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**Effects of Decentralised Procurement on Productivity: A case study of Zoomlion  
Ghana Limited**

**By**

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**A Thesis submitted to the Department of Building Technology,  
College of Art and Built Environment  
in partial fulfilment of the requirements for the degree of**

**MASTERS OF SCIENCE**

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**DECLARATION**

I hereby declare that this submission is my own work towards the MSc. Procurement Management and that, to the best of my knowledge, it contains no material previously published by another person, nor material which has been accepted for the award of any other degree of the University, except where due acknowledgment has been made in the text.

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## **ABSTRACT**

The study aimed at identifying the procurement methods used at Zoomlion Ghana limited, assessing the effects of decentralised procurement, examining the benefits of decentralised procurement functions and evaluating the challenges that inhibit the smooth implementation of procurement activities. The study used a cross sectional design. Purposive sampling method was used to select a total of 80 workers of Zoomlion Ghana who were administered with questionnaires. The statistical package for social science (SPSS) was used for processing the data. The study revealed that the procurement method used at Zoomlion Ghana mostly is Request for Quotation. The study revealed that the highest effect of decentralised procurement on productivity at Zoomlion Ghana was that decentralised procurement ensures better control and supervision of procurement. Also, the study revealed that the greatest benefit of decentralisation to the productivity of Zoomlion Limited was that it provides greater efficiency. Most of the respondents said Zoomlion Ghana Limited faced challenges and the greatest challenge that inhibits the smooth implementation of procurement activities at Zoomlion Ghana limited is the Leveraging of Technology. The study recommended that the management of Zoomlion Ghana Limited should monitor the activities of the procurement team by demanding regular reports and reshuffling them when possible. Also, the management of Zoomlion Ghana limited should not rely solely on one company in the supply of its logistics but also ensure that they analyse the market to get other companies who produces quality products at a moderate price.

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## **ABBREVIATIONS**

CMKN	Contract Monitoring Kenya Network
GDP	Gross Domestic Product
GEM	Ga East Municipal Assembly
ICT	Information Communication and Technology
MDAs	Ministries, Department and Agencies
MMDAs	Metropolitan, Municipal and District Assembly
PPA	Public Procurement Authority
PPP	Public Private Partnerships
QBS	Quality-Based Selection
RFP	Request for proposal
SPSS	Statistical Package for Social Science
UK	United Kingdom

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## **DEDICATION**

I dedicate this work to my entire family especially Madam Dorothy Kyei,

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

Procurement in the public or private area involves the purchase of machinery as well as equipment, goods, raw materials, lease, works or services through purchase, rental or exchange(Wang, 2009).It is also taken to comprise all actions comprising of preparation and anticipation, documentation of needs, obtaining and proposals for offers, review and award of contracts, evaluation of offers, contracting and all phases of contract supervision until provision of the goods, the end of a contract, or the useful life of an asset (Wang, 2009). According to Azeem (2007), currently, procurement plays an innovative role in business achievement involving value originator, integrator and networking, a driver of business strategy, positioned as a core competency, and enabler of other business.

Generally, arguments have been raised between the perceived advantages of centralised and decentralised public procurement. Over the years, this has led to regular amendments in procurement practice. Nevertheless, Hopkins (2006) argues that the whole idea behind a decentralised method is that the closer the procurement functions are to the needs of the final user, the most likely it is for economical proficient business to produce a more effective business results.

Although procurement practice overlap in the public and private sectors, the fundamental objectives underpinning those procurement practices, most often differ because the business environments in which they operate differ. Both centralised and decentralised may use similar techniques. Their applications sometimes differ due to the fact that they each have different

intents (Hopkins, 2006). It is noted that the recent public sector decentralised approach to procurement is much more directed to meeting community needs at a local level, both economically and in services delivery. The approach uses more locally tailored solutions where the output and delivery of the service is focusing on 'speed and fit' to the immediate community. Also, it looks internally and has a business unit perspective to the needs of its customers Hopkins, (2006). Callender and Matthews (2002) observed that, procurement specialists purposely respond to re specific needs of the organisation. There is still tension between the adoption of centralised and decentralised procurement (Callender and Matthews, 2002). The study assesses the effects of decentralised procurement on productivity: a case study of Zoomlion Ghana.

## **1.2 STATEMENT OF PROBLEM**

Measuring and reporting the effectiveness of procurement is a new challenge in the field of purchasing. In many organisations, the effect of purchasing have not been determined or estimated (Mäki, 2012). However, public/private procurement is an essential function of governments and most organisations in developed as well as developing economies since huge financial leakages have a great effect on their economies (Thai, 2001). As stated by Hopkins (2006), keeping the option of choice alive in government heads of agreement contracts, but not committing expenditure volumes or preferring multiple vendors, can reduce the ability to negotiate and can increase tendered prices. Also, not being able to speak on behalf of the government in committing volume to a contract means that the supply agreement is reduced to an 'opportunity contract' and savings can subsequently be reduced. Due to this, 'networked centralisation' is again being considered for public procurement. Obviously, the business environment has changed, due to technology and market delivery of services, which reduces the

perceived reliance on a decentralised approach. It is therefore noted that the propensity towards centralisation has eventuated because it is seen as providing a greater value opportunity for all stakeholders, including the community (Hopkins, 2006). Zoomlion Ghana Limited until recently was using the centralised procurement system which made it difficult to have the right goods at the right time and at the right quality and quantity. This was because the channel for procurement request and purchase was lengthy. There were a lot of bureaucracies involved in the procurement process. This was affecting the progress of work as it was impeding the smooth operation of the company. However, in recent times, the company has adopted decentralised procurement. The study assesses the effects of decentralised procurement on productivity using Zoomlion Ghana Limited as a case study.

### **1.3 AIM AND OBJECTIVES OF THE STUDY**

#### ***1.3.1 Aim of the Study***

The aim of the study is to assess the effects of decentralised procurement on productivity.

#### ***1.3.2 Objectives of the Study***

The objectives of the study are:

- i. To identify the procurement methods used at Zoomlion Ghana limited
- ii. To assess the effects of decentralised procurement on productivity at Zoomlion Ghana Limited
- iii. To examine the benefits of decentralised procurement functions at Zoomlion Ghana Limited
- iv. To evaluate the challenges that inhibit the smooth implementation of procurement activities at Zoomlion Ghana Limited

## **1.4 RESEARCH QUESTIONS**

- i. What procurement methods are used at Zoomlion Ghana limited?
- ii. What are the effects of decentralised procurement on productivity at Zoomlion Ghana Limited?
- iii. What are the benefits of decentralised procurement functions at Zoomlion Ghana Limited?
- iv. What are the challenges that inhibit the smooth implementation of procurement policy at Zoomlion Ghana Limited?

## **1.5 SIGNIFICANCE OF THE STUDY**

The purpose of the study is to assess the effects of decentralised procurement on productivity using Zoomlion Ghana limited as a case study. This study is therefore beneficial to organisations and public entities alike on the best practices of procurement functions. Also, the study will be beneficial to organisations since it will highlight some of the challenges of procurement functions and guide them in procurement function practices. There is limited literature on the topic; therefore, the findings of the study will serve as a reference point for students and researchers who wish to undertake studies on this topic.

## **1.6 SCOPE OF THE STUDY**

The study is confined to Zoomlion Ghana Limited. The study focuses on Accra Zone, Accra District, Tema Zone, Western Region, Eastern Region, Ashanti Region, BrongAhafo Region, Volta Region, Central Region, Upper West Region, Upper East Region and Northern Region. The study is also confined to Technical Supervisors, Procurement Officers, Accounts/Finance Officers, Store Officers and Transport Officers. The study relied on purposive sampling method.

## **1.7 RESEARCH METHODS**

The study made use of a questionnaire to obtain primary data for the analysis. Thus, the questionnaires were used to obtain quantitative data. The target population consisted of workers (Technical Supervisors, Procurement Officers, Accounts/Finance Officers, Store Officers and Transport Officers) at Zoomlion Ghana limited. The purposive sampling method was used to choose a total of 80 workers of Zoomlion Ghana Limited. The data was analysed using descriptive statistics and inferential statistics of frequencies, percentages and the Pearson Correlation coefficient. Graphs and tables were used to give a visual representation of the results. Also, to test the relationship between decentralised procurement and productivity, the Pearson correlation test statistic was used.

