human resource, etc.) within an organization have their own specific systems that regulate how they operate and contribute to the

organization success. One of this is the procurement function which has a formulated system that regulate the procurement activities. An effective procurement system can be a means of problem solving and also provide win-win situation to all stakeholders. It has become a nerve centre of performance in both public and private sector and therefore there is the need for a tight system to be adopted and followed.

According to Wai-leong (2014), the procurement system would contain the authorization of procurement, drafting tender documents, sending out tender documents, the selection criteria of contractors, getting approval from management and incorporated owners, and finally signing of contract agreement.

## **2.2 Various Systems of Procurement**

Islam (2014) asserts that there are various systems of procurement implemented by various organizations. The common systems are centralized and decentralized systems or the hybrid systems. The Chartered Institute of Purchasing and Supply (CIPS) (2011) mentioned a number of key factors that influence the design of a procurement or supply function as follows: The size, nature and role of the procurement task in the organization. As the size and specialization grows, additional attention may need to be given to mechanism for control and communication. It may also be a dedicated function, reporting at the highest level of the organization – or it may be a subsidiary function reporting through production, finance or commerce. The structure and environment within which procurement operates. The internal organization structure: what function procurement reports to (and at what level); what mechanisms are there to co-ordinate procurement activities with those of other functions; who the internal customers of procurement are; how procurement competence and contribution is perceived and measured in the organization; the impact of corporate policy on procurement roles and responsibilities; and so on.

The external supply market and the organization's supply base: its size, geographical spread, structure, degree of specialization, and critical success factors. The strategic objectives of the procurement function. For instance, if cost reduction is the priority, procurement may be centralized to enable economies of scale. If customer is a priority, it may have decentralized or 'devolved' to allow responsive 'local' decision-making or organized by customer group. If supply performance is a priority, the function may be organized by commodity (for specialization) or supplier group for better relationship management)

Lyson and Farrington (2012) argued that the existence of diversified and / or geographically dispersed multi-divisional organizations raises the issue of whether to centralize or decentralize procurement functions. They further stated that an organization that operates through a number of branches or divisions, perhaps separated by considerable distances, may consider a single procurement function at the head office (centralization) or separated functions at each division (decentralization).

## **2.3 Centralized Procurement systems**

Dimitri et al. (2006) described centralized procurement as a system whereby procurement function is controlled at one local location of a firm in which the procurement needs of the organization's units are undertaken by the central procurement unit, CIPS (2012) identified key advantages of centralized procurement:

**Specialization of procurement staff:** It offers practitioners the opportunity to develop knowledge in specialized techniques, procedures or category of procurement.

**Potential for the consolidation of requirement:** Requests from the various units can be put together into single, larger orders or contracts for cost reduction (transaction and transportation) and also obtain economies of scale.

**Better procurement activities coordination, and monitoring and control:** Procurement activities are better coordinated, monitored and controlled to achieve better value for money.

**Specifications are better standardized:** It may facilitate consolidation of orders; reduction of inventory and handling costs; focusing the supplier base and improve quality management.

### **2.3.1 Disadvantages of Centralized Procurement:**

Cousins et al. (2008) identified the following as disadvantages of centralized procurement systems.

**Problem in controlling remote units and Occurrence of Attitudinal Problem:** Even though it may run very excellently, officers at the other centres may criticize the system simply because it is seen as imposed, while one that leads to errors will be grasped with enthusiasm as an opportunity to show dissent.

**Sabotage:** Divisional purchasing staff in other branches or other operating units who are, in effect, the 'customers' for purchasing services may often feel they have a right to autonomy, since it is they who answer for the performance of their operation. This commonly leads to 'bucking the system'. Once this starts (and it is observed to be a very common practice) the integrity of the centralized system can never be assured. Local knowledge at the divisional level may be very valuable and a system that seeks to suppress this may lead to missed opportunities.

## 2.4 Decentralized Procurement

Many of the advantages of decentralized procurement comes from removing the disadvantages of centralized procurement. (Cousins et al., 2008). Some of the advantages includes: **Autonomy:** Managers in the other divisions have absolute control over their own purchasing and therefore critical resources must be made available by corporate planners. **Cross-Deals:** It enhances communications and foster teamwork among staff. This will help operating departments to benefit from user expertise and minimizing maverick buying by users. **Customer focus:** It makes purchaser to be closer to internal and external customers which enables them to develop a better understanding of user needs and also react to environmental change more promptly. **Reduce cost and risk of procurement operations.** It offers reduced cost of transportation, transport risk and shorter delivery times due to the direct dealings with local suppliers.

### Disadvantages of Decentralized Procurement

Cousins et al (2008) identified lack of communication and coordination between units or divisions; and control difficulties as a result of maverick purchasing as some disadvantages of decentralized procurement system.

