

# Factors Militating Against the Successful Implementation of Public Procurement Act 663 (2003) in National Health Insurance Scheme (NHIS)

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## **Abstract**

The Public Procurement Act of 2003 (Act ) was intended to harmonise public procurement processes, secure judicious, economic and efficient use of state resources and ensure that public procurement is fair, transparent and non-discriminatory. However, this Act has been disturbed by some negative factors in its implementation by most public entities. Ghana National Health Insurance Authority (Ashanti Region) was used as a case in point in this study to examine the factors that militate against the successful implementation of the Act and measures to improve its implementation. Sixty three (63) questionnaires were distributed to the staff of the District Offices of Ashanti Region National Health Insurance Authority. Data was collected using questionnaires, which was then coded and input into a statistical software package before analysis was made. Descriptive statistics and the development of severity index were employed in the analysis for easy understanding and reader comprehension. The study revealed that the Ashanti District offices of National Health Insurance Authority did not comply with the Public Procurement Act (2003) Act 663 . Despite the fact that all the staff were aware of the Act, there was non-adherence to it. There were no trained procurement practitioners of Ashanti District offices of National Health Insurance Authority to oversee their issues of procurement. The National Health Insurance Authority sees bureaucracy and rigidity in the use of the Public Procurement Act (2003) Act 663 of Ghana. Training of procurement practitioners to help with the procurement practices of the National Health Insurance Authority was recommended as well as strict adherence to the Act among others. This study also concluded with recommendations for further research.

## **I. INTRODUCTION**

Governments of the world and other International Organizations such as World Bank, as well as National and Local Industries have faced challenges in their efforts to purchase works, goods and services. Laws are therefore legislated to guide, control and indeed regulate all forms of purchases. Procurement laws have been put in place to achieve value for money in especially government purchases. Procurement is a major function of any organisation. Procurement to obtain goods, services, and works are governed by; quality, quantity, time, price, and place. The volume and scope of procurement vary from organisation to organisation however; the principles and procedures are basically the same. Procurement is a function responsible for obtaining resources (equipment, logistics, materials, supplies and services) required by an organization to fulfil its core business and development programme. This may be done by purchase, lease or other legal means, Manu, (2009). “The goals of public procurement regulation, which may be achieved from the adoption of specific best practices, may be listed as competition, transparency, integrity, best value and efficiency. In addition to these objectives of procurement regulation, which are often referred to as “primary” objective, one could also have “secondary” or “horizontal” objective of procurement regulation which will include environmental, social or industrial objective”(World Bank Report, 1999). (Arrowsmith *et al.* 2010) Public Procurement refers to the government’s activity of purchasing the goods and services which it needs to carry out functions. It accounts for at least 15% of the world’s gross domestic products, (GDP), and even more in African countries.

The procurement process considers a procurement entity. Procurement entity is defined by the Public Procurement Act, 2003 (Act) of Ghana, as any entity conducting public procurement, under the Act. Section 2.2 of the Public Procurement Manual also defines procurement entity as an organisation or person that has legal/administrative mandate for procurement purposes. The National Health Insurance Authority and for that matter its district offices are all procurement entities that use public funds. They thus have to comply with the Public Procurement Act, 2003 (Act 663) of Ghana. The National Health Insurance Authority has an overall responsibility of paying claims submitted by the health care facilities (hospitals, clinics, health centres, etc). Several reports have indicated that they are always in arrears of claims payment. The study explores to find out if the inability to pay claims regularly is as a result of non application of the act.

Health care financing in Ghana began with a tax-funded system that provided free public health care services to all after independence. As this system gradually became financially unsustainable with economic stagnation in the 1970s, initially low user fees were established for hospital services to discourage unnecessary use, locally recover some costs and generate provider performance incentives. Continued declines in government spending on health through the 1970s and 1980s led to shortages of medicines and supplies and deteriorating quality of healthcare. Following adoption of structural adjustment reforms in 1983, the Rawlings' administration raised and expanded user fees for public health care services in a system that became known as "cash and carry." The user fee system improved operating revenues for some facilities, but it was poorly regulated, inconsistently implemented, and found to have worsened access to healthcare for the poor Blanchat, (2012).

On September 05, 2003, following a series of pilots in selected districts; the National Health Insurance Scheme was born. On this day, the National Health Insurance Act, 2003, (Act 650) was signed into law. In 2012, the Act was repealed and replaced by a new law (Act 852), (NHIA 2012 Annual Report). Among the new things the new Act 852 brought was to change the names of all the District Mutual Health Insurance Schemes to the District Offices of National Health Insurance Authority (NHIA). The act also sought to ensure standardisation of all operational activities in the district offices. It again nullified the existence of the individual scheme's Board of Directors and further ensured that all the administrative powers are centred at the Accra Headquarters through the regional offices. The vision is to be a model of a sustainable, progressive and equitable social health insurance scheme in Africa and beyond. The NHIA has as its mission statement to provide financial risk protection against the cost of quality basic healthcare for all residents in Ghana, and delight its subscribers and stakeholders with an enthusiastic, motivated, and empathetic professional staff who share the values of accountability in partnership with all stakeholders.

Since its introduction, the NHIS has grown to become a major instrument for financing health care delivery in Ghana. About 85% of all internally generated funds (IGF) of all government and missionary health institutions now come from the NHIS. The Scheme which currently caters for about 9 million subscribers engages with more than 3,200 healthcare service providers and offers a generous Benefit Package that covers about 95% of disease conditions in Ghana. The Scheme presently provides premium-free healthcare for nearly 70% of its total registered membership, underscoring its social protection credentials. (NHIA, 2014). The NHIS scheme is credited with improvements in the healthcare-seeking behaviour of many people who now tend to seek medical attention earlier than before, thereby avoiding unnecessary deterioration in their condition. The NHIS has grown exponentially from a small membership base of a little over 1 million subscribers at inception, to nearly 9 million active members in 2012. The increases in membership and utilization of healthcare services underscore the scheme's popularity and significance (NHIA, 2014). "The NHIA has been experiencing increasing claims and other costs over the years" (NHIA Annual Report, 2012). There is therefore the need to find out how these claims increase come about. This is because perhaps the major procurement NHIA does is procurement of services provided by the service providers. While increasing claims and other costs may be attributed to the increasing number of active members, moral hazards that are associated with insurance schemes may not be ruled out. Accordingly, management instituted cost containment measures such as the establishment of a Consolidated Premium Account (CPA), strengthening of the Clinical and Internal Audit Divisions, linking of treatment to diagnosis, piloting of a new prescription form for deployment across the country, the establishment of Claims Processing Centres (CPCs) and the introduction of capitation as an additional provider payment mechanism, beginning with a pilot in the Ashanti Region. The primary objective was to introduce efficiency in claims management (NHIA Annual Report, 2012).

## **II. LITERATURE REVIEW**

The review of this literature has been organized around the themes that surround the aim and objectives of the study. The approach will enable the researcher find out the views of other writers on the themes. Thus, it critically reviews works done by other researchers on Public Procurement and the National Health Insurance Scheme. This literature review has been organized into the following headings; It will also help the researcher find a better comprehension of the themes so as to properly situate the topic in its appropriate context. The discussions and analyses of data collected from the field would not be complete if references are not made to this review. This review of literature aims at assisting the researcher to have a better understanding and appreciation of research works that have been previously conducted and the pattern that have occurred. Saunders, et al. (2009).

### **A. Procurement**

Procurement is the process of recognising and getting goods and services. It covers sourcing, buying and includes all activities from naming possible suppliers through to delivery from supplier to consumers.

Goods to be procured must be of need to the extent that they are acquired at the least price available to satisfy purchaser's demands in terms of quality and quantity, time and location Mangan, *et al* (2008). Public procurement is the acquisition by purchase, rental, lease, hire purchase license, tenancy franchise or any other contractual means of goods or services by the government Telgen (1998).

### **B. Public Procurement**

Public Procurement is the way whereby public institutions obtain procurable items. Public Procurement processes are centrally controlled by country procurement boards Bovis, (2007). It functions in an atmosphere of deep checks driven by technology, reviews of programmes, and public and political expectations for service enhancements Bolton, (2006); Eyaa & Oluka, (2011). According to Lyson (2006), as cited by Kotoko (2012), institutional purchase is done by the role required to acquire, by any lawful instrument, machinery, plant, commodities, merchandise or services needed by commitment in using and meeting wants. Procurement is not the aging profession but, its history through the ages worth telling as it is traceable to the Egyptians and shows an interesting developing trend through the ages (Sigaria online, 2012). Public procurement is largely defined as the buying, hiring or acquiring by any other legal means of goods, works and services by the public sector. Public procurement therefore refers to organisational buying using public funds (World Bank, 1995 as quoted by Kipchilat, 2006). Benefits of state procurement in relation to size attached to global GDP and world trade are reiterated by an OECD report OECD, (2001) cited by Odhiambo and Kamau, (2003). Public procurement has become a subject of concern by the public and debate in both advanced and underdeveloped countries, and has been pinned to restructuring, reforms, rules and regulations. State procurement refers to the acquisition of goods, services and works by a procuring entity using public resources World Bank, (1995a). According to Roodhooft and Abbelee (2006), public entities have mostly been big procurers, handling huge budgets. Mahmood, (2010) has also emphasised that public procurement stands at 18.42% of the world GDP.

The three principal areas of public procurement by the World Bank are:

- Knowing which goods, works or services to be procured and at what time.
- The contractual procedures to acquire such goods works or services which include, specifically, selecting the contract agent with conditions on which the items are procured.
- Way of executing the contract to achieve efficient output.

#### *a. The Rising Importance of Procurement*

Strategically, it's an integral aspect of an institution's strength to perform appropriately Jalal,(2007). With a properly administered procurement entity's function, organizations can get many advantages. A company's competitiveness and gains are deeply depended on how procurement is controlled within that company. There is a direct relationship between a company's cost and its profit due to the fact that procurement plays greater role in the budget. Again, there exists an inverse impact on the gains because of the extreme portion of the expenses within thus affecting the happenings of the interconnections between the company and the contractors Gadde and Hakansson (1998).

According to Weele (1998) the under bulleted roles are played by procurement:

- Reduction of quality costs
- Product Standardization
- Contribution to product design and innovation
- Stock reduction
- Increasing flexibility
- Fostering purchasing synergies

#### *b. Public Procurement in Ghana*

To ensure harmonization of public procurement processes in the public service of Ghana, the Public Procurement Act (2003), Act 663, was promulgated to have wise, prudent and effective use of public resources. Furtherance of the above, the act seeks to ensure that public procurement is done with equity, clearness and non-discriminatory Ministry of Finance, (2001). The coming into force of the new Act was to correct the anomaly that bedevilled Ghana's public procurement. The promulgation of the law in 2003 also ensured that a new pattern in procurement was embraced to effect the needed reasonableness to domestic procurement system which had been characterised by bad procurement practices such as corruption and others Osei-Tutu *et al.*, (2010). Put differently, state procurement is a way whereby institutions acquire items using state resources. It's an elaborate method which spans from better procurement planning, budgetary allotment, tender invitation, tender evaluation, award of contract, contract administration, work output measurement, monitoring, auditing and reporting Kotoko,( 2012).

