

# Enhancing Competitive Edge through Strategic Procurement: Exploring the Influence of Corporate Governance

**Erasmus Nii Amoo Akushie<sup>1</sup> | Agyeman Ofori<sup>2</sup>**

<sup>1</sup>School of Business & Management | Universidad Central De Nicaragua-UCN

<sup>2</sup>Procurement Directorate | Takoradi Technical University (TTU), Takoradi-Ghana

## Abstract

Strategic procurement, a vital component for organizational competitiveness, has been a subject of continuous exploration, yet it presents mixed findings in research literature. The ambiguity mainly revolves around the moderating role of corporate governance in the relationship between strategic procurement and competitive advantage. This study is dedicated to unraveling this relationship, applying the resource-based view as its theoretical underpinning. Utilizing a quantitative approach and conducting a survey on a sample of 136 employees from manufacturing firms in Ghana, the research offers substantial insights. The findings reveal that strategic procurement has a definite positive impact on competitive advantage, reinforcing the importance of deliberate procurement strategies in business performance. Furthermore, corporate governance, a vital aspect of organizational structure, not only enhances competitive advantage directly but also acts as a strengthening force on the effect of strategic procurement on competitive advantage. It highlights the synergistic relationship between governance practices and procurement strategies. These results emphasize the recommendation for organizations to embrace and implement strategic procurement practices aligned with strong and transparent governance policies. The intertwining of these two aspects may foster organizational success and sustainability. The importance of this study is accentuated by its contribution to filling existing gaps in the procurement literature, particularly regarding the moderating role of governance. By addressing this significant aspect, the research adds valuable insights that may guide both academic discourse and practical applications in the industrial sector, enhancing the understanding of strategic procurement in modern organizational dynamics.

**Keywords:** Green Procurement, Procurement System, Competitive Advantage and Company Performance, Technological Innovation

## 1.0 INTRODUCTION

Strategic procurement is big business. A company's purchases of goods and services can account for 50-70% of total costs and form 70-80% of the cost of new products in some industries (Chenini *et al.*, 2021). Coupling the scale of procurement costs with a recent increasing trend for entire outsourcing processes, it is hardly surprising that the procurement profession is becoming more strategic. In many companies, procurement is now seen as key to competitiveness, and Awuah *et al.* (2022) find that it positively affects the firm's financial performance. Traditional procurement is driven by the desire to cut purchase costs and short-term profit improvement, often resulting in supplier proliferation, transactional rather than relationship behaviour, and emphasis on price reduction (Evansbiraori and Embeli, 2022). Strategic procurement, by contrast, looks at how purchasing goods and services, including entire outsourcing processes, can deliver better long-term shareholder value (Wanjiru *et al.*, 2018). Strategic procurement is a very different approach which involves reducing the supplier base, cooperative negotiation with suppliers, quality interaction with suppliers, and developing long-term relationships with the best suppliers (Tarus and Ndeto, 2021).

Effective strategic procurement has become a critical function in the delivery of competitive advantage, both as a value lever for profitable growth also a risk management function, where supply chains and supply networks are vulnerable to natural disasters or as a consequence of the economic volatility of many sectors and industries (Adebayo, 2015). The effective application of strategic procurement techniques can deliver significant added value to an organisation, enhancing the firm's competitiveness (Anane *et al.*, 2019). Competitive advantage, which refers to an organisation's advantage over its competitors, can be achieved

through supply chain management by making choices between different performance objectives, such as dependability, cost, quality, speed and flexibility (Kim *et al.*, 2015). However, the extent to which strategic procurement effectively and efficiently drives competitiveness heavily depends on the robustness of corporate governance. Corporate governance is a key element within procurement (Manurung *et al.*, 2017). Corporate governance helps supply chain professionals to perform effectively and achieve their objectives (Otieno *et al.*, 2015). A good corporate governance structure will also provide accountability to the shareholders of an organisation (Kılıç and Kuzey, 2019). Corporate governance is an organisation's system of standards, procedures and policies. It is a framework that is created around the organisation's values and objectives (Jantadej and Wattanatorn, 2020).

Against this backdrop, this study using the Resource-based view theory as a theoretical lens, examines the moderating role of corporate governance on the relationship between strategic procurement and competitive advantage. This study considers strategic procurement and corporate governance as unique internal capabilities when effectively harnessed, drive competitiveness.

## 1.2 Problem Statement

It is impossible to exaggerate the significance of strategic procurement in any organisation. Procurement is a strategic activity designed to improve an organisation's profitability. Operations may be streamlined, and strategic procurement can reduce raw material costs and expenditures by procuring goods and services (Adamu *et al.*, 2021). Effective strategic procurement may be required when negotiating lucrative manufacturing and supplier contracts, developing innovative new practices, and helping a local company grow its worldwide operations (Kenyatta, 2022). Strategic Procurement may also play an important role in promoting corporate social responsibility in diversity and inclusion by actively recruiting diverse suppliers (Wanjiku, 2019).

Research on strategic procurement and its relationship to organisational success have yielded divergent results. For example, Sawyer (2021) discovered that strategic procurement directly impacts the firm's corporate strategic planning process, particularly in terms of matching the strategic goals of procurement management with the firm's strategy. Kariuki and Ndeto (2021) also discovered that fraudulent procurement methods have a statistically unfavourable impact on the performance of public procurement. Kim *et al.* (2015) found that using E-procurement technology influences managers' perceptions of both Procurement Practices and procurement performance. Whiles some studies have reported the positive direct effect of strategic procurement on various performance outcomes (Chenini *et al.*, 2021; Evansbiraori and Embeli, 2022; Gabriel Awuah *et al.*, 2022), others have reported negative effects (Isabel Calado da Silva Pinto *et al.*, 2015; Tarus and Ndeto, 2021). Yet still, others have reported indirect effects (Adebayo, 2015; Anane *et al.*, 2019).

Despite the plethora of studies on strategic Procurement, procurement literature remains a major gap. Previous studies have failed to examine the moderating role of corporate governance in the relationship between strategic Procurement and competitive advantage. Therefore, this study seeks to address the gaps in the literature by developing a research model that examines the moderating role of corporate governance in the relationship between strategic procurement and competitive advantage, using the Resource-based view theory as the theoretical lens.

## 1.3 Significance of the Study

This study is relevant for academia and business managers. This study contributes to the existing literature on strategic procurement by examining the moderating role of corporate governance on the relationship between strategic procurement and competitive advantage. This study's model, therefore, addresses gaps in the literature. Secondly, the study would help deepen top management's understanding of the need for a systematic and structured approach to procurement. Developing procurement rules, procedures, and structures would aid in fostering a culture of integrity inside an organisation, resulting in improved performance and a sustainable business overall. The study would also help organisations in the manufacturing sector maintain consistency in processes and outcomes, as opposed to uncertainties, thereby minimising

disputes and suboptimal behaviour in which members follow their interests and aims. The research would also assist manufacturing companies in recognising the need to establish rules, policies, processes, and structures by which suppliers are controlled or regulated to ensure that they adhere to accepted ethical standards, good practices, laws, and regulations, thereby enabling them to monitor and manage supplier activities to prevent infringements. This would go a long way toward protecting the reputation these companies have worked so hard to establish.

#### 1.4 Overview of Methodology

The research design for this study is the explanatory design, focusing on examining the relationship between strategic procurement, corporate governance and competitive advantage. The research approach adopted by this study is quantitative, focusing on developing and testing hypotheses. A survey is the research strategy for this study, targeting manufacturing firms' operating within the Regional Capital. The sample size for this study is one hundred and fifty (150), drawn from the target population using purposive sampling, a non-probability sampling. To test the model for this study, the researcher performs structural equation model using SmartPLS software (version 4)

#### 1.5 Scope of the Study

The geographical area selected for the study is the Greater Accra region of Ghana. To enable the researcher to test the proposed theoretical framework empirically, data is obtained from manufacturing firms operating within the Greater Accra region of Ghana. Conceptually, the study adopts fourteen (14) items from Adamu et al. (2021) to operationalise strategic procurement, the predictor variable. Seven items adopted from Mishra and Mohanty (2014) were used to operationalise corporate governance, the moderating variable. Lastly, ten (10) items were adopted from Pradabwong et al. (2017) to operationalise competitive advantage, the outcome variable.

#### 1.6 Organization of the Study

This study is organised into five major chapters. The background of the study, statement of the problem, objectives, research questions, significance of the study, research methodology, the study's scope, limitations, and organisation of the thesis are all presented in Chapter One, Introduction. The second chapter is a literature review and includes a conceptual review, theoretical framework, empirical review, conceptual framework and hypotheses. The third chapter discusses the study methodology, including the research design, population, sampling strategy, data collecting method, data analysis, reliability and validity analyses, and ethical issues. The fourth chapter is on data analysis, including descriptive and inferential analyses and a discussion of the findings. The last chapter summarises the results, conclusions, recommendations, and future research directions.

### 2.0 LITERATURE REVIEW

This reviews pertinent literature on strategic procurement, corporate governance, and competitive advantage. The chapter contains the conceptual review, theoretical review, empirical review, and conceptual framework.

#### 2.2 Conceptual Review

This section reviews the concept of strategic procurement, corporate governance and competitive advantage.

