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THE RELATIONSHIP BETWEEN STAKEHOLDER MANAGEMENT AND THE OUTCOMES OF THE PROCUREMENT PROCESS OF GHANA HEALTH SERVICE

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Statement of Research Problem
According to Bryson (1995) and Moore (1995), attention to stakeholders is very important throughout the strategic management process because it is a success for public organizations and certainly survival depends on satisfying key stakeholders. This means moving up the value chain to ensure that the function is involved much earlier in the decision-making processes and clearly demonstrating how active involvement adds tangible value to both the bottom and the top lines. However, not much study has been conducted on the influence of stakeholder management on procurement in public service organizations in Ghana particularly the GHS which is one of the largest public service organizations in Ghana and which also has a huge and critical procurement function. Thus there exists a knowledge gap regarding stakeholder management and procurement practices in public service organizations in Ghana with particular reference to the GHS. Flowing from the above, specific issues of interest calling for this research are outlined as follows: Extent and nature of stakeholder involvement in procurement processes[1]; Timeliness of involvement of stakeholders in procurement processes[2]; and Extent or level of attention given to stakeholders in relation to availability of communication channels within and outside the organization[3]. This study therefore sought to assess the impact of stakeholder management on the procurement process in a public service organization such as the GHS. This project work will develop a model aimed at addressing the above mentioned issues.

KEYWORD: *Stakeholder Management, Procurement Administration, Procurement Process*

RESEARCH PURPOSE

Research was carried out to describe, explore, or explain a phenomenon (Saunders et al., 2007). The primary purpose of the research was to assess the management of stakeholders on the procurement process of GHS. Exploratory studies concentrate on providing rich insights on the nature of the phenomenon or situation whilst descriptive studies concentrate on describing the feature of the phenomenon understudied. Explanatory studies, however, seek to address cause-and-effects relationships between variables (Saunders et al., 2007). In this study, in order to achieve the primary purpose of the research, the researcher employed both exploratory and explanatory research techniques.

LITERATURE REVIEW

A. The definitions of stakeholder terminologies

Stakeholder: 'Stakeholder' refers to an individual who stands to benefit or lose through the result of a project or process of planning (Design, 2008). According to Weiss (2006), a stakeholder is defined as a person that has a keen interest in a process or activity. Additionally, Moloney (2006) presents the argument that stakeholders are people or groups that benefit from a firm. He adds that stakeholders can be victimized by an organization. Basically stakeholders can be influenced by a firm and its activities. Stakeholders can, therefore, influence the way a firm operates, its objectives, goals and development. Stakeholders are relevant and can assist in achieving the goals of an organization and they can be recognized as antagonistic when they oppose the organization's mission. As a result, stakeholders are strong and can either be a threat or be a benefit to the firm (Gibson, 2000). Thus, relevant stakeholder terminologies that are key to stakeholder management are discussed as follows:

Stakeholder Engagement and Management: It is the activity of effectively engaging the views of stakeholders on their existing relationship with the organization (Friedman and Miles, 2006). Following this, Stakeholder Management is particularly stakeholder relationship management but it is not essential that entities are managed (Friedman and Miles, 2006). In as much as public participation increasingly becomes part of national and international relations, it becomes more important for policy makers and implementers to have a detailed knowledge regarding who will be the subject in terms of the decisions that are taken and also possess the authority to influence the results of stakeholders. The stakeholder idea has therefore gained a lot of attention among scholars, decision makers, and policy development practitioners. In the area of strategic management, the idea of stakeholder has been firmly embraced. Stakeholders have therefore become a key

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requirement as it is expected as a requirement that stakeholders are involved in any public sector organization's strategy. Majority of such companies clearly confirm that engaging stakeholders is not just about offering the public with itemized options to select from but rather drawing them in from the beginning such that their opinions and recommendations shape up those alternatives and their offered services (Friedman and Miles, 2006).

Stakeholder Analysis: Stakeholder Analysis is a method that is adopted to establish and evaluate the impact and role of the relevant people or groups that may relevantly influence a positive outcome of the organization's activity (Friedman and Miles 2006). In the view of Friedman and Miles (2006), the following stage factors have been established as a guideline for stakeholder analysis process:

1. Establish the internal and external stakeholder entities.
2. Evaluate how every category of stakeholder can influence and its role.
3. Map out a matrix to show the extent of influence and relevance.
4. Follow up and manage relationships among stakeholders.

1. Identifying and mapping internal, external stakeholders and partnerships*:* The initial stage of every stakeholder activity is stakeholder mapping. This outlines the target entities that bring together as much data as possible regarding them. By definition, 'Stakeholders' are the individuals who have the interest in a particular situation. Stakeholders can be also defined in organizational perspective as those who are internal, for example the employees and management staff and the external as customers and suppliers. On the other hand, in the area of public health, the growth and building of strategy policies and projects could well be handled on a cross-boundary manner. A typical example is a traditional health strategy which could be developed by internal stakeholders who are involved in the process of coordination, resourcing, funding and the publication of the strategy. External stakeholders for example are involved in offering their opinions and encounters experiences in solving the problems that are crucial to them are the patients, members of the local community and service users. The questions below are outlined to help identify the stake and also assist in choosing the appropriate individuals who are engaged in each specific situation.

- *Who will be affected by what is being proposed?*
- *Who occupies the position that importantly relates to what you are doing?*
- *Who operates the firm with significant interests?*
- *Who has been engaged in such similar situation previously?*
- *Which individual personality reference comes up when holding discussion on the subject?*

2. Assess the nature of each stakeholders influence and importance

It becomes very necessary to have clarity in understanding which groups behave differently in various kinds of situations. The level of influence that stakeholders can have on policy of an organization, strategy and program is entirely dependent on their connection to either the organization of the problems in question. In this case, the effect and relevance are usually in relation to the goals that are being sought to be achieved.

a. Influence: Briefly influence relates to the powerful nature of a stakeholder in terms of the authority and impact direction of the project and its results. Additionally, indirect influence can also be achieved by method for social, financial or political in status and capacity to impact the control of key assets significant to the task.

b. Importance: This implies the stakeholders whose challenges, wants and area of interests are paramount for an organization. When these relevant stakeholders are not evaluated then the project is not considered as coming out with positive result. Some of the forms of direct influence include legal hierarchy, leadership authority and control of strategic resources.

