

**THE EFFECTS OF ETHICAL PROCUREMENT PRACTICES AS A TOOL FOR
REDUCING COST IN THE PUBLIC HEALTH SECTOR.**

(A CASE STUDY OF AGONA SWEDRU DISTRICT HOSPITAL)



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**THIS PROJECT WORK IS SUBMITTED TO THE DEPARTMENT OF
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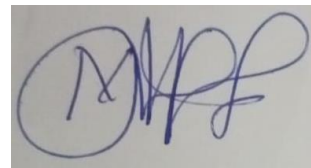
SEPTEMBER 2024

STUDENT DECLARATION

We declare that this research is the product of our own independent work, except where explicit references are provided and duly acknowledged in the references section. We further confirm that this work has not been submitted, either in whole or in part, to this or any other institution for the award of a degree, diploma, or certificate.

MOHAMMED MUSAH.

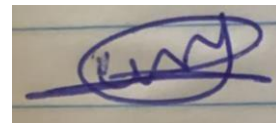
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SUPERVISOR CERTIFICATION

I, the undersigned, certify that I have thoroughly reviewed the research work conducted by MOHAMMED MUSAH (B103220090) and KELVIN KORANKYE (B103220022) from the Department of Procurement and Supply Science at Koforidua Technical University. I hereby endorse this research and recommend it for final approval.

Dr. ISHAWU MUMUNI

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned above a horizontal dotted line.

Signature

ACKNOWLEDGEMENT

We express our deepest gratitude to the Almighty God for blessing us with life, wisdom, guidance, and strength throughout the completion of this research work.

Our heartfelt thanks go to our supervisor, Dr. Ishawu Mumuni, for his unwavering patience, guidance, and encouragement. His constructive criticism and support have been invaluable, and we will remain forever grateful for his contribution to this work.

We are also profoundly thankful to our wonderful parents for their constant support—both financially and emotionally. Their encouragement motivated us to persevere and work harder. Special appreciation is extended to the staff across various offices and departments of Agona Swedru District Hospital for their assistance and valuable suggestions, which greatly enriched this research.

Lastly, we extend our sincere gratitude to all individuals whose works provided valuable insights and information for this project. We are immensely grateful for your contributions.

DEDICATION

We dedicate this work to our parents, whose unwavering support both direct and indirect has been instrumental in the completion of this project. Additionally, we humbly dedicate this work to our supervisor, Dr. Ishawu Mumuni, for his invaluable guidance, constructive criticism, and ongoing assistance throughout the course of this research.

ABSTRACT

This study examined the effects of ethical procurement practices on cost management in the public health sector, using Agona Swedru District hospital as a case study. The objectives were to evaluate current ethical procurement practices, identify challenges faced by the hospital, and assess the impact of effective procurement practices on hospital performance. A purposive sampling technique was used to select a sample size of 20 from a population of 70. The findings revealed that the hospital employs ethical practices such as accountability, transparency, and avoiding impropriety. However, challenges persist, including preferential treatment, personal influences, and acceptance of gifts. The study found that enhanced compliance reduces legal risk, increases efficiency, and productivity. Recommendations include avoiding preferential treatment, implementing ethical standards, and engaging in reciprocal information sharing on competitors' quotes.

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CHAPTER ONE

1.0 Introduction

This chapter is the introduction aspect of the study. It consist of the background of the study, statement of the problem, objective of the study, research questions, significant of the study, scope of the study and the organization of the study.

1.1 Background of the Study

Ethical procurement practices encompass a company's code of conduct that spans from the recruitment and training of personnel to the sourcing of supplies from socially responsible vendors. Guided by these principles, companies actively eliminate unethical practices throughout their supply chains, thereby meeting stringent societal expectations. Ethical practices in public procurement are essential for ensuring the proper utilization of public resources, ultimately leading to enhanced service delivery to the public (Ayoyi et al., 2015). A robust ethical procurement system, characterized by transparency, accountability, and stakeholder participation, can serve as a practical tool for implementing governance reforms (Quinto et al., 2013).

Such ethical procurement practices ensure value for money, integrity in public spending, and accountability to the public, and operational efficiency, serving as the primary drivers for procurement processes (Manuals et al., 2013). However, despite the importance of ethical practices in public procurement, a prevalent culture of non-compliance, coupled with a lack of accountability and transparency, has led to widespread looting and unethical procurement practices.

Unethical conduct among procurement officials often involves corruption, bribery, fraud, and nepotism, resulting in substandard service delivery to the public (Zitha et al., 2015). Examples of unethical procurement practices include uncompetitive bidding, inadequate contract management, favoritism toward employees and their relatives in bid awards, supplier

nondisclosure, lack of supporting documentation for procurement awards, improper use of preferential point systems and thresholds, and acceptance of fewer than three quotations (Durant et al., 2013).

This study aims to elucidate the benefits for organizations adopting ethical procurement practices in procuring goods, services, and works. The researchers firmly believe that such practices will lead to a reduction, if not the elimination, of mediocre procurement practices.

Ethical procurement practices are inherently antithetical to inefficiency and ineffectiveness. Thus, the researchers endeavor to emphasize the importance of proactive and value-adding ethical procurement practices to management. The Agona Swedru District Hospital, like many healthcare institutions, faces the challenge of managing costs while providing quality care to its patients. In recent years, ethical procurement practices have emerged as a potential solution to address this challenge. Ethical procurement involves conducting purchasing activities with integrity, transparency, and accountability, ensuring that suppliers adhere to ethical standards and that procurement processes are fair and equitable.

1.2 Statement of the Problem

The main objectives of the Public Procurement Act 663 (2003), as amended by Act 914 (2016), were to harmonize public procurement processes in the public service, ensure the judicious, economic, and efficient use of state resources, guarantee fair, transparent, and nondiscriminatory public procurement, and reduce or eliminate corruption in the procurement process. However, these goals have not been achieved due to unprofessional attitudes and processes within the procurement function.

Instances where needs and financial commitments for procurement activities do not align with objectives, specifications are tailored to suit specific bidders, particularly cronies and friends, no advertisement is made for certain projects leading to limited competition, and inappropriate

evaluation criteria are adopted for bidder selection. As a result, projects executed by these selected bidders often fail to deliver value for money.

Numerous allegations of irregularities in procurement processes have been leveled against Public Entities (PE) and other stakeholders involved directly or indirectly in procurement. These allegations include inefficiency, delays in procurement due to lengthy processes, high project costs, lack of fairness, transparency, accountability, and non-discriminatory practices in the selection and award of government contracts, as well as contract figure inflation. Public Entities also face procurement challenges such as professionalism issues, limited career development opportunities for procurement staff in the public service, and weak contract management.

Nyamu (2012) highlighted that the ineffective and unreliable flow of information distorts the entire procurement process, leading to late delivery of incorrect products at the wrong place and time, ultimately affecting the quality of service and products provided by Agona Swedru District Hospital in the Central Region. This results in client dissatisfaction and negatively impacts the hospital's reputation.

The researchers' interest in understanding ethical procurement practices toward customer satisfaction led them to investigate and address the gap by answering questions such as: What are the ethical practices to be maintained during and after the procurement process at Agona Swedru District Hospital? What are the factors affecting ethics and the challenges faced? Thus, the need for this research is evident, as it aims to address observed actions at Agona Swedru District Hospital toward customer satisfaction.

The rising costs of healthcare delivery in the public health sector, including procurement expenses, pose significant challenges to institutions like the Agona Swedru District Hospital.

Without effective cost-management strategies, these expenses can strain budgets and compromise the quality of care provided to patients. Therefore, exploring the potential of ethical procurement practices to reduce costs in the hospital is essential.

1.3 Objective of the Study

The primary objective of the study is to assess the impact of ethical procurement practices as a tool for reducing costs in the public health sector.

The specific objectives

- To evaluate the existing ethical procurement practices implemented by Agona Swedru District Hospital.
- To identify the challenges encountered by Agona Swedru District Hospital in its ethical procurement endeavors.
- To determine the advantages of efficient procurement practices on the operational performance of Agona Swedru District Hospital.

1.4 Research Questions

1. What are the prevailing ethical procurement practices employed at Agona Swedru District Hospital?
2. What specific challenges does Agona Swedru District Hospital encounter in maintaining its ethical procurement practices?
3. .How does the implementation of effective procurement practices contribute to the performance enhancement of Agona Swedru District Hospital

1.5 Significance of the Study

The findings of this study will be instrumental in assisting the Agona Swedru District Hospital to reassess its procurement practices with the aim of enhancing cost reduction measures. Moreover, policymakers and non-governmental organizations can utilize the outcomes to

devise innovative strategies for fostering an efficient healthcare system that ultimately enhances the health status of patients and clients.

This study is significant because, it will contribute to the existing body of knowledge on procurement practices in the public health sector, particularly in the context of cost management.

1.6 Scope of the Study

This study will focus on the impact of ethical procurement practices as a tool for reducing costs within the public health sector, specifically at the Agona Swedru District Hospital. The selection of this hospital as a case study is based on the researchers' prior industrial attachment experience there, facilitating access to pertinent information and ensuring the authenticity of the research.

1.7 Limitations of the Study

- The study's findings were not generalizable to all public hospitals in Ghana due to the specific context of Agona Swedru District Hospital.
- The study's scope is limited to the procurement practices of Agona Swedru District Hospital and did not capture the broader procurement practices in the public health sector.
- The study relies on self-reported data from hospital staff and may be subject to biases and within the Ghanaian context.

1.8 Organization of the Study

The research will be structured into five chapters. Chapter One will encompass the background, problem statement, research questions, objectives, significance, scope, limitations, and organization of the study.

Chapter Two will conduct a comprehensive review of relevant literature, consulting experts in the field to gain insights.

Chapter Three will outline the methodology, detailing the research design, population sampling, data collection, and analysis procedures.

Chapter Four will present and analyze the gathered data.

Finally, Chapter Five will conclude with the study's findings, conclusions, and recommendations

1.8 Definition of Terminologies

1. Procurement: The process of acquiring goods, services, or works from an external source, often via a tendering or bidding process.
2. Supply Chain: The network of organizations, individuals, resources, activities, and technology involved in creating and delivering products or services to the end consumer.
3. Ethical Procurement: Procurement practices that prioritize ethical considerations, such as transparency, accountability, fairness, and sustainability.
4. Accountability: The responsibility of individuals or organizations to act ethically and transparently in the procurement process.
5. Transparency: The openness and clarity of the procurement process, including the disclosure of information and decision-making criteria.
6. Sustainability: The consideration of environmental, social, and economic impacts in the procurement process.
7. Tendering: The process of inviting bids from suppliers for a specific procurement opportunity.
8. Bidding: The process of submitting a proposal or offer to supply goods, services, or works in response to a tender.
9. Contract Management: The process of managing contracts with suppliers, including monitoring performance and ensuring compliance.

10. Supply Chain Management: The coordination and management of activities involved in sourcing, procurement, production, logistics, and distribution.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Effective procurement practices are crucial for the efficient operation of any organization. Poor procurement practices not only lead to increased costs for institutions, governments, and the public but also disrupt project implementation by extending both cost and time. Furthermore, they result in delays and the delivery of substandard goods to beneficiaries. Additionally, inadequate procurement practices heighten the risk of corruption and raise doubts about the efficacy of legal processes.

The potential participation of competent firms, whether national or international, in bids is crucial. It significantly affects an entity's ability to obtain goods, works, and services at the best price (World Bank, 2000). This research examines effective procurement practices as a tool for cost reduction in the public health sector.

This chapter provides a review of the theoretical framework surrounding public procurement in general. It encompasses an overview of the Public Procurement Act (2003), the principal challenges encountered in procurement practices, the factors contributing to delays in procurement activities, the impact of ethical procurement on cost reduction, and pertinent literature essential for establishing and addressing the research questions.

The research also evaluates existing studies to identify the benefits and assess the impact of the Procurement Act on procurement practices in Ghana

2.2 Definition of procurement

Procurement, as described by various researchers, authors, and organizations, encompasses the acquisition process of goods, works, and services, which may also involve third-party acquisitions (Public Procurement Authority, 2003).

Sarpong (2007) further defines procurement as the strategic acquisition of resources, aimed at enhancing the value of expenditures within a transparent and accountable professional.

2.3 The Public Procurement Act, (2003) (663)

The Public Procurement Act of 2003 (663) is a crucial legislation governing government procurement processes. It establishes robust governance standards, delineates purchasing procedures, outlines selection criteria for suppliers, and addresses commitments aligned with the World Bank's five fundamental pillars of public procurement:

1. **Comprehensive Framework:** Ensuring clarity, legality, and functionality in procurement practices.
2. **Defined and Standardized Processes:** Implementing regimented purchasing procedures and uniform documentation for supplier selection.
3. **Anti-corruption Measures:** Incorporating safeguards to mitigate corruption risks.
4. **Skilled Procurement Workforce:** Fostering a competent purchasing workforce.
5. **Independent Oversight:** Establishing an independent control system to oversee procurement activities

This Act serves as a cornerstone for transparent, efficient, and accountable public procurement practices, essential for promoting integrity and achieving value for money in government spending.

2.4 Highlights of Key words in Public Procurement

The following are some of the keywords associated with Public Procurement;

2.4.1 Fairness

Fairness is paramount in public procurement, where the principles of competition and economic value reign supreme. Establishing effective and efficient procurement processes is essential to achieving these objectives. This involves implementing robust controls to foster competition and mitigate the risks of fraud, corruption, waste, and mismanagement of public funds.

2.4.2 Transparency

Transparency in procurement encompasses a range of practices aimed at promoting openness and accountability. These practices include publishing procurement policies, providing advance notice of procurement plans, fully disclosing evaluation criteria in solicitation documents, advertising tender notices, disclosing contract awards and prices paid, establishing effective complaints or dispute mechanisms, implementing financial and conflict-of-interest disclosure requirements for public procurement officials, and publishing supplier sanction lists (United Nations Procurement, 2011). Transparency is widely regarded as one of the most effective tools for combating corruption and ensuring the optimal use of resources (United Nations Procurement, 2011).

2.4.3 Corruption

According to Kasper et al. (2012), corruption is defined as the misuse of public office for personal gain. This not only harms the overall economy but also poses particular challenges for SMEs. Corruption deters foreign direct investment, distorts government expenditure, and undermines the decision-making process for public investment projects. The handbook by Transparency International on curbing corruption in public procurement emphasizes that the initial phases of the procurement process, from bid advertising to selection, are particularly vulnerable to corruption. Addressing corruption is essential for any efforts to reform public procurement.

2.4.4 Cronyism

Common occurrences include senior officials, government leaders, and politicians showing favoritism towards businesses with which they, their family members, personal or business associates, or political allies have financial or ownership ties (Kasper et al., 2012).

2.5 Good Principles in Public Procurement

The application of the principles of integrity, transparency, accountability, fairness and efficiency to all the economic, financial, social, environmental and political benefits of public procurement.

1. Integrity: Integrity in public procurement ensures that processes are conducted honestly and in accordance with laws, utilizing the best technical expertise without discrimination.
2. Accountability: governments, public entities, and their representatives are responsible for the accurate and thorough fulfillment of their tasks and duties, as well as the decisions and actions taken within their sphere of influence.
3. Transparency: entails making laws, regulations, institutions, processes, plans, and decisions readily accessible to the public or their representatives. This allows for monitoring, review, commentary, and influence from stakeholders, ensuring decision-makers can be held accountable for their actions.

2.5.1 Fairness, Economy, and Efficiency

Fairness, economy, and efficiency are paramount in contract award decisions. Public funds should not be used to grant favors to specific individuals or companies. Standards and specifications must be unbiased, and suppliers and contractors should be selected based on their qualifications and the merits of their proposals. Equal treatment should be ensured for all parties regarding deadlines, confidentiality, and other aspects. The Gambia has initiated clear national objectives as part of its procurement system reform efforts, addressing the identified loopholes that previously hindered effective collaboration between the government and donors.

2.6 Transparency in Public Procurement

Transparency in public procurement, widely recognized as a crucial tool in combating corruption, also plays a pivotal role in addressing the challenges faced by SMEs. Without transparency, fair competition is compromised, corruption thrives, and flaws in the

procurement process remain concealed. Kasper et al. (2012) noted that in the Philippines, initiatives aimed at enhancing transparency in the public sector had a positive impact on SMEs performance. This was evident in the streamlining of procedures, such as the significant reduction in processing times for building permits. What previously took over 15 days was shortened to just 5 days in 2001 and further reduced to a maximum of 3 days by 2006. By opening up procurement opportunities to SMEs and ensuring public access to bids notices and outcomes via online platforms, the program markedly decreased the costs of public projects. For instance, the construction of a public school classroom saw a 36% reduction in costs for government agencies. Effective communication channels can empower entities to navigate procurement laws and seek assistance from relevant authorities, such as the PPA, particularly in areas like capacity development and clarifying legal provisions (Ameyaw et al., 2012). Transparency serves as a pivotal tool for reforming public procurement, yet it's crucial to acknowledge that corruption within this sphere doesn't exist in isolation. In Egypt, for instance, a staggering 90 percent of small business owners, accustomed to bribing public officials, perceive it as a societal norm. Therefore, enhancing transparency in public contracting must be viewed within a broader framework, which encompasses:

1. Fostering an active and vigilant civil society and media capable of scrutinizing and challenging corruption.
2. Ensuring the regular and transparent publication of pertinent information.
3. Establishing effective audit and regulatory bodies endowed with genuine independence (Kasper, et al., 2012).

Additional transparency initiatives involve standardizing rules governing procurement procedures and enhancing instructions and document formats. Beyond tangible benefits such as time and cost savings, the clarity and public disclosure of selection criteria, coupled with

transparent and justified final decisions, can serve as a deterrent to corrupt practices and enhance competitiveness.

By ensuring that SMEs, if competitive bidders, have access to contracts that might otherwise be reserved for better-connected but potentially less competitive entities, this form of disclosure promotes fairness. Furthermore, it empowers SMEs to substantiate any grievances they may have. When clear standards and criteria are established against which bidding outcomes can be evaluated, procurers become more accountable for their actions (Kasper et al., 2012).

2.7 Procurement Methods

There are several procurement methods employed in acquiring goods, works, and services, chosen based on financial thresholds or specific circumstances outlined in the Act. These methods include:

Request for Quotation (RFQ) (Sections 42-43)

Competitive Tendering (Part V, Section 35)

Single Sourcing Procurement (Sections 40-41)

Two-Stage Tenders (Sections 36-)

Restricted Tendering (Sections 38-39)

Request for Proposal (RFP) for Consultancy Services (Sections 66-67)

2.7.1 Competitive Tendering

According to Lyson and Farrington (2006), competitive tendering is perceived by purchasers as a process wherein prospective sellers are requested to provide specific prices and conditions under which certain commodities will be supplied, leading to the establishment of a contract upon agreement. However, competitive tendering is accessible only to qualified suppliers to ensure the effective execution of the contract. This procurement procedure, as per the PPA, is typically applied to the acquisition of high-value commodities and encompasses international competitive bidding, national competitive bidding, and framework agreements.

