Identifying enablers and inhibitors of collaborative procurement in public second-cycle schools: A study of schools in Kumasi Metropolis

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Abstract

Benefits associated with collaborative procurement such as: cost savings; increased returns on assets; increased reliability of supplies; innovation; lower labour costs; and sharing of ideas are increasing the attractiveness of collaborative procurement as an efficient, innovative and a commercially more viable procurement method. This study is an attempt at identifying potential enablers and inhibitors of collaborative procurement for public second cycle schools in the Kumasi metropolis of Ghana. A census was conducted using questionnaires and data analysed and expressed in frequencies and percentages for easy comprehension. Findings revealed that enablers include: awareness of collaborative mode of procurement by the schools; the use of similar goods; the existence of working relationship among heads of these schools; all public schools are governed by the same laws; institutions have the needed financial capability; and all institutions operate with the same or similar academic calendar. Identified inhibitors include: differences in priorities of the various schools; unwillingness to share information; lack of commitment and interest by some school heads; fear of being constrained by a collaborative arrangement; and fear of losing dedicated and trusted suppliers.

Key Words: Collaborative Procurement; Second Cycle Schools; Enablers; Inhibitors.

1.0 Introduction

Many governments are becoming convinced that when public sector organisations come together to procure and share information and resources, inefficiency is reduced and the taxpayers’ money is put to a more effective use (Walker et al., 2013). The popularity of collaborative procurement as an efficient, innovative and commercially more viable way of procurement is gaining grounds and is expected to be a dominant business idea in present times and also in the future (Killin, 2010).

Ghana, a country in West Africa has over the years been making efforts to find solutions to the wastes, inefficiencies, and corrupt practices that have characterised the country’s public procurement. The passage of the Public Procurement Act 2003 Act 663 was therefore seen as a significant move to tackle these problems of inefficiencies, waste, opacity of procurement process, unfair and corrupt practices, and lack of probity and accountability (Ghana Public Procurement Authority, 2011; Osei-Tutu, Badu and Owusu-Manu, 2010; Osei-Afoakwa, 2012). It is believed that Ghana commits a huge chunk of its budget to education, with education accounting for about 31% of the total national budget (Ghana News Agency, 2012). With this huge resource commitment to public education, it is necessary that prudent and innovative measures are adopted to ensure that funds and resources committed to education are put to most appropriate use. One of the directions that the country should consider going is the path of collaborative public procurement. This research seeks to find out factors in the Ghana education system which could promote collaborative procurement and also existing factors in the system which have potential of impeding the process of collaborative procurement.
2.0 Literature Review
This section of the study reviews concepts and works which have already been done with respect to collaborative procurement and which are deemed relevant to this study.

2.1 Collaborative Procurement Explained
The Chartered Institute of Purchasing and Supply (CIPS, 2012) is of the view that the concept ‘collaborative procurement’ is not easy to define. Cram’s definition cited in CIPS (2012) states that collaborative procurement is the method of procurement in which two or more groups or people procure or work together for mutual benefit. Cohen and Roussel (2005) cited in Erhun and Keskinocak (2011) define collaborative procurement as the means by which companies/organisations come together to achieve mutual objectives through the sharing of ideas, information, knowledge, risks, and rewards. It can be deduced from the definitions referred to that, collaborative procurement brings about synergy in achieving mutual objectives; getting access to relevant information which would lead to improved performance; facing and benefiting from procurement opportunities together; and facing and sharing procurement related risks together.

2.2 Collaborative Procurement in Practice
Collaborative procurement in its various forms; whether informal, virtual organisations or third party organisations have been found to be effective means of benefiting from competitive prices, lower administrative costs, a pool of skills and expertise from various procuring entities, and better logistics among many other benefits (Baker et al., 2008; Verma, 2013; Skogan and Vanebe, 2012). The establishment of a collaborative procurement programme in the UK in 2007 has led to some real improvements in how public institutions procure goods and services (National Audit Office, 2013). Potential gains associated with collaborative procurement have made this mode of procurement increasingly visible on the policy agenda of many countries (Walker et al., 2013). Success stories of collaborative procurement are mostly available about developed countries; in the developing countries especially in African countries very little is known about successes chalked as result of collaborative procurement (Ntayi and Eyaa, 2010; Muhwezi, 2007). In Ghana there is very little to point to in terms of policies and programmes directed at promoting collaborative procurement in the public sector apart from speeches made by government officials to that effect. Recently at a workshop organised by Ghana’s public procurement authority for some suppliers of schools and colleges, it was indicated that a Framework Agreement known as ‘blanket purchase agreement’ will be put in place to put public sector entities into clusters to jointly procure their common goods (GNA, 2012). However, the manifestation of this plan is yet to materialise.

