

## Evaluating How Procurement Planning Affects Cost Reduction

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### Abstract

The goal of the research is to evaluate how procurement planning has affected cost containment at Sekondi-Takoradi Municipal Assembly. The study's target population consisted of 80 Sekondi-Takoradi Municipal Assembly respondents. A sample size of 50 respondents was chosen using a purposeful sampling strategy. Data was collected via a questionnaire. The test-retest technique was used to guarantee the instrument's validity while the test-retest approach was used to ensure the instrument's reliability. The research found that the organisation uses a variety of procurement techniques, including two-stage tendering, limited tendering, international competitive tendering, national competitive tendering, single sourcing, and requests for quotations (RFQ). Once more, it became clear that the procurement planning process consists of a number of distinct steps, including the following activities: identifying and analysing potential sources of procurement, describing the need, requesting quotes and proposals, choosing a supplier, preparing and placing an order, monitoring the order's receipt, and inspecting the goods. In the end, it was found that the Sekondi-Takoradi Municipal Assembly has difficulties, including the requirement for top management support, inadequate ERP system adaption to monitor resource allocation and status in real time, and weak market analysis to have a good grasp of the market dynamics.

The study advises Sekondi-Takoradi Municipal Assembly management to strictly adhere to the PPA Act, 2003 (Act 663) because failure to do so could result in the government losing public funds due to an unacceptable budget, increased costs for goods and services, as well as poor quality and delivery delays. In order to guarantee that ERP systems are adapted to monitor resource allocation status in real time, the research also suggests that the government amend procurement rules, policy directives, and regulations that control and guide STMA. According to the study's findings, STMA should possess sufficient knowledge of market analysis to fully comprehend the dynamics of the industry. In order to better equip its workforce, the administration of STMA promotes active awareness creation, educational seminars, and recurring workshops.

**Keywords:** Procurement Planning | Value for Money | Procurement System, Procurement

### 1.0 INTRODUCTION

This study is an examination study to discover how the procurement planning is used to reduce the spending of government funds in the organization, typically the public sectors. This chapter is an introductory part of the entire work which focuses on the background, statement of the problem, objectives, research questions, significance/ justification, scope of the study, research methodology, and limitations of the study and organization of the study.

#### 1.1 Background Of The Study

According to Benton (2007), procurement is defined as the acquisition of goods, works and services. This embraces not only purchasing, that is, buying of goods, but it also includes hiring of contractors or consultants to carry out services. Public procurement is the process by which government institutions acquire goods, works and services using public funds in full or part. It can also be said to be the process by which public organizations acquire public funds or in some cases, funds obtained from private sources by a government for the purposes of procuring goods, works or services for the benefit of the public. It is important to note that the World Trade Organization (WTO) refers to this as government procurement whilst in the US; it is referred to as government contracts or public contracts. (Mlinga, 2009). Procurement plan is a process of identifying and consolidating requirement and determining the timeframe for their procurement with the aim of having them as and when they are required.

According to Watermeyer et al, (2000), stated that Procurement begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract. Public procurement has played a key role in the socio-economic development throughout our economic history. Public procurement in Ghana has become a proactive tool through which Government initiates its Fiscal policies. The government manages the economy via government spending. It manages the economy through the spending of public funds on goods, work and services. Public procurement constitutes greater part of the Government of Ghana budget. Procurement represents 24 per cent of national imports, accounts for between 50 per cent and 70 per cent of the national budget, excluding personnel emoluments, and represents about 14 per cent of Gross Domestic Product (GDP) (Adjei, 2006).

In 1996, the Government of Ghana established Public Procurement Oversight Group to steer the development of a comprehensive public procurement reform programme. An important aspect of the reform was the enactment of the Public Procurement Act, 2003 (Act 663) which established the Public Procurement Authority of Ghana. The Public Procurement Bill was drafted in 2002 and this was passed into law on 31 December 2003 as the Public Procurement Act, 2003 (Act 663) (Ministry of finance, 2004). The Act established the Public Procurement Authority (section 1 of Act 663) which will seek to harmonize the processes of public procurement in the Public Service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is done in a fair, transparent and non-discriminatory manner environmentally and socially sustainable (section 2 of Act 663 amended). Procurement planning is essential for businesses to minimize their purchase costs while maintaining their quality and quantity of goods standards. A procurement plan is a process in which a company decides what they need, who will provide the products, and when orders will be fulfilled. Many departments within an organization are involved in the procurement team to aid in decision-making processes and maintain efficiency. A team member is assigned to each stage, such as the request proposal, vendor research, and approval process, to determine what procurement strategy best meets the business needs.

An adequate procurement management plan will identify and define realistic product expectations, such as fulfillment time, cost, and quality of products. In turn, this allows a company to recruit the required staff to optimise the efficiency of the procurement process. In doing so, a business can aim to reduce stock ordering and labor costs without sacrificing the quality of goods and services. The procurement plan in the Act became effective or operational on 31st December 2003. Since then, Public Procurement in Ghana has become subject to the Act and its implementing Regulations and Administrative Instructions. The plan provides the general rules governing Public Procurement of goods, works and services. The Public Procurement manual provides guidelines and step-by step procedures to assist Procurement entities to undertake public procurement planning in accordance with the Act. The Public Procurement Act, 2003 (Act 663) enacted by parliament of the Republic of Ghana seeks to control the use of public funds, establish the public procurement Authority, make administrative and institutional arrangements for procurement and stipulate procurement methods and procedures. The Plan details the standards and procedures to be followed in the procurement of goods, works and services within the public sector, and also includes a section (section 83) for guidance on disposal of stores. These standards, policies and procedures are designed to;

- That acquisitions are managed consistent with government policy;
- That Government receives the best value for money on contracts;
- That vendors have fair access to information on procurement opportunities, processes and results;
- That ministries and other government agencies only engage in a competitive process with the full intent to award a contract at the end of that process and are accountable for the results of their procurement decisions and the appropriateness of the processes followed;
- That the cost of the procurement process, to both vendors and ministries, is appropriate in relation to the value and complexity of each procurement;

Strong procurement plan management in the public sector is a tool for achieving political, economic and social goals. In the era of diminishing resources and increased demand for accountability and transparency in the government, the "stakeholders" of the public sector are demanding more effective and efficient use of public funds. A key component to developing any good procurement system is to get committed to the mission and goals of the overall organization, the role played by the various departments within the overall structure and relationships among them. At its core, public procurement is first and foremost a system. It is important that, at a minimum, the public procurement system encompasses the key elements of procedures, standard documents, regulations, and an appropriate legal framework. These key elements are embedded in the Public Procurement Act 2003 (Act 663) of which any procurement funded partially or wholly needs to adhere to (Tomson, 2000).

Like any other public health institutions that depend on public funds for their operations, Sekondi-Takoradi Municipal Assembly (STMA) though legally and financially autonomous, still accounts for its financial operations to the Parliamentary Accounts Committee of Ghana. It is therefore expected that its funds are put to good use to generate benefits to the economy and stakeholders at large. Hence, Sekondi-Takoradi Municipal Assembly Procurement units need to apply all the legal framework documents such as (The Procurement Act 2003 (Act 663), as amended Act 914,2016), the manual, standard tender document in their procurement of goods, works, and services since its funds is controlled by government. The focus of this research is therefore to research into the procurement systems Sekondi-Takoradi Municipal Assembly and to find out how the Public Procurement Act 2003 Act 633 is being implemented in the institution.

## 1.2 Problem Statement

Procurement planning is one of the primary functions of procurement with a potential to contribute to the success of local government operations and improve service delivery. It is a function that sets in motion the entire acquisition / procurement process of local government (Basheka, 2010). When planning is properly conceived and implemented, it can serve as an important mechanism for extracting, distribution and allocating of resources (James, 2004). Procurement planning is the primary function that sets the stage for subsequent procurement activities. It "fuels and ignites" the engine of the procurement process. A mistake in procurement planning therefore has wide implication for local governance, measured from the two indicators of accountability and participation. Successive governance has put in provision to ensure the realization of long-term objective of improving the quality of life of its citizens in the provisions of infrastructure and services. This objective is implemented through procurement Act and planning to ensure objectivity, transparency and best value for money. The procurement planning aspect of the Act, seeks to ensure that all procurements are done based on rules and procedures and within the yearly budget estimate. The procurement planning therefore servers as a budget to regulate and control procurement cost and expenditures.

However, several yearly reports of Public Procurement Authority identify infractions such as public entity making purchases and awarding contract without recourse to the approved procurement plan (budget). This situation unnecessarily increases cost of procurement and constitute maverick buying. Relating to the general axiom that "if you fail to plan, you plan to fail" any forms of procurement that are done in a haste without planning and outside budget will not help to manage cost. The study therefore seeks to assess the extent to which procurement planning can help manage cost in public sector procurement with the operations of the District Assemblies.

## 1.3 Objectives of the Study

The study seeks to investigate the mode of Procurement Planning and its impact on the Cost Management of an Organization to the citizens. A case of Sekondi-Takoradi Municipal Assembly. This study will probe into the problems and develop recommendations to formulate wide-ranging strategies to deal with the situation. The study aims:

1. To identify the procurement methods used at the Sekondi-Takoradi municipal assembly.
2. To assess the contribution of the procurement plan to the procurement activities at the Sekondi-Takoradi municipal assembly.

3. To access the extent to which procurement planning affects cost management at the Sekondi-Takoradi municipal assembly.
4. To identify procurement planning challenges at the Sekondi-Takoradi municipal assembly.