According to Friedman and Miles (2006), various types of stakeholders may have similar purpose at a broader level such as the provision of quality of services but rather at deeper levels that they intend to bring to bear for different reasons and specified priorities. Friedman and Miles (2006) mentions that the extent of importance that is offered by providing a firm to the requirement and expectation is also crucial to the success of strategy and development of the project. For instance, those sources of relevance can influence both internal and external stakeholders.

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3. Constructing a matrix to identify stakeholder influence and importance

One of the primary instruments of stakeholder analysis lies in the relevance matrix. This method can be used relative to a specific strategic development such as the rollout or halt of service offering. Figure 2.1 shows a matrix of stakeholder influence importance as follows:

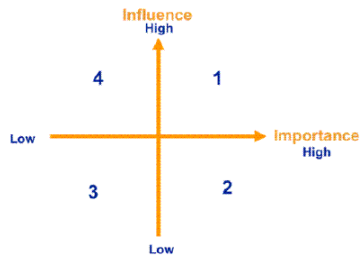

Figure 2.1: Influence Importance Matrix
Source: Friedman and Miles 2006

According to Friedman and Miles (2006) stakeholders should be mapped out first relative to how they will match up the level and nature be it either in favor or otherwise. After this, the next map can be mapped displaying how it would be required for stakeholders to outline when the development has the possibility of good outcome. A comparison of the two maps and identifying the mismatches, priorities for handling stakeholders can be instituted, as well as the objectives for sustaining stakeholders in their existing positioning and as such analysis of each quadrant can be done in the following way; that is in the clockwise rotation.

Quadrant one: Within this quadrant, the key stakeholders fixed here have high significant need to be absorbed on the project. The method of involvement for stakeholders is required to be accurate for attaining and sustaining their ownership.

Quadrant two: In this quadrant, the stakeholders are structured in to be highly significant but possessing minimum level of authority. These stakeholders, therefore, need to be maintained and informed through relevant educational campaign and communication flow.

Quadrant three: Stakeholders in this quadrant have limited influence and lower level of relevance and as such caution should be taken to prevent the situation of unhealthy lobbying which should therefore be tracked carefully.

Quadrant four: In this particular quadrant, the stakeholders are structured in a manner that they possess higher level of influence. However, they have limited level of significance and should be maintained and satisfied with proper endorsement and probably embraced as supporters. On the other hand, it is crucial to consider that the map is not dynamic; revolving developments can imply that the stakeholders can relocate within the map with changes to the outlined items of the impactful stakeholders.

4. Monitoring and managing stakeholder relationships

Stakeholder management is basically the relationship management as far as stakeholders are concerned and not the real stakeholder entities that are handled. Friedman and Miles (2006) outlined the following list of established basis that summarize the major characteristics of managing stakeholders.

Table 2.1: (Principles of Stakeholder Management)

Levels of Principle	**Activities**
Principle 1	Managers should consider and aggressively track the worries of all recognized stakeholders and should consider their interest when taking decisions.
Principle 2	Managers should promote a listening culture and communicate with all relevant stakeholders in a transparent manner about their various issues and contributions and also about the dangers that they are associated with, due to their involvement in the organization.
Principle 3	Managers should embrace the procedures and behavior modes that are delicate to issues and potentials of each stakeholder entity.
Principle 4	Managers must view the interdependence of rewards and efforts regarding stakeholders and make effort to attain a fair allocation of the benefits and challenges of organizational

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	activity among them, considering their various level of vulnerabilities and level of risk.
Principle 5	Managers should coordinate and work with other groups be it private or public, to ensure that the dangers emanating from organizational activities are lowered and, in situations where they are unable to avoid it and compensated appropriately.
Principle 6	Managers must disassociate themselves from collective activities that will endanger their human rights such as the right to life or result into some form of risk which if not understood clearly can be patently not tolerated by significant stakeholders.
Principle 7	Managers must identify the conflicts that exist within their role as business stakeholders, and their moral and legal duties for the keen interest of their business partners and should solve such problems by means of open communication, proper reporting and reward structures systems and, where appropriately, third party review.

Source: Friedman and Miles 2006

Similarly, Friedman and Miles (2006) outlined a model that can be adopted to select the mode of stakeholder management needed on the basis of Arnstein's ladder of participation, even though this their model consists of twelve different levels. The model could be deployed to establish the mode of managing stakeholders. The minimum level is in relation to the circumstances in which the firm simply communicating to stakeholder concerning decisions that have occurred already even though these levels comes in place of improper practices when it occurs in isolation. Within the middle category of the model, stakeholders have the chance to articulate their worries regarding a decision being considered. However, with the absence of assurance that such worries or issues will influence the end result. The highest levels engagement is featured by aggressive efforts at strengthening stakeholders in business decisions. It is possible that different stakeholder entities and similar stakeholder entities at various periods will be offered different treatment at different category level and as such this can be influenced by stakeholder features at different stages in the life cycle of the organization, different forms of strategies deployed by stakeholders with different outlook and stage of the project.

B. Types of Stakeholders

Management of stakeholder comprises of the process of identifying and categorizing of stakeholders such that facilitating the initial and future engagement with them in a timely and planned way. This manner of engagement comprises of selecting different forms of categorized stakeholders, collection of data on them, outlining their mission on the programme, establishing their key strengths and weakness and also knowing their strategies, forecasting their behavior patterns growing and implementing a strategy that can be used to manage such stakeholders (Cleland, 2002). Indeed, stakeholders have actually been categorized in numerous ways (Calvert 1995; Winch and Bonke 2002):

Calvert (1995) and Bonke (2002) categorized stakeholders as;

- Internal stakeholders – which is those who are considered as the members of the project coalition
- External stakeholders - which is those who are influenced by the project in a relevant way.

Stakeholders can be recognized as internal or external to the project members (Sutterfield, 2006). Additionally, categorizations are within and not within stakeholders (NewCombe, 2003) and as such direct and indirect stakeholders (Smith and Love, 2004).