2.3 Collaborative Procurement for Schools
Collaborative procurement is one of the key issues on the agenda of many educational institutions. With increasing demands on schools to be more efficient in the use of resources and with funding problems confronting many schools, increasing number of schools are coming together to do collaborative procurement (Materu, 2007; Hayward, 2006; Stone King Solicitors, 2013). Stone King Solicitors (2013) have identified some various forms that collaborative procurement can take in schools and their various strengths and weaknesses:

- **Sharing Information:** This is the collaboration which is limited to sharing of knowledge, references, experiences and documents among the member schools. Strengths of this form of collaboration include; no need for formal relationship between the schools, no joint working arrangements, and there is no sharing of resources. Its weaknesses include; member schools may feel they are not benefiting equally from this arrangement, and shared information may not be correct.

- **Lead School:** In this collaborative arrangement, one school takes the lead responsibility for managing the procurement on behalf of other schools. Its strengths include; high return for potentially low investment, relatively fewer resources are required to run a procurement exercise, and there is potential for better pricing as it leverages combined expenditure of the other schools. Some of its disadvantages are; the lead school is often saddled with more work, this may result in surrendering
decision making to the lead schools. It usually makes the member schools to become interdependent thus requiring the synchronisation of some activities.

- **Joint Procurement**: This is a more formal procurement arrangement in which member schools jointly share responsibility for different stages of the procurement cycle. Its advantages include; opportunity to standardise specifications, sharing of costs among the collaborators. Disadvantages include; the need for formal arrangement with respect to work, time and resources. There is also the potential cost involved in entry and exit arrangements.

- **Legal Joint Venture**: With this arrangement, a joint venture company is formed to carry out procurement activities on behalf of the member schools. Its advantages include; creation of a professional procurement resource, the potential to expand the scope of services delivered, and schools could benefit from significant cost savings than they could achieve through other forms of collaboration. The weaknesses include; there is need of resources, time and management to run this new company, and member schools have to relinquish some of their decision making powers to make the functioning of the joint venture effective.

### 2.4 Benefits and Risks of Collaborative Procurement

Collaborative procurement has proved to be very beneficial to entities that have engaged in it. For example a research by Schools Buying Club (SBU) in UK revealed that using a single framework agreement to buy resources could lead to a 10% savings amounting to about £400 million per annum (Badasha, 2012). Other benefits of collaborative procurement include; increased returns on assets; increased reliability and responsiveness to market needs; increased standardisation; improved technical quality of procurement; lower labour costs; encourages the development of innovative ideas and practices; potential for sharing of ideas and practices; and overall economic efficiencies (McLaren, Head and Yuan, 2002; Killin, 2010; Stone King Solicitors, 2013; Skogan and Vanebo, 2012; Verma, 2013).

Drawbacks associated with collaborative procurement include: the danger of reduced flexibility and freedom of choice of individual institutions; there is also the risk of prolonged decision cycle when needs of several different institutions are to be met in a single procurement process; putting together efficient and inefficient organisations may reduce the efficiency of the efficient organisations; moreover when inefficient purchasers take charge of procurement activities in a collaborative procurement process, there will be higher procurement cost for organisations which were already more efficient before the collaboration; it may also lead to complacency in searching for better alternatives of supplies which may be better in cost and quality; and it may alienate the purchasing institutions from the suppliers (Skogan and Vanebo, 2012; Verma, 2013; Bakker and Walker, 2008).

### 2.5 Enablers and Inhibitors of collaborative procurement

Aylesworth (2003) identifies a number of enablers for collaborative procurement, these include; the need for careful selection of suppliers, and the goods and services for the collaborative procurement. Another necessary condition for successful collaborative procurement is the commitment of the management and members of the organisations/ institutions involved in the collaborative procurement, as well as the extent to which they share common understanding on procurement issues. Additionally, collaborative procurement needs appropriate supports in terms of resources and structure. Schotanus et al. (2011) are of the view that, collaborative procurement will succeed when there is commitment and internal support, when members of the collaboration share common objectives, and when gains and costs are appropriately allocated.

Certain conditions which hinder collaborative procurement include: lack of commitment to collaboration by those who are to form the collaboration; differences in priorities of the organisations; lack of standard procedures among the collaborators; lack of sufficient procurement resources; low status of procurement. Other inhibitors of collaborative procurement are: distrust among parties with respect to the sharing of proprietary information; difficulties in getting parties to agree on goals and how to share costs and benefits; fear of change; leadership; operational concerns; fear of being
constrained by the collaboration; and fear of losing control over individual institutions’ internal activities (Bakker et al., 2008; Nervewire, 2002).

