



(RESEARCH ARTICLE)



Factors affecting procurement performance in selected municipal assemblies in the Kumasi Metropolis, Ghana

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Abstract

Procurement continues to receive enormous attention in the public sector of developing countries due to the high amount of financial investment fueled into the function for the acquisition of goods works and services. Amidst the compliance measures such as the public procurement act or regulation instruments introduced to curtail the activities involved in the function there is also the inadequate measurement of procurement performance with a few done only on cost as compared to other functions that recognize this attempt as a key measure of continuous improvement. The relevance of measuring procurement performance as has been illustrated through research by many writers due to the fact that the materials and other acquisitions obtained through procurement accounts for about eighty percent (80%) an institutions finances being private or public. Procurement performance measurement served the ability to meet environmental requirements, institutional demands and provide the creativity to develop strategies to respond to these demands. The current study was that of descriptive aimed at assessing the factors affecting procurement performance in the public. Procurement planning and staff competency were the key variables used to assess procurement performance in the Asokwa and Oforikrom Municipal Assemblies due to their recognition in the public procurement Act 914 of Ghana in Section 21 under Part 3 for procurement planning and staff competency also addressed in Section 18(3). Questionnaires were distributed to 150 purposely sampled personnel involved in procurement questioned under a 5-point Likert scale following which 142 responses were obtained. Unscored by a quantitative research approach, the SPSS was used to analyze data through means statistics. The findings of the study revealed that procurement planning and staff competency affected procurement performance. In addition, all staff competencies listed provided a mean score within the range of 4.00 and above which implies that they all affect procurement performance. The researcher recommended future studies using same factors as variables of measure for a different case area to serve as variation and addition to knowledge. It was also suggested that other factors including budget or resource allocation, political interference, procurement procedures, contract management, quality of items produced, time delivery or lead time and many more be used as variables of measuring procurement performance in future studies.

Keywords: Procurement performance; Procurement planning; Staff competency; Municipal Assemblies; Public Procurement Process

1. Introduction

The procurement process in the public sector of developing countries has created enormous concerns as to the aim and expected result of the process and how it contributes to the performance of the procurement function. Poor procurement performance in the public and private sectors has been a problem due to unprofessional staff, traditional procedures and inability to embrace electronic procurement, poor coordination of activities, lack of quality assurance policies ad lack of proper regulations, lack of established procurement plans. (1). Hence procurement performance is a

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major hindrance to both private and public sectors in organization growth globally which has given much attributes to research (1).

Many writers have expressed apt-most concern through research studies and one of them is Abdalla (2) who focused on “assessing the time delivery of the product and quality of the procuring items in relation with the existing Procurement Act of Zanzibar and Policy which is related to the procurement process. The study utilized a qualitative method approach being descriptive for the case of Ministry of Information, Culture, Tourism and Sports in Tanzania.

According to Ivambi (3) appreciates the fact that measuring procurement performance has always been a problem for procurement professionals in the procurement function of institutions. He presents the view in addition that most institutions focus on assessing their own internal trends other than the procurement performance which undermines the true picture of comparisons with other firms in the industry. This prompts the need to investigate on procurement performance.

Hamza et al (4) also conducted a study on Factors Affecting Procurement Performance in the Case of Awassa Textile Share Company in Ethiopia. The main aim of the study was to assess factors affecting procurement performance in Awassa Textile Share Company in Addis Ababa. The researcher recommended further research to be done with the independent variables such as staff competency, resource allocation, and procurement planning and procurement procedure as to whether the findings would be equal to that of future findings in other textile firms of Ethiopia.

The current study considers the recommendation by Hamza et al (4) but with different elements such as procurement planning and staff competency and in the public sector instead of private. This approach to the investigation creates a gap between the indicated work and other research on procurement performance conducted. The incumbent researcher considers the factors affecting procurement performance in the public sector of Ghana lowering in on the Oforikrom and Asokwa Municipal Assemblies under the Kumasi Metropolitan Assembly (KMA). The number of respondents is also expected to exceed that of Hamza et al (4).

The researcher made known of the need for further investigation into the procurement process and its effectiveness within the Public Procurement Act of Zanzibar as well as the effectiveness of the procurement process and the cost incurred in the organization. The two would be attempted with relevance to the Public Procurement Act 663/914 and Municipal towards the contribution and addition to knowledge.