## **1.8 ORGANIZATION OF THE STUDY**

Chapter one presents the introduction to the study. It includes a background to the study, the Research Problem, Research Objectives, Research Questions, Significance of the Study, Scope of the Study and Organization of the study. Chapter two focuses on the literature review. It includes a review of various studies done in relation to this study by other researchers. Chapter three focuses on the methodology. It comprises the research setting, research design, and study area, population, sampling and sampling procedure, methods of data collection, instrument and procedure and method of data analysis. Chapter four of the study presents the results and discussion of the findings of this study. Chapter five entails a summary of the whole study. It includes the conclusions drawn from the study findings as well as recommendations made by the study.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter focuses on a review of related literature. It comprises a review of various literature related to the impact of contract staff on customer service. It includes the concept of procurement management, procurement functions, and procurement methods adopted by companies, the effects of decentralised procurement functions, and the challenges that inhibit the smooth implementation of procurement policies, procurement procedures and procurement performance.

#### **2.2 CONCEPT OF PROCUREMENT MANAGEMENT**

Procurement according to some authors refers to the purchasing, leasing or obtaining via any contractual means, goods and services by public institutions and private organisations alike (Odhiambo and Kamau, 2003). These purchases are in most case done by procurement officers and are made for funds provided by the public, local authority funds, state foundation coffers, loan guaranteed by the state as well as foreign aid and revenue received from the economic activity of government (Odhiambo and Kamau, 2003). Similarly, the purchasing of goods and services which aids in the smooth operations of the organisation describes what procurement is all about (Arrowsmith, 2010). Moreover, Hunja (2001) describes procurement as the instance where huge amounts of funds belonging to government or an organisation are used in the purchase of various goods and services needed by the institution for a smooth operation.

Hardcastle(2007) argues that procurement management processes comprise the obtaining and acquisition arrangement, seller response demand and contracting scheduling. Procurement brings together contractors, vendors, suppliers and services providers and thus there is the need for

prudent management (Dixit, 2004). Bolton (2004) also describes procurement management as an essential strategic endeavour that seeks to promote the continual operation of a business entity.

### **2.3 PROCUREMENT FUNCTIONS**

Baily, Farmer and Jones (2005), states that a well-known purpose of purchasing is to acquire the prescribed material in time and measure from the precise supplier at the accurate price and following the principles of purchasing. During the procurement process, there are specific procedures to follow in ensure transparency as well as accountability. Similarly, to sustain sound relations with various existing departments, there is the need to ensure that the right procedure is followed. Procurement function simply ensures that the products that are purchased are of the right price, quality and quantity and this can be done through adhering to laid down procurement procedures (Baily *et al.*, 2005).

According to Lyson and Farrington (2000), procurement has evolved for the past when it used to be a service to function. Thus, it is no longer an activity undertaken when all departments have finished making their decision. Procurement is now planned for like other major activities in an organisation. Lyson and Farrington (2006), suggests that the major functions of procurement may include; contribution to the preparation, interaction and execution of procedures for an effective operation. Without the proper procurement method however, these goals and functions of procurement will be eluded Lyson and Farrington (2006).

Glover (2014) examined how procurement management can function as a strategic tool towards achieving organisational goals with Ga East Municipal Assembly (GEMA) as the study area and also to examines the strategic procurement practices being employed by Ga East Municipal Assembly (GEMA) to achieve its organisational goals, investigate the effectiveness of the supplier base of GEMA which enables it to achieve its organisational goals, ascertain the

adequacy of human capital being used by GEMA to drive its procurement functions towards meeting the organisational goal as well as identify the constraints to the procurement function of GEMA that militate against meeting organisational goals. The purposive sampling or judgmental technique was employed to solicit the requisite information from the officials and management members of GEMA whose core functions entail executing various shades of procurement activities. The main instrument for the study was a questionnaire. The study findings indicated that procurement management could facilitate the achievement of corporate objective. The study further noted that procurement could contribute to the attainment of competitive advantage when transaction costs associated with purchasing goods and services as well as their prices are conveniently reduced.

## **2.4 PROCUREMENT METHODS ADOPTED BY COMPANIES**

In literature, the term procurement method has been used differently by many researchers and practitioners of the construction industry. Some of the terms include procurement delivery methods, project approach, procurement systems, project delivery systems, etc. (Mathonsi and Thwala, 2012). A good sounding product and keenly priced goods does not automatically mean you can bid on a supply. There are different procurement methods used by most procurement team to acquire a product or service. These methods adopted by procurement team are determined by the type of company or industry operated. Procurement methods adopted by companies includes, request for proposal, restricted tendering, request for quotation, two-stage tendering and single-source procurement(Sponaule, 2014).Larmour (2011) stated in a study that procurement methods have stayed moderately unchanged for over a century before to the Second World War.The procurement methods adopted by most companies are highlighted in the paragraphs below.

It is noted that the open tendering method is the desired competitive public procurement process used for purchasing goods and service. In some cases, it is referred to as open competitive bidding or open solicitation or open competition. This method is performed in coordination with recognised technique outlines in the procurement strategies. Procurement notices call the bids for this requirement as the Invitation for Bids or Invitation to Tender (Lynch, 2016). According to Sponaule (2014) open tendering is a short hand for competitive bidding and the ultimate requirements call for open tendering are, to be open to all competent dealers, to advertise locally (and globally when required), have impartial and clear mechanical specifications, have objective assessment procedures and finally be awarded to the least-cost provider without contract negotiation.

Another method used by companies is the Restricted Tendering method. It is a procurement method where there is a limit to the amount of tenders, also known as the Limited Bidding or Selective Tendering. This procurement method is for strictly invited tenders and a stated number of suppliers sourced from an official list or the market, and are nominated by the users. Approval authority is mainly from the managerial level or supervisory level (Independent Commission against Corruption [ICAC], 2010).

Request for proposal (RFP) is also another procurement method used by companies. This type of procurement method outlined the reason why a particular supplier is the best fit to be considered for procuring a product. RFP method follows an approach whereby suppliers propose their goods or services to the team in charge of procurement for review. With this method, proposals are submitted in two sealed envelopes, selection of the appropriate supplier is not only based on prices but on quality and past credible records (Lynch, 2000).

Single-Source procurement is another procurement method which is a non-competitive method and used mostly under unique circumstance. This method employs the services of just one sole supplier when purchasing some products. Management plays an essential role in this method of procurement since approval comes from them. This method is mostly used when there is only one supplier available or the numbers of suppliers are inadequate. Similarly, this method is used when the company is satisfied with the price, quality and time the supplier makes available his or her product (Sponaugle, 2014).

In addition to the above procurement methods is the two stage tendering method. Two- Stage Tendering has two procedures, and each procedure has two stages. This may be a disadvantage for quite a number of procurement teams if there is limited time on obtaining a contract.

The first stage procedure is used to determine the responsiveness to the demand for bids and for clarifying and agreement on the procedural conditions. The bidders are therefore entreated to submit their best solution for satisfying the equipment. In the second stage, the firm with technically the highest rank is considered. Negotiations are then carried out with firm hoping to come to an amicable agreement. However, when negotiations fail, then the firm with the second highest rank is considered (Selwayjoyce, 2016).

Finally, the Request for Quotations: This technique is used is made use of when dealing with small-valued goods and services. This method is the less complex compared to the other procurement techniques. The method is most essential when procurement needs to be done swiftly (Pocock, 1996).

## **2.5 THE EFFECTIVENESS OF DECENTRALISED PROCUREMENT FUNCTIONS**

It is found that the effective implementation of procurement processes meaningfully improves the efficiency of buying decisions. In Japan it is noted that firms that employ just in time inventory management technique have succeeded in embracing effective procurement practices (Sobczak,(2008); as cited in Njeru( 2015). However, a study by Chang (2007) indicated that many organizations in Africa lack effective inventory management practices and this greatly influences application of effective procurement practices.

A decentralised purchasing function is also typical for project based businesses Gadde and Håkansson(2001). The buyers in such a system are often responsible for large varieties of products, which are usually bought in smaller quantities (Gadde and Håkansson, 2001).

In a fully decentralised structure there is no central coordinating organisation, neither is there a set of purchasing policies that act as guidelines to the different business units purchasing staff (Rozemeijer, 2000).

In a study by Tran (2008), where internal records of contracts received as well as bribes paid by a bribe-paying firm in an unnamed developing Asian country was used to assess the effects of a government directive on procurement auctions; revealed that the best-price procurement auctions had the greatest impact on reducing corruption, but that restricted auctions appeared to choose more-efficient firms. Also, it was found that the best-value option happened to be more transparent compared to restricted auctions although it did not reduce corruption.

Schapper *et al.* (2006), in their study suggested that technology can be an essential tool to improving transparency and effectiveness in decentralised procurement. In an agreement, Shadrach and Ekeanyanwu (2003), posits that e-commerce enhances transparency in the

procurement process since it provides avenues for effective audit and monitoring transactions. Baily *et al.* (2005) studied the efficiency in purchasing in relation to its stage of evolution at every stages of development, purchasing invariably has a low status and is reactive in operation. Its effectiveness or otherwise is seen in terms of its ability to handle transactions. While it is important that transactions are handled efficiently, achieving strategic purchasing objectives can often assist in simplifying or reducing them.