**Hybrid systems:** This system uses both the centralized and decentralized systems which is common in practice in today's business can be referred as the Matrix structure. (Lyson, 2012). According to CIPS (2012), there are specific hybrid models and approaches that have been developed. The most popular ones are as follows:

**Center Led Action Network (CLAN):** This approach is relative decentralized model and has the following characteristics. Procurement staff are mainly located in different business units and they primarily report to the local management of their business unit with secondary responsibility to a small procurement centre (generally located at corporate head office). The system lead's and coordinate the link between local buyers, by formulating policy, setting standards and encouraging best practices.

**Strategically-controlled Action Network (SCAN):** This approach is relatively a centralized model. Structurally, SCAN also operates like the CLAN, except that procurement staff at the other centres or branches report primarily to the central procurement unit of the head-office. The central unit is responsible for strategy, policy, and training and performance management. It also includes centralized category managers, who are responsible for particular categories of goods or services procured across the organization. SCAN has overtaken CLAN in many large organizations which want to leverage procurement expertise although it shares the corresponding disadvantages of centralized operations.

**Lead Buyer Approach:** Is one way in which responsibilities can be devolved in a CLAN. Defined procurement responsibilities are delegated to designated members of user departments, as 'lead buyers' for a particular category of procurement. The lead buyers are not procurement professionals, and may require support from policies, procedures and guidance from a centralized procurement team. However, where it is implemented effectively, it can serve to improve communication and relationships between procurement and user departments and to spread procurement best practices more widely in the organization.

**Business Partnering:** With this approach, a member of the procurement team works within a user department (typically, one in which there is large or complex spend. He/she represents the procurement function, liaises with the user department, and identifies situations where procurement or supply chain expertise can add value.

### 2.4.1 Private and Public Procurement

Public procurement has progressively be used in both public and private sector due to its significance. The fundamental objectives that underpin procurement practices in private and public institutions often differ as a result of different business environment they operate. Though both may use similar techniques, their applications may differ due to the fact that they each have different intent.

Capgemini (2012) defined public procurement as the use of public funds by government entities (ministries, agencies, departments and other state owned organizations) to acquire or secure goods and services to support operations of the organisation.

### 2.4.2 Public Procurement Act, 2003 (Act 663), Ghana

The Government of Ghana enacted the Public Procurement Act, 2003 (663) in the year 2003 to regulate the procurement function in the Ghanaian public sector. It provides general standards and procedures that governs procurement.

### 2.4.3 Procurement Structures

**Public Procurement Authority (PPA):** The Public Procurement Authority (PPA) was established as a constitutional advisory body to coordinate, direct and develop public procurement practices and procedures in Ghana.



It ensures that rules and regulations as stipulated in the Act are consistently complied by all public institutions. The main objectives of the Act provide uniform procedures, transparency and accountability for all procurement operations to achieve value for money. It covers the standard procurement cycle from procurement planning to completion of contracts and general evaluation of procurement performance. Consistent application of the Act by public institutions is important to realize and improve effectiveness, efficiency, transparency, uniformity of documents and decisions as expected.

**Procurement Entity (PE):** The Act describe Procurement Entity as any organization or person that is mandated legally or administratively to do procurement.

**Head of Procurement Entity (HE):** The Head of Procurement Entity is any officer to whom power is given to ensure that the rules and regulations enshrined in the Act are abided. The HE is mandated by the Act to establish Procurement Unit and recruit or staff the unit with experience and competent personnel with requisite qualifications to manage procurement operations on behalf of the organization. The procurement responsibilities include assessing and approving contracts recommended or submitted by the Procurement Unit or the Tender Evaluation Panel; act's as Chairman for the Entity Tender Committee or sit as a member in the case of Tender Review Board.; sign contracts on the entity's behalf; and resolve or review complaints submitted by aggrieved tenderers (suppliers, contractors, or consultants) under Section 79 of the Act.

**Procurement Unit (PU):** A Procurement Unit is a functional area in the Procurement Entity responsible for all procurement acquisitions and management of procurement processes.

**Entity Tender Committee (ETC):** Section 1 of the Act stipulates that every Procurement Entity is required to establish a Tender Committee to review, update and approve procurement plans submitted by the Procurement Unit. The committee is also responsible to reject a submission with reasons for award of contracts within its approving threshold submitted or recommended by either the Tender Evaluation Board or the Procurement Unit.

**Tender Evaluation Panels:** Is an adhoc body of not more than five members appointed to assist the work of the Entity Tender Committee by evaluating tenders. The members are required to be skilled, knowledgeable and experience relevant to procurement requirements.

#### 2.4.4 Procurement Principles

Public as well as private procurements are subject to central principles which in effect achieve the intended purpose of all procurement activities. As stipulated in the Act 663, the public procurement principles include Professionalism, value for Money, Competition, Accountability, Fairness, Efficiency, Ethical Approach, and Separation of Duties.