The use of staff competency and procurement planning as variables of measuring the procurement performance creates a gap of distinction which a few researchers including Hamza et al (4) have considered but not with assessment in the Ghanaian Public Sector. This is worth probing because the procurement law of Ghana requires individuals in the procurement profession (staff) to possess knowledge and skills in procurement making them qualified before allowed to practice in the public sector due to ethics, professionalism and other principles expected to be achieved.

Mamiro (5) addresses that poor procurement planning is one of the major drawbacks in public procurement focusing on needs that is not well identified and estimated.

In addition, there is cost reduction, profit increase, quality improvement or continuous improvement in quality, achievement uncompetitive advantage and growth in profit when the performance of procurement functions consisting of procurement officers is measured. (6; 7).

In a study conducted by Testa et al (8), the researcher provided an invitation to writers for the need to probe further into the implementation factors in measuring purchasing performance which can be found in the procurement function. The writer also addressed the need to make deeper analysis of purchasing efficiency and effectiveness. The invitation of measuring procurement performance based on efficiency (time delivery, quality of items procured and staff competency) cannot be refused for the recent investigation as well as they also being a yardstick to extend research on implementations factors of purchasing.

Moving on, the recommendations made by the World Bank in its 2003 Ghana Procurement Assessment Report (CPAR), reveals procurement performance in procurement entities as one key element. The report advised that procurement units (thus procurement functions or departments) be created by the procuring organization or entities among other things ensuring that value for money is achieved even in sole source contracts (CPAR, 2003). This unconditionally would occur through the adherence to the procurement process and other processes involved for the particular method of procurement used Several procurement assessments have been occurring under the supervision of the Public

Procurement Authority aimed at identifying how procurement is being practiced in accordance with the Act 663 and supporting documents provided (9) The overall result was to monitor and evaluate procurement performance

Also a number of five (5) Municipal Assemblies were created in the Kumasi Metropolitan Assembly on March 15, 2015. (KMA, 2018). The outcome of the investigation would serve as a yardstick to measure their performance since procurement performance constitutes as an evaluation of the performance of governance.

The indicated reasons invite the indulgence of the researcher to conduct the current investigation to evaluate the performance of the procurement function to add to the repository of knowledge in assistance to the Public Procurement Authority measuring procurement performance in Ghana as well as the government in assessing their performance based on acquisitions.