##### 2.2.1 Strategic Procurement

Procurement involves buying goods and services that enable an organisation to operate its supply chains profitably (Chenini *et al.*, 2021). Strategic procurement creates alignment and consistency of action that establishes the long-range objectives and overall strategy or course of action by which the procurement function fulfils its mission (Kenyatta, 2022). It, therefore, entails the transformation of an organisation's mission, goals, and objectives into measurable

activities to be used to plan the budget and manage the procurement function (Wanjiku, 2019). According to Cenamor (2021), strategic procurement aligns with an enterprise's business goals to ensure an on-time supply of goods and services. Strategic procurement is a data-driven, enterprise-wide process that minimises supply risk and emphasises an enterprise's long-term development. It uses a combination of techniques and tools that go far beyond unit price reduction (Tarus and Ndeto, 2021).

Strategic procurement is an enterprise-wide process. This long-term plan starts with taking inputs from every functional area and department of an organisation (Muiruri et al., 2015). Strategic procurement harnesses the power of this data about suppliers, the market, pricing, transactions, and other key facets to determine: (1) what goods or services are best to meet the organisational needs; (2) which are the right suppliers; (3) and what is the right price to pay. Strategic procurement, also known as strategic sourcing, is the planning process to ensure that the goods and services needed to do business successfully are obtained on time and on budget (Adebayo, 2015). Strategic procurement involves carefully optimising everything from vendor selection, payment terms, vetting, contract negotiation, and purchasing goods and services (Anane *et al.*, 2019). Strategic procurement involves identifying key areas of spend within the business and identifying ways of adding value through procurement processes (Kariuki and Ndeto, 2021).

Strategic procurement offers numerous advantages to a company and the strategic organisational position, helping to coordinate purchasing processes that lead to more considerable savings and improved service from vendors, accelerating the exchange of relevant information between customers and suppliers, minimising staff time, freeing them from other tasks and also assisting the supplier (Sawer, 2021). The operational advantages of the company's strategy include improving financial control through easier order compliance, improving audit and improving security by allowing employees and auditors to monitor and verify order movements through the system, as well as removing time-area barriers, as e-procurement could be used at any point of the day (Kenyatta, 2022).

### 2.2.2 Corporate Governance

Corporate governance is the system of standards, procedures and policies controlled by an organisation. It is a framework created around the organisation's values and objectives (Kenyatta, 2022). Um and Kim (2019) define corporate governance as the mechanism or the system by which businesses and organisations are directed and controlled. Corporate governance is a set of mechanisms that aims to direct managerial decisions and helps improve the firms' performance (Majeed *et al.*, 2015), while Yanto (2018) emphasised the fact that corporate governance mechanisms have the ability to mitigate the agency problem by aligning the interests of managers and directors with those of the shareholders. Badriyah et al. (2015) indicate that the adoption of good corporate practices can increase and restore shareholder confidence as well as economic efficiency and growth.

Corporate governance is about making organisations effective, efficient and successful and ethical procedures and policies. Corporate governance aims to direct and control the actions of stakeholders (Ararat and Yurtoglu, 2016). The policies contain the roles and expectations of people within the organisation. They ensure that individuals do not take advantage of the organisation in any unfair way, which could result in a personal or professional gain. Although the content of the related policies is different in every organisation, corporate governance is always made up of the same elements (Karaman *et al.*, 2020).

In procurement, governance refers to the overall procedural arrangements and systems established to ensure that the adopted procurement processes allow appropriate levels of control and probity (Herdjiono and Sari, 2017). Governance regimes include procurement policies, process management procedures, resource allocations, as well as controls and review processes to gauge the effectiveness of the procurement process (Herdjiono and Sari, 2017).

### 2.2.3 Competitive Advantage

A firm's competitive capabilities may be characterised as its strengths in meeting consumer expectations compared to its competitor's capacity to do the same (Stohm & Berglund, 2015). Arachchige, Singh and Weerasooriya (2021) assert that competitive capabilities are the



manufacturer's capacity to compete on the several competitive priority dimensions within a specific industry. Decisions made in the manufacturing strategy shape these capabilities. According to Frohlich and Dixon (2001), eleven (11) distinct skills include Low pricing, design flexibility, volume flexibility, broad product range, conformity, performance, delivery speed, reliability, after-sales support, extensive distribution, and promotion. Managers must understand the capabilities required to support their business and manufacturing objectives and then define the means to establish and enhance these skills (Szász & Demeter, 2014). Studies have demonstrated that consistently growing and preserving a company's competitive capacities contributes to business success and a greater economic outcome (Arachchige et al., 2021).

Competitiveness refers to identifying, analysing, and responding to client needs and the desire to do so (Hermundsdottir and Aspelund, 2021). According to Falciola et al. (2020), competitive firms can understand and respond to their competitors' strengths and weaknesses. Bloodgood (2019) argued that a firm's success is determined not just by its ability to identify customers' requirements but also by ensuring that those customers' perceptions of the company's responses to their needs are greater than those of competitors. Any company, whether market-oriented, competitive, or focused, should pursue a competitive marketing strategy to improve its competitive position. This study evaluates a firm's competitiveness through these five areas: market shares, delivery performance, quality performance, cost performance and flexibility performance.

### 2.3 Theoretical Review

The resource-based view (RBV) theory relates a firm's value creation process to a manager's abilities and talents in discovering and developing resources (Almada and Borges, 2018). The resource-based perspective holds that resources and organisational capabilities influence an organisation's strategic business performance (Collins, 2021). Furthermore, this idea encourages businesses to focus on obtaining resources to carry out their business objectives and to use their particular capabilities and resources to enhance their performance (Barney and Mackey, 2016). According to RBV proponents, it is much more practical to capitalise on external chances by repurposing existing resources than attempting to learn new skills for each opportunity. The RBV model prioritises resources in assisting businesses to achieve improved organisational performance (Barney and Mackey, 2016). There are two kinds of resources: tangible resources and intangible resources.

Physical items are considered tangible assets. Land, buildings, machinery, equipment, and capital are all physical assets. Physical resources are readily obtained on the market; hence they provide minimal benefit to corporations in the long term since competitors may quickly acquire the same assets (Barney and Mackey, 2016). Intangible assets are any assets that do not have a physical existence but might still be held by the firm. Intangible assets include brand reputation, trademarks, and intellectual property. Brand reputation, unlike tangible resources, is established through time and is something that other firms cannot purchase in the market. Intangible resources are often retained inside a corporation and are the primary source of long-term competitive advantage (Barney and Mackey, 2016).

According to Barney (2020), RBV has two important assumptions: resources must be diverse and immobile. The first premise is that companies' talents, capacities, and resources vary. If businesses had the same quantity and mix of resources, they couldn't use diverse methods to compete with one another. The other may copy what one firm does, and no competitive advantage can be gained. As a result, RBV implies that enterprises gain a competitive edge by using their various resource bundles. The second RBV assumption is that resources are not movable and do not shift from business to firm, at least not in the near term. Companies cannot duplicate competitors' resources and apply the same strategy because of this immobility. Intangible resources, including brand equity, procedures, information, and intellectual property, are often static.

Although possessing varied and immobile resources is necessary to create a competitive advantage, it is not sufficient to maintain. Barney (2020) established the VRIN framework, which assesses whether resources are valuable, scarce, expensive to mimic, and non-substitutable. The resources and competencies that respond yes to all of the questions provide long-term

competitive advantages. The RBV theory is used in this study to explain how key dimensions of strategic procurement, such as procurement planning, sourcing, and contract Management as key internal capabilities and resources, when effectively and efficiently harnessed, could drive a firm's competitiveness such as price, quality, time to market, innovation and reduced risks and vulnerabilities. Furthermore, the study believes that corporate governance is also considered an important requirement for driving a firm's competitiveness.

## 2.4 Empirical Review

Awuah (2019), in a study, determined the effect of strategic procurement practices (procurement policy, procurement planning and sustainable procurement) on service delivery. The study employed a quantitative research approach and explanatory design. The target population for the study was the staff and management of the Volta River Authority. The study found that 73.6% of variations in service delivery were explained by Procurement Policy, Procurement Planning and Sustainable Procurement. The study found that Procurement policies are significant determinants of service delivery; thus, a unit change in procurement policy will result in a 62.3% change in service delivery. Procurement Planning is a significant determinant of service delivery; thus, a unit change in procurement planning will result in a 2.7% change in service delivery. Sustainable Procurement is a significant determinant of service delivery.

Surajit Bag (2012) aimed to evaluate and describe world-class strategic procurement practices and their impact on firm performance among various Indian manufacturing organisations. The study used a longitudinal case study methodology, which gives a possibility to be close to data, enabling in-depth insight into procurement practices. The study was conducted at a mining and bulk material handling equipment manufacturing company in India with multi-location plants across the globe. The study found that Procurement directly impacts the corporate strategic planning process of the firm, mainly with regard to aligning the strategic goals of procurement management with the firm strategy.

Filho et al. (2019) aimed to contribute to an emerging stream of research on higher education institutions' drivers and challenges and the extent to which they are endorsing sustainable procurement practices. The study is based on a survey of Higher Education Institutions (HEIs) worldwide, drawn from a network of sustainability practitioners and researchers at these institutions. The design of the survey drew on existing studies of barriers and enablers, the use of vignettes to provoke ideas among the research team, and a pilot study. Crucially, the study seeks to shed light on drivers and critical barriers affecting the implementation of sustainable procurement at universities. The results and discussion identify previously unidentified barriers and enablers and further suggest that smaller HEI have some catching up. Policy recommendations are presented, and approaches to overcoming barriers to sustainable procurement are set forth. These centre on the proposal that HEIs should consider developing a reflexive strategy to procurement purchasing policy and ensure there are suitable means for its implementation.

