

Competitive Tendering's Influence on Cost Reduction

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Abstract

An effective means of cost reduction in the award of contract is by allowing all able or qualified contractors or suppliers to bid or tender for contracts (competitive tendering) per section 35(1) of Act 663. It can be deduced from the above statement that the competitive tendering method will provide a range of variety of contractors with variety of goods, works and services within which an organization can select the best available option, all things being equal. However, the opposite is envisaged in most public sector organizations these days as contracts are being awarded to some incompetent contractors who through dubious means find their ways into the procurement net and misappropriate state funds allocated to them in the name of contact deals.

The research work therefore seeks to assess the effectiveness of competitive tendering on cost reduction in public sector procurement specifically at the Sekondi - Takoradi Metropolitan Assembly. Furthermore, it will interest my readers to know that the government of Ghana is incurring many losses as a result of these selfish-contractors and their respective selfish-procurement officers in these District Assemblies since monies which should have been used to put up more infrastructural facilities are nowadays used for rehabilitations of old projects as well as for the completion of abandoned works. More so the interference of some political figures in the whole tendering process itself up to the award stage so to say makes the process vulnerable since the best tendering procedures are compromised. This study therefore seeks to examine the effectiveness of using competitive tendering to reduce cost in public procurement.

The study revealed that the challenges faced by Sekondi-Takoradi Metropolitan Assembly in contract award includes; lengthy time frame, compliance with the procurement act in line with competitive tendering, high cost of advertisement, unethical behaviors of some panel. This study was undertaken to evaluate the effect of competitive tendering on cost reduction at Sekondi-Takoradi Metropolitan Assembly. According to the findings, researchers can conclude that effective competitive tendering has a big impact on cost reduction in the entity. Moreover, the study ascertained that the entity is faced with quite a number of challenges and competent measures need to be acquired to take the edge off the challenges in awarding contract.

Keywords: Cost Reduction | Competitive Tendering | Procurement Practices | Tendering Rules

1.0 INTRODUCTION

According to Lynch (2013), obtaining products and services for governmental operations and delivering public services is known as public sector procurement. It is carried out within a particular legislative framework based on certain principles to make competent persons and organisations, based on pre-established selection criteria, competitively accessible to complete public procurement needs. Public procurement aims to provide a nation's populace with everything required for government administration and, more significantly, public services. Since there will undoubtedly be accountability, reducing costs is one of the final goals/objectives of the Public Procurement Authority (PPA) and other public sector organisations. Because of this, Carpineti et al. (2006) expressed regret that effective procurement practises enable both the public and private sectors to play significant roles in contemporary economies by ensuring the elimination of unproductive operations.

Achieving such effectiveness is challenging because of the work structure, legal environment, and political climate that procurement professionals must deal with. Indeed, in recent years, those involved in public and even private procurement have established several initiatives and networks targeted at exchanging best procurement practices. Examples include the Public Procurement Network (PPN), the EU Public Procurement Learning Lab (EU Lab, 2003-2005), the International Federation of Purchasing and Materials Management (IFPMM), the International Purchasing and Supply Education and Research Association (IPSERA), and that of the Republic of Ghana known as the Public Procurement

Authority (PPA, 2003). These steps were taken to guarantee adherence to the best procurement practices (competitive tendering).

All public sector organisations, including the Sekondi-Takoradi Metropolitan Assembly, have access to various competitive procurement methods for purchasing products, works, and services. Nowadays, it is clear that even most private sector companies effectively use the cost-saving procurement techniques outlined in the procurement legislation. In addition, most district assemblies use the World Bank, district assembly common funds, internally generated funds (IGF), and other donor organisations to support their programmes. It should be emphasised that the public procurement Act 663's terms and conditions serve as the foundation for the assemblies' method of soliciting bids and awarding contracts. However, the Act's goal will be defeated if these requirements are violated, and contracts are offered and given to people you know despite this.

Therefore, there would not be any competitive contractual negotiations, which would open the door for contractors to misuse our scarce resources and provide subpar works or projects that would need to be renovated or re-awarded after these avaricious contractors abandoned them. At Takoradi Technical University, the study's main objective is to evaluate the impact of competitive bidding on cost reduction.

1.1 Definition of the Issue

According to section 35(1) of Act 663, enabling all capable or qualified contractors or suppliers to offer or tender for contracts (competitive tendering) efficiently reduces costs in the contract award process. The statement above implies that all else being equal, the competitive tendering technique will provide a range of contractors with various products, works, and services from which an organisation may choose the best alternative. However, in most public sector organisations today, the contrary is anticipated as contracts are given to certain inept contractors who enter the procurement system by questionable methods and misappropriate state monies provided to them in the guise of contract negotiations.

Therefore, the study project aims to evaluate how well competitive bidding reduces costs in public sector procurement, particularly at the Sekondi - Takoradi Metropolitan Assembly. It will also be of interest to my readers to know that the government of Ghana is suffering significant losses as a result of these self-serving contractors and their corresponding self-serving procurement officers in these District Assemblies because funds that could have been used to build more infrastructure are now being used to renovate older projects and finish unfinished ones. More specifically, the process is made susceptible because the best bidding processes are weakened by the intervention of specific political individuals in the whole tendering process right up to the award stage. Therefore, this research aims to determine if competitive bidding may lower the cost of public procurement.

1.3 Research Objectives.

The specific objectives seek to:

1. What procurement methods are commonly used to award Sekondi-Takoradi Metropolitan Assembly contracts?
2. How do we assess the extent to which competitive tendering impacts cost reduction at Sekondi-Takoradi Metropolitan Assembly?
3. What are the challenges associated with contract awarding through competitive tendering at Sekondi-Takoradi Metropolitan Assembly?

1.4 Study's Purpose

The study's main objective is to evaluate how well competitive bidding has reduced costs at the Sekondi-Takoradi Metropolitan Assembly. The study will mainly focus on the strategies often used in contract awarding, how they affect cost reduction, and the difficulties involved in contract awarding. The organisation was chosen because it would effectively facilitate achieving the study's overall goal since its operations as a public institution are vital to the project subject and defined aims.

The vast geographic extent, the number of services offered to the public, and the ease of information access all impacted the case study region selection.

1.5 Importance of the Research

The results of this study will benefit the researcher since they will widen his area of expertise, enabling him to handle similar issues when they arise in the future quickly. First, a degree of exposure for the researcher(s) will be provided by using the researcher's work as a reference for the prospective researcher(s) to address comparable difficulties related to the topic. Second, Sekondi-Takoradi Metropolitan Assembly might use the researcher's findings on the impact of efficient transport management on organisations' cost reduction to enhance their transport and cost reduction.