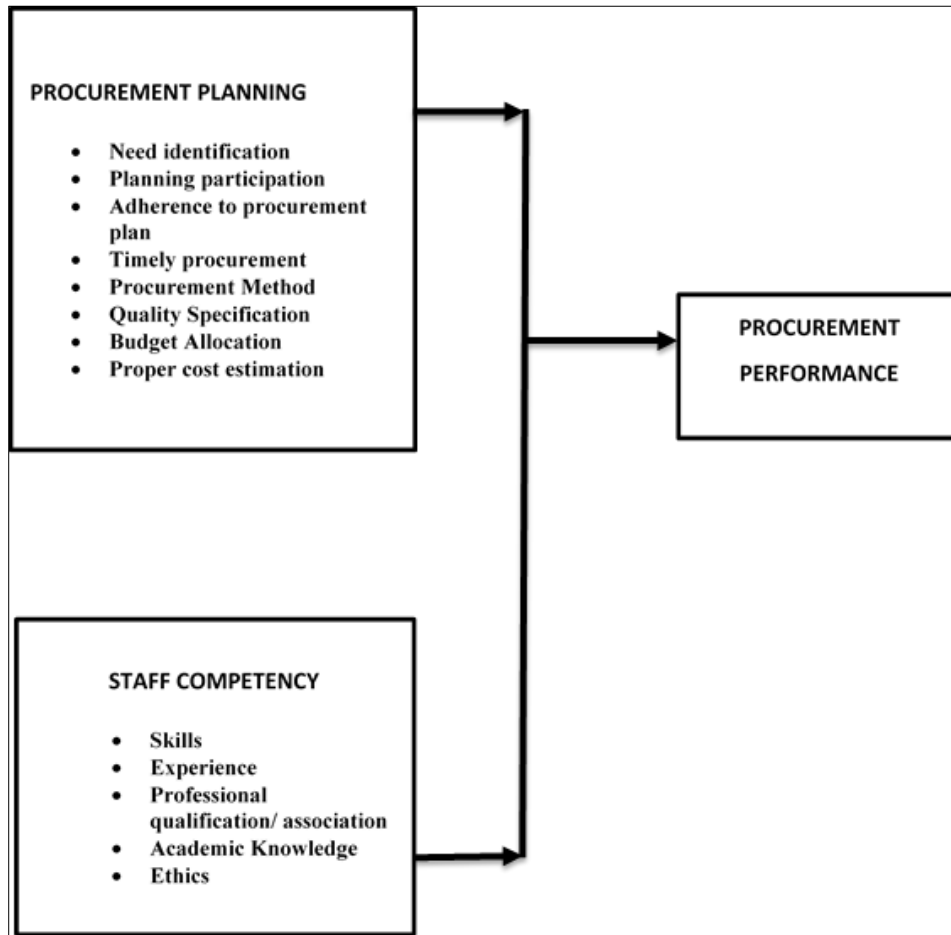


Figure 1 Conceptual Framework

2. Materials and Methods

2.1. Research Design

A research design defines how information relevant to the study would be acquired and presented highlighting their sources to suite the purpose of the study (10). A descriptive research design would be adopted for the study following as quantitative method. Quantitative methods enhance the motives of the study, ensures the reliability and validity of findings with the purpose of arriving at outcomes (11).

The experiences, perceptions and biases of the investigator has been sidelined or quarantined to ensure objectivity in the execution of the investigation coupled with the conclusions attained. The conduct of tests or surveys to obtain data from respondents and adherence to probability theory for hypothetical evaluation to align with the research questions are some instruments used for quantitative method of studies.

The assumptions gained from testing of the statistical hypotheses of the investigation resulting in assumptions about the features of the population serves the need to describe a research as deductive in nature (12). Research that utilizes the quantitative approach have the assumption that the truth that exist regardless of the perception or human race is in a single fold or is only one. This implies that there is no other truth than the single truth. The analysis of a quantitative study obeys the use of descriptive tools in its analysis geared towards achieving the objective or purpose of the investigation

2.2. Population and Sample of Study

The study area is selected Municipal Assemblies in the Kumasi Metropolis which include the Oforikrom and Asokwa Municipal Assemblies. These are found within the administrative structure of the Metropolitan Assembly and the Regional Coordinating Council created to support local governance in the Ashanti Region and the Republic of Ghana.

The population of study considers the collection of units from which a sample is selected. It is a province of units from which a sample is to be selected (13). This is because the researcher cannot source information from every unit in the field due to limited resources of time, money and energy. The reference ‘units’ is used due to the fact that the sampling is done not only to cover people but may include nations, cities, regions, firms and others pertaining to the needs of the study. This implies that the term is used for its extensive representation but usually associated with the total number of persons in a district, region or country (2)

The population of the study was over 800 employees of the Oforikrom and Asokwa Municipalities of the Ashanti Region. The institutions were selected due to them forming part of the public sector. Hence the investigation’s purpose to evaluate the factors affecting procurement performance in the public sector would be achieved. Employees who are directly and indirectly involved in procurement activities would be targeted for the investigation since the study probes into the area. Members in other departments such as finance, human resources, audit and many were considered as part of the population to be sampled.

A purposive sampling approach was employed for the study where primary data was sourced from officials within various departments whose work description affected the procurement process and in rating the performance of the procurement function. Obtaining primary information through productive procurement management practices as a yardstick towards meeting the objectives of an institution was the grounds on which information was collected. Personnel of each department including that of NADMO, Education, Health, Fire Service, Public Works Social Welfare, Ghana Revenue Authority, Social Security and National Insurance Trust (SSNIT) Police Service and the Judicial Service responsible for relating with the procurement department were included as part of the case elements for the collection of data.

2.3. Sampling procedure

Table 1 Study Sample Distribution

Departments	Top management	Procurement Official	Total
Municipal Administration	10	18	28
Ghana Education Service	3	5	8
Ghana health Service	3	5	8
NADMO	3	5	8
Public Works Department	3	5	8
SSNIT	3	5	8
Fire Service	3	5	8
Police Administration	3	5	8
Judicial Service	3	5	8
Ghana Revenue Authority	3	5	8
Total	30	50	80

Source: Glover (2014)

The purposive or judgmental sampling technique was used as the procedure in drawing up the sample from the population due to the fact that information from the Municipal Assemblies could be acquired only from selected persons within the structure of the organization whom the researcher is privileged to encounter. This included persons who were involved in procurement activities or influenced the procurement process.