**Professionalism:** It is required that procurement operations is to be managed by competent, knowledgeable, skilled and qualified personnel in order to make informed procurement decisions in every Procurement Entity.

**Transparency:** It is expected that public procurement is executed in a fair and transparent procedures where same procedures and information are applied to all prospective tenderers that want to do business with the government.

**Value for Money (Economy):** This principle is vital in measuring the effectiveness of procurement process (inputs and outcomes). It is the ideal way of assessing the whole life cost and quality to procurement that meet users' expectation or needs. Organizations are expected to achieve value for money for every items procured or in their procurement processes. Some time ago, organizations have the assumption that the value for money is achieved by just accepting the lowest tender price submitted by a prospective supplier. But currently, whole value for money in procurement is considered on the basis of the whole life cost of the item procured. This include price of the item, installation, maintenance, and other non-monetary factors.

**Competitiveness:** The Act require entities to encourage larger participation of suppliers in the tendering processes. Procurement practitioners are to use advertising, sourcing reviews, pre-qualifications, and transparent procedures to encourage fair and transparent competition for suppliers so as to minimize costs and increase potential supply base for their entities.

**Ethical Approach:** This is connected with beliefs and principles about what is right and wrong. It governs actions and decisions.

**Separation of Duties:** The Head of Entity in every public institutions is required to ensure that the principle of separation of duties is maintained through the assistance of the procurement officer or project manager (in the case of projects). This prevents interference in public procurement processes. In situations where there are staff constraints, management should try as much as possible to ensure that the procurement processes are controlled by someone with procurement background or knowledge.

### 3.0 METHODOLOGY

#### 3.1 Research Strategy and Design

Oppenheim (1992) asserts that 'the basic plan or strategy, and logic behind any research is the Research Design. In the work of Trochim in 2006 (as cited in Nantege, 2011), it was discovered that design of a research structure's the work to show how various parts of the research are connected and to address the central aim of study. The researcher used the quantitative research approach in order to establish a clear and objective orientation, a systematic, vigorous, discipline procedures and reality bound methodology.

### **3.2 Population of the Study**

Cardwell (1999) described Research Population as a group of people around which the research is conducted and the findings applies to. The population of this study were samples of officers (procurement stakeholders) from various departments of the selected institutions that plays a significance role in procurement activities. Both sexes, thus male and female employees were all considered for the study because the findings are to be representative of the organization's gender diversity. The reason for choosing these institutions was to help the researcher solicit views from public officers in different entities to ascertain the extent to which procurement activities are operationalized in achieving quality service in the public sector. The target population included procurement practitioners, officers from stores, finance, audit, administration, IT and others. The target population under study was sixty (60) employees in the selected institutions.

### **3.3 Sampling Design and Procedure**

Sekaran (2003) defined Sampling as the process of selecting the research units of the target population, which are to be included in the study. Sampling techniques was used to determine the sample size. In other words, purposive sampling technique was adopted in conducting this study to gain an insight into the phenomena. It is considered as the most appropriate method for collecting members of a population that are near and readily available for research purposes. The exact sample size used for the study were 51 participants.

### **3.4 Data Collection Instruments**

A research becomes stronger, more credible and represents a true picture when more than one data instrument is used (Patton, 2002). The research used both the primary and secondary data.

#### **3.4.1 Primary Data**

Questionnaire is described by Sarantakos (2005) as a type of data collection tool where information or data is collected either orally (interviews) or through written questionnaire. Written questionnaire is achieved by formulating and writing down the needed information in the form of questions and administered personally to respondents or via e-mail. Self-administered questionnaires were the main research instrument used to gather information from respondents within the sample frame in the research population. The questions were both closed and open ended (structured and unstructured). The open-ended questionnaire provided respondents room to formulate answers at their own convenience without feeling being coerced.

#### **3.4.2 Secondary Data**

The researcher also used journals, reports, manuals, and others to solicit information pertaining to the problem at stake.

#### **3.4.3 Administration of Questionnaire**

In order to detect and eradicate potential vagueness and achieve a uniform response with the purpose of the study, the researcher prepared a preliminary questionnaire and pilot tested with five (5) respondents. Few questions were revised to improve the validity and reliability of the questionnaire.

### **3.5 Data Analysis**

Questionnaires which were fully completed by respondents were collected and edited and finally coded with the use of version 20 Statistical Package for Social Scientist (SPSS) software and Microsoft Excel 2013 programme. Respondents were required to give their responses by ticking or choosing the best answers that suited their views based on a respective point Likert Scale rating to a specific question. The data was interpreted and analyzed using percentages, bar charts, pie charts, and other descriptive statistics methods. Comparative rating of the responses were accomplished by matching individual mean score and the standard deviation for each criterion or question.