C. Public Procurement

Public procurement itself is essentially political oriented and a very sensitive process, not least considering the fact that it comprises of relevant amount of public funds. Similarly, Pegnato (2003) for example gave the estimation that the US federal procurement amount was approximately US$200 billion every year whiles Coggburn (2003) in his estimation set up together the blend of the level for state and nearby governments above US$1 trillion. Besides, Thai and Grimm (2000) gave the estimation that the government's combined power of purchasing was approximately 20% of GDP while, with the case of most developing countries, Nicol (2003) then again altered the figure at 15% of GDP. With Russia, government obtainment in the year 2004 was supposed to total about 40% of the national budget (Fradkov, 2004). It is however, on record that The Organization

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for Economic Co-operation and Development (OECD) and Development Assistance Committee (DAC) (2003) forecasted the quantum of national public sector procurement at 8% (US$3.2 trillion) within a global context considering a worldwide Gross Domestic Product of US$40 trillion. The goal of disassociating politics from public procurement is faced with a lot of challenges and as such decisions concerning its appropriation can comprise financial difficulties and loss of employment at the various sectional constituencies attracting volatile political interest. Furthermore, just a base estimation of disappointments in execution is surely perceived to be of more noteworthy political significance than pandemic non-execution (Dilulio, 1994; Osborne and Gaebler, 1992).

D. Procurement Management Objectives

Most locales comprehensively have one way or the other equivalent administration objectives for open acquisition (Thai, 2001). Prominent strategies are all over between locales, without neglecting the huge contrasts that exist in the methodologies and operational cycle rehearse. For example, amid a collected exertion by the gathering for Asia-Pacific Economic Cooperation (APEC) nations, their Government Procurement Experts Group built up an arrangement of non-required rules that contain straightforwardness, cash worth, open and extreme rivalry, responsibility and due procedure (APEC, 1999). Different having a place nations finished on the thought of the relevance of solitary segments to them, considering the real components of their economies and the points of interest connected with sending some specific measures. The set of non-obligatory popular guidelines are usually outlined from the following fundamental goals.

(a) Public confidence *– underpinned by the features of transparency and accountability regarding the process of procurement;*

(b) Efficiency and effectiveness *– in the expenditure of public funds to attain value for money regarding efficiency of delivery of procurement results; and*

(c) Policy compliance and consistency *– of both the procedures and results from the procurement activity regarding the goals and expectations of other policies of the public sector such as factors bordering the environment, skills training and apprenticeships, obligations from the international context and also commerce and regional employment developments.*

Such goals are not too different and are such that they are in harmony with nonspecific public management. It is simply emphasized that the management of public procurement expectations is to be in line with community criteria, efficient and consistent with the wider scope of functions of the government. On the other hand, as much as they may look easier, the real experience which is transforming them into reality in terms of operations comprise issues and established strategies that are usually not in harmony when not commonly incompatible. Within a wider scope, three elementary methods, usually in diverse levels of combination, are deployed to execute these goals and the subsequent discussion comprises each of these techniques, generally defined in the context of their focus regarding centralization, management and monitoring of public procurement.

Regulation and Compliance

With sectors in which the dominating political views has been on the basis of fairness and equity, public confidence and transparency, management of public procurement processes by means of intensive regulatory structure usually comprises of the status quo (UNCITRAL, 1994). This structure manifests a local technique to open administrative practices and as such for other government roles considered as elementary processing – by depending solely on regulation as the basic method of monitoring administrative procedures and policy implementation. A regulation brings some control on the micro-highly monitored procurement setting which is established to reduce discretion in situations that is regarded to be of a high risk from unwarranted levels of influence. A highly suggestive method could also be considered appropriate in areas where the schedule officers have little procurement skills, are craving to attain some extent of transparency or avoid the incidence of corruption: the regulated technique usually universal, however not considered as exclusive to countries within the developing regions. An effort to regulate procurement principles lies in the Model Law on Procurement of Goods, Construction and Services that was set up by the United Nations Commission on International Trade Law (UNCITRAL, 1994) through its Working Group on the New International Economic Order.

E. The Procurement Process of Tendering

There are several forms of tendering. The procurement process of tendering is used when acquiring goods, works and services as stated in the guidelines of Public Procurement Act 2003 (Act 663). The procurement techniques that can be adopted for Goods procurement include;

- International Competitive Tendering (ICT)

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- National Competitive Tendering (NCT)
- Two-Stage Tendering (National or International)
- Restricted Tendering (National or International)
- Single Source (Direct Procurement)
- Request for Quotations (RFQ)

Tendering on a competitive basis by adopting the method of tendering based on competition using ICT or NCT is a preferable technique for most Government procurement practices and the adoption of substitute approaches is much restricted to the provision stipulated in Part IV of the Public Procurement Act.

International Competitive Tendering is considered that International Competitive Tendering is more useful for rated forms of complicated procurements or in situations where the provision of goods by the or where the goods supplied is not possible to attract sufficient existing competition within the local market. The details of the Act require the deployment of procurement of goods using ICT for beyond the threshold outlined in Schedule 3.

National Competitive Tendering - The National Competitive Tendering is very relevant for lower value procurements in which the goods themselves naturally do not attract competition of the foreign market. The law stipulated gives permission for the use of NCT in the process of procuring goods associated with the value at the thresholds stated in Schedule 3.

Restricted Tendering – In case of Restricted Tendering, the process is by direct invitation to a shortlist of pre-qualified, pre-registered tenderers: This is a significant approach of procurement whereby;

- the criteria of a specialized feature has established requirements of public safety,
- due to the timely nature of the criteria, a transparent competitive tender is not realistic;
- the number of prospective vendors is restricted; or Manuals - Public Procurement Act, 2003 (Act 663) Public Procurement Board-Ghana 34
- a transparent tender that is competitive has not yielded the expected positive outcome of the contract awarded.

Two-Stage Tendering – Usually, the Two-stage Tendering is used in procurement process in which Procurement parties calls for tenderers within the first stage to add to the outlined categorization of the goods. After detailed consultation and review, new outlined specifications are designed and restricted tender issued in the subsequent stage to all parties who were not eliminated in the initial stage. It is a suitable technique of procurement when it is not possible for the Procurement Parties to design a very detailed outline for the goods, to establish their features, or the attributes of the goods is subject to speedy technological development.

Single Source – The Single source procurement method is where supplier or the vendor has no competitor (direct procurement) and it is usually subjected to definite endorsement as being granted by the Public Procurement Board. Single source procurement will possibly be suitable in the following context:

- the procurement is for timely needed products, on condition that this is restricted to the limited amount to meet the critical need until a purchase by other approaches can be attained; or
- the criteria can only be provided by a singular source for physical or policy justifications, for example the expected machinery is proprietary and attainable only from singular source.
- When the considerations of national security (non-economical) becomes essential.