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Finance Ministry has fiduciary responsibility mandated by Financial Administration Regulations, (1979) 'Public Supplies and Equipment' which makes sure that procurement of public goods, works, and services and its use form an important aspect of budgetary management and that purchases are done in the most cost effective way World Bank, (2003). The various World Bank reports on public procurement in Ghana have suggested, as part of their findings and recommendations, the need for the country's procurement reforms, the Country Procurement Assessment Reports [CPAR] of 1985 and 1986, Gosta Westring's report of 1997 and Country Portfolio Performance Review [CPPR] of 1998. These reports pinpointed the avoidable characteristics in the nation's procurement system and called for a comprehensive reform in Ghana. This was also supported by the comprehensive Development Framework initiative in Ghana in 1999. In the view of Ghana's Development Partners an open and transparent public procurement system is seen as a total necessity as it forms the basis of the new approach of refraining from project lending to programme lending. Under the Comprehensive Development Framework (CDF), Donors/Development Partners need a good procurement framework to augur for resources to be pooled and managed by the Government under a common funding. Public procurement accounts for up to 50% to 70% of imports, representing 18.2% to 25.48% of the state's GDP. Approximately 80% of non-salaried payments of state's cost is via state procurement process. Public entities spend huge sums of money through the public procurement process and in the light of budget challenges; it's significant that the state initiates effective state procurement practices and procedures that will call for value for money World Bank, (2003).

### **C. National Health Insurance**

An effective and efficient system of financing healthcare unarguably still sparks arguments in the globe. Most underdeveloped as well as developing nations particularly, keep on finding various means of funding their health systems. This is mainly because of low funding available for championing health issues Hanson *et al.*, (2006). User fees were first brought so as to create income for the funding of their health systems. In other aspects, the becoming into being of user fees brought about the advancement of the quality of health care services Lagarde and Palmer, (2006). But, the awe-inspiring prove indicates that user fees form a formidable barrier to the utilization of health care services and avoiding adherence to continuous treatment among poor and vulnerable groups Palmer *et al.*, (2004). These challenges led to yet another debate to look for other alternatives of health care funding. The global community is hence giving more consideration to Social Health Insurance (SHI) as an alternative way of insuring the populace against extreme cost of healthcare Hsiao and Shaw, (2007). It also makes it possible for people, especially the poor, to access health care services and help generate income for service practitioners Carrin, (2002). Nevertheless, the successful implementation of SHI schemes is handicapped with regards to operation expenditure, inadequate business strategies, difficulties in managing cost and ensuring broader coverage Lagarde and Palmer, (2006). Notwithstanding the above challenges, there are still some examples of SHI programmes operating at large scale in most developing countries WHO, (2005).

### **D. National Health Insurance Scheme in Ghana**

Ghana is one of the few African countries that enacted a National Health Insurance (NHI) law. In year 2003, Ghana government initiated a National Health Insurance Act: dubbed Act 650. Before then, the country had been offering free health care services for her citizens after 1957's independence. This became possible due to the small population size (about 8 million) at the time and a promising economy Assensoh and Wahab, (2003). On the contrary, the economic situation in the 1970s and early 1980s adversely affected the sustainability of free health care services. This means that money which was available for the health sector was woefully inadequate and that led to acute shortages of essential medicines, supplies and equipment which invariably was detrimental to the quality of care in public health institutions Agyepong and Adjei, (2008). To correct those menaces, cost recovery or user fees (popularly called "cash and carry") was introduced in the late 1980s in all government health facilities. Ghanaians, mostly the poor, were undertaking self-medication and reporting cases late to health providers for treatment Arhinful, (2003); Arhin-Tenkorang, (2001). The above situation called for ways of health care financing, which led to the introduction of some Community-based Health Insurance Schemes (CBHIS) in the early 1990s. As at 2003, such CBHIS covered only about 1% of the country's population of 19 million, leaving many Ghanaians unable to pay for high cost of health care services Sulzbach and Owusu-Banahene, (2005). In Ghana's effort to promoting universal coverage and equity of health care services, the government of Ghana (2003) designed, set up, and adopted the National Health Insurance Scheme (NHIS) which was fully implemented in 2005. The overriding goal of the NHIS is the provision of universal health insurance coverage for all Ghanaians, despite of their socio-economic standing. As of June, 2009, approximately 67% of the Ghanaians had registered with Ghana's NHIS Asenso-Boadi, (2009).

The major funding of Ghana's NHIS is the revenue generated by a national health insurance levy of 2.5% on certain goods and services, 2.5% monthly payroll deduction being part of the contribution to the Social

Security and National Insurance Trust (SSNIT) for formal sector workers, government budgetary allocation and donor funding. The informal sector members also pay premiums but some category of persons like the aged are exempted. About 95% of the disease conditions in Ghana are covered under the NHIS. But, some services classified to be unnecessary or very expensive are on the exclusion list. Some of them are; cosmetic surgery, drugs not listed on the NHIS drugs list (including antiretroviral drugs), assisted reproduction, organ transplantation, and non commercial inpatient accommodation. In the initial stage, a fee for service type of provider payment system was used for reimbursing health providers for services rendered. However, in April, 2008, it was replaced with the Ghana Diagnostic Related Groupings (GDRGs). The rationale behind the replacement was that the fee for service was found to be low and demotivating, especially for the private providers to participate. Providers are encouraged to participate in the NHIS, so as to minimise congestions and delays for clients when seeking health care services Ankomah, (2009). The comprehensive nature surrounded by a lot of paperwork made it uncomfortable for providers thereby refraining from it Ankomah, (2009). Therefore, the government introduced GDRGs to assist in the surrounding challenges. The tariff deals with a comprehensive cost component of the calculated primary consumables for primary patient care. The GDRGs takes around 80% of the overall cost component of the nation's hospitals, clinics, health centres, etc Ankomah, (2009). From the beginning of the NHIS operations, many studies have been conducted on the viability and acceptability of the NHIS, the qualifications of enrolment into the NHIS, and the health seeking characteristics of insured clients.

*a. Funding of Ghana's Health System.*

The funding of Ghana's health care started with a tax-funded module that gave free health care services of the public to all after independence. As the system slowly became economically unsustainable with financial stagnation in the 1970s, small user fees were charged for hospital services to deter subscribers from frivolous use. It was used locally to recompense some costs and create provider performance incentives. The increasing reduction in government's expenditure on health via the 1970s and 1980s led to reduction of medicines and supplies and deteriorating quality of care, Blanchat, et al, (2012). On September 05, 2003, following a number of pilots in chosen districts; the National Health Insurance Scheme came into being. Consequently, the National Health Insurance Act, 2003, (Act 650) was signed into law. In 2012, the Act was repealed and replaced by a new law (Act 852), NHIA Annual Report (2012). The four types of health insurance broadly used to gather risk, foster advanced payment, boost incomes, and procure services: state-based systems funded by the government and managed through ministries of health or national health services, social health insurance, community-based health insurance, and voluntary health insurance, World Bank, (2006). In Ghana the law made three types of schemes available:

- The District-Wide Mutual Health Insurance Scheme,
- The Private Mutual Health Insurance Scheme,
- The Private Commercial Health Insurance Scheme, Imurana, et al, (2014)

In 2010 the NHIA was faced with concerns about unchecked cost escalation, apparent supplier-induced demand, and little evidence of improved quality or effectiveness of services. After careful consideration of the current challenges, the NHIA decided to pilot a capitation payment system for primary care (PHC) services in Ashanti region in 2011. Ashanti region has a population of over 3.8 million people and account for nearly over 25 percent of total NHIS claims. It is hoped that the pilot will help orient the NHIS toward making more effective use of provider payment mechanisms and begin to address more fundamental problems in the service delivery systems, such as lack of focus on prevention, poorly coordinated care, and inadequate management of chronic diseases, Shieber, et al (2012).

*E. Public Procurement and Compliance Level*

The Public Procurement Act, 2003 Act (663) is a parliamentary act promulgated to cater for public procurement, set up the public procurement board; make administrative and organisational arrangements for procurement; come out with tendering procedures and provide for purposes connected with these The Public Procurement Act, (2003). The Chief Executive of the Public Procurement Board (PPB), Mr. Agyenim Boateng Adjei promised the state that the board would control state entities and ensuring total adherence to the needs of the the Procurement Act 2003, (Act ). Mr. Agyenim said that "notwithstanding the challenges, the board would use principles of clear and open procedures in various procurements and in connection with the use of state resources" Daily Graphic, Saturday, August 26, (2006.) Many frown upon the use of less competitive procurement methods for acquiring goods, works and consultancy services in Ghana Osei-Tutu *et al*, (2012). Non-adherence to procurement laws is classified as a major hindrance to the effectiveness of the law Gelderman et al, (2006). Agbesi (2009), non-adherence will downplay the overall objectives of the Public Procurement Act of 2003 (Act ) to deliver economy and efficiency in the use of public funds, value for money, quality of services, goods, and works while adhering to the basic

principles of non-discrimination and equity, due process, access to information and openness for purpose. To achieve the objectives of the procurement act, compliance is a key.

*a. Public Procurement Law and Implementation Challenges*

In most third world countries, the procurement function is transitioning from a clerical nonstrategic unit to an effective socio-economic unit that is able to affect decisions and add value Knight et al, (2007). Such changes could not have been materialised without assistance from development partners like the World Bank, International Trade Centre, WTO, and UNCTAD changing from country to country. Furthermore, environmental factors (external factors) such as market, legal environment, political environment, organizational and socio-economic environmental factors face public procurement. Irrespective of the attempts by the central government, still a great deal of the internal customers act on their own and increasingly bypass the procuring department Schiele & McCue, (2006). This challenge needs a set-up of succinct procurement procedures and performance standards Knudsen, (1999). The aim of institutionalising public procurement is to purge the public procurement sectors, embrace competition, transparency, efficiency and ensuring accountability. These reforms have not come without difficulties Hunja, (2003). The difficulty include poor dissemination of the procurement law Azeem, (2007), lack of proper training for the managers of the procurement unit Forgor, (2007). Political interference with the procurement process is also a difficulty to the implementation process and public procurement reforms. Many politicians are of the view that they can manoeuvre the procurement process and as such wrong decisions are taken, World Bank, (2004). The absence of career progression and poor salaries of procurement practitioners again hinder procurement reforms implementation, World Bank, (2003).

*b. Corruption and Inefficiencies in Public Procurement*

It's important to distinguish between examples of corruption and instances of inefficiency or lack of competence. Admittedly these challenges sometimes go hand-in-hand, and some answers are useful in broad areas, there are also trade-offs. Meanwhile, it is significant to note that one answer to the issue is not available. Activities of procurement must be constantly supervised. In addition, the 2009 Corruption Perception Index (CPI) published by Transparency International (TI) portrays that Ghana has not made any meaning impact in its attempt to curbing corruption despite the passing of legislations. The country maintained its 2008 score of 3.9 in the 2009 CPI report, Transparency International (2009). Only when the procurement function is well planned, that it is easy to come out with areas where it is performing well, and where there is need for advancement Kakwezi & Nyeko, (2010).