### **3.6 Organizational Profile of Selected Institutions**

**Ghana Irrigation Development Authority (GID):** Ghana Irrigation Development is one of the agencies of Ministry of Food and Agriculture established under the SMC Decree 85 in 1977. It has the primary responsibility of identifying possible irrigation projects by exploring all water resources at suitable scales for all communities to produce crops and other agricultural purposes.

**Ghana Statistical Service (GSS):** The Ghana Statistical Service was established by the Provisional National Defense Council (PNDC) Law 135 as an autonomous body that report to the presidency. It has the primary responsibility of advising the government by collecting, compiling, analysing, and publishing statistical information. It is also charged for conducting statistical survey and census in Ghana periodically.

**National Disaster Management Organization (NADMO):** NADMO is a department under Ministry of Interior established in 1966 to manage disasters and emergencies by ensuring that in times of emergency, proactive measures are undertaken to rehabilitate services for victims of disasters or safeguarding that the government is prepared to provide relief efforts. It is also required to coordinate both government and non-governmental programmes in the management of disasters in the country.

**Ghana Broadcasting Corporation (GBC):** Ghana Broadcasting Corporation was originally established in 1935 as a state broadcasting house and an independent Information Service Department of the government. It used to be known as Gold Coast Broadcasting System (GCBS) but was renamed as GBC after Ghana attained its independence in 1957. Subsequently, the legislation that established it was the National Liberation Council 226 of 1968. Currently, GBC operate six television stations and other regional radio stations. They are GTV, GBC 24, GTV Life, GTV Govern, Obonu TV, and GTV Sports via satellite, Uniiq FM, Obonu FM, and others.

**The Lands Commission:** The 1992 Constitution, Article 258 established the Lands Commission Act, 2008 (Act 767) to primarily manage government lands and other lands vested in the presidency by constitution. It formulates policies to advice government, local authorities including traditional ones for land development by ensuring that development of individual lands are in line with relevant land development plan regarding suitability or capability. Other responsibilities include assisting the government on land acquisition; registering land deeds and instruments; and others. Departments under the commission includes Survey and Mapping Division; Land Registration Division; Land Valuation Division; and the Public and vested land.

**Management Development and Productivity Institute (MDPI):** MDPI is government department established in 1967 operating under the Ministry of Employment and Labour Relations. It replaced the National Productivity Centre (NPC) which was established in June 1964 by the Legislative Instrument (LI) 1077. It is charged to educate and enhance productivity in government institutions including private ones for sustainability and national development. It organizes training and offer consultancy services to organizations to build capacity, and improve productivity.

#### 4.0 DATA DISCUSSIONS

In achieving an excellence service delivery, an effective procurement performance can never be ignored to ascertain the level of excellence. Therefore, the researcher found it necessary to seek views from respondents about the extent of effectiveness of the entire procurement process in achieving quality service.

A Likert scale rating from 1 to 4 was used to rate respondent's responses where:

Excellent = 1; Very Good = 2; Satisfactory = 3; and Bad = 4

From the survey, it was revealed that the entire procurement process was very good. This was supported with a mean score of 2.2745 and standard deviation of 0.82652. From the scores, 19.6% of the respondents said the process is excellent, 37.3% also indicated that is very good whilst 39.2% were of the view that the process is satisfactory. Only 3.9 of the responses said it was bad as captured below.

Table 4.13: Overall Efficiency and Effectiveness of procurement process

	Frequency	Percent	Cumulative Percent
Excellent	10	19.6	19.6
very Good	19	37.3	56.9
Satisfactory	20	39.2	96.1
Bad	2	3.9	100.0
Total	51	100.0	
Mean			2.2745
Standard Deviation			.82652
Variance			.683

Range	3.00
Minimum	1.00
Maximum	4.00

Source: Field Data, 2016

Figure 4.2: Overall Efficiency and Effectiveness of procurement processes



Source: Field Data, 2016

Efficiency and effectiveness in procurement principle concerns the ‘six rights’ of supply chain (Caldwell et al, 2009; Musanzikwa, 2013). The responses suggest that procurement practitioners take proactive measures to bargain and acquire organizational inputs economically from right sources; selecting capable and efficient suppliers and ensuring delivery of supplies; buying according with organizational policies; and others. A Likert scale rating from 1 to 3 was used to assess whether the overall procurement operation achieves quality service, where:

No = 1; To Some Extent = 2; and Yes = 3. In table 4.14, data gathered indicates that the overall procurement system achieves a quality service to some extent as it scored a mean of 1.8431 as captured table 4.14 below.