Matunga et al. (2013) examined the effect of E-Procurement Practices on effective procurement in public hospitals. This research aimed to assess the effect of e-procurement on efficient procurement in public hospitals. The study established that Kisii Level 5 hospital uses e-tendering, e-quotations and e-sourcing as the main e-procurement applications and that the greatest challenges faced when using e-market provider was inadequate funding, the organisation's inability to handle change management and lack of training of employees on how to use the system. The study concluded that public hospitals had adopted some e-procurement applications regardless of the adoption's challenges.

Makabira and Waiganjo (2014) sought to establish the role of procurement practices on the performance of the Kenya National Police Service in Makueni County. The study adopted a Descriptive Research Design. The target population was the 120 procurement personnel in Kenya National Police Service in Makueni County. Stratified sampling and simple random sampling techniques were employed in selecting 48 respondents. The study revealed that procurement planning, controls, monitoring and staff training in procurement practices have a great role in the performance of the Kenya National Police Service.

Mofokeng and Luke (2014) identified the leading procurement practices as procurement strategy and leadership, the procurement process, human resource management, procurement information systems, supplier management and procurement performance management. These practices were then tested in public entities, mainly in Gauteng Province, South Africa, to determine their application. The study found a major divide between the perception of the level of application of the leading practices and actual implementation. Processes, skills, performance management, information technology (IT) systems and supplier management are applied inadequately or inappropriately. Most entities thus show a poor understanding of customer needs, and there seems to be a general lack of customer focus. The study highlighted the best practice areas in which public entities can focus their efforts to achieve excellent customer service better and, thus, service delivery.

Quesada et al. (2015) assessed technologies in procurement practices (PPR) and procurement performance (PP). The paper posits a model of the relationships between e-procurement technology (EPT) usage, PPR, and PP. This model was tested and validated using a sample of 368 procurement specialists in the USA. The findings suggested that Eprocurement Technology usage positively affects managers' perceptions of procurement practices and performance. In a study, Marques and Pinto (2018) performed a comprehensive analysis of municipal auditing, exploring its several steps: procurement, the decision on selection criteria, selection, rendering and payment of services, and opinion provided. The setting was Portugal, where external auditing of municipalities' accounts had recently been introduced. Their dataset was unique, merging new survey data with data that were not publicly available. They found that most municipalities acquire auditing services through direct selection and choose their auditors based on the lowest price selection criterion.

However, municipalities that employ a more sophisticated procurement process, where political competition is lower, and citizens' interest is higher, employ the lowest price selection criterion less frequently. The auditor selected is usually a firm (instead of an individual Certified Public Accounting (CPA) but never one of the Big 4 companies. The audit fee paid for the auditing services is higher when the level of citizens' interest increases and lower when the municipality has an internal auditing office. Finally, the auditor fee is also higher when the auditor issues a qualified opinion.

Liigg (2016) examined the effect of procurement practices on the quality of medical devices or services received. They based their qualitative study on 59 in-depth interviews with stakeholders from Mexico, Switzerland, Germany, and the UK: orthopaedic specialists, government officials, other experts, and social security system managers or administrators. They took a healthcare delivery approach to capture and compare factors that affected the regulations of HRMDs and procurement processes and understand connections between procurement and clinical practice. Findings showed that the procurement processes of three European countries compared to Mexico didn't have similar concerns. Deficiencies of procurement regulations and practices identified by representatives in Mexico were almost absent in European countries.

Malik et al. (2013) investigated the role of strategic procurement practices in effectively implementing infrastructure projects in a developing country, i.e. Pakistan. The research investigated and explored the issues and barriers to the effective implementation of different procurement methods, the environment and its suitability for implementing different forms of procurement in the context of the public sector in Pakistan. The research was carried out in two stages. In the first stage, archival analysis was conducted of government documents, reports including reports by international organisations, policy documents and literature. During the second stage, case studies were selected based on archival analysis. The unit of analysis is the basis for the case, and for this study, it was the procurement of infrastructure projects in the public sector in Pakistan, which was the research's boundary.

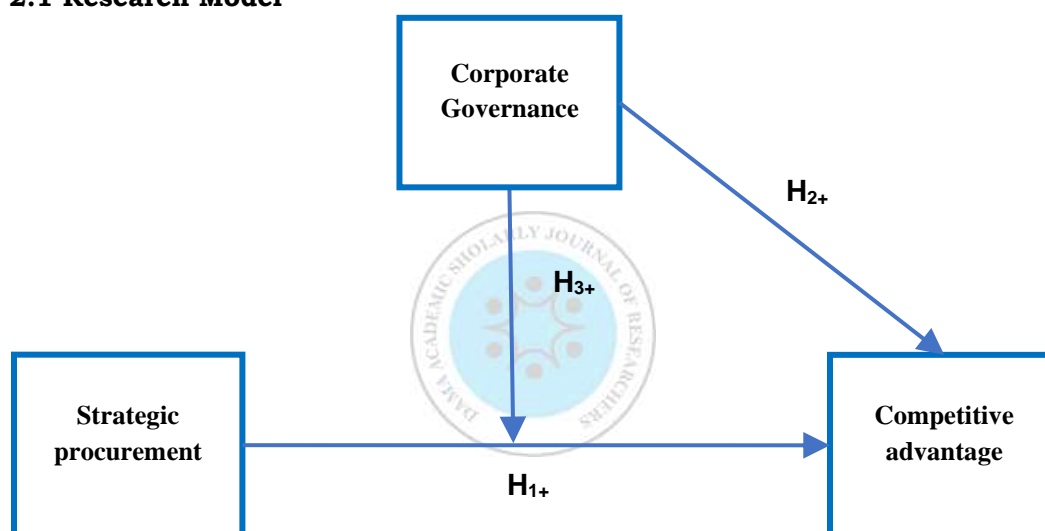
Eight project case studies were selected from six public sector organisations (organisational case studies). A total of 24 respondents participated from these six organisations. The research identified the different procurement choices and reasons for a particular choice, the issues in procurement choice and the issues in procurement implementation in the public sector organisations in Pakistan. It also described the impact of procurement practice on successful project outcomes. As a result, multiple issues have been identified which affect the

choice of procurement, such as the need for efficiency and finances, client objectives, timely policy decisions, clarity of clients' needs, delays in bidding and response, delays in approvals, proposal and bid evaluation procedures, need for relaxation of rules and project characteristics. Procurement had a direct impact on the project's successful outcomes; the procurement systems in these organisations had a direct relationship and impact on the performance and success of the project.

## 2.5 Conceptual Framework

The model for the study is depicted in Figure 2.1. According to the model, strategic procurement, the predictor variable, has a direct, positive and significant effect on competitive advantage, the outcome variable. The model further posits corporate governance's positive and significant effect on competitive advantage. Finally, the study contends a positive moderation effect of corporate governance on the relationship between strategic procurement and competitive advantage.

**Figure 2.1 Research Model**



Source: Researcher's construct (2022)

### 2.5.1 Strategic procurement as a determinant of competitive advantage

The RBV theory asserts that a firm creates an advantage by mobilising internal resources and capabilities, which are unique, immobile and scarce. In this study, the RBV is adopted to propose the effective and efficient management of an organisation's strategic procurement practices, which is considered a major resource to drive operational efficiencies. This study contends that strategic procurement positively drives the competitiveness of firms. The rationale is that strategic procurement through sourcing could reduce the suppliers and total lead time. Strategic procurement also reduces the transactional cost for firms, thereby reducing operational costs. Strategic procurement also, through effective sourcing, reduces risks such as supplier failure. Strategic procurement also drives quality through strategies such as value engineering and early supplier involvement. In literature, while some studies have reported the positive direct effect of strategic procurement on various performance outcomes (Chenini *et al.*, 2021; Evansbiraori and Embeli, 2022; Gabriel Awuah *et al.*, 2022), others have reported negative effects (Isabel Calado da Silva Pinto *et al.*, 2015; Tarus and Ndeti, 2021). Yet still, others have reported indirect effects (Adebayo, 2015; Anane *et al.*, 2019). Based on the above, this study states the following:

*H<sub>1</sub>: Strategic procurement has a positive and significant effect on competitive advantage*



### 2.5.2 Corporate governance as a determinant of competitive advantage

Furthermore, the RBV theory posits that some firm resources may be tangible and others intangible such as capabilities and competencies. Such capabilities and competencies should be core and differentiated to enable a firm to enhance its competitiveness. Accordingly, this study draws on the RBV theory to explain how corporate governance enhances a firm's competitiveness. The rationale for this study asserting that corporate governance drives competitiveness is that in procurement, governance determines the policies, manuals, processes and systems that should be followed during procurement to achieve value for money.

Well-managed corporate governance mechanisms play an important role in improving corporate performance. Good corporate governance is fundamental for a firm in different ways; it improves company image, increases shareholders' confidence, and reduces the risk of fraudulent activities. In literature, however, studies on corporate governance have produced conflicting results: while some studies (Manurung et al., 2017; Junaidi, 2022; Wanjiru et al., 2018) have documented the positive effect of corporate governance on different performance outcomes, others (Burak et al., 2016; Kılıç and Kuzey, 2019) have reported negative effects, while others (Gohar and Batool, 2015; Muhammad and Rehman, 2016) have also reported indirect effects. Based on the above argument, this study states the following:

*H<sub>2</sub>: Corporate governance has a positive and significant effect on competitive advantage*

### 2.5.3 Corporate governance as an enabler

This study further argues that the effect of strategic procurement on competitive advantage is highly reliant on varying levels of corporate governance. Although researchers while some studies have reported the positive direct effect of strategic procurement on various performance outcomes (Chenini et al., 2021; Evansbiraori and Embeli, 2022; Gabriel Awuah et al., 2022), have reported a positive relationship between strategic procurement and performance outcomes, others have instead emphasised the influence of variables in a such relationship (Adebayo, 2015; Anane et al., 2019).