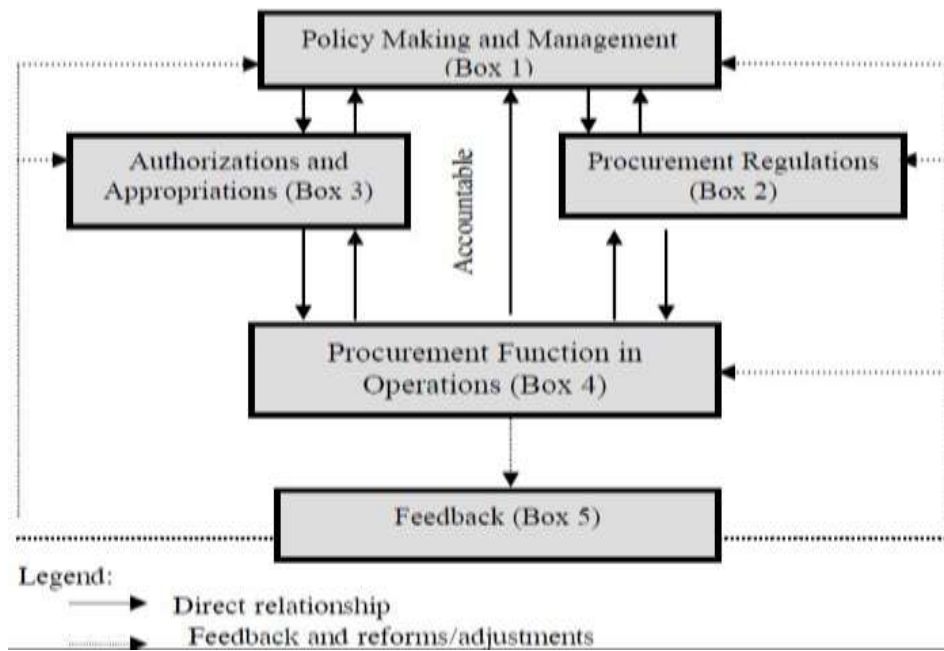
**F. Challenges of Public Procurement**

In either a developing or developed country, procurement officers encounter a great deal of difficulties. They face various difficulties, or the same types of difficulties but at different levels from their counterparts in other countries Thai, (2000). However, internal and external challenging factors will be outlined for comprehension and appreciation.

*a. Public Procurement Challenges (Internal Factors)*

A model showing the scope of public procurement developed by Thai (2001) consists of five elements: policy- making and management; authorizations and appropriations; procurement regulations; procurement function in operations (processes, methods, organizational structure, and procurement workforce; and feedback. Practitioners of public procurement have always faced challenges. Their efforts to successfully complete procurement objectives and policies are steered by domestic pressures which include:

- The interplay among the elements (as shown in the five boxes in Figure 1) of the state procurement procedures, many officials and institutions in the three branches of government, and the actors and sub-agencies within a unit or executive agency and actors and organizations external to sub-agencies;
- Kinds of services, goods, and capital assets needed for an agency's missions;
- Professional integrity or quality of procurement entire employees;
- Number of workers levels (e.g., ratio of procurement officers to number of contracts) and budget revenues;



*Source: Thai (2001): Scope of Public Procurement*

- Procurement organisational form like the issue of centralization vs. decentralization;
- Procurement regulations, rules and guidance; and
- Internal controls and legislative failure by omission.

*b. Public Procurement Challenges (External Factors)*

Public procurement officers do face difficulties from variety of external factors including market, legal environment, political environment, organizational environment, and socio-economic and other external issues.

**Market Environment**

Prevailing situations at the market have significant impact on public procurement officers' effort to expand competition. Also, the market is a determining factor on whether or not socio-economic objectives of procurement are achieved, whether or not a governmental organisation can satisfy its needs; the promptness of fulfilment; and the quality and costs of procured goods, services and works. Because countries in the world have varied grades in economic improvements, market state of affairs is very promising in developed countries, while they may be bad in developing countries. Some goods and services are needed only by the state even under a perfectly competitive condition as it pertains in the United States, some goods and services are required only by the government (especially for weapons systems) and are prevalent at the market. This captive market is limited in scope and competition. Again, the increasing globalisation of markets through regional and international trade conditions and treaties, public procurement officers encounter difficulties. Besides, conformance to their states' procurement regulations and policies and international trade conditionality as have been stated early on, they face additional difficulties including communication, currency exchange rates and payment, customs regulations, lead-time, transportation, foreign government regulations, trade agreements, and transportation. That is, "before embarking on a foreign purchasing program, public procurement practitioners must carefully assess the total cost implications and compare them to domestic costs" (National Institute of Governmental Purchasing, Inc., 1999, p. 34). Public procurement officers are challenged between free trade agreements and their countries' economic development/stabilization policies when they face a hard choice between choosing local or international firms. This is summarized below;

- ✓ Some goods such as weapons are limited to the captive market. Public institutions which may need such items cannot procure them using any competitive bidding method. The limited nature of such items compels such public institutions to go for other methods such as single source which is not encouraged by most laws/regulations.
- ✓ Inter global/regional trade agreements/treaties compel primary nations to comply with other governments regulations which may be contrary to their own procurement laws.

- ✓ Communication, rates of exchange of currency and payment, customs regulation hinder the successful implementation of procurement laws of one country.

### ***Legal Environment***

Legal environment means an extensive legal framework that regulates the business activities. Such activities include research and development, financial regulations, marketing regulations, personnel regulations, and contracts. In third world countries, where legal systems have not developed, government contracts shall require comprehensive requirements. This is summarized below;

- ✓ Apart from public procurement, other legal frameworks such as research & development, manufacturing, finance, marketing, personnel and contracts also hinder the successful implementation of one's own procurement laws.

### ***Political Environment***

Stakeholders, groups, organizations and individuals in the private sector including trade associations, professional bodies, and business firms or companies (commonly known as interest groups) are mainly involved in all aspects of the public procurement system. They lobby legislative bodies to pass or alter procurement statutes, influencing implementation of these statutes, and influencing budget authorization and appropriations processes.

When the small and feeble industries are out of business, then they take control of an imperfect competitive market. This can be summarised as below;

- ✓ Interest groups influence state procurement system in the following areas.
- ✓ They lobby legal authorities to promulgate or change procurement laws.
- ✓ They influence implementation of procurement statutes to their favour.
- ✓ They influence budget authorization and implementation processes.

### ***G. Factors Militating Against the Successful Implementation of Public Procurement Act***

The world's estimate of monetary government activities of procurement officers are known to ranging between 10% – 30% of GNP Callender & Mathews, (2000). Thus, effectively managing the procurement and dealing with the various challenges is a hard fact that has to be faced by all procurement practitioners and governments in the world. Challenges in public procurement have a global toll making Africa and Ghana inclusive.

#### ***a. Global Challenges in Public Procurement***

One global challenge of public procurement is that of balancing the said country's local procurement regulations and regional or international trade agreements. The inter-global trade unions by many countries make procurement managers face another challenge: The ability to follow suit both the home and the global agreements.

#### ***b. Procurement reforms due to challenges: Global Perspective***

According to Arrowsmith and Trybus (2003), "the last decade of the twentieth century had witnessed the start of a 'global revolution' in the regulation of public procurement." Actually, challenges in procurement reforms are beyond procurement regulations to include procurement process, methods, procurement organizational structure, and workforce. Procurement reforms occur constantly in all countries, developed as well as developing countries.

#### ***c. Public Procurement Challenges in Africa***

South African public procurement was directed to an immense and institutionalised contractor before 1994. New contractors found it challenging to enter into state procurement. There has been various reform processes in South African Public Procurement Policy due to inconsistency in policy application and the lack of accountability and supportive structures as well as fragmented processes. Mathee (2006) asserted that a uniform implementation approach to procurement was required, due to a research study on opportunities for reform processes in the South African government conducted by the Joint Country Assessment Review (JCAR) in 2000 and the World Bank in 2001. Irrespective of the restructuring of SCM job as a top management function, challenges abound in procurement issues in South Africa, Smart Procurement, (2011).

These challenges are discussed shortly below.

***Lack of proper knowledge, skills and capacity:*** According to Sheoraj (2007), skills and capacity shortages have been identified as the single greatest challenges to the success of public procurement in South Africa.



Adequate capacity in the form of proper structures with fully skilled and professional SCM personnel is a key success factor for proper SCM implementation.

**Non-compliance with policies and regulations:** Matthee (2006) had stated that non-compliance practices associated with the regulations augur for a non-utilisation of any competing process for both quotations and bids.

**Inadequate planning and linking demand to the budget:** One of the principal factors in SCM procedures is the management of demand. It explains the decision-making process allowing organisations to purchase at the right time, place, and cost. But, most state organisations continually encounter difficulties of poor planning and linking demand to budget, Ambe & Badenhorst-Weiss, (2011a).

**Accountability, fraud and corruption:** One of the pivots in state procurement is accountability Soudry, (2007). But for openness and accountability, the volumes of state resources pushed via state procurement procedures are likely to be wasted due to corrupt practices, Jeppesen, (2010).

**Inadequate measures for monitoring and evaluation of SCM:** Whether a state's policy is appropriate or not is dependent on information explaining good or bad whether government is doing things right or wrong, Acevedo et al. (2010). It is therefore significant under the auspices of monitoring and evaluation activities to integrate the important information into the policy cycle. This provides the fundamentals for serene governance and accountable public policies, Acevedo *et al.*, (2010).

**Unethical behaviour:** Basically, the study of moral judgements relative to right and wrong behaviour is referred to as ethics. While the National Treasury's guide to accounting officers recommends a standard approach towards SCM procedure, in most cases practitioners fraught such guidelines. This is one of the challenging issues in procurement.

**Too much decentralisation of the procurement system:** In South Africa, government procurement of own or local requirements (materials, equipment and services) is to a large extent decentralised to departments, provinces and municipalities. If one takes the number of cases of tender fraud and lack of services on all levels of government into account one should ask oneself whether these parties have the knowledge and/or the intention to get the best value for tax-payers' money. Arguments for a larger extent of centralisation of procurement to knowledgeable, accountable procurement officials/agents or procurement consortiums could be put forward, Fawcett et al (2007).

**Ineffectiveness of broad-based black economic empowerment:** The South African government came out with BEE to revitalise those at a disadvantage instead of few individuals. Hence, it used the Broad-Based Black Economic Empowerment Act (BBBEEA). Challenges of its implementation are summarised below: First, ownership and senior management issues get lesser attention. Secondly, the laws do not enough incentives to create jobs, funding for smaller enterprises and domestic procurement. The democratic state owns public entities on behalf of its people yet the regulations do not count them as 'black empowered', Zuma, (2009). The public procurement function experiences a myriad of challenges due to the growing government expenditure and funding from development partners. It's therefore important to profile the challenges faced by public procurement partners to ensure cost-effective utilization of government resources.

#### **H. Public procurement challenges in Ghana**

From the foregoing discourse, it can be realized that Ghana is no different from the countries facing the various challenges with procurement in the public sector. The Country Procurement Assessment Report of Ghana obtained in 2003, reported that majority of employees in the Ministries, Departments and Agencies (MDAs) and District Assemblies (DAs) assigned for procurement were not procurement-proficient, despite the fact that they had had a considerable amount of professional training. The document reported that application of the PPA and the Standard Tender and Contract Documents cannot be beneficial unless there have been organised workshops for practitioners of procurement. Comparatively, Forgor (2007) admits that absence of appropriate skill building for practitioners is a limitation that faces procurement restructuring. This confirms the statement that inappropriate spread of procurement law is one of the difficulties that faces the proper fulfilment of public procurement laws Azeem, (2007). Ameyaw *et al.*, (2012) identified also non-compliance with provisions of the law, deliberate controlling of competition, inadequate skills of procurement practitioners, less collaboration between procuring organisations and Public Procurement Authority (PPA), lack of funds and non-cooperativeness of suppliers, dividing

contracts into smaller bits, as the main drawbacks facing the full realisation of the Public Procurement Law. All these problems can be said to spread throughout all facets of public procurement.

