

**Assessment of the Prospects and Challenges of Procurement
Reforms in Ghana: The Case of Volta River Authority**

by

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DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters Of Business Administration 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 acknowledgement has been made in the text.

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ABSTRACT

Public Procurement Reforms defines rules and regulations which guide, direct, and monitor public procurement. It is believed that the enactment of public procurement law has helped to deal with several problems of public procurement in Ghana. However, despite the laudable aims and objectives of the reform in principle, it appears the implementation of the procurement law is beset with challenges. The study is to assess the prospects and challenges of public procurement in Ghana with a focus on the Volta River Authority (VRA). A case study approach was employed for the study. The main instruments used were interview and questionnaires to explore the opinions of the Entity Tender Committee, Supplies Staff and some registered suppliers of VRA. The finding indicated that the Public Procurement Act, Act 663, exists and stakeholders are very familiar with the Act based on the fact that seminars and workshops and on-the-job training programmes, are organized for stakeholders on procurement reforms but not as frequently as they expected. In addition, Public Procurement Reforms has provided a uniform and structured framework for procurement in the Public Sector. However, some of the challenges included too much bureaucracy and burdensome procedures as well as very low thresholds. The study recommended the Public Procurement Law should be reviewed. The Public Procurement Authority should reconsider the various challenges faced by the enforcement of the Law and make recommendations for amendment by the legislature. The study also recommends the establishment of Institute of Public Procurement to be responsible for education, training and certification of procurement professionals in Ghana.

DEDICATION

I dedicate this work to Almighty God by whose mercy I am alive, and for seeing me through all the difficulties I have encountered during the period of this research work. I again dedicate this thesis to my husband, Mr. Mawunyo Rubson and my two daughters, Enyonam and Eyram for providing me the needed environment for the discovery of my potentials and for enduring the long hours I have been away from home to pursue this programme.

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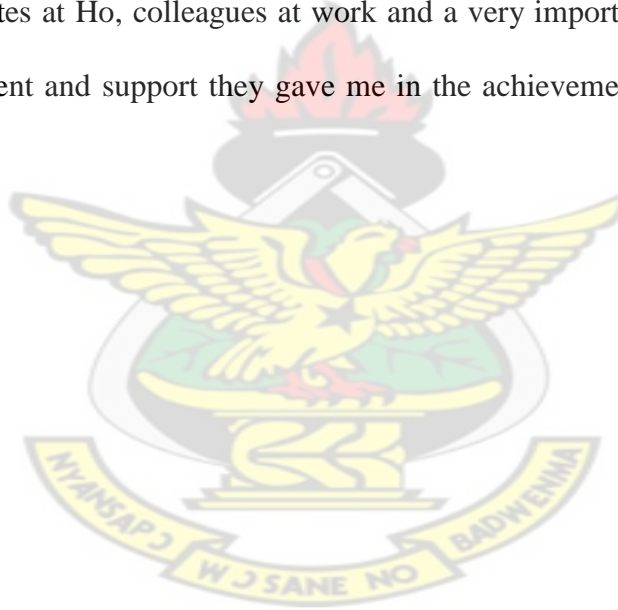


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LIST OF ABBREVIATIONS

GDP – Gross Domestic Product

GRIDCo – National Grid Company

IPPs – Independent Power Producers

MDA – Ministry, Department and Agency

NEDCo – Northern Electricity Company

ODA – Overseas Development Administration

OECD – Organisation for Economic Co-operation and Development

PPA – Public Procurement Act

PPRs – Public Procurement Reforms

PUFMARP – Public Financial Management Reform Programme

VFM – Value for Money

VRA – Volta River Authority

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The procurement cycle involves planning, (beginning with needs assessment through needs preparation), inviting offers, selecting contractor, awarding contracts, executing and managing contracts, as well as final accounting and auditing. Procurement plays an important role in a firm's profitability and enhances value and wealth creation. As entities grow the role of procurement is increasingly recognized as one of the functions that contribute to the success of the organization. In both manufacturing and service organizations, the cost of products depends on the value at which inputs were purchased, underpinning the importance of procurement function to an organization's survival. Consequently, the need for a well-functioning public procurement system as a potential for accelerated national development, cannot be overemphasized. This is particularly true for developing countries, where procurement usually accounts for a high proportion of total expenditure. For example in Ghana, public procurement accounts for 50-70% of the national budget (after personal emoluments), representing about 24% of total imports and makes up about 14% of the country's Gross Domestic Product (GDP) (World Bank, 2003) while most industrialized countries spend about 10% of their GDP on public procurement (Trionfetti, 2003).

In the Organization for Economic Co-operation and Development (OECD) countries for instance the United Kingdom, United States, France, and Germany just to mention a few, it is estimated that globally public procurement accounted for about US\$2,000 billion in 1998, which was about 7% of the global GDP (OECD Procurement Outlook, 2002) and as the statistics below indicate, public procurement accounts for more than 15% of Gross

Domestic Product (GDP) in OECD countries with the share of GDP going even higher in non-OECD countries (OECD Procurement Outlook, 2005). This shows the effect that the performance of public procurement markets has for the effectiveness of governance in both developed and developing countries.

Generally procurement in many developing countries has been identified with inherent weaknesses, making the system ineffective and non-responsive to strategic procurement needs of organizations and government alike. According to Hunja (2003), one consistent weakness in most developing countries is the lack of an entity within government that is charged with overall responsibility for formulation of procurement policy and to ensure that the system is functioning properly. This, Hunja (2003) indicated, leads to diverse interpretations and implementation of existing rules across various public agencies and even within some of the agencies lack of oversight responsibilities for the proper functioning of the procurement system creates serious gaps in the enforcement of rules. The procurement system invariably suffered various forms of malpractice and unethical conduct, including a high incidence of vested interests, interference and insider dealings and occasional cases of retrospective approval of contract awards. There was significant lack of professional knowledge and expertise in the purchasing and contracting function at all levels (Agaba and Shipman, 2012).

In recent years, Hunja (2003), recognizing the realization and need for reforms in many developing countries, has described the aim of such reform programme as being to establish a strong and well-functioning procurement system that is governed by a clear legal framework establishing rules for transparency, efficiency and mechanisms of enforcement, coupled with an institutional arrangement that ensures consistency in overall policy

formulation and implementation. The impetus for reforms has increased, not only to address the foregoing procurement inefficiencies which have become self-evident, but also in consequence of the requirements of the World Bank and donor organizations as conditions for providing development aid (Agaba and Shipman, 2012). The need for good governance and increasing donor confidence in efficient utilization of public funds has become crucial. Also many of these countries have instituted reforms to make the procurement system more transparent and efficient and to demand more accountability from public officials. Besides, public sector management, globally, is increasingly under pressure to go beyond the implementation of policies and procedures and to produce results. This trend is also reflected in public procurement which has often been more compliance based than other disciplines due to an anti-corruption focus.

In consequence, the Government of Ghana launched the Public Financial Management Reform Programme (PUFMARP) in 1996, with the aim to improve overall public financial management. PUFMARP identified various inefficiencies and weaknesses in the procurement system which resulted in the reforms in the public procurement, which eventually led to the passing of the Public Procurement Law on December 31, 2003 dubbed Public Procurement Act, 2003 (Act 663). Some of the weaknesses included the absence of a comprehensive legal regime to safeguard public procurement, no comprehensive public procurement policy and absence of a central body with technical expertise to oversee or regulate sound procurement practice.

1.2 Statement of the Problem

The Public Procurement Reform defines rules and regulations which guide, direct, and monitor public procurement. It is believed that the law has helped to deal with several problems of public procurement in Ghana. However, despite the laudable aims and objectives of the reform in principle, it appears the implementation of the procurement Law is beset with challenges. Some of these challenges include but not limited to delays in acquiring goods and services for projects because of the various approvals levels, inability of organizations and government to secure best quality goods and services and at best prices. The Law also does not make provision for emergency procurements. It is also alleged that some government agencies lack qualified procurement staff to perform the procurement function effectively.

The issues mentioned above have significant impact on achieving the overall aims and objectives of the reforms and this is of concern to the investigator. There is little empirical research on public procurement reforms in Ghana and the current study attempts to bridge this gap by investigating the prospects and inherent challenges of the public procurement law since implementation in 2004 in a large State Authority responsible for hydro power generation.

1.3 Objectives of the Study

The overall objective of the study is to assess the prospects and challenges of public procurement in Ghana with a focus on the Volta River Authority (VRA). To achieve the above mentioned objective, these specific objectives were explored:

- i. To ascertain the level of knowledge of procurement practitioners in VRA on public procurement reforms;
- ii. To determine the effects of the public procurement reforms (ACT 663) on procurement in VRA;
- iii. To ascertain the challenges of implementing the procurement reforms in the VRA; and
- iv. To assess the prospects of the procurement reforms in ensuring fair, cost effective and efficient procurement of goods and services at VRA.

1.4 Research Questions

The study addressed the following research questions:

- i. What is the level of knowledge of procurement practitioners in the VRA?
- ii. What are the effects of the public procurement reform (ACT 663) on procurement in VRA?
- iii. What are the challenges that confront VRA in the implementation of the Law?
- iv. What are the benefits of the procurement reforms in VRA?

1.5 Significance of the Study

The study is significant for a number of reasons. Public Procurement is now perceived as a major function of government and organizations both in the public and private sector, and a great deal of attention is being paid to procurement improvements or reforms. As a new law, it would be of interest to institutions to carry out a study to identify the challenges of implementing the policy since there is no comprehensive information on the challenges of

the Public Procurement Reform. Secondly, the outcome and recommendations of the research will assist government and policy makers to formulate and implement appropriate review action plans for the needed improvements in the reforms.

1.6 Scope and Delimitation of the Study

The scope of the study was limited to VRA in Ghana. It is laudable to note that there were lots of researches conducted on public procurement reforms in developed and developing countries. However, the delimitation of this study looked at the prospects and challenges of the procurement reforms in Ghana with reference to VRA. The findings and recommendations may be used by similar public organizations in the country.

1.7 Limitations of the Study

The problems encountered during the research were due to time and financial constraints especially in the preparation of questionnaires, gathering of data and other resources. As a result the study was delimited to VRA because the cost involved in undertaking a full research covering the topic was enormous and weigh beyond the researcher's fiscal resources. In addition, not all the questionnaires administered were recovered. Therefore, the generalization of the study's findings may be impaired by the inherent general limitation of a case study design.

1.8 Organization of the study

The study is organized into five (5) chapters. The first chapter consists of introduction and gives a background to the study. The section also discusses the statement of the problem,

objectives and the research questions, significance, scope and delimitation as well as the limitations of the study. The second chapter focuses on literature on the general organization of procurement and the rational for the procurement reform. Chapter three details the methodology adopted for the study. It indicates the population, sample, research design and instrument for data collection and its presentation and how these methods assist in achieving the research objectives. The fourth chapter covered data analysis and presentation of the study. The fifth and final chapter constitutes the conclusions and recommendations based on the findings.



CHAPTER TWO

LITERATURE REVIEW

The chapter discussed and reviewed various issues on procurement reform as change management, supply chain management, and other related concepts. The conceptual framework for the study was also covered.

2.1 Change Management

Change management, which falls within the broader theoretical framework of social change (Lewin, 1951 and 1958), repeatedly has been a popular topic in the organizational effectiveness and management literature. In the theory of organizational change, change is extensively known as one of the most critical and challenging responsibilities of organizational leadership. Burke and Trahan (2000:xi) opine:

“These responsibilities have become even more important in recent years as organizations are ...living through a time of tremendous sea changes.... Globalization, the disruptive influence of new technologies, the emergence of electronic business (e-business), and growing electronic connectivity among widespread financial markets are all accelerating the pace of commerce throughout the world today in virtually every industry. Add deregulation, political instability, emerging new economies in the Pacific Rim, and an exploding number of new scientific discoveries (many of which lead quickly to new products and commercial applications), and you have a technique not only for market turbulence, but also for ... *disruptive phase shifts* in how business is conducted”.