Therefore, drawing on the RBV theory, this study asserts that the extent to which strategic procurement impacts competitive advantage is highly reliant on different levels of corporate governance. The rationale is that when corporate governance is high, adequate policies and structures are erected, ensuring supply chain professionals operate by the rule books. This could reduce costs and any exposure to risks. Conversely, under low governance conditions, supply chain professionals are likely to follow their processes and interest, which could increase transactional costs and exposure to different supply chain risks. Based on the above, this study states the following:

*H<sub>3</sub>: The effect of strategic procurement on competitive advantage is positively moderated by corporate governance*

## 3.0 METHODOLOGY

This provides the methodology undertaken to achieve the objectives of the study. Research Design, Population of the study, Sample and sampling Technique, Data collection method, Data analysis, Test of Validity and Reliability and Ethical considerations are the elements of this chapter.

### 3.2 Research Design

A study design establishes a framework for data gathering and analysis. A research design choice reflects considerations regarding the importance of various aspects of the research process. The study might be exploratory, explanatory, or descriptive. The researcher adopts an explanatory approach to examine the relationship between the study's variables. Explanatory research is a research method that explores why something occurs when limited information is available. It can help researchers increase their understanding of a given topic, ascertain how or why a particular phenomenon is occurring, and predict future occurrences (Farghaly, 2018)

A strategy is a plan of action to attain a goal. As a result, a research strategy is a blueprint for how a researcher will answer their research topic. It is the methodological connection between

your philosophy and the following data collection and analysis processes (Barnham, 2015). Research methodologies include experimentation, surveys, archival and documentary research, case studies, ethnography, action research, grounded theory, and narrative inquiry (Almalki, 2016). For this investigation, the survey method was employed: a survey of manufacturing firms operating within the Greater Accra region.

Research approaches are research strategies and processes that range from general assumptions to precise techniques of data gathering, analysis, and interpretation (Zyphur and Pierides, 2017). The three primary categories of research methodologies are quantitative, qualitative, and mixed. Quantitative research places a premium on breadth, statistical detail, and generalizability. Quantitative research methodologies focus on obtaining objectivity, control, and accurate measurement. These techniques use deductive designs to disprove or develop evidence supporting certain ideas and hypotheses (Zyphur and Pierides, 2017).

Qualitative research methods respect the depth of meaning and people's subjective experiences and meaning-making processes. These methodologies enable us to thoroughly grasp a subject by deconstructing the meanings that individuals assign to their lives—to activities, events, circumstances, people, and things. Inductive designs are used in these techniques to build meaning and yield rich, descriptive data (Zyphur and Pierides, 2017). Mixed approach is gathering and combining quantitative and qualitative data in the same study, which may yield a more thorough knowledge of the subject under examination. This is a problem-centred research strategy in which methodologies and theories are employed as tools depending on their relevance to the current topic. The mixed methods approach to research appreciates quantitative and qualitative techniques (Zyphur and Pierides, 2017). This study adopted the quantitative approach, allowing for developing and testing hypotheses.

### 3.3 Population of the Study

According to (Almalki, 2016), a population is "the whole collection of people, things, or numerical values that an investigator wants to investigate." The research population targets employees and management of manufacturing firms operating within the Greater Accra Region.

### 3.4 Sample and Sampling Technique

Sampling is the process of picking a random sample of individuals from a statistical population to estimate the population's characteristics (Barnham, 2015). Barnham (2015) separate sampling methods into probability sampling techniques and non-probability sampling approaches. Probability sampling methods are used when the likelihood (probability) of each instance taken from a population is known and is typically equal in all situations. Simple random sampling (SRS), systematic, stratified, and cluster sampling are examples of probability sampling. In contrast, non-probability sampling strategies have an uncertain chance of selecting each instance from the whole population. Convenience sampling, voluntary response sampling, purposive sampling, snowball sampling, and quota sampling are all examples of non-probability sampling. This study adopted purposive sampling in drawing the sample from the target population. Purposive sampling refers to a group of non-probability sampling techniques in which units are selected because they have characteristics that you need in your sample. Purposive sampling enables researchers to squeeze a lot of information out of the data that they have collected. This allows researchers to describe the major impact their findings have on the population. The sample size for the study was one hundred and fifty (150) employees and management of the manufacturing firms operating within the Greater Accra Region. The researcher chose one hundred and fifty (150) because it balances cost, time and sampling adequacy.

### 3.5 Data Collection Methods

Data collection is collecting, measuring and analysing accurate insights for research using standard validated techniques.

#### 3.5.1 Sources of data

The study makes use of only primary data source. A primary data source is an original source; the data is collected directly by the researcher to conduct research or finish a project (Cohen, 2020). An online questionnaire is the primary data collecting instrument.

### 3.5.2 Data Collection Instrument

The researcher used a primary data source to achieve the study objective: a structured/self-completion questionnaire. The survey instrument included four significant parts representing the study's constructs: section A gives the profile of respondents, and section B, the predictor variable, is strategic procurement. Section C contains the moderating variable, corporate governance, and in section D, the outcome variable is competitive advantage. Table 3.1 summarises the data collection instrument for the study.

**Table 3.1 Summary of Measurement Items**

CONSTRUCTS	NO. OF ITEMS	SOURCES
<b>STRATEGIC PROCUREMENT</b>		
• <b>Procurement Planning</b>	5	Adamu et al. (2021)
• <b>Sourcing</b>	5	
• <b>Contract Management</b>	4	
<b>CORPORATE GOVERNANCE</b>	7	Mishra and Mohanty (2014)
<b>COMPETITIVE ADVANTAGE</b>		
• <b>Price</b>	2	Pradabwong et al. (2017)
• <b>Quality</b>	2	
• <b>Time to market</b>	2	
• <b>Innovation</b>	2	
• <b>Risk and vulnerability</b>	2	

*Source: Author's Construct (2022)*

### 3.6 Data Analysis

Data analysis is a process of inspecting, cleansing, transforming, and modelling data to discover useful information, informing conclusions, and support decision-making. Data analysis in this study was divided into two: descriptives and structural equation modelling. The descriptives included mean, minimum, maximum and standard deviation. Structural equation modelling was in two sections: model measurements and path analysis. Model measurement included Composite reliability, Cronach alpha, confirmatory factor analysis, average variance explained, and Fornell-Larcker criterion. Path analysis included a structure equation model to test the hypothesised paths of the study.

### 3.7 Reliability and Validity

Reliability is concerned with the question of whether the results of a study are repeatable. Reliability focuses on consistency. The study's data was checked for reliability using Composite reliability and Cronbach Alpha. Both are designed to test the internal consistency within the data gathered. Validity is concerned with the integrity of the conclusions generated from a piece of research. Validity focuses on accuracy. Primarily, confirmatory factor analysis is used to test the data for validity. The study further used average variance explained and Fornell-Larcker to check for convergent and discriminant validity, respectively.

### 3.8 Ethical Considerations

Ethics, often known as moral philosophy, is a branch of philosophy that "involves systematising, defending, and promoting concepts of acceptable and undesirable behaviour. The phrase "research ethics" refers to a set of principles that govern how researchers conduct themselves (Burns, 2000). Anonymity and confidentiality are the two principles that the researcher complied with to achieve the ethical requirements. Anonymity describes situations where the acting person's identity is unknown. Some writers have argued that namelessness, though technically correct, does not capture what is more centrally at stake in contexts of anonymity. The important idea is that a person be non-identifiable, unreachable, or untraceable. Therefore, the research questionnaire does not request sensitive personal information from respondents. The names of the respondents were also not required in the questionnaire. Confidentiality involves a set of rules or promises usually executed through confidentiality agreements that limit access or place restrictions on certain information types. To achieve this principle, data obtained from the questionnaires is used for Academic purposes only and not disclosed to any third party.

#### 4.0 DATA ANALYSIS

Data was largely acquired from the field to answer the research questions and establish the study's conclusion. This chapter presents the data analysis and study findings. The presentation is divided into six parts. The first section analyzes the demographics of the respondents. The second section focuses on the validity and reliability tests, the third goes over the descriptive statistics of the study constructs, and the fourth delves into partial least square (PLS) structural equation modeling. The fifth part provides confirmation and rejection of hypotheses, while the sixth section discusses the study's findings. Employees and management of Greater Accra-based manufacturing firms were handed a questionnaire. One hundred fifty (150) questionnaires were sent, and one hundred thirty-six (136) were returned, yielding a 90.7 percent response rate. The 136 responses were input into SPSS before being transferred into SMART PLS for analysis. The findings of the analysis are presented in the sections that follow.

#### 4.2 Profile of Respondents

The demographics of the respondents are included in this section to present information on the subject individuals and the firms that participated in the research. The key data taken from the respondent individuals are gender, age, highest qualification, and length of employment

**Table 4.1 Demographics of Respondents**

Variable	Items	Frequency	Percent (%)
<b>Gender</b>	Male	85	62.5
	Female	51	37.5
<b>Age of respondents</b>	20 to 29 years	11	8.1
	30 to 39 years	61	44.9
	40 to 49 years	51	37.5
	Above 50 years	13	9.6
<b>Length of Employment</b>	0 – 5 years	33	24.3
	6 – 10 years	82	60.3
	Above 10 years	21	15.4
<b>Educational Level</b>	HND/Degree	1	0.7
	Masters	33	24.3
	Professional	53	39
	PhD	31	22.8
	Others	18	13.2

Source: Field Study (2022)



#### 4.2.1 Gender

Out of the 136 valid responses, 85 individuals representing 62.5 percent were male while 51 individuals representing 37.5 percent were female. This information shows that more males participated in the study than females but the proportionate difference is not substantial so there is no justification for a self-selection bias in the responses.