*a. Indicators/Benchmark of successful implementation of Public Procurement policies*

It is significant to note that blueprints and blueprinting have become vital towards the attainment of success in public procurement and for gainful public procurement reforms Tudor, (2005). Blueprinting in state procurement is significant for various factors. Benchmarks provide very good indicators of Public Procurement’s successful implementation. The following value for the money, efficiency, effectiveness, competition, ethics, transparency, accountability and administrative responsibility are among the many principles that enable public procurement to be successfully implemented. It is evident that the attainment of one principle does conflict with the achievement of the other. Governments globally are supposed to realise the full potentials of all the principles so as to achieve value for money, Bartle & Korosec, (2003). Based on USAID Deliver Project 2012, the indicators of procurement performance reported in their guide were drawn from a review of many publications on the use of performance indicators. Such indicators were chosen to harness the performance of procurement practitioners on varied aspects of a procurement system, which include cost, quality, and timeliness of processes, system productivity, and system integrity. Monitoring and evaluation tools should be used for weaknesses identification and rectification and USAID, (2012). The USAID Deliver Project 2012 identified eleven performance indicators which are Product Price Variance, Effective Contract Utilization, Expiration Management, Supplier Performance, Procurement Cycle Time, Payment Processing Time, Emergency Procurement, Procurement Cost, Staff Training, Transparent Price Information, and Transparent Tendering. These various indicators were then grouped into Performance Categories of Cost, Quality, Timeliness, Systems Productivity, and Integrity. The indicators and their Performance Categories are as tabulated below in Table 1.

Table 1: Procurement Performance Indicators

Indicator Name	Performance Category
Product Price Variance	Cost
Effective Contract Utilization	Cost
Expiration Management	Quality
Supplier Performance	Quality
	Timeliness
Procurement Cycle Time	Timeliness
Payment Processing Time	Timeliness
Emergency Procurement	Systems Productivity
Procurement Cost	Systems Productivity
Staff Training	Systems Productivity
Transparent Price Information	Integrity
Transparent Tendering	Integrity

Source: Extract from Summary of Procurement Performance Indicators, USAID Deliver Project. (2012)

All indicators are expressed in percentages. Below however in Table 2 is a tabular summarization of the indicators outlined by the USAID Deliver Project 2012.

Table 2: Summary of Procurement Performance Indicators

Name	Procedure for performance improvement	Description
Product Price Variance	Prices paid for focus goods are in line with international prices	Percentage price variance between contract unit price and global unit price for focus products
Effective Contract Utilization	Effective procurement systems are applied.	Percentage by value of purchases made under simple purchase orders, annual contracts, and multi-year contracts
Expiration Management	Good supply chain procedures are being used, including inventory management, demand management, and the timely supply of good quality products	Yearly dollar amount of expired products or percentage value of expired products
Supplier Performance	A) Supplier delivers the correct goods	Percentage of orders in compliance with contract criteria

	B) Supplier delivers goods on time	Percentage of orders delivered on time
Procurement Cycle Time	There are no delays in executing procurements	Percentage of procurements completed (placed) within standard time guidelines
Payment Processing Time	There are no delays in processing payments to suppliers	Percentage of supplier payments made within the payment period called for in the contract
Emergency Procurement	Good supply planning practices are being used	Percentage, by value and number, of purchase orders or contracts issued as emergency orders
Procurement Cost	Level of efficiency of operations in procurement unit	Ratio of annual procurement unit cost-to-value of annual purchases
Staff Training	An effective training program is in place to improve procurement staff skills	Key training program components are in place and the percentage of staff who receive training annually
Transparent Price Information	The level of product pricing information that is available to the public	Percentage of products with prices posted on publicly accessible website

Source: USAID Deliver Project, 2012

I will consider for the purpose of this review the Product Price Variance. This indicator shows price equality and effectiveness compared to the global ruling price of goods, works and services procured. This is where prices paid for goods are in alignment with international prices. It is calculated as Percentage price variance between contract unit price and international unit price for focus products and thus stated in percentage. The resultant should be equal or less than 100% to indicate successful procurement. This is as shown in formula 1.

Formula 1:

$$PPV = \frac{\text{Price paid for focus item} *}{\text{International Reference Price (IRP) of item}} \times 100\%$$

\* Focus item is the good, work or service procured

### ***I. Measures To Improve Upon Public Procurement***

Measures according to WordWeb Dictionary are any maneuvers made as part of progress toward a goal. Thus, they are the means to achieve a successful end of solve and issue. Corruption is a global menace that affects corporate credibility and economic sustainability as well as personal security Ameyaw et al., (2010). There is a rising admission that corruption is prevalent within the construction industry and the procurement process in particular. There is ample evidence across the world that corruption hinders economic development; reduces social services; diverts investments in infrastructure and social services and impacts the poor disproportionately Khramkin, (2007). From the foregoing, it quite imperative for every nation across the globe to strategies in the fight against corruption in all sectors of the economy, and more especially in the procurement process. To reduce corruption it is necessary to resolve the issues making the industry especially susceptible in the first instance and to investigate the issues advocated as possible solutions. It should be noted that professional advisers and consultants are the first line of attack as well as defence, Shakantu, (2006). Shakantu (2006) proffered some possible ways corruption could be tackled in South Africa. Among the findings are: implementation of ethical guidelines and policies; adoption of the World Economic Forum Anti-Corruption Principles; Public awareness campaigns for the Public Finance Management Act (PMFA); Enhancing operations of the Department of Public Works (DPW) Fraud Awareness unit; the CiDB benchmarks of industry best practice; adoption of performance specifications; punish offenders and convictions. There are various measures in different countries to improve the implementation of Public Procurement. In the Second Regional Seminar on Good Governance for Southeast Asian Countries, SRSGGSAC, (2008), dubbed CURRUPTION CONTROL IN PUBLIC PROCUREMENT, different Procurement Practitioners presented their papers on the means of improving Public Procurement. Some salient measures are as discussed below.

#### **2.9.1 Strong legal and institutional framework**

An open and broad legal instrument for state procurement is a primary requirement for solving most issues in state contracting. According to Chulasingh Vasantasingh (Deputy Attorney General) Public

Procurement Laws must be accustomed to UN Commission on International Trade Law (UNCITRAL) where domestic needs are factored.

### **2.9.2 Procurement Methods and Procedures**

One cardinal principle in handling corruptible issues in procurement is the application of the principles of transparency and fairness. Transparency deters practitioners from abuse and boosts the probability of the said abuse being detected. Besides, for tenderers to have trust in the procurement system there should be fairness in the system. This will spark competition and call for more bids SRSOGSAC, (2008).

### **2.9.3 Curbing Corruption by Safeguarding and Enforcing Integrity**

In order to protect the integrity of procurement practitioners in various public institutions, Thailand has come out with codes of conduct for public officers. The Royal Decree on Good Governance in State Administration 2003, the Civil Service Act 1992, and the Civil Service Ethic Standards apply to civil servants generally.

Adding to other measures especially aimed to ensure the integrity of procurement organisations, measures targeting corporate integrity are required to reduce the risk of corrupt practice in public procurement.

### **2.9.4 Education and Training**

According to Thai (2001), irrespective of the perceived attention paid to public procurement as claimed by policy makers, public procurement has been neglected in the academic and research spheres. Indeed, no member of the National Association of Schools of Public Affairs and Administration offers a public procurement program even though over 103 colleges and universities offer courses, certificate programs, bachelor, master and Ph.D. in business programs with emphasis in purchasing, materials management, logistics, supply management, or related areas.

## **III. METHODOLOGY**

The term “methodology” was previously used to describe different approaches to deal with a combination of problems in business systems and procedures Avison and Fitzgerald, (2003). A research methodology is recommended collection of phases, procedures, rules, techniques, tools, documentation, management and training used to develop systems or accomplish a research project, Guah, (2005). Methodology is generally a guideline for solving a problem, with specific components such as phases, tasks, methods, techniques and tools. It is a set or system of methods, principles, and rules for regulating a given discipline, coming out with a solution or finding out what is. Methodology seeks to measure the procedure and techniques researchers use to come out with a body of knowledge together with the reasons and logic behind the techniques chosen. Sample frame was collected from Ashanti Regional Coordinating Council and all the districts were assigned numbers based on urban, semi-urban, and rural criteria.

### **A. Conceptual Framework**

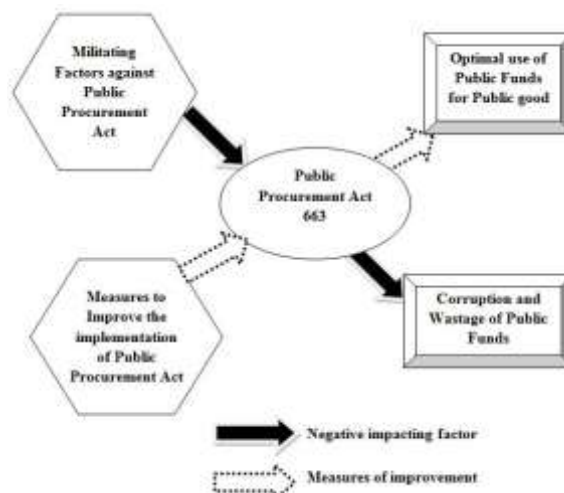


Figure 3.1: Conceptual Framework on factors militating against the successful implementation of PPA 663 and Measures to improve upon its implementation.

Figure 3.1 above depicts the primary concepts on which this study is based. The conceptual framework underpinning this study is anchored on five pillars. They are;

1. Militating factors of Public Procurement Act 663
2. Measures to improve upon the implementation of Public Procurement Act 663
3. The Public Procurement Act 663
4. Outcome of implementing the improving measures
5. Aftermath of the working of the militating factors

The overall aim of every procurement contract is to deliver a project that is cost-effective, timely, satisfactory to client aesthetically, sustainable in the life cycle of the project and of course the judicious and optimal use of public funds for public good. However, since there exist factors that militate against the implementation of the PPA 663, one can be sure to come across corruption and wastage of public funds. On the contrary if improving measures are put in place as a checklist against the militating factors, there is sound and optimal use of public funds for public good.

### ***B. Research Approach***

Saunders et al (2009) argues that the extent to which a researcher is familiar and clear about the research theory to use at the beginning of a research work will inform the researchers' choice of a project design. That is, whether the researcher will use a Deductive research approach or Inductive research approach. As opined by Naoum (2007), the objective of a researcher who uses the deductive research approach is to test or verify a theory rather than develop it. It follows a scientific research approach and allows the rigorous testing of the theory to confirm or modify it Saunders et al, (2009). The theory here then becomes a framework for the entire study as noted by Naoum (2007). However, the inductive research approach is grounded on the systematic collection of data, analysis of the data and subsequent development of a theory Saunders et al, (2009). Based on the analysis of data collected, the inductive research approach develops a theory. Saunders et al (2009) contends that , research using an inductive approach is likely to be particularly concerned with the context in which such events were taking place and hence more suitable for small sample. Therefore, the study of a small sample of subjects might be more appropriate than a large number as with the deductive approach Naoum, (2007); Saunders et al, (2009). This study therefore started deductively based on existing literature and ends inductively by building new ideas regarding factors that militate against the successful implementation of the PPA 663 and possible measures to improve upon the implementation of the Act. The first reason for the selection of this approach is that, there is considerable literature on public procurement methods, militating factors and measures of successful implementation. The research will commence therefore by reviewing existing literature to identify possible risk factors that could impact on project objectives. The review of literature was therefore to provide data, which will then be tested among procurement professionals to identify the relevance and applicability of those factors within the context of public procurement. Furthermore, deductive researches have been identified to be quicker to complete and this is of importance giving that the study is constrained by time.