The need to deal with unsettling phase shifts is as true for public organizations as it is for private sector business organizations. Understanding this literature can help the management of organizations prepare themselves and their organizations to deal more

effectively with the challenges of premeditated organization change by understanding the factors that stimulate organizational change, the types of changes initiatives that other organizations have used to respond to such drives, and the significance of implementing those changes as well as managing the behavioural, motivational, and performance dynamics that arise during the change process. The need for calculated organization change in organizations can result from changing internal conditions for instance, transitions within the organizational life cycle or changing goals, budgets, or missions; or changing external conditions for instance, transformations due to new technologies, policies, regulations, economic conditions, or international events. Executive directives and centralized legislation such as the Government Performance have the potential to incite comprehensive organizational changes in government funding and performing public organizations in many nations.

Over the past several decades, there has been an increasing interest in understanding how organizations evolve over time, adapting or failing to adapt, initiating change and responding to change and in the cumulative, system-wide consequences of individual organization's responses, both planned and unplanned. Mohrman and Mohrman (1993 p87) state that organizational environments have become less kind, more complex, more interconnected, and more dynamic...producing conditions that pose the need for change while making it difficult to learn and change by overloading the information-processing capabilities of organizational members. Incited by the challenges posed to American industry, first by the success of Japanese firms and the Asian economies and then by the *disruptive* technological innovations of the new economy, the recent literature on change management has tended to argue that organizations are facing an accelerating and pervasive

need for continual, and increasingly rapid and dramatic, change (Drucker, 1980; Mohrman et al., 1989; Fradette and Michaud, 1998; Miller and Morris, 1999). This has led to greater attention to the tension between vision-led and problem-driven change strategies.

Articles by Tushman et al. (1997), Miller and Morris (1999), and Christensen and Overdorf (2000) illustrated the imperative for, and the challenges of managing organizations through periods of disruptive change in the external environment, such as that currently being experienced as a consequence of globalization, reforms, advancements in communications and information technologies, changing international relationships, and breakthroughs (Senge, 1990; Sapienza, 1995; Hargadon and Sutton, 2000). Adding to the challenge, the literature clearly revealed that the characteristics that enable an organization to be successful at one stage in its lifecycle or in a particular historical context do not ensure success in another.

The salient point reflected throughout these literatures is that planned change, and hence the skills and tools used, need to be tailored to meet the specific needs of the organization within its particular context (Greiner, 1998; Adizes, 1999; Goleman, 2000; Christensen and Overdorf, 2000; Enriquez and Goldberg, 2000; Lawler et al., 2001).

2.2 Conceptual Framework

2.2.1 Administrative Reforms as an aspect of Change Management

Recognizing the need for organizational change and leading organizations through that change is widely recognized as one of the most critical and challenging responsibilities of organizational leadership. Efforts to design and implement change across centralized agencies notable among them is the Volta River Authority of Ghana have included, most

recently, the *re-invention* strategies of the early and, mid-1990s, and in the 2000s and current strategies resulting from the Management Agenda. According to Greiner (1967) such efforts usually focus on streamlining, achieving more with fewer resources, modernizing structures and processes, and aligning public-service goals (perhaps new goals) with outcomes. These kinds of changes or reforms fit the definition in the change management literature of intentional, organizational change that is undertaken to achieve some organizational goal.

Attempts have been made by scholars over the years to define administrative reform, but none has been accepted as the official definition. Caiden (1968) in his pioneering book on the subject describes the work in administrative reform as being patchy in appearance and variable in quality. He further explains that conceptually it is not something new, it is as old as administration itself and the subject has only been seriously discussed as a field in the discipline of administration in the last two decades. Therefore in many aspects it lacks systematic and detailed treatment. He finally defined the term as an artificially inducement of administrative transformation against resistance. Scholars like Finan (1957), Hanh-Been Lee (1970), Leemans (1971) and Chapman (1993), and many others (including United Nations) have since then argued and analyzed the subject matter in one way or another. Nonetheless, Quah (1976) went on further by saying that the changes to be initiated in an organization should cover both *structure and procedures of public bureaucracy (the institutional aspect); and the attitudes and behaviour of the public bureaucrats involved (the attitudinal aspect)*.

With the emergence of the modern state, public organizations or services in developing countries evolved not only to formulate policies but also to effectively implement them. In other words, a public organization is often associated with the effective and efficient management of development policies and programmes. In this connection, it is seen as the

main, but not the only, instrument by which development activities in developing countries are implemented (Esman, 1988). Consequently, public service reform programmes, supported by donors, such as the World Bank and International Monetary Fund (IMF) and the British Overseas Development Administration (ODA) have emphasized questions of organizational structure, financial and human resource needs, and basic administrative competence appropriate to the performance of the development function (Dwivedi, 1989; ODA, 1989; Wunsch, 1991; UN, 1992).

Although there is no universally accepted definition of what an administrative reform is, there is a fundamental agreement among researchers/scholars of public administration that it is meant to improve administrative capability and capacity, particularly in the developing countries, for the purpose of achieving national goals effectively. In other words it is meant to encourage an effective administration capable of bringing about economic, political and social development, or, as explained by Caiden (1968), to enhance and increase the quality of public services and deliver such goals and services to citizens more economically, efficiently and effectively. Therefore any attempts to evaluate the administrative reform programmes in most of the developing countries will be in the context of national development, that is, when administrative reform is regarded as a conscious and deliberate attempt to improve bureaucracy in order to attain national development goals. The study therefore founded on administrative reform as an aspect of change management.

2.3 Supply Chain Management

According to Stevenson (2009), supply chain is the sequence of organizations-their facilities, functions, and activities-that are involved in producing and delivering a product or

service. The sequence begins with basic supplies of raw materials and extends all the way to the final customer. Stevenson (2009) defines supply chain management as the strategic coordination of business functions within a business organization and throughout its supply chain for the purpose of integrating supply and demand management.

Supply chain is sometimes referred to as value chains which represent the idea that value is added as goods and services progress through the chain. Supply chain management is very important to an organization's performance; it help to link suppliers, producers and the final consumer which is essential to the production and delivery to the final consumer. The aim of supply chain management is to match supply to demand as effectively and efficiently as possible. Key issues include; determining the appropriate level of outsourcing, managing procurement, suppliers, customer relationships, ability to identify problems and respond to them and managing risk (Stevenson, 2009).

Supply chain management is the oversight of materials, information, and finances as they move in a process from supplier to manufacturer to wholesaler to retailer to consumer. It involves coordinating and integrating these flows both within and among companies. Supply chain management flows can be divided into three main flows; the product flow, the information flow and finance flow. The product flow includes the movement of goods from the supplier to a customer as well as any customer returns or service needs. The information flow involve transmitting order and updating the status of delivery and the Financial flow consists of credit terms, payment schedules and consignment and title ownership arrangements (Wikipedia, 2012). Supply chain management relates to the whole process of managing products and services into, through and out from the business. Therefore, it can have a direct effect on the performance and profitability of the organization. The main goal

of supply chain management system is to reduce inventory. In order to achieve this goal there is the need for organizations to effectively and efficiently manage their supply chain to be able to meet customer expectation.

Jones and Oliver (2006) indicated that supply chain management functions interface both with the external environment and internal management and processes. These functions according to Jones and Oliver (2006) fall into three supply chain or logistics categories:

- i. Inbound supply issues
- ii. Intra-site management
- iii. Outbound delivery of goods and services to stakeholders or customers.

2.4 Public Procurement Overview

Procurement is the process by which organizations acquire goods, works and services. The procurement cycle involves planning, beginning with needs assessment through needs preparation, inviting offers, contractor selection, awarding contracts, executing and managing contracts, as well as final accounting and auditing. Procurement can therefore be viewed as a strategic component of supply chain management relating to satisfying customer or buyer needs.

2.4.1 Public Procurement - Perspective on Developing Countries

According to Hunja (2003) in many developing countries, public procurement has not been viewed as having a strategic impact in the management of public resources. It was largely treated as a process-oriented, function often implemented by non-professional staff of the buying agencies. Consequently, little effort was made to ensure that the policies and rules

and the institutional framework governing the procurement system were maintained in a manner that ensured that public funds were used in the most efficient and economical way to deliver the best value for money. Hunja (2003) however, indicated that this has been changing and it is due to reasons such as shrinking budgets, the need to fight corruption, and need to achieve good governance by increasing confidence in citizens that public funds are well spent.

McDonald (2008) indicated that, the rules guiding government purchasing and contracting need to be accountable and transparent. This does not only limit corruption but contributes to a more accountable relationship between government and citizens. It is also important because of the huge sums involved. Furthermore, government procurement accounts forms approximately 4.5% of developing countries' gross domestic product (GDP) and governments tend to be the largest single consumers of goods and services in most countries. A government's use of purchasing can thus be a very significant tool to achieve socio-economic objectives. If procurement reform is done accountably, with a view to achieving both cost effectiveness and broader development goals, it can play a powerful role in poverty reduction (McDonald, 2008).

Public procurement has been identified as the government activity most vulnerable to corruption. As a major interface between the public and the private sectors, public procurement provides multiple opportunities for both public and private actors to divert public funds for private gain. For example, according to the 2005 Executive Opinion Survey of the World Economic Forum, bribery by international firms in Organization for Economic and Development (OECD) countries is more pervasive in public procurement than in utilities, taxation, judiciary and state capture (OECD, 2007). Furthermore, Falvey et al.

(2007) stipulated that developing countries are characterized by relatively low levels of competition and have limited or no formal competition policy. Even though government procurement accounts for a significant share of public spending, the procedures for awarding and monitoring contracts lack transparency. Therefore measures need to be put in place to promote and/or regulate competition and to make procurement more transparent in order to offer potential benefits in enhancing the competitiveness and efficiency of the business environment. Falvey et al. (2007) have also indicated that the two features that render developing countries prone to anti-competitive business practices is the small or very small number of firms which tends to dominate many sectors because of small markets that can only sustain a few large firms, with relatively weak institutional framework. Singh (2002) also argued that it is important for developing countries to establish formal competition policies, primarily because of structural changes due to privatization and deregulation.

Many developed and developing countries have undertaken reforms of their national procurement systems aimed at ensuring that public funds are used in the most efficient and economical way and that the system delivers value for money. Increasingly, it is argued that governments recognize the (financial) savings from a better organized and transparent procurement system (Hunja, 2003). The main objectives of the public procurement reforms are value for money, efficiency, transparency, probity and accountability (Arrowsmith, 2005). A related issue is opening up of the procurement market to foreign competition, where agreements have been reached at both the regional and international levels. The rationale behind opening up public procurement is that protectionist measures in public procurement can constitute barriers to trade (and competition) that promote costly inefficiencies (Cecchini 1992). It is therefore important for governments to open up procurement to international

competition since competitive procurement practices promote efficiency in public spending and helps public authorities acquire cheaper, better quality goods and services at lower costs (Falvey et al., 2007).

European Commission (2004) suggested that enhanced competition and transparency reduce prices by around 30%. Open, non-discriminatory and transparent procedures can also help boost the competitiveness of firms operating in public procurement markets (*The Cecchini Report* 1988). However, when considering the size of contestable procurement in developing countries one has to take into account that a considerable part of procurement in Africa, Caribbean and Pacific (ACP) States which is financed through aid and very often tied to the procurement of goods and services from the donor country that is, irrespective of the Government's own policy, procurement is not open) (Falvey et al. 2007). In developing countries such as Sri Lanka more control of public procurement is placed in the hands of bureaucracy. The Ministers and Government Departments are responsible for meeting the requirement of the government and are given more power to deal with the finances though they usually remain closely controlled by central audit unit operated by the Ministry of Finance and Auditors Office (Arrowsmith and Davis, 1998). However, Raymond (2008) indicated that such power or control is often misused by the politicians thereby bringing about disastrous consequences for the country.

2.4.2 Key Principles of Public Procurement

The following are the key principles underpinning public procurement:

- i. Value for money (VFM): VFM) is the most important principle of procurement (Raymond, 2008). According to Bauld and McGuinness (2006), VFM in the public

sector involves consideration of the contribution to be made to advance government policies and priorities while achieving the best return and performance for the money being spent. Cummings and Qiao (2003) indicated that in order to obtain VFM, sometimes the government is at liberty to consider other criteria than the lowest price; for example technical capabilities, qualifications of key personnel, and past performance records in awarding contracts to potential suppliers. Palmer and Butt (1985) identified barriers such as weak governing bodies, politics, tradition and lack of education and training programmes which need to be conquered so as to achieve VFM.