Sekondi-Takoradi Metropolitan Assembly will learn about the gaps in their transport management through the researcher's findings. As a result, it will have a sense of direction afterwards, allowing the organisation to implement corrective measures to strengthen its cost-cutting strategies. Last but not least, Ghana may embrace the researcher's findings and apply them in public institutions to enhance operations and functions cost-effectively. Additionally, the results may be incorporated into academic institutions' curricula to enhance the information that students will learn.

1.6 Study Restrictions

The researcher encountered difficulties while researching to meet the predetermined goals. These difficulties might prevent the researcher from accessing a wide range of knowledge that, if attained, would have significantly contributed to the research's overall goals. The researcher was not present when the questionnaire was administered to notify respondents of what data was and was not relevant to the study. As a result, the researcher could not guarantee complete honesty and correctness in the questionnaire replies. Furthermore, the researcher obtained some facts about the study from the internet. Thus, the validity of the data that made it easier to carry out the research could not be guaranteed. Another drawback is the difficulty of getting some data, which, while essential to this research, were unavailable because they were deemed "confidential information" by some.

2.0 LITERATURE REVIEW

The opinions of other authors and experts with in-depth knowledge of this research and other pertinent details in the public procurement Act 663 will be released in this chapter. It reports on earlier studies in the subject being studied by others. Additionally, it examines the legal framework for procurement and the idea of public procurement, procurement techniques, contracts, contract award, cost containment, competitive tendering, and difficulties associated with competitive bidding in contract awards.

2.1 Purchasing

According to Lysons et al. (2006), procurement is the process of acquiring goods or services using any means, including coercion, leasing, and even borrowing. Tim (2008) said procurement comprises sourcing and buying and encompasses all tasks involved in locating suppliers, making purchases, and delivering products to customers. As acquired components and materials make up more than 60% of the price of final items, it is a crucial activity in the manufacturing supply chain (John et al., 2008). This proportion may reach 90% for retail businesses in the supply chain (John et al., 2008).

Procurement is securing the supply of something, particularly for a government or an organisation, according to the Oxford Advanced Learner's Dictionary (2001). According to the 2004 International Bank for Reconstruction and Development Guidelines for Procurement, other procurement definitions include acquiring products, purchasing or renting works, employing contractors, and using consultants' services.

A further definition of procurement provided by the CIPSA Steering Group is "the business management function that ensures identification, sourcing, access, and management of the external resources that an organisation needs or may need to fulfil its strategic objectives. Procurement exists to explore supply market opportunities and to implement resourcing strategies that deliver the best possible supply outcome to the organisation, its stakeholders, and professionals. Procurement is, in essence, the overarching umbrella term within which purchasing can be found. Procurement is concerned with acquiring (procuring) all the goods, services, and work essential to an organisation. Procurement involves

the process of selecting vendors, establishing payment terms, strategic vetting, selection, negotiation of contracts, and the actual purchasing of goods. (Lim, 2015)

2.2 Public Contracting.

An organisation or government will use public procurement to acquire products, services, and labour while utilising public funding. Stuart and Barry (2008) discussed procurement as a component of the supply chain philosophy. They added that it is claimed that in many organisations, procurement holds a strategic role that acknowledges that purchasing offers both values for money and cost savings. Additionally, it may cover all of the following aspects, including acquiring what is needed by spending money externally to satisfy the needs of both internal and external customers, expediting, and providing. Dobler and Burt (1996) further stated that procurement is a process or concept that, for public sector organisations, encompasses a broader range of supply activities than those involved in purchasing functions and typically includes a broadened view of the traditional buying role with more buyer participation in related material activities.

Based on the preceding discussions, it is pretty clear that procurement to many public-sector organisations is of keen interest since it is intended to ensure cost reduction and obtain value for money in organisations and state spending. Lysons and Farrington (2006) added that procurement is obtaining goods or services in any way, including borrowing, leasing, and even force or pillage. Another perspective is that a significant portion of all economic activity is represented by procurement. According to Dimitri et al. (2006), the value of public procurement transactions accounts for around 16% of GDP in EU nations and 20% of GDP in the US. Again, motivated by the need to control costs and streamline the entire procurement process, the Chinese government enacted The Government Procurement Law (GPL) in 2003, which applies to the purchase of goods, services, and construction projects by state bodies, public institutions, and social organisations at all government levels. This may explain why centralisation versus decentralisation has become more prevalent recently.

2.2.1 Competitive Tendering

A formal offer to provide products or services for a specific price is tender. According to Lysons and Farrington (2006), competitive tendering is a purchasing procedure where potential suppliers are asked to submit a firm and unambiguous offer of the price and conditions under which they will supply specific goods and services, which, upon acceptance, will serve as the foundation of a subsequent contract. It makes sense that tendering is based on the principles of competition, fairness and accountability, openness and probity since the whole process is intended to ensure the best value for money and not necessarily the lowest price. Tenders are typically based on a specification of requirements prepared by the purchaser. However, there is an alternative where the purchaser invites suppliers to submit a solution and a price to a problem stated by the purchaser. Responding to the claim above, Dimitri et al. (2006) reiterated that while it is a competitive procurement process (open tendering), only qualified vendors can participate to ensure effective contract execution.

2.2.2 Competitive Bidding Procedures

The several forms of competitive bidding, including competitive tendering (national and international), two-stage tendering, and limited tendering, are outlined in Sections 35, 36, and 38 of the Public Procurement Act of 2003.

Nationally competitive contracting: The procurement body will use national competitive bidding processes in this procurement proceeding if they determine that only domestic suppliers or contractors may submit bids. (Section 44)

International tendering is competitive: When open/competitive tendering is used in Ghana, and effective competition cannot be obtained without inviting foreign contractors to tender, as well as when the items to be procured are not available locally or cannot be provided due to technical and other competencies as well as financial constraints, the method above can be used. (Section 45)

Two-stage Tendering: When an entity wants to enter into a contract for research, experimentation, study, or development, or when the nature of the goods or works is subject to rapid technological

advancements, or when either of these situations applies, an entity must engage in two stages of tendering (Section 36).

2.2.2.3 Restricted Tendering

Suppose products, works, or services are only available from a few suppliers or contractors. In that case, a procurement organisation may participate in restricted tendering for the sake of economy and efficiency and with the Board's consent (Section 38). Additionally, if the amount of time and money spent reviewing and assessing several bids is excessive compared to the cost of the products, services, and labour to be done.

2.2.3 Tender Types

However, Lysons and Farrington (2006) listed the following as different kinds of bids, including.

Public bid: Similar to Act 663, the competitive tendering method in Ghana calls for qualified suppliers to submit bids for a contract advertised in the media or online. The lowest bid is typically accepted, though the advertiser typically states that they are not required to accept the lowest or any bid.