2.7.2 National Competitive Bidding

National competitive bidding restricts tenders to national or local contractors and suppliers. This approach is suitable for contracts of lesser value, where the procurement requirements are unlikely to necessitate international participation.

2.7.3 International Competitive Bidding

This method is suitable for acquiring very expensive or complex items, or when the required scale of goods is unlikely to attract sufficient competition locally. It is also employed when the needed items are unavailable or cannot be sourced locally.

2.7.4 Two-Stage Tendering

Two-stage tendering is utilized when the procurement entity lacks sufficient information about the goods or when the nature of the required items frequently changes due to technological advancements. It is also employed when the organization necessitates research or development for a project. In this method, bidders are initially requested to provide a comprehensive specification of the goods. Following analysis and discussions, detailed specifications are finalized, and a limited bid is issued in the final stage to only those bidders who participated and passed the preliminary stage.

2.7.5 Restricted Tendering

Restricted tendering involves inviting a selected list of pre-qualified bidders to directly submit bids. The use of this method by any government organization must be explicitly approved by the Public Procurement Authority.

2.8 Procurement Practices

Public procurement, as defined by the Public Procurement (Amendment) Act 663/914 (2003/2016), aims to acquire goods, works, and services at the fairest total cost of ownership, ensuring appropriate quantity and quality, at the right moment in the location and enhancing procurement practices for optimal benefit. Procurement, the strategic acquisition of goods or

services, serves as a vital tool for governments, corporations, and individuals alike. It encompasses meticulous planning, bid solicitation, contract administration, and fulfillment. To ensure the procurement process achieves its objectives effectively, several key elements must be in place:

Professionalism: The cornerstone of procurement success lies in the expertise and integrity of purchasing practitioners. Educated, experienced, and responsible professionals are essential for making informed decisions and driving the purchasing agenda forward. Recognizing the pivotal role of procurement practitioners in national development, the procurement board is committed to fostering their professional growth, promoting ethical standards, and providing robust support mechanisms.

Value for Money (Economy): At the heart of procurement lies the pursuit of optimal value for money. This entails achieving judicious, economic, and efficient utilization of resources while ensuring a balance between cost and quality over the entire lifecycle of the procurement. Striving for the best possible combination of cost-effectiveness and excellence underscores the essence of procurement excellence (Agyekum Kwatiah, 2014) of goods or services, serves as a vital tool for governments, corporations, and individuals alike. It encompasses meticulous planning, bid solicitation, contract administration, and fulfillment. To ensure the procurement process achieves its objectives effectively, several key elements must be in place:

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Challenges in Procurement Practices

The landscape of procurement presents a myriad of challenges, impacting practitioners across developed and developing nations. While each country grapples with its unique economic, social, cultural, and political dynamics, common themes of challenges emerge, particularly within the public health sector:

- Funding:

The scale of procurement expenditures, estimated to be in the range of 10%-30% of Gross National Product (Callender and Mathews, 2000), places significant strain on economic resources, necessitating prudent management. Governments worldwide grapple with the challenge of optimizing procurement spending to align with overarching economic goals and fiscal constraints. Inadequate funding, highlighted as the primary barrier to the smooth operation of procurement authorities, is underscored in the annual reports of the Public Procurement Authority (PPA), where issues such as the shortage of office accommodation are specifically reported (PPA Annual Report, 2007 and 2008).

- Political Interference

: The intervention of political entities in the procurement process presents a formidable obstacle to its effective implementation. Certain politicians assert their influence over procurement procedures, leading to arbitrary decision-making (World Bank, 2004). In democratic settings, a multitude of individuals, interest groups, and organizations from the private sector, including trade associations and professional bodies, actively engage in the public procurement system.

The success of reform initiatives hinges on strong political will, demonstrated by unwavering commitment from leadership at all levels of government (Sahr, 1998). Procurement practitioners must navigate these political pressures while making sound economic decisions. For instance, they may grapple with the dilemma of supporting weaker companies to maintain market competition or allowing them to exit the market, thereby fostering competition among specialized firms for contracts. This issue is prevalent in developing countries where perfect competition is rare. Large firms often prioritize securing contracts over maximizing profits, sometimes even accepting slim margins or incurring losses to win bids. Therefore, combating corruption necessitates strong political will and explicit commitment to eradicate all its forms (Osei-Tutu et al., 2009).

- Legal Challenges

The efficacy of Ghana's Public Procurement Law in combating corruption remains questionable. Despite its enactment and implementation, corruption persists in public procurement, as evidenced by Ghana's rankings of 62nd and 69th in the Corruption Perception Indices of 2010 and 2011, respectively, out of 183 countries surveyed by Transparency International in 2012. With a CPI score of 4.1 in 2010 and a further decline to 3.9 in 2011, corruption continues to hinder effective resource allocation and service delivery in Ghana. While the impact of anti-corruption legislation cannot be dismissed entirely, tangible progress is lacking. The complexity of the issue is exacerbated by cultural norms, where the exchange of gifts blurs the line between generosity and bribery. Additionally, advancements in technology have compelled the public procurement system to adapt to new methods, such as e-signatures and purchase cards, necessitating a broader understanding of procurement practices, especially in the realm of information technology acquisition.

- Challenges due to Accountability, Fraud Corruption or Conflict of Interest

Accountability constitutes a central pillar of public procurement (Soudry, 2007). Without transparent and accountable systems, the vast resources channeled through public procurement systems run the danger of being entangled with increased corruption and misuse of funds. According to Boateng (2008), since 1994, South Africa has enjoyed unprecedented social and infrastructural programs. Yet, the majority of people who had hoped freedom would bring with it relative socio- economic liberation and improvement are feeling increasingly bitter towards the government over issues that include a lack of perceived quality of governance, service delivery failure, fraud, and corruption in some spheres of the economy and disillusionment with empowerment policies (De Lange, 2011). Corruption, incompetence, and negligence by public servants were to be blamed (De Lange, 2011). About 20 percent of the government's procurement budget alone went down the drain each year. This was because officials had their fingers in the till, overpaid for products and services, or failed to monitor how money was spent (De Lange, 2011). Among government entities probed for procurement irregularities was the Tshwane Metro where about 65 municipal officials were investigated for striking business deals worth about R185 million with their own Council. Noted that corruption is a major challenge in public procurement and this view is also supported by Shaw (2010). Many tenders have associated with corruption and below is a summary of some of the issues. Harare City Council has been accused of awarding tenders for the supply of water treatment chemicals to shady and incompetent companies that offered them kickbacks. One of the companies contracted to provide water treatment chemicals to the city delivered poisonous sodium cyanide, instead of aluminum sulfate solution, to Harare's Morton Jeffrey Waterworks in September 2012. In October 2011, a tender for the supply and delivery of malaria rapid diagnostic tests was withdrawn with participating bidders were refunded their tender fees because the tender had been corruptly floated. It was alleged that \$300.00 was released towards the national malaria program and the Ministry of Health Child

Welfare immediately ordered the responsible organization to float a tender for diagnostic test kits. A senior official in the National malaria program is believed to have then clandestinely issued the specifications for the kits based on those of the discarded Para check which had already been banned by the responsible Ministry because of its low sensitivity to malaria detection (Musanzikwa, 2013).

The District of Columbia, USA government wasted hundreds of thousands of dollars in revenue by selling used emergency vehicles for; "bargain basement prices" in auctions run by untrained staffers (Nakamura, 2004). In 30 months, The District of Columbia sold 11 fire trucks for a total of \$3,125 while similar vehicles in make and model had been sold on the internet for a total of \$360,875. Corruptions and bribes widespread in government contracts. In the United States, corruption in government contracts has been regularly reported in newspapers; and the first week of September 2004 witnessed the reporting of a flurry of criminal prosecutions against state officials for violations of state procurement laws. Separate newspapers reported on bidding scandals from Illinois, Connecticut, Wisconsin, and Maryland (Nakamura, 2004). Therefore, overcoming the negative perception and the objective reality, to a certain extent, is one of the biggest challenges in public procurement.

- Challenges From Inadequate Market Support

Inadequate market support poses significant challenges, as highlighted by Musanzikwa (2013). Often, tenders are awarded without thorough market inquiry, leading to substantial losses, as experienced by the City of Harare during the construction of Airport Road. Despite the tender being awarded to Augur Investments for \$80 million, the Ministry of Transport and Infrastructural Development revealed that the average cost of road construction is \$0.5 million per kilometer, suggesting the road's construction should have cost around \$10 million. Market conditions heavily influence public procurement, sometimes diverging from procurement objectives such as timeliness, quality, and cost. Achieving a balance between market forces

and procurement objectives is crucial, particularly within the framework of the Public Procurement Act of 2003 (Act 663). Thai (2001) identified several determinants of African markets, including communication, currency exchange rates, payment methods, customs regulations, lead time, foreign government regulations, trade agreements, and transportation. Therefore, before engaging in foreign purchasing programs, public procurement practitioners must meticulously assess total cost implications and compare them with domestic costs (National Institute of Governmental Purchasing, Inc., 1999). Effective procurement relies on specialists' skills to accurately determine buying requirements, develop appropriate contract strategies, manage contracts effectively, and capitalize on opportunities to secure favorable deal at the right time and at the right place.

- Lack of proper knowledge, skills and capacity

Lack of proper knowledge, skills, and capacity

According to McCarthy (2006), there is a lack of skills, capacity, and knowledge by procurement actors to handle procurement processes that have led to bad governance, lack of proper training of managers on the procurement process is a challenge that confronts procurement reforms. This supports the assertion that poor discrimination in procurement law is one of the challenges facing the smooth implementation of public procurement laws (Azeem, 2007). Musanzikwa (2013), said that most people tasked with the responsibility to procure resources are incompetent. For example, it was alleged that the adjudication process of the tender to supply ZESA with pre-paid was flawed. However, the SPB could not reverse the process because it was its adjudicators who were at fault, the minister added. The purchasing activities are being performed by people who are not professionals or qualified in the field. As a result, wrong decisions which are costly to the organizations are always the order of the day thereby depriving quality service to the intended beneficiary. This is because the procurement

function represents the commitment of organizational funds in anticipation of a positive contribution and a reasonable rate of return.

- Challenges of Procurement Procedures

Llyod and McCue (2004), claimed that dysfunctions in procurement systems nature occur when so many rules exist. They have supported their arguments by indicate public procurement is saturated with "a sea of paperwork", and hence, give unreasonable workload conditions to the personnel. For that reason, some mi rationalize themselves to get their reward, by justifying action that creates challenges.

2.9 Mitigating Procurement Challenges

Although no public procurement system is likely to be fully free of corruption, we need a system that promotes transparency, efficiency, fairness, and accountability so that corrupt activities will become difficult to conceal, Price Water House Coopers (2010) also suggested a comprehensive channel of effective whistle policy response. A preventive strategy may begin with a thorough procurement and corporate policy that create awareness among the employees. He also suggested layered procedures and countermeasures for the contract that involve a large sum of money. Improved training motivates procurement committee members to work hard. This increases their performance and the attainment of the organization's goals. Studies indicate that highly trained personnel have superior performance due to improved skills to deal with challenges.

2.9.1 Public Notice and Transparency

Publicity and transparency are crucial for sound and open procurement practices. These principles also act as deterrents to corruption in public procurement. Equally, experts suggested that the lack of public notice and transparency creates a haven for

Publicized and transparent procedures allow a wide variety of stakeholders to scrutinize public officials' and contractors' performance and decisions. This scrutiny, in addition to other

mechanisms, helps keep officials and contractors accountable. In designing rules and procedures, serious reflection must be given to clarify what kind of information is required to be disclosed, as well as when and to whom the information is made available. Nevertheless, enhanced transparency should not increase the scope for anti-competitive practices, which may consequently favor collusion and corruption among bidders.

2.9.2 Training of Procurement Personnel

Training may apply to various aspects of the procurement process. Procurement personnel may be familiarized with the rules and regulations applicable to public procurement as well as anticorruption measures. Experts noted the importance for procurement personnel to be trained in purchasing techniques and understanding the importance of rules. To ensure that adequate rules are applied, training may encompass explanations of the usefulness and the reasons for the rules.

Training may also sensitize purchasing authorities and their personnel to the detrimental effects of corruption and the benefits of ethics for the contracting authorities and officials. Additionally, officials may sign ethical codes. Prosecutors consider that although internal codes do not necessarily prevent corruption, they may be useful during investigations as they help gain time. The requirements to educate professionals and equip them with new and higher-level skills have consequently become urgent (Sauber et al., 2008). A skill is an ability either to perform some specific behavioral task or the ability to perform some specific cognitive process that is related to some particular task. While we understand that professionalism is a key mechanism for, and primary targets of institutional change, the precise role of professions and professional service firms in processes of institutional change remains under-theorized.

2.9.3 Good Procurement practices

The company must compare itself with other comparable organizations partly to t whether value for money is being achieved, this is also part of the process of seeking continuous

improvement and identification of goods practice. This is often done through a benchmarking process (Maurer, 2004). The primary purpose of benchmarking is to improve the performance of the company by testing how it is performing, whether it is achieving better performance, and the rate at which its performance is improving.

Without measuring the company's performance, it is not possible to check whether the targets that the company has set are being achieved. Benchmarking is therefore critical to the process of continuous improvement. The company among other indicators can use such comparisons as cost, time, and quality (Shaw, 2010).

Experts also highlighted the need to make procurement authorities and procurement officials familiar with best practices, these include personal asset declaration, defining standards of conduct, and adopting the "four eyes" principles in the bid selection and attribution as well as the rotation of staff in key positions. Experts recommended the establishment of incentives to seek out fraud or corruption within procurement authorities. The main criteria for evaluating the performance of a procurement agent are the rapidity of establishing a contract and the speed of obtaining the good or service (OECD, 2007).

2.9.4 Facilitating and Encouraging Reporting

Experts noted that the starting point of an investigation always comes from a filed complaint, information provided by private individuals, communications from representatives of the competing parties, or even newspaper articles. Whistle-blowing procedures and other mechanisms that allow people to come forward to alert authorities to possible suspicious acts can be very effective in detecting bribery and corruption. The necessity of reporting was raised as well as the need to make public officials aware of their obligation to report irregularities. Clear rules on reporting requirements of corruption of which public officials become aware while administering the procurement process are essential. Indeed, officials who observe signs of wrongdoing should have an opportunity to report internally and/or externally. Public

procurement complaint or appeal mechanisms, where competitors can file protests in case of violations of all sorts (e.g. bid protests) are also considered to be very helpful (OECD, 2007).

2.9.5 Teamwork

The preventive strategy may begin with a thorough procurement and corporate policy that create awareness among the employees. He also suggested laying down procedures and countermeasures for the contract that involve a large sum of money. In addition, companies should always receive value for money. In the past, organizations have usually determined that the value for money was achieved by accepting the lowest price tendered by suppliers of goods and services. Lately, there is an emphasis based on the overall value for money offered, including the consideration for nonmonetary factors, and not based on the lowest price alone (Shaw, 2010).

Promoting contracts and communication between officials from different public agencies may be a means to enhance mutual understanding and prevent bribery. This may also improve the detection and enforcement of anti-corruption laws. Contracting authorities generally have administrative powers. Judicial authorities can ensure that investigations take place and that coercive powers are applied. The variety of skills and practices required to uncover bribery may call for multidisciplinary cooperation. It may be recalled that the creation of national networks of public procurement offices, competition authorities, and judiciary bodies to combat bribery in public procurement was among the conclusions which came out of the OECD 2004 Global Forum discussion (OECD, 2007).

2.9.6 Effective Regulations and Sanctions

Questions were raised as to whether corruption risks are increased by stronger regulations or by more flexible procedures, which are justified by greater market efficiency although they give more discretion to the official in the attribution of tenders. Overregulated systems may generate corruption as rules are frequently overlooked, broken, or applied misleadingly to favor

a specific bidder or to exclude others. Examples again show that less regulated environments are susceptible to higher corruption. Nonetheless, operating public procurement in a flexible environment was considered preferable provided that severe deterrents and sanctions apply in case of violation. More flexible procurement arrangements call for enhanced integrity by officials as well as strong and well-enforced legislation, matched by reporting obligations and effective reporting mechanisms (see above). Without these elements, corruption frequently flourishes. Various examples illustrate the detrimental effects of exemptions from, or the nonapplication of, sanctions. These may concern both administrative penalties concerning procurement rules and criminal law provisions. For instance, persons involved in "national security" classified contracts may consider that they run only a slight risk of being detected and sanctioned, and thus are more likely to engage in bribery and kickbacks. In one case (OECD, 2007).

2.9.7 Staff Awareness and Procurement Regulations

Many corporate board members in Africa, especially state-owned companies, have a limited understanding of their roles and are usually open to manipulation by management, chairman, or principal shareholders. Some are outright incompetent. Nonexecutive directors in Africa need to play a meaningful role in ensuring compliance. However, many simply act as rubber stamps for decisions taken outside the board. In this perspective, compliance arises from a dynamic equilibrium between the various powers of the state and understanding what their roles are. According to Gelderman et al., (2006), one of the factors that cause non-compliance with procurement regulations is the level of awareness of the procurement regulations.

2.9.8 Policy Design

One possible area of concern is "conflict of interest". Caldwell et al, (2009), and Shaw (2010) all contend that organizations should have clear written guidelines that define when board members or officers must declare a personal interest that may be deemed to conflict with their

office. Shaw (2010) says that procurement policies will vary from organization to organization but are the organizational rules and regulations governing the functioning?

The policies determine how different aspects of procurement will be carried out in the organization and how people working in procurement should behave. Moreover, the internal control assurance unit should be established as the internal audit department, which can ensure that proper internal controls and procedures are complied with. Internal audit reports should be made available to the Chief Executive rather than the functional director to assist in maintaining the independence and objectivity of the service (Shaw, 2010).

2.10 Cost Reduction

Cost reduction in business English is said to be the process of reducing the amount of money that a company spends on wages and production.

According to CIPS, cost reduction is a process undertaken by companies to reduce their cost and increase their profitability and in some cases is necessary to remain competitive. Cost reduction is a planned positive approach to reduce expenditure. It is a corrective function by the continuous process of analysis of costs, functions, etc. for the further economy in the application of factors of production.

The Chartered Institute of Management Accountants, London defines Cost Reduction "as the achievement of real and permanent reduction in the unit cost of goods manufactured or services rendered without impairing their suitability for the use intended or diminution the quality of the product."

The definition given above brings to light; reduction must be a real one in the course of manufacture or services rendered. Cost reduction comes through greater productivity.

2.10.1 Effects of Procurement Practices on Cost Reduction

Watts, et al. (1992) defined procurement practices as the pattern of decisions related to acquiring required materials and services to support operational activities that are consistent

with the overall corporate strategy. The basic objectives of good procurement practices are to procure the right quality of goods, works, or services from a reliable supplier in the right quantity ensuring cost- effectiveness. Procurement items are to be delivered at the right time, to the right place, in the right quantity, and at the right price whilst achieving the lowest total cost.