- ii. Ethics: Another important principle of public procurement is ethics. Atkinson (2003) stated that purchasing professionals are held to higher standards of ethical conduct than people in other professions, yet some do not even know what is expected of them. It is therefore important that employees are adequately educated in such matters so that it does not lead to serious consequences like breach of codes of conduct (Raymond, 2008). Atkinson (2003) further noted that there are approximately 500,000 professional purchasing people in the United States and only 10% of these have been members of a professional Supply Chain Management Association which trains members in purchasing ethics, and the rest are not even aware that there are ethical and legal standards involved in procurement.
- iii. Competition: Competition is the means by which most goods and services are procured (Raymond, 2008). It is a means by which buyers make the best use of competitive market forces to obtain the best offer that can be obtained from the market at that particular point in time. Competition occurs in the tendering process as

- bids are submitted by various tenders for consideration. Also competition occurs in issues such as suppliers' credibility in carrying out previous contracts of the same nature, the price and the most competitive bidder would be awarded the contract (Raymond, 2008). Erridge et al. (1999) believes that competitive tendering would avoid accusations of favouritism and fraud and that the openness of the system would encourage more suppliers to participate and that increased competition would help reduce prices, improve quality and lead to greater competitiveness among suppliers.
- iv. **Transparency:** Transparency is another important principle in public procurement. Transparency in procurement means openness in the tendering process. This involves having regard for the procurement laws, policies and practices in the country. Transparency provides an assurance for both domestic and foreign firms that contracts will be awarded in a fair and equitable manner. According to Smith-Deighton (2004), transparency requires governments to adhere to higher standards of conduct by ensuring that conduct will be open to scrutiny. Transparency therefore is an essential aspect of ensuring accountability and minimizing corruption, and has gained prominence in Organization for Economic Cooperation and Development (OECD) countries, and is particularly associated with the rise of the governance agenda as transparency is a core governance value (Smith-Deighton, 2004). In all markets, a lack of transparency in the sense of absence of information on rules and practices could operate as a barrier to trade and may affect foreign suppliers more than local ones (Arrowsmith, 2003).
- v. **Accountability:** Accountability is the final principle in public procurement and it comes in to play at both the national and international levels (Raymond, 2008). The

public, however, is also demanding greater accountability and better service (Gunasekaran, 2005). Therefore, managing the risks associated with the complex competitive environment give rise to accountability problems (Barrett, 2000) as the roles and responsibilities of the participants in the process are not clear (Raymond, 2008).

2.5 Inefficiencies and Deficiencies of the Unreformed Procurement System

In general the unreformed procurement system was characterized with inherent inefficiencies and deficiencies which necessitated the reforms in order to make the procurement system responsive and effective. The short-comings of the unreformed system are summarized as follows (Agaba and Shipman, 2012):

- i. Guidance for the unreformed procurement system was scattered among various out-dated regulations and procedures;
- ii. Little action was taken to ensure that the procurement process complied with established regulations and procedures;
- iii. There were no clear lines of public accountability in the procurement process and little transparency;
- iv. There was little institutional coordination;
- v. Operating through cash budgets and with inadequate financial planning, the government was an unreliable business partner and suppliers frequently suffered delays in receiving payment for goods and services supplied; consequently bidders sought to offset these risks by higher prices;

- vi. The system suffered from various forms of malpractice and unethical conduct, including a high incidence of vested interests, interference and insider dealings and occasional cases of retrospective approval of contract awards; and
- vii. There was a lack of professional knowledge and expertise in the purchasing and contracting function at all levels (Agaba and Shipman, 2012).

2.6 Success Factors of a Reformed Procurement System

It has been argued (Walker, 2003) that public procurement reform is most likely to succeed when it proceeds through a six-step success process, viz.:

- i. Support from highest political levels: This is seen as necessary for any organisational change to succeed, as it avoids any doubt about the government's commitment to reform;
- ii. Publicity about the advantages of the new system;
- iii. Cooperation between the public and private sector leading to better understanding of each other's problems and needs;
- iv. Good procurement training: To raise the skills of procurement staff and to familiarise suppliers with the requirements of the reformed system;
- v. Good procurement legislation: Both primary legislation and secondary implementing legislation; and
- vi. Establishment of a central public procurement office for overall policy making and supervision of public procurement in the country (Walker, 2003).

However, the nature and the order of progression of each stage may vary according to local circumstances. It may be argued that the legislative framework and the central

regulatory body should be in place at an early stage, so that the training and other measures to bring about compliance on the part of procuring entities can take place within the context of the legal requirements and under the direction of the regulatory body.

2.7 Benefits of Reformed/Transparent Public Procurement

The gains from more open procurement are considered in respect of enhanced transparency, increased competition and reduced corruption (Falvey et al., 2007).

2.7.1 Enhanced Transparency

Transparency is aimed at preventing public authorities from concealing discrimination in favour of national suppliers of goods. Arrowsmith (2003) indicated that, transparency rules also support other objectives such as probity, preventing corruption, deterring abuse of discretion, maintaining the confidence of contractors in the system and are also used as a means to prevent covert discrimination (Arrowsmith, 2003).

Falvey et al. (2007) opined that transparency entails that procurement procedures should be characterized by clear rules and means to verify that those rules were followed. The literature reveals that three factors are essential for a public procurement regime to be classified as transparent. Firstly, the existence of clear public procurement rules is required. All participants should be informed about the procurement rules that will be applied by the contracting authority (for instance what are the criteria for selecting the suppliers, for awarding the contracts). The existence of clear rules allows participants in the procedure to know in advance how it will be conducted and to behave accordingly. Secondly, procurement opportunities should be public in order to enable all possible interested suppliers to

participate (this is achieved by publishing procurement opportunities on national, regional and international bulletin/newspapers); and thirdly the opportunity should be given to scrutinise decisions and to enforce the rules in order to ensure that the procurement agency has adhered to the rules and that the decision was not motivated by self-interest but was taken having regard only to commercial consideration (Falvey et al., 2007).

Trepte (2005) indicated that the importance of transparency is that it makes visible what would otherwise be disguised and allows the actions of the procurement agency to be scrutinised and monitored. According to Falvey et al. (2007), some of the measures usually implemented for achieving transparency includes, making procurement laws and administrative regulations publicly accessible; ensuring broad advertisement of procurement opportunities in journals of national and international relevance; limiting the use of negotiated procedures to very limited and well defined cases giving preference to the use of more open procurement methods such as open tendering or restricted procedure; give the possibility to all bidders to be present at the opening of tenders; the requirement that all criteria for evaluating tenders shall be stated in advance in the contract documents Falvey et al. (2007) also added that, for any procurement system to be transparent, there is the need to ensure that suppliers are given the possibility to complain against a procurement decision and that there are in place effective and independent review and complaint systems.

A lack of transparency can impede the ability of foreign firms to bid for contracts even if there is no intended discrimination (Arrowsmith, 2003). When a procurement system is characterized by non-transparent rules foreign suppliers can be reluctant to enter the market, as bidders must trust in the fairness of process to participate in a tender, the

perception of transparency is crucial in attracting the largest possible number of tenders and increasing competition (OECD, 2006).

2.7.2 Enhancing Competition

The evidence gathered from studies conducted on the effects of the procurement directives enacted in the EU suggests that public procurement prices paid by public authorities in the EU are lower when the directives are applied. The application of procurement rules appears to reduce prices by around 30%. Price reduction is due to enhanced competition (Falvey et al., 2007). Falvey et al. (2007) further stated that competitive, transparent procurement markets help government acquire goods and services at lower cost.

2.7.3 Reducing Corruption

Corruption in public procurement is a big problem for developing countries because it leads to a significant waste of public funds. The public procurement process can provide opportunities for corrupt officials to engage into illegal practices (Trepte, 2005). According to Arrowsmith et al. (2000) corruption in public procurement can cover various types of practice and can involve various forms of collusion between government and bidders. For instance, the procurement entity may award contracts on the basis of bribes rather than on the basis of the best quality and price of the products; contracts may be awarded to firms in which one has a personal interest; and contracts may be awarded to political supporters amongst others. Corruption can occur in the execution as well as award of contracts in which officials can collude with bidders to allow them to claim extra payments for non-existent

work (Arrowsmith et al., 2000). The procurement planning and the delivery phase are particularly exposed to corruption and the need to be carefully monitored (OECD, 2006).

Falvey et al. (2007) indicated that the award of contracts on the basis of corruption will prevent authorities from achieving value for money, since contracts will not be awarded to the best firms and for the best products. Further, corruption scandals may deter both national and foreign firms from bidding for future contracts. Prices may be higher both because contractors do not face real competition and because contractors need to insert in their “costs” the bribe paid to procurement officials. Trepte (2005) points out that, corruption in developing (and developed) countries is due to several reasons and is often related to the structure of government itself, especially the low paid employees. Falvey et al. (2007) state also that corruption depends on the lack of enforcement and monitoring systems and on the lack of an effective system of debarment for suppliers who have been accused of corruption. They suggested the following for limiting the opportunities for corruption at the stage of the procurement process:

- i. The criteria for the selection of suppliers could be set by law or regulation and the procuring authority should be bound by those criteria, in so limiting the discretion of the public authority and avoiding the use of ad hoc solution aimed at favouring corrupted bidders.
- ii. Pre-disclose the selection criteria to bidders and to forbid the procurement entity to change them once the process has started.
- iii. At the specification stage it is important that specifications related to the product are not too burdensome and technical for suppliers to comply with them.

- iv. Caution is also necessary at the qualification stage, the selection of suppliers in order to consider who is eligible for the contract.
- v. As far as the award stage is concerned, contracts can be awarded according to the lowest price (which is possibly the most transparent way) or according to the lowest evaluated tender.
- vi. A system should be in place which allows aggrieved suppliers to challenge the decisions of the procurement entity. Complaints should be dealt with, in a fast manner, by an independent, impartial and unbiased authority (Falvey et al., 2007).

Apart from the benefits stated above, Public procurement has direct impact on the successful delivery of government projects and public services, ensures sound public financial management by achieving value for money in government expenditure and encouraging private sector growth and investment.

2.8 Obstacles to Procurement Reforms in Developing Countries

Thai (2001) stated that each country has its own economic, social, cultural and political environment, and each country's public procurement practitioners face different types of challenges, or the same types of challenges but at different levels from their counterparts in other countries. Thai (2001) therefore identified the following six common challenges in public procurement:

- i. The sheer magnitude of procurement outlays has a great impact on the economy and needs to be well managed.
- ii. Public procurement has been utilized as an important tool for achieving economic, social and other objectives.

- iii. Due to reasons including greater scrutiny of taxpayers and competing vendors, public procurement has been perceived as an area of waste and corruption.
- iv. As many countries have moved to a regional and/or global economy, public procurement practitioners face a challenge of how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements.
- v. In developed as well as developing countries, disregarding their economic, social, and political environment, a sound procurement system has accomplish two sets of requirements: management requirements and policy requirements. The procurement management requirements normally include quality, timeliness, cost (more than just the price), minimizing business, financial and technical risks, maximizing competition, and maintaining integrity. The procurement policy requirements normally include economic goals (preferring domestic or local firms), environment protection or green procurement (promoting the use of recycled goods), social goals (assisting minority and woman-owned business concerns), and an international trade agreement. It is very difficult for policy makers and public procurement practitioners to make an optimal decision, as there are always trade-offs among these goals.
- vi. Facing the challenges above and others, including rapid developments in technology (which have led to new procurement methods), public procurement cannot be perceived as mere a 'clerical routine', as procurement practitioners are and should be involved in strategic procurement planning (Thai, 2001).