### ***C. Type Of Research***

Based on the methodology employed to carry out a research work in order to answer research questions, Naoum (2007) and Dawson (2002) identifies two types of research. Namely; Qualitative and Quantitative research types. As postulated by Naoum (2007), deciding on which type of research to follow, depends on the purpose of the study and the type and availability of the information which is required. Naoum (2007) argues that quantitative research is 'objective' in nature. It is defined as an inquiry into a social or human problem, based on testing a hypothesis or a theory composed of variables, measured with numbers, and analysed with statistical procedures, in order to determine whether the hypothesis or the theory hold true. Naoum (2007) further contends that qualitative research is 'subjective' in nature. It emphasises meanings, experiences, description and so on. Dawson (2002) is satisfied that fewer people take part in qualitative research, but the contact with these people tends to last a lot longer. This research was quantitative in nature as data collected were analysed with statistical procedures. As noted by Dawson (2002) quantitative research generates statistics through the use of large-scale survey research, using methods such as questionnaires or structured interviews. Dawson (2002) further contends that this type of research reaches many more people, but the contact with those people is much quicker than it is in qualitative research.

#### **D. Research Strategy**

A research strategy defines clearly the method of data collection employed by a researcher to answer particular research questions in order to meet the researchers' objectives, Saunders et al, (2009). The strategy adopted can be broadly grouped into two (2) based on the source of data, Naoum, (2007). That is;

1. Field work research strategy (primary data collection ) and
2. Desk study research strategy (secondary data collection).

In the choice of a research strategy, Saunders et al (2009) noted that, a researchers "choice of research strategy will be guided by research question(s) and objectives, the extent of existing knowledge, the amount of time and other resources available, as well as your own philosophical underpinnings. Finally, it must be remembered that these strategies should not be thought of as being mutually exclusive".

The following seven (7) research strategies have been identified by Saunders et al (2009);

1. Case studies
2. Experiments
3. Action research
4. Grounded studies
5. Ethnography
6. Archival research
7. Surveys

As observed by Naoum (2007), case studies are used when the researcher intends to support his/her argument by an in-depth analysis of a person, a group of persons, an organisation or a particular project. Conclusions drawn using a case study strategy cannot be generalised but, rather, related to one particular event Naoum, (2007) and hence its use for this work will be encouraging. The perceptions and opinions of procurement professionals are needed to generalise the perceptions of militating factors on the Act 663. Experiment is a form of research that is used mostly in the natural sciences, although it features strongly in some social science researches, particularly psychology, Saunders et al, (2009). Experiments are conducted mostly in laboratories with the researcher exercising control and manipulation to arrive at results. However, since the extent of occurrence of factors that militate against the successful implementation of the PPA 663 and alternative measures to improve upon its implementation cannot be manipulated, this strategy will not be appropriate for this study. Braimah (2011) citing the works of Bryman (2004), saw action research as a type of strategy in which the researcher works closely with a client to identify a problem and develop a solution based on the problem identified. The researcher in this regard will have the authority to implement changes that will affect the outcome of the works. The use of this strategy will be limited in the sense that, the researcher will not have authority to implement the necessary changes based on the solutions proposed. Grounded theory as noted by Saunders et al (2009) is based on theory building. The systematic collection and analysis of data is done which results in the development and building of theory, Saunders et al (2009). The emphasis in this strategy is on the generation of theory which is grounded in the data Dawson (2002). There is considerable knowledge on factors that militates against the successful implementation of the PPA 663 and alternative measures to improve upon its implementation, hence adopting this strategy requires a lot of time, Naoum, (2007) and will be therefore inappropriate considering the time constraints.

Ethnography is a research strategy that describes and interprets the culture and structure of a social group Saunders et al, (2009). It emanates from the field of anthropology Dawson, (2002); Saunders et al, (2009). This research strategy is very time consuming and takes place over an extended time period as the researcher needs to immerse himself/herself in the social world being researched as completely as possible, Saunders et al, (2009). Archival research strategy will not be appropriate for this study as it makes use of administrative records and documents as the principal source of data. Empirical data will be collected and used for this study. Naoum (2007) contends that Surveys are used to gather data from a relatively large number of respondents within a limited time frame. It is thus concerned with a generalised result when data is abstracted from a particular sample or population. Citing the works of Yin (1994), Braimah (2011) opined that a survey is appropriate when the researcher focuses on contemporary events with no control required over the behaviour of the events. In addition, the data collected using a survey strategy can be used to suggest possible reasons for particular relationships between variables and to produce models of these relationships. Using a survey strategy as argued by Saunders et al (2009) gives the researcher control over the research process and, the use of sampling generates findings that are representative of the whole

population at a lower cost than collecting the data for the whole population. To ensure that the data obtained from a survey is accurate, Saunders et al (2009) postulates that, a lot of time is needed to ensure that your sample size is representative and a good response rate obtained.

**E. Research Design**

The research adopted a case study design which utilised 63 employees consisting of District Managers, Line Officers, and Assistant Line Officers chosen from nine (9) district offices of Ashanti NHIA which will be randomly selected. Quantitative data will primarily be sought for the study. A structured questionnaire specifically designed by the researcher was used to solicit for data which were analysed using the Statistical Package for Social Sciences (SPSS) software package.

**F. Target Population**

The population of the study included all workers of the twenty-five (25) District Offices of Ashanti National Health Insurance Authority. The total population as of May, 2014 was 592 (NHIA-Ashanti).

**G. Sample Size**

The 63 District Managers, Line Officers, and Assistant Line Officers purposively selected from nine (9) randomly selected district offices of Ashanti NHIA constituted the sample size. Kothari (2004) has stated that a sample size of between 10% and 20% is considered adequate for detailed or in-depth studies if the population is a few hundred. Hence, this study sampled 10% of the entire population of workers in Ashanti NHIA.

**a. Sampling Technique**

According to Mugenda and Mugenda (2003) sampling procedure refers to a systematic process of selecting individuals to represent the larger group from which they were selected. The stratified probability sampling technique was used to select the nine district offices and a purposive sampling technique was used to select the 63 respondents who constituted the sample size for the study. According to Saunders *et al.* (2009), if data cannot be collected from the entire population and statistical inferences must be made from the sample where the research requires face-to-face contact and the population of the study is geographically concentrated, then provided that the sampling frame which contains periodic patterns has relevant strata; stratified random sampling is recommended. The above criteria fully satisfy the research, hence the choice of stratified random sampling technique. Also, the technique has better comparison and hence representation across strata, Saunders, et al., (2009). With regards to the choice of purposive sampling, Saunders, et al., (2009) states “for all non-probability sampling techniques, other than for quota samples the issue of sample size is ambiguous and, unlike probability sampling, there are no rules”. They further state that the logic on which you base your strategy for selecting cases for a purposive sample should be dependent on your research questions and objectives. Patton (2002) emphasises this point by contrasting the need to select information-rich cases in purposive sampling with the need to be statistically representative in probability sampling. The region was first grouped into three strata being urban, semi-urban, and rural. The simple random sampling (lottery method) technique was then used to select three districts from each stratum.

Grouping of the Ashanti District Offices of NHIA into the various Strata

Table 3.1: Strata Grouping

<b>URBAN DISTRICTS</b>	<b>NHIA DISTRICT OFFICES</b>	<b>NUMBER ASSIGNED</b>
Bantama Sub-Metro/Kwadaso / Nhyiaso	Bantama Sub-Metro (Bantama)	1
Manhyia Sub-Metro/Tafo Suame	Manhyia Sub-Metro (Manhyia)	2
Subin Sub-Metro	Subin Sub-Metro (Subin)	3
Asokore Mampong	Asawase Sitelight (Asowase)	4
Asokwa Sub-Metro	Asokwa Sub-Metro (Asokwa)	5
<b>SEMI-URBAN DISTRICTS</b>	<b>NHIA DISTRICT OFFICES</b>	<b>NUMBER ASSIGNED</b>
Mampong Municipal(Mampong) and Sekyere Central(Nsuta)	Sekyere West (Mampong)	6
Offinso Municipal/ Offinso North (Akomadan)	Offinso South (Offinso)	7
Bekwai Municipal/ Bosome Freho	Amansie East (Bekwai)	8
Obuasi Municipal	Adansi West (Obuasi)	9

<b>RURAL DISTRICTS</b>	<b>NHIA DISTRICT OFFICES</b>	<b>NUMBER ASSIGNED</b>
Ejisu Juaben Municipal	Ejisu Juaben (Ejisu)	10
Asante Akim North	Asante Akim North (Konongo)	11
Ejura Sekyedomase	Ejura Sekyedomase (Ejura)	12
Kwabre East/Afigya Sekyere	Kwabre (Mamponteng)	13
Afigya Sekyere/Afigya Kwabre	Afigya Sekyere (Agona)	14
Atwima Nwabiagye	Atwima Nwabiagya (Nkawie)	15
Ahafo Ano North	Ahafo Ano North (Tepa)	16
Ahafo Ano South	Ahafo Ano South (Mankranso)	17
Atwima Mponua	Atwima Mponua (Nyinahini)	18
Amansie West	Amansie West (Manso Nkwanta)	19
Amansie Central	Amansie Central (Jacobu)	20
Adansi South	Adansi South (New Edubiase)	21
Adansi North	Adansi North (Fomena)	22
Asante Akim South, Bosome Freho	Asante Akim South (Juaso)	23
Sekyere East(Effiduase)/Sekyere Afram Plains (Drobonso), and Sekyere Kumawu (Kumawu)	Sekyere East (Effiduase)	24
Bosomtwe (Kontenase)/Atwima Kwanwoma (Ofoase)	Bosomtwe Atwima Kwanwoma (Kontenase)	25

*Source: Field Data, 2014*

#### **H. Development Of Research Instrument**

The study's objectives and research questions basically inform the design of research instrument. Before the design of the instrument, a thorough literature search was also made to determine and categorise concepts and variables used in other studies which relate to the topic of the study. Information from the literature review centred on issues related to factors that impede the successful implementation of Public Procurement Act 663 in National Health Insurance Scheme. Questionnaires were designed to collect the data needed for the study.

##### *a. Pre-Test of Research Instrument*

It was of importance that the researcher pre-test the instrument crafted to be sure of its validity and reliability measures before the actual collection of data for the study. The most commonly used type of internal consistency reliability; the Cronbach's co-efficient alpha was used to establish the reliability of questionnaire items, whilst a procurement expert was contacted to ascertain validity of the data produced. The pre-test, was conducted among 10 NHIA staff in one of the operational districts of the Ashanti region, which was not to be included in the actual study, but helped identify research items that sounded ambiguous or irrelevant and also checked the time spent by respondents in administering the questionnaire.