Chimwani *et al.* (2014) assessed factors that influence procurement performance in Kenyan public sector (focusing specifically on the SLO). The study used a descriptive research design. The results of the study revealed that that management is the most significant driver in procurement performance followed by procurement procedures, procurement staff qualifications and ICT in that order.

Also, in a different study by Kenth and Vahid (2008), it was established that ICT drives e-markets to increase the accessibility of information about dealers who are made available for each product and increase market interest for parties, reduce procurement costs and support paperless transactions. The study further indicated that ICT enables users to purchase goods at the best price. The results of the study outlined the importance of ICT to the procurement process. Thus, ICT through the Internet provides an open access for procurement officers who act as a bench match for them to know the prices of goods and services.

## **2.6 THE BENEFITS OF DECENTRALISED PROCUREMENT IN THE PUBLIC AND PRIVATE SECTORS**

Decentralised procurement ensures that goods and services are purchased independently by departments and branches. No purchasing manager has reserved the mandate to do the

purchasing of materials for various departments. Therefore, decentralised purchasing system overcomes the defects of centralised purchasing system. Decentralised procuring aids in buying the materials instantly in case of an urgent situation (Tracy, 2010). The author outlined some benefits of decentralised procurement as follows:

- The option to purchase goods locally by each department as and when necessary.
- Purchase of goods at the right quantity, quality and time for different departments with less effort.
- No requirement for heavy initial investment.
- Procurement orders can be made rapidly.
- Replacing defective materials takes limited time.

## **2.7 CENTRALISED PROCUREMENT SYSTEM**

Tracy(2010) Stated that, when the organization operate a centralized system, a procurement professional at the head office has the prerogative for the vast majority of the organization procurement spend. Centralised Procurement System refers to the procurement of logistics by one unit. This section is headed and bewielded by the procurement director. Under centralised procurement, all procurement made is to avoid maverick spending. A company has to follow the centralised procurement of logistics for promoting proper logistics control as well as effective and efficient inventory keeping. With this system, the procurement section procures the requisite logistics for all the section and unit of the organization.

## **2.8 PROFILE OF ZOOMLION GHANA LIMITED**

According to the Zoomlion policy guideline (2010), one of the major waste and environmental companies in Ghana is Zoomlion Ghana Limited. The company was opened in January 2006 under the company's Act. Over the past ten years the company that started with a small staff



strength hand has grown over the years. The company provides waste management services for households in Ghana. The company also executes services for some other African countries. The company has provided numerous international services which include offering cleaning services during the Cup of Nations in Ghana in 2008. Zoomlion Ghana Limited used to practice centralised procurement system in the last seven years, but now practices decentralised system of procurement.

## **2.9 THE CHALLENGES THAT INHIBIT THE SMOOTH IMPLEMENTATION OF PROCUREMENT POLICIES**

Research has indicated that in developed or developing nations, there is several challenges public procurement practitioners always face. However, the challenges that inhibit the smooth implementation of the procurement process is rooted in the social, cultural, economic, and political environment of the country and thus the challenges are in most cases unique to a country (Chemoiywo, 2014).

There is the need to development of a sound procurement system because of huge financial volume, the importance of the procured goods and auditory requirement Leenders and Fearon (2002). The procurement system should encompass the right procurement procedure and a well-trained procurement team to handle the procurement process (Leenders *et al.*2002). This helps to avoid loopholes that promote fraud and waste. It is argued that in circumstances where huge system loopholes combined with lack of discipline in both the managerial and legal system threatens the procurement process, necessary steps are supposed to be taken to eliminate or mitigate these lapses (Wilson, 2004). As stated by Transparency International (2009), in African countries like Uganda, Tanzania and Kenya, corruption in public procurement has always been concealed through violation of laid down procurement policy.

Loeb (2009) noted that a study by the Contract Monitoring Kenya Network (CMKN) on reforming of public contracting revealed the availability of increasing unethical practices in public procurement. These unethical practices have contributed greatly to inefficiencies in the system and thus affecting productivity in all sectors of the Kenyan economy.

Njeru (2015) did a study to establish factors that hinder effective execution of procurement processes in tertiary public training institutions in Kenya, adopting a descriptive correlational research design. The results of the study revealed that the employed procurement policies, supplier management strategies, inventory management methods, professional training and use of ICT based systems hampered successful running of procurement practices in over 80% of tertiary public training institutions in Kenya. It was also found that dealer organisation followed by training and then procurement policies are the major issues that mainly affect the implementation of efficient procurement practices in tertiary public training institutions in Kenya.

Chemoiywo (2014) also carried out a study to determine the level to which Kenyan state corporations comply with public procurement processes, to establish the challenges associated with compliance to public procurement procedures and to determine the effect of compliance with public procurement on supply chain performance. The study adopted a descriptive research design and a sample of 56 respondents was used. The study collected data from Procurement Officers using questionnaires. Data was analysed using measures of dispersion and measures of central tendency and presenting finding in the form of tables. The study found that the extent of compliance with public procurement procedures, key challenges of compliance with public procurement that came out included the prices of public procurement of works and services are

excessively high and which in effect had a significant influence on the supply chain performance.

In another study done in Kenya, Maina (2011) established that practices which are non-transparent practices, weak oversight and enforcement, inefficient links between procurement and monetary management, poor documentation management and filing system, and delays and inefficiencies on the implementation of the PPDA as things that influence the execution of the procurement law in Kenyan Ministry of Education.

Moreover, Rebecca and Ravi (2007) sought to evaluate to understand the recent business-to-business e-procurement practices by recounting the success factors and shortfall to its implementation in organisations. On the other hand three challenge-to-implementation factors also emerged: lack of system assimilation and standardisation problems; immaturity of e-procurement-based market services and end-user resistance; and maverick buying and difficulty in integrating e-commerce with other systems.

Bukhala (2003) reviewed Kenya's public procurement methods that were carried out in 1999 and found that there were no standardized procurement methods for the whole public sector. Similarly, the procurement system had many shortfalls which emanated from the fact that there was no specialised regulatory body or enforcement agency to take action against persons who went against the procurement procedures outline in the suppliers manual. The only sanction that was available was limited to internal disciplinary action. This problem ensured that most officials did not follow any laid down rules.

In a study by Schiele and McCue (2006), environmental factors were identified as problem of public procurement policies. Some of the identified challenges include, market conditions, legal and political environment, organisational and socio-economic environmental factors. The study

further revealed that steps taken by the central government and relevant agencies to curb the implementation problems proved futile since the problem is interconnected and deep rooted.

Another study was conducted by Kasisi *et al.* (2015) to ascertain the factors that affect the performance of the procurement function in government organisations using the National Oil Corporation of Kenya as case study. The study sought to examine how government regulations and bureaucracy affect the performance of procurement function, examine how e-procurement affect the performance of the procurement function, to determine how tendering processes impacts the performance of the procurement function and examine the consequence of quality values and specifications on the performance of the procurement function. The results of the study revealed that procurement performance such as following procurement rules and regulations is affected by government regulations. It was revealed that one of the most used procurement method in the procurement of good and services is open tendering.

Ameyaw, Mensah and Osei-Tutu (2012) conducted a study to discover a variety of implementation restrictions to the Ghana Public Procurement Law 2003 (Act 663). The results of the study identified unavailability of procurement professionals, lack of communication between procurement officials and Public Procurement Authority (PPA), purposeful controlling of competition, non-compliance with provisions of the law, splitting of contracts into smaller lots, lack of funds and non-cooperativeness of suppliers, as the challenges hindering the effective implementation and enforcement of the Public Procurement Law.

Abdul-Jamil (2014) also studied to examine the challenges of contract management in the procurement processes in Ghana; employing a case study approach to enable in-depth analysis of a defined phenomenon such as the challenges of procurement. Ninety (90) respondents were

select for this project work. The study made use of both primary sources of data and secondary source of data whilst the questionnaires were the main research instrument used for the study and the SPSS was used to process the data. The findings of the study revealed that most MDAs have contract managers' in-charge of their contract management processes. It was found that MDAs have encountered breach of contract between 5 and 10 times in the last five (5) years. This has made most MDAs go through several litigations, the reason being due to the poor performance of the parties. It also resulted in increased cost of contract.