Restricted open tender: With this approach, potential suppliers can submit bids for a contract advertised only in relevant technical journals or regional newspapers.

Selective tendering: Suppliers on an approved list who have been previously screened for their competency and financial position are invited to submit tenders.

Sequential bids: Prospective suppliers are asked to submit bids on an open or selective basis for an initial scheme with the understanding that, subject to satisfactory performance and unanticipated financial contingencies, the successful contractor will receive a programme of work, with the rates and prices for the first job serving as the foundation for the rest of the programme—the elimination of one-contract negotiations for each step of a programme, which saves money and time. Moving teams of workers and equipment to succeeding tasks may be done without causing a disturbance. Contractual supplier security may allow the buyer to bargain for lower costs.

Bargained bids: The last but not least method they discussed was the negotiated tenders, which allow the contract's terms to be discussed with one or more suppliers without first publishing a tender notice. However, the negotiated method is only applicable in specific specified situations, such as:

- Whenever no appropriate supplier has been discovered via open or limited tender processes due to irregular or undesirable bids.
- Whenever such processes have prevented any bids from being submitted.
- when the necessary product is produced only for experimental or research reasons.
- when there is only one provider due to legal, technological, or aesthetic constraints or the presence of exclusive rights.

The buyer must make two critical choices after choosing the competitive tendering technique as a powerful instrument for assuring value for money, according to a study done by Dimitri et al. (2006). The first one, which is the format to use for competitive bidding, and how many contract lots there are. Two primary types of competitive tendering exist Sealed-bid solicitation and Interactive reverse auctions. Suppliers submit bids via secret bidding without seeing the rival supplier's proposal. Prices are revealed during competition in dynamic auctions, allowing providers to outbid their competitors before the auction concludes. (Dimitri et al. (2006)) The potential drawback of this approach is that it may go on for an excessively long time. Except for the combinatorial process, which only a few institutions apply for different product categories, Carpineti et al. (2006) identified sealed bid tendering, Two-stage sealed bid tendering, combinatorial tendering, and online (descending) auctions as some of the tendering processes, which of course is similar to those discussed earlier on.

The Public Procurement Act 663 also permits the procedures above and the online method, a multi-round format for tendering, because the procurer established a website offering registered suppliers the chance to submit electronic bids on various goods within set deadlines. The Federal General Service Administration, a US procurement agency, uses it.

2.2.5. Standard Solicitation Practises

In public procurements, procedures are typically codified in standing orders that prescribe a cash threshold above which tenders must be invited, the contract types to be used, and who and under what circumstances responsible for evaluating tenders may be delegated, such as to senior officers. The distribution of tender documentation to those responding to the advertisement, which typically consists of a letter of invitation and instructions to tender, a pricing document or form of tender, specifications or schedule rates, contract conditions or conditions of purchase, any pertinent supporting invitation, and a pre-addressed tender return label. The procurement department's designated officials and representatives from an outside department, such as the treasures department, will be present on the day set for the opening of bids. Tenders will be submitted, listed, and placed on a spreadsheet or analysis sheet that includes information about the pricing, rates, transportation costs, delivery, payment terms, and other essential factors for evaluating them. The lowest or most economically advantageous bid shall be considered while evaluating bids. However, the public body is not required to accept it or any other tenders. Successful tenderers will also be informed. However, they will not necessarily get why their offer was rejected; this information should be provided upon request.

2.3 Systems and Practices for Public Procurement

These are the four primary competing methods:

Open procedure: The open procedure is a single-stage process. A contracting authority advertises the contract opportunity and then issues full tender documents, including the specification and contract, to all economic operators requesting participation. The economic operator submits selection (qualification) information and tenders simultaneously in response to the contracting authority's advertised requirement. The contracting authority may receive many tenders; It cannot control the number of tenders it receives, but not all of them will necessarily be considered. Only tenders from suitably qualified economic operators that have submitted the required documents and meet the selection criteria are considered. Tenders can be evaluated based on either the lowest price or the most economically advantageous tender. No negotiations are permitted with economic operations, although contracting authorities may clarify tender aspects with tenderers. (SIGMA Public Procurement Brief 10, 2011)

Local procurement: Restricted procurement is a two-stage process. The contracting authority advertises the contract opportunity, and economic operators submit requests to participate and then provide selection stage (pre-qualification) information, which is used by the contracting authority to establish whether the economic operators are qualified to perform the contract and to select the economic operators that are to be invited to tender. The contracting authority is permitted to limit the number of economic operators it invites to tender and draw up a shortlist of economic operators. This means that not all qualified economic operators must be invited to tender. The contracting authority issues the full invitation to tender documents, including the specification and contract, to the economic operators that have been selected or shortlisted. This means that, unlike the open procedure, the restricted procedure allows the contracting authority to limit the number of tenders it receives. Tenders can be evaluated based on either the lowest price or the most economically advantageous tender. No negotiations are permitted with economic operators, although contracting authorities may clarify tender aspects with tenderers. (SIGMA Public Procurement Brief 10, 2011)

Competitive conversation procedure: The competitive dialogue procedure is a two-stage process that begins with the contracting authority advertising the contract opportunity and ends with the economic operators submitting pre-qualification after requesting to participate and selection stage information, which is used by the contracting authority to establish whether the economic operators are qualified to perform the contract and to select the economic operators that are to be invited to tender. The contracting authority is permitted to limit the number of economic operators it invites to tender and draw up a shortlist of economic operators. The contracting authorities invite to participate only the economic operators that

are shortlisted, and it then enters into a competitive dialogue phase with those economic operators. During the competitive dialogue phase, or aspect of the project can be discussed with the economic operators, and the number of solutions can be reduced as part of the process. Once the contracting authority is satisfied that it will receive proposals meeting its requirements, it declares the competitive dialogue phase closed and invites tenders. Under this procedure, tenders can only be evaluated based on the most economically advantageous tender. (SIGMA Public Procurement Brief 10, 2011)

Negotiated procedure with prior publication of notice: The negotiated procedure with prior publication of a notice is a two-stage process. The contracting authority advertises the contract opportunities, and the economic operators first submit prequalification and selection stage information, which is used by the contracting authority to establish whether the economic operators are qualified to perform the contract and to select the economic operators to be invited to tender. The contracting authority is permitted to limit the number of economic operators it invites to tender and draw up a shortlist of economic operators. The contracting authority invites to negotiate only with the economic operators that it has shortlisted. It receives initial proposals and then enters into negotiations with the shortlisted tenders regarding those proposals. Tenders can be evaluated based on either the lowest price or the most economically advantageous tender. (SIGMA Public Procurement Brief 10, 2011)

2.4 Methods of Procurement

The procuring department is in charge of purchasing goods and services for a company, which may entail looking for items at competitive prices, handling contract negotiations or legal processes, budgeting for the items, and monitoring financial trends to ensure funds are being used wisely (Dasgupta, 1998). According to Lynch (2013), "procurement methods" are the steps a procuring body uses to get goods, services, and works. While Ghana's public procurement legislation primarily adheres to the World Bank's and UNCITRAL's model laws on procurement, which are liberal and usually open the market to both domestic and international businesses, 2010, it is essential to point out that the Public Procurement Authorities' yearly self-assessment reports (2006 and 2007) divide procurement techniques into; ICT, or international competitive bidding, NCT, or national competitive tendering.