#### **I. Data Collection**

Quantitative data were primarily sought for the study through the use of questionnaire. Data were obtained through the use of a structured questionnaire appropriately and specifically designed for the study. The response categories of the various questions (variables) were mostly pre-coded. Three (3) research assistants were recruited and trained by the researcher to assist in the data collection. The data collected was entered and cleaned by the research assistants under the supervision of the researcher.

#### **J. Data Analysis**

Data presentation and analysis were aided with descriptive tools. The statistical analytic tools of percentages were used to provide a more comprehensive presentation for analysis and interpretation. Data collected was edited, encoded and analyzed, and presented in the form of statistical tables with the help of Statistical Package for Social Sciences (SPSS). Having presented data in the form of statistical tables, it was useful to use qualitative method (analysis by words) to explain the results. The qualitative data were used in the form of comprehensive statements and analytical inferences. An analysis was then done with reference to literature reviewed in relation to the study. Attempts were made to draw relations as to whether a particular finding is supported by the reviewed literature or not.

The following statistical methods were used in this report:



- Reliability Test and Analysis
- Descriptive Statistics
- Development of Severity Index and Rankings
- One-way Analysis of Variance (ANOVA)

Reliability analysis was based on Cronbach's Alpha. This is the measure of internal consistency of how closely related or dispersed a set of data or items are. However, a high value of alpha does not imply that the measure is unidimensional (one-dimensional). The formula is as shown below;

$$\alpha = \frac{N \cdot \bar{c}}{\bar{y} + (N - 1) \cdot \bar{c}}$$

Where N is equal to the number of items, c-bar is the inter-item covariance among the items and y-bar is the average variance. One can see from the formula that if the number of items increases, the Cronbach's Alpha also increases. Also if the average inter-item correlation is low, alpha will be low. The determinant factors were organized according to their priority. The options given for each are on a five-point scale. Each factor has a severity index used by Al-Barrak (1993) and the severity index is controlled by the equation:

$$\text{Severity Index (Is)} = \sum_{i=1}^5 a_i x_i$$

Where:

$$i = 1, 2, 3, 4, 5$$

The equation contains the constant  $a_i$ . This constant attempts to determine quantitative measure as an indicator of comparable responses. This simply means that the respondent keeps in mind a five-point scale while answering. Per this study, severity index is a quantitative measure of how influential an impacting factor of Public Procurement Act is.

The scale value assigned to each response is as follows:

$a_1 = 0/4$  for 'Very low influence'

$a_2 = 1/4$  for 'Low influence'

$a_3 = 2/4$  for 'Moderate influence'

$a_4 = 3/4$  for 'High influence'

$a_5 = 4/4$  for 'Very high influence'

$X_i$  = the variable expressing the frequency of the i-th response, for  $i = 1, 2, 3, 4, 5$  and illustrated as follows:

$X_1$  = the frequency of 'very high influence' response,

$X_2$  = the frequency of 'high influence' response,

$X_3$  = the frequency of 'moderate influence' response,

$X_4$  = the frequency of 'low influence' response,

$X_5$  = the frequency of 'very low influence' response.

For illustration, consider the following example:

Consider the determinant, *All major procurements are done by the NHIA Head Office*. For 60 respondents, the frequencies of this factor are:

- Very high influence response = 16 = 26.7%
- High influence response = 25 = 41.7%
- Moderate influence response = 15 = 25.0%
- Low influence response = 2 = 3.3%

- Very low influence response = 2 = 3.3%

The severity index is:  $= (4*26.7+3*41.7+25.0*2+3.3*1+0*3.3)/4 = 71$

Accordingly, if all parties answer the first case to be 'very high influence', then the severity index = 100, which means that this factor is the most important factor and the first in the rank. On the other hand, if all answers are 'very low influence', then the severity index is = 0, which means that this factor is not relevant and the last in the rank. Consequently, this would give a scale from 0 to 100. The determinants of factors that militate against the successful implementation of the PPA and suggested measures to improve upon its implementation were organized in descending order according to their severity index.

#### *a. Data Testing*

The credibility of a research finding is anchored on two important testing principles. These are reliability and validity, Saunders et al, (2009). Testing ensures that the findings and evidence of a piece of research work can stand up to the closest scrutiny, and can be proven as being valid and reliable.

#### *b. Reliability*

Saunders et al (2009) defines reliability as "the extent to which your data collection techniques or analysis procedures will yield consistent findings". This study made good use of Cronbach's alpha in the test for reliability. Cronbach's alpha is the most popular measure of true reliability of a survey Hinton et al, (2005). To achieve this test, it was imperative that, sources of information and empirical data were explicitly documented and referenced.

#### *c. Validity*

Validity on the other hand refers to whether the findings represent and reflect the true situations on the ground. This will ensure that the relationship between two variables is not a mere causal relationship as argued by Saunders et al (2009). Construct and face validity are considered in this study. Saunders et al (2009) defines construct validity as the degree to which the operational measures actually measure the variables they are intended to measure. This can be tested by the presentation of the chain of evidence that leads from the establishment of research questions and objectives to the attainment of data and achieving the objectives of the study. A comprehensive and robust research design was therefore used to ensure that the intended variables were measured. Face validity measures the content of the concept for a research in question Saunders et al, (2009). Face validity was undertaken during the pilot study phase because those who were involved in that phase have considerable experience in the design of research and design concept measures. They all agreed that, at face level, the questions measured the concepts concerned.

#### **K. Ethical Issues**

Access to respondents and ethical consideration are also crucial aspects of conducting a research. To be able to have access to the respondents, the researcher approached them with an introductory letter issued to him by the Building Technology Department of KNUST. The letter introduced the researcher as a postgraduate student of the said institution conducting academic study on the topic "Factors that militate against the successful implementation of Public Procurement Act 2003 (Act 663) in National Health Insurance Scheme". The researcher informed the respondents and heads of the institutions that the study was purely academic. It was to be used as a requirement for the award of a degree in Master of Science in Procurement Management.

The respondents were informed of their role in providing value information and the purpose for which the information will be used. In order to ensure confidentiality, anonymity and privacy, the questionnaire did not request for personal identification. Similarly, the final report was not to comment on individual response.

#### **L. Scope Of The Study**

This study was limited to the nine District Offices of Ashanti NHIA. All the Metropolitan/Municipal/District Mutual Health Insurance Schemes in the region were included in the study. The study assessed the current procedures NHIA uses to procure services especially the service providers and compare them with those enshrined in Act 663. Again, such factors that impede the successful implementation of the Public Procurement Act 663 in the procurement of service providers were to be unravelled. Finally, it will seek information on appropriate measures that can help improve upon public procurement in Ashanti NHIA.

#### IV. RESULTS AND DISCUSSIONS

This chapter presents an in-depth analysis of the data obtained from the field. The data was processed using Statistical Package for Social Sciences (SPSS) and presented with tables before analysis was made. All the data used in this analysis was first-hand information collected from the sample of interest. This chapter is the actualization of chapter three (research methodology) and it presents the survey data and discusses the results obtained. The analyses consist of profile of respondents, descriptive statistics and development of severity index and analysis of variance (ANOVA) of the various determinants or factors related to the topic of interest. Sixty three (63) questionnaires were distributed to the various targeted contributors and 60 questionnaires representing 95% were returned and used in the analysis accordingly. Questions 1, 2, 3, 4 and 6 (as shown in appendix) are presented as tables before statistical analysis were made. However for clarity of analysis, reader comprehension and appreciation, descriptive statistical analysis, severity index and analysis of variance (ANOVA) were used on the negative factors or challenges to the implementation of Public Procurement Act 663. This will help to know how true a ranked answer is and how severe an influencing factor is.

##### A. Demographic Characteristics of Respondents

###### a. Level of education

From Table 4.1 below, it can be seen that as much as 91% of the respondents had obtained tertiary education while only 9% had obtained other forms of academic qualifications. The other forms were those who had obtained professional qualifications in some other fields of study.

###### b. Grade or Position of respondents

As much as 57% of the respondents were Line Officers, 29% were Assistant Line Officers and 14% were District Managers. This is shown on table 4.2.

###### c. Number of Years in Position

The number of years in position of the respondents was asked since this will help ascertain if they are in the right position to give out any data needed for the study. Table 4.3 shows that more than half of the respondents have been in their positions for more than 6 years. This is followed by 25% who have been in position from 4 years to 6 years. Ten percent had been in position from 1 year to 3 years. Only 5% had been in position for less than 1 year.

**Table 4.1: Level of Education**

Level of education	Frequency	Percent
Tertiary education	55	91
Other	5	9
Total	60	100

*Source: Field Data, 2014*

**Table 4.2: Grade or Position of Respondents**

Grade or Position	Frequency	Percent
Line Managers	34	57
Assistant Line Managers	17	29
District Managers	9	14

*Source: Field Data, 2014*

**Table 4.3: Number of Years in Position**

Years in Position	Frequency	Percent
Above six years	36	60
Four to six years	15	25
One to three years	6	10
Less than one year	3	5
Total	60	100

*Source: Field Data, 2014*

**B. General Knowledge in Public Procurement**

*a. Level of Awareness of Public Procurement Act 663*

The respondents' knowledge in Public Procurement Act is considered very important in this study since the central theme in the study is on procurement. Respondents were asked of their level of awareness of Public Procurement Act 663. It was observed that as many as 63% of the respondents' awareness of Public Procurement Act was slightly higher than those who had little knowledge. This is as shown on table 4.4.

*b. Extent of Adherence to Public Procurement Act*

Table 4.5 shows the extent of adherence to Public Procurement Act by the districts. It can be seen that most (96%) of the respondents were of the view that the district's adherence to the Public Procurement Act was not high while 4% considered the district's adherence as less high. This finding gives the general indication that they did not consider the use of the Public Procurement Act 2003 (Act 663).

*c. Advertising for Tenders*

Almost all the respondents (97%) were of the opinion that advertising for tenders was not high while 3% also were of the opinion that advertising for tenders was less high. This is shown on table 4.6. This finding gives the general understanding that there is no advertisement for tenders.

*d. Level of Formal Education in Public Procurement*

Respondents were asked of their level of formal education in Public Procurement. It was surprising however to know that all respondents did not have high levels of formal education in Public Procurement. Table 4.7 below shows that as much as 93% of the respondents did not have high formal education in Public Procurement, 5% had less high formal education in Public Procurement and 2% had moderately high formal education in Public Procurement.

**Table 4.4: Level of Awareness of Public Procurement Act 663**

<b>Level of awareness of PPA</b>	<b>Frequency</b>	<b>Percent</b>
Not high	6	6
Less high	37	63
Moderately high	12	21
High	3	7
Very high	2	3
Total	60	100

*Source: Field Data, 2014*

**Table 4.5: Extent of adherence to Public Procurement Act 663**

<b>Extent of adherence to PPA</b>	<b>Frequency</b>	<b>Percent</b>
Not high	57	96
Less high	3	4
Total	60	100

*Source: Field Data, 2014*

**Table 4.6: Advertising for Tenders**

<b>Advertising for tenders</b>	<b>Frequency</b>	<b>Percent</b>
Not high	2	3
Less high	58	97
Total	60	100

*Source: Field Data, 2014*

**Table 4.7: Level of Education in Public Procurement**

<b>Level of education in Public Procurement</b>	<b>Frequency</b>	<b>Percent</b>
Moderately high	1	2
Less high	3	5
Not high	56	93
Total	60	100

*Source: Field Data, 2014*

*e. Respondents Knowledge on Public Procurement Act*

Respondents were asked to openly state where they heard about Public Procurement Act 663. This was to help ascertain if they had any knowledge at all about the Act. One cannot practice what he or she does not know. Most of the respondents stated that they heard about Public Procurement Act 663 on the Television. Others also heard it on the radio while yet others became knowledgeable about it through the News Paper. All of the respondents have heard about Public Procurement Act 663 and that knew what the Act is about.