- Transparency

Transparency has become necessary in the utilization of public funds. There is the likelihood for policymakers to engage or spend public funds in secrecy which is unlikely to yield the desired outcome. To this end, international bodies, central banks, and governments have placed transparency at the forefront to achieve the desired outcome. According to Soudry (2007), transparency places an obligation on authorities to create an open system on how procurement procedures are conducted. This begins with the submission process being plain as well as documents governing the contract. Transparency creates an environment where information on conditions, decisions, and actions are made accessible to all participants. This forces the institutions to face the reality of the situation as well as be responsible so that they could justify their actions when called upon. This helps promote foreign direct investment when the public sector plays its role as a genuine business partner (OECD, 2009).

- Accountability

Accountability in public procurement means making public officials responsible for their actions and having obligations to render accounts for their stewardship (Soudry, 2007). The principle of accountability in public procurement is satisfied when there is a "defining level of authority for approval of spending and approval of key stages based on appropriate and assigned duties. According to OECD (2009), "internal guidelines should clarify the financial limits and the obligation of responding to key stages in the public pursuit cycle." As public servants procurement practitioners and others involved in the public procurement process,

accountability exposes decision-makers to sanctions as a remedy for any behavior that contravenes the public procurement legal framework and principles. They submit themselves to the public to justify their actions.

In the same way, both internal and external audits are very important for financial control and management control. These are to ensure that standard practices are followed in the procurement cycle taking into consideration financial audits which help in checking for financial fraud (OECD, 2009). Accountability constitutes a central pillar of any procurement system. The existence of an accountable system fosters government and citizens to work hand-in-hand in utilizing public resources. This limits the fear of corruption and embezzlement of funds meant for the developmental project. In the procurement process, accountability could be enhanced by engaging stakeholders such as civil society and soliciting their independent involvement, and review of information to enable the system to be well monitored.

- Value for money

According to Adu (2011), value for money is described as "the optimization of cost and quality of a product to meet the customers' demands". In simple terms, value for money takes into consideration the cost and efficiency of delivery. According to commonwealth Procurement guidelines, the successful purchase of goods, works, and services should be conducted on the best possible terms desirable taking into consideration the resources available (Department of Finance and Deregulation, 2005). Value for money should not be equated to the lowest cost the potential contractor is bidding or aspiring to take for the project but the assessment of technical and pricing factors in light of the task to be done.

Resources are limited and needs are insatiable in every country. Therefore, public officials are admonished to make purchases at the lowest cost that is ideal for the purpose well as meeting required specifications. Public officials are entreated to consider all available options and a matter of fact, procurement should go beyond awarding of contracts and create jobs to benefit

the entire citizenry (OECD, 2009). In all, contracts should be awarded by taking into consideration cost-benefit analysis. To ensure that the best value is obtained, contracts should maximize competition, minimize the complexity of applications, and ensure impartiality and contracts should be awarded to the best-qualified person to deliver (Department of Finance and Deregulation, 2005, Ameyaw et al., 2012).

Value for money is enhanced in Government procurement by encouraging competition by ensuring non-discrimination in procurement and using competitive procurement processes; promoting the use of resources in an efficient, effective and ethical manner; and making decisions in an accountable and transparent manner. To be in the best position to determine 'value for money when conducting a procurement process, request documentation needs to specify logical, clearly articulated, comprehensive, and relevant conditions for participation and evaluation criteria which will enable the proper identification, assessment, and comparison of the costs and benefits of all submissions on fair and common basis over the whole procurement cycle.

- Fairness

Public procurement must be conducted in a way that is fair to all parties bidding for the contract. Most of all, materials for the contract bid should be available for all parties at the same time as well as the same channel of delivery of vital information promptly. The appropriate manner of information delivery should be selected based on what needs to be communicated and the urgency of the information. Also, every bid needs to be taken into consideration fairly and impartially, with no conflicts of interest or bias towards or against certain bidders (Arrow smith, 2010). In addition, provisions should be made for notifications to tenderers as to whether or not they are successful in bidding.

It will not be misplaced for all unsuccessful competitors to know the results of their bids with explanations of why their bids were not successful. Decisions on the selection of winners must

be made purely against the criteria set from the beginning (Department of Finance and Deregulation, 2005). The announcement to invite tenders must state clearly the grounds for participation as well as the evaluation criteria. Therefore, bids must be considered based on the conditions for participation, and these should be well-targeted, clearly measurable, and not excessive in number. Procurement authorities should do their best possible not to be influenced by external factors such as politics, associations or nationality, or even external pressures.

2.11 Benefits of Effective Procurement Practices

Despite the huge challenges that have militated the successful implementation of the Public Procurement Act, the implementation of the Act somewhat offered some benefits; and if the implementation challenges are addressed, the benefits of the Act would be overwhelming. A lot of authors have discussed the benefits of the implementation of the procurement Act in other parts of Africa and such benefits are common to many regions that have implemented the Act. This section looks at through lens of literature, the benefits of the implementation of the Procurement Act in Ghana.

2.11.1 Reduce Fraud and Over/Under-Invoicing

In 2005, KPMG reported a high incidence of fraud in many enterprises in South Africa, and unfortunately, it was as high as 76% and 32%. Management believes employees engage in the act and employees also are engaged in fraud respectively (KPMG, 2005). This situation is similar across many other African Countries, with Ghana being no exception. It appears fraud continues to be on the increase in many organizations despite the attempt to prevent it. The procurement process presents avenues for many potentials; fraud actions include kickbacks and commercial bribery among other frauds. The occurrence of fraud in the procurement process and the research indicates high incidence including some forms of risk aforementioned. Such a high incidence of fraud over the past years in procurement fueled the enactment of the Public

Procurement Act in Ghana. As encapsulated by the Ministry of Finance (2001) and the Procurement Act Manuals, the Act is to harmonize procurement processes and thus prevent or minimize the high incidence of fraud.

2.11.2 Fairness and Equality

The main prime aim underpinning the enactment of the Act was to promote fairness and transparency in the procurement process (Ministry of Finance, 2001; Osei-Tutu et al., 2011); and contracts were only awarded to some preferred suppliers and contractors usually those with links with the incumbent government. Consequently, there was the need to review the existing procurement regulations through review as thus observed through the enactment of the Act (Osei-Tutu et al., 2011). Under the Act, the contractors and suppliers are evaluated based on the criteria ensuring fairness and equality.

2.11.3 Increase Accountability

Procurement using Public funds should have the interest of the general public at heart. Indeed, the Act was enacted to increase accountability in the public procurement process. Accountability involves the government having a high regard for the law and conducting businesses subjected to critical scrutiny. The situation of procurement in Ghana before the enactment of the procurement Act was exigent and as a result, the government in consultation with its development partners had identified public procurement to be a breeding ground for widespread corruption and inefficiencies (Ameyaw et al., 2012). Undoubtedly, the eradication of these inefficiencies and corruption would inevitably improve accountability in the utilization of public resources and fraud in the procurement of works.

2.11.4 Promotes Competition

Competition has been one of the long-standing key principles of public procurement. Competition arises when more than one tenderer is engaged in the procurement process. The fundamental basis of every awarded contract. Essentially, Erridge et al. (1999) argued that

procurement using competitive tendering tends to eradicate or minimize the widespread problems of fraud and its facets associated with public procurements.

- Provides Value for Money

Several attempts have been made by governments to ensure value for money in the public procurement terrain (Ameyaw et al., 2012) long before the establishment of the Act guiding public procurement processes. This is manifested in the numerous implementations of programs. For instance, in 1996, the government launched Public Financial Management Reform Programme (PUFMARP) and the purpose of the program, as noted by Ameyaw et al. (2012) was to improve financial management in Ghana. The program identified several weaknesses in the procurement processes including a lack of comprehensive public procurement policy and a lack of rules and regulations to guide the procurement process (Ameyaw et al., 2012). Thus, these obstacles militated against value for money in the procurement process (see Osei-Tutu et al., 2011). The introduction of the Act was supposed to offer a breakthrough in providing value for money in public procurement.

- Cost Savings

Competition is inextricably linked with cost savings, in that, the lowest evaluated bidder is awarded the contract in every competitive tendering. Indeed, Ameyaw et al. (2012) observed that the high cost of procurement to the state is encountered when there is a compromise in the use of competitive procurement methods.

2.11.7 Effective Procurement Ethics

Hitherto the enactment of the Public Procurement Act, procurement officials were not guided by any set of rules and regulations. Their mode of conduct was haphazard. Indeed, some of these conducts and practices of the procurement entities were instrumental in fueling the high levels of corruption and judgment debts we experience. The procurement Act streamlines the duties of the procurement entities, provides comprehensive ethical standards procurement

entities are supposed to meet or demonstrate, etc. procurement entities are held to higher standards of ethics than most other professions.

2.12 What is ethical procurement?

Ethical procurement can be defined as procurement processes that respect fundamental international standards against criminal conduct (like bribery, corruption, and fraud) and human rights abuse. In companies that apply an integrated approach to managing their risks, ethical procurement requirements will form part of their overall sustainability strategy.

2.12.1 Ethical Procurement Concepts

To guide decision-making and help to avoid unethical practices, keep the following fundamental principles in mind:

- Loyalty and Respect for Rules and Regulations

Typically, officers sign an oath vowing to conduct themselves per the organization's rules, acting in its best interest, and not allowing outside influences into any decision-making process.

- Transparency

All information related to procurement processes should be made available to all parties involved, including the general public unless there are legal restrictions in place. Tender announcements are required to contain sufficient information to inform the supplier of the capability in bidding. Tender documents must be concise, detailing expectations, evaluation criteria, and dates.

- Integrity

Strong moral principles and honesty are the pillars of integrity. The company's moral values should always be upheld; employees should not act with selfish motives or with the end objective of personal gain. When employees see evidence of unethical behavior, they should submit a report.

- Unbiasedness

To achieve fairness in operations, bias should not be shown to specific suppliers or coworkers. Decisions should be made with impartiality, and changes to any document or specifications should be distributed to all suppliers.

- Confidentiality

In any business, information related to financials and personal information is protected and not made public as its release can jeopardize operations. Companies often have employees sign confidentiality agreements to ensure this remains intact.

- Avoiding the Appearance of Impropriety

Officers should be aware of outside perceptions of behavior deemed to constitute a conflict of interest. Circumstances involving improper contact should be identified beforehand and avoided as major scandals can erupt based only on assumptions.

- Due Diligence

Duties should be undertaken with the utmost care to follow all company regulations and standards while avoiding shortcuts.

- Accountability

Persons should be held responsible for any decisions made during the procurement process. Any actions contrary to the organization's rules should be investigated and the required steps are taken.

2.13 Benefits of Ethical Procurement Practices

According to research conducted by Christina Yardley (2022), it was revealed that 82 percent of workers report they "would prefer to be paid less and work for a company with ethical business practices than receive higher pay at a company with questionable ethics." The research further found that one-third of employed workers left a job for ethical reasons. Hiring workers with shared ethical values strengthens workplace policy. Employee morale and brand loyalty also improve. The following are some of the benefits ethical procurement practices;

- Enhanced compliance reduces the legal risk for businesses.

Eliminating unethical behaviors improves compliance in the supply chain. Unethical workplace violations, such as corruption or vendor favoritism, expose companies to legal challenges. Defending a bad-faith lawsuit could cost a company tens or hundreds of thousands of pounds. Ethical supply management also reduces supply costs, well as excessive shrinkage in the manufacturing, inventory, and delivery processes. Purchasing policies that mitigate risks enhances regulatory compliance. And, these policies work in conjunction with internal policy compliance that enhances internal workflow efficiency and quality control.

Ethical procurement drive operational efficiency, productivity, and financial performance. Building brand loyalty that results in repeat purchases is the goal of every business. Capturing that loyalty demands giving consumers what they expect and deserve. Consumer surveys demonstrate the importance of transparency and brand loyalty. Seventy-six percent of customers say they will refuse to buy from businesses that do not share their ethical standards.

□ Ethical procurement is essential for brand loyalty.

While maintaining a solid reputation is vital for business success, implementing ethical procurement delivers significant financial rewards as well. By proactively managing the supply chain, ethical sourcing and manufacturing processes become more efficient and offer potential cost transformation. Environmentally responsible purchasing has been proven to increase net income and reduce overhead costs by more than 10 percent.

- Leveraging the Power of Ethical Procurement

When you consider the benefits of implementing sound ethical procurement policies, it makes sense to embrace the concept. From streamlining operations to improving employee engagement, the benefits provide a clear path to ethical growth and stability.

2.13.1 Other Benefits of Ethical Procurement Practices

By behaving ethically, organizations can derive huge advantages. Even though the primary constructs of ethical practices are humanity and compassion for the stakeholders, they can provide the following advantages to organizations (<https://www.yourarticlelibrary.com>);

- Competitive advantage

Customers favor those organizations, which are known for their ethical procurement practices. Hence, ethical violation reduces the company's market share, reduces sales and revenues, and ultimately adversely affects its bottom line.

- Better staff attraction and retention

Ethical procurement practices within organizations also develop their brand image and such image helps the organization to attract and retain the best people, which eventually contributes to their sustainable competitive advantage. On the contrary, ethical violation means a high attrition rate of employees, recruitment of average performers, and overall cost inefficiency.

- Morale and culture

Ethics-compliant organizations also create a workplace, where employees feel compelled to work. Ethical procurement practices within organizations help develop high integrity and become socially responsible, and globally considerate. And all these make such organizations less prone to stress, attrition, and dissatisfaction. Therefore, by complying with ethical procurement practices, organizations develop a work culture, free from stress, which makes employees feel happier and become more productive.

- Reputation

Building an organizational reputation takes years of effort, and ruining it hardly requires one violation. Organizations with ethical procurement practices are less prone to scandals and disasters. And they become more sensitive to any such practice that may adversely affect the reputation of the organization.

2.14 Challenges Facing Ethical Procurement Practices

Challenges facing ethical procurement practices have been the subject of increased academic interest. Four studies that tried to provide a comprehensive picture of ethical issues and not just focus on one or a few are highlighted.

Forker and Jason (1990) identified eight challenges facing ethical practices

- Exaggerating a buyer's or a supplier's problem to achieve the desired outcome.
- Giving preferential treatment to purchasers or suppliers that top management prefers.
- Allowing personalities to influence buying/selling transactions.
- Engaging in the practice of reciprocity.
- Offer/acceptance of gifts, meals, and trips.
- Seeking /giving information on competitors' quotes.
- Gaining competitive information unfairly.
- Showing bias against sales people who bypass the purchasing department.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter provides an overview of the study area, research design, population, data collection methods, sample size, sampling technique, target population, data analysis plan, and organizational profile.

3.1 Population

The study focused on employees at Agona Swedru District Hospital, comprising approximately 200 staff members encompassing all roles critical to the daily operations. Given the specialized nature of the research, a population with expertise in the relevant field was essential.

3.2 Sample Size

"In determining the appropriate sample size for this study, we consulted the Krejcie and Morgan (1970) sample size determination table. Based on this table, a sample size of 20 is recommended for a population size of 100-150. Although our population size (70) was slightly smaller than the recommended range, we considered 20 respondents sufficient for this study, given the homogeneous nature of the population and the research objectives. (Krejcie & Morgan, 1970)."

3.3 Sampling Technique

To gather information from the study population, the researchers utilized the purposive sampling technique, a non-probability method. This approach facilitated targeted data collection, cost savings, and selection of participants with specific characteristics relevant to the research objectives.

3.4 Data Collection Methods

The data for the study were obtained from both primary and secondary sources. Primary data included questionnaires, informal interviews, and personal observations, complemented by secondary data from publications and textbooks related to the research topic.

3.5 Data Collection Activities

A descriptive survey approach was employed for data analysis, utilizing simple Excel tables for presentation. Primary data collection methods involved questionnaires, informal interviews, and personal observations, ensuring a comprehensive understanding of the research topic.

3.5.1 Primary Data Collection

Questionnaires were designed to address research objectives, incorporating both closed-ended and open-ended questions.

Informal interviews were conducted with respondents who completed questionnaires, offering clarification on ambiguous responses.

Personal observations of institutional activities provided additional insights for analysis.

3.5.2 Secondary Data Collection

The emphasis was placed on literature review, gathering information from various sources such as books, internet resources, journals, and articles related to warehouse management, contributing to a comprehensive understanding of the research topic.

3.6 Data Analysis Procedures

Descriptive analysis was employed, presenting statistical tables based on percentages and absolute figures. Microsoft Excel was utilized for data presentation, facilitating clear and accurate interpretations through tables and charts, ensuring ease of understanding for readers.

3.7 Profile of the Organization

Agona Swedru District Hospital, established in 1920, is situated in Agona Swedru, Ghana, providing medical services to the local community. Services offered include general medical

care, maternity services, emergency care, and outpatient services, supported by various medical professionals and support staff to ensure quality healthcare delivery.

3.7.1 Vision and Mission Statement

The vision statement:

Is to be a leading healthcare provider in our community, delivering compassionate and high-quality medical services in Ghana and beyond.

The mission statement:

"We are committed to providing accessible, affordable, and comprehensive healthcare services to our community, utilizing evidence-based practices and fostering a culture of excellence, empathy, and respect for all patients and their families.

3.7.2 Structure of the Organization

The Agona Swedru District Hospital is a government-owned hospital in Agona Swedru, Ghana.

The hospital's structure includes:

1. **Administration Block:** Houses the hospital's administration, including the director's office, human resources, and accounting departments.
2. **Outpatient Department (OPD):** Provides general outpatient services, including consultations and treatments.
3. **Inpatient Department:** Consists of wards for males, females, and children, as well as private rooms for admitted patients.
4. **Emergency Department:** Handles emergency cases, such as accidents and trauma.
5. **Surgical Department:** Performs surgeries, including general surgery, obstetrics, and gynecology.
6. **Maternity Block:** Provides antenatal, delivery, and postnatal care services.
7. **Pediatric Department:** Specializes in child healthcare, including neonatal care.
8. **Laboratory Department:** Conducts medical tests and investigations.

9. Radiology Department: Offers imaging services, including X-rays and ultrasound.
10. Pharmacy Department: Dispenses medications and other healthcare products.
11. Dietary Department: Provides meal services for patients and staff.
12. Maintenance Department: Responsible for hospital upkeep and repairs.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter focuses on the presentation and analysis of data collected from the administered questionnaires to get the view of staff of the procurement department, stores department, account department and pharmacy department of Agona Swedru District hospital.