#### 4.2.2 Age Respondents

Out of the 136 respondents, 11 individuals representing 8.1% were aged between 20 to 29 years; 61 individuals representing 44.9 percent were also within 30 – 39 years old; 51 individuals representing 37.5 percent were within 40 – 49 years old and the remaining 13 individuals representing 9.6 percent aged above 50 years. This distribution shows a fair representation from various age groups, so the responses are considered widely distributed across the age categories. Furthermore, majority of the respondents aged above 29 years, indicating that majority of the respondents were matured to respond rightly to the research instrument. The essence of presenting this data is to justify that minors were not included in the study for ethical concerns and over-aged persons who may not be able to provide reasonable answers were not included in the study.

#### 4.2.3 Length of Employment

Out of the 136 respondents, 33 individuals representing 24.3% have been employed by their firm between 0 to 5 years; 82 individuals representing 60.3 percent between 6 – 10 years old; and the remaining 21 individuals representing 15.4 percent above 10 years.

#### 4.2.4 Education Level

Out of the 136 respondents, 1 individual representing 0.7 percent has an HND or degree as the highest qualification; 33 respondents representing 24.3 percent have masters; 53 individuals representing 39 percent have a professional qualification; 31 individuals representing 22.8 percent have a PhD and the remaining 18 individuals have other qualifications.

#### 4.3 Reliability and Validity Test

The reliability analysis is conducted to measure the consistency of the variables and the validity analysis is run to measure the accuracy of the variables in measuring the constructs. Cronbach alpha value and the composite reliability were used to measure the reliability of the constructs. The Cronbach alpha value and composite reliability determine how consistent the metrics are in measuring the variables. The acceptable values for these measures are 0.7 (Hair et al., 2013). In assessing the validity of the data obtained, the study first uses confirmatory factor analysis to determine the factor loadings of each item to its latent variable. Each item is expected to load above 0.50 to be valid. Furthermore, in measuring the convergent validity, the average variance extracted value (AVE) was used and the values are expected to be greater than the acceptable value of 0.5 (Hair et al., 2013). The discriminant validity was analysed using the Fornell-Larcker criteria. The correlation of each item with itself should be greater than the correlation with all other variables.

**Table 4.2 Cronbach Alpha, Composite Reliability, and Average Variance Extracted**

Construct	Number of items	Cronbach Alpha (CA)	Composite Reliability (CR)	AVE
Strategic Procurement	14	0.86	0.89	0.54
Corporate Governance	7	0.86	0.89	0.54
Competitive Advantage	10	0.89	0.90	0.51
<b>Total</b>	<b>31</b>			

Source: Field Study (2022)

Table 4.2 above gives the score of the variables for CA, CR, and AVE. Strategic Procurement, the predictor variable had 0.86 and 0.89 as Cronbach Alpha and Composite Reliability values respectively. Corporate Governance, the moderating variable had 0.86 and 0.89 as Cronbach Alpha and Composite Reliability values respectively. Competitive Advantage, the outcome variable had 0.89 and 0.90 as Cronbach Alpha and Composite Reliability values respectively. All three variables had loaded above the 0.70 threshold and therefore exhibited strong internal consistency. The data gathered for the study is therefore reliable. For the Average Variance Extracted (AVE), Strategic Procurement had 0.54, Corporate Governance 0.54, and Competitive Advantage 0.51. All three variables scored above the 0.50 threshold, implying that all the items develop to measure these variables together measure their intended latent variables. Convergent validity is therefore valid.

**Table 4.3 Fornell – Larcker Criterion**

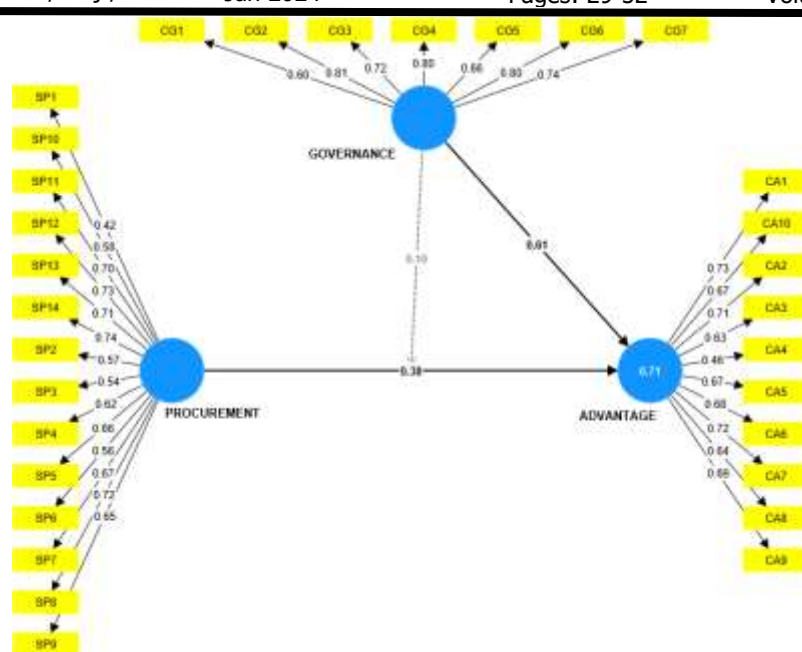
<b>Construct</b>	<b>SP</b>	<b>CG</b>	<b>CA</b>
<b>Strategic Procurement (SP)</b>	<b>0.73</b>		
<b>Corporate Governance (CG)</b>	0.65	<b>0.73</b>	
<b>Competitive Advantage (CA)</b>	0.66	0.67	<b>0.71</b>

*Source: Field Study (2022)*

Concerning the discriminant validity, Fornell Larcker Criteria was used. Whereas the convergent validity measures how accurate the latent variables measure the main variable, the discriminant validity measures ensure the latent factors do not measure the other variables compared to its own latent variables. With the Fornell Larcker criteria, the square root of each variable's AVE must correlate with its self-stronger than the correlations with other latent variables. As shown in Table 4.3 above, Strategic Procurement had a correlation coefficient of 0.73 with itself, and had a correlation of 0.65, and 0.66 with Corporate Governance, and competitive advantage respectively. Corporate Governance also had a correlation coefficient of 0.73 with itself, and had a correlation of 0.65, and 0.67 with strategic procurement and competitive advantage respectively. Finally, competitive advantage had a correlation coefficient of 0.71 with itself, and had a correlation of 0.66, and 0.67 with strategic procurement and corporate governance. Thus, each of the variables had a higher correlation with itself than the variables below them hence, each variable is valid.

Figure 4.1 below illustrates the study's confirmatory factor analysis. Confirmatory factor analysis (CFA) is a statistical technique used to verify the factor structure of a set of observed variables. CFA allows the researcher to test the hypothesis that a relationship between observed variables and their underlying latent constructs exists. Each item is expected to load above 0.50 on each latent variable it is intended to measure. All thirty-one items designed to measure strategic procurement, corporate governance and competitive advantage loaded above 0.50, except for SP1 and CA4, both of which were eliminated from the structural equation model to test the study's hypotheses.

Figure 4. 1 Confirmatory Factor Analysis



Source: Field Study (2022)

#### 4.4 Descriptive Statistics

The descriptive statistics is presented to present the score of the individual variables used to measure the three main constructs of the study. The Likert scale of 1 – 7 measured the extent of the agreement so the score is matched against the Likert scale to explain the extent to which the indicators of the variables occur in the logistics service providing industry. The scale was rated as 1 = Strongly disagree; 2 = Disagree; 3 = Somewhat disagree; 4 = Neutral, 5 = Somewhat agree, 6 = Agree, and 7 = Strongly agree. The criteria for analysis of the descriptive results are 1.00 – 2.99 = very minimal/less occurrence of the phenomenon, 3.00 – 4.99 = minimal/less occurrence of the phenomenon 5 – 5.99 = a fair occurrence of the phenomenon, and 6.00 – 7.00 = frequent occurrence of the phenomenon.

##### 4.4.1 Strategic Procurement

The predictor variable for the study Strategic Procurement was operationalized using fourteen items adopted from Adams et al. (2021). The descriptive results for Strategic Procurement are illustrated in Table 4.4.

**Table 4.4 Descriptive Statistics on Strategic Procurement**

Latent variables	Mean	Min	Max	Std. Dev
Identifying relevant procurement needs	5.51	1	7	1.11
Translating procurement into contract specifications	5.55	2	7	1.19
Developing procurement plan for specific procurement items	5.82	1	7	1.04
Developing budgets for various procurement needs	5.81	3	7	1.03
Approval of procurement plan by the appropriate approving authorities	5.72	1	7	1.1
Identifying important sources of supply	5.68	1	7	1.16
Developing comprehensive tender documents	5.77	1	7	1.19

Developing comprehensive contract documents	5.91	3	7	0.94
Negotiating contract term for value	5.83	1	7	1.15
Inviting potentially relevant suppliers.	5.74	1	7	1.18
Managing relationships with key suppliers to ensure compliance	5.78	3	7	0.98
Expediting/Monitoring suppliers' delivery schedules and obligations.	5.85	2	7	1.2
Reviewing/modifying contracts to meet changing needs	5.95	1	7	1.11
Processing payment to suppliers in a timely manner	5.84	2	7	0.99
<b>Overall</b>	<b>5.77</b>	<b>2.86</b>	<b>6.71</b>	<b>0.7</b>

Source: Field Study (2022)

The descriptive statistics for strategic procurement are presented in Table 4.4. According to the table, there is a high adoption of strategic procurement practices by manufacturing firms operating within the Greater Accra region, given a composite mean of 5.77 on a 7-point scale and standard deviation of 0.7

#### 4.4.2 Corporate Governance

The moderator variable for the study Corporate Governance was operationalized using seven items adopted from Mishra and Mohanty (2014). The descriptive results for Corporate Governance are illustrated in Table 4.5.