Request for Quotations (RFQ) - This is referred to as "shopping" and is dependent on comparing price quotations secured from a lot of suppliers, mostly at least three, to make sure that the process is guided with competitive prices. Securing for Quotations is considered in situations when:

- the computed amount of the threshold is outlined in Schedule 3 of the Act; Standard RFQ details are specifically preferred for procuring readily available on the market or standard specification items of limited value. (Manuals - Public Procurement Act, 2003 (Act 663): 33-34.

G. Efficiency of Procurement Process

Earlier discussions focused entirely on open procurement administration initially for adherence and then for effectiveness within the context of best value-for-money and fit-for-purpose results. These objectives traditionally have each led jurisdictions down quite different paths, the initial specifying procurement as a legal process, the subsequent one in

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terms of management (Johnson et al., 2003). Additionally, the extended relevance lies in the operational productiveness of the process as it is relative to both the government and to business entity. The effectiveness of this particular procedure in this situation is a concurrent consideration notwithstanding the fact as to if procurement can be referred to as process or managerial task being tracked. The effectiveness framework is very crucial in this analysis since it brings to bear complexity to the existing tension between decentralization and centralization of management concept (Johnson et al., 2003).The effectiveness of procurement procedures and some of the methods expected to offer value-for-money results are not in isolation to the extent or level of centralization. Certainly, the sources of efficiency available to best-practice procurement are numerous. The levels of effectiveness of procurement are usually complex and delicate to scale and engages both the administrative processes of the public and that of the industry framework and transactional factors (Schapper, 2000). In this manner, efficiency goes beyond the idea of value-for-money results.

Even in classical competitive market environment, price can be adjusted especially regarding the quantity or quantum and duration undertakings offered to vendors which are usually minimal or deemed as less risk to those who patronize. Thus, more to the minimal credit risk taken up by government, the degree of supplier vendor risk can entirely usually be reduced by means of agency demand aggregation offering higher certainty and amount to suppliers with the related savings existing to be handed over. These advantages usually become undisputed, for instance contracting service offering such as information technology (IT) services. A typical example of facilitated coordination in IT acquisition lies in the opening up in the early 2003 of the United States (US) IT plan to permit access by local government and the state, thus widening the prospective scope of base for federal IT projects, with unique advantages for both buying and supplying vendors (Schapper, 2006). The elements that becomes an obstacle against optimization and effective results outcomes being parallel with the total devolution of contracting for a lot of common goods and services and also for additional sophisticated services is IT infrastructure and telecommunications frameworks. Such considerations describe the hybrid systems of management of some countries such as Singapore (Jones, 2002; McCue & Gianakis, 2001), while others deploy consortia methods (Aylseworth, 2003). Another avenue for optimizing effectiveness has to do with transactional costs. Transactional costs are higher within the public sector because of its demanding criteria of openness. Additionally, most of the transactions are minimum purchases, traditionally a few hundred dollars, such that the transaction cost of processing widens or even a greater aspect of the purchase. Nevertheless, the relevance of cost of transaction can be monitored by the processing cost related to a simple procurement activity popularly valued between US$75 –US$100 (NASPO 1997) and the realistic situation that is approximately 70% of the public sector procurement transactions is lower than US$500 (Schapper, 2000).

Furthermore, another value for effective savings comes from redefining the result criteria itself and represents an overflow between the factors of performance and efficiency (Schapper, 2006). This segment of opportunity calls for relevant management of information along with strategic management of agency with a firm interagency coordination of effective objectives. In this instance, public administration challenges the current and usual typical methods of business and administration and craves for new advanced ways of addressing the problem. For instance, an administration set up with 10,000 IT ‘seats’ could possibly seek to deploy this purchasing power to lobby for an appropriate licensing package with its desktop infrastructure. Alternatively, it may adopt other means considered such as outsourcing of all components or some portion of the role, adopt a shared service centre such that a greater portion of the processing is executed outside the company as has happened with e-tax within the industry of taxation in Australia (ATO, 2004). The initial idea shows a typical example of aggregate purchasing while the other ones are instances of more strategic methods. All of these factors are additionally made cumbersome by the structure of public procurement which in many countries is divided between low values, high volume procurement and high value, low amount procurement such as major capital works. Majority of the transactions in each category will be of low value and high volume, comprising mainly of office supplies for example, even though the funds spent will attract high value and volume. Minimum transactions (for lower than $US4000) will mostly be done through an easier quoting procedure or better still straight off a previous contract. For higher amount of procurement (usually more than $US25000-100,000) it is usually the standard process. This is a huge complex activity that needs a higher degree of levels of expertise in relation to not only specification in terms of risk management, but in addition to the ongoing relationship and performance management (Schapper, 2006).

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H. Stakeholder Management

Stakeholder management has to do with the kind of connection or relationship that exists between a company and its interested parties. These associations influence people and companies both in a favorable perspective or otherwise. Stakeholders therefore are required to be well managed to attain the objective of reducing the impact of the negative influence and promote a culture that do not work against attainment of objectives and goals by the people and businesses entities. Stakeholder management suggests the idea that any company must associate with a lot of constituent segments and sustain the support of these entities adopting and harmonizing their relevant interests (Goodpaster, 1991, Freeman, 1994; Logsdon and Wood, 2000). The process of stake holding is, therefore, a way of social engagement and so it reduces the challenges to the expertise in relation to the organizations (Moloney, 2006).

I. Stakeholder Theory

Executing key project deliverables is very critical and it solely depends on the relationship skill pertaining to management, and additionally the need to stay focus on attaining the objectives or goals of the project that stakeholders will be looking out for within life cycle of a given project (Cleland, 1999). On the other hand, key action that requires to be executed during the development of the strategic aim of a project lies in identifying the stakeholders so as to develop a project brief that best resolves their usual conflicting range of requirements. Moving beyond (Mersland 2009b), shows how stakeholders'roles can contribute to the process of making strategic decisions that are required by organizations for better performance. Proponents of stakeholder theory suggest that including stakeholder representatives on boards is a - formal mechanism in place that acknowledges the importance of their relationship with the organization (Mitchell et al. 1997; Hillman, et al., 2001). One clear role of stakeholders is that they have important and necessary information that they bring on board and if the information is well captured by organizations, it will lead to better organizational performance. The organization is envisioned as the centre of a network of stakeholders, a complex system of exchanging services, information, influence and other resources (Freeman, 1984; Mersland and Strøm, 2009a; Freeman and Evan, 1990). The theory further argues that an organization's value is created when it meets the needs of the firm's important stakeholders in a win-win fashion (Harrison et al., 2007). The concept of stakeholder refers to those categories of individuals or organizations that have a stake in an organization. According to Bryson (2003), the contemporary use of the concept refers to a claimant toward whom an organization has fiduciary responsibility. As much cited, the definition of stakeholder has been formulated by Freeman (1984). According to Freeman, stakeholders are those individuals or groups who are influenced by or have an influence on the activities of the organization. They are those groups whose continuing participation is necessary for the survival of the organization.