## **2.10PROCUREMENT PROCEDURES AND PROCUREMENT PERFORMANCE**

There is the argument that public procurement measures particularly tend to be associated with a lot of bureaucracy, poor communication and focuses on unit price rather than long-term relations (Baily *et al.*2005). According to Chimwani *et al.* (2014), procurement perceptions and opinions are affected by the arrangement that exists in the organisation, effectiveness of internal communication system, past knowledge and available resources. Also, there must be a policy in place to help in the procurement process. To follow an approved process there must be the presence of a procurement policy (Chimwani *et al.* 2014). The policy must outline the various processes that must follow in the tendering from a supply.

Lysons and Farrington (2006) referred to tendering as a procuring process which involves the offers made by suppliers which is beyond the price of their products, the quality of their product and their terms of operation. The procurement procedure or policy adopted by any organisation must clearly outline all the aspects of the procurement cycle including the process for supplier selection and remittance terms. These policies or procedure helps to lower wastage of resources in the organisation and regulates spending activities.

In addition, a suitable procurement process allows a separation of responsibilities and makes room for superior managers' involvement in transactions (Lysons and Farrington, 2006); Chimwani *et al.* (2014).

Currently, it is suggested that due the extremely competitive environment, it is necessary for most firms to keep a professional and efficient procurement function to reduce administration cost and to be in tune with market situations to acquire goods and services at the right quality, price and time. It is noted that procurement is usually effected by means of an agreement. Therefore, straightforward procurement may entail nothing more than repeat purchasing. Furthermore, sophisticated procurement may perhaps involve searching for long term partners or even 'co-destiny' suppliers that might fundamentally commit one organisation to another. Prolonged procedures sometimes undermine effectiveness in the public procurement system (Kasisi *et al.*, 2015).

Globally, in many developed nations, it is noted that government institutions are found to spend about 8% and 25% of the gross domestic product (GDP) on goods and services (Organisation for Economic Co-operation and Development, 2006). Similarly, the United Kingdom (UK) spends about approximately £150 billion on public procurement expenditure (Department of Environment, Food, and Rural Affairs, 2007; cited in Kasisi *et al.*2015). According to Kasisi *et al.* (2015), public procurement procedures in Africa are really implemented and this has a negative effect of realisation of increased economic development. High level of corruption and bureaucratic procedures in the government in Nigeria for instance, are among the problems responsible for lack of infrastructural (roads) development in most parts (especially the northern parts) of the country (Kasisi *et al* 2015).

Research has indicated that the incompetence and ineffectiveness of overall administration and managing of procurement function in many public institutions across the world contributes to loss of millions of funds annually (PPOA, 2010; cited in Kasisi *et al.*, 2015). According to victor (2012), as cited in Kasisi *et al.* (2015) procurement disbursement could be minimized through implementation of efficient procurement functions.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 INTRODUCTION**

This chapter presents the methods that were used by the study to help achieve its objectives. The chapter covers the research design, target population, sampling techniques, instruments, data collection procedure and data analysis techniques.

#### **3.2 RESEARCH DESIGN**

The study made use of design which was cross sectional approach to data collection. Similarly, a survey method was used for this study. According to Zikmund (2009) surveys involve asking individuals for information verbally or written questions. Consequently, this study made use of a questionnaire to obtain primary data for the analysis. The questionnaire included both open ended and closed ended questions. Thus, the questionnaires were used to obtain quantitative data. Consequently, quantitative methods were used to analyse the data obtained from the use of the questionnaire.

#### **3.3 TARGET POPULATION**

For this project, the target population consisted of workers (Technical Supervisors, Procurement Officers, Accounts/Finance Officers, Store Officers and Transport Officers) at Zoomlion Ghana Limited. These groups of workers were focused on because they can better provide essential answers to help the study meet its objectives.

#### **3.4 SAMPLING TECHNIQUES**

The study adopted a non-probability sampling technique. Thus purposive sampling method was adopted for this study. The purposive sampling method was used to select a total of 80workers of



Zoomlion Ghana. The sampling method (purposive sampling method) was used because it helped to select respondents who possess the requisite knowledge that can aid in the answering of the research questions. Purposive sampling is very essential for research that needs a particular group of people with knowledge on the study being research on.

### **3.5 INSTRUMENTS**

The main research instrument for this study was a questionnaire. Both Open and closed ended questions were included in the questionnaire. The questionnaire covered questions aimed at answering the objects of the study. Thus the questionnaire was divided into sections. Section a contained questions aimed at providing demographic data while the subsequent sections contained questions aimed at addressing the objectives of the study.

### **3.6 DATA COLLECTION**

Prior to the start of the study, a letter was sent to the management of Zoomlion Ghana Limited requesting permission to allow the study to take place.

Questionnaires were administered to the staff of Zoomlion Ghana Limited. A period of fourteen (14) days was used for the data collection process.

### **3.7 DATA ANALYSIS**

The answered questionnaires were cross-checked to make sure all sections of the questionnaire were filled. The questionnaires were then coded and subsequently entered into the database of the statistical package for social science (SPSS) version 17for processing. The data was analysed using descriptive statistics and inferential statistics of frequencies, percentages, means, standard deviation and relative importance index. Graphs and tables were used to give a visual representation of the results.

### **3.8 VALIDITY AND RELIABILITY**

Cronbach's alpha test was used to ensure reliability. The presence of internal consistency is identified by a high Cronbach's alpha coefficient. As established by literature, a Cronbach's alpha coefficient of 0.7 and above is desirable. Consequently, the Cronbach's alpha coefficient obtained was 0.79. To ensure validity, the questionnaires were given to four professionals in the procurement field for scrutiny. The corrections that were suggested by these professionals were implemented.

### **3.9 DELIMITATIONS**

There are other organisations that could have been included in this study; however, the study is delimited to Zoomlion Ghana Limited. Similarly, the study is also delimited to only the Technical Supervisors, Procurement Officers, Accounts/Finance Officers, Store Officers and Transport Officers. The study had the option of choosing between probability and non-probability sampling method. The study however made use of a non-probability sampling method (purposive sampling).

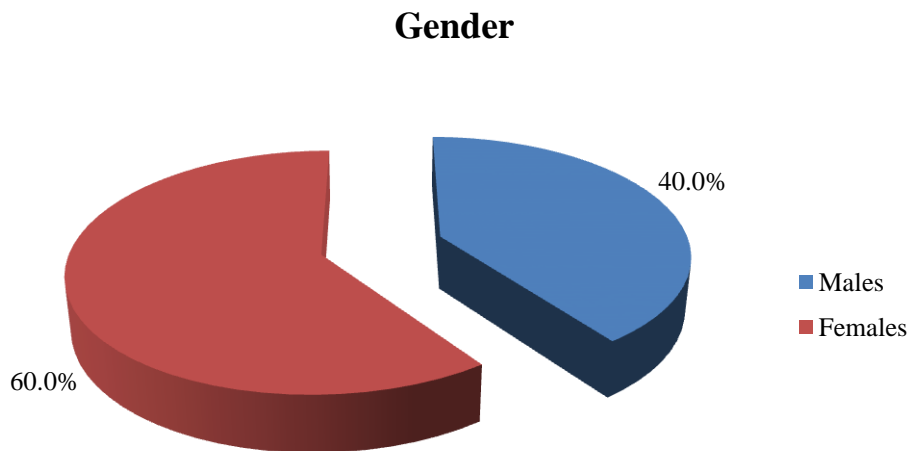
## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSIONS OF RESULTS

#### 4.1 INTRODUCTION

This chapter focuses on the results and discussion of the study. Thus, a thorough discussion of the findings of this study is done by comparing the results obtained by this study to results obtained by other studies. The study made use of statistical tools of relative importance index, mean score and standard deviation. These analytical tools were used to help address the objectives of the study. The results and discussions are presented below.