**Table 4.5 Descriptive Statistics on Corporate Governance**

Latent variables	Mean	Min	Max	Std. Dev
My firm has strict codes of conduct ensure purchasing procedures are followed	5.85	2	7	1.06
My firm has a gift policy which states whether employees are allowed to accept gifts both within and outside of the work premises	5.76	1	7	1.05
My firm has a conflict-of-interest policy to ensure members of staff disclose, distant, dissociate or delegate in a conflict-of-interest situation.	5.72	1	7	1.05
My firm has a structured procurement process for procuring goods, works and services	5.82	1	7	1.1
My firm has a reporting and approval structure for procurement	5.99	2	7	1.04
My firm audits the procurement function to at regular intervals	6.01	1	7	1.04
My firm ensures sourcing strategies are subjected to independent reviews.	5.8	1	7	1.09
<b>Overall</b>	<b>5.85</b>	<b>1.43</b>	<b>7</b>	<b>0.78</b>

Source: Field Study (2022)

The descriptive statistics for corporate governance are presented in Table 4.5. According to the table, there are effective corporate governance structures implemented by manufacturing



firms operating within the regional capital, given a composite mean of 5.85 on a 7-point scale and standard deviation of 0.78

#### 4.4.3 Competitive Advantage

The outcome variable for the study competitive advantage was operationalized using ten items adopted from Pradabwong et al. (2017). The descriptive results for competitive advantage are illustrated in Table 4.6.

**Table 4.6 Descriptive Statistics on Competitive Advantage**

Latent variables	Mean	Min	Max	Std. Dev
My company provides fair price.	5.82	2	7	1.11
My firm is able to provide pricing that are comparable to or lower than those of our rivals.	5.75	1	7	1.11
My firm provides very dependable goods.	5.68	1	7	1.12
My firm provides very durable products.	5.82	1	7	1.11
My company brings products to market fast.	5.69	3	7	1.14
My business guarantees on-time delivery.	6.01	4	7	0.87
My business is responsive to consumer requests for "new" features.	5.71	2	7	1.13
My business specializes in customized goods.	5.83	1	7	1.26
My company evaluates vendors before issuing them a contract.	5.69	1	7	1.15
My company keeps an eye on the actions of all supply chain participants.	5.66	2	7	1.15
<b>Overall</b>	<b>5.77</b>	<b>3.5</b>	<b>6.9</b>	<b>0.74</b>

Source: Field Study (2022)

The descriptive statistics for competitive advantage are presented in Table 4.6. According to the table, there is a strong competitive position of manufacturing firms operating within the Greater Accra region, given a composite mean of 5.77 on a 7-point scale and standard deviation of 0.74

#### 4.5 Structural Equation Modelling

The PLS Structural Equation model was run to test the path coefficients (i.e. direct effects) and moderation relationship between the variables strategic procurement, corporate governance and competitive advantage. A bootstrap of 5000 was run to calculate the path coefficients of the research model.

**Table 4.8 Structural Equation Model (SEM) Result**

Path	Coefficients	T-value	P-value
<b>Direct Effects</b>			
SP → CA	0.37	4.15	0.00
CG → CA	0.62	5.99	0.00
<b>Moderation Effect</b>			
SP × CG → CA	0.10	2.07	0.04

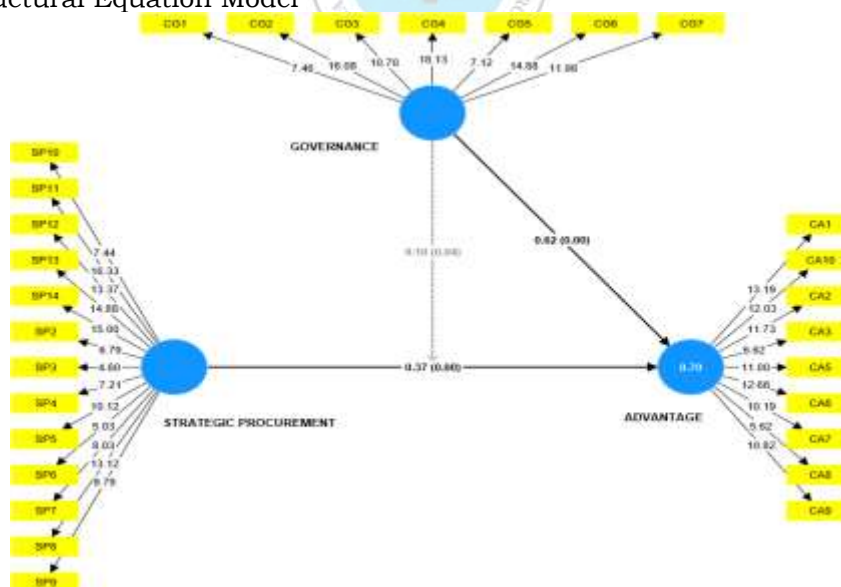
Source: Field Study (2022) Notes: SP (Strategic Procurement); CG (Corporate Governance); CA (Competitive Advantage)

Table 4.8 presents the results of the structural equation model to test the direct and moderation relationships between the strategic procurement, corporate governance and competitive advantage. The table reveals that strategic procurement has a positive and significant effect on a firm's competitiveness, given the path coefficient results  $\beta = .037$ ;  $t = 4.15$ ;  $p < .01$ . This indicates for every unit of strategic procurement, competitive advantage increases by 0.37 units. With a t-value of 4.15 being above the 1.96 threshold, there is further support for the above relationship. A  $p < 0.01$  also lends significant support for H1, which stated that strategic procurement has a significant and positive effect on competitive advantage.

The table also revealed a positive and significant effect of corporate governance on competitive advantage, given the path coefficient results  $\beta = .62$ ;  $t = 5.99$ ;  $p < .01$ . This implies that when corporate governance increases by one unit, competitive advantage increases by .62. With a t-value of 5.99 being above the 1.96 threshold, there is further support for the above relationship. A  $p < 0.01$  also lends significant support for H2, which stated that corporate governance has a significant and positive effect on competitive advantage.

Lastly, the study sought to examine the moderating role of corporate governance on the relationship between strategic procurement and competitive advantage. The SEM output shows a positive moderation effect of corporate governance on the relationship between strategic procurement and competitive advantage, given the path coefficient results  $\beta = .10$ ;  $t = 2.07$ ;  $p < .05$ . This indicates that for every unit of interaction between corporate governance and strategic procurement, there is an increase of .10 in competitive competitive. T-value of 2.07 is higher than the 1.96 threshold, while a  $p < 0.5$  lends significant support to H3 which stated that corporate governance moderates the relationship between strategic procurement and competitive advantage.

Figure 4.2 Structural Equation Model



Source: Field Study (2022)

#### 4.6 Hypotheses Confirmation

From the prior literature reviewed, three hypotheses were developed for this study. The data gathered are analysed to confirm or refute each of these hypotheses. All the hypotheses were supported. The summary of the hypotheses confirmation are presented in table 4.9 below

**Table 4.9 Hypothesis Confirmation**

Hypothesis	Path	T-value	Coefficient value)	(P-	Decision
H <sub>1</sub>	SP → CA	4.15	.037; p < 0.01		<b>Supported</b>
H <sub>2</sub>	CG → CA	5.99	.62; p < 0.01		<b>Supported</b>
H <sub>3</sub>	SP × CG → CA	2.07	.10; p < .05		<b>Supported</b>

Source: *Field Study (2022)* Notes: SP (Strategic Procurement); CG (Corporate Governance); CA (Competitive Advantage)

#### 4.7 Discussion of Results

The findings made in this study is discussed in the context of the literature reviewed and also the theories adopted for this study. The detail discussion of the findings is presented below based on the objectives set for the study.

##### 4.7.1 Strategic Procurement and Competitive Advantage

The RBV theory asserts that a firm creates an advantage by mobilising internal resources and capabilities, which are unique, immobile and scarce. In this study, the RBV is adopted to propose the effective and efficient management of an organisation's strategic procurement practices, which is considered a major resource to drive operational efficiencies. This study contends that strategic procurement positively drives the competitiveness of firms. The rationale is that strategic procurement through sourcing could reduce the suppliers and total lead time. Strategic procurement also reduces the transactional cost for firms, thereby reducing operational costs.

Strategic procurement also, through effective sourcing, reduces risks such as supplier failure. Strategic procurement also drives quality through strategies such as value engineering and early supplier involvement. In literature, while some studies have reported the positive direct effect of strategic procurement on various performance outcomes (Chenini *et al.*, 2021; Evansbiraori and Embeli, 2022; Gabriel Awuah *et al.*, 2022), others have reported negative effects (Isabel Calado da Silva Pinto *et al.*, 2015; Tarus and Ndeto, 2021). Yet still, others have reported indirect effects (Adebayo, 2015; Anane *et al.*, 2019). The result from this study is consistent with the above reviewed literature given the path coefficient results  $\beta = .037$ ;  $t = 4.15$ ;  $p < .01$

##### 4.7.2 Corporate Governance and Competitive Advantage

Furthermore, the RBV theory posits that some firm resources may be tangible and others intangible such as capabilities and competencies. Such capabilities and competencies should be core and differentiated to enable a firm to enhance its competitiveness. Accordingly, this study draws on the RBV theory to explain how corporate governance enhances a firm's competitiveness. The rationale for this study asserting that corporate governance drives competitiveness is that in procurement, governance determines the policies, manuals, processes and systems that should be followed during procurement to achieve value for money. Well-managed corporate governance mechanisms play an important role in improving corporate performance.