Another distinction is in terms of their location, which includes internal and external stakeholders (Rousseau and Shperling, 2003). The internal stakeholders are those groups which belong inside the organization, such as managers and employees. External stakeholders are groups that are outside the organization and have effects on the survival of the organizations (Harrison, 1996). These groups consist of customers, suppliers, government agencies, local communities and unions. It is further argued that the core idea of stakeholder theory is not only to recognize internal stakeholders with whom stakeholder communication has been implemented for a longer time and has become obligatory (e.g., employee councils), but also external stakeholders whose claims are patently political or social in nature (Freeman, 1984 and Harrison, 1996). This is in line with what some literature argues - that all stakeholder entities have legitimate values and equal interests and a mutual dependency exists between them and the organization (Donaldson and Preston, 1995).

Advocates of stakeholder theory further suggest that including stakeholder representatives on boards is a ―formal mechanism in place that acknowledges the importance of their relationship with the organization (Mitchell et al., 1997 and Hillman et al., 2001). This implies that stakeholder groups represented are both powerful and legitimate, as well as a part of the organization's dominant coalition (Mitchell et al., 1997; Luoma and Goodstein, 1999). That is, by including stakeholders on boards, organizations are signalling their commitment to stakeholders in a visible way.

Despite the importance of stakeholders, it is evidenced that stakeholder management, whether on boards or not, is often a challenge for many organizations (Harrison, 1996 and Harrison et al., 2007). Some reasons for this challenge are that there are many stakeholder entities and all of them have different stakes and different interests. Involving all of them in organizations'activities may lead to a lot of conflicts

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of interests and politics (Gijselinckx, 2009). Because of these challenges, it is important for organizations to first identify their stakeholders and know what roles different stakeholders play in contributing to organizations 'activities, including making strategic decisions when they should be involved.

a. Identifying stakeholders

The theory of stakeholders provides a number of different scopes of thoughts and expectations that stakeholders may perceive. Stakeholders within the social science are usually tempted to concentrate on ideas regarding justice, social rights and equity having some significant influence on the manner that stakeholders incite moral suasion on the development of projects (Gibson, 2000). Instrumental stakeholder theory mentions that, stakeholders and managers interact and as such associations are considered as is contingent based on the nature, characteristics and the quality nature of their interaction (Donaldson and Preston, 1995). In this context, identification of stakeholders is extremely related to their relevance, capacity of agency, or recognized as factors of influence. This means that the need for negotiation, and required feedback running from standoff to mutual changes, on the basis of such intermediate elements such as dedication, trust and motivational drive.

According to Jones and Wicks (1999), the theory of convergent stakeholder suggests that stakeholder efforts and reaction is to adjust results into project administrators requiring building mutual trust and cooperative engagement with their respective stakeholders. As a result of this, their effort should be strictly guided by ethical standards. Meeting all these objectives, companies can derive the competitive edge. This comes with 3BL principles, where by the success of performance is defined as meeting bottom line of performance indicators and at the same time that of the environmental and social responsibility performance indicators (Elkington, 1997).

The clarity aspect holds that, legitimate stakeholders are expected to be identified and their authority and influence clearly displayed such that their possible influence on projects can have some level of harmony in understanding. Suitable strategic approaches can then be designed and enacted to optimize a stakeholder's positive impact and reduce any negative impact. This results into a major risk-management factor as far as project managers desire to prevent project failures (Morris and Hough, 1993). Briner (1996) established four groups of stakeholders and presented them as project leader's organization, client, outside services, and team members that are invisible. Cleland (1995) outlined the need to grow an organizational framework of stakeholders by way of understanding the interest of stakeholder's, and lobbying to specify the best means of managing stakeholder expectations. He outlined numerous clusters of stakeholders from the supply chain. Stakeholders have also been referred to as those who hold the beef or those people who poses some level of interest. Managing stakeholders effectively is crucial at all stages, right from the initiation phase to the closeout phase (Cleland, 1995).

It becomes needful to evaluate what a stakeholder's stake is when attempting to define what their specified requirements are. A stake could be an interest or ownership. An interest is a situation whereby an individual or a set of people can be affected by an action or decision, having an interest in that decision. Ownership happens 'when an individual or group has a legal recognition to a property' (Carroll and Buchholtz, 2000).

Figure 2.2 shows stakeholders in four category groups: the stakeholders at the top stream, made up of the paying customer and final users; the downstream stakeholders consist of the suppliers and sub-contractors; the external stakeholders are usually not considered and are made up of the general community and relevant groups who are of the believe that they will be influenced by the project and its results, invisible stakeholders who interact with the team members of the project team in delivering the expected project benefit but whose cooperation and help is crucial for the success of the project and also the network of knowledge that engages with the project delivery team in diverse ways. Finally, there is the visible project stakeholder group, made up of the project sponsor and also the project delivery team.

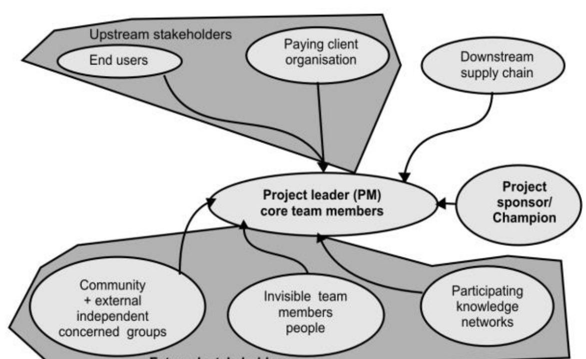

Figure 2.2: Stakeholder types
Source: Adapted from Walker, 2003: 261

People are usually tempted to develop knowledge networks to share and re-frame knowledge that they normally work with. Many of such examples of learning communities are provided historically, for instance, the medieval guilds of Europe, and recently the clusters of individuals in knowledge-sharing networks focused around a specific skill creating 'tech clubs' (Wenger 2002). A community of practice (COP) shares knowledge and skills and manage its members by means of obligations to share knowledge, giving access to insights shared about work culture and operations (Wenger 2002). This undisclosed stakeholder set is usually not recognized and yet COPs offers a major source of influence and serves as a reference point for project managers to learn from.