Furthermore, reasons for the lack of success in implementing reforms in developing countries are varied but also interlinked. The most difficult obstacle is the lack of political

will at the highest levels of Government to significantly overhaul an existing system (Hunja, 2003). The following are some of the underlying reasons stated by Hunja (2003) as the most apparent:

- i. Deeply vested interest and lack of political will: Vast amounts of money are expended through the public procurement system. A procurement system that has loose or opaque rules and which are also poorly enforced provide opportunities for misuse of the contract award process through corruption or other patronage arrangements. Those in the private sector and their collaborators in the public institutions who benefit from such flawed systems have a very deep vested interest in the maintenance of the status quo. Vested interests in such systems can also manifest themselves in various ways such as local business cartels that may have an interest in maintaining a legal framework that prohibits competition from foreign suppliers.
- ii. Paucity of technical knowledge and capacity: Paucity of technical knowledge on the key ingredients of a well-functioning, modern legal and institutional public procurement framework is another reason for the lack of success in procurement reforms in developing countries. This involves the lack of knowledge on how to marshal reforms through the political and bureaucratic processes and on how to manage change.
- iii. Complexity of substantive issues involved: Some of the issues that have to be considered in the context of implementing fundamental reforms are quite complex and often require innovative thinking and some hard decisions. Some of the more difficult issues that reformers have to tackle include the type of legal instrument to be

used, how to optimally organize the procurement function and what kind of institutional arrangements to put in place (Hunja, 2003).

However, Hunja (2003) indicated that, in order to overcome these obstacles in the public procurement system, there is the need to formulate strategies aimed at diffusing the obstacles to the far-reaching reforms that are needed.

Facing the above challenges and others like rapid development in technology (which has brought about new procurement methods), public procurement cannot be perceived as a mere clerical routine but public procurement practitioners should be involved in strategic procurement planning (Hinson and McCue, 2004).

2.9 Public Procurement Reform in Ghana

2.9.1 Background of the Public Procurement Reform in Ghana

Ghana has made several attempts to address the weaknesses in its public procurement system by the passage of several financial and legal instruments. These attempts were in the form of constitutional, legislative instruments, administrative instructions and financial circulars. The Government, in 1960, enacted the Ghana Supply Commission Act which was reviewed later in 1990 by PNDC law 245. In the same year, Contracts Act, Act 25 of 1960 was also passed. In 1976, the National Procurement Agency Decree SMCD 55 was passed by the Supreme Military Council. In 1979, another law, the Financial Administration Decree SMCD 221 was also passed. All these laws, decrees and instruments were meant to provide a comprehensive framework of administrative powers to regulate the activities of procurement within the public sector (Adjei, 2008).

However, Ghana Supply Commission and National Procurement Agency which were established were involved directly in frontline procurement and therefore did not perform oversight responsibility to oversee the successful implementation of these laws. Since there was no legal body to perform oversight responsibility, the procurement system was characterized by unclear legal framework, lack of harmonized procedures and regulations and unclear institutional and organizational arrangement required in the management of the public procurement. Furthermore, there was the absence of clearly defined roles and responsibilities of individual procurement entities, no independent appeals process with power to address complaint from aggrieved bidders and provide corrective solutions. Also, there was the absence of authority to dispose of public assets and no independent audit function to ensure efficient accountability.

It became evident therefore that, there was the need to critically examine the processes and procedures of public sector procurement to ensure operational efficiency and institutional capacity to address the various shortcomings.

2.9.2 The Reform

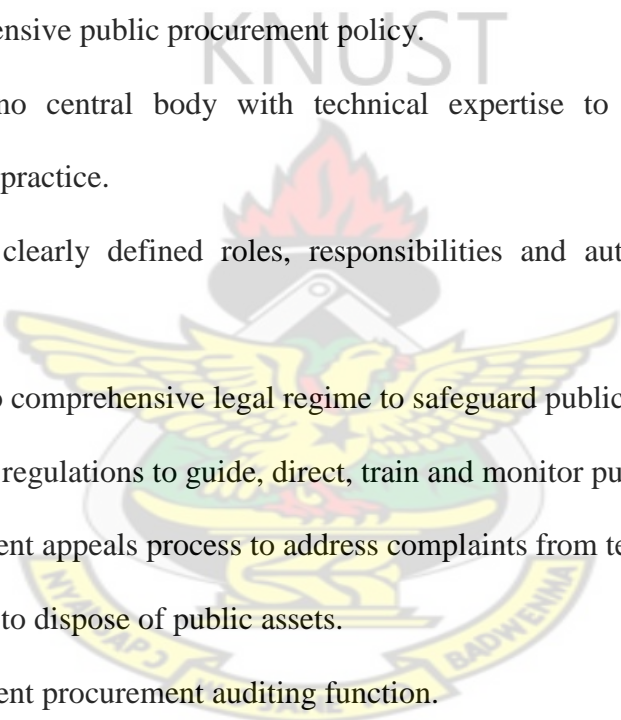
In Ghana, public procurement is one of the most controversial issues because it has both economic, social and governance implications. Ghana decided to fundamentally reform its procurement system to ensure efficient, fair and transparent public procurement. It was intended to promote the use of public procurement as a tool for national development. Ghana's effort to reform its procurement system is part of the Government's effort to operationalize its concept of good governance. According to Anvuur and Kumaraswamy (2006), the public procurement reform programme is part of a wider reform agenda targeted

at improving public financial management. The objectives of the procurement reform proposals are to: promote national development; enhance harmony with other local and international laws; foster competition, efficiency, transparency and accountability; facilitate ease of procurement administration; and, ensure value for money (Ministry of Finance, 2001). Annual savings of about US\$150 million are envisaged through better management of government-financed procurement alone (World Bank, 2003).

A key deliverable of the procurement reform was a draft Public Procurement Bill, which was enacted into law by Parliament of Ghana in 2003. Direct measures also undertaken by Government include: the issuance and monitoring of expenditure ceilings for each Ministry, Department and Agency (MDA) consistent with the annual budget and updated cash flow forecasts; and implementing new anti-corruption strategies including codes of conduct for state officials. All procuring entities must seek clearance from the Ministry of Finance, through certification as proof of the availability and adequacy of funding, before any works contract is awarded (Anvuur and Kumaraswamy, 2006). McDonald (2008) stated that procurement reform is a standard good governance reform, and is generally accompanied by reform to the civil service; legal, judicial and security sectors; revenue and budget systems; and electoral, financial and administrative decentralisation. Good governance reforms have been a priority for donors since the 1990s. The number of public sector governance conditions as a percentage of overall World Bank lending conditions has increased from 17% in 1995-1999 to 50% in 2007. The drive to budget support has increased attention on government procurement. This is because it represents a large part of government budgets. Therefore if there are no rules guiding this expenditure, there is a risk that funds will be allocated inefficiently or inappropriately. This explains why

so many countries have had to make reforms in recent years. Afghanistan, Bangladesh, Ghana, Peru, Rwanda, Sierra Leone, Tanzania and Uganda have all introduced new procurement legislation since 2001 in response to World Bank conditions. (McDonald, 2008)

In 1996, the Government of Ghana launched the Public Financial Management Reform Programme (PUFMARP) with the aim to improve overall public financial management in Ghana. PUFMARP identified the under-mentioned weaknesses in the procurement system:

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- i. No comprehensive public procurement policy.
 - ii. There was no central body with technical expertise to oversee/regulate sound procurement practice.
 - iii. Absence of clearly defined roles, responsibilities and authority for procurement entities.
 - iv. There was no comprehensive legal regime to safeguard public procurement.
 - v. No rules and regulations to guide, direct, train and monitor public procurement.
 - vi. No independent appeals process to address complaints from tenderers.
 - vii. No authority to dispose of public assets.
 - viii. No independent procurement auditing function.

In 1999, the Government of Ghana established the Public Procurement Oversight Group to steer the development of a comprehensive public procurement reform programme. The Public Procurement Bill was drafted in 2002 and this was passed into law on 31st of December 2003 as the Public Procurement Act (PPA) of 2003, Act 663. The PPA Act 663 requires that various government institution set up procurement departments within their organizations which will be directly responsible for all their own procurement activities.

2.10 The Public Procurement Act, 2003 (Act 663)

The Public Procurement Act, 2003 (Act 663) is an act to provide for public procurement, establish the Public Procurement Board, make administrative and institutional arrangements for procurement, stipulate tendering procedures and provide for purposes connected with these. According to World Bank (2003), the Public Procurement Act (PPA) establishes the five basic pillars of public procurement, namely:

- i. Comprehensive, transparent legal and institutional framework;
- ii. Clear and standardized procurement procedures and standard tender documents;
- iii. Independent control system;
- iv. Proficient procurement staff; and
- v. Anti-corruption measures.

The Act is arranged in sections and parts which relates to different issues. It has ninety-nine sections and is divided into nine parts. Part I, Section I of the of the Public Procurement Act, established the Public Procurement Board, with an object to streamline and harmonise public procurement processes to secure judicious, economic and efficient use of public funds and ensure that public procurement will be carried out in a fair, transparent and non-discriminatory manner. The Board has several functions, the major ones being the formulation of policies and regulations, training and capacity building; development of local industries; monitoring and evaluation and ensuring that public procurement is mainstreamed into public financial management system.

Part II, Section II, of the Act relates to Procurement structures and provides for administrative and institutional arrangements for procurement. The scope of application of the Act involves the procurement of goods, works and services financed in whole or in part

from public funds unless cabinet decides otherwise. It also includes the responsibilities of a procurement entity and establishes the Tender committees and ensures compliance with Tender Review Boards which provides concurrent approvals for recommendations for award of contract by tender committees.

Part III, Section III deals with procurement rules. It spells out the qualification of tenderers and prequalification proceedings. It also indicates other issues like record of procurement proceedings, rejection of tenders, proposals and quotations and issues relating to the entry into force of procurement contract.

Part IV, Section IV deals with methods of procurement such as competitive tendering by two-stage tendering, restricted tendering or single source tendering and request for quotation and indicates the procedure for each method.

Part V, Section V is on tendering procedures. This section is divided into three sub-parts namely; invitation of tenders and application to prequalify, submission of tenders and finally, evaluation and comparison of tenders and issues related to these.

Part VI, Section VI deals with methods and procedures to procure consultants. It spells out the content of request for proposals for consultancy services, criteria for the evaluation of proposals, clarification and modifications, selection procedure for consultants.

Part VII, Section VII contains the review processes for any supplier, contractor or consultant

Part VIII, Section VIII relates to disposal of stores, plant and equipment. It indicates the authority to dispose and the disposal procedures.

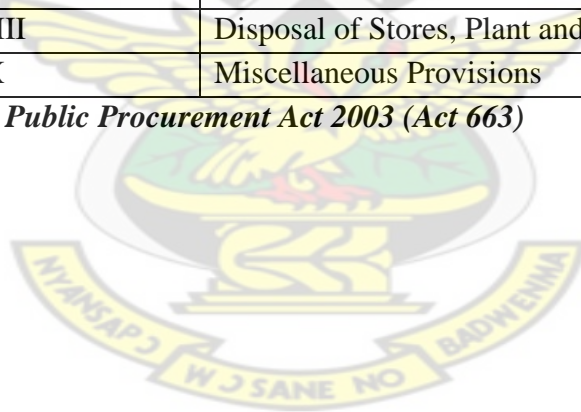
Part IX, Section IX contains miscellaneous provisions such as code of conduct, investigation by the Board, statutory audits, and offences relating to procurement among

others. The summary of the Public Procurement Act, 2003 (Act 663) is indicated on Table 2.1 below:

Table 2.1: Summary of the Public Procurement Act, 2003 (Act 663)

Sections	Part	Issue
1-13	Part I	Establishment of the Board
14-20	Part II	Procurement Structures
21-34	Part III	Procurement Rules
35-43	Part IV	Methods of Procurement
44-51	Part V (Sub-Part I)	Tendering Procedure – (Invitation of Tenders and applications to prequalify)
52-55	Part V (Sub-Part II)	Tendering Procedure – (Submission of Tenders)
56-65	Part V (Sub-Part III)	Tendering Procedure – (Evaluation and comparison of Tenders)
66-77	Part VI	Methods and Procedures to engage the services of Consultants
78-82	Part VII	Review
83-84	Part VIII	Disposal of Stores, Plant and Equipment
85-99	Part IX	Miscellaneous Provisions

Source: Culled from Public Procurement Act 2003 (Act 663)



CHAPTER THREE

METHODOLOGY

The section focuses on the procedure used in obtaining relevant data for the achievement of the objectives of the study. It covers the study area, research design, population and sample size, sampling technique, sources of data and instruments, data analysis and presentation for the study.