Good corporate governance is fundamental for a firm in different ways; it improves company image, increases shareholders' confidence, and reduces the risk of fraudulent activities. In literature, however, studies on corporate governance have produced conflicting results: while some studies (Manurung *et al.*, 2017; Junaidi, 2022; Wanjiru *et al.*, 2018) have documented the positive effect of corporate governance on different performance outcomes, others (Burak *et al.*, 2016; Kılıç and Kuzey, 2019) have reported negative effects, while others (Gohar and Batool, 2015; Muhammad and Rehman, 2016) have also reported indirect effects. The result from this study is also consistent with the reviewed literature above given the path coefficient result  $\beta = .62$ ;  $t = 5.99$ ;  $p < .01$

#### 4.7.3 The Moderating effect of Corporate Governance

This study argues that the effect of strategic procurement on competitive advantage is highly reliant on varying levels of corporate governance. Although researchers while some studies have reported the positive direct effect of strategic procurement on various performance outcomes (Chenini *et al.*, 2021; Evansbiraori and Embeli, 2022; Gabriel Awuah *et al.*, 2022), have reported a positive relationship between strategic procurement and performance outcomes, others have instead emphasised the influence of variables in a such relationship (Adebayo, 2015; Anane *et al.*, 2019).

Therefore, drawing on the RBV theory, this study asserts that the extent to which strategic procurement impacts competitive advantage is highly reliant on different levels of corporate governance. The rationale is that when corporate governance is high, adequate policies and structures are erected, ensuring supply chain professionals operate by the rule books. This could reduce costs and any exposure to risks. Conversely, under low governance conditions, supply chain professionals are likely to follow their processes and interest, which could increase transactional costs and exposure to different supply chain risk. The result for this study is also consistent with the above reviewed literature given the path coefficient results  $\beta = .10$ ;  $t = 2.07$ ;  $p < .05$

### 5.0 CONCLUSIONS

The main objective of this study was to examine the role of corporate governance on the relationship between strategic procurement and competitive advantage. Based on data obtained from 136 employees of manufacturing firms operating within the Greater Accra Region, the study provides the summary of findings, logical conclusion, recommendations for managers and suggestions for future studies

#### 5.2 Summary of Findings

This section provides a summary of the results from the descriptive statistics, as well as the results from the structural equation model.

##### 5.2.1 Strategic Procurement

The descriptive statistics on strategic procurement sought to identity the extent of strategic procurement by the responding firms. The study showed a high adoption of strategic procurement practices by manufacturing firms operating within the Greater Accra region

##### 5.2.2 Corporate Governance

The descriptive statistics on corporate governance sought to identity the extent to which governance structures are erected by manufacturing firms to ensure accountability. The descriptive results indicated an effective corporate governance structure implemented by manufacturing firms operating within the regional capital

##### 5.2.3 Competitive Advantage

The study also revealed a strong competitive performance of manufacturing firms operating within the regional capital in terms of price, risk and vulnerability, innovation, quality and time to market.

##### 5.2.4 Strategic Procurement and Competitive Advantage

The study revealed a Strong, positive and significant relationship between Strategic Procurement and Competitive Advantage. Key strategic procurement practices such as procurement, sourcing and contract management enhances competitiveness such as price, risk and vulnerability, innovation, quality and time to market.

##### 5.2.5 Corporate Governance and Competitive Advantage

The study also revealed a strong, positive and significant effect of corporate governance on competitive advantage. Governance practices such as procurement polices and manual, code



of conduct and ethics enhances competitiveness such as price, risk and vulnerability, innovation, quality and time to market.

### 5.2.6 Moderation effect of Corporate Governance

Lastly, the study revealed a positive moderation effect of Corporate Governance on the relationship between strategic procurement and competitive advantage.

## 5.3 Conclusion

The main objective of this study was to examine the role corporate governance on the relationship between strategic procurement and competitive advantage. The study draws on the resource-based view theory to examine the relationship between the variables of the study. The study uses purposive sampling to draw a sample of 136 respondents from Accra based manufacturing firms. Based on structural equation model used to test the study's hypothesised paths, the study makes the following conclusions.

First, the adoption of strategic procurement practices such as sourcing, procurement planning and contract management drive improvements in a firm's competitiveness such as quality, innovation, risk, cost and time to market. Secondly, erecting and implementing governance structures in procurement such as codes of conducts and procurement policies drive a firm's competitiveness such as quality, innovation, risk, cost and time to market. Lastly, higher levels of corporate governance increase strategic procurement effectiveness, which further enhances a firm's competitiveness such as quality, innovation, risk, cost and time to market.

## 5.4 Recommendations

This section provides recommendations to managers based on the findings from the study and also makes future suggestions based on the identified limitations

### 5.4.1 Recommendations for Managers

The study first revealed a positive and significant effect of strategic procurement on competitive advantage. consequently, the study recommends that supply chain managers adopt and implement strategic procurement throughout their organisation. Strategic procurement could enhance the value to be derived from the procurement process, which has rippling effects on the firm's competitiveness. Effective strategic procurement could be achieved through training of procurement professionals and the adoption of e-procurement and e-sourcing tools such as e-tendering, e-auctions and e-contracting.

The study also revealed a positive and strong effect of corporate governance on competitive advantage. consequently, the researcher recommends that governance principles and structures be implemented at every stage of the procurement cycle: sourcing, contracting and payment. Such governance structures would ensure that supply chain professionals follow best procurement practices and also reduce the risk of unethical and fraudulent practices.

### 5.4.2 Suggestions for Future Research

The first limitation relates to how generalizable the research findings are. All of the information was gathered from Ghanaian manufacturing companies in the Greater Accra area. Future research should consider broadening the geographical and contextual scope to include other industries such as the service, construction and retail industry, to enables generalization from the study to be extrapolated onto the wider populace.

Secondly, the model of the study examined the role of corporate governance on the relationship between strategic procurement and competitive advantage. To add to the existing knowledge on strategic procurement and address gaps in literature, future studies are encouraged to adopt a model that examines the mediating roles of organisational culture and supply chain complexities on the relationship between strategic procurement and competitive advantage.

## References

- Adebayo, V.O. (2015), *Exploring the Impact of Procurement Policies, Lifecycle Analyses and Supplier Relationships on the Integration of Sustainable Procurement in Public Sector Organisations: A Sub-Saharan African Country Context*.
- Almada, L. and Borges, R. (2018), "Sustainable Competitive Advantage Needs Green Human Resource Practices: A Framework for Environmental Management", *Revista de Administração Contemporânea, FapUNIFESP (SciELO)*, Vol. 22 No. 3, pp. 424–442, doi: 10.1590/1982-7849rac2018170345.
- Almalki, S. (2016), "Integrating Quantitative and Qualitative Data in Mixed Methods Research—Challenges and Benefits", *Journal of Education and Learning, Canadian Center of Science and Education*, Vol. 5 No. 3, p. 288, doi: 10.5539/jel.v5n3p288.
- Anane, A., Adoma, V. and Awuah, G. (2019), "The Effect of Procurement Practices on Service Delivery: A Case Study of VRA, Ghana", *Asian Journal of Economics, Business and Accounting, Sciencedomain International*, pp. 1–23, doi: 10.9734/ajeba/2019/v13i130164.
- Ararat, M. and Yurtoglu, B.B. (2016), "The Effect of Corporate Governance on Firm Market Value and Profitability: Time-Series Evidence from Turkey", *SSRN Electronic Journal, Elsevier BV*, doi: 10.2139/ssrn.2703715.
- Baah Sawyer, P. (2021), "Assessing the Impact of Procurement Activities in Achieving Quality at Nestle Ghana Limited in the Manufacturing Sector in Ghana", *American Journal of Theoretical and Applied Business, Science Publishing Group*, Vol. 7 No. 4, p. 112, doi: 10.11648/j.ajtab.20210704.16.
- Badriyah, N., Sari, R.N. and Basri, Y.M. (2015), "The Effect of Corporate Governance and Firm Characteristics on Firm Performance and Risk Management as an Intervening Variable", *Procedia Economics and Finance, Elsevier BV*, Vol. 31, pp. 868–875, doi: 10.1016/s2212-5671(15)01184-3.
- Barney, J.B. (2020), "Measuring Firm Performance in a Way that Is Consistent with Strategic Management Theory", *Academy of Management Discoveries, Academy of Management*, Vol. 6 No. 1, pp. 5–7, doi: 10.5465/AMD.2018.0219.
- Barney, J.B. and Mackey, A. (2016), "Text and metatext in the resource-based view", *Human Resource Management Journal, Blackwell Publishing Ltd*, Vol. 26 No. 4, pp. 369–378, doi: 10.1111/1748-8583.12123.
- Barnham, C. (2015), "Quantitative and qualitative research: Perceptual foundations", *International Journal of Market Research, Market Research Society*, Vol. 57 No. 6, pp. 837–854, doi: 10.2501/IJMR-2015-070.
- Burak, E., Erdil, O. and Altindağ, E. (2016), "EFFECT OF CORPORATE GOVERNANCE PRINCIPLES ON BUSINESS PERFORMANCE", *Australian Journal of Business and Management Research, New South Wales Research Centre Australia (NSWRCA)*, Vol. 05 No. 07, pp. 08–21, doi: 10.52283/nswrca.ajbmr.20150507a02.
- Cenamor, J. (2021), "Complementor competitive advantage: A framework for strategic decisions", *Journal of Business Research, Elsevier Inc.*, Vol. 122, pp. 335–343, doi: 10.1016/j.jbusres.2020.09.016.
- Chenini, A., Iqbal, J., Qurrahtulain, K., Husain Mahmood, M.A. and Aldehayyat, J.S. (2021), "Strategic procurement, supplier integration, and speed-to-market: The mediating role of procurement lead-time performance and manufacturing performance", *Journal of Public Affairs, John Wiley and Sons Ltd*, Vol. 21 No. 3, doi: 10.1002/pa.2248.
- Cohen, M.J. (2020), "Does the COVID-19 outbreak mark the onset of a sustainable consumption transition?", *Sustainability: Science, Practice, and Policy, Taylor and Francis Inc.*, Vol. 16 No. 1, pp. 1–3, doi: 10.1080/15487733.2020.1740472.
- Collins, C.J. (2021), "Expanding the resource based view model of strategic human resource management", *International Journal of Human Resource Management, Routledge*, Vol. 32 No. 2, pp. 331–358, doi: 10.1080/09585192.2019.1711442.
- Daniel Muiruri, N., Hannah Orwa, B. and Student, M. (2015), *EFFECT OF STRATEGIC PROCUREMENT STRATEGIES ON PERFORMANCE OF MICROFINANCE BANKS IN KENYA*, *International Journal of Education and Research*, Vol. 3.