J. Maintenance of the stakeholder community

The process of establishing, outlining, prioritizing, and involving project stakeholders cannot be a one-time event. Stakeholders adjust as they progress within the organization or exit it, or as their relative relevance to the project and their level of influence within the organization also changes. As the project progresses through the project life cycle, different stakeholders may possibly have limited influence on the project. The process could possibly be replicated totally or partially. A critical aspect of the approach is the replication of the process of the methodology and structuring of the Stakeholder Circle when any of such events happen. Strategy regarding what, when, how and who in terms of delivering the specified messages defined for the relevant stakeholders must be translated into effort. The plan for communication should be a key aspect of the project schedule and as such reported on during regular team meetings and update reports.

a. Value of the methodology

The advantage associated with this approach and tool is obtained from the analysis process itself when participants of the workshops sharing ideas on potential project stakeholders and their expectations and prospective contributions. These idea sharing process and related lobbying stage about acceptance on rankings of stakeholders assist all the team members to share their ideas regarding the individuals being evaluated as well as the knowledge scope of the company in its politics. More advantages is found in the ease with which stakeholders' influence has on the project can be evaluated once the diagram is finalized. In other to be most efficient, the evaluation should be regularly updated as the project is ongoing throughout its life cycle.

A methodology that offers a simple, time-efficient process for discovering key stakeholders is beneficial associated to the planning processes of the project. The approach also complements a logical sequence to permit the project manager to take a decision as to which of the project's stakeholders to allocate more time and effort on, since it cannot be possible to attend to the total expectations of all the stakeholders. The adoption of a process that initiates the project team through the detailed analysis of the requirements of the project stakeholders and the suitable way to offer their support of the project offers another advantage to the project manager.

Managing what is held by major stakeholder build formidable project relationships and grows the possibility of project success; application of visualization and methodology instruments such as the Stakeholder Circle will add to the perception of such key stakeholders that the project is being coordinated appropriately. On the whole, because a system like this collects information relating to characteristics of stakeholders, beliefs and behaviors, it becomes very relevant that information-mining source be considered in ways that is the same as that of a customer relationship management (CRM) system.

K. Partnership in Procurement Process

Despite the growing trend towards using supply chain and relationship management as means of creating and maintaining effective buyer-supplier relations, the literature on the subject is deficient in some crucial ways. When examining the studies intended to promote knowledge on how to effectively operate in business markets and to manage relationships, one sector – business services may be distinguished as lacking attention (e.g. Sheth and Sharma, 1997; Ellram et al., 2004; van der Valk et al., 2005). At the same time, services generally take up a growing proportion of organizations' procurement expenditure, and the role of procurement within the organization is changing: procurement as a function is becoming more strategic (Macbeth, 1994; Arnold, 2000), with a smaller number of highly qualified buyers. The strategic processes of the supply chain and relationship management are replacing the traditional function of procurement that focuses only on the efficient management of the workflow of goods and services supporting the activities of organizations (Cousins, 2002). These transformations have created new challenges. Since the formation and maintenance of

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closer relationships, such as partnerships, are costly and time-consuming processes (Virolainen, 1998; Lambert and Knemeyer, 2004), companies need to understand more thoroughly the likely nature of the relationships. Similarly, it is increasingly important to know when it is worthwhile to choose a partnering approach, and how partnering relations should be structured and managed. Based on this, partnerships in organizations have been a popular subject in the fields of both industrial practice and academic research (e.g. Ellram, 1991; Landeros et al., 1995). The importance of relationship issues is emphasised because services are usually produced in an ongoing buyer-seller interaction (Grönroos, 2000). In addition, as the process of procuring services has been found to be more complex than the process of purchasing goods (Fitzsimmons et al., 1998; Smeltzer and Ogden, 2002), there is a need for research that sheds light on partnership sourcing in business services.

Over the last few decades, there has been a significant shift in the way organizations approach buyer-seller relationships. Recent years have seen an increased interest in buyer supplier partnerships that tend to be longer, ongoing relationships involving a mutual exchange of ideas, information, and benefits (Ellram, 1995). As market places have become more dynamic and competitive, earlier recommendations for fostering "arm's length relationships" with suppliers in order to avoid dependency and keep prices down have been replaced by emphasizing the potential benefits of close relationships. The same kind of transition seems to be taking place in the procurement processes. Traditionally, relationships between facility service providers and clients have been based on an adversarial approach (Atkin and Brooks, 2000). Services have been purchased separately for single sites and price has been the determining factor in choosing a service provider. As companies continue to outsource non-critical activities and to reduce and trim their supplier bases, existing outsourcing contracts have been expanded and on the other hand, strategically more important services have been outsourced (Loosemore and Hsin, 2001). Consequently, a need to develop relationships based on a more collaborative approach has arisen (Incognito, 2002). Businesses do not enter into partnerships to make friends; they enter into them in order to gain some form of economic reward (Cullen et al., 2000). A company will remain in a partnering relationship insofar as it continues to perceive it as an efficient and equitable organizational form for its purposes (Ãrino and Torre, 1998). Normally, inter-firm collaborations contribute to value creation on several levels, including economies of scale, the effective management of risk, cost efficient market entries and learning from partners. In addition, partnerships help firms to minimise transaction costs, cope with uncertain environments, reduce their dependence on resources beyond their control, successfully reposition themselves in dynamic markets, share fixed costs, enhance their own core competencies, and acquire access to complementary competencies (e.g. Nooteboom et al., 1997; Ireland et al., 2002). Partnership drivers fall into four categories – asset and cost efficiency, customer service enhancement, marketing advantages, and profit growth or stability (Lambert and Knemeyer, 2004). However, most of these motives are derived from studies on goods or consumer markets and they seem to be slightly different from those associated with services. It seems reasonable that the nature of exchange depends on the type of service in question. For example: a customized service that is provided during a longer period of time will put emphasis on issues like stability of the supplier, sustainability of the quality of the service delivery process, collaboration aspects, and the matching of the buying firm's demand with the supplier's offer. In contrast, for a standardized service, which is only acquired once or with a low repeat frequency, the emphasis is likely to be on efficiency issues and price. The latter service purchase is of a more transactional nature, whereas the former is characterized by a larger degree of integration and thus has a more relational character (Radkevitch and van der Valk, 2005).