Table 4.14: Overall Procurement Operation Achieving Quality Service

	Frequency	Percent	Cumulative Percent
No	5	9.8	62.7
To Some Extent	19	37.3	100.0
Yes	27	52.9	52.9
<b>TOTAL</b>	<b>51</b>	<b>100.0</b>	
<b>Mean</b>			<b>1.8431</b>
<b>Standard Deviation</b>			<b>.94599</b>
<b>Variance</b>			<b>.895</b>
<b>Range</b>			<b>2.00</b>
<b>Minimum</b>			<b>1.00</b>
<b>Maximum</b>			<b>3.00</b>

Source: Field Data, 2016

Organizations that lacks performance means in their procedures, plans, and processes, always fail to make their customers satisfied (Batenburg & Versendaal, 2006). Though it was gathered that procurement performance on service delivery was very good with a mean score of 2.2745, the achievement of excellent quality service was satisfactory to some extent with a mean score of 1.8431. This revelation should empower corporate institutions the desire to continuously monitor, control and evaluate procurement operations to safeguard that the overall procurement performance is effective and efficient. The evaluation of the procurement processes or operation will enable organization to identify areas of strength and weakness that may need improvement.

#### 4.1 Procurement Pitfalls affecting Efficient Service Delivery



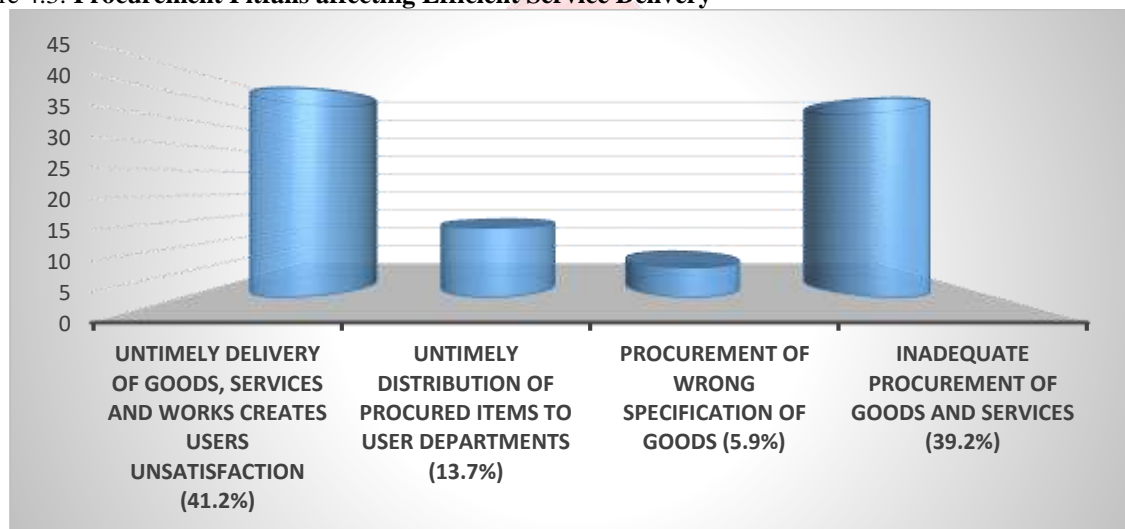
There was also the need for the researcher to seek from respondent's procurement pitfalls that affects efficient service delivery. As displayed in the table below, 41.2% of the respondents hinted that untimely delivery of goods create employee's dissatisfaction. This was followed by inadequate procurement of goods and services which had a response rate of 39.2%. Untimely distribution of procured items to user departments was also a concern to some respondents as it achieved 13.7%, whilst wrong specification of procured goods had the least rate of 5.9%.

**Table 4.15a: General Procurement Pitfalls affecting Efficient Service Delivery**

Variable	Frequency	Percent	Valid Percent	Cumulative Percent
Untimely delivery of goods, works and services creates user dissatisfaction	21	41.2	41.2	41.2
Untimely distribution of procured items to user departments	7	13.7	13.7	54.9
Procurement of wrong specification of goods	3	5.9	5.9	60.8
Inadequate procurement of goods and services	20	39.2	39.2	100.0
Total	51	100.0	100.0	
<b>MEAN</b>				<b>2.4314</b>
<b>STANDARD DEVIATION</b>				<b>1.37484</b>
Variance				1.890
Range				3.00
Minimum				1.00
Maximum				4.00

Source: Field Data, 2016

**Figure 4.3: Procurement Pitfalls affecting Efficient Service Delivery**



Source: Field Data, 2016

Untimely delivery and inadequate procurement of goods, works and services which creates user dissatisfaction may be the result of lack of funds to initiate and implement procurement plans; conflict or poor team work among procurement professionals and other internal stakeholders (user departments) which result in failure to share or communicate goals and expectations affects delivery of supplies in the long run. Failure of procurement officers or project managers (in the case of projects) to manage contracts effectively could also affect delivery of supplies.