3. National or international two-stage tendering
4. International or National Restricted Tendering
5. Direct procurement from a single source and
6. RFQs (requests for quotes).

ICT, or international competitive bidding: ICT is used as a method of procurement in the public sector when effective competition cannot be attained without including foreign firms (section 45). It is appropriate for high-value or complex procurements or where the works, by their nature or scope, are unlikely to attract adequate local competition (PPA Manual, 2007). The Act requires using ICT to procure work above the threshold stated in Schedule 3.

Restrictive Bidding: A special authorisation from the public is required for restricted bidding, which solicits bids by direct invitation to a shortlist of already registered or well-known contractors. Lynch (2013) defines restricted tendering as a procurement method that restricts the request for tenders to a selected number of suppliers, contractors, or service providers. Under this method, a minimum of three and a maximum of six Contractors are invited to tender for work contracts. The Lowest Bidder, or L1, typically wins the contract (Tendersinfo, 2012). For one of the following reasons, an open competitive tender is inappropriate: (i) the requirement is of a specialised nature or has requirements relating to public safety or security; (ii) the requirement is urgent, making an open competitive tender impractical; (iii) the number of potential contractors is constrained; or (iv) an open competitive tender has failed to result in an award of contract.

Three-Step Tendering: After reviews and consultations, new detailed specifications for the works are prepared, and a restricted tender is issued in the second stage to all participants who were not rejected in the first stage. Two-stage Tendering is a unique procurement method where a Procurement Entity invites tenderers in the initial stage to contribute to the detailed specification of the works. It is an appropriate method when it is not feasible for the Procurement Entity to fo.

Purchasing from a single source: The purchase is for urgently needed remedial works, provided that this is limited to the minimum requirement to meet the urgent need until a procurement Lynch (2013) defines the single-source procurement method as a process of acquiring goods, services, and construction works from only one source. This is procurement from a supplier/contractor without competition (direct procurement).

Request for Quotes (RFQ): It is based on comparing price quotes collected from several suppliers, often at least three, to assure competitive rates and is sometimes referred to as "shopping" (PPA Manual, 2007). An organisation will utilise an RFQ when it has already decided on a certain kind of product or service and wants to compare prices from several service providers (Tendersinfo, 2012). Requests for Quotations can be used for widely available work activities like redecorating, repairs, and minor alterations that do not need detailed specifications and can be easily estimated by a contractor from a simple site visit, and the estimated value is less than the threshold listed in Schedule 3 of the Act (PPA Manual, 2007).

National Competitive Tendering Method of Purchasing: While the term "tender" refers to a formal offer to provide services or supply goods for an agreed price, "competition" is the process where potential contractors/suppliers are invited to make a firm and unequivocal offer of the price and terms which, upon acceptance, shall be the basis of the subsequent contract. The concept behind competitive tendering is that it forces contractors and suppliers to compete, and as a result, the client and taxpayer will receive better "value for money. Competitive tendering is frequently considered to promote competition, provide transparency, and allow all contractors, suppliers, and consultants to win contracts. However, in re: The most economically advantageous tender (MEAT) or the lowest evaluated tender is typically accepted under this method, though the advertisers typically state that they are not required to accept the lowest or any tender. Prospective contractors and suppliers are invited to compete for a contract advertised in the press or online.

Walters (2007). Indeed, per section 35(1) of the Public Procurement Act, open tendering is the preferred method for Public procurement using either the National Competitive Tendering (NCT) or the International Competitive Tendering (ICT) procedures depending on the financial threshold and other factors. The use of alternative procurement methods is strictly limited to the provisions of Part IV of Act 663. Lynch (2013) argues that competitive procurement methods promote reduction, economy and efficiency and limit acts of favouritism. Demsetz (1968) also contends that introducing competition is the only way to enhance efficiency. Osei-Tutu (2013) again believes that competitive tendering is the default procurement method. Therefore, Open competition is the basis and bedrock for cost-efficient public procurement (African Development Bank, 2012a; World Bank, 2011; European Networks on Debt and Development, 2010). As such, increasing competition among contractors will ultimately lead to value for money in procuring public works, all things being equal.

National Competitive Tendering is when only domestic suppliers or contractors are invited to submit their tenders for a particular project. National Competitive Tendering is appropriate for lower-value procurements, where the works by their nature or scope are unlikely to attract foreign competition or where the project is likely to be completed quickly. However, the World Bank and African Development Bank do not place any restrictions on foreign companies that wish to compete under country NCT procedures. The Ghana Procurement System strictly reserves the procurement of works contracts by NCT for the sole prerogative and right of domestic firms in Ghana (Act 663, section 44).

2.5 Agreement

In general, contract theory studies the interaction between economic agents or institutions with their motivations that can result in the writing of a contract that creates obligations under specific circumstances, including concepts like screening, moral hazard, signalling, etc. Contract theory is also known as the theory of incentives, information, and economic institutions, the information available at different points in time and the technology of trade, which will represent the specific ways in which the agent interacts and how the contractual terms will be carried out from these two sources, will motivate the theoretical framework for the establishment of a contract. As is shown in the following sections, the sophistication of a contract (and much of the controversy behind different approaches) comes mainly from

two sources: Many of the concepts that will be discussed below, and many others in the literature, are pretty difficult to grasp even after a few reviews; therefore, my main goal is to be able to list and briefly explain the main ideas presented in the literature and the specific methods that illustrate them. I do not intend to give an in-depth explanation of every one of the ideas I have found in the literature but to provide a self-contained and straightforward explanation of those. Employer and employee, buyer and seller, management and research in an R&D model, etc., are examples of two-agent settings where the notion and instances that demonstrate these principles are often provided. Peckinpaugh, 2000

2.6 Contract Award

Government agencies are frequently required by law to solicit competitive bids as this reduces the opportunity for corrupt practices, Holt (1980), but other potentially significant evaluation factors such as technical merits, quality, experience, and other factors may also be considered. Awarding the lowest price is a standard method, also known as competitive bidding, which aims to obtain goods and services at the lowest price by stimulating competition and preventing favouritism simultaneously. Most Economically Advantageous Tender. MEAT methods fall under the multiple award criteria, known in Public Procurement as the "Most Advantageous Tender" (MEAT). It considers non-price factors together with price when evaluating proposals. All evaluating factors must be made public before each tendering process (Lorentziadis, 2010). These methods offer an alternative to competitive bidding, often offset by high maintenance, consumables, technical support and other operation costs (Pashev, 2011). Telgen and Schotanus (2010) emphasise the need for complete cost reduction and disclosure of all information regarding weights and awarding schemes since this not only results in the avoidance of subjectivity in supplier selection but also in receiving better bids (De Boer, Linthorst, Schotanus & Telgen, 2006).