4.1 Demographics

Table 4.1.1

DEMOGRAPHY	CHARACTERISTICS	FREQUENCY	PERCENTAGE %
GENDER	MALE	9	45.0
	FEMALE	11	55.0
	TOTAL	20	100%
AGE	18YEARS-30YEARS	5	25.0
	31YEARS-40YEARS	12	60.0
	41YEARS-50YEARS	3	15.0 0
	ABOVE 50YEARS	0	100%
	TOTAL	20	
EDUCATIONAL ATTAINMENT	BASIC	0	0.0
	SECONDARY	0	0.0
	SCHOOL	14	70.0
	BACHELOR	4	20.0
	DEGREE MASTERS DEGREE		

	OTHERS	2	10.0	100%
	TOTAL	20		
MARITAL STATUS	SINGLE	20	60.0	
	MARRIED	8	40.0	
	WIDOWED	0	0	
	DIVORCED	0	0	
	TOTAL	20	100%	
LENGTH OF SERVICE	LESS THAN	4	20.0	
	1YEAR	11	55.0	
	1-5YEARS	4	20.0	
	6-10YEARS	1	5.0	
	11-15YEARS	0	0.0	
	ABOVE 15 YEARS	20	100%	
	TOTAL			

SOURCE: FIELD STUDY, MARCH 2024

The study aimed to analyze the demographic characteristics of respondents to assess their comprehension of the questionnaire. Table 4.1.1 presents the findings: Regarding gender, of the twenty respondents, 45% were male, and 55% were female, indicating a predominance of female employees at Agona Swedru District Hospital.

In terms of age, the majority (60%) fell within the 31-40 age bracket, followed by 25% aged 18-30, and 15% aged 41-50, suggesting a vibrant and dynamic workforce capable of contributing to the institution's growth and innovation.

Education-wise, 60% held Bachelor's degrees, 30% had Master's degrees, and 10% possessed other professional certificates, indicating a well-educated workforce with a solid understanding of the subject matter.

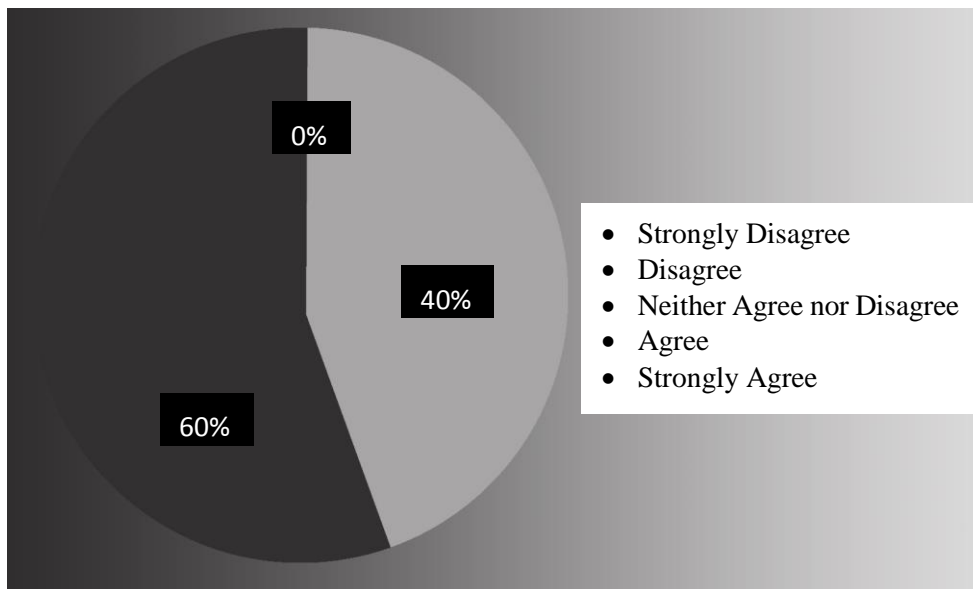
Regarding length of service, 20% had less than a year, 55% between 1-5 years, 5% between 15 years, and 20% between 6-10 years of experience, showcasing a blend of seasoned professionals capable of addressing research inquiries and positively impacting the hospital's operations

.Lastly, in marital status, 60% were single, and 40% were married, suggesting a predominantly single workforce, which could potentially enhance effectiveness and efficiency.

These findings underscore the diverse yet skilled workforce at Agona Swedru District Hospital, poised to contribute significantly to its success and advancement.

4.2 The current ethical procurement practices in place at the Hospital.

Figure 4.2.1 Accountability

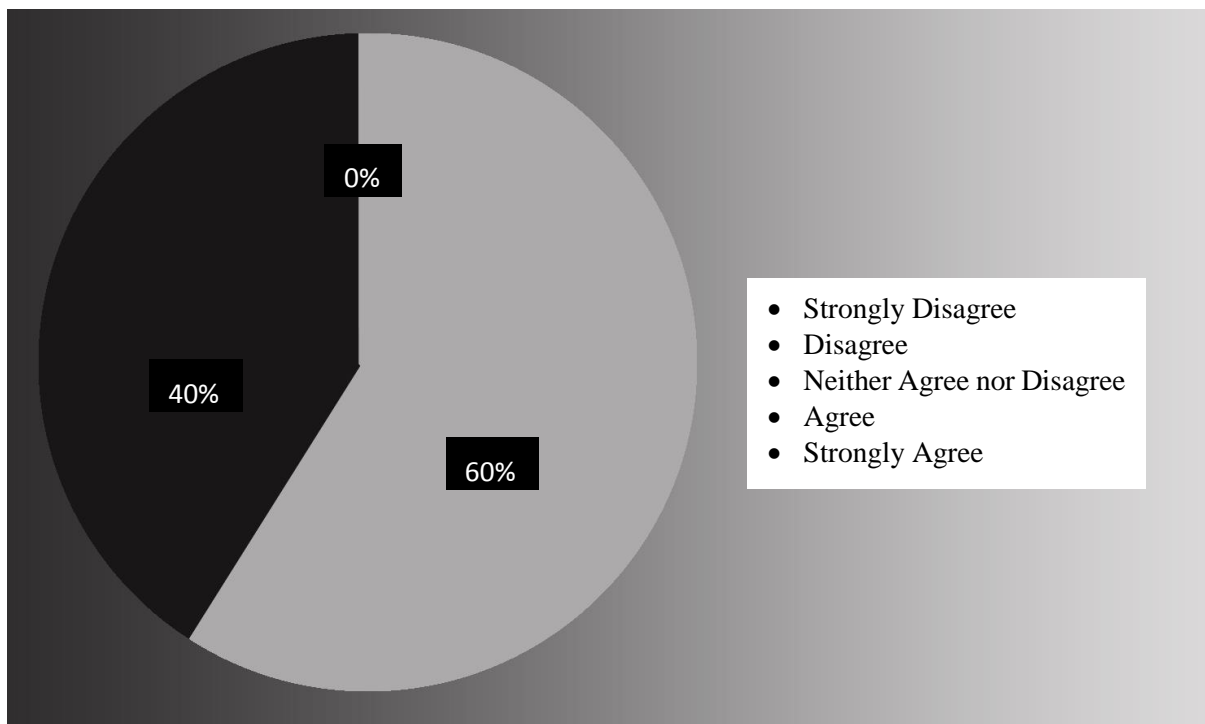


Source: Field Study, MARCH 2024

This section evaluates the organization's accountability. Out of twenty (20) respondents, none

(0%) strongly disagreed, none (0%) disagreed, and none (0%) neither agreed nor disagreed with the question. Forty percent (40%), equivalent to eight (8) respondents, agreed, while sixty percent (60%), equivalent to twelve (12) respondents, strongly agreed. These results highlight a notable level of accountability within the organization. Accountability in public procurement involves holding public officials responsible for their actions and requiring them to provide an account of their stewardship (Soudry, 2007). Based on the gathered responses, it's evident that the organization exhibits commendable accountability practices. This bodes well for its governance and transparency efforts, fostering trust and confidence among stakeholders. Figure 4.2.1 illustrates the distribution of responses, affirming the organization's commitment to accountability.

Figure 4.2.2 Due diligence

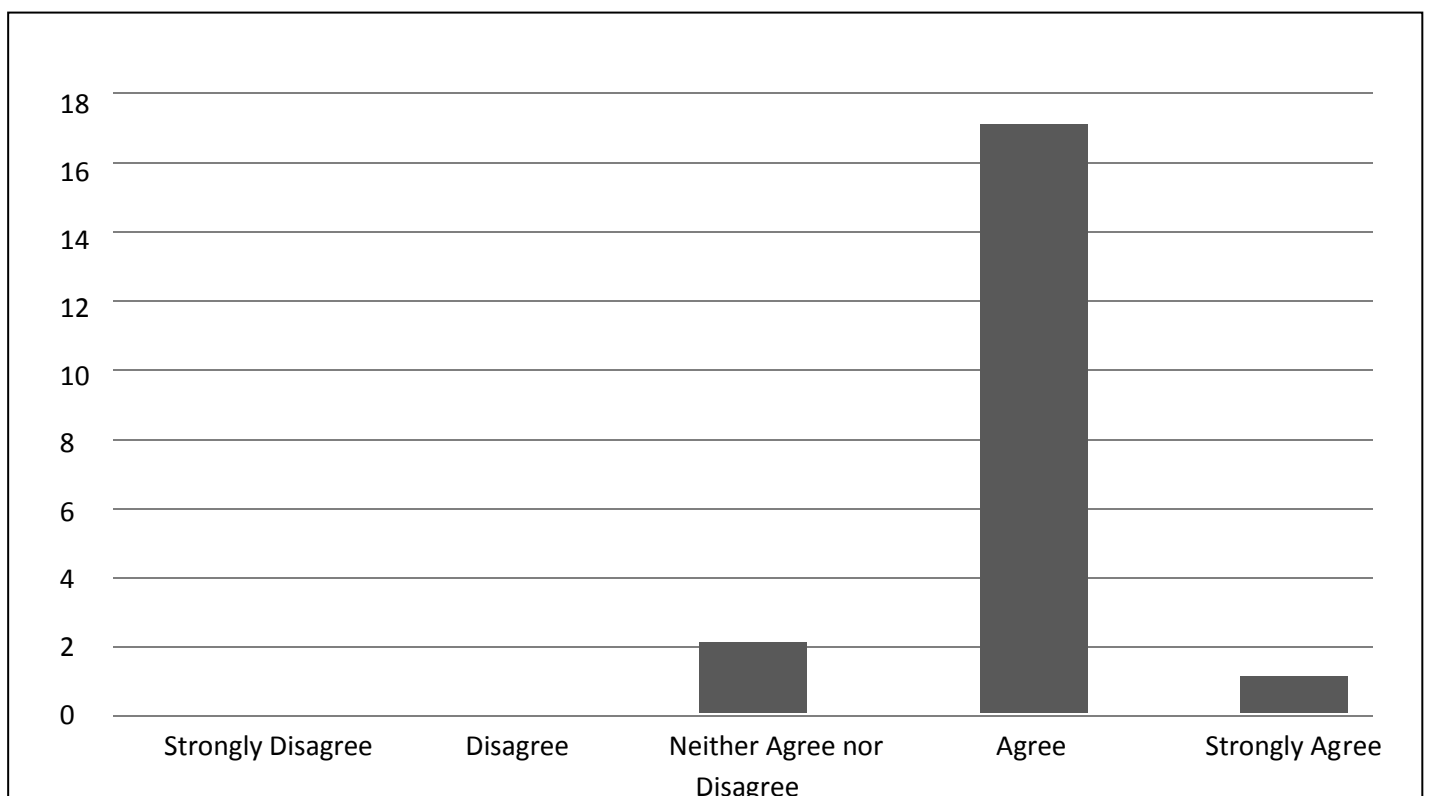


Source: Field Study, MARCH 2024

Based on the findings of the field study conducted in March 2024, the assessment of due diligence within the organization was derived from the responses of twenty (20) participants.

Notably, the analysis revealed a notable absence of dissenting opinions, with 0% of respondents strongly disagreeing or disagreeing with the question. Furthermore, a majority of respondents, 60%, agreed with the statement, while 40% expressed strong agreement. These results indicate a commendable level of due diligence practiced within the organization. The detailed breakdown of responses is illustrated in Figure 4.2.2. In conclusion, the study underscores a positive perception of due diligence within the organization, as evidenced by the overwhelming agreement among participants.

Figure 4.2.3. Avoiding the appearance of impropriety

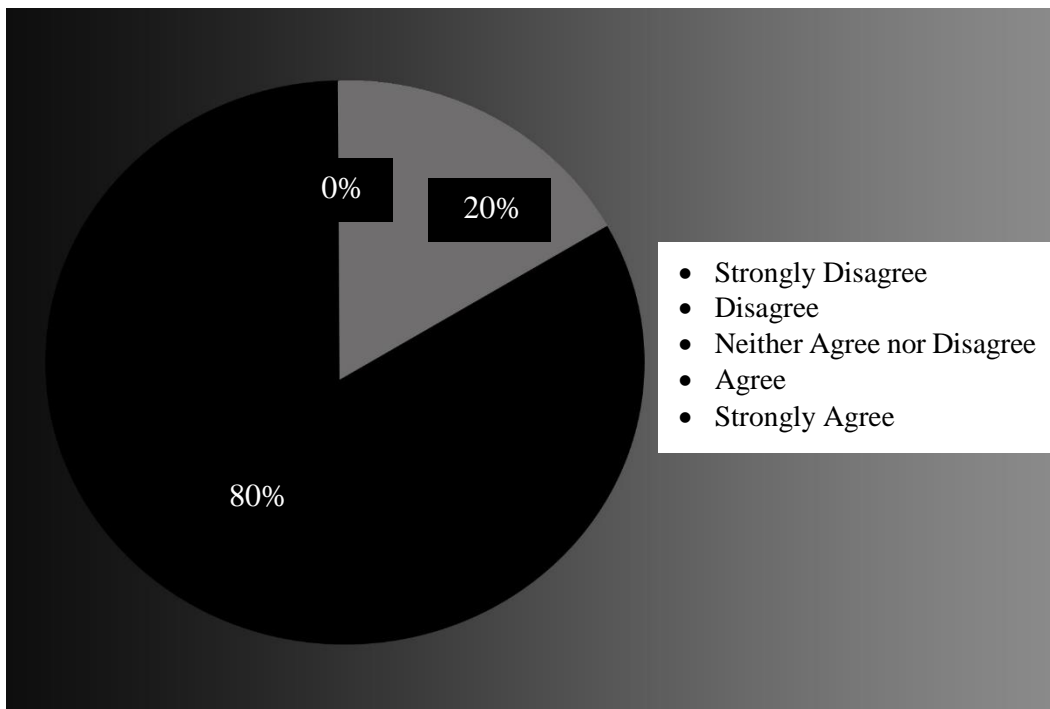


Source: Field Study, MARCH 2024

This section assesses whether there is a perception of avoiding the appearance of impropriety within the organization. Out of twenty (20) respondents, there were no instances of strong disagreement or disagreement with the question. Additionally, only 10% of respondents neither agreed nor disagreed, while a significant majority of 85% agreed with the statement, and 5%

strongly agreed. These findings suggest a strong inclination towards avoiding the appearance of impropriety within the organization. Detailed response breakdown can be found in Figure 4.2.3. In conclusion, the overwhelming agreement among respondents indicates a commendable effort within the organization to uphold standards that prevent even the perception of impropriety. This commitment reflects positively on the organization's integrity and ethical practices.

Figure 4.2.4 Confidentiality

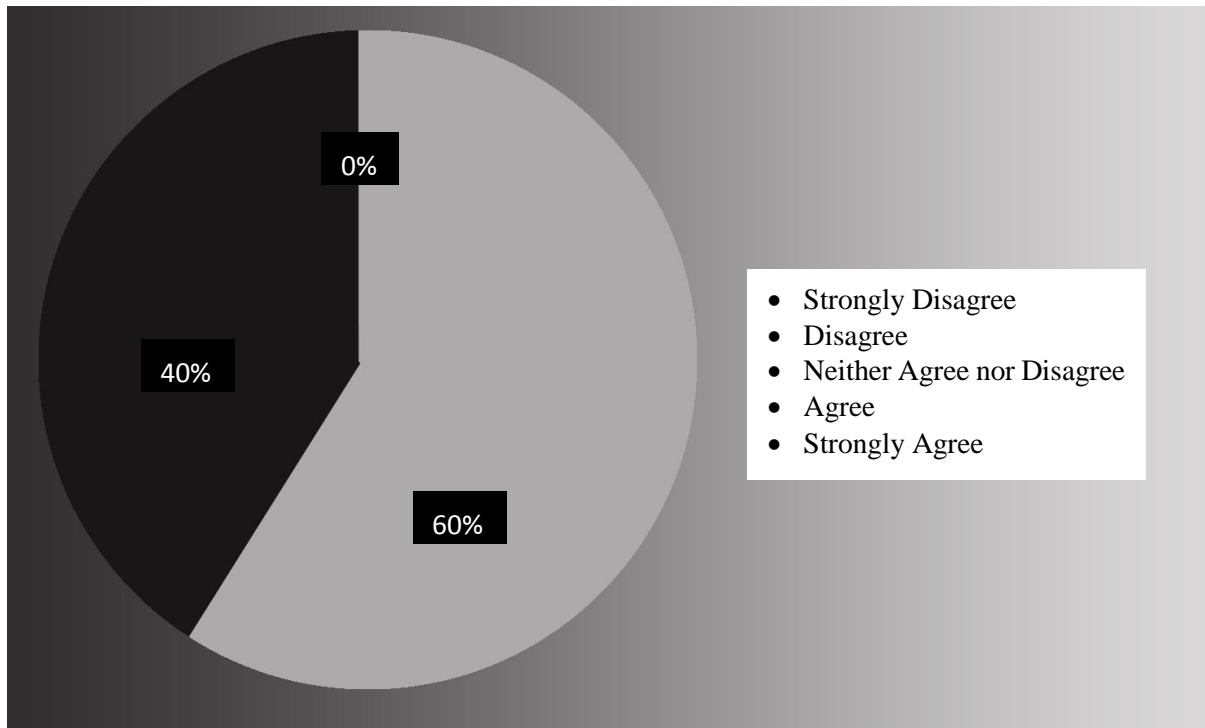


Source: Field Study, MARCH 2024

Based on the comprehensive analysis of responses from twenty participants, the findings unequivocally demonstrate the organization's unwavering commitment to maintaining confidentiality in its operations. Impressively, a resounding 80% of respondents expressed strong agreement, while an additional 20% confirmed their agreement, indicating an overwhelming consensus in favor of the organization's stringent confidentiality measures. This data underscores the organization's proactive approach to safeguarding sensitive information

and highlights its dedication to fostering trust and security among stakeholders. For a visual representation of these findings, please refer to Figure 4.2.4.