*f. Use of Ghana's Public Procurement Act to Contract Health Providers*

Close ended question with only yes or no on the use of Ghana's Public Procurement Act 663 to contract health providers was asked. This was to know whether they are using the Act or not. To my dismay, I realized that they do not use the Act to procure the services of the health providers. This came as a surprise since they were all knowledgeable about the Ghana's Public Procurement Act. This stands to mean that there are no procedures in the NHIA that inculcate the use of the Ghana's Public Procurement Act. A follow up question was asked to find out how NHIA contracts the services of the health providers without the use of the Public Procurement Act. The central theme gathered is that the NHIA provides forms that the health providers fill and submit to the District Scheme/NHIA. Upon inspection of the health provider's facilities and other things deemed relevant by the NHIA, a contract is then signed between the district and the health provider. The said health provider is then deemed accredited by the Scheme. Another probing question was asked on why the NHIA does not comply with the Ghana Public Procurement Act 663. Their responses brought to the fore that the scheme has expanded to include more beneficiaries (card bearers) and so the need for more health providers to serve the card bearers under the scheme. With this motive, the NHIA wants to contract more and more health providers and so makes the contract forms available for any interested health provider. The NHIA sees bureaucracy and rigidity in the use of the Public Procurement Act 663 of Ghana. There is no call for tenders and tender evaluation before inspection and assessment of health providers who would want to enrol under the scheme.

*g. Goods, Services and Works Procured by the Districts*

Respondents in the various districts were asked the basic goods, works and services that are procured by the districts apart from the services of the healthcare providers. This was to help reveal how other things are procured by the Districts and if the PPA is used. Some of the basic goods procured and not by the PPA were Registration forms, brochures, paraphernalia, office furniture and equipment, electronic machines such as television, wall clocks. Others are telecommunication machines such as scanners, computers, printers and other accessories. If unfortunately any of these need replacement parts, they are also procured the same way without the PPA. Services such as painting, plumbing, electrical installations, repairs of computers and furniture are all procured. Renting of office accommodation among others is also procured. Procurement of Works such as installation of Power Plant, repairs and maintenance of office building and sometimes construction of office accommodation are also done.

**C. Negative Factors That Militate Against the Implementation of PPA663**

Public procurement has been utilized by various governments of the world as an important tool for achieving economic, social and other national objectives (Arrowsmith, 1998; Thai, 2001). Public procurement has been perceived as an area of waste and corruption. There are various factors that militate against the successful implementation of Public Procurement Laws.

*a. Reliability of Response*

The extent to which the responses for the negative factors that militate against the successful implementation of the PPA 663 can be relied upon was tested using Cronbach's Alpha coefficient. Table 4.8 below reveals a Cronbach's Alpha of 0.848 for the militating factors. This was done using the Reliability Analysis of SPSS. Since this figure is greater than 0.75, Hinton et al, (2005), the responses provided are reliable and can be used and relied upon for this study. According to Hinton, it is the measure of internal consistency, that is, how closely a set of items are as a group. It is thus the measure of scale reliability.

**Table 4.8: Reliability Statistics for negative factors that militate against the successful implementation of PPA**

Cronbach's Alpha based on Standardized		
Cronbach's Alpha	Items	N of Items
0.848	0.841	15

*Source: Field Data, 2014*

*b. Descriptive Statistics of negative factors that militate against the successful implementation of PPA 663*

Descriptive analyses such as means, standard errors and standard deviations of each of the determinant variables or factors were conducted using Statistical Package for Social Sciences (SPSS) and Microsoft Excel to help provide a clearer picture of the outcome of the survey. Using a five-point rating scale, a variable was arbitrary considered important if it had a mean of 3.5 or more Field, (2005) cited in Owusu and Badu (2009) and is used for the analysis. Mean values of 4.0 indicates severe determinants. The standard error is the standard deviation of sample means and it is a measure of how representative a sample is likely to be of the population, Field, 2005). A large standard error reflects a lot of variability between means of different samples and a small standard error suggests that most sample means are similar to the population mean and so the sample is likely to be an accurate reflection of the population (Field, 2005). Standard deviations of less than 1.0 signal that, there is little variability in the data collected and consistency in agreement among the respondents. The table is as shown below in table 4.9. From the statistical table 4.9, it can be seen that no clear guidelines by the NHIA on how laws should be used has a mean value of 4.77 and 0.621. This is followed by no procurement department in the district with a mean of 4.47 and a standard deviation of .676. This is also followed by spending done as long as it is within the approved budget has a mean value of 4.33. This is followed by non-implementation of I.T in procurement with a mean value of 4.23. The least severe determinant of negative factors that militate against successful implementation of PPA is political interference with a mean of 2.25. It can also be said that the data collected from the sample is very representative of the population since the standard errors of the means are closer to 0 (zero). Also the standard deviation of the majority of determinants of negative factors that militate against successful implementation of PPA is less than 1. This indicates less variability in the data collected.

*c. Severity Index of negative factors that militate against the successful implementation of PPA*

The severity index and the ranking of each determinant are shown below in table 4.10. It can be seen that non-enforcement of PPA by the district office and no clear guidelines by the NHIA on how laws should be used are the most severe determinant of negative factors that militate against the successful implementation of PPA. The non-enforcement of the Public Procurement Laws has been affirmed globally by Schiele & McCue (2006) that regardless of the effort by the various central governments and its related agencies and the acknowledgement that the procurement department is capable of adding value to the organization, still a large number of the internal customers act on their own and more frequently bypass the procuring department and hence non-adherence to the Procurement Laws due to non-enforcement. This is followed by no procurement department in the districts with severity index of 87 through to the least severe determinant which is political interference with severity index of 30. This issue of political interference with the procurement process is also a big challenge to the implementation process and public procurement reforms. A good number of politicians think that they have the right to intervene in the procurement procedures thereby leading to a capricious procurement decisions, World Bank, (2004b). Low salaries of practitioners causing corruption of officials is among the least determinants but has been identified by the World Bank (2003) that the lack of career development path and low salaries of procurement personnel also militate against procurement reforms implementation.

**Table 4.10: Severity Index of negative factors**

<b>Severity Index</b>	<b>Determinant of Militating Factors</b>	<b>Ranking</b>
94	Non-enforcement of PPA 663 by the district office	1
94	No clear guidelines by the NHIA on how laws should be used	1
87	There is no procurement department in the district	3
84	No invitation for tenders during procurement	4
80	Non-implementation of I.T in procurement	5
72	Spending is done as long as it is within approved budget	6
71	All major procurements are done by the NHIA Head Office	7
62	Over centralization of NHIA procurement power at its Head Office-Accra.	8
59	Spending officers spend on their own terms	9
57	No user specification before procurement	10
56	Budget constraints	11

44	Bureaucracy (red tape)	12
40	Low salaries of practitioners causing corruption of officials	13
33	Non competitive nature of contracting service providers	14
30	Political interference	15

*Source: Field Data, 2014*

*d. Analysis of Variance of Militating Factors of PPA*

Statistical test using One - Way Analysis of Variance (ANOVA) at 95% confidence interval and 5% level of significance was carried out to compare the means of all militating factors that go against the successful implementation of the PPA 663 and the result is shown on table 4.11. It is evident that, based on the samples analysed, Non-enforcement of PPA 663 by the district office and No clear guidelines by the NHIA on how laws should be used, are the most militating factors against the successful implementation of the PPA . This is because their p-values show significant difference in their means. However, no procurement department in the district office also follows suit with a p-value of 0.022 also showing a significant difference in mean. This stands to affirm the findings as revealed by the severity index.

**Table 4.11: ANOVA table for militating factors**

Militating Factor	F-Statistic Test		
	F-Stat.	Level of Sig. (P Values)	Significant Difference (Yes/No)
All major procurements are done by the NHIA Head Office	4.165	0.061	No
Spending is done as long as it is within approved budget	4.684	0.489	No
Over centralization of NHIA procurement power at its Head Office-Accra.	4.143	0.615	No
Bureaucracy (red tape)	3.050	0.523	No
No invitation for tenders during procurement	3.862	0.721	No
No user specification before procurement	3.656	0.629	No
Budget constraints	3.516	0.372	No
Low salaries of practitioners causing corruption of officials	2.791	0.288	No
Non competitive nature of contracting service providers	2.434	0.221	No
Spending officers spend on their own terms	3.602	0.421	No
Political interference	2.434	0.867	No
Non-enforcement of PPA by the district office	5.160	0.013	Yes
No clear guidelines by the NHIA on how laws should be used	5.260	0.023	Yes
Non-implementation of I.T in procurement	4.576	0.32	No
There is no procurement department in the district	4.386	0.022	Yes

*Source: Field Data, 29145.*

**D. Measures to improve upon the Successful Implementation of the Public Procurement Act 663**

*a. Reliability of Response*

The Cronbach's Alpha coefficient for the extent of occurrence of improving factors as seen in table 4.11 below is 0.812. Since this figure is greater than 0.75 (Hinton et al, 2005), the response provided is reliable and can be used and relied upon for this study. This test was carried out using Reliability Analysis of SPSS.

**Table 4.12: Reliability Statistics for negative factors that militates against the successful implementation of PPA**

Cronbach's Alpha	Cronbach's Alpha based on Standardized Items	N of Items
0.801	0.824	13

*Source: Field Data, 2914*

*a. Descriptive statistics of measures to improve upon the successful implementation of PPA*

Table 4.12 below shows the statistics for the determinants of measures to improve upon the successful implementation of PPA. There is little variation in the data collected as can be seen from some of the determinants having standard deviations of more than 1. However, it can be said that the sample is representative of the population since the standard error of the determinants are close to 0. It can be seen

that the chief determinant of measures to improve upon the successful implementation of PPA is that the NHIA should exercise strict adherence to the PPA with a mean value of 4.23. This is followed by education on public procurement with a mean of 4.20. The Country Procurement Assessment Report of Ghana in 2003 revealed that most Ministries, Departments and Agencies (MDAs) and District Assemblies (DAs) staff responsible for procurement were not procurement-proficient, even though they have been trained. The report contended that, application of the PPA and the Standard Tender and Contract Documents will not be successful without broad training and “refresher” programs and encouragement of officials in charge of procurement. In view of this, the PPA initiated a training programme in 2007 throughout the country with the aim to build the capacity of personnel responsible for the management of procurement in various institutions. This exercise unfortunately could not be sustained due to financial difficulties thereby leaving most Procurement Managers completely ignorant in the application of the law. The least however is criminalization of offence with a mean of 3.05.