#### 4.2 DEMOGRAPHIC PROFILE OF RESPONDENTS

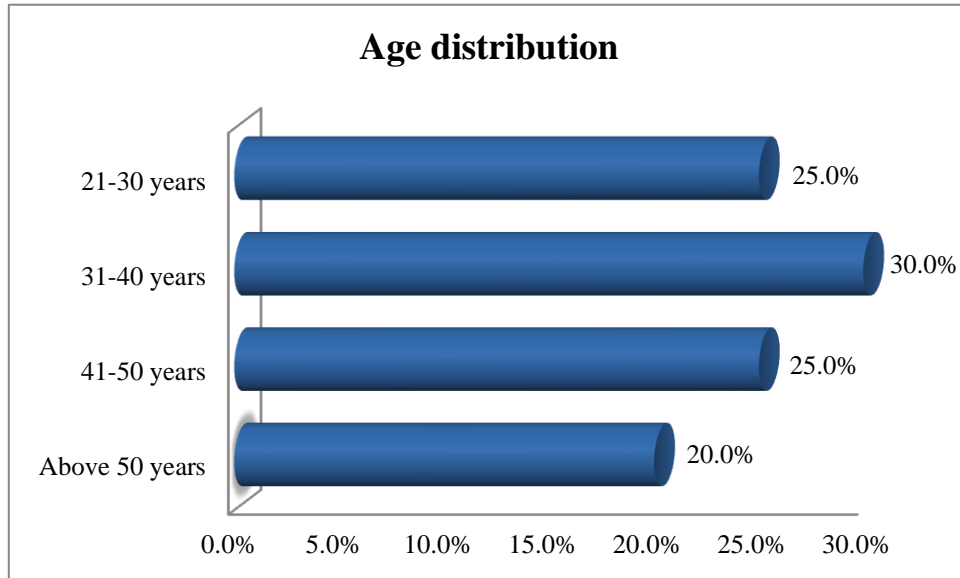


**Figure 4.1: Gender distribution**

Source: Field data 2016

Figure 4.1 shows most 48 (60.0%) of the respondents were males while 32 (40.0%) were females. Thus, the results of the study seem to suggest an equitable representation of both male

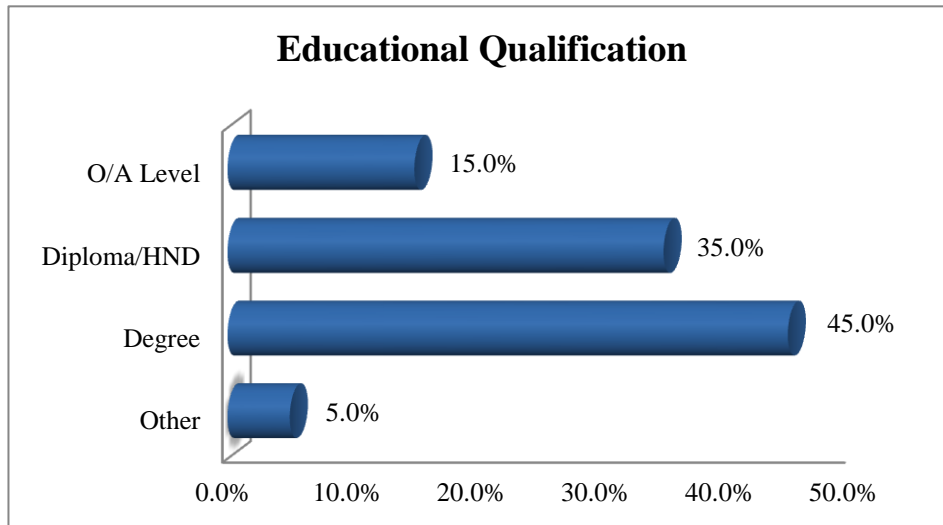
and female respondents. The result therefore obtained by this study is a representation of the opinions of both males and females.



**Figure 4.2: Age distribution of respondents**

Source: Field data 2016

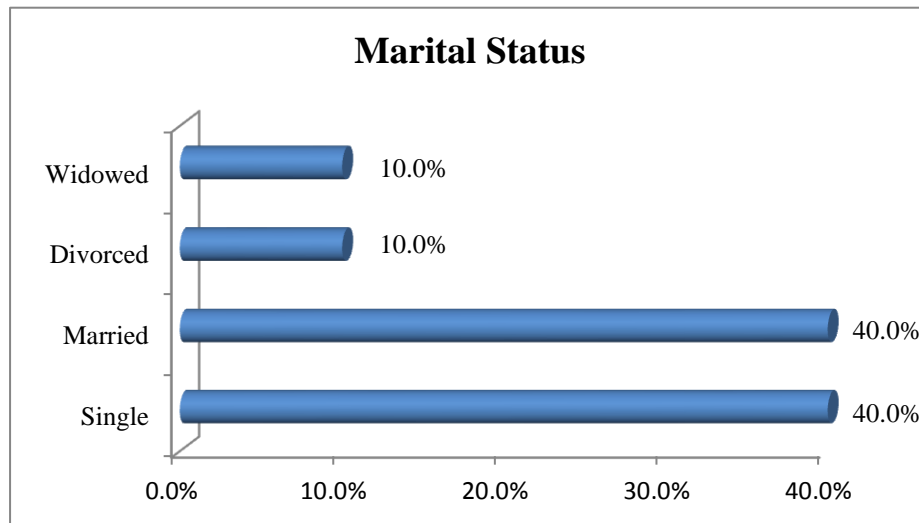
Figure 4.2 indicates majority 24 (30.0%) of the respondents belonged to age group 31-40 years, 20 (25.0%) belonged to 41-50 years, 20 (25.0%) belonged to 21-30 years and 16 (20.0%) belonged to above 50 years.



**Figure 4.3: Educational Background of Respondents**

Source: Field data 2016

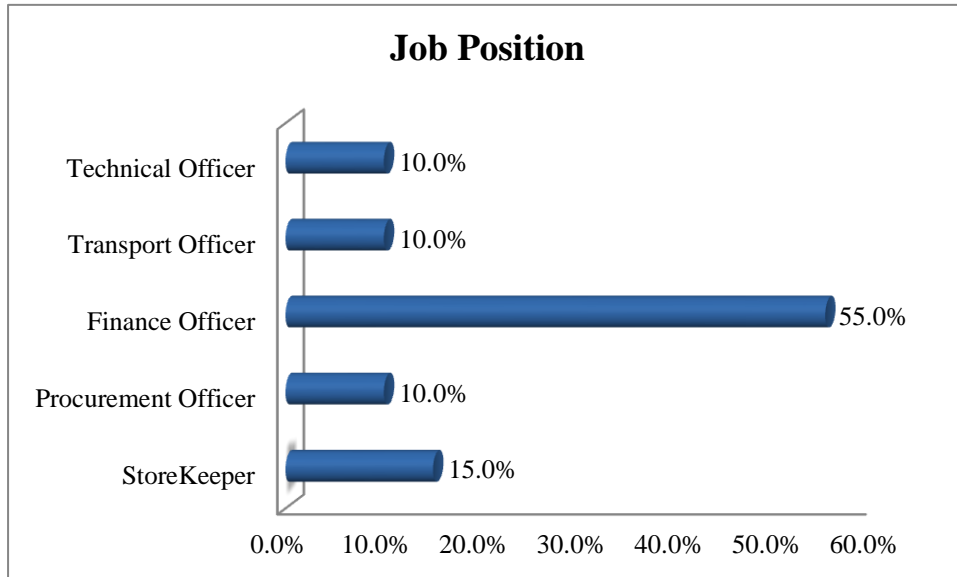
In figure 4.3, majority 36 (45.0%) of the respondents were degree holders, 28 (35.0%) were diploma/HND holders, 12 (15.0%) had O/A level certificate and 4 (5.0%) had other certificates. Thus, the respondents were all well-educated and could provide relevant answers to help achieve the objectives of the study.



**Figure 4.4: Marital status of respondents**

Source: Field data 2016

Figure 4.4 indicates, 32(40.0%) of the respondents were married, 32(40.0%) were single, 8 (10.0%) were divorced and 8(10.0%) were widowed.



**Figure 4.5: Job Position at Zoomlion**

Source: Field data 2016

In figure 4.5, most 44 (55.0%) of the respondents indicated they were Finance Officers, 12 (15.0%) said they were storekeepers, 8(10.0%) were Transport Officers, 8(10.0%) Procurement Officers and 8 (10.0%) Technical Supervisors.

### **4.3 PROCUREMENT METHODS USED AT ZOOMLION GHANA LIMITED**

Zoomlion Ghana Limited operates a decentralised System of Procurement:

The results of the study revealed that all the respondents stated that Zoomlion Ghana Limited operates a decentralised procurement system. Hopkins(2006) proves decentralised procurement is good for urging economic efficiency in business and generating a more effective business results since it brings the procurement functions closer to the needs of the various regions or ultimate user. Decentralised procurement refers to buying goods by all units solely to meet their

requests. When operating decentralised procurement, there is no officer from the centralised office who procure goods for the various sections or regions.

The effects of centralised procurement can be resolved by decentralised procurement system.