3.1 Study Area

The study focuses on the Volta River Authority in order to obtain the relevant information to meet the objectives of the study. The Volta River Authority (VRA) was established on April 26, 1961 under the Volta River Development Act, Act 46 of the Republic of Ghana, as a body corporate with the mandate to operate mainly as a power generation, transmission and distribution utility. In 2005, following the promulgation of a major amendment to the VRA Act in the context of the Ghana Government Power Sector Reforms, the VRA's mandate has now been largely restricted to generation of electricity. The transmission function has been hived off into a separate entity, designated National Grid Company (GRIDCo) to perform the transmission activities. During this process of transition, the VRA operates the Northern Electricity Distribution Company (NEDCo) as a subsidiary company to merge with the Electricity Company of Ghana into a single distribution utility after the transmission period. The amendment has a key function of creating the requisite environment to attract Independent Power Producers (IPPs) onto the Ghana energy market.

The Volta River Authority is structured under four main branches made up of; the Corporate Office, Engineering and Operations, Finance and Services branch. The

Procurement Department is under the Finance branch and its Head Office is located at Tema with two (2) units in Akosombo and Akuse operational areas. VRA has other responsibilities in furtherance of its corporate mandate. These include Lake Transportation, Tourism, and Maritime administration of the Volta Lake, Lakeside Health and Management of the Akosombo Township. VRA's vision is to set the standard for public sector excellence in Africa, whereas its mission is to produce electricity to power economies and raise the living standards of the people of Ghana and West Africa.

3.2 Research Design

There are basically two types of research approaches; the quantitative research and qualitative research. Quantitative research generates numerical data or information that can be converted into numbers. It focuses more in counting and classifying features and constructing statistical models and figures to explain what is observed. The purpose is to quantify data and generalize results from a sample to the population of interest. It involves the use of structured techniques such as questionnaires or telephone interview. Qualitative research on the other hand generates non-numerical data. The primary aim is to gain an understanding of underlying reasons and motivations. It provides insight into the settings of a problem generates ideas and helps to understand human behaviour and the reasons behind it. Unstructured or semi-structured techniques for instance in-depth interview or group discussions are used.

The study therefore adopts combination of qualitative and quantitative research methods. A case study approach was used as the design for the study. This is because the researcher wishes to gain a rich understanding of the research and the processes being

enacted (Morris and Wood, 1991) and this method has the considerable ability to generate answers to the question ‘why’ as well as ‘what’ and how questions. (Saunders et al, 2007). Robson (2002) defines case study as ‘a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence’. Case studies are analyses of persons, events, decisions, periods, projects, policies, institutions, or other systems that are studied holistically by one or more methods (Thomas, 2011).

3.3 Population and Sample Size

The target population for the study were all members of the Entity Tender Committee, procurement (supplies) staff and registered suppliers of VRA. Since the population is heterogeneous, different samples for the respective groups were selected as respondents using non-probability purposive sampling technique in order to collect primary data on the subject. The sampled respondents were 100 in number and consist of 3 members of the VRA Entity Tender Committee who were interviewed using an interview schedule, whereas questionnaires were administered to 15 Supply staff and 82 VRA registered suppliers. In all, interviews were conducted for 2 of the earlier proposed 3 members of the VRA Entity Tender Committee and 15 questionnaires were administered to Supplies staff and retrieved. 82 questionnaires were administered to VRA registered suppliers but the researcher retrieved 78 of them. In all, out of the 100 administered questionnaires and the interviews conducted, the researcher retrieved 95.

3.4 Sampling Technique

According to Saunders et al. (2007), sampling techniques provide a range of methods that enable a researcher to reduce the amount of data you need to collect by considering only data from a subgroup rather than all possible cases or elements. Purposive sampling technique was used to seek the views of the respondents on the prospects and challenges of the public procurement reform (PPR) with reference to the Procurement Department of the Volta River Authority. Purposive sampling method was used because the criterion chosen allowed the study to focus on people who would be most likely to experience, know about, or have insights into the prospects and challenges of the public procurement reform in Ghana.

Kerlinger (1986) explains that purposive sampling as a type of non-probability sampling, which is characterised by the use of judgment and a deliberate effort to obtain representative samples by including typical areas or groups in the sample. A purposive sample is one in which a researcher tries to create a representative sample without sampling at random. In other words, purposive sampling targets a particular group of people. The importance of purposive sampling lies in selecting information rich-cases, for in-depth analysis related to the central issues being studied.

3.5 Sources of Data and Instruments

Primary and secondary sources of data were used in the collection of data. Primary data was collected using interview schedules and questionnaires as the key instruments designed and administered to the respondents. The researcher interviewed the sampled members of the VRA Entity Tender Committee. The reason for the choice of personal interview is because it is flexible and adaptable in controlling the response situation,

scheduling a mutually convenient time and place, and controlling the sequence and pacing of the questions asked. Interviews can probe deeply into respondents' beliefs, attitudes and inner experiences by following up with questions to obtain more information and clarify vague statements.

On the other hand, questionnaires were administered to the sampled Supplies staff and VRA registered suppliers. According Saunders et al. (2003), a questionnaire is one of the primary tools used to collect data and it is a device used for acquiring response to a predesigned subject matter using a form which the respondent completes. The questionnaire was made up of both closed-ended questions which presented the respondents with a fixed set of options, and open-ended questions which encouraged them to share as much information as possible. Both the interview schedule and the questionnaires provided the researcher with primary information on the subject. Secondary sources of data were collected from documents and the Website of VRA. The secondary sources of data saved cost and time in the collection of data for this study.

3.6 Data Analysis and Presentation

For the data collected to be useful and understood, there is the need for it to be analysed and interpreted. The researcher edited, coded and tabulated the data using percentiles and frequency tables, as well as charts as the main instruments of the widely available Microsoft Excel software.

CHAPTER FOUR

ANALYSIS, DISCUSSION AND REPRESENTATION OF RESULTS

This chapter analysed the responses given by the respondents via the questionnaires and interviews. Tables were presented first, followed by its discussion, and analysis. The researcher employed frequency tables, pie and bar charts in the analysis.

4.1 Demographic Characteristics of Respondents

This section covered the age of respondents, gender, educational level, their positions as well as the number of years they have been working with VRA.

4.1.1 Demographic Characteristics of VRA Staff

4.1.1.1 Age of the Respondents

Table 4.1: Age of the Respondents

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid 30-39	6	40.0	40.0	40.0
40-49	6	40.0	40.0	80.0
50 and above	3	20.0	20.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

From Table 4.1, the majority of the respondents representing 40.0% fell within the age ranges of 30-39 and 40-49. These were made up of Senior Supplies Officers. Whiles 3 of the respondents representing 20% were 50 and above. They were the Principal Supplies Officers. In all the respondents were 15. The age of the respondents is significant in order to ensure variation among the respondents.

4.1.1.2 Gender of the Respondents

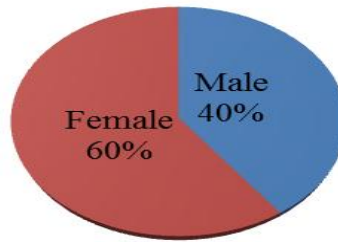


Figure 1: Gender of the Respondents

Source: Field data, June 2012

Nine (9) out of the 15 respondents were females representing 60.0% constituted the majority whereas 6 of the respondents representing 40.0% were males as depicted in Figure 1. This indicates that majority of the supplies staff are females. Commonly in Ghana, females are noted to keep shops (trading) which accounted for the sex differential.

4.1.1.3 Educational Level of the Respondents

Table 4.2: Respondents' Educational Level

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Diploma	3	20.0	20.0	20.0
First Degree	6	40.0	40.0	60.0
Masters	3	20.0	20.0	80.0
Professional	3	20.0	20.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

The majority (6) of the respondents were first Degree holders representing 40.0%, while 3 (20.0%) of the respondents hold Masters, Diploma and Professional Certificate respectively in various disciplines. This indicates that the supplies staff of VRA are people

who are well educated and therefore are able to understand and implement the reform as requested.

4.1.1.4 Respondents' Position in VRA

Table 4.3: Respondents' Position in the Procurement Department of VRA

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Principal Supplier Officer	6	40.0	40.0	40.0
Senior Supplies Officer	9	60.0	60.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

As indicated in Table 4.3, majority of the respondents, that is, 9(60.0%) were Senior Supplies Officers while 6 (40.0%) were Principal Supplies Officers. This implies that the respondents occupied strategic positions in VRA which enabled them provide much needed information for the research.

4.1.1.5 Number of Years as Staff of VRA

Table 4.4: Number of Years the Respondents worked in VRA

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid 4-6 years	3	20.0	20.0	20.0
7-9 years	9	60.0	60.0	80.0
10 years and above	3	20.0	20.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

From Table 4.4, the majority of the respondents representing 60.0% have been working for 7- 9 years whiles 20.0% each have spent 4–6 years and 10 years respectively. This implies that most of the respondents have relatively high level of experience in procurement and therefore are conversant with the implementation of the law.

4.1.2 Demographic Characteristics of Registered Suppliers of VRA

4.1.2.1 Age of the Respondents

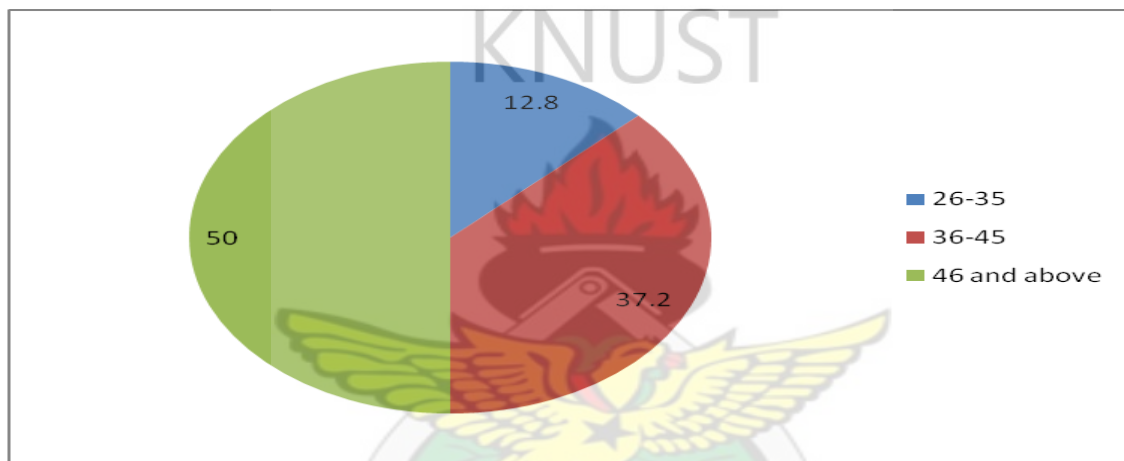
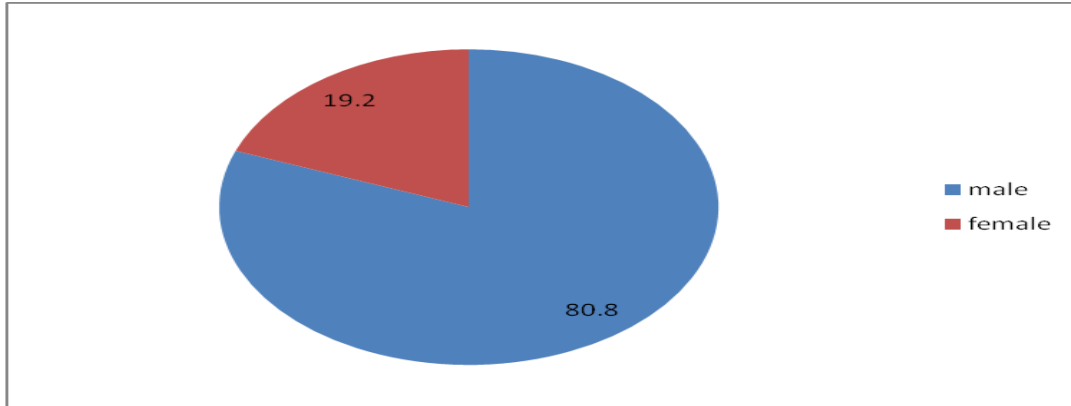


Figure 2: Age of the Respondents

Source: Field data, June 2012

In Figure 2, the researcher outlined the age distribution of the respondents. There were 39 respondents within the ages of 46 years and above representing 50.0%. 29 of the respondents which formed 37.2% were in the range of 36-45 years. The last group were 10 respondents and constituted 12.8%. They were in the range of 26-35 years. The variations in the characteristics of the respondents would help obtain views from different perspectives.