**Table 4.13: Descriptive statistics of measure to improve upon PPA implementation**

<b>Determinant of Improving Measures</b>	<b>N</b>	<b>Mean</b>		<b>Std.</b>	<b>Rank</b>
		<b>Statistic</b>	<b>Standard Error</b>	<b>Deviation</b>	
NHIA should exercise strict adherence to PPA Act 663	60	4.23	0.099	0.767	1
Education on public procurement	60	4.2	0.14	1.086	2
Enforcing integrity of procurement personnel	60	4.17	0.104	0.806	3
Strict evaluation of open tenders	60	4.08	0.117	0.904	4
Procurement officers should be employed	60	4.07	0.098	0.756	5
Adherence to user specifications in the district offices	60	3.98	0.125	0.965	6
Establishment of procurement offices in the district offices	60	3.97	0.095	0.736	7
Open invitation for tenders	60	3.72	0.104	0.804	8
Strong legal and institutional framework on procurement	60	3.7	0.122	0.944	9
Clear and concise contract laws	60	3.55	0.12	0.928	10
There should be supervision from the Head office of NHIA	60	3.4	0.109	0.848	11
Elimination of some unnecessary bureaucracy	60	3.1	0.127	0.986	12
Criminalization of offences	60	3.05	0.122	0.946	13

*Source: Field Data, 2014*

*b. Severity Index of measures to improve upon the successful implementation of PPA*

Table 4.13 below shows the severity index table for measures to improve upon the successful implementation of PPA 663. The most severe determinant is NHIA should exercise strict adherence to PPA Act and Strict evaluation of open tenders all having severity index of 81. There is an inclination towards the use of less competitive methods for procuring goods, works and service contracts in Ghana, Osei-Tutu *et al*, (2012). Non-compliance to procurement laws is considered as a major hindrance to the effectiveness of the law Gelderman *et al*, (2006). It is however not surprising that strict adherence to



the PPA 633 ranked first on the severity index table. Education on public procurement ranked 4<sup>th</sup> on the severity table with an index of 76. This means that education on public procurement is a very great measure that can be taken to address the challenges faced by PPA. According to Azeem (2003) the challenges to Public Procurement includes poor dissemination of the procurement law, lack of proper training for the managers of the procurement process Forgor, (2007). This stands to reason that education on Public Procurement will go a long way to solve some challenges of Public Procurement. The least severe determinant is criminalization of offence with severity index of 33.

**Table 4.14: Severity Index of measures to improve upon the successful implantation of PPA**

Severity Index	Determinant of Improving Measures	Ranking
81	NHIA should exercise strict adherence to PPA Act 663	1
81	Strict evaluation of open tenders	1
80	Enforcing integrity of procurement personnel	3
76	Education on public procurement	4
75	There should be supervision from Head office of the NHIA	5
75	Procurement officers should be employed	5
75	Establishment of procurement offices in the district offices	5
68	Strong legal and institutional framework on procurement	8
67	Open invitation for tenders	9
65	Clear and concise contract laws	10
59	Adherence to user specifications in the district offices	11
52	Elimination of some unnecessary bureaucracy	12
50	Criminalization of offences	13

*Source: Field Data, 2014*

*c. Analysis of Variance of Militating Factors of PPA*

A statistical test using One - Way Analysis of Variance (ANOVA) at 5% level of significance and 95% confidence interval was carried out to compare the means of all respondents, on the measures to improve upon the successful implementation of the PPA. Table 4.15 below illustrates the findings of the study. It is evident from the ANOVA table that there is significant difference in the mean of strict evaluation of open tenders and education on public procurement. This is evident with p-values of 0.042 and 0.022 respectively. NHIA should exercise strict adherence to PPA Act also shows p-value with significant difference from the rest of the data set.

**Table 4.15: ANOVA table for Measures to Improve**

Measures to Improve	F-Statistic Test		
	F-Stat.	Level of Sig. (P Values)	Significant Difference (Yes/No)
Enforcing integrity of procurement personnel	4.210	0.872	No
Open invitation for tenders	3.215	0.124	No
Strict evaluation of open tenders	4.615	0.042	Yes
Education on public procurement	0.136	0.022	Yes
Criminalization of offences	0.288	0.649	No
Elimination of some unnecessary bureaucracy	0.409	0.925	No
There should be supervision from the Head office of NHIA	0.621	0.321	No
Adherence to user specifications in the district offices	2.049	0.416	No
Strong legal and institutional framework on procurement	1.447	0.231	No
NHIA should exercise strict adherence to PPA Act	4.717	0.010	Yes
Procurement officers should be employed	2.869	0.210	No
Establishment of procurement offices in the district offices	0.721	0.514	No
Clear and concise contract laws	0.945	0.378	No

*Source: Field Data, 2014*

*d. Respondents' opinions on improvement factors*

Respondents were asked to openly state their opinions on how Public Procurement can be successfully implemented despite the challenges faced. 70% of respondents was of the opinion that there should be procurement officers at the district offices of the NHIA. This is because they lack trained procurement officers at the various district offices and this is their greatest challenge. They also envisaged that one line officer can be trained to perform procurement functions as well. The line officer will then serve as a procurement practitioner. Alternatively, 65% of respondents said that there should be a Regional Procurement Officer who can be charged to oversee all forms of procurements in the Ashanti Region and be assisted by the various district managers.

## **V. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION**

This dissertation which principally examines the factors that militate against the successful implementation of the Public Procurement Act 663 and counter measures to help successfully implement the Public Procurement Act 663 is divided into five (5) independent but interrelated chapters. The main introduction to the research was covered in chapter one. The review of literature on the topic which covered Procurement, Public Procurement Act of Ghana, factors militating against the successful implementation of the Public Procurement, measures to curb the difficulties of Public Procurement among others were captured in chapter two. In chapter three, the methodology adopted for the study including the research design and strategy were discussed. The research process was in one main phase; survey questionnaires. Chapter four presented the empirical analysis and provided detailed discussions on the survey results. This chapter (chapter five) summarizes the issues addressed throughout the study. It begins with a summary of how the research objectives were achieved and concludes with the recommendations obtained from the research and directions for further research that can be conducted based on the conclusions and limitations of the study.

### **A. Summary of Findings**

This study looks into the factors militating against the successful implementation of Public Procurement Act 663 by the Ghana National Health Insurance Authority and Possible solutions to the challenges so as to help with successful implementation. However, the study revealed the following:

The demographic background of the respondents was sought. It was realized that 91% had obtained tertiary education but not in the field of Public Procurement, although some had obtained other forms of professional qualifications. 57% of the respondents were Line Officers, followed by Assistant Line Officers (29%) and then District Managers (9%). Among the various positions, most of the workers had been in post for more than 6 years.

General knowledge in public procurement was sought. Data gathered showed that 63% was aware of the Ghana's Public Procurement Act 663 and most had obtained such knowledge from the media such as television, radio and prints media. However, despite the awareness, there was no strict adherence to the Act by the NHIA and so there was no advertisement for tenders. There was the realization that the NHIA had their own means of contracting the health providers. The NHIA has an accreditation form that any health provider interested in working with the NHIA fills. Assessment and site supervision is done and approval is given afterwards. This however does not comply with the Public Procurement Act 663 of Ghana. Such contracting criterion is done because the client base of the NHIS is increasing and thus the need for more service providers to render their services to the card holders (subscribers). Some goods, services and works are procured not in accordance with the regulatory provisions of the PPA .

Some negative factors seen as highly affecting the successful implementation of the Public Procurement Act 663 of Ghana by the NHIA were the non-enforcement of the PPA 663 by the district offices of the Ashanti NHIA and no clear guidelines by the NHIA on how laws should be used. These two ranked highest (94) on the severity index scale. This confirms what Gelderman et al, (2006) said, that non-adherence to procurement laws is classified as a major hindrance to the effectiveness of the law.

These negative factors were followed by no procurement department in the districts (87) which also militates against the successful implementation of the Public Procurement Act 663. Political interference however did not rank so well and so ranked last with severity index of 30. This contradicts the World Bank, (2004) report that political interference with the procurement process is also a difficulty to the implementation process and public procurement reforms. Many politicians are of the view that they have

the right to intervene in the procurement procedures and as such capricious procurement decisions are taken. Some measures to improve upon the successful implementation of the Public Procurement Act 663 of Ghana by the NHIA were also examined. The examination also made use of the severity index and ranked the various measures of improvement. Exercise of strict adherence to the PPA 663 by the NHIA and strict evaluation of open tenders ranked first (81) on the severity index. These two were followed by enforcing the integrity of the procurement personnel (80) and education on Public Procurement (76). Ranking 5<sup>th</sup> and severity index of 75, some respondents said there should be supervision from Head office of the NHIA and also procurement officers should be employed. Criminalization of offences with severity index of 50 ranked last. Respondents were asked to openly state in their own opinion means through which Public Procurement can be successfully implemented by the NHIA. 70% of them responded that there should be procurement officers at the district offices or one line officer should be trained to perform procurement functions as well. Alternatively, 65% said there should be a Regional Procurement Officer who can be charged to oversee all forms of procurements in the Ashanti Region.

### ***B. Conclusion***

The results of this study have shown that procurement process at the district offices of Ashanti NHIA does not comply with the Ghana's PPA 663 and comes with a myriad of challenges. These challenges have affected the smooth flow of logistics in the organization. The NHIA head office procures most of the goods, works and services for the district offices. Staff of NHIA are aware of the PPA 663 but there is non-adherence to the Act. Procurement by the NHIA can be said to be arbitrary done which brings in unnecessary spending and wastage due to untrained procurement officials to oversee affairs of procurement. The following measures have been identified as measures that can help improve upon the successful implementation of the Act. Exercise of strict adherence to the PPA 663 by the NHIA, strict evaluation of open tenders, enforcing the integrity of the procurement personnel and education on Public Procurement are some of the measures found. Others are there should be supervision from Head office of the NHIA and also procurement officers should be employed.

### ***C. Recommendations***

In reference to the findings of this study, the following recommendations are being proposed to aid in successful implementation of Public Procurement Systems, especially by the district offices of Ashanti NHIA.

1. There should be strict adherence to the use of the PPA 663 in the district offices of Ashanti NHIA and there should also be advertisement for tenders so as to make contracting of health providers very competitive and keen.
2. There should be supervision from Head Office of the NHIA on all procurement issues at the district offices of Ashanti NHIA.
3. There should be an establishment of procurement departments in the district offices of Ashanti NHIA.
4. Recruitment of well qualified procurement professionals at the district offices or one procurement professional at the Ashanti Regional Office is highly recommended.
5. The district offices under the supervision of Ashanti Regional Office of the NHIA should be allowed to undertake major procurements.

### ***D. Recommendations for Further Research***

The challenges in procuring quality goods and services for public organizations have been unearthed by this research. The researcher believes that, this was only limited to the district offices of Ashanti National Health Insurance Authority with a smaller sample size, this means that, the work may have provided a tilted outcome. It would be very essential to conduct similar research to cover a wider range of institutions with larger sample size within Ghana. Again, the research has found out generally that the district offices of Ashanti National Health Insurance Authority do not comply with PPA 663. Recommendation thereof is made for further but same research into the NHIA district offices of the other nine regions in Ghana to find out if similar findings are prevalent. If similar findings are there then recommendations should be given to the Public Procurement Authority to begin to either exempt some public institutions on the use of the Act or enforce absolute compliance in all public institutions. This study however serves as an eye-opener and a stepping stone for a nationwide study.

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