**Table 4.1: Procurements methods used at Zoomlion Ghana Limited**

Procurement Methods	Frequencies	Total	Percentages (%)
Request for Quotations	56	80	70.0
Single-Source Procurement	52	80	65.0
Competitive Tendering	50	80	62.5
Restricted Tendering	48	80	60.0
Request for Proposal	48	80	60.0
Two-Stage Tendering	44	80	55.0

Source: Field data 2016

Table 4.1 shows the multiple responses obtained when respondents were asked of the procurement methods used at Zoomlion Ghana Limited. As shown, 56(70.0%) of the respondents indicated request for quotations was mostly used, followed by singles-source procurement 52(65.0%), competitive tendering 50(62.5%), restricted tendering 48(60.0%), request for proposal 48 (60.0%) and two-stage tendering 44 (55.0%). However, according to a study conducted by Kasisi *et al.* (2015) on the factors that affect the performance of the procurement function in government organizations using the National Oil Corporation of Kenya as case study; it was revealed that, Open tendering was amongst the most used method of procuring goods and services in most government organizations. Thus the study by Kasisi *et al.* (2015) contradicts the findings made by this study conducted.

#### 4.4 EFFECTS OF DECENTRALISED PROCUREMENT ON PRODUCTIVITY AT ZOOMLION GHANA LIMITED

**Table 4.2: Effects of Decentralised Procurement on Productivity at Zoomlion Ghana Limited**

Effects of Decentralised Procurement	Valid	Mean	Standard Deviation	Rank
Decentralisation procurement ensures better control and supervision of procurement	80	4.05	0.899	1
Lack of proper co-operation and co-ordination among various departments affects operations	80	3.85	1.202	2
Decentralised procurement relieves the top executives of the burden of performing various functions	80	3.65	1.568	3
Zoomlion Ghana losses the benefit of a bulk purchase which affects profitability	80	3.60	1.327	4
There are fewer chances of effective control of materials at Zoomlion Ghana due to decentralized procurement	80	3.60	1.165	5
Decentralised procurement helps other workers in the organisation to get the opportunity to develop their procurement talents	80	3.40	1.365	6
Lack of specialized knowledge by purchasing staff which affect quality and cost of products	80	3.20	1.130	7

Source: Field data 2016

##### *4.4.1 Ensuring better control and supervision of procurement*

As shown in the table 4.2, the highest effect of decentralised procurement on productivity at Zoomlion Ghana was identified as ensuring better control and supervision of procurement. Thus, decentralisation procurement ensures better control and supervision of procurement had a mean of 4.05 and a standard deviation of 0.899. The mean imply that the respondent agree that decentralised procurement ensures better control and supervision of procurement. The standard



deviation is also lower than 1 implying that the answers given by the respondents were concentrated around the mean.

#### ***4.4.2 Promoting lack of proper co-ordination and co-operation among various departments***

The second effect identified as being the effect of decentralised procurement on productivity is that decentralised procurement promotes lack of proper co-ordination and co-operation among different departments which affects operations. This is given by a mean value of 3.85 and a standard deviation of 1.202.

#### ***4.4.3 Relieving the top executives of the burden of performing various functions***

The third effect identified as being the effect of decentralised procurement on productivity is that decentralised procurement mitigates the burden on top executives in performing various functions so they concentrate on important managerial issues pertaining to their positions. This was given by a mean of 3.65 and a standard deviation of 1.568

#### ***4.4.4 Zoomlion Ghana to losing the benefit of a bulk purchase***

The fourth effect identified as being the effect of decentralised procurement on productivity is that decentralised procurement causes Zoomlion Ghana to lose the benefit of a bulk purchase which affects its profitability. This was given by a mean of 3.60 and a standard deviation of 1.327.

#### ***4.4.5 Fewer chances of effective control of materials at Zoomlion Ghana***

Similarly, another effect identified as being an effect of decentralised procurement on productivity is that with decentralised procurement, there are fewer chances of effective control of materials at Zoomlion Ghana. This was given by a mean of 3.60 and a standard deviation of 1.165

#### ***4.4.6 Helping other workers in the organisation to get the opportunity to develop their procurement talents***

The results of the study revealed that decentralised procurement helps other workers in the organisation to get the opportunity to develop their procurement talents by taking initiatives which makes them ready for managerial positions. This was identified as rarely being an effect of decentralised procurement on productivity with a mean less than 3.5. Thus the mean obtained was 3.40 and a standard deviation of 1.365.

#### ***4.4.7 Lack of specialized knowledge by purchasing staff***

Similarly the results revealed that lack of specialized knowledge by purchasing staff which affect quality and cost of products is rarely an effect of decentralised procurement on productivity. This was given by a mean value of 3.20 and a standard deviation of 1.130. Baily, Farmer and Jones (2005) states that decentralised procurement is effective in ensuring effective control in handling procurements. Thus the study agreed with the results of the research conducted.

## 4.5 THE BENEFITS OF DECENTRALISED PROCUREMENT FUNCTIONS ON PRODUCTIVITY

Table 4.3: The Benefits of Decentralised Procurement on Productivity at Zoomlion Ghana Ltd.

Benefits of Decentralised Procurement	$\sum W$	Mean	Standard Deviation	RII	Rank
Provides greater efficiency	312	3.90	1.308	0.78	1
Things are purchased in right quantity of right quality of material for each department easily	300	3.75	1.000	0.75	2
It takes little time to replace defective materials	300	3.75	1.185	0.75	3
Purchase orders can be placed quickly.	300	3.75	1.268	0.75	4
Gives a better visibility into the company spending and budget	298	3.73	1.055	0.75	5
Saves Cost by providing the best price available	296	3.70	1.195	0.74	6
Materials can be purchased by each department locally as and when required	284	3.55	1.211	0.71	7
Provides improved supply chain and reliable delivery	280	3.50	1.441	0.70	8

Source: Field data 2016

### 4.5.1 Provision of greater efficiency

As shown in the table, the greatest benefit of decentralised procurement to the productivity of Zoomlion Limited was that it provides greater efficiency and this was given by a mean value of 3.90 and a standard deviation of 1.308. The value of the standard deviation seems to suggest that the responses provided by the respondents were dispersed away from the mean. It is easier to track purchases made and thus this makes the procurement officers very circumspect in their process of buying.

#### ***4.5.2 Purchasing of materials in right quantity of right quality***

The second benefit of decentralised procurement to the productivity of Zoomlion Limited was that materials can be purchased easily in right quantity and of right quality for each department. This was given by a mean value of 3.75 and a standard deviation of 1.000. The value of the standard deviation seems to suggest that the responses were fairly dispersed around the mean. The result is supported by results obtained by Tracy (2010) that decentralised procurement helps materials to be purchased easily in the right quantity and of right quality for each department.

#### ***4.5.3 Swiftness in the replacement of defective materials***

The third benefit of decentralised procurement to the productivity of Zoomlion Limited was that it reduces the time taken for replacement of defective materials. This was given by a mean value of 3.75 and standard deviation of 1.185. The value of the standard deviation seems to suggest that the responses were dispersed away from the mean. A study by Tracy (2010) also revealed that, decentralised procurement ensures that replacement of defective materials takes little time. This result supports result obtained by this study. It is easy to identify defective products early and this facilitates the process of replacement.

#### ***4.5.4 Quickness of placement of purchase orders***

The fourth benefit of decentralised procurement to the productivity of Zoomlion Limited was that purchase orders can be placed quickly ( $X=3.75$ ,  $SD=1.268$ ). This is because, the channels followed in order to make purchases are not cumbersome and such procurements are made quickly. The value of the standard deviation seems to suggest that the responses were dispersed away from the mean. Tracy's (2010) study supports the finding by this study that with decentralised procurement, purchase orders can be placed quickly.

#### ***4.5.5 Better visibility into the company spending and budget***

The fifth benefit of decentralised procurement to the productivity of Zoomlion Limited was that it gives a better visibility into the company spending and budget ( $X=3.73$ ,  $SD=1.055$ ). The value of the standard deviation seems to suggest that the responses were dispersed away from the mean. Since bulk purchase by decentralised procurement is small, it is easier to track the spending and budget of the company.

#### ***4.5.6 Cost saving***

The sixth benefit of decentralised procurement to the productivity of Zoomlion Limited was that it saves cost by providing the best price available ( $X=3.70$ ,  $SD=1.195$ ). The value of the standard deviation seems to suggest that the responses were dispersed away from the mean. With decentralised procurement the purchasing officer is able to negotiate for the best prices for the products.