4.1.2.2 Gender of the Respondents



Source: Field data, June 2012

Figure 3: Gender of the Respondents

As indicated in Figure 3, 63 of the respondents forming 80.8% were males and 19.2% representing 15 of the respondents were females. Customarily in Ghana, males are noted to form the chunk of supply chains.

4.1.2.3 Educational Level of the Respondents

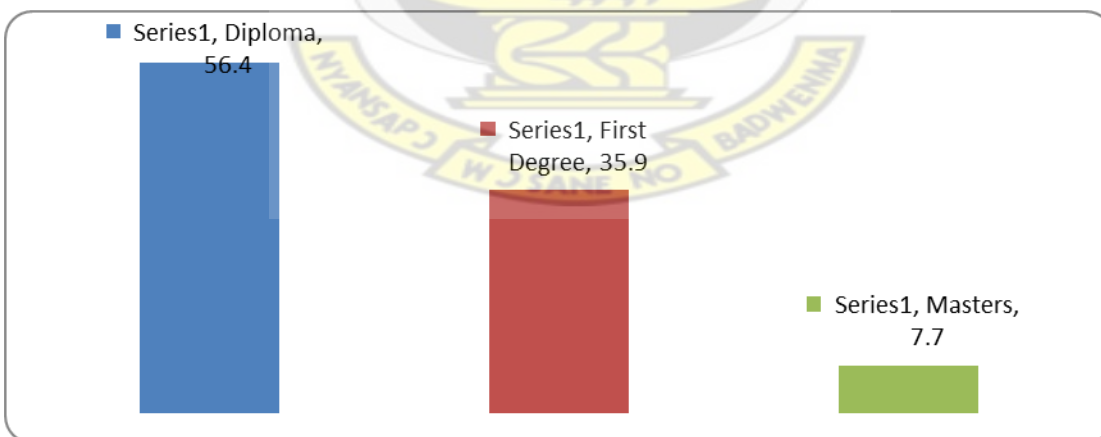


Figure 4: Educational Level of the Respondents

Source: Field data, June 2012

Majority of the respondents had Diploma representing 56.4%. The other educational backgrounds were First Degree and Master respectively which represent 35.9% and 7.7% from the sample as indicated in Figure 4. This implies that the suppliers who do business with VRA are people who are highly educated and therefore would understand what the reforms are meant to achieve.

4.1.2.4 Number of Years as Suppliers of VRA

Table 4.5: Number of Years the Respondents have worked with VRA

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid 1-3 years	3	3.8	3.8	3.8
4-6 years	24	30.8	30.8	34.6
7-9 years	9	11.5	11.5	46.2
10 years and above	42	53.8	53.8	100.0
Total	78	100.0	100.0	

Source: Field data, June 2012

The respondents were asked to indicate the number of years they have worked with VRA and this is shown in Table 4.5. Majority of the respondents have worked with VRA for 10 years and above constituting 53.8%. They were 42. This was followed by 24 respondents representing 30.8% who have been suppliers for 4-6 years. 9 of them forming 11.5% have supplied for 7-9 years and 3 representing 3.8% have so far spent 1-3 years as suppliers of VRA. The shows that most of the respondents have been work in with VRA for some time now and therefore have in-depth knowledge of procurement activities.

4.2 Discussion of Interview Results

The interview with the Members of the VRA Tender Committee provides some useful information which is discussed in this section.

4.2.1 The Level of Knowledge of Procurement Practitioners in VRA on Public Procurement Reforms

Out of the three members of the VRA tender committee initially proposed to be interviewed, two of them were able to be reached. The interviews took place respectively on the 13th June, 2012 at the Engineering Department, Akuse at 8.45am and via telephone on the 19th June, 2012 at 11.20am at the Real Estate Department in Accra. Both of the interviewees are Masters Certificate holders. However, one spent 5years on the committee and the other 6 years.

With reference to the first objective ‘The level of knowledge of Procurement Practitioners in VRS on Public Procurement Reforms’, they both agreed attending training programmes often. They further indicated that the Public Procurement Reforms (PPRs) are justified because it has enabled the use of same rules and procedures to be applied to all tenderers and procurements in all public institutions, meaning, PPRs have brought harmony in the procurement activities.

4.2.2 The Effects of the Public Procurement Reforms (ACT 663) on Procurement in VRA

On the effect or impact of the PPRs (Act 663) on procurement activities in VRA, they opined that irrespective of the fact that it has provided a uniform and structured framework

for procurement in the Public Sector, it delays the procurement of goods for project execution or for Authority's use; for instance, purchase of drugs for the Hospitals takes a minimum of eight months to complete.

4.2.3 Challenges in the Implementation of the Procurement Reforms in VRA

With reference to the implementation challenges of the PPRs in VRA, both of the respondents were of opposite views that the existing legal and institutional framework efficiently facilitates procurement activities. However, the both agreed that there were challenges in the application of the Act, Act 663. They indicated the following as some of the challenges:

- Too much delay in the purchase of goods.
- Too much bureaucracy by the Approval Boards which slows down the processes.
- Threshold being too low for VRA's procurement needs.
- Discourages tenderers from participating in tenders.
- The law allows room for individual discretion hence different interpretations are given to an issue by each approving authority.

On the other hand, they indicated that these challenges can be alleviated through dialogue, review of the Law and suggested the grouping of public organizations under separate thresholds based on their needs and operations.

4.2.4 The Prospects of the Procurement Reforms in ensuring Fair, Cost effective, and Efficient Procurement of Goods and Services at VRA

Finally, on the prospects of the PPRs in ensuring fair, cost effective and efficient procurement of products, the respondents were of the view that there were benefits in the use of the Law in VRA. They indicated the following as some of prospects:

- It allows for vigorous planning of requirements.
- It protects procurement officers against external influences, that is, allowing fairness transparency and accountability in the procurement process.
- It stipulates clear rules and procedures which enhances efficiently in procurement activities.

On the issue of what can be done to enhance the prospects of the Law in VRA, they indicated the following:

- Review of the Law to reduce the discretion it allows and to take care of the challenges being experienced in the procurement activities.
- The threshold for VRA must be reviewed upwards to enable the Entity Tender Committee approves requests without delays.
- Public organizations must be grouped into categories based on their operations and thresholds set for each institution.

Furthermore, they suggested intensified training and educating of procurement officers and suppliers as a measure to address these challenges being experienced to ensure the success of the procurement reform in Ghana.

4.3 Discussion of Result from Questionnaire for VRA Staff

4.3.1 The Level of Knowledge of Procurement Practitioners in VRA on Public Procurement Reforms

Table 4.6: Do you attend on-the-job training programmes?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	12	80.0	80.0	80.0
No	3	20.0	20.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

The respondents were asked to indicate whether they attend on the job-training programmes and this is shown on Table 4.6. 12 (80.0%) of the respondents indicated that they do attend on-the-job training programmes. However, 3 (20.0%) indicated they have never attended. This indicates that majority of the respondents had the benefit of attending workshops and seminars on the Public Procurement reforms.

Table 4.7: How often do you go for training?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Frequently	9	60.0	60.0	60.0
Not often	6	40.0	40.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

Table 4.7 above indicates how often the respondents attend training programmes. 9 (60.0%) opined that they frequently attended training programmes frequently whiles 6 (40.0%) stated that they do not frequently attend programmes. This indicates that the management of VRA frequently organise training programmes, seminars and workshop for the staff of the

procurement department to enable them acquire requisite skills to handle and appreciate issues regarding procurement.

Table 4.8: Are you familiar with the Public Procurement Act, Act 663 on reforms in Ghana?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	12	80.0	80.0	80.0
Neutral	3	20.0	20.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

Respondents were asked about their familiarity with the Public Procurement Act. Results from Table 4.8 indicated that, 12 out of 15 respondents representing 80.0% were affirmative while 3 representing 20.0% were neutral. This clearly shows that most of the supplies staff of VRA have knowledge and are familiar with the provisions of the Procurement Act while few are not very conversant or have little knowledge of the Act. This shows that even though most of the staff are aware of the Act there is still the need for more training and education to equip all staff with the requisite skills to be able to perform and meet the objectives of the reform. However, all respondents indicated that the reforms are justified.

4.3.2 The Effects of the Public Procurement Reforms (ACT 663) on Procurement in VRA

All the respondents understand how the Act operates. In addition, they all indicated that they do implement the Law (Act 663) in the procurement of goods and services in VRA.

Table 4.9: What is the impact of the procurement reforms on the procurement activities in VRA?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Effectiveness, procurement planning, harmony in tendering, and transparency	9	60.0	60.0	60.0
Accountability, fairness, and competitiveness	6	40.0	40.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

Table 4.9 was on the impact of the PPRs on the procurement activities in VRA. Respondents were asked to rank the items classified in table 4.9 above. 9 respondents stated that the Law has brought about effectiveness in procurement planning, harmony in tendering and transparency. This constitutes 60% of the respondents. 6 representing 40.0% of the respondents were of the view that the Law has introduced accountability, fairness and competitiveness in procurement activities. To a large extent, therefore, this shows that PPRs has a positive impact on the Authority's procurement activities.

The researcher wanted to know if the existing legal and institutional framework efficiently facilitates procurement activities in VRA. In response, all the respondents indicated that it does effectively and efficiently facilitate the procurement activities in VRA.

4.3.3 Challenges in the Implementation of the Procurement Reforms in VRA

Table 4.10: Do you face any challenges with the application of the Act?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	12	80.0	80.0	80.0
No	3	20.0	20.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

The study tried to find out whether respondents face any challenges with the application of the Act, the investigation, as depicted in Table 4.10, 80% of the respondents were affirmative whereas 20% stated that they do not face any challenges with the Act.

Table 4.11: What do you think are the challenges of the Procurement reforms on the procurement activities in VRA?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Bureaucracy and cumbersome processes, threshold too low, and delays in approving documents	9	60.0	60.0	60.0
Unnecessary delays in the procurement processes	6	40.0	40.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

Table 4.11 provides information about some of the challenges of the procurement reforms. Respondents were requested to indicate some of the challenges they face with the procurement reforms and 9(60.0%) of the respondents indicated that there is too much bureaucracy, cumbersome procedures as well as too low thresholds which delay approval of

documents for purchases to be made. In addition, 6(40.0%) indicated there are unnecessary delays in the procurement processes.

As to how these challenges may be alleviated, all the respondents stated that the threshold should be reviewed; approval stages reduced (bureaucracy) as well as orientation of stakeholders. This shows that there are some challenges with the application of the procurement reforms and suggestions as stated above should be taken into consideration to minimize the challenges.

4.3.4 The Prospects of the Procurement Reforms in ensuring Fair, Cost effective, and Efficient Procurement of Goods and Services at VRA

Table 4.12: Are there benefits in the use of the public procurement Law in VRA?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	12	80.0	80.0	80.0
No	3	20.0	20.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

From Table 4.12, 12(80.0%) representing the majority indicated that the law has been beneficial in streamlining procurement activities whiles 3(20.0%) were of opposite view.

Table 4.13: Please mention the benefits of Public Procurement Law in VRA

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Transparency, fairness, and competition	6	40.0	40.0	40.0
Fairness, accountancy, and efficiency	3	20.0	20.0	60.0
Accountability	6	40.0	40.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

From Table 4.13, 6(40.0%) of the respondents opined the Law has been beneficial because it has brought transparency, fairness and competition. 6 respondents representing 40.0% were of the view that it brought about fairness, accountability and efficiency in the procurement activities whiles 3(20.0%) also stated that it has brought only accountability in the procurement procedures.