### 1.5 Significance of the Study

The Sekondi-Takoradi Municipal Assembly management will find the study's findings extremely valuable since they will address the procurement planning method and how it affects cost management. Additionally, it will advance knowledge of the difficulties stakeholders in the Sekondi-Takoradi Municipal Assembly experience when planning their purchases and how those difficulties affect cost management and the study will ultimately benefit academicians who will make the resultant findings as part of their reference. Finally, the study will be very significant to the researcher since they will receive theoretical and practical knowledge on procurement planning and how it affects cost management in Sekondi-Takoradi Municipal Assembly.

### 1.6 Scope of the Study

The study was undertaken in the Sekondi-Takoradi metropolitan assembly to examine the application of the procurement planning and its impact on the entity's spending. The assembly was chosen because it is one of the major local government administrative departments in the metropolis. This means, a huge number of budgetary resources is allocated to the assembly and it is important to assess how this money is disbursed through procurement planning. Specifically, the study was confined to the staffs, procurement officials, finance officers, planning/budget officers, works and all those who are responsible for the purchase of common user items and awarding of contracts, works and services (participants in the procurement process) of the assembly.

### 1.7 Limitations of the Study

The students' combination of academic work with research endeavours made studying quite challenging. It was difficult and frustrating to access publications of relevant documents and updates online. The organization where the researcher obtained the data was located far from the researcher's place of study, and management may not always be reachable for specific assistance. Due to the fact that certain procurement actions were considered sensitive, the majority of staff members did not feel comfortable sharing that information with the researcher. Financial restrictions that prevented the researcher from fully sponsoring the study in terms of transportation, data bundles, printing typescripts, and other related costs proved to be a heavy burden.

### 1.8 Summary of Research Methods Used

The researcher adopted a case study methodology in conducting the entire research work. Both primary and secondary sources of information were used. The tool used for primary information includes direct observation, personal interviews and questionnaires, whiles the secondary information was gathered from related books, magazines, statistical records, journals and much more.

## 2.0 LITERATURE REVIEW

The impact of procurement strategy on cost control in the public sector is examined in this chapter. The study's goal is to add to the findings, which will be valuable in determining the amount to which procurement planning affects cost management. The research focuses on the following topics: procurement overview, procurement methods, procurement planning, procurement planning process, controlling procurement costs, procurement planning impact on cost management, and procurement planning issues.

## 2.1 Overview of Procurement

### 2.1.1 The Conceptual Definitions of Procurement and Public Procurement

Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties. It involves option appraisal and the critical make or buys decision which may result in the provision of goods and services in appropriate circumstances (PPA, 2003). Procurement either public or private is always governed by rules and procedures. For public procurement, there are more rules and procedures compare to the private sector procurement because public funds are used to pay for such procurement, value for money cannot be compromised (Geraint, 2008). Procurement rules and procedures are there to serve as checks and balances to ensure transparency, fairness, competition and value for money. In a broader perspective, Procurement focuses on all activities required in order to get the product / services from the supplier to its final destination. It encompasses the purchasing function, stores, traffic and transportation, incoming inspection, and quality control and assurance (Vollmann & Weele 2002).

According to Ghana Integrity Initiative (G.I.I, 2007), Public Procurement is the acquisition of goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals, generally via a contract. It can be said to be the purchase of goods, services and public works by government and public institutions. It has both an important effect on the economy and a direct impact on the daily lives of people as it is a way in which public policies are implemented (G.I.I, 2007). Public procurement can be described as centrally negotiated legal processes which are guided by political decisions and practically implemented by various local purchasers. It should be acknowledged that public procurement has both economic and social benefits, but the social benefits of public procurement are primarily seen as indirect positive effects from economic savings and environmental improvements (Wickenberg, 2004). Procurement is a potential instrument of integrating socially and economically sustainable benefits to stimulate employment.

According to Waara (2007), Public Procurement is any purchasing performed by any public authority within the classical sector or within the utilities sector. The public procurement rules applicable to purchasing entities also depend on whether the total purchase value is over or below certain so-called threshold values, which differ as regards goods, services and construction works. All procurements above the threshold values apply procurement directives and must be advertised in the Supplement to the Official Journal for public tenders. Public procurement is the process by which organizations acquire goods and services using public funds. It includes planning, inviting offers, awarding contracts and managing contracts. For procurement to achieve its goals, it should follow these two principles: Professionalism and Value for Money (VFM). Professionalism is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding purchases. The role of procurement professionals is critical to Ghana's economic development. In dealing with procurement issues, the goal of regulators should be ensured the best deal for citizens and to apply the tools necessary to allow the best decisions to be made. Inevitably, this means removing any bias that unfairly slants a procurement decision.

According to Sarpong (2007), procurement is the management of sustainable acquisition of goods, works and services to optimize value for money through a professional, auditable and transparent framework. He believes that any good procurement should have the following principles;

- Efficiency and Effectiveness: All procurement functions should aim at achieving the right quantity and quality at the minimum cost.
- Competitiveness: The procurement process should ensure some competition among the competing parties.
- Ethical approach: Procurement process should be devoid of all practices that could lead to possible conflict of interest.
- Fairness: All procurement should aim at achieving fairness and ensuring that all participating bidders are given equal opportunity to bid.
- Transparency: The procurement process should be open enough to avoid giving competitive bidders advantage over other bidders. These are in line with the World Bank's principles of procurement and it is therefore imperative to see these principles in all procurement. Any procurement without these

principles and objectives should not be considered as a good procurement and it is not in the interest of the nation since all forms of procurements have these principles.

#### 2.1.2 Good Practices and Importance of Procurement

According to PPB (2007), Public Procurement has a direct impact on the following; the successful delivery of government projects and public services, sound public financial management by achieving value for money in government expenditure, reducing corruption, more competition, budgetary savings, reduce debt levels, and encouraging private sector development. Social impacts of public procurement include enhanced respect for rule of law, improved social sector services, improved prospects of achieving other government objectives, increased access by local market to government contracts, and enhanced reputation for government institutions.

It is obvious from the above discussing that procurement has multi-dimensional importance which cuts across all spheres of lives. Governments of developing countries must ensure that they implement procurement laws fully and remove all bottlenecks so as to achieve this importance as stated by the PPB. A study conducted by Public Procurement Authority revealed that the Government of Ghana (GOG) could save about 25 percent of its domestic revenue from prudent public procurement practices and it reduces government expenditure. This indicates that public procurement system in Ghana is in conformity with international best practices.

#### 2.1.3 Procurement Challenges and Consequences of Poor Procurement

An effective public procurement system is essential for good governance. A poor procurement system results in higher costs to government and the public. It delays project implementation which further increases costs, leads to poor project execution performance and delays the delivery of benefits to the beneficiaries. Procurement problems also increase scope for corruption, generate more complaints and raise concerns about the integrity of the procurement process. Finally, poor procurement discourages good firms (both national and foreign) from participating in bidding, i.e. deprive the country of receiving better prices, quality goods, works and services (World Bank, 2000).

Donors have less confidence in the governments of developing countries and reduce levels of assistance or insist on their own procurement procedures. When Goods, works and services are delivered or completed late, it affects the delivery of public services and completion of projects. If stores are not managed well, it will lead to stock-outs and can become obsolete as a result of excessive stock-holding. Goods, works and services are of poor quality and quickly deteriorate or fail for example; a sub-standard road will quickly break up, requiring repair (PPB, 2007). Fluctuation of prices in developing economies has a negative impact on government's gross expenditure, thereby affecting the overall procurement's yearly budget.

#### 2.1.4 Ghana's Procurement System (GPS)

Government institutions have been given guidelines for procurement of works, goods and services. Provisions vary between the pre- and post- procurement bill era. However, contract administrative practices still stand out unique and have been classified into; Project planning or Budget Stage, Pre-Contract Stage, Contract Stage, and Post Contract Stage (PPB, 2007).

#### 2.1.5 Procurement Act Era in Ghana

The PPA, 2003 (Act 663) is a comprehensive legislation designed to eliminate the shortcomings and organizational weaknesses which were inherent in public procurement in Ghana. The government of Ghana, in consultation with its development partners had identified the public procurement system as an area that required urgent attention in view of the widespread perception of corrupt practices and inefficiencies, and to build trust in the procurement system. A study by the World Bank (WB, 2003) reported that about 50-70% of the national budget (after personnel emoluments) is procurement related. Therefore, an efficient public procurement system could ensure value for money in government expenditure, which is essential to a country facing enormous developmental challenges. As provided by the Public Procurement Act 2003 (Act 663), all Ministries, Departments, Agencies and other government institutions are required unless otherwise to publish in the public media for interested contractors to

express interest in the procurement services of government institutions. Consultants were later required to submit technical and financial proposal on the services to be offered to the Ministries, Departments, and Agencies (MMDAs) Tender Boards for evaluation (Section 33, 34 of the Public Procurement Act). It would be subjected to scrutiny by the Tender Board based on financial, technical proposals and the term of reference, which embodies the type of services to be provided, and proposed cost, the duration of services and associated cost of the services to be rendered as a basis of evaluation and award of contract.

### 2.1.6 Procurement Rules in Ghana

Part III of the Public Procurement Act 2003 (Act 663), defines the rules for public procurement in Ghana. The rules in the public procurement system covers:

- Procurement plan
- Qualification of tenderers
- Form of communication
- Record of procurement proceedings
- Rejection of tenderers, proposals and quotations
- Entry into force of the procurement contract awards
- Language

### 2.1.7 Procurement Cycle in Ghana

Procurement cycle is the direction of the procurement process. It establishes the main activities required at every stage of the procurement process. It does not only direct the approach to the implementation of the procurement activities but also provides a road map for monitoring and evaluation of procurement activities effectively. It establishes key activities required at every stage of the procurement process while at the same time providing a benchmark for the monitoring and evaluation of the process by procurement monitors and evaluators. The procurement cycle model emphasizes activities occurring within the entire supply chain and not just procurement as shown on Figure 2.1. Though the Act did not stress on the storage and distribution functions of the supply chain, the law's emphasis on the disposal of stores, plant and equipment makes it imperative to include all activities of the supply chain. These procurement activities consist of the following: Planning, Sourcing, Evaluation, Contracting, Contract Management, Distribution, and Disposal

Procurement Cycle for Goods: It is seen that procurement starts from planning and ends at evaluation. It indicates the key activities needed at every level in the procurement process. It gives direction of implementation of the procurement process and also serves as a catalyst for monitoring and evaluation. At the planning stage the following activities are required: contract packages, source of fund, cost estimation, technical and performance specification. Sourcing stage deals with procurement method, supply sources, criteria for evaluation and negotiation.