Figure 4.2.5. Unbiasedness



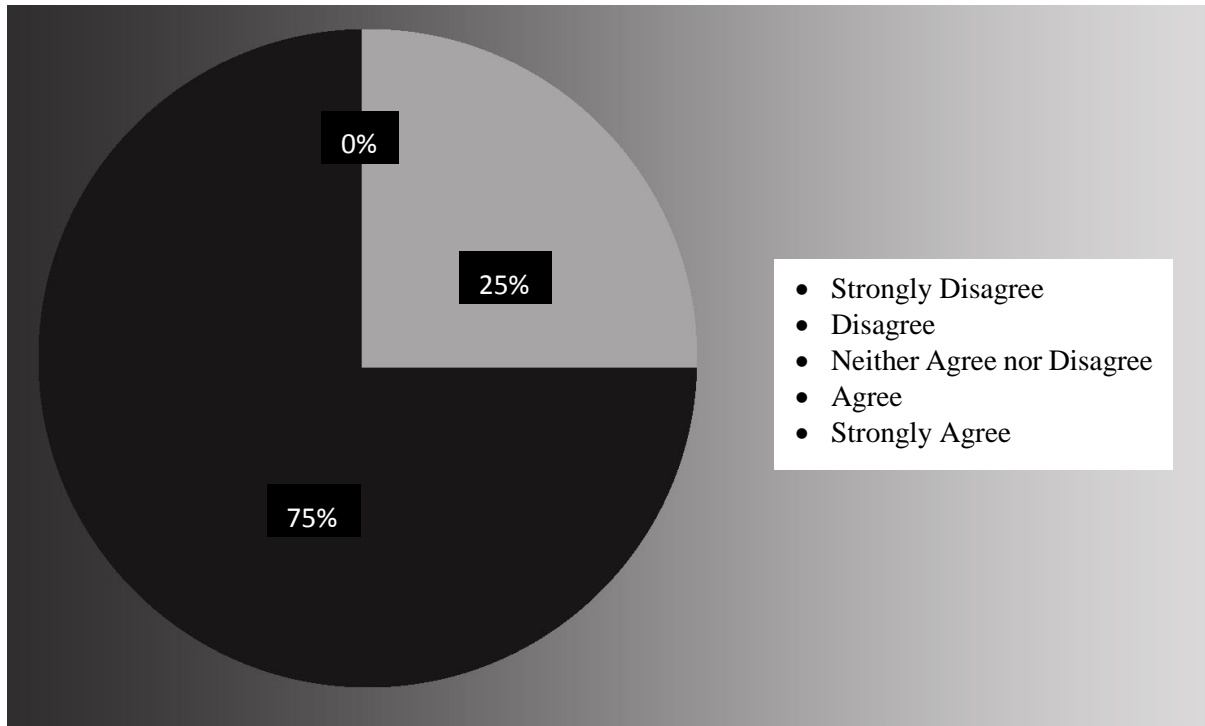
Source: Field Study, MARCH 2024

The data from the field study conducted in March 2024 reveals a unanimous perception among respondents regarding the organization's bias in its operations. Notably, all respondents, representing 100% of the sample, either agreed (60%) or strongly agreed (40%) that the organization operates without bias. This overwhelming consensus suggests a high level of confidence in the organization's fairness and impartiality among those surveyed. The absence of any respondents expressing disagreement, strong disagreement, or neutrality further reinforces the notion that the organization is widely perceived as unbiased.

This data underscores the organization's success in maintaining transparency, fairness, and impartiality in its operations, as perceived by stakeholders. Such positive perceptions are crucial for building trust and credibility both internally and externally. Therefore, the

conclusion drawn from this data is that the organization is effectively perceived as unbiased with its operations, reflecting positively on its reputation and integrity.

Figure 4.2.6. Transparency

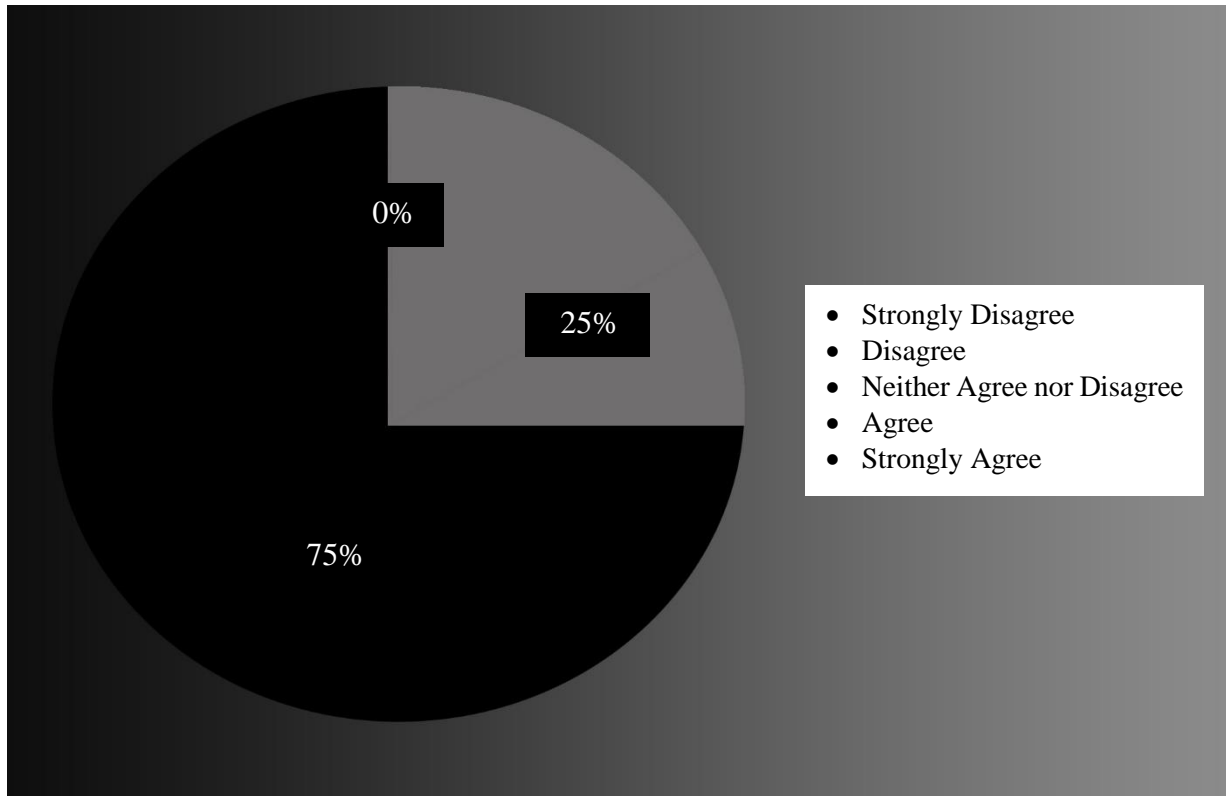


Source: Field Study, MARCH 2024

"In the field study conducted in March 2024, the transparency of the organization's operations was evaluated. Out of twenty respondents, there were no strong agreements or disagreements, and no respondents were neutral on the matter. However, 25% of respondents agreed, while a significant 75% strongly agreed that the organization is transparent with its operations. This indicates a high level of transparency within the organization. As stated by Soudry (2007), transparency imposes an obligation on authorities to establish an open system regarding how procurement procedures are conducted. Figure 4.2.6 illustrates the responses collected. Conclusion: "The findings of the study suggest that the organization demonstrates a commendable level of transparency in its operations, as evidenced by the overwhelming agreement among the respondents. This transparency fosters trust and accountability within the

organization, aligning with the principles outlined by Soudry (2007) regarding the importance of transparency in governance processes."

Figure 4.2.7. Integrity



Source: Field Study, MARCH 2024

This section examines the organization's integrity in its operational practices, drawing insights from the feedback of twenty (20) participants. Notably, there were no respondents who strongly disagreed or disagreed with the integrity of the organization's operations. Additionally, none of the respondents remained neutral on the matter.

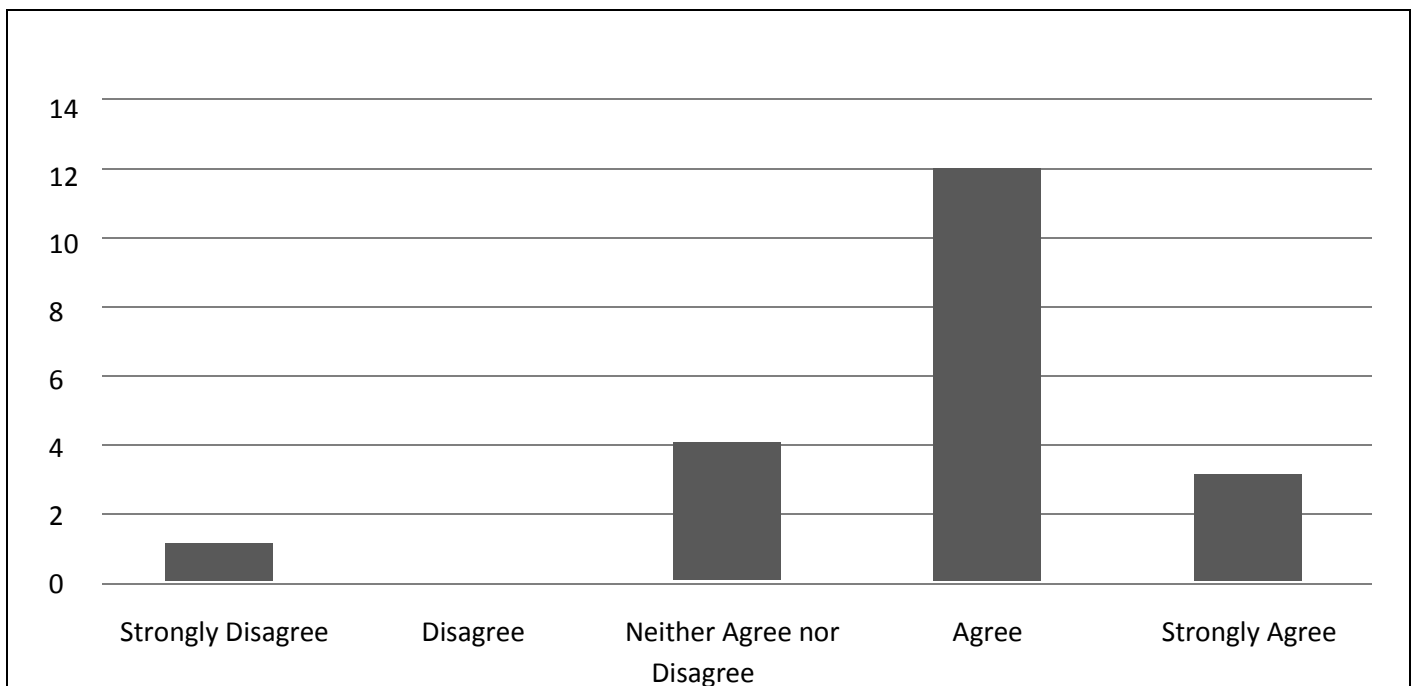
Of the respondents, 25% (five individuals) expressed agreement with the organization's integrity in its operations. However, the most significant observation lies in the overwhelming consensus of 75% (fifteen respondents) who strongly agreed with the statement. This majority opinion is indicative of a robust perception of integrity within the organization's operational framework.

These findings suggest that the organization is perceived positively in terms of its adherence to ethical standards, transparency, and honesty in its dealings. The absence of dissenting opinions coupled with the substantial support for the notion of integrity indicates a high level of trust and confidence in the organization's practices among respondents.

Conclusion: The data paints a compelling picture of the organization's commitment to integrity in its operations. The overwhelmingly positive feedback from respondents underscores the effectiveness of the organization's efforts to uphold ethical standards and maintain transparency. Such a reputation for integrity is invaluable, as it not only fosters trust among stakeholders but also enhances the organization's credibility and standing in the eyes of its stakeholders.

4.3 The challenges of ethical procurement practices at the hospital

Figure 4.3.1 Seeking/giving information on competitors' quotes

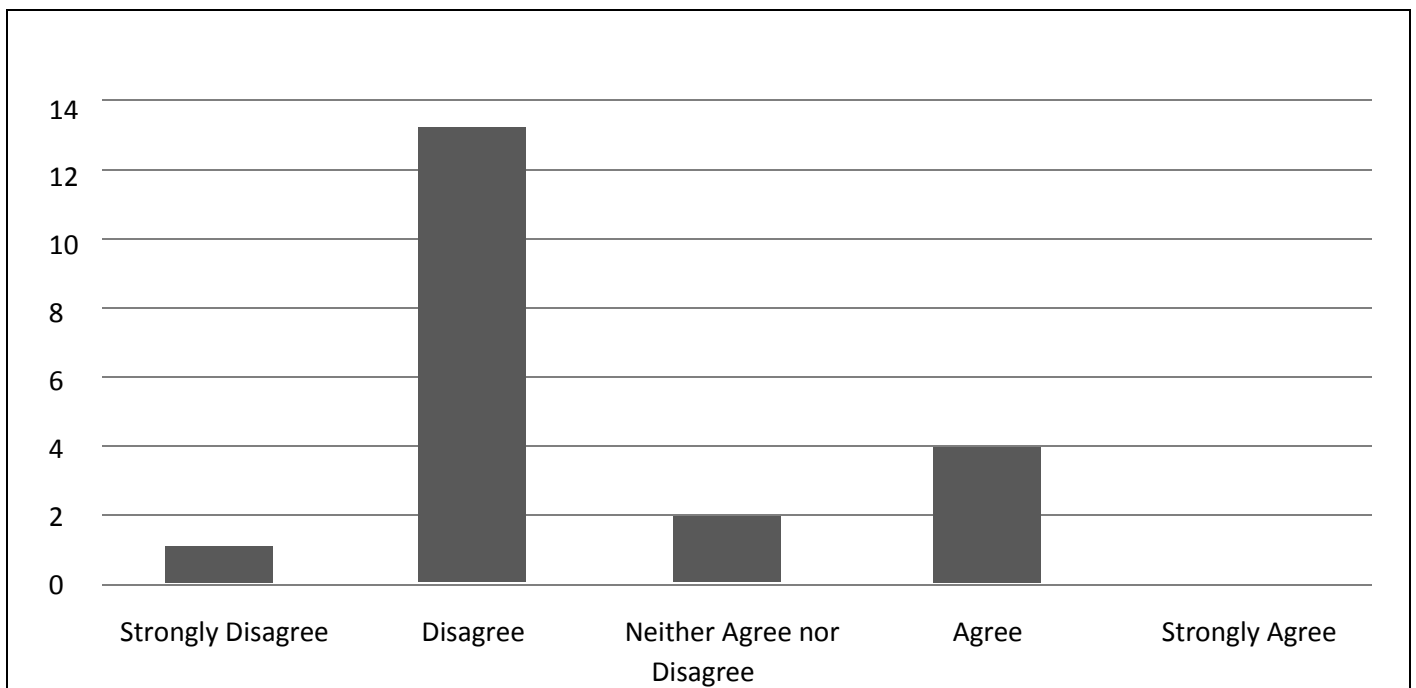


Source: Field Study, MARCH 2024

"In this section, we analyze the extent to which the organization seeks or provides information on competitors' quotes. Out of twenty (20) respondents surveyed, the results are as follows: 5% (1 respondent) strongly disagreed, 0% (0 respondents) disagreed, 20% (4 respondents) neither

agreed nor disagreed, 60% (12 respondents) agreed, and 5% (3 respondents) strongly agreed. These findings indicate that the organization actively seeks or provides information on competitors' quotes. Please refer to Figure 4.3.1 for a visual representation of the responses. As for the conclusion: "The data suggests a significant inclination towards the organization actively seeking or providing information on competitors' quotes. This demonstrates a proactive approach to market analysis and competitive positioning, which could potentially contribute to strategic decision-making and performance improvement within the organization."

Figure 4.3.2 Allowing personalities to influence buying/selling transaction

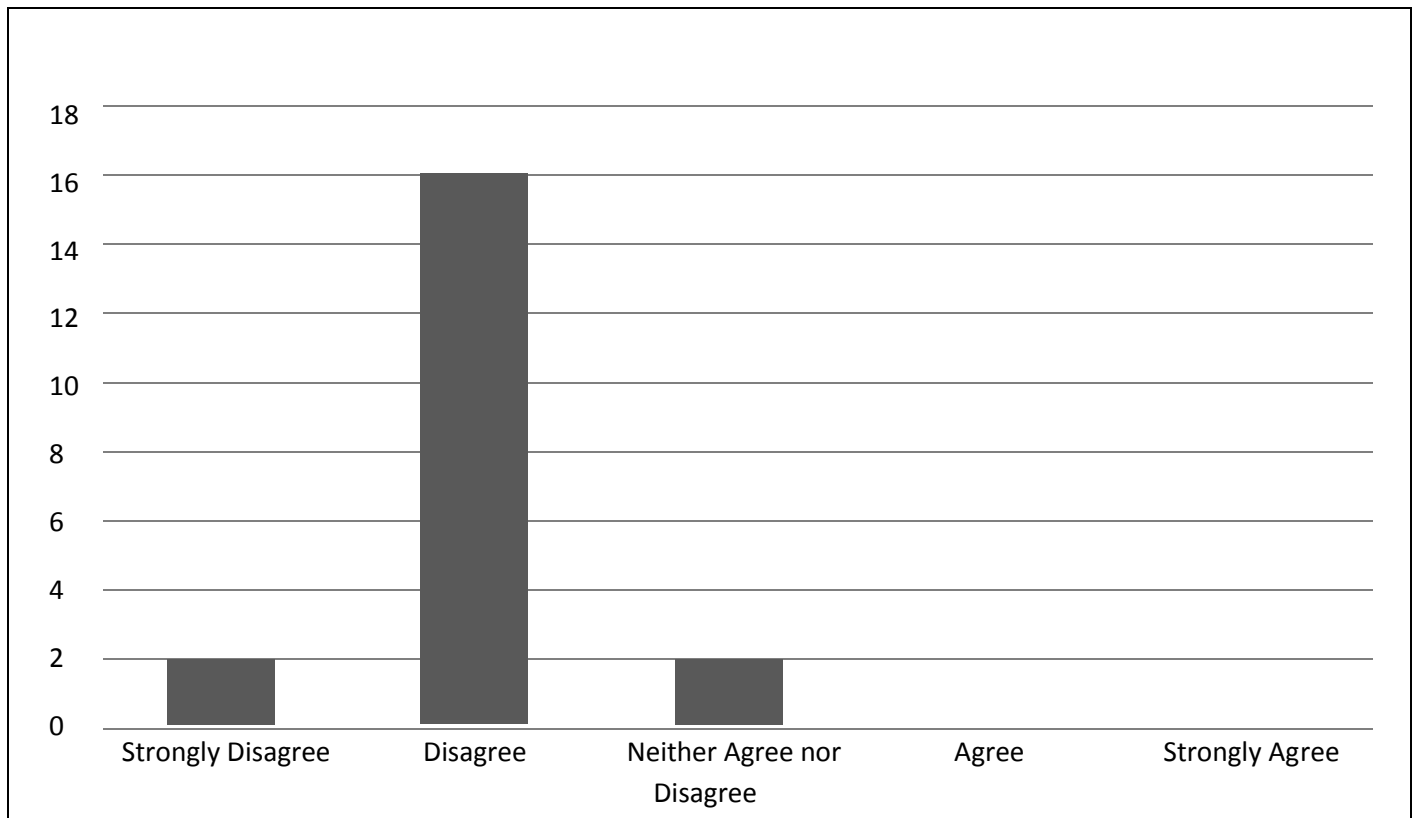


Source: Field Study, MARCH 2024

This section examines whether the organization permits personalities to influence buying/selling transactions. Out of twenty respondents, 5% (1 respondent) strongly disagreed, 65% (13 respondents) disagreed, 10% (2 respondents) neither agreed nor disagreed, and 20% (4 respondents) agreed. No respondents strongly agreed. These findings suggest that the organization does not allow personalities to influence transactions. Refer to Figure 4.3.2 for

the collected responses. Conclusion: The analysis reveals that the organization maintains policies that mitigate the influence of personalities on buying/selling transactions. This indicates a commitment to fair and impartial practices within the organization's operations.