Table 4.14: In your opinion, what do you think should be done to enhance the prospects of the public Procurement Law in VRA?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Regular orientation, penalties for defaulters	12	80.0	80.0	80.0
Competition, transparency, value for money	3	20.0	20.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

In order to enhance the prospects of the Law in VRA, 12(80.0%) stated that regular orientation must be held and penalties to defaulters must be rigidly applied. 3(20.0%) of the respondents in their view stated that transparency, competition and value for money should

be strengthened as delineated in Table 4.14. Hence, it can be deduced that the prospects of the procurement reforms are bright in VRA since it ensures fair, cost effective and efficient procurement of products.

Table 4.15: Any further suggestions or comment to contribute on procurement reforms in Ghana?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Review of the Law	12	80.0	80.0	80.0
Threshold review	3	20.0	20.0	100.0
Total	15	100.0	100.0	

Source: Field data, June 2012

On further comments to contribute on the PPRs in Ghana, 12(80.0%) indicated that the Law must be reviewed while 3(20.0%) are of the view that the Law and the threshold should be reviewed to allow purchases to be made in time for project implementation.

4.4 Discussion of Results from Questionnaire for Registered Suppliers of VRA

4.4.1 The Level of Knowledge of Procurement Practitioners in VRA on Public Procurement Reforms

Respondents were asked about their knowledge of the procurement reforms and all of them indicated that they are aware of the existence of the Public Procurement Act, Act 663.

Table 4.16: Have you ever attended any seminar or workshop on the Public Procurement Act?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	41	52.6	52.6	52.6
No	37	47.4	47.4	100.0
Total	78	100.0	100.0	

Source: Field data, June 2012

Subsequently, the researcher asked the respondents whether they have ever attended any seminar or workshop on the Act. 41 respondents representing 52.6% said yes while 37 representing 47.4% said they have never attended. This shows that even though majority of the respondents attended seminar, there is the need for more education and awareness considering the number of respondents who did not attend workshops or seminars.

Table 4.17: Are you familiar with the Public Procurement reforms?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	42	53.8	53.8	53.8
No	10	12.8	12.8	66.7
Neutral	26	33.3	33.3	100.0
Total	78	100.0	100.0	

Source: Field data, June 2012

Data collected on the how familiar respondents are with the PPRs, 42(53.8%) were familiar with the reforms, 10(12.8%) were not. However, 26(33.3%) of the respondents were indifferent. Hence, it can be deduced that most of respondents had some form of knowledge of the PPRs.

4.4.2 The Effects of the Public Procurement Reforms (ACT 663) on Procurement in VRA

Table 4.18: Do you thoroughly understand how the Law operates?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	42	53.8	53.8	53.8
No	18	23.1	23.1	76.9
Neutral	18	23.1	23.1	100.0
Total	78	100.0	100.0	

Source: Field data, June 2012

From Table 4.18, the researcher asked of the level of understanding of the operation of the Law. In view of this, 42 of the respondents representing 53.8% indicated that they thoroughly understand how the Law operates. On the other hand, 18 respondents representing 23.1% did not thoroughly understand the Law and the other 23.1% were indifferent.

Table 4.19: Does the procurement reforms have any impact on your business?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	53	67.9	67.9	67.9
No	13	16.7	16.7	84.6
Neutral	12	15.4	15.4	100.0
Total	78	100.0	100.0	

Source: Field data, June 2012

Respondents were requested to indicate the impact of the reforms on their businesses and 53 respondents representing 67.9% stated that the reform had impact on their businesses. 13 respondents making up 16.7% were of the view that the reform had no impact whiles 12 respondents forming 15.4% were neutral to the question as showcased in Table 4.19.

Table 4.20: What is the impact of the procurement reforms on the procurement activities of your business as far as VRA is concerned?

Statement	Agree		Disagree		Neutral	
	f	%	f	%	f	%
a. Delays in payment	67	85.9	-	-	11	14.1
b. Cumbersome and expensive procedures or requirements	67	85.9	3	3.8	8	10.3
c. Product specification incorporation	42	53.8	22	28.2	14	17.9
d. Communication enhancement	64	82.1	3	3.8	11	14.1
e. Saves time and provides checks and balances in procurement activities	43	55.1	24	30.8	11	14.1

Source: Field data, June 2012

Subsequently, the study tried to obtain from respondents the impact of the PPRs on their businesses. From Table 4.20, 85.9% were of the view that the reforms lead to payment delays while 14.1% were neutral. 85.9% representing 67 respondents said the procedures provided by the Law for procurement is cumbersome and expensive while, 3.8% representing 3 respondents disagreed and 8 representing 10.3% were neutral. On the impact of the reform on product specification, out of the 78 respondents, the majority represented by 53.8% indicated that the reform has an impact on product specification to VRA. 28.2% disagreed while 17.9% were neutral to the statement. With respect enhancing communication, the majority of the respondents, that is, 64(82.1%) agreed that the Law has improved communication between the suppliers and the Supplies Staff of VRA. 3(3.8%) respondents disagreed and 11(14.1%) were indifferent. Lastly, 43 of the respondents agreed that the Law has made provision for time to be saved, as well as putting checks and balances in

procurement activities. Nonetheless, 24 respondents disagreed and 11 of them were neutral. To a large extent it can be accepted that PPRs impacts positively on the businesses of the suppliers of VRA.

4.4.3 Challenges in the Implementation of the Procurement Reforms in VRA

Table 4.21: Do you think the present established legal framework efficiently facilitates procurement activities with VRA?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	47	60.3	60.3	60.3
No	15	19.2	19.2	79.5
Neutral	16	20.5	20.5	100.0
Total	78	100.0	100.0	

Source: Field data, June 2012

Whiles 16(20.5%) of the respondents were indifferent as to whether the established legal and institutional framework efficiently facilitates their procurement activities with VRA, 47(30.3%) of the respondents representing the majority agreed that it does. 16(20.5%) however disagreed,

Table 4.22: Do you face any challenges with the application of the Act?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	61	78.2	78.2	78.2
No	9	11.5	11.5	89.7
Neutral	8	10.3	10.3	100.0
Total	78	100.0	100.0	

Source: Field data, June 2012

Consequently, the respondents were asked whether they do face challenges applying the Law in their procurement activities, majority of them representing 78.2% were affirmative to the assertion, 11.5% disagreed while 10.3% were neutral to the assertion as indicated in Table 4.22 above. Table 4.23 below shows some of the challenges suppliers face with the application of the reforms.

Table 4.23: The challenges of the Procurement Law

Statement	Agree		Disagree		Neutral	
	f	%	f	%	f	%
a. Delays in payment	70	89.7	-	-	8	10.3
b. Delays the award of contracts	62	79.5	-	-	16	20.5
c. Provides too many requirements for a tender document	68	87.2	-	-	12	12.8
d. Out-dated specification provided by procurement staff	34	43.6	28	35.9	16	20.5
e. Encourages over concentration on price as the basis of award instead of quality	24	30.8	16	20.5	38	48.7

Source: Field data, June 2012

Majority of the respondents 70 representing 89.7% agreed that the reform leads to delays in payment by VRA. 8(10.3%) nevertheless were indifferent. The researcher wanted to find out if the reform delays the award of contracts by VRA. 62 of the respondents representing 79.5% agreed. However, 16 respondents constituting 20.5% were neutral. 68 respondents, the majority of the respondents represented by 87.2% agreed that the reform provides too many tenderer requirements. 10 respondents representing 12.8% were

indifferent. The researcher wanted to find out if the procurement staff of VRA does provide out-dated product specifications. 34 respondents agreed but nearly a figure of 28 respondents disagreed that the staff do provide out-dated specifications. 16 of the respondents were neutral. As to whether the Law provides for over concentration on price as the basis of award instead of quality, 38(48.7%) of the respondents were neutral, 24(30.8%) agreed. On the contrary, 16(20.5%) of the respondents disagreed.

Table 4.24: How can the challenges be alleviated?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Review of Law	35	44.9	44.9	44.9
VRA must work with suppliers	11	14.1	14.1	59.0
Education and planning	24	30.8	30.8	89.7
Training of suppliers, reduce requirements of tenders	8	10.3	10.3	100.0
Total	78	100.0	100.0	

Source: Field data, June 2012

From Table 4.24, 35(44.9%) of the respondents indicated that the challenges of the reform can be lessened if the Law is reviewed. 24(30.8%) respondents felt it can be done through education and effective planning. Moreover, 11(14.1%) were of the view that VRA must work hand-in-hand with the suppliers. Training of suppliers, reduction in tender requirement could also help in alleviating some of these challenges were the view of the last group of 8(10.3%) respondents.

4.4.4 The Prospects of the Procurement Reforms in ensuring Fair, Cost effective, and Efficient Procurement of Goods and Services at VRA

Table 4.25: Are you able to deliver on orders awarded to you?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	68	87.2	87.2	87.2
No	3	3.8	3.8	91.0
Neutral	7	9.0	9.0	100.0
Total	78	100.0	100.0	

Source: Field data, June 2012

The researcher asked the respondents their ability to deliver on orders awarded them by VRA. The majority of them represented by 87.2% were positive in their responses that they do deliver orders awarded them. Whiles 9.0% of the respondents were neutral, 3.8% said they were unable to deliver the orders due to delays inherent in the process.

Table 4.26: Are there benefits in the use of the Public Procurement Law?

	Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid Yes	70	89.7	89.7	89.7
No	5	6.4	6.4	96.2
Neutral	3	3.8	3.8	100.0
Total	78	100.0	100.0	

Source: Field data, June 2012

Specifically, the researcher wanted to know the benefits of the reform and 70 respondents representing 89.7% agreed that there were benefits. 5 respondents constituting 6.4% said there Law provides no benefits although 3 respondents representing 3.8% were indifferent.

Table 4.27: The benefits of the Procurement Law

Statement	Agree		Disagree		Neutral	
	f	%	f	%	F	%
a. Ensures same procedures applied are to all	72	92.3	-	-	6	7.7
b. Increases accountability	59	75.6	-	-	19	24.4
c. Promotes competition	68	87.2	6	7.7	6	7.7
d. Reduces fraud-Over/under invoicing	44	56.4	10	12.8	24	30.8
e. Provides value for money	39	50.0	7	9.0	32	41.0

Source: Field data, June 2012

As indicated in Table 4.27, 72 representing 92.3% of the respondents agreed that the reform ensures same procedures are applied to all tenderers. Yet, 6 (7.7%) respondents were indifferent. The researcher asked whether the reform resulted in an increase in accountability and 59(75.6%) agreed it has while 19(24.4%) were neutral. 66(84.6%) agreed that the reform promoted competition among tenderers. On the contrary, 6(7.7%) disagreed and same were neutral respectively. Majority of the respondents represented by 56.4% and 44 in number indicated that the Law reduces fraud, such as over/under invoicing. However, 10(12.8%) respondents disagreed that it does reduce fraud. 24(30.8%) were indifferent to the statement. Whether the Law provides value for money, 39(50.0%) of the respondents agreed it does provide value for money to VRA. Although, 32(41.0%) were indifferent to the statement, 7(9.0%) of the respondents disagreed.

Table 4.28: With reference to your experience, how will rate the prospects of the procurement reforms or the Law at VRA

		Frequency (f)	Percentage (%)	Valid Percentage (%)	Cumulative Percentage (%)
Valid	Above Average	23	29.5	30.7	30.7
	Average	52	66.7	69.3	100.0
	Total	75	96.2	100.0	
Missing	System	3	3.8		
Total		78	100.0		

Source: Field data, June 2012

Finally, the researcher asked the respondents to rate the prospects of the procurement reforms at VRA. 52 (69.3%) respondents rated the prospects of the reforms (Law) at VRA as average and 23(29.5%) respondents rated it above average.



CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

At the end of the data analysis, discussion and representation of results and in line with the problem statement and objectives of the study, the following findings were observed.

5.1.1 The Level of Knowledge of Procurement Practitioners in VRA on Public Procurement Reforms

The main finding was that the Public Procurement Act, Act 663, exists and stakeholders are very familiar with the Act based on the fact that seminars, workshops and on-the-job training programmes, are organized for stakeholders on procurement reforms but not as frequently as they expected. Moreover, the Public Procurement Reforms (PPRs) enables the use of same rules and procedures which are applied to all tenderers and procurements in all public institutions. In other words, PPRs have brought harmony in procurement activities in all public institutions.