Ventovuori et al. (2004) found in their study that a partnership approach is chosen when the strategic importance of a service is high for the client's or end-user's business, the service to be purchased is complex, there is a need to share sensitive and strategic information or the procurement volume is large. On the other hand, Lehtonen and Salonen (2005) state that in most cases the choice of the partnership approach seems to be based solely on the purchasing volume. In order to increase the purchasing volume, clients are currently forming wider service packages by purchasing services regionally for more than one building at a time, and moving from an adversarial to a collaborative approach in managing their relationships with service providers. This creates cost advantages, which service providers can convert into corresponding lower prices or higher service levels, novel technologies or innovative structures and procedures (Meneghetti and Chinese, 2002). As a result of the re-structuring of buying organizations and supplier bases, a wide variety of different relationship

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forms has emerged (e.g. Webster, 1992). Guidelines for selecting relationship type usually only identify partnership sourcing and competition as discrete categories (e.g. Macbeth, 1994). However, even casual observation of actual supply relationships reveals that there are different forms of partnership sourcing (e.g. operational and strategic forms) and different forms of competition (e.g. very short-term contracting and long-term competitive contracting) (Parker and Hartley, 1997). Operational partnering refers to working with several suppliers and focusing mainly on the certainty element of the relationship and process elements (Mentzer et al., 2000; Cousins, 2002). The relationship between organizations is strategic when a firm perceives that it needs the relationship in order to be competitive in the industry and that if the partner goes out of business, the firm would have to change its competitive strategy (Johnson, 1999).

While partnerships have the potential to enhance a firm's performance, creating partnerships is challenging because of the difficulties in managing them (Park and Ungson, 2001; Ireland et al., 2002). Working across organizational boundaries is one of the most difficult activities that managers have to accomplish, since it always involves actual or potential problems (Ford et al., 2003; Peng and Kellogg, 2003). Relationship activities are difficult to manage due to the differences in organizational goals and structures between companies, the distance involved, the inability to use hierarchies helpful in internal activities, as well as the dynamics of the relationship itself (Ford and Havila, 2003; Sabherwal, 2003). Gaining benefits from collaboration requires effective management of partnerships (Blumberg, 2001; Ireland et al., 2002). Partners must trust each other not to take advantage of dependencies or chances for opportunistic behaviour. The structuring and control on inter-firm relationships requires the establishment of suitable management control systems and processes (van der Meer-Kooistra and Vosselman, 2000). Different control mechanisms have an impact on different risks or perceived risks. Parties will choose the appropriate partnership control mechanisms based on their risk preference and the provided safeguard (Ring and van de Ven, 1992; Chiles and McMackin, 1996). A recurring source of risk in all transactions is the need to make decisions in the face of the uncertainty of accomplishing tasks that require sustained co-operation with others (Ring and van de Ven, 1992). At the advent of outsourcing and the formation of closer relationships like partnerships, the risk is increasing and shifting around supply networks (Andersson and Norrman, 2003; Harland et al., 2003). This risk will increase as the firms develop closer ties until their operations are truly integrated (Masters et al., 2004). The problem with partnerships is the problem of creating co-operation among a collection of individuals, units or companies who share only partially congruent objectives. The two dimensions of this partnership problem are, firstly, the creation of conditions that motivate the partners to achieve the desirable or predetermined outcomes and, secondly, the coordination of interdependent tasks between partners (Dekker, 2004). This problem is managed using multiple relationship governance or control mechanisms. Different control mechanisms serve as the building blocks for complex structures of governance that combine elements of markets, hierarchies, and relational exchange in complementary, supplementary, or alternative ways (Cannon et al., 2000). It is agreed to some extent that all organizational control systems consist of formal as well as social control (Langfield-Smith and Smith, 2003).

Formal control consists of contractual obligations and formal organizational mechanisms for co-operation and can be subdivided into outcome and behaviour control mechanisms. Social control, also referred to as relational governance and informal control, is related to informal cultures and systems influencing members and is essentially based on mechanisms that induce self-regulation (Ouchi, 1979). Formal control includes such mechanisms as joint goal setting, planning, command structures, authority systems, incentive systems, standard operating procedures, dispute resolution procedures, and pricing systems. Social control includes the following mechanisms: partner selection, shared values, reciprocity norms, reputations, trust, personal relationships, prior ties, and embeddedness. Some relationship management control mechanisms have been seen as success factors (Ellram, 1995; Frankel et al., 1996; Whipple and Frankel, 2000) or as creators of competitive advantage (Ireland et al., 2002) for a partnership. In a study covering a broad range of industries, Ellram (1995) found that the five most important factors in a relationship for buyers were: two-way information sharing, top management support, shared goals, early communication to suppliers, and suppliers adding distinctive value. Ireland et al. (2002) studied partnerships from the network perspective and listed the following partnership management mechanisms as having potential for value creation: dedicated relationship management functions, relationship portfolio management, determining the scope, partner selection, compatible strategic intents, and

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complimentary resources as well as willingness to accommodate a partner's needs, conflict handling and working together at all managerial levels.

However, it is important to note that the relationships that function well in one business environment may not be as successful when transplanted elsewhere (Cox, 1996). Inconsistent logic in value creation results in different levels of interdependence, requiring different degrees of mutual adaptation and adjustment (Borys and Jemison, 1989). In addition, differences in the degree of tangible and intangible elements in service industries compared to manufacturing industries may cause differences between relationship management methods (Leek et al., 2004). Thus, there is reason to expect that the management methods in partnerships will also differ to some extent from the management methods delineated in general management literature. Lehtonen and Salonen (2005) found that the success of collaborative relationships between clients and suppliers/service providers seems to have some exceptions but is still based on quite similar general management methods, namely, clearly defined and mutually agreed goals, mutual involvement in relationship development, joint problem solving, two-way information sharing, and the partners' ability to meet performance expectations.

L. Conceptual Framework

The conceptual framework touches on the problems that triggered the thesis work at GHS. This study measures stakeholder satisfaction in procurement processes and investigated the impact of stakeholder management on procurement processes. The independent variable of the study is stakeholder management and procurement process is the dependent variable.