Poor coordination between units (procurement, projects, stores, accounts and audits) has the tendency to hinder goods to be timely supplied, inspected and distributed to user departments. The situation becomes worse when there are poor infrastructure and where distribution involve cross country supply chain. Effective specifications can

also support value for money procurement by specifying requirements clearly and in a non-technical language, allowing ease and speed of use, understanding and evaluation. Consequence of ineffective specification processes can be potentially costly to the organization which may create misunderstandings with suppliers over requirements and expectations (e.g. if the specification was vague, inaccurate or overly technical. This could lead to rejection of deliveries, loss of production times, legal disputes and damage supplier relationships. In situations where items procured do not conform to users' needs, it may be leading to misunderstanding with other stakeholders over requirements and expectation, internal conflict, resistance to use the product and loss of credibility for purchasing. Poorly defined specifications may mean that, even if the procured materials or services conform to specification, they may fail to function as they should (or to meet the business need). The risk and cost of such a failure is borne by the buyer.

Cross tabulation of institutions and departmental views on procurement pitfalls affecting service delivery is displaced in table 4.15b and 4.15c below.

**Table 4.1b : Cross Tabulation of Procurement Pitfalls affecting Efficient Service Delivery in Institutions**

INSTITUTIONS	Procurement Pitfalls affecting Efficient Service Delivery				TOTAL
	Untimely delivery of goods, works and services creates users unsatisfaction	Untimely distribution of procured items to user departments	Procurement of wrong specification of goods	Inadequate procurement of goods and services	
GBC	3	2	2	1	8
GIDA	4	1	0	3	8
GSS	6	3	0	0	9
Lands Comm.	6	0	0	3	9
MDPI	2	1	1	6	10
NADMO	0	0	0	7	7
Total	21	7	3	20	51

Source: Field Data, 2016

**Table 4.1c: Cross tabulation of Departmental views on Procurement Pitfalls affecting Efficient Service Delivery**

DEPARTMENT	Procurement Pitfalls affecting Efficient Service Delivery				TOTAL
	Untimely delivery of goods, works and services creates users unsatisfaction	Untimely distribution of procured items to user departments	Procurement of wrong specification of goods	Inadequate procurement of goods and services	
PROCUREMENT	10	3	1	5	19
STORES	4	1	0	2	7
FINANCE	2	2	0	8	12
AUDIT	3	1	0	2	6
TECHNICAL	0	0	1	2	3
ADMINISTRATION	2	0	1	1	4
Total	21	7	3	20	51

Source: Field Data, 2016

Again, a Likert scale rating from 1 to 3 where 1 represents 'No', 2 represents 'To Some Extent', and 3 represents 'Yes' was used to seek opinions from respondents to establish the link between procurement and quality

service. From table 4.16 and figure 4.5 below, respondents were of the view that to some extent there is a link between procurement and quality service which was supported with a mean score of 2.4314 and a standard deviation of 0.87761. From the general responses gathered, 68.6% were of the view that there is a strong link whilst 25.5% said otherwise. Only 5.9% of the respondents said the link is to some extent.

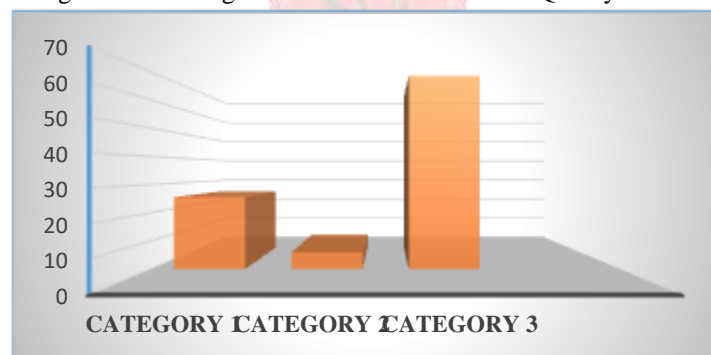
This revelation concedes to the fact that procurement operation is a contributing factor for quality service and therefore quality service is dependent on procurement management. Therefore, in the efficient execution of the procurement activities, practitioners must define a clear purpose of the process, determine how to achieve each activity within a specific sub-process (Deac, 2013). In other words, with proper procurement management the expected quality service in institutions will be realized or effected and where inefficient procurement management is exhibited, then the expected quality service is negatively affected.

Table 4.16: Linkage between Procurement Operation and Quality service

		Frequency	Percent	Cumulative Percent
Valid	No	13	25.5	25.5
	To Some Extent	3	5.9	31.4
	Yes	35	68.6	100.0
	Total	51	100.0	
Mean				2.4314
Standard Deviation				.87761
Range				2.00
Minimum				1.00
Maximum				3.00

Source: Field Data, 2016

Figure 4.4: Linkage between Procurement and Quality service



Source: Field Data, 2016

#### 4.2 Views on Procurement achieving Quality service for Employees Satisfaction

From Table 4.17a, it was further indicated with a mean score of 1.82535 and a standard deviation of 0.95301 that to some extent procurement achieves a quality service for employees' satisfaction.