At the contracting stage, the following activities are needed: notification of award, contract document and communication channels. At the contract management stage, the following activities are considered: selection of a contract manager, allocation of responsibilities and performance benchmarks, communication channels, expediting and dispute resolution and contract modification. Storing activities include inventory control and management, storage requirements and material handling. Distribution includes available storage and transportation facilities; these facilitate the delivery of goods, works and services. Evaluation stage activities include review of performance of procurement function, to assess compliance, efficiency and effectiveness and procurement audits. Disposal stage includes the stage where the material has finished serving its purposes and management decides to dispose of the obsolete ones.

## 2.2 Procurement Methods

With reference to the Part IV of the Public Procurement Act 2003(Act 663), the following methods are available for awarding public contracts depending on the situation and thresholds: International Competitive Tendering (ICT), National Competitive Tendering (NCT), Two-Stage Tendering (National or International, Restricted Tendering (National or International), Single Source (Direct Procurement), Request for Quotations (RFQ). Competitive tendering using ICT or NCT is the preferred method for

Government procurement and the use of alternative methods is strictly limited to the provisions of Part IV of the Public Procurement Act.

#### 2.2.1 International competitive tendering

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 Act requires the use of ICT for procurement of goods above the threshold stated in Schedule 3.

#### 2.2.2 National Competitive Tendering

National Competitive Tendering is appropriate for lower value procurements, where the goods by their nature or scope are unlikely to attract foreign competition, or where there are justifiable reasons for the Procurement Entity to restrict tendering to domestic suppliers. The Act permits the use of NCT for procurement of goods valued at the thresholds stated in Schedule 3.

#### 2.2.3 Restricted Tendering

Restricted Tendering is a tendering process by direct invitation to a shortlist of pre-qualified, pre-registered or known suppliers, and is subject to a specific approval being granted by the Public Procurement Board: It is an appropriate method of procurement where:

- The requirement is of a specialized nature or has requirements of public safety, or public security which make an open competitive tender inappropriate;
- Due to the urgent nature of the requirement, an open competitive tender is not practical;
- The number of potential suppliers is limited; or Manuals - Public Procurement Act, 2003 (Act 663) Public Procurement Board-Ghana.
- An open competitive tender has failed to bring an award of contract.

#### 2.2.4 Two- stage Tendering

Two-stage Tendering is an infrequently used procurement process in which a Procurement Entity invites tenderers in the initial stage to contribute to the detailed specification of the goods. Following review and consultations, new detailed specifications are prepared and a restricted tender issued in the second stage to all participants who were not rejected in the first-stage. It is an appropriate method of procurement when it is not feasible for the Procurement Entity to formulate detailed specifications for the goods, to identify their characteristics, or the character of the goods is subject to rapid technological advances.

#### 2.2.5 Single Sourcing

Single source procurement from a supplier without competition (direct procurement) is subject to a specific approval being granted by the Public Procurement Board. Single source procurement may be appropriate when: The purchase is for urgently needed products, provided this is restricted to the minimum quantity to meet the urgent need until a purchase by other methods can be fulfilled; or the requirement can only be supplied by one source for physical, technical or policy reasons, e.g. the required equipment is proprietary and obtainable only from one source. When national security (non-economical) considerations are paramount.

#### 2.2.6 Request for Quotation (RFQ)

This is also known as "shopping" and is based on comparing price quotations obtained from several suppliers, usually at least three, to ensure competitive prices. Request for Quotations may be used when the estimated value of the threshold specified in Schedule 3 of the Act; Standard RFQ documents are particularly suitable for procuring readily available off-the-shelf goods or standard specification items of low value.

## 2.3 PROCUREMENT PLANNING

A study of procurement management literature appears to suggest to the best knowledge of the researcher that little research have been done on procurement planning and its impact to the development of an organization in the public sector. (Rowlinson et al, 2007). However, considerable research work of procurement methods has been carried out on procurement management in the public sector. Other studies have been conducted to establish a link between the public sector organizations and private organizations within the supply chain management. (Marledge & Sharif, 2003). It however appears that little studies have been done on procurement planning especially in the Ghanaian context. In this regard, it is expected that this study will contribute to this area of research and generate the required research interests in the academics of procurement and supply chain management. Chopra & Meindl, (2007), viewed Procurement Planning as the process used by companies or institutions to plan purchasing activities for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to request budget for staff, expenses, and purchases. This to them, is the first step in the procurement planning process. The budgets for all the departments are then reviewed, and in an organization that is committed to procurement planning, the accountants spend the time to find common purchasing requirements.

Based on the budgets submitted, they may direct departments to work with central purchasing to combine their planned spending for specific commodities. This process works best in an organization that is committed to reducing costs. Issues surrounding delivery dates, contract compliance, and customer service issues must be resolved internally before going out to contract. The primary concept of procurement is that advanced planning, scheduling, and group buying will result in cost savings, more efficient business operation, and therefore increased profitability. There are four steps that form the basis of procurement planning: group buying, just in time delivery, negotiated bulk pricing, and reduced administrative overhead.

The Council of Procurement Management of the Chartered Institute of Purchasing and Supply CIPS (2002); defines Procurement planning as the process by which the efforts of all personnel responsible for significant aspects of a project are coordinated and integrated in a comprehensive manner. Another school of thought, of the council adds that Procurement planning means the process by which the efforts of all personnel responsible for procurement are coordinated and integrated through a comprehensive plan for fulfilling the Procuring Entities' need in a timely manner and at a reasonable cost. According to the Council, effective procurement planning and preparation will produce more efficient and economical procurements which will deliver products or perform services in an acceptable and timely manner. Van Weele (2005) supports the above definition and adds that the formality and details of the planning process will vary with the size, complexity, mission-criticality, and projected money value of the requirement.

Procurement planning must include the related budget planning. Public sector Procurement is different in that, Major procurement must be planned and budgeted for in a manner consistent with the national budget process. A summary of planned major procurements is included as part of management reports to the national level per the management oversight and standards handbook. It will include one-year, two-year, and five-year planning lead times. (Ibid). Baily et al, (2007) identifies procurement planning to be the involvement in planning necessitates a grasp of the operations of business as a whole, as well as a clear understanding of the complex relationships within the organization with regards to materials, and what information is required by whom. Procurement needs to take a thoroughly professional view of its role in the business as a whole and that must include planning. Generally, procurement planning enables organizations to among other things, determine performance standards, establish overall direction, anticipate and avoid future problems and reduce the risks of uncertainty, identify and commit resources towards the achievement of goals determine and develop performance standards, effectively coordinate various activities in the organization. (Chopra & Meindl, 2007).

### 2.3.1 Global Perspective on Procurement Planning

Procurement planning is the process used by companies or institutions to plan purchasing activities for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to request budget for staff, expenses, and purchases. This is the first step in the procurement planning process. The budgets for all the departments are then reviewed, and in an

organization that is committed to procurement planning, the accountants spend the time to find common purchasing requirements. Based on the budgets submitted, they may direct departments to work with central purchasing to combine their planned spending for specific commodities. This process works best in an organization that is committed to reducing costs. Issues surrounding delivery dates, contract compliance, and customer service issues must be resolved internally before going out to contract.

The primary concept of procurement is that advanced planning, scheduling, and group buying will result in cost savings, more efficient business operation, and therefore increased profitability. There are four steps that form the basis of procurement planning: group buying, just in time delivery, negotiated bulk pricing, and reduced administrative overhead.

- Group buying: Group buying combines the total resource requirements for different departments and creates one purchase order. The departments can be physically located in a range of buildings, with the delivery dates, quantities, and conditions listed in the purchase order. This practice is increasingly common in government and public sector firms, where the same item can be purchased for a range of different institutions
- Just in time delivery: Just in time delivery is a central component of procurement planning. Under this model, the cost of storage is carried by the supplier. They are responsible for ensuring the purchased quantities of materials are ready and available for delivery at the specified dates and times. This type of delivery requirement is typically combined with group buying, keeping storage costs down.
- Bulk pricing and negotiating: Bulk pricing and negotiating is very important when completing procurement planning. Organizations that combine the total quantity required for a specific period of time are able to get lower pricing, based on a specific level of ordering. The procurement director or senior buying agent typically completes negotiations.
- Administrative overhead: Administrative overhead is the cost to the organization for the entire procurement cycle. This includes the salaries and support costs for procurement staff, invoice processing, check production, and resolving of vendor inquiries. An organized, managed process eliminates significant costs, as they are incurred only once for every commodity.

### 2.3.2 Detail Procurement Planning

Procurement planning is the method associations or open establishments use to plan purchasing exercises for a specific time allocated. This is ordinarily completed the process of amid arranging system. Consistently, every office is required to spending its staffs, costs, and purchases. This is the underlying stage in the acquisition procedure (Kibet & Njeru, 2014). Poor procurement planning has been one of the major stumbling blocks to the economic development of Africa and it has been clear that a number of African countries have not paid adequate attention to the proper management of public resources (Basheka, 2004). Based on the approval of annual procurement plan, the officers responsible for procurement shall establish detailed procurement plan for each procurement.