According to Cleland 2002, stakeholder management is managing and identifying the interests of individuals known as stakeholders and facilitating the initial and future engagement with them in a timely and planned way. There has been the need to give adequate attention to stakeholders by involving them throughout the procurement process to boost their participation in procurement processes within organizations. As argued by Bermann et al, (1996), involving stakeholders on time will help to improve financial performance of its organization through their commitments which shapes their strategy and impacts on financial performance. When stakeholders are involved at all stages of the procurement process, there is cost savings because they help improve the financial performance of the organization and they become more committed towards achieving the objectives of the organization. There has been a significant shift in the way organizations approach buyer-seller relationships. Recent years have seen an increased interest in buyer supplier partnerships that tend to be longer, ongoing relationships involving a mutual exchange of ideas, information, and benefits (Ellram, 1995). Organizations share ideas and information with suppliers through partnership. Businesses do not enter into partnerships to make friends; they enter into them in order to gain some form of economic reward (Cullen et al., 2000).

As indicated by Bovee et al, (2000) powerful correspondence just happens when there is a common understanding that prompts others to make a move and empowers elective considering. Viable correspondence between offices, particularly the acquirement and stakeholders in the association expands open doors for collaborations and inputs of stakeholders using messages, texting and intranet framework inside the work put additionally takes into consideration the stream of work (Turner and Reinsch, 2007). Compelling correspondence helps acquirement to know things that stakeholders needs through the consolidation of their inputs. Matthew Locke (2002) explores the application of value for money approach to long term collaborative agreements. He believes that value for money approach is "a catalyst that not only enables partners in the agreement to change their culture, it helps to develop a common understanding of the situation and facilitates the development of innovative solutions" that have delivered major savings in capital, operational and maintenance expenditure.

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Correlations

		Impact of Stakeholder Management	Prior Information	Partnership	Value for Money	Preparation of the procurement plans	Meeting of Timelines
Pearson Correlation	Impact of Stakeholder Management	1.000	.484	.557	.518	.543	.504
	Prior Information	.484	1.000	.879	.969	.952	.866
	Partnership	.557	.879	1.000	.869	.865	.947
	Value for Money	.518	.969	.869	1.000	.965	.862
	Preparation of the procurement plans	.543	.952	.865	.965	1.000	.856
	Meeting of Timelines	.504	.866	.947	.862	.856	1.000
Sig. (1-tailed)	Impact of procurement process	.	.000	.000	.000	.000	.000
	Prior Information	.000	.	.000	.000	.000	.000
	Partnership	.000	.000	.	.000	.000	.000
	Value for Money	.000	.000	.000	.	.000	.000
	Preparation of the procurement plans	.000	.000	.000	.000	.	.000
	Meeting of Timelines	.000	.000	.000	.000	.000	.
N	Impact of procurement process	63	63	63	63	63	63
	Prior Information	63	63	63	63	63	63
	Partnership	63	63	63	63	63	63
	Value for Money	63	63	63	63	63	63
	Preparation of the procurement plans	63	63	63	63	63	63
	Meeting of Timelines	63	63	63	63	63	63

***. Correlation is significant at the 0.1 level (1-tailed).*

DATA DISCUSSION

According to Table there is high correlation (0.557 or 55.7%, 0.543 or 54.3%, 0.518 or 51.8% and 0.504 or 50.4%) with prior information only which has a correlation a little below average (0.484 or 48.4%) between stakeholder management and the outcome of the procurement process of GHS and it also shows that there is a positive relationship between stakeholder management and the procurement process of GHS. Due to that an increase in the utilization of stakeholder management variables would result in a marginal growth in the outcome of the procurement process year by year. Because of this H_0 is accepted and H_1 is rejected in hypothesis 1.

CONCLUSION

Stakeholder consultation plays a major role in the procurement process of Ghana Health Service (GHS) with a mean of 4.0198 and standard deviation of 0.90730 followed by stakeholder participation, stakeholder involvement and the choice of the communication channel with a mean and a standard deviation of 3.9660 and 0.76704; 3.9365 and 0.90220; and 3.8360 and 0.93493 respectively.

Again, represents the result of the contribution (relationship) between the variables of stakeholder management to the procurement process of GHS. The result shows that there is a positive relationship between the stakeholder management variables and the procurement process of GHS. With stakeholder involvement and the channel of communication leading with a correlation of 0.557 each followed by stakeholder participation and stakeholder consultation with a positive correlation of 0.552 and 0.538 respectively.

The result of the responses on the management of the procurement process of GHS and how much importance is attached to the various stages of the procurement process. According to Table 4.10 much attention is given to the evaluation stage with a mean of 4.2698 and a standard deviation of 0.70038 followed by consultancy services, contracting stage, restrictive tendering, price quotation, international competitive tendering, tender preparation stage, national competitive tendering, stakeholder engagement, sole sourcing and involvement in specification development stage with a mean and a standard deviation of (4.2381 and 0.92831); (4.1587 and 0.91944); (4.111 and 0.82523); (4.0952 and 0.75593); (4.0317 and 0.87930); (4.0159 and 0.7693); (4.0000 and 0.89803); (3.9841 and 1.05482); (3.9683 and 0.91525) and (3.9206 and 0.6699) respectively. Also, Table 4.10 shows a high standard deviation on consultancy services and the contracting stage even though they are showing a high mean.

The coefficient of the regression results shows that there is a positively high correlation (0.609 or 60.9%) between stakeholder management and the procurement process of GHS. It also shows the strength of the model (how the independent variables are able) to predict the behaviour of the dependent variable is weak (0.371 or 37.1%).

The Adjusted R shows how sensitive the independent variables are to the dependent variable. That an increase in the utilization of the stakeholder management variables by a margin will increase the contribution of stakeholder management to effective procurement process of GHS by 0.316 or 31.6%.

Although the result of the regression analysis shows higher coefficients of most of the stakeholder management variables, the extent to which the model is able to predict the contribution of the stakeholder management to the outcome of the procurement process is low (i.e. R square = 0.371 or 37.1 %). This means that the outcome of an effective procurement process can be explained by some factors other than stakeholder management only.

The weakness of the regression model is also shown in the high standard error estimate (standard deviation) of 4.76687. Again, the Table 4.12 shows an intercept of 10.743 which means that without stakeholder management the procurement process would grow by 4.76687.

The study has some recommendations to make based on the conclusions drawn from the findings.

1. The management of GHS should implement all the variables of the procurement process to impact positively on the procurement process of GHS.

2. The management of GHS should give equal attention to the various stages in the stakeholder management process. Even though some specific projects and services need experts to handle in which case, out-sourcing is appropriate, but even so, they should involve stakeholders in order to build and maintain that collaboration required to impact the procurement process of GHS.

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