2.7 Cost-savings.

According to the Cambridge Academic Content Dictionary, cost reduction is the act of lowering a company's expenditures to increase profits. Cost reductions often concentrate on creating short-term savings and entail finding and eliminating expenses that do not deliver additional value to consumers while also optimising procedures to increase efficiency. Prof. Robert Klitgaard, the "world's leading expert on corruption," echoes this importance in his belief that corruption is a calculated crime that thrives in government systems with a high degree of monopoly and discretion and little demand for accountability. To stem the rising public perception of corruption in public procurement, the cost reduction principle is solidly laid as the bedrock of Ghana's Public Procurement Act, 2003 (Act 663). Its main objective is to harmonise the public procurement process in the country to achieve cost reduction.

On the other hand, Gershon (1999) echoed the previous reviews, particularly regarding the primary objective of government procurement as achieving value for money can be achieved when cost reduction is ensured and assessed in all activities. However, It was observed that clear guidelines existed at the public policy level. In 1999, the National Audit Office sought to remedy that situation by articulating value for money principles: Having a procurement strategy, preparing early and agreeing on needs, and aggressively monitoring contracts. In addition, consider the supply chain, strive for ongoing improvement, and monitor performance.

Competition in Tendering

Malcolm (1994) asserts that because the public sector imposes obligations regarding public accountability that lead to prescribed methods of tendering and prescribed policies towards selecting suppliers, the form of ownership is frequently seen as a significant factor differentiating organisations. The Acts, therefore, prescribes several cost-saving measures to win the public's confidence in the public procurement process. In addition, he echoed that the national legal requirements and government policies regarding competitive tendering procedures supplemented by directives of the European Community and regulations arising from the General Agreement on Tariffs and Trade (GATT) are apparent means of ensuring cost reduction in public sector organisations. According to the Chartered Institute of Purchasing and Supply (CIPS. 2011), public sector businesses have enormous spending power as they work to provide a variety of social amenities like roads, schools, health care, emergency services, etc. Subject to

directives, these organisations must also use open tendering procedures, which means they must advertise the invitation to tender following established guidelines to secure maximum publicity. A clear and informative public procurement process fosters this confidence through the free and open exchange of information, enhanced knowledge, improved efficiency, and reduced potential for corruption and waste; in conclusion, it can be assumed that competitive tendering procedures are linked with cost reduction.

2.9 Difficulties in Contract Award via Competitive Tendering

Leading vendors may not submit a bid: If the leading supplier or suppliers do not tender, the purchaser can only consider bids from suppliers who do tender; if leading suppliers are not considered, the purchaser may purchase inferior goods or services. For instance, government procurement guidelines in Ghana only permit suppliers who tender to be considered for a procurement decision. An example is reported in this news link in which a key, potential supplier decided not to tender a bid because.

Obstacles to supplier-customer communication: Competitive tendering does not encourage open communication; it frequently discourages in-depth discussion. In many cases, all discussions between a bidder and the purchaser must be made available to all other bidders. Therefore, bidder A may avoid asking specific questions because the answers may aid other bidders by disclosing Bidder A's approximate costs.

The practise of cost-plus: "There is a bear-trap in the purchase of goods and services based on the price tag that people do not talk about," argues Deming (1994) in *Out of the Crisis*. In order to play the cost-plus game in business, a supplier submits a quote that is so cheap that he is nearly sure to get the contract. He understands. The client learns the importance of engineering modification. The vendor benefits since the supplier is very accommodating even if the adjustment would triple the goods' price.

Using less expensive, subpar components or labour: One way a supplier can reduce costs is by using cheaper labour and materials, but if the cheaper labour and materials are poor quality, the procurer will frequently end up with inferior, poor-quality product or service, leading to warranty and other claims - raising the price of the actual, overall cost. (Deming, 1994) A supplier forced to participate in a competitive tendering game may feel pressure to keep costs down to ensure a good profit margin.

Safety Omissions: Safety standards are another area where suppliers may be tempted to cut costs. An example of this is reported in this news link, where the union urged the buyer to implement checks and balances in the tendering process. However, such checks and balances a) miss Deming's points about the flaws in competitive tendering, b) create financial costs and time delays, and c) increase the likelihood of dissatisfaction.

Competitive bidding processes might go quite slowly: A situation that compounds the issue of lengthy time frames of competitive tendering is when a selected supplier cannot meet the requirement that he has contracted for. To the procurer's frustration, the lengthy competitive tendering process can make it challenging to find a supplier who can meet the requirement that he has contracted for.

Not enough money is left to invest in new equipment, technology, or research and development: Competitive tendering may require a supplier to accept a skinny profit margin, leaving them with little or no money to invest in R&D, new technology, and equipment. As a result, society may pay less today, but society will suffer long-term losses (Deming, 1994). When competitive tendering results are poor for the purchaser, a scapegoat is frequently identified. The "Statement of Requirements" is the document that defines the good or service that is being put up for tender. The claimant may contend that critical details were omitted or that the requirements were written in a way that was not clear or concise. Deming (1994) wrote in *The New Economics*, "Any supplier worthy of consideration possesses specialised knowledge about his products - more than the customer can hope to have, even though the customer will be the supplier's product's user." As the purchaser is the one who creates the "Statement of Requirements" (often without the input of potential suppliers), it should not be the supplier who is blamed for any problems that arise.

3.0 RESEARCH METHODOLOGY

This chapter comprises of the research design employed, the population of the study, sample and sampling techniques, sources of data collection, data collection instruments, validity and reliability as well as data analysis and presentation. The chapter also highlights on the profile of the study organization.