Figure 4.3.3. Offer/acceptance of gifts, meals, and trips



Source: Field Study, MARCH 2024

The data collected from the twenty respondents provide insights into the organization's stance regarding the offer/acceptance of gifts, meals, and trips. The breakdown of responses is as follows:-Strongly Disagreed: 10% (2 respondents) Disagreed: 80% (16 respondents) Neither Agreed nor Disagreed: 10% (2 respondents), Agreed: 0% and Strongly Agreed: 0%

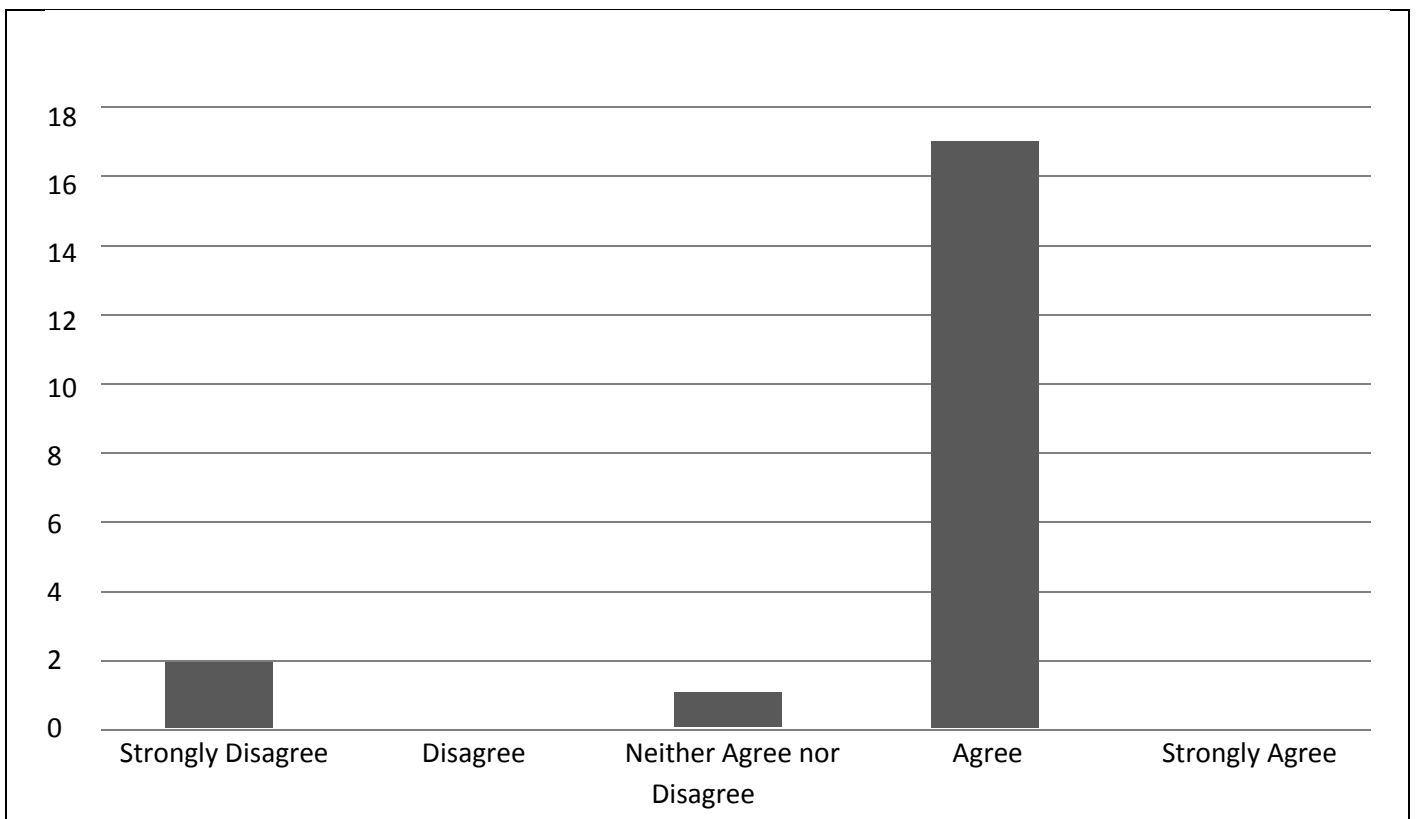
The majority of respondents (80%) expressed disagreement with the notion of allowing gifts, meals, and trips within the organization. Additionally, a small percentage (10%) strongly opposed this practice, while an equal percentage (10%) neither agreed nor disagreed. Notably, no respondents indicated agreement or strong agreement with allowing such offerings.

Conclusion: The overwhelming disagreement among respondents suggests a clear organizational policy against the offer/acceptance of gifts, meals, and trips. This policy likely stems from a commitment to maintaining integrity, transparency, and ethical conduct within the organization's operations.

By disallowing such practices, the organization demonstrates a proactive approach to mitigating potential conflicts of interest and ensuring fairness in its dealings.

This firm stance aligns with best practices in corporate governance and ethical standards, contributing to a positive reputation and fostering trust among stakeholders.

Figure 4.3.4 Giving preferential treatment to purchasers or suppliers that top management prefers



Source: Field Study, MARCH 2024

This section investigates whether the organization provides preferential treatment to purchasers or suppliers favored by top management. Out of twenty respondents:

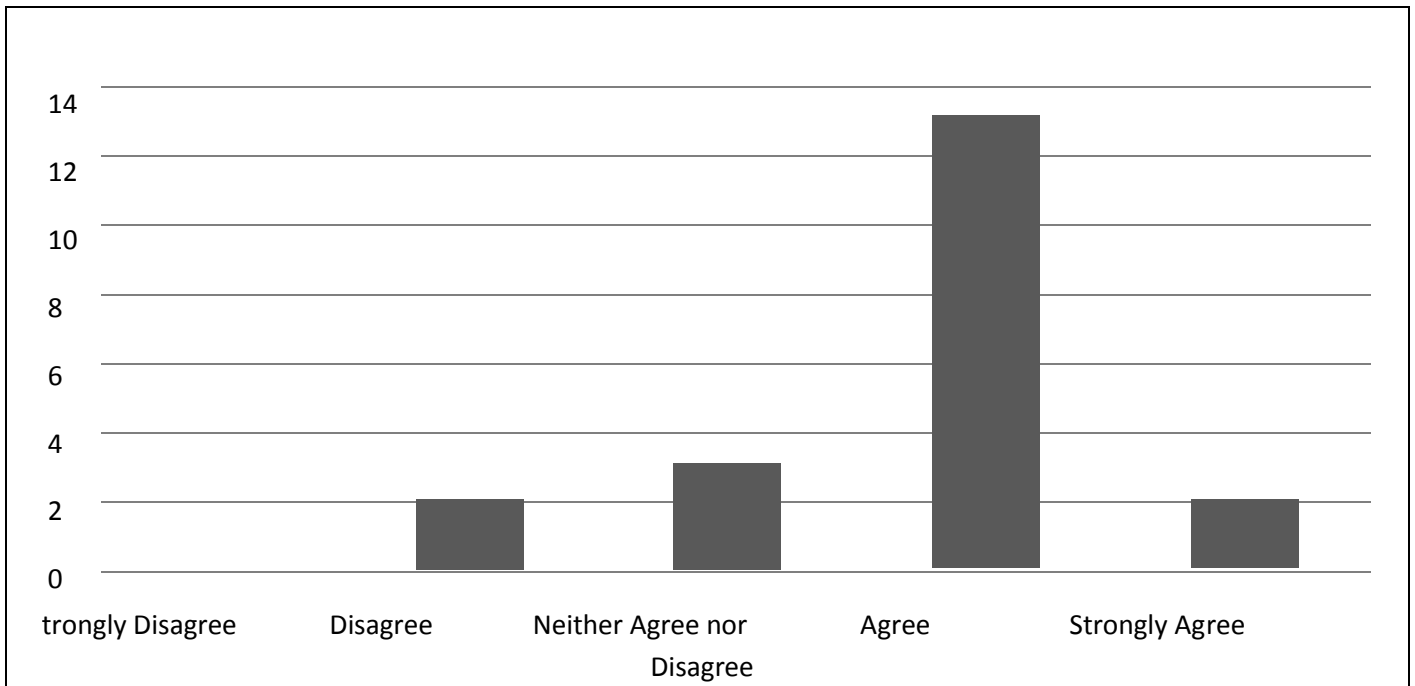
- 4. Strongly Disagreed: 10% (2 respondents)

5. Disagreed: 0%
6. Neither Agreed nor Disagreed: 5% (1 respondent)
7. Agreed:85% (17 respondents)
8. Strongly Agreed: 0%

The data indicate that the vast majority of respondents (85%) agreed that the organization gives preferential treatment to purchasers or suppliers favored by top management. A small percentage (10%) strongly disagreed, while one respondent (5%) neither agreed nor disagreed.

Conclusion: The overwhelming agreement among respondents suggests a perception within the organization that top management preferences influence the treatment of purchasers or suppliers. This perception could potentially lead to concerns regarding fairness, transparency, and ethical conduct in procurement and supplier relationships. It's essential for the organization to address these perceptions and ensure that procurement processes are conducted impartially, based on merit, quality, and value. Failure to address these concerns could undermine trust within the organization and with external stakeholders, ultimately affecting its reputation and performance.

Figure 4.3.5 Exaggerating a buyer's or a supplier's problem to achieve the desired outcome



Source: Field Study: MARCH 2024

This section examines whether the organization tends to exaggerate a buyer's or a supplier's problem to achieve the desired outcome. Out of twenty respondents:

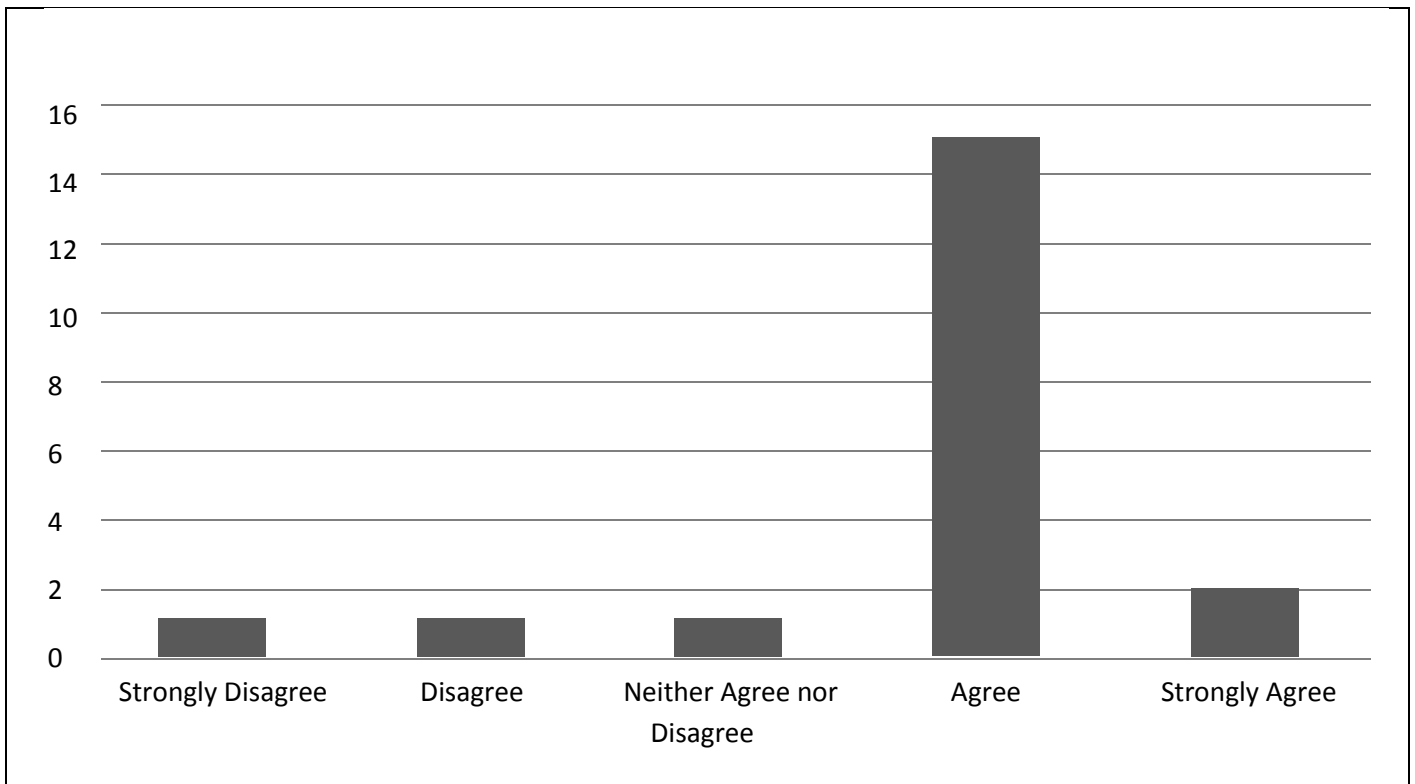
- Strongly Disagreed: 0%, Disagreed 10% (2 respondents), Neither Agreed nor Disagreed 15% (3 respondents), Agreed 65%, (13 respondents), Strongly Agreed: 10% (2 respondents). The data reveal that the majority of respondents (65%) agreed and a significant portion (10%) strongly agreed that the organization exaggerates a buyer's or a supplier's problem to achieve the desired outcome. A smaller percentage (10%) disagreed, while a few respondents (15%) neither agreed nor disagreed.

The high percentage of respondents who agreed or strongly agreed suggests a concerning perception within the organization regarding the practice of exaggerating problems to manipulate outcomes in buyer-supplier interactions. This behavior could potentially lead to strained relationships, loss of trust, and reputational damage. Exaggerating problems may

indicate a lack of integrity and ethical conduct in negotiations and business dealings, which can have detrimental effects on the organization's long-term success and relationships with stakeholders.

Conclusion: The data indicate a troubling trend within the organization, with a significant number of respondents perceiving the exaggeration of buyer's or supplier's problems to achieve desired outcomes. Addressing this issue is crucial to uphold ethical standards, maintain trust, and foster healthy relationships with buyers, suppliers, and other stakeholders. Implementing transparent communication, ethical guidelines, and training programs can help mitigate this behavior and promote fair and honest dealings within the organization. Failure to address these concerns could result in reputational harm and financial repercussions for the organization.

Figure 4.3.6 Engaging in the practice of reciprocity



Source: Field Study, MARCH 2024

This section assesses whether the organization engages in the practice of reciprocity. Out of twenty respondents:

- Strongly Disagreed: 5% (1 respondent)
- Disagreed: 5% (1 respondent)
- Neither Agreed nor Disagreed: 5% (1 respondent)
- Agreed: 75% (15 respondents)
- Strongly Agreed: 10% (2 respondents)

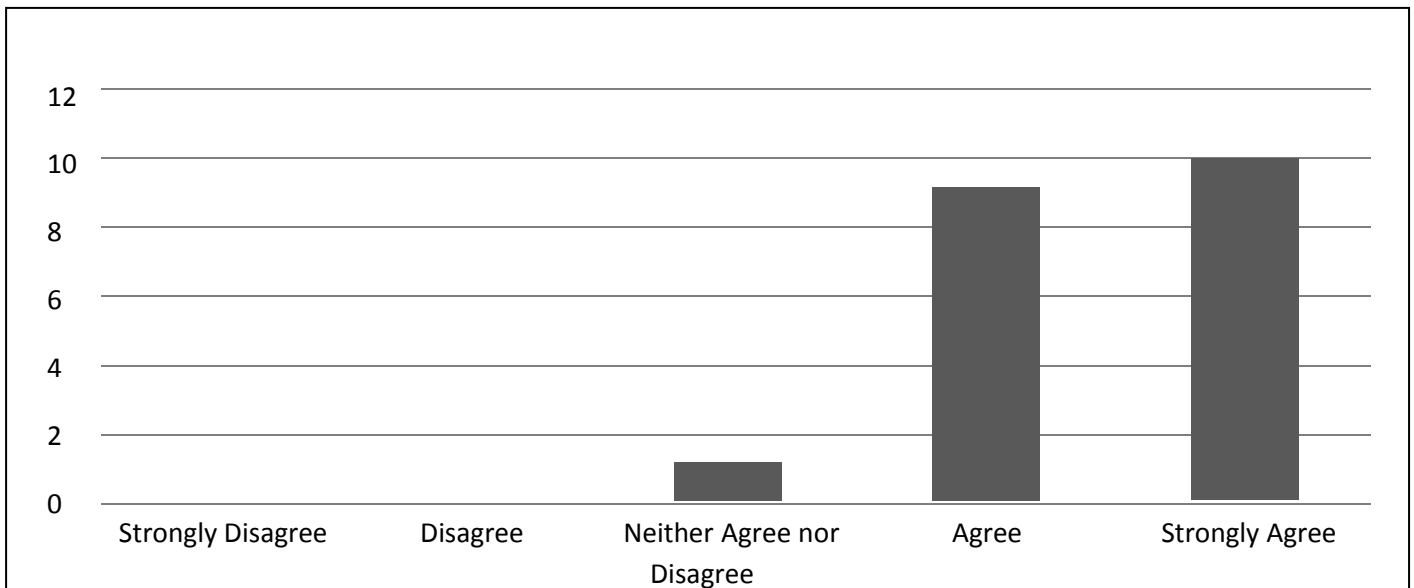
The data indicates that a significant majority of respondents (85%) either agreed or strongly agreed that the organization practices reciprocity. A small percentage (10%) disagreed or strongly disagreed, and one respondent (5%) neither agreed nor disagreed.

The high percentage of respondents who agreed or strongly agreed suggests a prevailing perception within the organization that reciprocity is a common practice. Reciprocity involves giving benefits in exchange for benefits received, which can sometimes lead to ethical concerns, particularly if it involves preferential treatment or unfair advantages. However, when practiced ethically and transparently, reciprocity can foster positive relationships and collaboration between parties.