#### ***4.5.7 Purchase of materials locally as and when required***

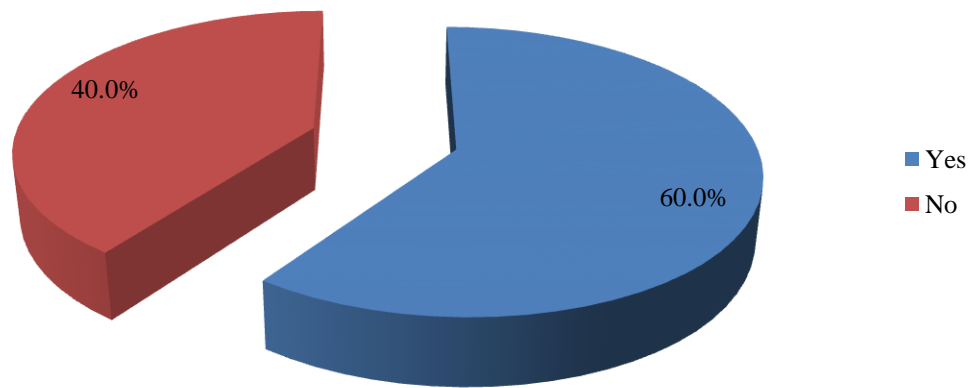
The seventh benefit of decentralised procurement to the productivity of Zoomlion Limited was that each department can purchase materials locally when required ( $X=3.55$ ,  $SD=1.211$ ). The value of the standard deviation seems to suggest that the responses were dispersed away from the mean. Similarly, results from Tracy's (2010) study revealed that, decentralised procurement helps each department to purchase materials locally upon request.

#### ***4.5.8 Improved supply chain and reliability***

The last benefit of decentralised procurement to the productivity of Zoomlion Limited was that it provides improved supply chain and reliable delivery ( $X=3.50$ ,  $SD=1.441$ ). Consequently, the

value of the standard deviation seems to suggest that the responses were dispersed away from the mean

**procurement challenges faced by Zoomlion Ghana Limited.**



**Figure 4.6: Procurement challenges**

Source: Field data 2016

When 80(100.0%) of the respondents were asked if Zoomlion Ghana Limited faced any challenges, 48 (60.0%) said yes and 32(40.0%) indicated no.

## 4.6 THE CHALLENGES THAT INHIBIT THE SMOOTH IMPLEMENTATION OF PROCUREMENT ACTIVITY AT ZOOMLION GHANA LIMITED

Table 4.4: Challenges That Inhibit the Smooth Implementation of Procurement Activities at Zoomlion Ghana Limited.

Challenges	$\Sigma W$	Mean	Standard Deviation	RII	Rank
Leveraging of Technology	300	3.75	1.268	0.75	1
Rushed purchases	292	3.65	1.323	0.73	2
Inflexible suppliers	288	3.60	1.208	0.72	3
Lack of internal relationship especially with financial department	288	3.60	1.289	0.72	4
Lack of spend understanding	288	3.60	1.327	0.72	5
Weak procurement team	288	3.60	1.402	0.72	6
Insufficient Resources	284	3.55	1.168	0.71	7

Source: Field data 2016

### 4.6.1 Leveraging of Technology

As shown in the table 4.4, the greatest challenge that inhibits the smooth implementation of procurement activities at Zoomlion Ghana limited as identified by the respondents was the Leveraging of Technology which is given by a mean value of 3.75 and a standard deviation of 1.268. The standard deviation value seems to suggest that the responses provided by the respondents were dispersed away from the mean. Decentralised procurement prevents the company from taking advantage of technology to increase productivity.

### 4.6.2 Rushed purchases

The second challenge that inhibits the smooth implementation of procurement activities at Zoomlion Ghana limited as identified by the respondents was rushed purchases which was given by a mean value of 3.65 and standard deviation of 1.323. The standard deviation value seems to

suggest that the responses given by the respondents varied from each other. Since the process of decentralisation is quick, in most cases purchases are rushed.

#### ***4.6.3 Inflexible suppliers***

The third challenge that inhibits the smooth implementation of procurement activities at Zoomlion Ghana limited was Inflexible suppliers, which was given by a mean value of 3.60 and standard deviation of 1.208. The result of the standard deviation seems to suggest that the results were dispersed away from the mean.

#### ***4.6.4 Lack of internal relationship especially with financial department***

The fourth challenge that inhibits the smooth implementation of procurement activities at Zoomlion Ghana limited was the Lack of internal relationship especially with financial department. This was given by a mean value of 3.60 and a standard deviation of 1.289. The value of the standard deviation seems to suggest that the results were dispersed away from the mean.

#### ***4.6.5 Lack of spend understanding***

The fifth challenge that inhibits the smooth implementation of procurement activities at Zoomlion Ghana limited as identified by the respondents was the lack of spend understanding which was given by a mean value of 3.60 and standard deviation of 1.327. The value of the standard deviation seems to suggest that the results given by the respondents were dispersed away from the mean.

#### ***4.6.6 Weak procurement team***

The sixth challenge that inhibits the smooth implementation of procurement activities at Zoomlion Ghana limited was weak procurement team and this was given by a mean value of 3.60 and standard deviation of 1.402. The value of the standard deviation seems to suggest that



the responses given by the respondents were dispersed away from the mean. Weak procurement team may arise from the fact that officials in the team are not abreast with the current procurement law. Similarly, the lack of communication amongst team members can contribute to a weak procurement team.

#### ***4.6.7 Insufficient Resources***

The last challenge that inhibits the smooth implementation of procurement activities at Zoomlion Ghana limited as identified by the respondents is insufficient Resources and this is given by a mean value of 3.55 and standard deviation of 1.168. The value of the standard deviation seems to suggest that the responses obtained by the respondents were dispersed away from the mean.

## **CHAPTER FIVE**

### **FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

Procurement is very essential for the operational needs of every institution. However if the right procurement method is not adopted, the company may experience loss in revenue due to increased cost. This study aimed at identifying the procurement methods used at Zoomlion Ghana limited, assessing the effects of decentralised procurement on productivity at Zoomlion Ghana Limited, examining the benefits of decentralised procurement functions at Zoomlion Ghana Limited and evaluating the challenges that inhibit the smooth implementation of procurement activities at Zoomlion Ghana Limited. The previous chapters outlined the essential themes surrounding the topics, provided the various methods adopted to help achieve the objectives of the study and presented the findings and discussions of the study. This chapter presents the summary, conclusion and recommendations of the study. The conclusion and recommendations are made based on the findings of the study.

#### **5.2 ATTAINING THE RESEARCH OBJECTIVES**

The main aim of the study was to examine the effects of decentralised procurement on productivity. To address the main objective of the study, the following specific objectives were used;

- i. To identify the procurement methods used at Zoomlion Ghana limited
- ii. To assess the effects of decentralised procurement on productivity at Zoomlion Ghana Limited

- iii. To examine the benefits of decentralised procurement functions at Zoomlion Ghana Limited
- iv. To evaluate the challenges that inhibit the smooth implementation of procurement activities at Zoomlion Ghana Limited

### ***5.2.1 Review of the research objectives***

As already outlined, the study basically aimed at identifying the procurement methods used at Zoomlion Ghana limited, assessing the effects of decentralised procurement on productivity at Zoomlion Ghana, examining the benefits of decentralised procurement functions at Zoomlion Ghana and evaluating the challenges that inhibit the smooth implementation of procurement activities at Zoomlion Ghana Limited. The subsections outline how the various specific objectives were attained and the findings made. The study used a cross sectional design, thus, a purposive sampling method was used to select a total of 80 workers of Zoomlion Ghana. The main research instrument for the study was a questionnaire. Questionnaires were administered to the staff of Zoomlion. The questionnaires were coded and inputted into the database of the statistical package for social science (SPSS) for processing. Data were analysed using descriptive and inferential statistics of frequencies, percentages, means, standard deviation and relative importance index. Graphs and tables were also used to give a visual representation of the results.

#### **OBJECTIVE 1: To identify the procurement methods used at Zoomlion Ghana limited**

To achieve this objective, the respondents were posited with the various procurement methods and were asked to identify the ones used at Zoomlion Ghana limited. The study revealed procurement methods used at Zoomlion Ghana Limited mostly is Request for Quotations 56 (70.0%) followed by single-source procurement 52 (65.0%), competitive tendering 50 (62.5%),

restricted tendering 48(60.0%), request for proposal (48 (60.0%) and two-stage tendering 44 (55.0%).

**OBJECTIVE 2: To assess the effects of decentralised procurement on productivity at Zoomlion Ghana Limited**

To achieve this objective, the respondents were posited with various statements describing the effects of decentralised procurement on productivity and they were asked to show their level of agreement or disagreement to the statements. The study revealed that the highest effect of decentralised procurement on productivity at Zoomlion Ghana was that decentralised procurement ensures better control and supervision of procurement. This was followed by ensures better control and supervision of procurement, promotes lack of proper co-operation and co-ordination between departments which affects operations, relieves the top executives of the burden of performing various functions so they concentrate on important managerial positions, causes Zoomlion Ghana to lose the benefit of a bulk purchase which affects its profitability and there are fewer chances of effective control of materials at Zoomlion Ghana.