3.1 Research Design

A research design is a basic plan that guides the data collection analysis phase of the research project. It provides the framework that specifies the type of information to be collected, its sources and collection procedure (Kinnear & Taylor, 1996). This research is a case study type. It gives an opportunity for one aspect of a problem to be studied in depth within a limited time scale. The researcher identifies a problem with the competitive tendering process at Sekondi-Takoradi Metropolitan Assembly. Data was collected from the firm by the use of questionnaires, which is from the primary source of data. Some also was collected from secondary source of data, which include journals and organizational reports.

3.2 Population of the Study

Parahoo (2006) defines population as the total number of units from which data is collected' 'Such as individuals, artefacts, events or organizations. For the purpose of the study, the research was centered on management and staff of Sekondi-Takoradi Metropolitan Assembly. The staff strength of Sekondi-Takoradi Metropolitan Assembly is seventy-eight (78) personnel; however, the study was based on fifty (50) target population of staff, which consist of central administration, finance unit, management and procurement unit since their activities directly or indirectly have bearing on the procurement activities.

3.3 Sample Size / Sampling Techniques

3.3.1 Sample size

According to Bryman and Bell (2003) describe a sample as the segment of the population that is selected for investigation, it is a subset of the population. For convenience and easy execution of the research, a sample size of fifty (50) respondents was obtained, since it is practically impossible, time-consuming and too expensive to test every individual in the entire population when conducting a research study. The researcher purposely chose respondents who are relevant to the study such as of central administration, finance unit, disaster management and prevention and procurement unit since their activities directly or indirectly have bearing on the procurement activities.

3.3.2 Sampling techniques

Ghauri and Gronhaug (2010) defines sampling technique, is the selection of a segment of a population for an investigation that allows the researchers to make valid generalizations. Owing to the nature of the research work, the researchers made use of purposive sampling technique in obtaining information from the selected sample of the study population. Purposive sampling is where only the population that is assumed knowledgeable and has the needed characteristics are selected (Amin, 2005). The main objective for using purposive sampling is to focus on particular characteristics of the target population that were of interest to the achievement of the study objectives. Purposive sampling technique is cost saving and easy to use in the collection of data from the appropriate sample in achieving the objectives of the research.

3.4 Sources of Data Collection

Due to nature of the study, both primary and secondary data collection sources were used. According to Sevens, Wrenn and Ruddick (2006), data in general can be categorized as either primary or secondary data. This was because the study based on both first-hand information and already existing data, this implied that the researchers made use of primary and secondary data. The researchers personally, administered questionnaires to respondents within a period of two weeks and a follow up

exercise was undertaken by the researchers through visitation and frequent telephone calls to increase the response rate.

3.4.1 Primary data collection

According to Robert (2012), primary data refers to data or information that a researcher gathers, on his/her own, to answer a research problem or question. Primary data were originally collected data by the researchers for the purpose of the study to meet specific research needs. The primary data achieves the following advantages; data is often accurate, data often covers information required, data always accord with definitions, and the data is however, collected in the relevant time period. With regards to this, self-administered questionnaires and personal observation was used to gather the data for the study.

3.4.2 Secondary data collection

Secondary data analysis involves consulting sources such as trade literature and published articles to gain background information on a particular situation (Kant et al, 2003). Kent (2007) explain that the objective of secondary data analysis is to draw new insight from the existing data. The secondary sources was consulted at the length to extract required information to answer the research questions. Secondary data was collected from relevant books in the library, text books, journals, articles, magazines, presentations concerning the subject matter of the study. Secondary data ensures the following advantages; it saves time and energy, the data collected are fairly high quality etc.

3.5 Data Collection Instruments

The data research instrument used for this study was a questionnaire. Research instruments are essential tools to a research in obtaining information that are important to the research (Wilkinson & Birmingham, 2003).

3.5.1 Questionnaire

Questionnaire includes all data collection techniques in which each person is asked to respond to the same set of questions in a predetermined order (Saunders, 2009). The questionnaire was structured into two parts, with the first part consisting the demographic variables of the respondents and the second part consisting of objective related questions which seeks to obtain information precisely on the research objectives of the study. Structured questionnaire is a method of data collection using a questionnaire in which each person is asked the same set of questions in the same order by the researcher (Saunders & Lewis, 2012). Also, the first part of the questionnaire was structured in both closed-ended and a few open-ended questions which made it easier for respondents to express their opinion and wishes by way of comments. Whilst, the second part was structured in a four type Likert-scale questionnaire.

3.5.2 Observation

Observation is seen as the systematic description of events, behaviors, and artifacts in the social setting chosen for study. It enables the researcher to describe existing situations using the five senses, providing a "written photograph" of the situation under study (DeWalt & DeWalt, 2002). Observation was used in recording all activities at the organization that pertains to the research and of which seek to suit the research objectives. Employees concerning the topic were systematically observed under disguise to ensure that the observation activities were not interfered by curious individuals.

3.6 Validity and Reliability of Data

3.6.1 Validity of Data

The validity assesses the accuracy of the data collected and refers to whether the statistical instrument measures the purpose it is intended to measure (Joppe, 2000). Validity is the extent to which competitive tendering ensures cost reduction was obtained with the instrument used to ensure that a valid information was obtained. Validity testing, was undertaken by designing the questionnaire to meet the variables of the study. That is, the questionnaire results will relate to actual effectiveness of competitive tendering on cost reductions.

3.6.2 Reliability of Data

Joppe (2000) opined that if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. A reliability test was conducted by adopting observation to back the responses obtained through the administered questionnaire to determine the clarity of the items and consistency of the responses. In order to enhance the reliability of the instrument the research observed the activities of the central administration, finance unit, and procurement unit since their activities directly or indirectly have bearing on the procurement activities.

3.7. Data Analysis and Presentation

According to Emery and Couper (2003) raw data obtained from a study is useless unless it is transformed into information for the purpose of decision making. In view of this, quantitative approach was used in analyzing the data obtained from respondents. Data that was obtained from administered questionnaires was grouped and analyzed. This was based on frequencies and percentages and presented in the form of tables. Statistical Package for Social Sciences (SPSS) version 22 and Microsoft excel 2016 application software were used to illustrate and present data.

3.8 Organizational Profile

3.8.1 History of the organization

The Sekondi-Takoradi Metropolitan Assembly (STMA) as one of the local authorities in Ghana was established under L.I 1928 in 2008. There are a total of 78 Assembly members made up of 49 elected, 23 government appointees, 5 Members of Parliament as ex-officio members with the Metropolitan Chief Executive as a member. The administrative set-up comprises 16 decentralized departments out of which eleven (11) under the first schedule are in operation. The Assembly has 4 sub Metropolitan councils which are;

- Sekondi Sub Metro Council
- Takoradi Sub Metro Council
- Effia - Kwesimintsim Sub Metro Council
- Essikado - Ketan Sub Metro Council



3.8.2 Vision

Sekondi -Takoradi Metropolitan Assembly is seen to become a clean and aesthetically beautiful environment in which its citizens are civic minded, healthy, economically independent, culturally and socially progressive to enjoy the highest standard of living.