5.1.2 The Effects of the Public Procurement Reforms (ACT 663) on Procurement in VRA

PPRs (Act 663) impacted positively on procurement activities in public institutions in Ghana to large extend. This is because stakeholders are well informed on how the Law operates in the procurement of products (goods and/or services). PPRs have instilled

effectiveness in the procurement planning, harmony in tendering, transparency, accountability, fairness, competitiveness as well as putting checks and balances in procurement activities in procurement in Public Sector in Ghana.

Notwithstanding of the fact that the PPRs has provided a uniform and structured framework for procurement in the Public Sector, it delays the procurement of products for project execution. In addition, the procedures provided by the Law seem very cumbersome.

5.1.3 Challenges in the Implementation of the Procurement Reforms in VRA

The existing lawful and institutional framework of public procurement has efficiently facilitated procurement activities in the Public Sector in Ghana. Nonetheless, there are challenges in the application of the Act, Act 663. Some of the challenges are too much bureaucracy and burdensome procedures which lead to delays in the procurement activities by the Approval Boards, too low threshold for procurement needs, discourages tenderers from participating in tenders, the law allows room for individual discretion hence different interpretations are given to an issue by each approving authority.

On the other hand, these challenges can be alleviated via review of the Law, lessening the approval stages (bureaucracy), public organizations grouped under separate thresholds based on their needs and operations, educating stakeholders and effective planning of procurement activities.

5.1.4 The Prospects of the Procurement Reforms in ensuring Fair, Cost effective, and Efficient Procurement of Goods and Services at VRA

The findings indicated that PPRs has ensured fair, cost effective and efficient procurement activities in the Public Sector in Ghana. Thus, there were benefits in the use of the Law. Some of the benefits are the Law stipulates clear rules and procedures, allowed for vital planning of requirements, and protects procurement officers against external influences. Furthermore, the Law provides for fairness, transparency, accountability, competition, and efficiency which enhance efficiently procurement activities.

5.2 Conclusions

Public Procurement Reform (PPR) is a lingering process and there are many challenges associated with it. Establishing the legal and institutional regulatory framework is fundamental and crucial in the reform process. Enforcing compliance with the Law and eliminating institutionalized corruption from public procurement activities are the more difficult steps that may take longer to realize. Nonetheless, though acknowledging the challenges, it is noteworthy to state that there are benefits in the application of the reforms or the Law (Act, 663) in Ghana. It is an enviable fact that progress has been made in the Public Sector in Ghana and in many other countries, where public procurement activities are conducted with higher standards of integrity, fairness, transparency and value for money than those in the past.

5.3 Recommendations

The main findings of the study demonstrate that a lot needs to be done to avert the obstacles of procurement reforms on procurement activities in Ghana. Based on the findings of the study, the following recommendations are made:

- The public Procurement Law should be reviewed. The Public Procurement Authority (PPA) should reconsider the various challenges faced by the enforcement of the Law and make recommendations for amendment by the legislature. For instance, the thresholds for the various procurement methods should be reviewed upwards to reflect conditions.
- Public organizations should be grouped based on their operations and levels of purchases, and thresholds set for each specific group.
- A successful tender process depends on the application of a high degree of professionalism among the responsible public officers. Trained procurement personnel contribute to better performance by improving productivity, reducing operational cost and increase efficiency. The drive in training stakeholders should be maintained and improved to equip the stakeholders with adequate skills to perform to meet required standards. In view of this an Institute of Procurement can be established to enhance professionalism in this sector.
- To prevent delay in payments of suppliers which is a major challenge for the suppliers, VRA should enforce the 30 days credit period indicated in its tender documents.
- Suppliers should be encouraged to employ competent and qualified staff to manage their tendering processes to ensure that tenders are prepared to meet the requirements

of the procuring institutions. Furthermore, where they are in doubt, they should not be reluctant to contact the purchasing institutions for clarification.

- The Public Procurement Authority (PPA) should organize workshops and seminars adequately for prospective suppliers at subsidized fees to encourage participation and understanding of the Law.

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APPENDIX A

PROSPECTS AND CHALLENGES OF PROCUREMENT REFORMS IN GHANA:

THE CASE OF VOLTA RIVER AUTHORITY

INTERVIEW SCHEDULE FOR THE MEMBERS OF THE VRA ENTITY TENDER COMMITTEE

This questionnaire strives to collect data on the on the prospects and challenges of procurement reforms in Ghana. Please help complete this questionnaire. Your response is assured of utmost confidentiality as the result will be used only for academic purposes.

SECTION A: Background Information

1. Name of interviewee
2. Position of the interviewee
3. Place of interview
4. Date of interview
5. Time of interview
6. What is your highest qualification? MSCL () SS/SSS () Diploma ()
First Degree () Masters () Others (specify):
7. How long have you been with the Committee? 1-5years () 6-10years ()
10years and above

SECTION B: The Level of Knowledge of Procurement Practitioners in VRA on Public Procurement Reforms

8. Do you attend training programmes?
9. How often do you attend these training programmes?

10. Do you think the reforms are justified?
- Please give your reasons

SECTION C: The Effects of the Public Procurement Reforms (ACT 663) on Procurement in VRA

11. How does the Act function?
11. Is the Procurement Law implemented in the procurement of goods and services in VRA?
12. What is the impact of the procurement reforms on the procurement activities in VRA?

SECTION D: Implementation Challenges of the Procurement Reforms in VRA

13. In your view do you think the existing lawful and institutional framework efficiently facilitates procurement activities in VRA?
14. Are there any challenges with the application of the Act?
15. What do you think are the challenges of the Procurement Law or reforms on the procurement activities in VRA?
16. How can these challenges be alleviated?

SECTION E: The Prospects of the Procurement Reforms in ensuring Fair, Cost effective, and Efficient Procurement of Goods and Services at VRA

17. Are there benefits in the use of the public procurement Law in VRA?
- 17a. Please mention them.....

18. In your opinion, what do you think should be done to enhance the prospects of the public Procurement Law in VRA?
19. Any further suggestions or comment to contribute on the procurement reforms in Ghana?

Thank you.

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APPENDIX B

PROSPECTS AND CHALLENGES OF PROCUREMENT REFORMS IN GHANA:

THE CASE OF VOLTA RIVER AUTHORITY

QUESTIONNAIRE FOR THE PROCUREMENT STAFF OF VRA

This questionnaire strives to collect data on the on the prospects and challenges of procurement reforms in Ghana. Please help complete this questionnaire. Your response is assured of utmost confidentiality as the result will be used only for academic purposes. You may tick (✓) where applicable or give a brief explanation where necessary.

SECTION A: Background Information

1. Age: 20-29 () 30-39 () 40-4 () 50 and above ()
2. Gender: Male () Female ()
3. What is your highest qualification? MSCL () JSS/SSS () Diploma ()
First Degree () Masters () Others (specify):
4. Position in the organization:
5. How long have you worked in VRA? 1-3 years () 4-6 years () 7-9 years ()
10 years and above ()

SECTION B: The Level of Knowledge of Procurement Practitioners in VRA on Public Procurement Reforms

6. Do you attend on-the-job go training programmes? Yes () No () Neutral ()
7. How often do you go for training?
Frequently () Not often () Only when the need arises ()

8. Are you familiar with the Public Procurement Act, Act 663 on reforms in Ghana?
Yes () No () Neutral ()
9. Do you think the reforms are justified? Yes () No () Neutral ()

**SECTION C: The Effects of the Public Procurement Reforms (ACT 663)
on Procurement in VRA**

10. Do you understand how it operates? Yes () No () Neutral ()
11. Do you implement the Procurement Law in the procurement of goods and services in VRA? Yes () No () Neutral ()
12. What is the impact of the procurement reforms on the procurement activities in VRA?
.....

SECTION D: Implementation Challenges of the Procurement Reforms in VRA

13. In our view do you think the existing lawful and institutional framework efficiently facilitates procurement activities in VRA? Yes () No () Neutral ()
14. Do you face any challenges with the application of the Act?
Yes () No () Neutral ()
15. What do you think are the challenges of the Procurement Law or reforms on the procurement activities in VRA?
16. How can these challenges be alleviated?

SECTION E: The Prospects of the Procurement Reforms in ensuring Fair, Cost effective, and Efficient Procurement of Goods and Services at VRA

17. Are there benefits in the use of the public procurement Law in VRA?

Yes () No () Neutral ()

17a. Please indicate the benefits.

18. In your opinion, what do you think should be done to enhance the prospects of the public Procurement Law in VRA?

19. Any further suggestions or comment to contribute on the procurement reforms in Ghana?

Thank you.



APPENDIX C

PROSPECTS AND CHALLENGES OF PROCUREMENT REFORMS IN GHANA:

THE CASE OF VOLTA RIVER AUTHORITY

QUESTIONNAIRE FOR SUPPLIERS OF VRA

This questionnaire strives to collect data on the on the prospects and challenges of procurement reforms in Ghana. Please help complete this questionnaire. Your response is assured of utmost confidentiality as the result will be used only for academic purposes. You may tick (✓) where applicable or give a brief explanation where necessary.

SECTION A: Background Information

1. Age: 18-25 () 26-35 () 36-45 () 46 and above ()
2. Gender: Male () Female ()
3. What is your highest qualification? MSCL () JSS/SSS () Diploma ()
First Degree () Masters () Others (specify):
4. How long have you been in business with VRA? 1-3 years () 4-6 years () 7-9
years () 10 years and above ()

SECTION B: The Level of Knowledge of Public Procurement Reforms

5. Are you aware of the existence of the Public Procurement Act, Act 663?
Yes () No () Neutral ()
6. Have you ever attended any seminar or workshop on the Public Procurement Act?
Yes () No () Neutral ()
7. Are you familiar with the Public Procurement reforms?
Yes () No () Neutral ()

**SECTION C: The Effects of the Public Procurement Reforms (ACT 663)
on Procurement in VRA**

8. Do you thoroughly understand how the Law operates?

Yes () No () Neutral ()

9. Does the procurement reform have any impact on your business?

Yes () No () Neutral ()

NB: Please indicate whether you Agree (A), Disagree (D) or Neutral (N) to the following statements

10. What is the impact of the procurement reforms on the procurement activities of your business as far as VRA is concerned?

a. Delays in payment: A () D () N ()

b. Cumbersome and expensive procedures or requirements:

A () D () N ()

c. Product specification incorporation: A () D () N ()

d. Communication enhancement: A () D () N ()

e. Saves time and provides checks and balances in procurement activities:

A () D () N ()

SECTION D: Implementation Challenges of the Procurement Reforms in VRA

11. Do you think the present established legal framework efficiently facilitates procurement activities with VRA? Yes () No () Neutral ()

12. Do you face any challenges with the application of the Act?

Yes () No () Neutral ()

NB: Please indicate whether you Agree (A), Disagree (D) or Neutral (N) to the following statements on the Challenges of the Procurement Law

13. The challenges of the Procurement Law

- a. Delays payment: A () D () N ()
- b. Delays the award of contracts: A () D () N ()
- c. Provides too many requirements for a tender document:
A () D () N ()
- d. Out-dated specification provided by procurement staff:
A () D () N ()
- e. Encourages over concentration on price as the basis of award instead of quality:
A () D () N ()

14. How can the challenges be alleviated?

SECTION E: The Prospects of the Procurement Reforms in ensuring Fair, Cost effective, and Efficient Procurement of Goods and Services at VRA

15. Are you able to deliver on orders awarded to you? Yes () No () Neutral ()

16. Are there benefits in the use of the Public Procurement Law?

Yes () No () Neutral ()

NB: Please indicate whether you Agree (A), Disagree (D) or Neutral (N) to the following statements on the Benefits of the Procurement Law

17. The procurement Law

- a. Ensures same procedures applied are to all: A () D () N ()
- b. Increases accountability: A () D () N ()

- c. Promotes competition: A () D () N ()
- d. Reduces fraud- Over/under invoicing: A () D () N ()
- e. Provides value for money: A () D () N ()
18. With reference to your experience, how will rate the prospects of the procurement reforms or the Law at VRA.
- Above Average () Average () Below average ()

Thank you.