Conclusion: The data indicates that the organization largely engages in the practice of reciprocity, as perceived by the majority of respondents. While reciprocity can be a valuable tool for relationship-building and collaboration, it's essential for the organization to ensure that it is practiced ethically and transparently, without compromising integrity or fairness. Establishing clear guidelines and monitoring mechanisms can help mitigate potential ethical risks associated with reciprocity while leveraging its benefits to enhance relationships and achieve mutual goals.

4.4 The benefits of effective procurement practices on the performance

Figure 4.5.1. Enhanced compliance reduces the legal risk for business.



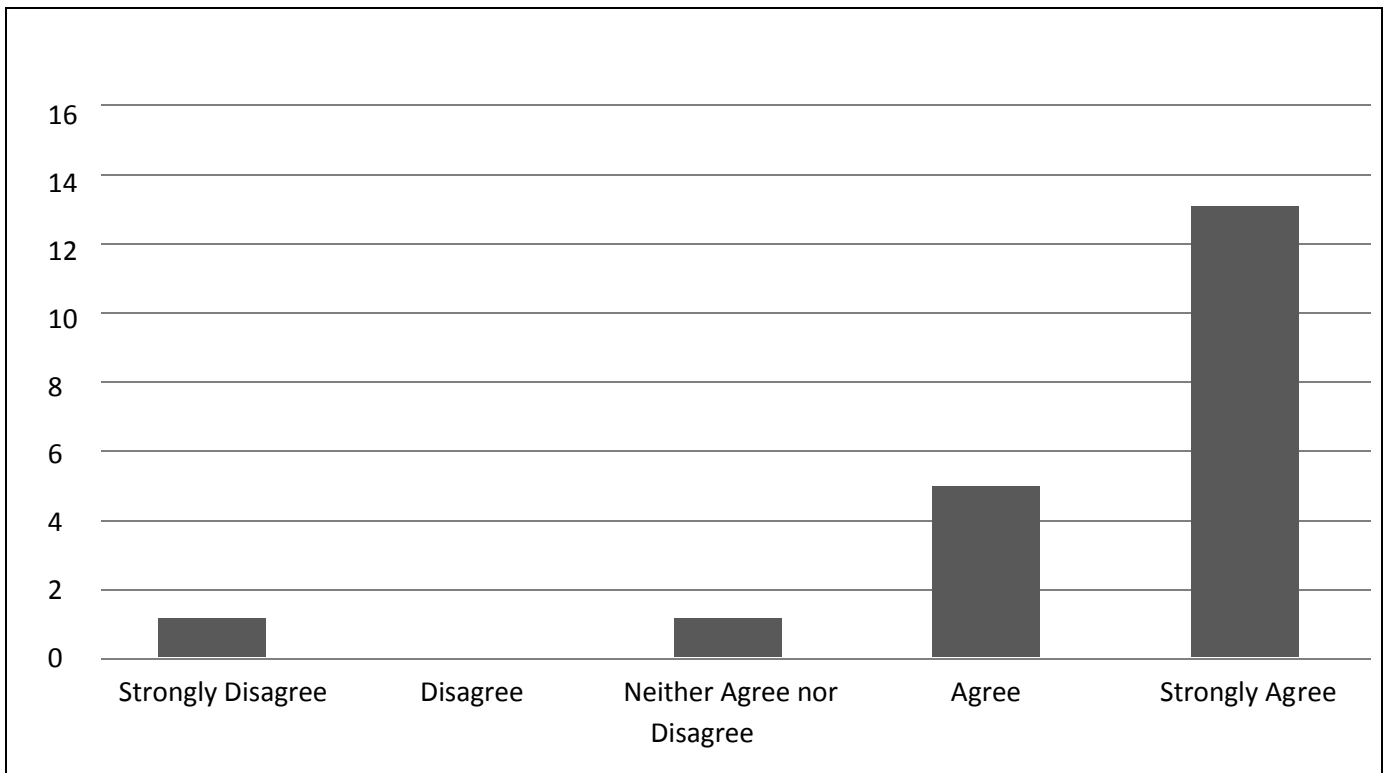
Source: Field Study, MARCH 2024

This section examines whether the organization's heightened compliance efforts effectively mitigate legal risks for businesses. Out of the twenty respondents surveyed, the results are as follows: 0% strongly disagreed, 0% disagreed, 5% neither agreed nor disagreed, 45% agreed, and 50% strongly agreed. These findings strongly indicate that the organization's enhanced compliance practices play a significant role in reducing legal risks for businesses.

Moreover, the text highlights that supply management not only reduces supply costs but also minimizes excessive shrinkage in manufacturing, inventory, and delivery processes. It is emphasized that purchasing policies aimed at risk mitigation contribute to enhanced regulatory compliance (Christian Yardley, 2022). Figure 4.5.1 illustrates the gathered responses.

In summary, the data suggests a consensus among respondents that investing in enhanced compliance measures yields tangible benefits, including a reduction in legal risks for businesses. Furthermore, it underscores the importance of proactive compliance strategies in improving operational efficiency and cost management.

Figure 4.5.2 Ethical procurement drive operational efficiency, productivity and financial performance.



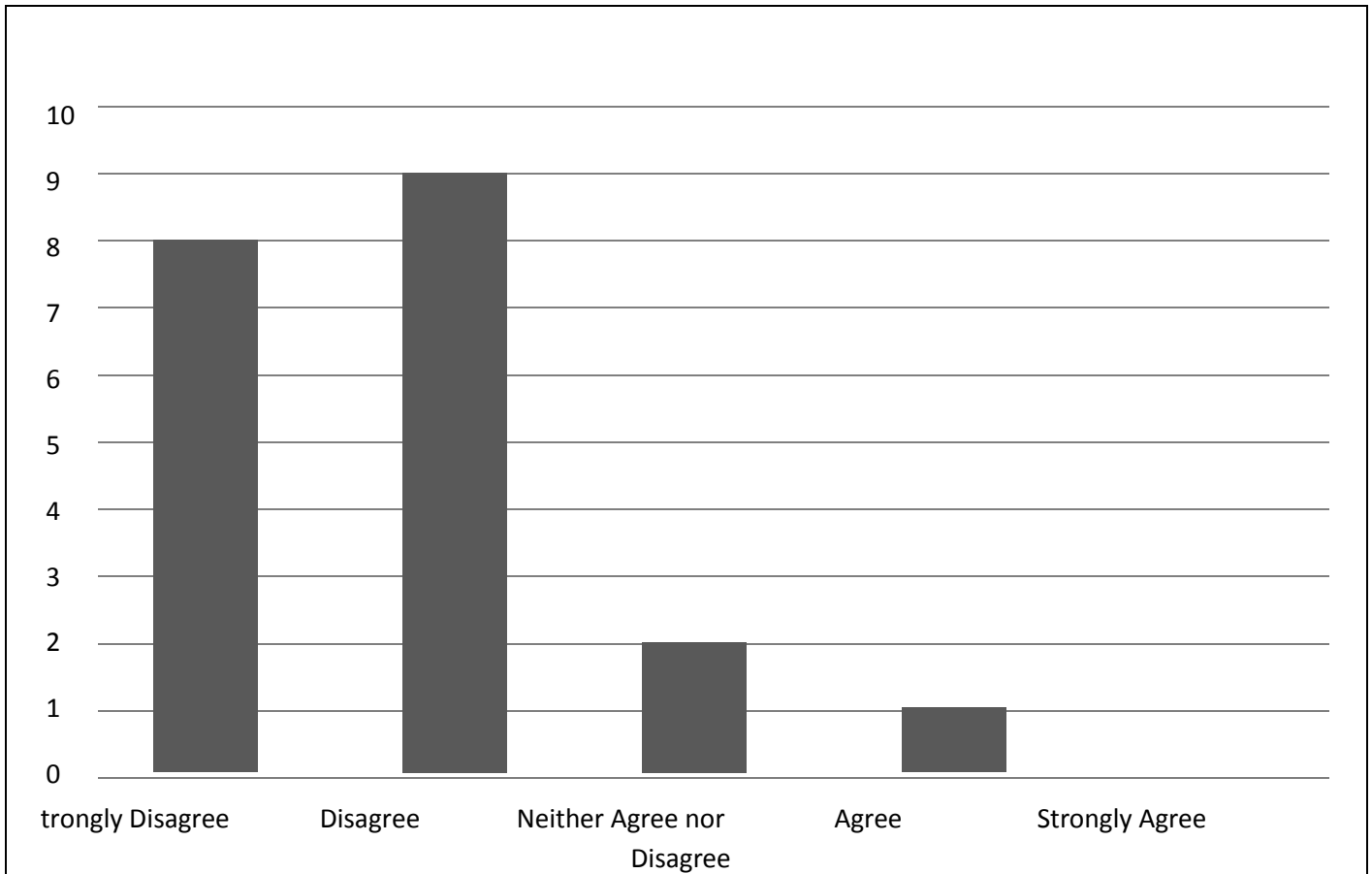
Source: Field Study, MATCH 2024

This section assesses whether the organization's commitment to ethical procurement enhances operational efficiency, productivity, and financial performance. Out of the twenty respondents surveyed, the breakdown of responses is as follows: 5% strongly disagreed, 0% disagreed, 5% neither agreed nor disagreed, 25% agreed, and 65% strongly agreed. These results strongly indicate that the organization's ethical procurement practices positively impact operational efficiency, productivity, and financial performance. Furthermore, the data emphasizes the importance of building brand loyalty to foster repeat purchases. Meeting consumer expectations and delivering value are key aspects of achieving this goal (Christian Yardley, 2022). Figure 4.5.3 illustrates the gathered responses.

In conclusion, the data highlights a significant consensus among respondents regarding the benefits of ethical procurement practices. These practices not only contribute to operational efficiency and productivity but also positively impact financial performance. Additionally, the

emphasis on brand loyalty underscores the importance of meeting consumer expectations for sustainable business growth.

Figure 4.5.3. Ethical procurement is essential for brand loyalty

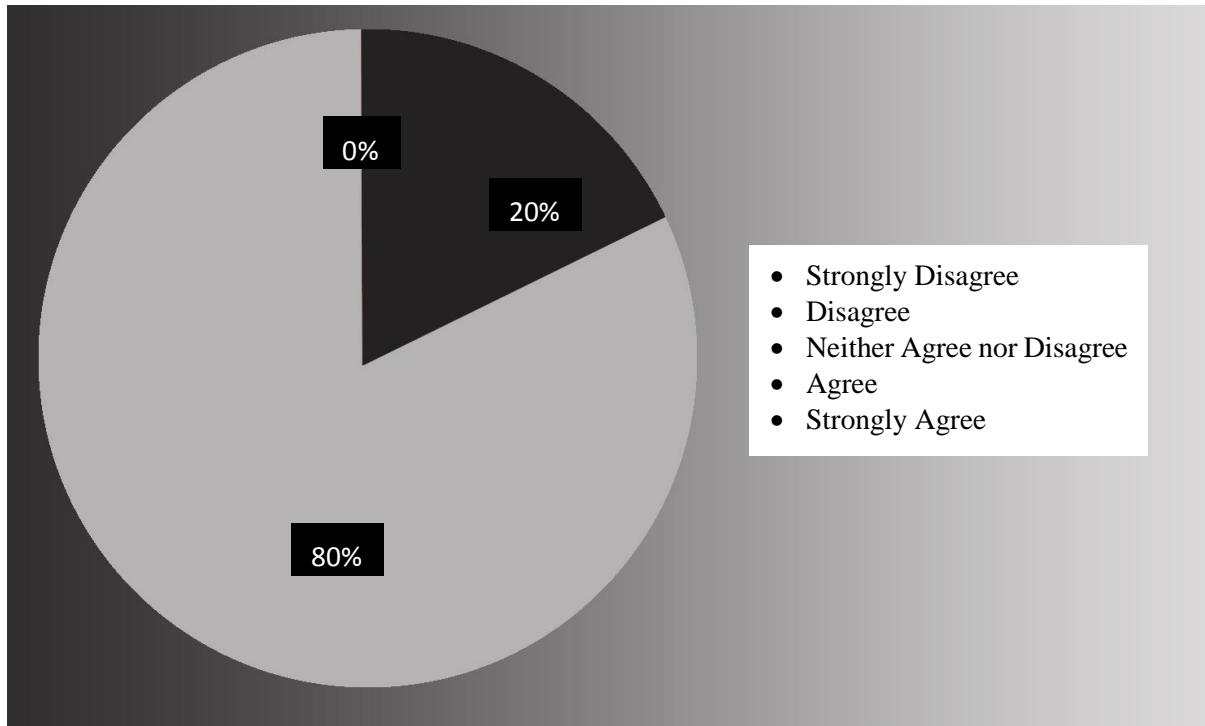


Source: Field Study, MARCH 2024

This section examines whether the organization's ethical procurement practices contribute to brand loyalty. Out of the twenty respondents surveyed, the breakdown of responses is as follows: 40% strongly disagreed, 45% disagreed, 10% neither agreed nor disagreed, 5% agreed, and 0% strongly agreed. These findings suggest that there is not a strong consensus among respondents regarding the essentiality of the organization's ethical procurement for brand loyalty. However, it's worth noting that while a significant portion of respondents did not agree that ethical procurement is essential for brand loyalty, there is still a small percentage who do see its importance. In conclusion, based on the gathered responses, it appears that there is some disagreement among respondents regarding the impact of ethical procurement on brand loyalty.

Further exploration or analysis may be needed to fully understand the relationship between these variables.

Figure 4.5.4 Leveraging the power of ethical procurement



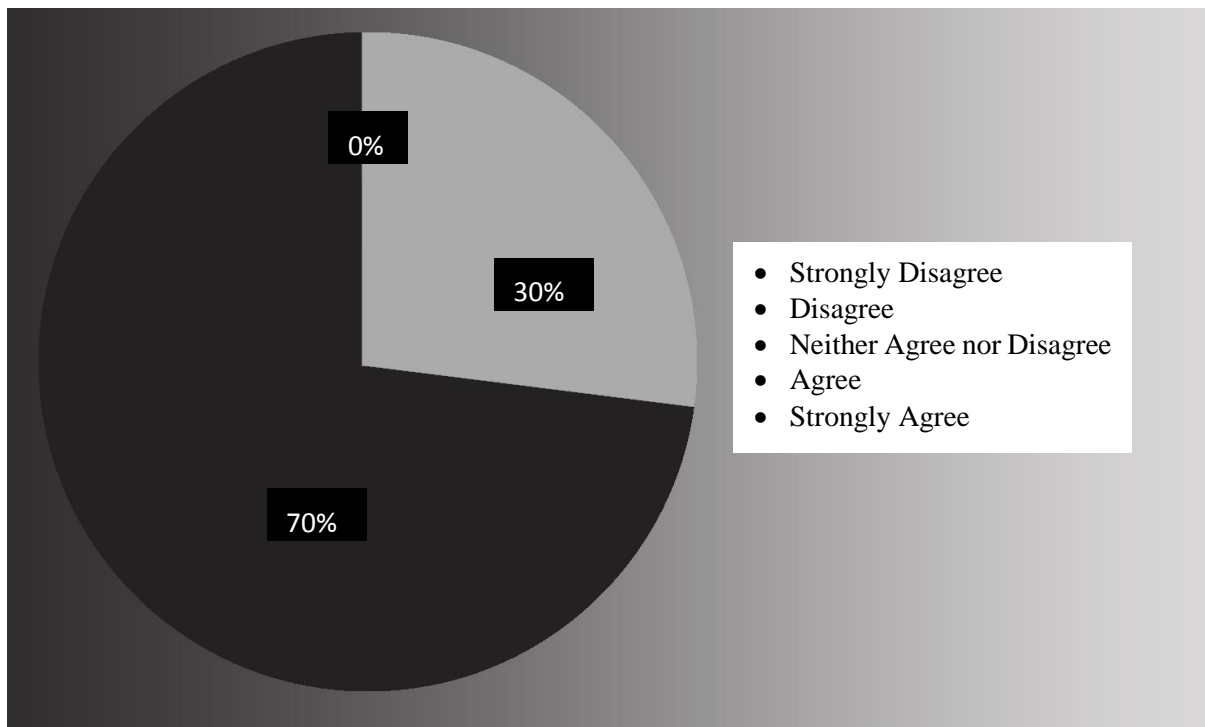
Source: Field Study, MARCH 2024

This section explores whether the organization effectively harnesses the potential of ethical procurement. Out of the twenty respondents surveyed, the distribution of responses were as follows: 0% strongly disagreed, 0% disagreed, 20% neither agreed nor disagreed, and 80% agreed. Notably, no respondents strongly agreed with the statement. These findings suggest that the organization's utilization of the power of ethical procurement is substantial.

Considering the numerous benefits associated with implementing robust ethical procurement policies, it becomes evident why embracing this concept is crucial. These benefits range from streamlining operations to enhancing employee engagement, offering a clear pathway to sustainable growth and stability (Christina Yardley, 2022). Figure 4.5.4 illustrates the gathered responses.