- Summary of the list of goods, works and services to be procured based on annual procurement plan, specifications, quantities required and cost estimated to be approved for procurement;
- Identification of the procurement methods based on cost estimated;
- Establishment of Bidding Committee;
- Preparation of bidding documents;
- Issuance of invitation and advertisement;
- Opening of Bid;
- Evaluation of Bid and proposed for Award of Contract;
- Award of Contract;
- Notification Award of Contract;
- Beginning and completion of negotiations and signing of contract;
- Contract implementation;

- Date, time of contract completion or delivery

The procuring entity or project owner shall submit annual procurement plan and monthly detailed procurement plan to the Ministry of Finance, Procurement Monitoring Office.

### 2.3.3 The Procurement Plan

Under Part III of the Public Procurement Act, Section 21 stipulates the content of the procurement plan to support its approved program and the plan shall indicate;

### 2.3.4 Contents of the Procurement Plan

The procurement plan for each Procurement Entity shall include:

- A detailed breakdown of the goods, works and services required;
- A schedule of the delivery, implementation or completion dates for all goods, works and services required;
- The source of funding;
- An indication of any items that can be aggregated for procurement as a single package, or for procurement through any applicable arrangements for common use items;
- An estimate of the value of each package of goods, works and services required and the source of funding; and
- Details of any committed or planned procurement expenditure under existing multi-year contracts.

In determining the optimum packaging of planned contracts, a Procurement Entity shall aggregate procurement requirements, where appropriate, to achieve economies of scale.

In deciding where aggregation is appropriate, the Procurement Entity shall consider all relevant factors, including:

- Which procurements are of a similar nature and likely to attract the same potential tenderers.
- Shelf-life and storage constraints.
- When delivery, implementation or completion is required.
- The optimum size and type of contract to attract the greatest and most responsive competition, taking into account the market structure for the requirement.
- Which procurements will be subject to the same tendering requirements and conditions of contract.
- The potential to realize savings in time or transaction costs or to facilitate contract administration by the Procurement Entity.

A procurement entity shall not divide a procurement order into parts or lower the value of a procurement order to avoid the procedures for public procurement in this Act.

### 2.3.5 Procurement Planning Benefits

Among the benefits of procurement planning is;

- saving the organization money by obtaining price reductions through quantity discounts and obtaining more efficient and effective products and services,
- Allowing better workload planning and scheduling,
- Consolidating requirements for greater economies,
- Providing sufficient lead time and resources in the selection of appropriate procurement types and development of innovative contracting methods,
- providing sufficient time to obtain required approvals before submission of requisitions,
- Identifying and obtaining necessary reviews and approvals throughout the procurement process,
- Allowing for early identification and resolution of potential problems,
- Ensuring the adequacy of specifications or statements of work,
- Identifying capable sources sufficient to promote adequate competition,
- Preventing unrealistic delivery or performance schedules and
- Receiving acceptable products and services in a timely

## 2.4 The Procurement Planning Processes

According to Sánchez-Rodríguez et al. (2006) standard procedures have the following features:

- They represent the best, easiest, and safest way to do an activity;
- They provide a method for managing knowledge through the preservation of "know how" and expertise;
- They can be used as a reference to evaluate performance;
- They provide a basis for both maintenance and improvement activities; and
- They provide a basis for training, auditing, and diagnosis.

The use of standard procurement procedures should reduce the possibility of errors and ease the tasks involved in identifying the root causes of a problem in the procurement process. Once a problem has been fully identified, corrective action can be quickly implemented and the procedures may be rewritten to eliminate the problem. Various procurement activities are performed for each procurement transaction. The literature indicates variations in the general steps required in the process. The procurement planning process has a series of distinctive steps with activities commencing once the need for procurement is identified and end when the transaction is completed. There are in total 9 consecutive steps intertwined in 4 major stages that explain the procurement planning process within local government. The steps are regarded as either inputs or outputs towards the attainment of a milestone within the procurement process with each step playing a key role.

**Recognition of the Need:** This is regarded as the first stage of the procurement process as it originates with the recognition of a definite need by someone or some system in the organization. Recognition of the need to procure is a responsibility of the user departments. At the municipality, the respective departments, in view of their needs, will always recognize the need to procure with or without funds available.

**Description of the Need:** Harrison & Van Hoek (2014) highlights that the procurer needs to know exactly what the internal customers want. Thus, they ought to have an accurate description of the need, the article, the commodity, or the service requested is essential. The procurement planning personnel and user share responsibility for an accurate description (Pienaar & Vogt, 2012). Wisner et al. (2012) provides three common types of requisitions which include a standard requisition which contains information such as Date, Number (identification), originating department, account to be charged, complete description of material or service desired and quantity, date material or service needed, any special shipping or service, delivery instructions and signature of authorized requester. The municipality procurement unit is regrettably predominantly manned by clerical and procurement administrative staff who lack technical expertise.

**Identification and Analysis of Possible Sources of Procurement:** Coyle et al. (2008) argue that the supplier identification and selection forms a critical component of the organization's procurement function. Handfield et al. (2010) notes that the identification involves locating sources of procurement followed by an assessment of the probability that the agreement to procure would result in on time delivery of a satisfactory product and services before and after the sale. According to Kakwezi & Nyeko (2010) once the procurer has identified potential suppliers, the next step would be to formally request that the suppliers provide information about their goods or services.

**Request for Quotation (RFQ):** Handfield et al. (2010) reiterates that an RFQ is issued in situations where the procurer and internal user can clearly and unambiguously describe the need for instance using a grade of material. The RFQ will then bring the comparison to one of price. Standard inquiry forms are prepared, checked, signed, and mailed, faxed, or electronically transmitted to potential suppliers. When quotations are received, they will be entered on a quotation sheet, and then the procurer will select an appropriate supplier. Unfortunately, at the municipality the procurement process is often affected by corrupt tendencies where the buyer skips some of the critical activities.

**Request for Proposal (RFP):** According to Hugo & Badenhorst-Weiss (2011) RFP includes a detailed package describing the needs of the buying organization and providing potential suppliers with the opportunity to propose solutions to meet the requirements. RFP is more appropriate when the procurer has more complex requirements and wants to draw on the supplier's expertise and if the procurer is planning to use negotiation as the tool for determining price and terms. Tendering is a noble process that enables an effective selection of supplies provided the process is done professionally and ethically.

However public sector organizations that include local government municipalities are subject to tendering irregularities which may affect effective procurement.

**Supplier Selection:** Hugo & Badenhorst-Weiss (2011) highlights that supplier selection involves an analysis of the quotes, bids, or proposals and the selection of the supplier prior to leading to the order placement which uses tools such as simple bid analysis to complex negotiations.

**Preparation and Placement of an Order:** Placing an order usually involves the preparation of a procurement order form. In some situations, the supplier's sales agreement or a release against a blanket order is used. It is advisable to use written or computer-generated orders at all times.

**Follow-up of the Order:** After an order is issued to the supplier, the procurer may wish to follow-up or expedite the order. In some firms, procurement has full-time follow-up and expediting personnel. According to Kakwezi & Nyeko (2010) an order follows up represents a routine tracking of an order with an overall view to ensure that the supplier meets the promised delivery dates, quality and specifications. Thus, the follow up requires frequent inquiries of the supplier on progress and possibly a visit to the supplier's facility, this will usually be done only on critical large-rand value, and/or long lead-time. It may be done by phone or use of a follow-up form.

**Receipting and Inception of Goods:** The proper receipt of materials and other items are of vital importance. The prime purposes of receiving are to confirm that the order placed has actually arrived, check that the shipment arrived in good condition, ensure that the quantity ordered has been received, forward the shipment to its proper next destination, be it storage, inspection, or use, and to finally ensure that proper documentation of the receipt is registered and forwarded to the appropriate user department. In public municipalities that includes this municipality, the procurement process has a control element that includes checks and balances to ensure that the practice of procurement is done above board. For instance, when goods or services arrive or start, there should be a system in place to acknowledge the receipt of the transaction

## 2.5 Managing Procurement Cost

According to Kaplan & Anderson's (2007), cost management is the techniques and methods for controlling a company's activities and its products and services to achieve cost effectiveness. Since the seminal contribution by Kaplan & Johnson (2000), literature indicates extensive discussions highlighting the need for improvements in cost management. According to Schuh et al (2009), the term 'cost' means the amount of expenses (actual or notional) incurred on or attributable to specified thing or activity. According to Lucey (1994), Cost is "measurement in monetary terms of the amount of resources used for the purpose of production of goods or rendering services". Cost is also defined as the sacrifice made for the acquisition of goods and services. In this view, it is the amount of money paid for the acquisition of these goods and services. To get the results we make efforts. Efforts constitute cost of getting the results. It can be expressed in terms of money; it means the amount of expenses incurred on or attributable to some specific thing or activity. Appiah-Mensah & Botsio (2006), defines cost as the amount of money that is needed to make buy or do something.

Procurement cost is the amount paid or payable in respect of salaries, bonuses, and benefits in connection with the employment by the Company of the Procurement Personnel and the monthly license fee paid in respect of the Procurement Software. The PPA, 2003 (Act 663) is a comprehensive legislation designed to eliminate the shortcomings and organizational weaknesses which were inherent in public procurement in Ghana. The government of Ghana, in consultation with its development partners had identified the public procurement system as an area that required urgent attention in view of the widespread perception of corrupt practices and inefficiencies, and to build trust in the procurement system. A study by the World Bank (WB, 2003) reported that about 50-70% of the national budget (after personnel emoluments) is procurement related. Therefore, an efficient public procurement system could ensure value for money in government expenditure, which is essential to a country facing enormous developmental challenges.