3.8.3 Mission statement

Sekondi-Takoradi Metropolitan Assembly exists to improve the living conditions in the metropolis through the provision of sustainable Socio- Economic development and Good Governance that is responsive to the needs of the people.

3.8.4 Objectives

The broad policy objectives are expected to enable the Assembly realize its mission to improve the living conditions of the people through expansion in socio-economic development and good governance practices.

3.8.5 Core business

Sekondi - Takoradi Metropolitan Assembly seeks to improve the standard of living and the quality of life with special emphasis on sanitation at district and sub-district levels following approved national policies. The objects of the Service are to: Implement approved national policies for sanitation and good drainage system in the Western Region of Ghana. Act to promote and preserve the cultural heritage within the district, and manage prudently resources available to provide good living standards for people.

4.0 DATA ANALYSIS

The purpose of the study was to assess the effectiveness of competitive tendering on cost reduction, focusing on Sekondi-Takoradi Metropolitan Assembly. The chapter presents the findings emanating from the data collected from the administered questionnaires. The discussions include the interpretation of the findings in reference to previous findings. The chapter is organized into two main parts. The first part deals with the background characteristics of the respondents while the second part is devoted to responses given by the respondents in accordance with the objectives of the study. The information was gathered from fifty (50) respondents for which fifty (50) questionnaires were sent out, answered and retrieved. The fifty (50) questionnaires retrieved represent 100% response rate and served as the basis for the analysis. Data was analyzed using descriptive statistics namely frequencies and percentages to explain the variable characteristics.

4.1 Validity Test

As shown in the previous chapter on methodology, questionnaire methods were used to obtain information about the required primary data from the case study institution. A uniform set of questionnaires were administered to all respondents to obtain the same trend of information concerning the variables of the study.

4.2 Demographic Analysis

This section presents the demographic characteristics of the respondents from whom the data were collected. It consists of the gender, age composition, working experience and academic qualification of respondents as shown in the table 4.1 below.

Table 4.1: Gender, Age, Working Experience, Department and Academic qualifications of Respondents

Gender of Respondents		Frequency	Percent%
Valid	Male	35	70.0
	Female	15	30.0
	Total	50	100.0
Age in years			
Valid	18-25	10	20.0
	26-35	25	50.0
	36-45	15	30.0
	Total	50	100.0
Working Experience			
Valid	1-5yrs	0	0
	6-10yrs	10	20.0
	11-15yrs	20	40.0
	16-20yrs	15	30.0
	21-26yrs	5	10.0
	Total	50	100.0
Department			
Valid	Central Administration	15	30.0
	Finance Unit	10	20.0
	Disaster Management and Prevention	10	20.0
	Procurement Unit	15	30.0
	Total	50	100.0
Educational Background			
Valid	SHS	5	10.0
	HND	10	20.0
	Degree	20	40.0
	Masters	15	30.0

	Total	50	100.0
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Source: Field Survey (2022)

From the Table 4.1 above, it was revealed that out of a total of 50 respondents, 70% of them were males while 30% were females. This shows that the study sampled more males as compared to females. With respect to the age of the respondents, 20% of the respondents were between the ages of 18-25 years. 50% of the respondents were between the ages of 26-35 years and finally, 30% of the respondents were between the ages of 36-45 years. This implies that respondents sampled were matured enough to provide relevant information about the organization in relation to the variables of the study. It was again revealed that, 20% of the respondents have served in the organization from 6-10years. 40% of the respondents have served in the organization from 11-15 years. 30% of the respondents have served in the organization for 16-20 years. While 10% of the respondents have served in the organization for the period of 21-26 years. This is an indication that, respondents sampled have served long enough and have enough practical understanding and knowledge to provide relevant information for the study variables.

It was established again from the analysis that 30% of the respondents were from the central administration. 20% of the respondents also serve in the finance unit. 20% of the respondents also belong to the disaster management and prevention. While 30% of the respondents also serve in the procurement unit. It was realized that the departments operate on their own and were able to provide reliable information on the study variables. It was also observed that 10% of the respondents were secondary school certificate (SHS) holders. However, 20% of the respondents were Higher National Diploma (HND) holders. Most of the respondents (40%) were bachelor Degree holders. While the remaining 30% of the respondent ratified they had attained masters level in education. This signifies that, the respondents have the required skills and knowledge to provide relevant information on the variables of the study.



4.3 Analysis of Main Data

4.3 Procurement Methods used in Awarding Contract at Sekondi-Takoradi Metropolitan Assembly.

The researchers seek to determine the procurement methods used in awarding contract at Sekondi-Takoradi Metropolitan Assembly. Questionnaires were presented to the staff of Sekondi-Takoradi Metropolitan Assembly and their responses are presented in the table 4.3 below

Table 4.3.

Statement/Item	Percent Likert Response %			
	Agree	Strongly Agree	Disagree	Strongly Disagree
International Competitive Tendering (ICT)	35.0	40.0	15.0	10.0
National Competitive Tendering (NCT)	30.0	50.0	10.0	10.0
Two-Stage Tendering	25.0	35.0	15.0	25.0
Restricted Tendering	35.0	17.0	23.0	35.0
Single Sourcing	25.0	40.0	15.0	20.0

Source: Field Survey (2022)

From Table 4.3, findings regarding the procurement methods used at STMA, revealed that, 75% of the respondents agreed that international competitive tendering is a procurement method at STMA while 35% disagreed respectively to the statement. This implies that international competitive tendering is a method used by the STMA in awarding contracts. Also 80% of the respondents agreed to the statement that National Competitive Tendering is a procurement method used for awarding contract while 20% of

the respondents disagreed to the statement. This shows that national competitive tendering is used by the STMA in awarding contracts.

Again, from the table it was revealed that 60% of the respondents agreed to the statement that Two-Stage tendering is a procurement method while 40% of the respondents disagreed to the statement. Also 52% of the respondents agree to the statement that restricted tendering at S.T.M.A while 48% of the respondents disagree to the statement. From the table above it was shown that 65% of the respondents agreed to the statement that single sourcing is a procurement method used in awarding contract while 35% of the respondents disagreed with the statement. It can be concluded that Sekondi-Takoradi Metropolitan Assembly employs all the methods of procurement in order to acquire quality products, achieve value for money, and competitive prices in the process of awarding contracts.