In conclusion, the data indicates a strong agreement among respondents regarding the organization's effective utilization of ethical procurement practices. The acknowledgment of these benefits underscores the importance of integrating ethical considerations into procurement strategies for achieving long-term success and sustainability. This leads to ethical growth and stability (Christina Yardley, 2022). Figure 4.5.4 shows the responses gathered

Figure 4.5.5 Better staff attraction and retention

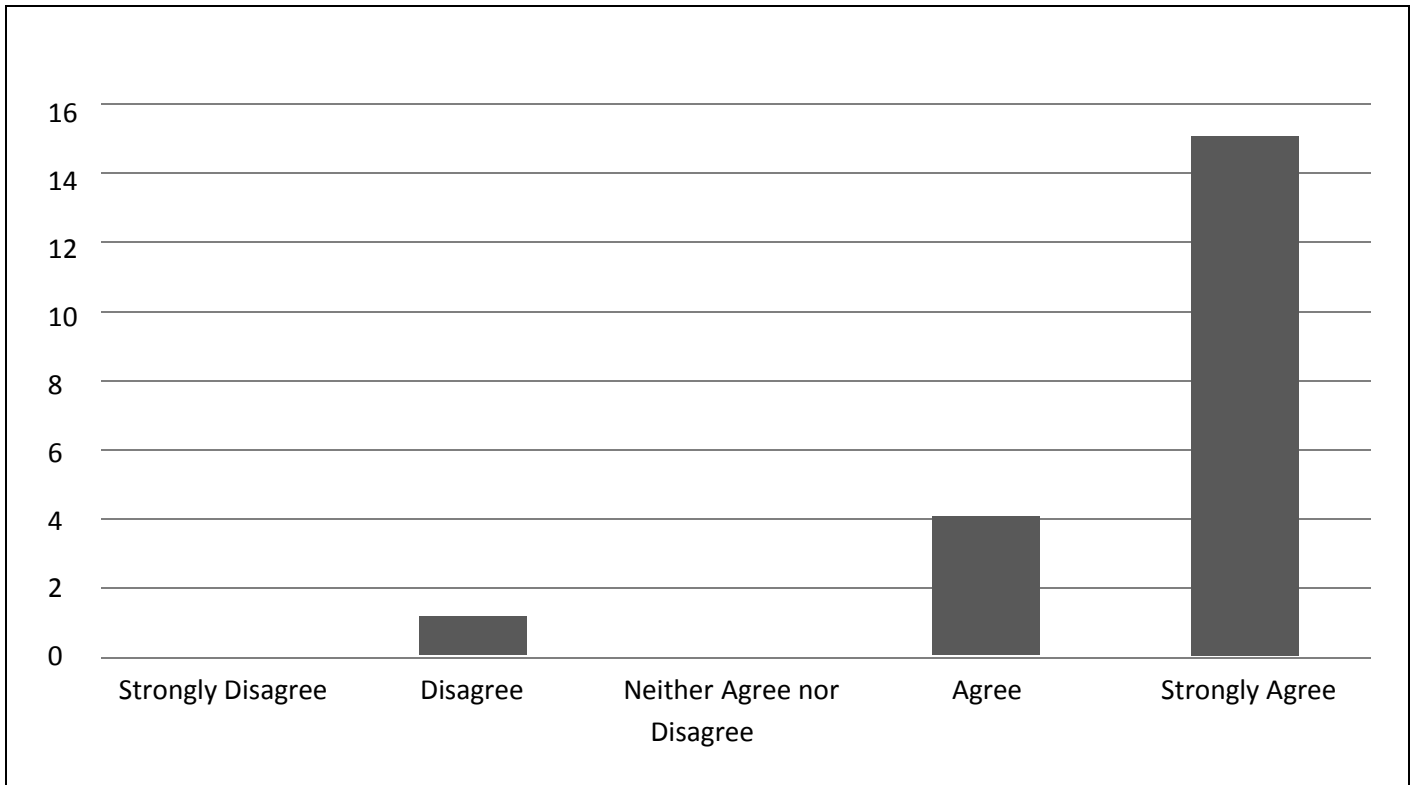


Source: Field Study, MARCH 2024

This section examines whether the organization experiences improved staff attraction and retention. Out of the twenty respondents surveyed, there were no respondents who strongly disagreed, disagreed, or remained neutral on the question. Instead, 30% of respondents agreed, while 70% strongly agreed that the organization has better staff attraction and retention. These responses indicate a strong consensus in favor of the organization's success in this regard. The data suggests that the organization's efforts have been effective in attracting and retaining staff members. This is crucial for maintaining a talented and dedicated workforce. Figure 4.5.5 shows the responses gathered. In conclusion, the overwhelmingly positive responses from the

surveyed individuals indicate that the organization has indeed achieved better staff attraction and retention. This outcome underscores the importance of implementing strategies and initiatives that foster employee satisfaction and loyalty.

Figure 4.5.6. Competitive advantage

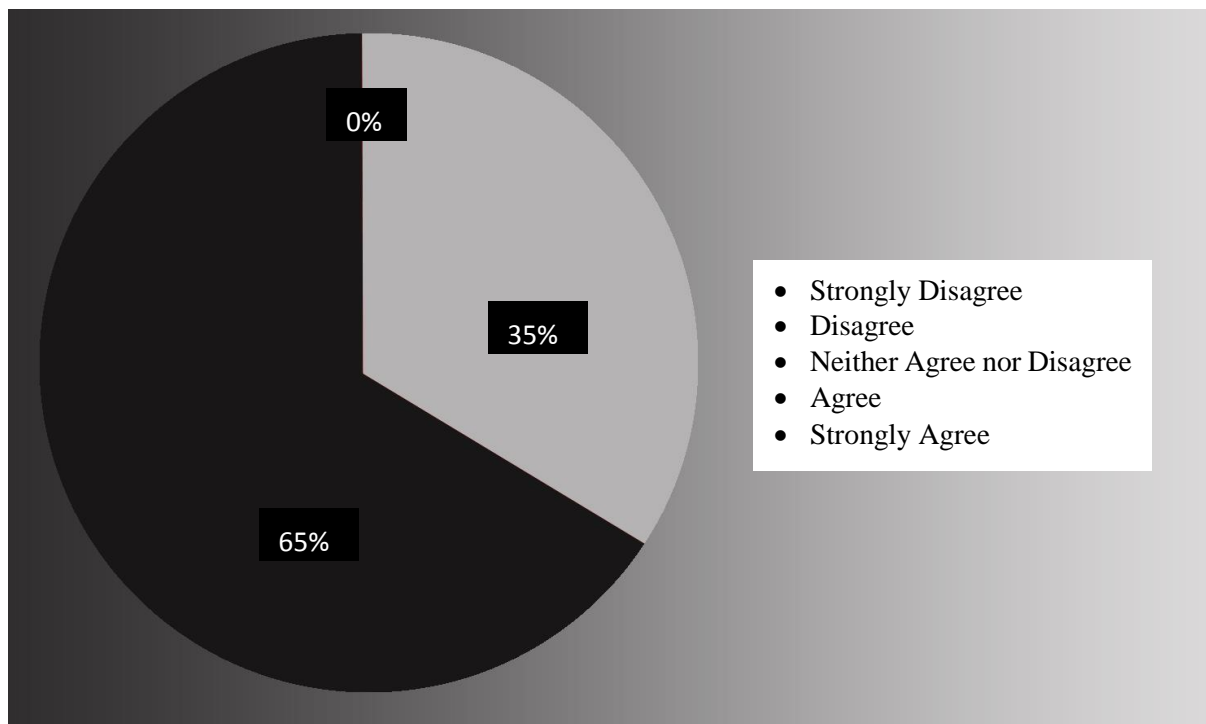


Source: Field Study, MARCH 2024

This section assesses whether the organization maintains a competitive advantage. Out of the twenty respondents surveyed, there were no strong disagreements, with only 5% expressing disagreement, 20% agreement, and a significant 75% strongly agreeing that the organization possesses a competitive advantage. Notably, no respondents remained neutral on the matter. These responses strongly indicate that the organization stands out in the competitive landscape. Such a high level of agreement among respondents suggests that the organization excels in various aspects, potentially including product innovation, customer service, operational efficiency, or brand reputation. Figure 4.5.6 shows the responses gathered. In conclusion, the

overwhelming consensus among respondents underscores the organization's significant competitive advantage. This edge likely stems from its ability to deliver unique value propositions and effectively differentiate itself in the market. Such a competitive advantage positions the organization well for sustained success and leadership within its industry.

Figure 4.5.7 Reputation



Source: Field Study, MARCH 2024

This section evaluates whether the organization has a strong reputation. Out of the twenty respondents surveyed, none strongly disagreed or disagreed with the question, while no respondents remained neutral. Instead, 35% agreed and an overwhelming 65% strongly agreed that the organization possesses a positive reputation. These responses indicate a widespread acknowledgment of the organization's favorable standing among respondents. A strong reputation can be indicative of various factors such as trustworthiness, reliability, and excellence in products or services. Figure 4.5.7 shows the responses gathered.

In conclusion, the data clearly suggests that the organization enjoys a good reputation. The high level of agreement among respondents underscores the organization's positive image and credibility in the eyes of stakeholders. This favorable reputation can serve as a valuable asset, enhancing customer loyalty, attracting top talent, and fostering long-term success.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter provides a comprehensive overview of the project, highlighting key findings, conclusions, and recommendations.

5.1 Summary of Research Findings

The study conducted was a descriptive survey focusing on the impact of ethical procurement practices as a tool for reducing costs within the public health sector, specifically at the Agona Swedru District Hospital. The primary objective was to assess whether ethical procurement practices effectively contribute to cost reduction within the hospital.

5.1.1 Analysis of Current Ethical Procurement Practices at Agona Swedru District Hospital

The research revealed that various ethical procurement practices are being employed by organizations to streamline operations and saved costs. These practices include:

1. **Accountability:** Management is held responsible for executing tasks and decisions accurately and in accordance with company regulations.
2. **Due Diligence:** Duties are carried out meticulously, adhering to all organizational standards and regulations, with no shortcuts taken.
3. **Avoiding the Appearance of Impropriety:** The organization is conscious of external perceptions regarding behavior that may constitute a conflict of interest, preemptively identifying and avoiding such situations
4. **Confidentiality:** Financial and personal information is safeguarded to prevent jeopardizing operations, with employees signing confidentiality agreements to ensure data privacy.

5. Unbiasedness: Fairness is maintained in operations, with impartial decision-making and equitable treatment of suppliers and colleagues.

6. Transparency: The organization promotes transparency by publishing procurement policies, providing advance notice of procurement plans, disclosing evaluation criteria, advertising tender notices, and disclosing contract awards and prices paid. Additionally, it establishes effective mechanisms for handling complaints, protests, and disputes, implements financial and conflict-of-interest disclosure requirements for procurement officials, and publishes supplier sanction lists.

7. Integrity: Processes are conducted honestly and in compliance with relevant laws, employing the best available technical expertise in a non-discriminatory manner

5.1.2 To identify the challenges faced by Agona Swedru District hospital in its ethical procurement practices.

Upon analyzing the responses provided by the respondents, it became evident that Agona Swedru District Hospital encounters numerous challenges in its ethical procurement practices. These challenges encompass a spectrum of issues that the organization contends with, both in terms of areas where improvements are needed and instances where ethical standards are upheld.

Challenges Acknowledged by Agona Swedru District Hospital:

1. Preferential Treatment: One notable challenge identified is the inclination towards giving preferential treatment to purchasers or suppliers favored by top management. This practice can lead to biases in procurement decisions, potentially compromising the integrity of the process.

2. Exaggeration of Problems: Another challenge observed is the tendency to exaggerate the problems faced by buyers or suppliers to manipulate outcomes in favor of the organization. Such actions undermine the credibility of the procurement process and erode trust among stakeholders.

3. Reciprocity: The practice of reciprocity, wherein favors are exchanged between parties involved in procurement, poses a significant challenge. This can create an environment of quid pro quo, where decisions are influenced by personal relationships rather than objective criteria.

4. Competitive Intelligence: Agona Swedru District Hospital also faces challenges related to seeking or providing information on competitors' quotes. This practice can lead to unfair advantages or unethical tactics in the procurement process, compromising competitiveness and fairness.

Challenges Resisted by Agona Swedru District Hospital:

1. Personal Influence: Despite facing external pressures, the organization demonstrates resilience in resisting the influence of personalities in buying and selling transactions. This commitment to maintaining objectivity and fairness is commendable and aligns with ethical principles. Gifts, Meals, and Trips: Agona Swedru District Hospital stands firm against the 2. Offer or acceptance of gifts, meals, and trips, recognizing the potential for conflicts of interest and ethical breaches. This stance reflects a commitment to upholding integrity and transparency in procurement practices. By addressing these challenges head-on and reinforcing ethical standards, Agona Swedru District Hospital can enhance the integrity and effectiveness of its procurement processes, ultimately serving the interests of its stakeholders and the broader community.

5.1.3 Assessment of the Benefits of Effective Procurement Practices on the Performance of Agona Swedru District Hospital.

The study also unveiled that effective procurement practices yield numerous benefits for the performance of the organization. Specifically, Agona Swedru District Hospital reaps the following advantages:

1. Enhanced Compliance: Implementing effective procurement practices enhances compliance with regulatory requirements, thereby reducing legal risks for the business. By

adhering to ethical standards and procurement guidelines, the hospital ensures transparency and accountability in its operations, mitigating potential legal liabilities.

2. **Operational Efficiency and Productivity:** Ethical procurement practices drive operational efficiency and productivity by streamlining processes, minimizing waste, and optimizing resource allocation. Through transparent and fair procurement procedures, the hospital enhances operational effectiveness, leading to improved service delivery and patient care outcomes.

3. **Financial Performance:** Leveraging the power of ethical procurement, Agona Swedru District Hospital experiences improved financial performance. By fostering a culture of cost consciousness and responsible spending, the organization achieves cost savings, maximizes value for money, and enhances financial sustainability in the long run.

4. **Staff Attraction and Retention:** The adoption of ethical procurement practices contributes to better staff attraction and retention. Employees are more likely to be attracted to organizations that prioritize ethical values and integrity in their business practices. Moreover, a transparent and fair procurement process fosters a positive work environment, enhancing employee morale and engagement.

5. **Competitive Advantage:** By adhering to ethical procurement principles, Agona Swedru District Hospital gains a competitive advantage in the marketplace. Ethical procurement practices differentiate the organization from competitors, instill trust among stakeholders, and enhance its reputation as a responsible and reliable healthcare provider.

6. **Reputation:** Upholding ethical procurement standards enhances the hospital's reputation both internally and externally. By demonstrating integrity, transparency, and accountability in its procurement processes, Agona Swedru District Hospital builds trust with stakeholders, including patients, suppliers, and regulatory authorities, thereby safeguarding its reputation and

credibility in the healthcare industry. These benefits underscore the importance of effective procurement practices in driving performance improvement and organizational success for

Agona Swedru District Hospital.

5.2 Conclusions

The culmination of this research underscores the critical importance of ethical procurement standards in the overarching goal of cost reduction within the organization. Through a comprehensive examination of the research objectives and questions, several key insights have emerged. Firstly, the findings of this study affirm that adherence to ethical procurement standards is integral to achieving cost efficiency and sustainability. By prioritizing transparency, fairness, and accountability in procurement processes, organizations can identify cost-saving opportunities, mitigate financial risks, and optimize resource utilization.

Furthermore, this research has served to raise awareness among stakeholders about the significant role that ethical procurement practices play in driving organizational performance. By fostering a culture that values ethical principles, organizations can cultivate a collaborative and harmonious work environment conducive to achieving shared goals and objectives. Additionally, the integration of ethical values among employees not only simplifies organizational functioning but also enhances trust and credibility both internally and externally. When employees embody ethical values such as integrity, honesty, and fairness, they contribute to the overall effectiveness and efficiency of organizational operations, thereby facilitating cost reduction initiatives.

Moving forward, it is imperative for organizations to prioritize the continuous improvement and reinforcement of ethical procurement practices. This entails ongoing training and development initiatives to instill ethical values among employees at all levels of the organization. By embedding ethical principles into the organizational culture, organizations can navigate challenges effectively, foster stakeholder trust, and achieve sustainable cost

savings in the long term. In a nutshell, this research highlights the transformative potential of ethical procurement practices in driving organizational success and achieving cost reduction objectives. By embracing ethical standards as a cornerstone of their operations, organizations can unlock new opportunities for growth, innovation, and competitiveness in an increasingly complex and dynamic business environment.

5.3 Recommendations

Based on the findings of the study and the conclusions drawn, the following detailed recommendations are outlined:

1. **Eliminate Preferential Treatment:** The organization should immediately cease any practices of favoritism towards certain purchasers or suppliers favored by top management. Such actions can undermine fairness, transparency, and trust within the organization's procurement processes.
2. **Avoid Exaggeration for Desired Outcomes:** It is crucial to refrain from exaggerating the problems of buyers or suppliers in order to manipulate outcomes. This unethical practice not only damages relationships but also erodes the organization's credibility in the long run.
3. **Abandon Reciprocity:** The practice of reciprocity, where favors are exchanged for personal or organizational gain, should be unequivocally rejected. Instead, decisions should be based on merit, value, and alignment with organizational goals.
4. **Cease Competitor Information Seeking/Giving:** Engaging in the acquisition or dissemination of competitors' quotes or sensitive information is unethical and potentially illegal. The organization must strictly adhere to ethical standards and fair competition practices.
5. **Embrace Ethical Standards:** Implementing and reinforcing ethical standards within the organization is paramount. This includes robust policies, training programs, and a culture that prioritizes integrity, honesty, and ethical decision-making at all levels.

6. **Maximize Benefits through Ethical Practices:** The study underscores that the adoption of ethical standards correlates positively with organizational benefits. Therefore, the organization should not only continue to embrace ethical standards but also seek opportunities to enhance and expand them across all operational areas. By adhering to these recommendations, the organization can cultivate a culture of integrity, fairness, and trust, ultimately leading to improved procurement practices, enhanced reputation, and sustainable long-term success.

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APPENDIX

KOFORIDUA TECHNICAL UNIVERSITY, KOFORIDUA

QUESTIONNAIRE FOR STAFF OF AGONA SWEDRU DISTRICT HOSPITAL

This questionnaire is intended for the collection of data that will help the researchers to investigate into the effects of ethical procurement practices as a tool for reducing cost in the public health sector. The exercise is purely meant for academics purposes. Whatever information you provide will be kept confidential

SECTION A: BIO DATA

Please complete this questionnaire with appropriate number or tick where necessary

1. Gender:

a. Male []

b. Female []

2. Age:

a. 18-30years []

b. 31-40years []

c. 41-50years []

d. Above 50years []

3. Department.....

4. Position:.....

5. Educational Attainment

- a. Basic. []
- b. Secondary []
- d. Bachelor's Degree []
- e. Master's Degree []
- f. Others (specify).....

6. Marital Status

- a. Single []
- b. Married []
- c. Widowed []
- d. Divorced []

7. How many years have you worked with the current institution?

- a. Less than 1 year []
- b. 1-5years []
- c. 6-10years []
- d. 11-15years []
- e. Above 15years []

SECTION B: Using the scale below, please tick your level of agreement or disagreement for the following questions:

1- Strongly Disagree (SD), 2- Disagree (D), 3- Neither Agree nor Disagree (NAD),
4-Agree (A), 5-Strongly Agree (SA).

1. The current ethical procurement practices in place are:

	SD	D	NAD	A	SA
a. Accountability	1	2	3	4	5
b. Due Diligence	1	2	3	4	5
C. Avoiding the Appearance of Impropriety	1	2	3	4	5
d. Confidentiality	1	2	3	4	5
e. Unbiasedness	1	2	3	4	5
Transparency	1	2	3	4	5
Integrity	1	2	3	4	5

2. The challenges of ethical procurement practices are:

a. Seeking/giving information on competitors' quotes.	1	2	3	4	5
b. Allowing personalities to influence buying/selling transactions	1	2	3	4	5
c. Offer/acceptance of free gifts, meals and trips.	1	2	3	4	5
d. Giving preferential treatment to purchasers or suppliers that top management prefers.	1	2	3	4	5

e. Exaggerating a buyer's or a supplier's problem to achieve a desired outcome	1	2	3	4	5
Engaging in the practice of reciprocity.	1	2	3	4	5

3. The benefits of effective procurement practice on the performance are:

a. Enhanced compliance reduces legal risk for businesses	1	2	3	4	5
b. Ethical procurement drive operational efficiency, Productivity and financial performance	1	2	3	4	5
c. Ethical procurement is essential for brand loyalty	1	2	3	4	5
e. Leveraging the Power of Ethical Procurement	1	2	3	4	5
f. Better staff attraction and retention	1	2	3	4	5
f. Competitive advantage	1	2	3	4	5
Reputation	1	2	3	4	5

THANK YOU.