As provided by the Public Procurement Act (2003), all Ministries, Departments, Agencies and other government institutions are required unless otherwise to publish in the public media for interested contractors to express interest in the procurement services of government institutions. Consultants were later required to submit technical and financial proposal on the services to be offered to the Ministries,

Departments, and Agencies (MMDAs) Tender Boards for evaluation (Section 33, 34 of the Public Procurement Act). It would be subjected to scrutiny by the Tender Board based on financial, technical proposals and the term of reference, which embodies the type of services to be provided, and proposed cost, the duration of services and associated cost of the services to be rendered as a basis of evaluation and award of contract.

### 2.5.1 Procurement Planning on budgeting and cost management

Section 21 of the Public Procurement Act 2003 (Act 663) states that the procurement entity shall prepare a procurement plan to support its approved programme and the plan shall indicate

- Contract packages,
- Estimated cost for each package,
- The procurement method, and
- Processing steps and times.

A procurement entity shall submit to its Tender Committee not later than one month to the end of the financial year the procurement plan for the following year for approval. After budget approval and at quarterly intervals after that, each procurement entity shall submit an update of the procurement plan to the Tender Committee (PPA, 2003). The procurement entity shall send to the Tender Review Board, procurement notices for contracts and procurement plans above the thresholds stipulated in Schedule 3 for publication in the Public Procurement Bulletin. A procurement entity shall not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement in this Act (PPA, 2003).

### 2.5.2 Importance of Procurement Planning

Public Procurement Act 2003 (Act 633) states that procurement planning is important for the following reasons:

- It is one of the pre-requisites for successful implementation of projects;
- Limits scope on non-compliance with agreed procurement procedures;
- Enhances transparency and predictability;
- Provides a good basis for monitoring; and
- Facilitates efficient and effective treasury management by spreading out annual procurement activities consistent with the needs and resources available.

### 2.5.3 Consequences of Lack of Procurement Planning

According to the public procurement Act 2003 (Act 663):

- Delays in project implementation
- Inappropriate procurements
- Use of inappropriate procurement methods and procedures
- Increased packaging costs

### 2.5.4 Efficient Public Procurement in Relation to Cost Reduction/Management in Ghana

Cost reduction may be defined as the achievement of Real and Permanent Reduction in the unit cost of goods manufactured or services rendered without impairing their suitability for the use intended or diminution in the quality of the product (Harley, 2000). Cost reduction, should therefore, not be confused with cost saving and cost control. Cost saving could be a temporary affair and may be at the cost of quality. According to Barnes & Noble (2018) cost reduction implies the retention of essential characteristics and quality of the product and thus it must be confined to permanent and genuine savings in the costs of manufacture, administration, distribution and selling, brought about by elimination of wasteful and inessential elements from the design of the product and from the techniques and practices carried out in connection therewith. In other words, the essential characteristics and techniques and quality of the products are retained through improved methods and techniques used and thereby a permanent reduction in the unit cost is achieved.

To ensure efficient public-sector procurement, it is very essential to take into account the various techniques used in ensuring cost reduction. The question is; how can the public sector arrive at cost

reduction in the process of engaging in public procurement? Even in private industry, cost savings and reductions of procuring materials and services have been considered to be one of the most important procurement activities to make a company successful and this can apply to public procurement as well. There are many ways and methods of affecting this, but first of all, public procurement officials ought to understand cost structure, cost behavior and the supply market to maximize this opportunity (PPA E-bulletin, 2018).

According to the PPA electronic bulletin (2022), traditionally, value engineering, value analysis, market forecast, consolidation of requirements, standardization of materials, buying consortium, power negotiation, competitive bidding, long-term contract and supply base optimization are the most famous methods to manage the cost of procurement. Public procurement sector in Ghana continuously tries to find better ways of achieving these ends. This is because, Government of Ghana (GOG) spend huge amount of capital on public procurement and therefore, it is wise for any procurement entities to adhere to both the ways and methods in ensuring cost reduction in public procurement.

Adjei (2006) reveals that public procurement between 1982 and 2002 represented about 24% of total imports of Ghana excluding personnel emoluments. Ministry of Finance, 2003 also asserted that Public procurement accounts for about 50% to 70% of total government costs, represents 14% of Gross Domestic Product (GDP) and accounts for about 24% of total imports. Therefore, efficient public procurement process will be undoubtedly a key pillar to create wealth and reduce procurement cost to government. A study conducted by PPB revealed that the Government of Ghana could save about 25% of its domestic revenue from prudent public procurement practices and it reduces government costs (Ghanaian Times, 2009). Obviously, the above statistics indicate that the role of well-functioning public sector procurement in the development process of the developing nation like Ghana is incontestable. Ghana's development constraints are complex, and their resolution requires the compliance of procurement laws, rules and regulations and processes that reduce costs (Ghanaian Times, 2009).

## 2.6 Impact Of Procurement Planning On Cost Management

The first stage in the procurement cycle is the procurement plan, which determines a timeline of what items will be procured and when based on the department's budget. It acts as guiding pillar for any procurement team, keeping them on track to meet deadlines and from overspending in any way. If done effectively, there can be many benefits of procurement planning, including time and cost savings with resource like fuel cards (Smith, 2020). One of the most appreciated benefits of procurement planning is the cost reduction that occur from strategically sourcing products, and deciding which suppliers to get them from as part of the procurement plan. By using the planning time to negotiate with the suppliers, and having the luxury of not working to a tight deadline, it can mean it is much easier to discuss price and potentially reduce the cost of items. When you work within a time-frame that is fast approaching, you are at the back foot. In contrast, during the process of getting quotes, you have the upper hand, comparing price against other suppliers and the market rate without as much pressure hanging over you (Smith, 2020).

### 2.6.1 Benefit of Procurement Planning on Cost Management

According to Simfoni(2022), some of the benefits of procurement planning are;

- Saving the organization money by obtaining price reductions through quantity discounts and obtaining more efficient and effective products and services,
- Allowing better workload planning and scheduling,
- Consolidating requirements for greater economies,
- Providing sufficient lead time and resources in the selection of appropriate procurement types and development of innovative contracting methods,
- Providing sufficient time to obtain required approvals before submission of requisitions,
- Identifying and obtaining necessary reviews

## 2.7 Procurement Planning Challenges

Once viewed as purely an administrative function, procurement is being recognized more and more as integral component of organizational performance- one that has the potential to significantly impact

the bottom line. But procurement planning (concerning sourcing the goods and services you need to run your business) can only deliver the expected value when it involves efficient, well-designed processes everyone in the organization is working toward the same goals (Lieber, 2015). Some of the challenges of procurement planning include:

**Lack of internal communication:** Procurement teams have a unique position in organizations- the function isn't specifically connected to any one department, nor does it have open access to each department's data. In addition, spending data often comes from more than one system and is difficult to aggregate. If procurement team is making purchases in a silo, without input and key data points from individual team, it can't make effective spending decision that will benefit the organization as a whole. Procurement teams deliver the most value when they work in tandem with all the relevant stakeholders, and have visibility into spending in all areas. Relationship are critical. Build rapport with internal partners to promote cross-functional collaboration, and work to maintain a good understanding of stakeholders' needs over time (Tech Times, 2016).

**Lack of technology:** Organization often struggle to move past their hesitancy to apply new technology tools to the procurement function. But the traditional methods used to gather data, get sights and complete essential workflows are inefficient and hamper effort to scale up. Outdated, manual systems are not likely to produce the kind of results procurement teams need to become a valued strategic partner. All areas of business are undergoing digital transformation, and procurement should be no different. Modernizing systems and processes can help pain point, minimize savings, reduce risk, and improve efficiency for both organizations and their suppliers. New technologies like artificial intelligence and machine learning will also allow teams to make better, data-based decisions. To give your organization the best chance of succeeding with new technology, start with an honest assessment of how your procurement function currently works and where it needs to improve to better support the business (Chavez, 2015).

**Poor supplier relationship:** Too many organizations overlook the importance of maintaining good supplier relationships. Procurement is not just about finding the right suppliers and contracting them; it's also about nurturing a long-term partnership that will help the organization grow. When suppliers consistently don't get paid on time, perform poorly, or neglect compliance requirement, for an example, your overall productivity diminishes and you run the risk of serious business distractions. Both partners benefits from nurturing a strong relationship. Suppliers that feel valued take the time to learn about your business and potentially help you find savings, introduce new products, and be more responsive in emergencies. In turn, they benefit from having a reliable business partner who is easy to work with (Lieber, 2015).

**Difficulty-tracking-contracts:** Supply agreements can be complex, with different terms, varying durations, multiple schedules, and amendments. Many organizations attempt to track contract manually, which leaves plenty of room for error. Critical information can be hard to find when needed. Scheduled price increases can be overlooked. Compliance issues can be missed. One way to avoid these issues is to implement a digital contract management system. The kind of system offers a centralized, secure location for contracts, making procurement more efficient and accurate. It also helps maintain consistency across agreements and can even automate parts of the contract workflow. For example, by automatically routing approvals and online signatures and sending notifications for contracts renewals and expirations (Walters, 2015).

### 3.0 RESEARCH METHODOLOGY

According to Wilkinson (2022) "Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability, the methodology section answers two main questions: How was the data collected or generated? How was it analyzed?" This chapter covers the Research Design, Sample and Sampling Procedure, Sources of Data, Data Collection Instruments, Sampling Technique, Population of the study, Data analyses and Presentation Instruments as well as Distribution of Respondents. It is believed that, the use of the above research method will help the researcher in a convenient manner to capture the data that will be relevant to analyze the contents of the study.

### 3.1 Research Design

The research designed is the detailed outline of the study. Research design is a set of methods and procedures used in collecting and analyzing measures of variable specified in the problem research. It is overall plan employed in the study with respect to approaches, strategies, techniques, and procedures which allows the researcher to meet the objectives of the research and to answer the research questions. Leedy (1997) defines research design as a plan of a study, providing the overall framework for data collection. MacMillan & Schumacher (2001) define it as a plan for selecting subjects, research sites and data collection procedures to answer the research question(s). They further indicate that the goal of a sound research design is to provide results that are judged to be credible. For Durrheim (2004), research design is a strategic frame work for action that serve as a bridge between research questions and the execution, or implementation of the research strategy. There are three possible forms of research design: exploratory, descriptive and explanatory.