Table 4.17a: General Views on Procurement achieving Quality service for Satisfaction by Employees

	Frequency	Percent	Cumulative Percent
No	28	54.9	54.9
To Some Extent	4	7.8	62.7
Yes	19	37.3	100.0
Total	51	100.0	

<b>Mean</b>	<b>1.8235</b>
<b>Standard Deviation</b>	<b>.95301</b>
<b>Variance</b>	<b>.908</b>
<b>Range</b>	<b>2.00</b>
<b>Minimum</b>	<b>1.00</b>
<b>Maximum</b>	<b>3.00</b>

Source: Field Data, 2016

Table 4.1b : Cross tabulation of Institutional Views on Procurement achieving Quality service for Employee Satisfaction

INSTITUTION	Views of Procurement Achieving Quality service for Satisfaction			Total
	No	To Some Extent	Yes	
GBC	3	0	5	8
GIDA	5	0	3	8
GSS	7	0	2	9
Lands Comm.	3	2	4	9
MDPI	5	0	5	10
NADMO	5	2	0	7
<b>Total</b>	<b>28</b>	<b>4</b>	<b>19</b>	<b>51</b>

Source: Field Data, 2016

Table 4.1c : Cross Tabulation of Departmental Views on Procurement achieving Quality service for Satisfaction

DEPARTMENTS	Views of Procurement Achieving Quality service for Satisfaction			Total
	No	To Some Extent	Yes	
PROCUREMENT	9	1	9	19
STORES	5	0	2	7
FINANCE	8	1	3	12
AUDIT	3	1	2	6
TECHNICAL	1	1	1	3
ADMINISTRATION	2	0	2	4
<b>TOTAL</b>	<b>28</b>	<b>4</b>	<b>19</b>	<b>51</b>

Source: Field Data, 2016

According to Lewis and Boom (1983) quality service is the extent to which the service level delivered equates to customer expectations. Achieving quality service for employee satisfaction through procurement has been a challenging factor. The mean score of 1.8235 indicates that the achievement has been satisfactory to some extent where users' expectation is somehow met. This is due to the challenges confronting procurement operations. For instance, it was gathered that conflict of interest is a major factor affecting GBC, Lands Commission and MDPI

procurement operations. Therefore, the extent at which they achieve quality service through procurement can be regarded as satisfactory.

The achievement of quality service by GIDA, GSS and NADMO has been unsatisfactory due to lack of funds which is a major challenge affecting their procurement operations. Other major challenges that prevents excellent quality service to be achieved includes long procurement processes; poor team work; and political interferences. These challenges contribute to drawbacks of procurement identified. These include untimely delivery of goods, works and services; untimely distribution of procured items to user departments; procurement of wrong specification of goods; and inadequate procurement of goods and services to achieve the intended quality service expected. These draw backs prevent the five dimensions of quality service identified by Parasuraman et al. (1988); Zeithaml et al. (1993) and Maass (2012) to be met successfully for customer satisfaction. The dimensions include responsiveness, empathy, assurance, reliability, and tangibles.

**Objective I: Description of the prevailing procurement systems and the factors that contribute to successful procurement systems:** A centralized procurement system is most preferred and practiced since its benefits outweighs both the hybrid and decentralized. It is a good choice since most strategic decisions are taken at the strategic level and always at the headquarters. As a result, procurement activities can easily be monitored and controlled by directors and divisional heads. Establishment of procurement structures such PU (with qualified, knowledgeable and adequate staff) ETC, and Evaluation Panels in institutions serves as the fundamental requirement for procurement operation. These internal structures are there to ensure that procurement regulations, principles and requirements for procurement planning are duly adhered. Segregation of duties and responsibilities also ensures open, free and transparent procurement processes.

**Objective II: Challenges (gaps) that hamper the achievement of effective procurement systems:** Lack of funds, conflicts of interest, and poor team work (communication, cooperation and coordination) are the three major challenges hindering procurement effectiveness. Others identified includes long procurement processes, political interferences, lack of training, and poor specifications which needs serious attention. These challenges especially lack of funds prevent institutions procurement management to be able to plan on time and adequately procure goods and services for users in the organization. It also causes delay for user departments to receive goods on time to contribute excellently quality service for satisfaction. The entire procurement system can be described as effective but inefficient due to the problems or challenges identified. Van Weele (2006) described 'Effectiveness' as "producing the result that is wanted or anticipated or expected" and Efficiency as "doing something well and thoroughly with no waste of time, money, or energy. The work of Lewis and Booms (1983) also suggested that customer satisfaction with a service can be evaluated by matching what is perceived of a service received with expectations of service preferred or desired. When expectations are exceeded, the service is **perceived** to be of **exceptional quality** and it is considered **unacceptable** when expectations are not met. But it is considered **satisfactory** when expectations are confirmed by perceived service. Therefore, in conclusion, the general procurement operation can be described as effective (satisfactory) and inefficient (not exceptional) due to the fact that expectations are met but not exceeded.