The sampling technique becomes purposeful or follows a purposeful procedure when the basis for selection is most likely to respond to the objectives on which the research was constructed (14). Purposive sampling is a type of sampling identified under the non-probability family where the researcher draws the sample from the population on the parameters of some features required of the sample population (12). This according to Pfeil and Zaphiris (12) implies that the researcher based on purposive sampling can select the sample based on their insinuation or judgement of some features linked to the sampling member. A number of One hundred (100) was chosen on the basis of judgmental sampling.

2.4. Sources of Data

The data that would be used for the study would involve both primary and secondary data where primary data would be sourced from the officials of all decentralized institutions working within the municipal assemblies. Secondary data would come from journals, reports, articles in local and foreign papers published and other records of the case institutions.

Extra caution would be exercised when considering the use of secondary data due to irrelevant needs relating to the current investigation or it's serving purpose as advised by (15). This is due to the fact that information generated from already published works or records could be of poor quality or of prejudice. The secondary data in the current study has been carefully reviewed with the aim of not misleading future writers around the topic and maintaining the quality of the study.

2.5. Research Instrument

The questionnaire was the major instrument used to obtain information from the officials of the selected Municipal Assemblies in the Kumasi Metropolis for the study. This is because it was assumed that all respondents were educated and has the capability to express themselves in the language used in the study equivalent to that of the researcher. The instrument was selected to also allow the ease of the respondent in answering questions provided for the collection of data.

A number of five (3) sections could be identified on the questionnaire. Section A comprised of the demographics characteristics of the respondents while that of Section B was for procurement performance. Section C was composed of the factors influencing procurement performance.

3. Results and discussion

3.1. Identifying the factors Affecting Procurement Performance

A likert scale of 1 to 5 was used to gain response from the respondents on the rating of 1= strongly disagree, 2= disagree, 3=neither disagree nor agree, 4= agree and 5=strongly agree. From table 4.6 it can be observed that Staff Competency or qualified personnel with a mean of 4.239 overruns procurement planning which records a mean of 4.133 respectively which are considered as the two major factors used in the model for this investigation. Political Interference also scores a mean 4.070, Resource Allocation or budget allocation for procurement scores 4.014, time delivery of items procured with 4.014, quality of items purchased with 4.007, procurement procedures with 3.936, cost of purchase 3.880 and ICT recording a mean of 3.774. In comparison to most of the respondents agreeing to all factors, procurement procedures, cost of purchase and ICT were neither agreed nor disagreed by respondents making them neutrally accepted as factors affecting procurement performance.

3.2. Identifying the effect of procurement planning on procurement performance

Respondents from the study were given five options from a likert scale of 1 to five to rank their acceptance of the indicated variables on the basis of 1= strongly disagree, 2= disagree, 3=neither disagree nor agree, 4= agree and 5 strongly agree. Majority of the respondents "agreed" to the constructs posed as questions to them with the rankings beginning with procurement plan identifying materials as per company needs with a mean of 4.387 followed with procurement planning helps to decide when to buy with a mean of 4.331, procurement planning helps to estimate the time required to complete the procurement process scoring a mean of 4.331, Procurement planning helps in resource

allocation with 4.316, procurement planning leads to reduced budget deficits of mean 4.260 and the remaining results indicated in Table 3.

Table 2 Factors Affecting Procurement Performance

Factors Affecting Procurement Performance	Mean	Std. Deviation	Ranking
Staff competency/qualified personnel	4.239	1.091	1st
Procurement planning	4.133	1.162	2nd
Political interference	4.070	1.252	3rd
Resource/Budget allocation for procurement	4.014	1.024	4th
Time delivery of items procured/lead time	4.014	1.017	5th
Quality of items purchased	4.007	1.048	6th
Procurement procedures	3.936	0.990	7th
Contract management	3.936	0.908	8th
Cost of purchase	3.880	1.027	9th
ICT adoption	3.774	1.126	10th