**OBJECTIVE 3: To examine the benefits of decentralised procurement functions at Zoomlion Ghana Limited**

To achieve this objective, the respondents were posited with various statements describing the benefits of decentralised procurement on productivity and they were asked to show their level of agreement or disagreement to the statements. The study revealed that the greatest benefit of decentralisation to the productivity of Zoomlion Limited was that it provides greater efficiency followed by the ability to purchase materials in right quantity and of right quality for each department easily, little time taken to replace defective materials, purchase orders can be placed

quickly, gives a better visibility into the company spending and budget, saves cost by providing the best price available, materials needed for operations can be purchased locally by each department as and when required and provides improved supply chain and reliable delivery.

**OBJECTIVE 4: To evaluate the challenges that inhibits the smooth implementation of procurement activities at Zoomlion Ghana Limited**

To achieve this objective, the respondents were posited with various statements describing the challenges that inhibit the smooth implementation of decentralised procurement activities on productivity and they were asked to show their level of agreement or disagreement to the statements. Most of the respondents said Zoomlion Ghana Limited faced challenges. The greatest challenges that inhibit the smooth implementation of procurement activities at Zoomlion Ghana limited is the leveraging of technology followed by rushed purchases, inflexible suppliers, lack of internal relationship especially with financial department, lack of spend understanding, weak procurement team and insufficient Resources.

## **5.2 CONCLUSION**

The study concludes that request for quotations are the most used procurement method at Zoomlion Ghana limited. Request for proposal, two-stage tendering, competitive tendering and single-source procurement are also used occasionally. Also, Zoomlion Ghana limited loses the benefit of bulk purchase under decentralised procurement which affects their productivity. Additionally, lack of specialized knowledge, lack of proper co-operation and co-ordination among various departments affects decentralised procurements at Zoomlion Ghana Limited, Also, decentralised procurement relieves the top executives of the burden of performing various functions and also helps other workers in the organisation to get the opportunity to develop their procurement talents by taking initiatives which makes them ready for managerial positions.

The study further concludes that, decentralised procurement saves cost by providing the best price available. It gives a better visibility into the company spending and budget, provides greater efficiency, makes it possible for materials needed for operations to be purchased locally by each department when need be, provides improved supply chain and reliable delivery, ensures the purchase of materials is done in the right quantity and of right quality for each department easily and replaces defective materials quickly. However, the greatest benefit of decentralisation to the productivity of Zoomlion Limited was that it provides greater efficiency

There are challenges associated with decentralised procurements in Zoomlion Ghana Limited. Some of these challenges include weak procurement team, inflexible suppliers, leveraging of technology, insufficient resources and lack of internal relationships especially with financial department. However, the greatest challenge that inhibit the smooth implementation of procurement activities at Zoomlion Ghana limited was the Leveraging of Technology

### **5.3 RECOMMENDATIONS**

Based on the findings of the study, the following recommendations are made;

- i. From the study it was revealed that, weak procurement team was a challenge that inhibits the smooth implementation of procurement activities at Zoomlion Ghana Limited. Thus, the study recommends that the management of Zoomlion Ghana Limited should monitor the activities of the procurement team by demanding regular reports and reshuffling them when possible.
- ii. The study also revealed, inflexible suppliers were a challenge to the smooth implementation of procurement activities at Zoomlion Ghana Limited. Thus, it is recommended that the management of Zoomlion Ghana limited should not rely solely on

one company in the supply of its logistics but also ensure that they analyse the market to get other companies who produces quality products at a moderate price.

- iii. The study further revealed insufficient resources were a challenge at Zoomlion. It is therefore recommended that management ensure that they replace tools and materials on time so as to improve the performance of the company.

#### **5.4 LIMITATION OF THE STUDY**

Procurement contracts in most organisations are shrouded in secrecy. Consequently, some Zoomlion Ghana limited workers were reluctant to speak up on procurement related issues. This limited the data collection process and made the acquisition of information a very herculean task. The study made use of questionnaire to obtain data. Questionnaire based studies are criticised on the bases that it is difficult to ascertain if respondents are answering correctly or they are responding to reflect a socially accepted norm.

#### **5.5 DIRECTIONS FOR FUTURE STUDY**

- i. The study recommends that future study on this topic should include more companies so as to help make a better generalization of the findings.
- ii. The study also recommends that future studies should do a comparative analysis of the effectiveness of the various procurement methods to productivity.

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## APPENDIX

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI**

**COLLEGE OF ARTS AND BUILT ENVIRONMENT**

**DEPARTMENT OF BUILDING TECHNOLOGY**

**MSc. Procurement Management**

### QUESTIONNAIRE

I am a student of KNUST and solicit your consent and cooperation to participate in the study **Effects of Decentralised Procurement on Productivity: A Case Study of Zoomlion Ghana Limited**. As one of the respondents, your contribution will be very significant in drawing conclusions for this study. It is however assured that, information collected will be handled with utmost confidentiality. Thank you

#### **SECTION A: Demography**

*Make your preference by ticking the box*

1. Gender

a. Male [ ]      b. Female [ ]

2. Age

a. 21-30 [ ]      b. 31-40 [ ]      d. 41-50 [ ]      e. Above 50 [ ]

3. Educational qualification

a. O/A Level [ ] b. Diploma /HND [ ] d. Degree [ ] e. Other [ ].....

4. Marital status

a. Single [ ]      b. Married [ ]      d. Divorced [ ] e. Widowed [ ]

5. Please indicate your job position at Zoomlion

- a. Technical supervisor       b. Transport officer  c. Finance officer   
 d. Procurement officer  e. Store keeper  f. Other  specify .....

**SECTION B: Procurement System used at Zoomlion Ghana Limited**

6. Does Zoomlion Ghana Limited use decentralised procurement?

Yes  No

**Please tick as many as appropriate the procurement method(s) used at Zoomlion Ghana Limited**

Procurement Methods	Please tick as appropriate
7. Competitive Tendering	
8. Restricted Tendering	
9. Request for Proposal	
10. Two-Stage Tendering	
11. Request for Quotations	
12. Single-Source Procurement.	

13. Please state the procedure in which the method(s) identified above takes

.....  
 .....  
 .....

**SECTION C: Effects of decentralised procurement on productivity at Zoomlion Ghana**

**Ltd**

14. Please indicate your level of agreement or disagreement to the following effects of decentralised procurement at Zoomlion Ghana Ltd: *Where 1= strongly disagree, 2= Disagree, 3= Neutral, 4=Agree, 5=strongly Agree*

	1	2	3	4	5
Zoomlion Ghana loses the benefit of a bulk purchase which affects profitability.					
Lack of Specialized knowledge by purchasing staff which affect quality and cost of products					
There are fewer chances of effective control of materials at Zoomlion Ghana due to decentralised procurement					
Lack of proper co-operation and co-ordination among various departments affects operations.					
Decentralised procurement relieves the top executives of the burden of performing various functions so they concentrate on important managerial functions.					
Decentralised procurement helps other workers in the organisation to get the opportunity to develop their procurement talents by taking initiative which makes them ready for managerial positions.					
Decentralised procurement ensures better control and					



supervision of procurements functions.					
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15. How would you rate the overall effectiveness of decentralised procurement on productivity at Zoomlion Ghana Ltd?

- a. Excellent     b. Very good     c. Normal     d. Poor     e. Very bad

**SECTION D: The benefits of decentralised procurement on productivity at Zoomlion Ghana Ltd**

16. Please indicate your level of agreement to the following statements indicating the benefits of decentralised procurement on productivity at Zoomlion Ghana Ltd. *Where 1= Strongly disagree, 2= Disagree, 3= Neutral, 4=Agree, 5=Strongly Agree*

	1	2	3	4	5
Saves Cost by providing the best price available					
Gives a better visibility into the company spending and budget					
Provides greater efficiency					
Materials can be purchased by each department locally as and when required.					
Provides improved supply chain and reliable delivery					
Materials are purchased in right quantity of right quality for each department easily.					
Purchase orders can be placed quickly.					
The replacement of defective materials takes little time.					

**SECTION E: The challenges that inhibit the smooth implementation of procurement activities at Zoomlion Ghana Ltd.**

17. Does Zoomlion procurement face any challenges?

- a. Yes                                      b. No                                      c. Sometimes

18. Please indicate your level of agreement on some of the challenges facing the smooth implementation of procurement activities. *Where 1= Strongly disagree, 2= Disagree, 3= Neutral, 4=Agree, 5=Strongly Agree*

	1	2	3	4	5
Weak procurement team					
Inflexible suppliers					
Leveraging of technology					
Rushed purchases					
Insufficient Resources					
Lack of internal relationship especially with financial department					
Lack of spend understanding					

**Thank you**