For the purpose of this study, descriptive approach was used (Robson, 2002). Descriptive approach is a type of research design that aims to obtain information to systematically describe a phenomenon, situation, or population (Combes, 2019). More specifically, it helps answer the what, when, where, and how questions regarding the research problem. The rationale for using this approach in this study was to enable the researchers to assess the impact of public procurement planning on cost reduction at Sekondi Takoradi Municipal Assembly. In using the descriptive research approach in this study, the researcher used questionnaires to collect data for the study through a case study strategy. Yin (2003), a case study is an empirical inquiry that investigate a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. In general, there are three methods for conducting research: mixed methods, quantitative methods, and qualitative methods (Teddlie & Tashakkori, 2009).

The following justifies the choice of strategy: Aliaga & Gunderson (2000), describes quantitative study as a research approach explaining a phenomenon by collecting numerical data that are analysed using statistical approaches. Qualitative researches are designed to provide the researcher a means of understanding a phenomenon by observing or interacting with the participants of the study (Denzin & Lincoln, 2008). According to Gutmann & Hanson (2002) a mixed method study involves the collection or analysis of both quantitative and or qualitative data in a single study in which the data are collected concurrently or sequentially, are given a priority, and involve the integration of the data at one or more stages in the research process.

A mixed methods technique is used to answer the research questions in this study since it involves the collection and analysis of both quantitative and qualitative data. A case study research approach will be used, allowing for a thorough analysis of the situation under consideration within the allotted time. The case study approach will also be used to provide a realistic and practical overview of the problem(s) identified, and to facilitate an in-depth study within the limited time frame. (Eisenhardt & Martin, 2004).

### 3.2 Population Of The Study

Population refers to the set of individuals or events having common visible characteristics, which the researcher is interested in, in order to gather sufficient and reliable information. (Agyedu et al. 1999). Momoh (2021), opined that a population is a distinct group of individuals, whether that group comprises a nation or a group of people with a common characteristic. While the target population is the total collection of elements about which the researcher wishes to make some inferences (Okiro & Ndungu, 2013). The Sekondi-Takoradi Municipal Assembly staff and administration served as the study's population. One hundred employees are the anticipated overall workforce (100). Procurement (9), Stores (16), Administration (10), Account (5), Sales and Marketing (25) and planning and budget (15) are the study's target populations. Thus, giving the target population of eighty (80).

### 3.3 Sample Size/Sampling Techniques

#### 3.3.1 Sample Size

According to Lavrakas (2008), sample size refers to the number of units that were chosen from which data were gathered. Sample size can be defined as the subset of a population required to ensure

that there is a sufficient amount of information to draw conclusions (Sekaran & Bougie, 2010). The sample size should be optimal, not overly large, nor small, but just right. To avoid time-consuming and expensive testing of every employee in the firm, a sample size of fifty respondents (50) will be employed for the research's efficient execution and accurate information.

### 3.3.2 Sampling Technique

According to Ghauri & Gronhaug (2010), define sampling techniques has the selection of a segment of a population for an investigation that allows valid generalization. The research employed purposive sampling which is a non-probability sampling due to the nature of the research work. Amin (2005) defines purposive sampling as where only the population that is assumed knowledgeable and has the needed characteristics are selected. Purposive sampling was a sampling technique which was used in selecting appropriate sample to meet the objectives of a research. Purposive sampling was used in selecting the sample size of fifty (50) from the target population which was eighty (80). This technique was used because it is a procedure which would ensure in reaching the target related to the research. The researcher also placed a lot of emphasis on using purposive sampling to assist in choosing the right sample for the study. The main goal of using purposive sampling is to concentrate on specific target demographic characteristics that were of interest and were best motivated and equipped to answer the study questions. However, despite its benefits, using purposive sampling was prone to researchers' bias.

### 3.4 Sources Of Data Collection

There are two different forms of data that can be used in research: primary and secondary data. The study used both because the main data focuses on certain concerns and provides more control over the results. On the other hand, accessing secondary data is simple and inexpensive as well. The library, the internet, journal articles, newspapers, and research reports were used to gather the secondary data. In order to corroborate or refute the primary data, secondary data was intended to obtain the essential information to direct the performance of the research study.

#### 3.4.1 Primary data collection

Primary data refers to the first-hand data gathered by the researcher himself. Sources of primary data are surveys, observations, questionnaires, and interviews (Ajayi, 2017). Primary data are data from original sources. This is first-hand information collected from the field which might not have been used before, and are usually collected through interviews, observation, and the use of questionnaires (Twenefour, 2018). Primary data has the following advantages: it is frequently accurate, frequently covers essential information, always adheres to definitions, and is obtained during the relevant era. Self-administered questionnaires and observation were employed to collect data for the study in this regard.

#### 3.4.2 Secondary data collection

Secondary data area data collected by a party not related to the research study but collected this data for some other purpose and at different time in the past. If the researcher uses these data, then these become secondary data for the current user. Sources for secondary data are government publication website, books, journal articles, and internal records (Ajayi, 2017). Secondary data refers to the already existing information (second hand data), which have been used before. They may be obtained from magazines, bulletins, books, journals conference proceedings, project, newspapers and other reference materials (Twenefour, 2018). The researcher applied this form of data collection method by obtaining facts and opinions from books written by experts on the concepts, from the school's library, internet and other available sources at disposal. Secondary data has the following advantages: it saves time and energy, the data collected is of reasonable quality, and so on.

### 3.5 Data Collection Instrument

These are the fact-finding strategies. They are the tools for data collection. They include Questionnaire, interview, observation and reading. Essentially the researcher must ensure that the instrument chosen is valid and reliable.

### 3.5.1 Questionnaire

According to Baily & Farmer (2000), Questionnaire is a list of statement relating to the aims of the study, hypothesis and research question to be verified and answers to which the respondents is required to answer by writing. Questionnaire was the main data collection instrument used for the study. The main aim of designing the questionnaire was to enable the researcher to obtain responses from the various respondents. The selection of the respondent was done through target population. The researcher personally administered the questionnaire to the respondents. The research questionnaire consists of two parts, "A" and "B". The part A which is the personal data illicit information about the respondents. It is structured in open and closed ended question. The part B is the main data which illicit information about the impact of procurement planning on cost reduction at the STMA. It is structured in a 5-point likert scale (1= SA-Strongly Agree, 2=A-Agree, 3=N- Neutral, 4=SD-Strongly Disagree, 5=D-Disagree) which allows the respondent to tick his/her level of agreement/disagreement or otherwise.

### 3.6 Validity and Reliability of Data

#### 3.6.1 Validity of data

According to Middleton (2019), validity refers to how accurately a method measures what is intended to measure. If research has high validity that means it produces results that correspond to real properties, characteristics, and variations in the physical. The amount to which cost management on procurement planning and its impact in the public sector (STMA) was achieved with the instrument used to verify that accurate information was obtained is referred to as validity. Validity testing was carried out by tailoring the questionnaire to the study's factors. In other words, the results of the questionnaire would be related to the impact of procurement strategy on cost management in the Sekondi Takoradi Metropolitan Assembly.

#### 3.6.2 Reliability of Data

According to Middleton (2019), reliability refers to how consistently a method measure something. If the same result can be consistently achieved by using the same methods under the same circumstances, the measurement is considered reliable. To verify the clarity of the items and consistency of the responses, a reliability test was undertaken using observation to back the responses received from the administered questionnaire. The researchers observed the procurement and finance unit's actions during the questionnaire administration to improve the instrument's dependability.

### 3.7 Data Analysis Procedure

Microsoft Excel and the Statistical Package for Social Science (SPSS) were mostly used to analyze the questionnaires that were gathered for the study. The data of Sekondi Takoradi Municipal Assembly was screened using the necessary statistical tools to ensure the research data was free from incorrect and extreme values. These completed questionnaires were coded and inputted into the SPSS and Microsoft Excel softwares to form the main data that was used in chapter four of the analysis. This gave the general idea of the study with respect to the impact of Procurement planning on Cost Reduction

## 4.0 DATA ANALYSIS AND PRESENTATION

This chapter dealt with the findings and analysis of data in respect to the research problem and objectives as stated in the introductory pages of this paper, using the methodology indicated in the foregoing chapter. Interactions with the respondents by means of interviews, discussions and the questionnaires yielded very useful results by throwing more light on most of the data gathered from the secondary sources, and gave greater insight into some aspects of procurement planning. Data collected was analyzed using purposive sampling.

### 4.1 Demographic Characteristics Of Respondents

This section presents the demographic characteristics of the respondents from whom the data were collected. It comprises of the gender of respondents, age of respondents, level of education, and the duration of service as shown in table 4.1 below.