Table 3 The effect of procurement planning on procurement performance

Effect Of Procurement Planning On Procurement Performance	Mean	Std. Deviation	Ranking
Procurement plan identify materials as per company needs	4.387	0.929	1st
Procurement plan helps to decide when to buy	4.331	0.778	2nd
Procurement planning helps to estimate the time required to complete the procurement process	4.331	0.822	3rd
Procurement planning helps in resource allocation	4.316	0.819	4th
Procurement planning leads to reduced budget deficits	4.260	0.957	5th
Procurement planning helps to determine a total value of the anticipated cost of requirement	4.154	0.852	6th
Procurement planning results into compliance to set procedures	4.112	0.834	7th
Procurement planning involves concerned functional units	4.105	0.864	8th
Procurement planning is carried out according to set plan	4.063	0.946	9th

3.3. Identifying the staff competencies affecting procurement performance through the procurement process

A number of staff competencies in variables were presented to respondents in a 5-point likert scale to rate relating to 1=strongly disagree, 2= disagree, 3=neither disagree nor agree, 4= agree and 5 = strongly agree. Respondents intensely selected staff training improving procurement performance with a mean of 4.598 followed by Staff understand procurement procedure recording a mean of 4.331, Loss of key competencies affects procurement performance with a mean of 4.267, and Staff creativity improves procurement performance with 4.239. The organization value skills and experience. The organization value skills and experience with mean of 4.218 and the remaining results indicated below. From the listed results it can be concluded that respondents agree to all the staff competencies affecting procurement performance through the procurement process as indicated in Table 4.

Table 4 Identifying the staff competencies affecting procurement performance

The Staff Competencies Affecting Procurement Performance	Mean	Std. Deviation	Ranking
Staff training improves procurement performance	4.598	0.867	1 st
Staff understand procurement procedure	4.331	0.839	2 nd
Loss of key competencies affects procurement performance	4.267	0.771	3 rd
Staff creativity improves procurement performance	4.239	0.874	4 th
The organization value skills and experience	4.218	0.791	5 th
The ability to leverage interpersonal skills and experience	4.105	0.987	6 th
Analytical skills exist/staff have the skills to analyze	4.063	0.916	7 th
Procurement negotiation skills exist	4.014	0.945	8 th
Organization motivates staff	3.978	1.068	9 th
Organization deploy staff based on their skills in procurement	3.929	1.076	10 th

4. Summary of Findings

The investigation was conducted with the aim of assessing the factors affecting procurement performance in the public sector lowering in on the Asokwa and Oforikrom Municipalities as target population for the study. Using the Statistical Package for Social Sciences (SPSS) Software a 5-point likert scale used to obtain responses for personnel involved in procurement in various departments and institutions under the Municipalities was conducted. The findings obtained can be identified below based on the study objectives.

- SO1 (Study Objective 1) – Procurement planning staff competency or qualified staff, political interference, resource or budget allocation, time delivery of items procured or lead time and quality of items procured affected procurement performance most with a mean within the scores range of 4.00 and above. On the other hand, procurement procedures, contract management, cost of purchase and ICT were neutrally rated as factors affecting procurement performance because they scored a mean within the range of 3.00 and above.
- SO2 (Study Objective 2) – Procurement planning affected procurement performance with the indicated means within the range of 4.00 and above.
- SO3 (Study Objective 3) – Staff competencies affecting procurement performance through the procurement process were all identified as affirmative.

5. Conclusion

Relevant to the study which sort to assess the factors affecting procurement performance in the public sector, a number of 142 questionnaires administered to 150 personnel involved in procurement function in the Asokwa and Oforikrom Municipalities obtaining responses through a 5-point likert scale. The results revealed that procurement planning and staff competencies or qualified staff affected procurement performance in addition some other factors scoring a mean range of 4.00 such as political interference, resource or budget allocation, time delivery of items procured or lead time, quality of items purchased, procurement procedures, contract management, cost of purchase and ICT adoption. Procurement planning was identified as an effect on procurement performance due to the mean score obtained through the analysis of 4.00 and above. In addition, all staff competencies indicated as constructs under the variable (Staff Competency) also affected procurement performance with a mean range of 4.00 and beyond.

Compliance with ethical standards

Acknowledgments

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Disclosure of conflict of interest

No conflict of interest.

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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