4.3.3 The Extent to which Competitive Tendering Impacts on Cost Reduction at Sekondi-Takoradi Metropolitan Assembly.

Statement/Item	Percent Likert Response%			
	Agree	Strongly Agree	Disagree	Strongly Disagree
Competitive tendering has helped in achieving cost reduction	36.0	34.0	13.0	17.0
Competitive tendering has helped in reducing time scale	27.0	38.0	16.0	19.0
Competitive tendering has help the organization achieve efficiency on cost reduction in productivity	25.0	60.0	10.0	5.0
Competitive tendering has achieved loyalty of staffs on cost reduction	18.0	70.0	7.0	5.0

Source: Field Survey (2022)

From Table 4.4 findings pertaining to the measures in place to ensure cost reduction revealed that, 70% of the respondents agreed to the statement that competitive tendering has helped in achieving cost reduction while 30% of the respondents disagreed to the statement. In addition, it was revealed that 65% of the respondents agreed to the statement that competitive tendering has helped in reducing time scale while 35% of the respondents disagreed to the statement. Again, 85% of the respondents agreed to the statement that competitive tendering has help the organization achieve efficiency on cost reduction in productivity while 15% of the respondents disagreed. Finally, it was shown that 88% of the respondents agree to the statement that competitive tendering has achieved loyalty of staffs on cost reduction while 12% of the respondents disagreed with this statement. From the analysis above, the researchers declares that the extent to which competitive tendering have impacted on cost reduction at Sekondi-Takoradi Metropolitan Assembly include the strategy have help reduce the time scale, the strategies have help achieve efficiency, and have help achieve loyalty of staffs on cost reduction.

4.3.4 Contract Award Challenges at Sekondi-Takoradi Metropolitan Assembly

Table 4.5

Statement/Item	Percent Likert Response %			
	Agree	Strongly Agree	Disagree	Strongly Disagree
Lengthy time frame	20.0	70.0	5.0	5.0

Compliance with the procurement act in line with competitive tendering	10.0	70.0	15.0	5.0
High cost of advertisement	25.0	40.0	20.0	15.0
Unethical behaviors of some panel	10.0	65.0	10.0	15.0

Source: Field Survey (2022)

From Table 4.5, findings pertaining to the challenges of contract award at STMA revealed that, 90% of the respondents agreed to the statement that there is lengthy time frame of contract award at STMA while 10% of the respondents disagree to the statement. This shows the time frame in awarding contract at STMA is lengthy. In addition, it is revealed that 80% of the respondents agreed to the statement that compliance with the procurement act in line with competitive tendering is a challenge of contract award at STMA while 20% of the respondents disagreed to the statement. This declares that compliance to the procurement act in line with the competitive tendering is a challenge when awarding contract.

Again, 65% of the respondents agreed to the statement that high cost of advertisements is also a challenge of contract award while 35% of the respondents disagreed to the statement. This shows that a high cost of advertisements is a challenge in contract awarding. Finally, it was again revealed that 75% of the respondents agreed to the statement that unethical behaviors of some panel is one of the challenges of contract award while the remaining 25% of the respondents disagreed to the statement. It can therefore be concluded that Sekondi-Takoradi Metropolitan Assembly, faces challenges in their process of contract award that sometimes makes it difficult to reduce cost.



5.0 CONCLUSION

This chapter presents the summary of the research work, draws meaningful conclusion and provide recommendations and suggestions upon the study's findings.

5.1 Summary of Findings

Data was analyzed based on the questionnaires answered by the respondents at Sekondi-Takoradi Metropolitan Assembly. The study assessed the effectiveness of competitive tendering on cost reduction at Sekondi-Takoradi Metropolitan Assembly. Data collected was analyzed which led to the following.

5.1.1 Demographic Data of Respondents at Sekondi-Takoradi Metropolitan Assembly

Based on data collected and analyzed; the main summary of the research is organized under the specific objectives that the study intended to achieve below: The analysis indicated that majority of the respondents selected for the study were within the age range of 26-35 years showing an active working group. In terms of experience and length of service, the analysis showed majority have worked for 11-15 years. With the academic qualification, most of the staff have their first degree.

5.1.2 The procurement methods commonly use in awarding contract at Sekondi-Takoradi Metropolitan Assembly

The study revealed that majority of employees agree to the fact that S.T.M.A uses procurement methods, these include International Competitive Tendering (ICT), National Competitive Tendering (NCT), Two-Stage Tendering, Restricted Tendering and Single Sourcing which at the long run ensures transparency leading to the acquisition of quality products, achieving value for money and competitive prices in the process of awarding contracts.

5.1.3 The extent to which competitive tendering impact on cost reduction at Sekondi-Takoradi Metropolitan Assembly

The study revealed that majority of the respondents were affirmative to the measures put in place to ensure cost reduction and these includes; reducing time scale, achieve efficiency on cost reduction in productivity and loyalty on staffs on cost reduction. This means that, majority of the respondents agreed that these measures are put in place to ensure cost reduction in all contracts.

5.1.4 Challenges associated in contract award at Sekondi-Takoradi Metropolitan Assembly

The study revealed that the challenges faced by Sekondi-Takoradi Metropolitan Assembly in contract award includes; lengthy time frame, compliance with the procurement act in line with competitive tendering, high cost of advertisement, unethical behaviors of some panel.

5.2 Conclusion

To conclude, this study was undertaken to evaluate the effect of competitive tendering on cost reduction at Sekondi-Takoradi Metropolitan Assembly. According to the findings, researchers can conclude that effective competitive tendering has a big impact on cost reduction in the entity. Moreover, the study ascertained that the entity is faced with quite a number of challenges and competent measures need to be acquired to take the edge off the challenges in awarding contract.

5.3 Recommendation

From the findings indicated from the study, it is appropriate to recommend the following to Sekondi-Takoradi Metropolitan Assembly. Firstly, all bid information should be adequately communicated to the general public since public funds are used in their procurements to ensure probity, accountability and due diligence in all procurement activities. Secondly, the use of complex and bureaucratic procedures during the bidding process should be avoided but rather should be made fair and flexible to attract best suppliers to tender. The Public Procurement Authority (PPA) should institute measures to monitor the adherence to the public procurement Act 663 which was enacted in 2003 in public institutions. Thirdly, the study recommends that the Assembly should get computers especially for the procurement units so

that tender documents can be prepared or processed electronically to reduce the tendencies of committing human errors, work faster to enhance progress in competitive tendering and to become technologically inclined.

Moreover, it is recommended that series of workshops and seminars should be organized for both procurement officers especially new ones who have little knowledge in practical procurement and potential contractors so that they will have more insight into what goes into the preparations or processing of tender documents. Finally, it is also recommended that the management of Sekondi-Takoradi Metropolitan Assembly should continue using the correct methods in awarding contracts in spite of the challenges they face.

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