Table 4.1 Gender, Age, Duration of service, and Level of Education of Respondents

Gender of Respondents		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	35	70	70	70
	Female	15	30	30	100
	Total	50	100		
Age in years					
Valid	18-25 years	3	6	6	6
	26-35 years	23	46	46	52
	36-45 years	19	38	38	90
	Over 45 years	5	10	10	100
	Total	50	100	100	
Duration of service					
Valid	Below 1 year	5	10	10	10
	1-3 years	10	20	20	30
	4-6 years	25	50	50	80
	Over 6 years	10	20	20	100
	Total	50	100	100	
Level of Education					
Valid	SHS	2	12	12	12
	HND	8	16	16	28
	Degree	14	28	28	56
	Masters	22	44	44	100
	Total	50	100	100	
Department or section of the respondent					
Valid	Procurement/stores	12	24	24	24
	Planning and budgeting	11	22	22	46
	Administration	10	20	20	66
	Account	7	14	14	80
	Sales & Marketing	10	20	20	100
	Total	50	100	100	

Source: Field Data, (2022)

From the Table 4.1, it was revealed that out of a total of 50 respondents, a majority (70%) of respondents were males while (30%) of the respondents were females. This shows that the study sampled more males as compared to females. For the age of respondents in Table 4.1, (6%) of the respondents were between the age group of 18 - 25 years. However, most (46%) of the respondents were in the age range group of 26 - 35 years. While (38%) of the respondents were in the age group of 36 - 45 years and

the remaining (5%) of the respondents were in the age bracket of over 45 years. This indicates that the organization has matured employees who will help in the achievement of set organizational objectives. It was revealed in Table 4.1 that, (10%) of the respondent has served in the organisation for less than 1 year. However, (20%) of the respondents have served in the organisation from 1 - 3 years.

Besides, half (50%) of the respondents have served for 4 - 6 years. The remaining (20%) of the respondents have served in the organisation for over 6 years the years in the organisation. This implies that respondents have worked long enough and have the experience to provide the requisite information towards the achievement of the study variables. From Table 4.1, it was observed that (4%) of the respondents were secondary school certificate (SSH) holders. However, (34%) of the respondents were Higher National Diploma (HND) holders. Almost half (42%) of the respondents of the respondents were bachelor Degree holders. Whereas an even number (20%) of the respondent affirmed they had attained master's level and professional certification in education. This is an indication that, respondents sampled have the requisite knowledge to provide relevant information on the variables of the study. Investigation of the department of respondents in Table 4.1 revealed that an equal number (20%) of the respondents worked with the Administration as well as Sales and marketing unit respectively. In addition, an average number (30%) of the respondents worked with the procurement unit. However, (14%) of the respondents affirmed they belong to the account department. While (22%) of the respondents stated they belong to the planning and budgeting department. This is an indication that the respondents sample were educated and were knowledge to prove reliable information on study variables of the study.

#### 4.2 Analysis Of Main Data

##### 4.2.1 The procurement methods Used at Sekondi-Takoradi Municipal Assembly

Table 4.2 The procurement methods Used at Sekondi-Takoradi Municipal Assembly

STMA complies to the procurement Act in their procurement.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	37	74	74	74
	Agree	9	18	18	92
	Strongly Disagree	4	8	8	100
	Total	50	100	100	

STMA uses sole sourcing procurement when the purchase is for urgent needed products.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	33	66	66	66
	Agree	12	24	24	90
	Strongly Disagree	5	10	10	100
	Total	50	100	100	

STMA adopts restricted tendering as an appropriate method of procurement where the requirement is of a specialized nature or has requirement of public safety.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	41	82	82	82
	Agree	8	16	16	98
	Disagree	1	2	2	100
	Total	50	100	100	

Two stage tendering is an appropriate method of procurement when it is not feasible for the procurement Entity to formulate detailed specification for the goods.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	18	36	36	36

	Agree	9	18	18	54
	Strongly Disagree	23	46	46	100
	Total	50	100	100	
<b>Competitive tendering using ICT or NCT is preferred method for general procurement.</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	46	92	92	92
	Agree	2	4	4	96
	Disagree	2	4	4	100
	Total	50	100	100	

Source: Field Data, (2022)

From Table 4.2 above, showed how respondents were affirmative to the statement that STMA complies to the procurement Act in their procurement, majority (74%) of the respondents strongly agree to the statement. (18%) of the respondents agree to the statement. While the remaining (8%) of the respondents strongly disagree to the statement above. This indicate that, STMA complies to the procurement Act in their procurement. Also from Table 4.2, majority (66%) of the respondents strongly agree to the statement that, STMA uses sole sourcing procurement when the purchase is for urgently needed products. (24%) of the respondents agree to the statement and the remaining (10%) of the respondents strongly disagree to the statement. This shows that, STMA uses sole sourcing procurement when the purchase is for urgently needed products.

Table 4.2, findings on STMA adopts restricted tendering as an appropriate method of procurement where the requirement is of a specialized nature or has requirements of public safety that, majority (82%) of the respondents strongly agree to the statement, (16%) of the respondents agree to the statement while the remaining (2%) of the respondent disagree to the statement. This indicates that, STMA adopts restricted tendering as an appropriate method of procurement where the requirement is of a specialized nature or has requirements of public safety.

From Table 4.2, findings on two stage tendering is an appropriate method of procurement when it is not feasible for the Procurement Entity to formulate detailed specifications for the goods, (36%) of the respondents strongly agree to the statement, (18%) of the respondents agree to the statement and the (46%) of the respondents strongly disagree to the statement. This means that, two stage tendering is an appropriate method of procurement when it is not feasible for the Procurement Entity to formulate detailed specifications for the goods.

Also, table 4.2, findings on whether Competitive tendering using ICT or NCT is the preferred method for general procurement revealed that, majority (92%) of the respondents strongly agree to the statement, (4%) of the respondents agree to the statement and while the remaining (4%) of the respondents disagree to the statement. This indicate that, Competitive tendering using ICT or NCT is the preferred method for general procurement.

Based on the procurement methods often used at STMA. The study concludes from table 4.2 that, STMA complies to the procurement Act in their procurement. In addition, the study revealed that, STMA uses sole sourcing procurement when the purchase is for urgently needed products and STMA adopts restricted tendering as an appropriate method of procurement where the requirement is of a specialized nature or has requirements of public safety. Again, the study showed that, two-stage tendering is an appropriate method of procurement when it is not feasible for the Procurement Entity to formulate defiled specifications for the goods. Finally, it was concluded that, Competitive tendering/using ICT or NCT is the preferred method for general procurement.

#### 4.2.2 The Contribution of Procurement Plan to The Procurement Activities at the STMA

Table 4.3 The Contribution of Procurement Plan to the Procurement Activities at the STMA

The procurement planning process represent the best, easiest and safest way to execute all tier procurement activities.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	39	78	78	78
	Agree	10	20	20	98
	Disagree	1	2	2	100
	Total	50	100	100	
Procurement plan provides overall institutional budget for purchases.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	43	86	86	86
	Agree	7	14	14	100
	Disagree	0	0	0	100
	Total	50	100	100	
Procurement plan provides controls and regulations in the institution purchases.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	28	56	56	56
	Agree	16	32	32	88
	Strongly Disagree	6	12	12	100
	Total	50	100	100	
The procurement plan provides framework to monitor procurement expenditures.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	41	82	82	82
	Agree	9	18	18	100
	Disagree	0	0	0	100
	Total	50	100	100	

Source: Field Data, (2022)

From Table 4.3, findings on whether the procurement planning process represent the best, easiest and safest way to execute all their procurement activities revealed that, majority (78%) of the respondents strongly agree to the statement. (20%) of the respondents agree to the statement, whiles the remaining (2%) of the respondents disagree to the statement. This indicate that, at the STMA, the procurement planning process represent the best, easiest and safest way to execute all their procurement activities. In addition, Table 4.3, majority (86%) of the respondents strongly agree to the statement that, procurement plan provides overall institutional budgets for purchases. The remaining (14%) of the respondents agree to the statement. However, none of the respondents disagree to the statements. This an indication that,

the organization accept that procurement plan provides overall institutional budgets for purchases. Again, from Table 4.3, findings on whether procurement plan provides controls and regulations in the institution purchases revealed that, (56%) representing majority of the respondents strongly agree to the statement. (32%) of the respondents agree to the statement and the remaining (12%) of the respondents strongly disagree to the statement. This indicates that, at the STMA, procurement plan provides controls and regulations in the institution purchases.

Finally, Table 4.3, findings on whether the procurement plan provide frame work to monitor procurement expenditures shows that, majority (82%) of the respondents strongly agree to the statement. (18%) of the respondents agree to the statement. However, none of the respondents disagree to the statement. This an indication that, at the STMA, the procurement plan provide framework to monitor all their procurement expenditures. Based the contribution of procurement plan to the procurement activities at the STMA. The study concludes from table 4.3 that, at the STMA, the procurement planning process represent the best, easiest and safest way to execute all their procurement activities. In addition, the organization accept that, procurement plan provides overall institutional budgets for purchases. The study showed that, procurement plan provides controls and regulations in the institution purchases. Finally, the study revealed that, the procurement plan provide framework to monitor procurement expenditures at the STMA.

#### 4.2.3 The Extent to Which Procurement Planning Affects Cost Management at the STMA

Table 4.4 The Extent to Which Procurement Planning Affects Cost Management at the STMA

Procurement planning strengthen and controlled government expenditure.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	27	54	54	54
	Agree	20	40	40	94
	Disagree	3	6	6	100
	Total	50	100	100	
Procurement planning helps in resource allocation.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	39	78	78	78
	Agree	9	18	18	96
	Strongly Disagree	2	4	4	100
	Total	50	100	100	
Procurement planning helps to achieve value for money.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	32	64	64	64
	Agree	17	34	34	98
	Strongly Disagree	1	2	2	100

	Total	50	100	100	
Procurement plan help to aggregate orders to reduce overall purchase cost.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	18	36	36	36
	Agree	27	54	54	90
	Strongly Disagree	5	10	10	100
	Total	50	100	100	
Procurement plan help to reduce maverick buying and save cost.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	15	30	30	30
	Agree	23	46	46	76
	Disagree	12	24	24	100
	Total	50	100	100	

Source: Field Data, (2022)

From Table 4.4, findings on the extent to which procurement planning affects cost management at the STMA have help strengthen and controlled government expenditure showed that, majority (54%) of the respondents strongly agree to the statement. (40%) of the respondents agree to the statement. The remaining (6%) of the respondents disagree to the statement. This showed that procurement planning strengthens and controlled government expenditure.