## 5.0 CONCLUSION

### 5.1 Summary of Findings

The centralized system of procurement is the type of procurement system which is mostly practiced, preferred and efficient to some extent by most public organizations. Even though it is characterized with disputes from procurement officers and other personnel from other branches, the systems was considered as easy to use, suitable, cost saving, speedy, avoid disputes, low risk and enhances quality operation. All the selected institutions under study has in place internal procurement structures. These include Procurement Unit, Entity Tender Committee, and Evaluation Panel that manages procurement activities. This was in-line with Schedule 1 of the Act.

The number and caliber of personnel managing procurement activities in the various procurement units of the institutions was very encouraging. Most procurement staff and other stakeholders have also been trained on the implementation of the Act. Even though results and analysis revealed that the application and achievement of procurement principles was satisfactory to some extent, findings revealed that the entire procurement operation do not achieve value for money. This must be seen as an area of major concern to the government, heads of entities, procurement practitioners, donors, employees and other key stakeholders to undertake proactive measures to address the issue. The entire procurement planning processes of the institutions stands tall but it was discovered that ETC do not always make decisions on purchases. Monitoring and evaluation policies on procurement activities was satisfactory as there is strict separation of powers or responsibilities for officers. For instance, store officers are different from procurement personnel. There was highly utilization of goods or assets by institutions.



Lack of funds, conflict of interest, and poor team work were identified as the three most challenging factors facing procurement operations. Others identified includes long procurement processes; political interferences; lack of procurement personnel training; and poor records management. Lack of funds was the highest and has the tendency of affecting proper budgetary and procurement planning to procure adequate goods, works and services on time within a particular fiscal year. This has a long way of affecting the role of procurement in achieving an excellent quality service. The effectiveness and efficiency of procurement activities in the public sector was considered to be satisfactory but not excellent in achieving quality service. This was because the procurement operations were considered as effective but not efficient due to drawbacks which creates dissatisfaction for user departments or customers. It was established that procurement and quality service are positive and directly related due to the fact quality service is dependent on procurement operation.

## **5.2 Conclusion**

It can be concluded from the above summary of findings that, procurement and quality service are positive and directly related. Therefore, with proper procurement management the expected quality service in institutions can be effected positively. Variables with strong points, heads of institutions can highlight them to serve as springboard for achieving excellent service delivery. Proactive measures must be undertaken to arrest procurement challenges. The government, heads of institutions, management, and other stakeholders must ensure that procurement systems or operations are very effective and efficient to achieve excellent quality service in the public sector.

## **5.3 Recommendations**

The following suggested recommendations may go a long way to mitigate the challenges facing procurement operations to achieve the intended quality service when implemented. Heads of Entities must ensure that their procurement units are adequately staff with qualified, skilled and knowledgeable officers who are committed to manage procurement activities to achieve value for money and to reduce procurement weaknesses. In building a good spirit for team work, there should be effective communication, coordination and cooperation among the various units, divisions or departments in institutions. This will help achieve departmental or functional objectives including procurement and the organization in general. It will also enable the procurement processes to be faster and help contracts awarded to be executed in a timely manner. The government must ensure that budgetary allocations or funds are readily and adequately available. They should be disbursed on time to respective institutions to implement their various procurement activities effectively and efficiently.

Heads of Entities must have liaised with or solicit support from donor partners for funds to support government support projects since the monies disbursed from the government are insufficient. Top management and directors must exhibit total commitment for procurement processes to ensure that principles and policies for procurement operations and the Procurement Act are strictly complied. This will help realize the essence of procurement performance on quality service in institutions. Management can also apply the Kaizen Continuous Improvement model which is the best Japanese thinking and management system practices. This can help improve and make procurement operations more effective, efficient, quality and, in general achieve business excellence. Management can apply the PDCA cycle by establishing and planning for implementation areas for improvement. Finally, there should be proactive planning, identification of need and, effective sourcing, contracting and contract management that an organization need or may need to meet its strategic and commercial objectives.

## **5.4 Suggestions for further research**

The study particularly focused on the level of effectiveness of procurement operations on quality service in the public sector of Ghana. Therefore, further research should be carried out in other institutions on other relevant areas such as contract management in achieving efficient service delivery in institutions; effectiveness of procurement team on quality service; level of procurement compliance towards excellent service delivery; and others.

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