- Evansbiraori, O. and Embeli, J. (2022), EFFECT OF PROCUREMENT SKILLS ON APPLICATION OF PROCUREMENT LAW. SURVEY OF TRANS-NZOIA COUNTY SECONDARY SCHOOLS, *American International Journal of Business Management (AIJBM)*, Vol. 5.
- Farghaly, A. (2018), "Comparing and Contrasting Quantitative and Qualitative Research Approaches in Education: The Peculiar Situation of Medical Education", *Education in Medicine Journal*, Vol. 10 No. 1, pp. 3–11, doi: 10.21315/eimj2018.10.1.2.
- Gabriel Auuah, Augustine Anane and Sethlina Araba Kakra Egyir. (2022), "The Effect of procurement process on procurement performance of public tertiary institutions in Ghana", *World Journal of Advanced Research and Reviews*, GSC Online Press, Vol. 13 No. 2, pp. 121–130, doi: 10.30574/wjarr.2022.13.2.0097.
- Gohar, R. and Batool, A. (2015), "Effect of Corporate Governance on Performance of Microfinance Institutions: A Case from Pakistan", *Emerging Markets Finance and Trade*, Routledge, Vol. 51, pp. S94–S106, doi: 10.1080/1540496X.2015.1080559.
- H Manurung, D.T., Wedi Rusmawan Kusumah, R., Manurung, D.T., Hapsari, D.W. and Husnatarina, F. (2017), "Effect of Corporate Governance, Financial Performance and Environmental Performance on Corporate Social Responsibility Disclosure", *International Journal of Arts and Commerce*, Vol. 6 No. 5.
- Herdjiono, I. and Sari, I.M. (2017), "The effect of corporate governance on the performance of a company. Some empirical findings from Indonesia", *Journal of Management and Business Administration*. Central Europe, Sciendo, Vol. 25 No. 1, pp. 33–52, doi: 10.7206/jmba.ce.2450-7814.188.
- Isabel Calado da Silva Pinto, A., João Cardoso Vieira Machado, M., Professor, A., Cristina de Oliveira Tavares Marques, A. and Professor, A. (2015), *The Impact of Procurement Practices in the Municipality Auditing Market*.
- Jantadej, K. and Wattanatorn, W. (2020), "The effect of corporate governance on the cost of debt: Evidence from Thailand", *Journal of Asian Finance, Economics and Business*, Korea Distribution Science Association (KODISA), Vol. 7 No. 9, pp. 283–291, doi: 10.13106/JAFEB.2020.VOL7.NO9.283.
- Junaidi, J. (2022), "The Effect of Corporate Governance, Integrated Quality Management and Social Responsibility on Competitiveness and Operational Performance", *Golden Ratio of Marketing and Applied Psychology of Business*, Manunggal Halim Jaya, Vol. 2 No. 2, pp. 73–91, doi: 10.52970/grmapb.v2i2.187.
- Karaman, A.S., Kilic, M. and Uyar, A. (2020), "Green logistics performance and sustainability reporting practices of the logistics sector: The moderating effect of corporate governance", *Journal of Cleaner Production*, Elsevier Ltd, Vol. 258, doi: 10.1016/j.jclepro.2020.120718.
- Kariuki, G.K. and Ndeto, C. (2021), EFFECT OF PROCUREMENT SERVICE AGREEMENT ON ORGANISATIONAL PERFORMANCE OF AGRICULTURAL MANUFACTURING FIRMS IN NAIROBI COUNTY, KENYA, *Jomo Kenyatta University of Agriculture and Technology*, Vol. 2, JKUAT.
- Kenyatta, J. (2022), STRATEGIC PROCUREMENT PRACTICES AND THE PERFORMANCE OF DEVOLVED SYSTEMS OF GOVERNANCE IN KENYA CARREN CHEPNG'ETICH DOCTOR OF PHILOSOPHY (Supply Chain Management).
- Kim, M., Suresh, N.C. and Kocabasoglu-Hillmer, C. (2015), "A contextual analysis of the impact of strategic sourcing and E-Procurement on performance", *Journal of Business and Industrial Marketing*, Emerald Group Publishing Ltd., Vol. 30 No. 1, pp. 1–16, doi: 10.1108/JBIM-01-2012-0010.
- Kılıç, M. and Kuzey, C. (2019), "The effect of corporate governance on carbon emission disclosures: Evidence from Turkey", *International Journal of Climate Change Strategies and Management*, Emerald Group Holdings Ltd., Vol. 11 No. 1, pp. 35–53, doi: 10.1108/IJCCSM-07-2017-0144.
- Maciej Serda. (2013), "Synteza i aktywność biologiczna nowych analogów tiosemikarbazonowych chelatorów żelaza", edited by G. Balint, Antala, B., Carty, C., Mabieme, J.-M.A., Amar, I.B. and Kaplanova, A. *Uniwersytet Śląski, Uniwersytet Śląski. Wydział Matematyki, Fizyki i Chemii*, pp. 343–354, doi: 10.2/JQUERY.MIN.JS.
- Majeed, S., Aziz, T. and Saleem, S. (2015), "The effect of corporate governance elements on corporate social responsibility (Csr) disclosure: An empirical evidence from listed companies at kse

Pakistan", *International Journal of Financial Studies*, MDPI AG, Vol. 3 No. 4, pp. 530–556, doi: 10.3390/ijfs3040530.

Moisob Adamu, Kelvin Gyamfi and Graham Billa. (2021), "An analysis of the effect of procurement practices on public institutions: an examination of Metropolitan, Municipal and District Assemblies (mmdas) in the Ashanti region of Ghana", *World Journal of Advanced Research and Reviews*, GSC Online Press, Vol. 12 No. 3, pp. 083–092, doi: 10.30574/wjarr.2021.12.3.0490.

Muhammad, H. and Rehman, A.U. (2016), "The Effect of Corporate Governance Practices on Firm Performance: Evidence from Pakistan 1)", Muhammad Waqas / *East Asian Journal of Business Management*, Vol. 6 No. 1, pp. 5–12, doi: 10.13106/eajbm.2016.vol6.no1.5.

Otieno, K., Mugo, R., Njeje, D. and Kimathi, A. (2015), *Effect of Corporate Governance on Financial Performance of SACCOS in Kenya*, *Research Journal of Finance and Accounting* Www.Iiste.Org ISSN, Vol. 6, Online.

Tarus, J. and Ndeto, C. (2021), *EFFECT OF STRATEGIC PROCUREMENT ON THE PERFORMANCE OF PARASTATALS IN KENYA*, © International Research Journal Publishers, Vol. 2.

Um, K.H. and Kim, S.M. (2019), "The effects of supply chain collaboration on performance and transaction cost advantage: The moderation and nonlinear effects of governance mechanisms", *International Journal of Production Economics*, Elsevier B.V., Vol. 217, pp. 97–111, doi: 10.1016/j.ijpe.2018.03.025.

Wanjiku, F. (2019), *EFFECT OF STRATEGIC PROCUREMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE IN PUBLIC ORGANIZATIONS: A CASE OF KENYA SCHOOL OF REVENUE ADMINISTRATION*.

Wanjiru, W.S., Kiarie, S. and Marendi, D. (2018), "Role of Strategic Procurement Practices On Performance of Nyandarua County Government", *International Journal of Human Resources and Procurement*, Vol. 7 No. 4, pp. 64–74.

Yanto, E. (2018), *Effect of Corporate Social Responsibility and Good Corporate Governance on the Value of Company with Profitability as Moderating Variables*, *JAAF (Journal of Applied Accounting and Finance)*, Vol. 2.

Zyphur, M.J. and Pierides, D.C. (2017), "Is Quantitative Research Ethical? Tools for Ethically Practicing, Evaluating, and Using Quantitative Research", *Journal of Business Ethics*, Springer Science and Business Media B.V., Vol. 143 No. 1, pp. 1–16, doi: 10.1007/S10551-017-3549-8.