Table 4.4, findings on whether procurement planning helps in resource allocation revealed that, (78%) representing majority of the respondents strongly agree to the statement. (18%) of the respondents agree to the statement and the remaining (4%) of the respondents strongly disagree to the statement. This indicates that, Procurement planning helps in resource allocation at the STMA. Again, Table 4.4, on whether procurement planning helps to achieve value for money showed that, majority (64%) of the respondents strongly agree to the statement. (34%) of the respondents agree to the statement and the remaining (2%) of the respondents strongly disagree to the statement. This indicates that, procurement planning helps to achieve value for money at the STMA.

From Table 4.4, findings on whether procurement plan help to aggregate orders to reduce overall purchase cost (36%) of the respondents strongly agree to the statement. Majority (54%) of the respondents agree the statement and the remaining (10%) of the respondents strongly disagree to the statement. Also, Table 4.4, on whether procurement plan help to reduce maverick buying and save cost revealed that, (30%) of the respondents strongly agree to the statement. (46%) of the respondents agree to the statement. Whiles the remaining (24%) of the respondents disagree to the statement. This an indication that procurement plan help to reduce maverick buying and save cost at the STMA through the impact of procurement planning.

Based on the extent to which procurement planning affects cost management at the STMA. The study concludes from table 4.4 that, the impact of procurement planning on cost reduction ensures strengthen and controlled government expenditure. It was also established that, the procurement planning helps in resource allocation at the STMA. The study revealed that, procurement planning helps to achieve value for money. Again, procurement planning helps to aggregate orders to reduce overall purchase cost and help to reduce maverick buying and save cost at the STMA through effective procurement planning.

#### 4.2.4 The Procurement Planning Challenges at the STMA

Table 4.5: The Procurement Planning Challenges at the STMA

Lack of staff competence in the planning process is a major challenge.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	16	16	16
	Agree	13	26	26	42
	Strongly Disagree	29	58	58	100
	Total	50	100	100	
The need for top management support is key in successful procurement planning					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	31	62	62	62
	Agree	11	22	22	84
	Disagree	8	16	16	100
	Total	50	100	100	
The budget allocation available can create constraints in the planning					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	27	54	54	54
	Agree	12	24	24	78
	Disagree	11	22	22	100
	Total	50	100	100	
Poor adaptation of ERP systems to track resources allocation and status inn real time					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	39	78	78	78
	Agree	7	14	14	92
	Disagree	4	8	8	100
	Total	50	100	100	
Poor market analysis to have strong understanding of the market dynamics.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	31	62	62	62
	Agree	11	22	22	84
	Disagree	8	16	16	100
	Total	50	100	100	

Source: Field Data, (2022)

From Table 4.5, findings on lack of staff competence in the planning process is a major challenge established that. (16%) of the respondents strongly agree to the statement. (26%) of the respondents agree to the statement. Whiles the majority (58%) of the respondents strongly disagree to the statement. This indicates that, most of the respondents at the STMA believes that, the organization have competent

procurement staff they have knowledge and skills in procurement planning process and lack of staff competence in the planning process is not a challenge.

Table 4.5, findings on whether the need for top management support is key in successful procurement planning revealed that, majority (62%) of the respondents strongly agree to the statement. (22%) of the respondents agree to the statement and the remaining (16%) of the respondents disagree to the statement. This is an indication that, at the STMA, there is a need for top management support in successful procurement planning. In addition, Table 4.5, findings on the budget allocation available can create constraints in the planning showed that, majority (54%) of the respondents strongly agree to the statement. (24%) of the respondents agree to the statement and the remaining (22%) of the respondents disagree to the statement. This means that, at the STMA, the budget allocation available can create constraints in the planning and therefore it is seen as a challenge.

Table 4.5, findings on poor adaptation of ERP systems to track resources allocation and status in real time revealed that, majority (62%) of the respondents strongly agree to the statement. (22%) of the respondents agree to the statement and the remaining (16%) of the respondents disagree to the statement. This is an indication that, at the STMA, there is the need for adaptation of ERP systems to track resources allocation and status in real time. Table 4.5, findings on poor market analysis to have strong understanding of the market dynamics revealed that, majority (62%) of the respondents strongly agree to the statement. (22%) of the respondents agree to the statement and the remaining (16%) of the respondents disagree to the statement. This is an indication that, at the STMA, there is a need for an adequate market analysis to have strong understanding of the market dynamics.

Based on the challenges associated with the use of competitive tendering at the STMA. The study concludes from table 4.5 that, most of the respondents at the STMA believes that, the organization have competent procurement staff they have knowledge and skills in procurement planning process and lack of staff competence in the planning process is not a challenge. It was revealed that, at the STMA, there is a need for top management support in successful procurement planning. The study discovered that, the budget allocation available can create constraints in the planning and therefore it is seen as a challenge. In addition, it was discovered that, at the STMA, there is the need for adaptation of ERP systems to track resources allocation and status in real time. Finally, the study discovered that, at the STMA, there is a need for an adequate market analysis to have strong understanding of the market dynamics.

## 5.0 CONCLUSION

The chapter highlights on the summary of the research work and draws meaningful conclusions as well as provide relevant recommendation of the findings derived from the study. Data were analyzed with the aim to investigate the impact of procurement planning on cost reduction.

### 5.1 Summary Of Findings

#### 5.1.1: Demographic characteristics of Respondents at the STMA

The study discovered that the respondents were of a matured age and they had the required experience and qualifications to execute tasks. It was discovered that the organization is well equipped with the relevant workforce which majority of them have worked with the organization for more than 4 years which indicates that the organization have staff with competent skills and experience to improve upon productivity in the organisation through long service.

#### 5.1.2: The Procurement Method Used at Sekondi-Takoradi Municipal Assembly.

From the data obtained, STMA complies to the procurement Act in their procurement. Also, the study revealed that, STMA uses sole sourcing procurement when the purchase is for urgently needed products, STMA adopts restricted tendering as an appropriate method of procurement where the requirement is of a specialized nature or has requirements of public safety. Again, the study showed that, two stage tendering is an appropriate method of procurement when it is not feasible for the Procurement Entity to formulate detailed specifications for the goods. However, it was concluded that, Competitive tendering using IT or NCT is the preferred method for general procurement.

### 5.1.3 The Contribution of Procurement Plan to The Procurement Activities at the STMA

The study discovered that, at the STMA, the procurement planning process represent the best, easiest and safest way to execute all their procurement activities. In addition, the organization accept that, procurement plan provides overall institutional budgets for purchases. The study showed that, procurement plan provides controls and regulations in the institution purchases. However, the study revealed that, the procurement plan provide framework to monitor procurement expenditures at the STMA.

### 5.1.4 The Extent to Which Procurement Planning Affects Cost Management at the STMA

In addition, the study discovered that, procurement planning help to strengthen and controlled government expenditure. It was also established that, procurement planning helps in resource allocation at the STMA. The study revealed that, procurement planning helps to achieve value for money at the STMA.

### 5.1.5 The Procurement Planning Challenges at the STMA

However, the study discovered that most of the respondents at the STMA believes that, the organization have competent procurement staff and they have knowledge and skills in procurement planning process and lack of staff competence in the planning process is not a challenge. It was revealed that, at the STMA, there is a need for top management support in successful procurement planning. The study also discovered that, at the STMA, the budget allocation available can create constraints in the planning and therefore it is seen as a challenge. The study also discovered that at the STMA, there is the need for adaptation of ERP systems to track resources allocation and status in real time. Finally, it was discovered that, at the STMA, there is a poor market analysis to have strong understanding of the market dynamics.

## 5.2 Conclusion

The study has established from the various components of the research work (especially the analysis and discussions from the questionnaire), the impact of procurement planning on cost reduction ensures strengthen and controlled government expenditure. It was also established that, the procurement planning helps in resource allocation at the STMA. The study revealed that, the procurement planning helps to achieve value for money at the STMA. In addition, the procurement planning process represent the best, easiest and safest way to execute all their procurement activities. Also, the organization accept that, procurement plan provides overall institutional budgets for purchases. The findings of the study bring to the light that, the procurement plan provide framework to monitor procurement expenditures at the STMA.

## 5.3 Recommendation

After a careful analysis, based on the findings the following recommendations can be made by the researcher to STMA. Given that procurement budgeting involves cost estimation, market intelligence and budget work planning, the STMA needs to strictly comply with the PPA Act, 2003 (Act 663) because, less of this, government is liable to lose public funds due to unacceptable budgets, increased costs/ prices of works, goods and services coupled with poor quality and delays in delivery time. In this regard, government ought to strictly monitor, inspect and improve its budget allocation at the STMA so as to improve procurement planning of the organisation.

Further, government should revise procurement laws, policy guidelines and regulations that govern and guide STMA to ensure adaptation of ERP systems to track resources allocation and status in real time. In addition, management of STMA should instill active awareness creation and educational seminars as well as periodic workshop to equip their staff with the necessary training needed to effectively implement and operate ERP system when adopted. Since, training and development will boost the morale of staff, which will contribute to well-informed personnel working immensely towards efficient service delivery. Government should also consider recognizing individual procurement officers/staff and management who performs above standards. This will motivate them to do best and as well will inspire and motivate others to improve on their performance levels.

STMA should have adequate knowledge on market analysis to have strong understanding of the market dynamics. This is because behind every successful organization present in the market today, there is a story of substantial market analysis on customers. It is the first and the most important step in the development of any marketing plan. Market analysis is the thorough process of data collection to choose whether the product or the service that is going to come will cater to customers' needs. Effective market analysis can help in getting valuable insights into shifts in the economy, ongoing market trends, demographics, the traits of customers' expenditure and help reduce cost. Market analysis is one of the vital components to help business with all the essential information and making wise business decisions

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