2.6 Second Cycle Schools in Ghana
Second cycle institutions in Ghana comprise of Senior High Schools (SHS), technical/vocational schools and commercial schools (ghanadistricts.com, 2006). There are about 857 SHSs in Ghana, out of this number 209 are private and 548 public (Ministry of Education, 2013; Ghana Education Service, 2011), and there are 23 public technical institutes (ghanaweb.com, 2013).
In the Ashanti Region, there are about 89 public second cycle institutions made up of about 67 Senior High Schools; 17 technical and vocational schools, and 5 commercial schools (Wikipedia, 2013). In the Kumasi Metropolis, there are about 21 public senior high schools (ghanaschoolsnet.com, 2012). There are very few purely technical and commercial public schools in the Ashanti Region. In the Kumasi Metropolis, the purely public technical institute that one can refer to is the Kumasi Technical Institute.

Second cycle schools in Ghana are mostly boarding schools, and in the Kumasi Metropolis almost all the public secondary schools are boarding schools, and these schools make use of similar items such as food items and detergents. Similar stationery items, such as paper and office supplies are also used by all the institutions. There are therefore items that are commonly used by all the second cycle institutions; for which these institutions can come together to purchase in bulk.

3.0 Methodology
This section of the work looks at the method used to collect data for the study, and also how the data collected was processed to derive meaningful information to arrive at credible and reliable findings.

3.1 Method of Data Collection
A census approach was used to collect data on all identified second cycle institutions in the Kumasi Metropolis. A census can be defined as the process of collecting data from every member of the population being studied rather than choosing a sample; and it can also be used to refer to a specific form of social survey organised by governments for the collection of information from every household in a country (Jupp, 2006). In the context of this study the former of the definitions is what is applicable. Access was negotiated and research instruments were sent to all 24 identified public second cycle institutions in the Kumasi Metropolis. Since the number of public second cycle institutions in the Kumasi are not very many a census is deemed very appropriate as it has the potential of providing more accurate information because every unit of the population is reached for responses on prevailing situations in the various institutions; by adopting the census approach sampling errors which arise as result of estimation of results are eliminated. The disadvantages associated with census such as high costs of data collection and processing; need for long period of time to conduct such data collection; complexity of this approach; and the problem with collection of detailed data, are not prominent in this study since the area been covered and the population involved are limited and very manageable (The Australia National Statistical Service, 2013; Molenberghs, 2010).

Questionnaires were used to collect data from these institutions. Malhotra (2004) defines questionnaire as a formalised set of questions used to obtain information from respondents. Questionnaire is regarded as a very effective research tool and is credited with advantages such as: simplicity, versatility and low costs (Fife-Schaw, 2001), though it has the negative potential of yielding a low response rate especially when the questionnaire is too long, complicated, boring, or borders on sensitive issues (University of Johannesburg, n.d.). To avoid the weaknesses associated with questionnaires, the questions were kept as simple and short as possible, and as much as possible the questions were made as impersonal as possible so as to reduce their sensitiveness to issues as much as possible. The questionnaires were hand delivered to the various institutions and collected at a later date after completion.
3.2 Data Analysis
Sixteen (16) second cycle schools in the metropolis permitted the study to be conducted in their institutions. Two (2) respondents each from the institutions completed the questionnaires; and these respondents are involved in the procurement activities of the school. Data were analysed to determine conditions which can promote collaborative procurement and conditions which could undermine the process of collaborative procurement.
Data were analysed to find out how goods are currently procured in the various institutions; whether the individual institutions practise individual procurement or collaborate with other institutions to procure. The processing of the data was also geared towards identifying whether respondents liked how procurement was done currently and also to find out which mode of procurement the respondents preferred most. From the responses provided, a list of what respondents perceived as enabling and inhibiting conditions of collaborative procurement was generated. The Statistical Package for Social Science (SPSS) was used to do the analysis of data. The SPSS aided in the determination of frequency and percentage of responses provided with regard to the current procurement methods in the various institutions; respondents opinions on the appropriateness of prevailing procurement practices in the schools; and which method of procurement respondents prefer most for their institutions. Cross tabulation helped in determining the frequency and percentages of respondents’ affection or otherwise for the prevailing procurement practices in the various institutions.

4.0 Findings and Discussion of the Findings.
The findings are discussed under the following sub-headings: personnel involved in procurement in the schools; the prevailing procurement practices in the schools; respondents’ affection for current procurement practices; the type of collaborative procurement that respondents think is most appropriate for the institutions; and what respondents view as enablers and inhibitors of collaborative procurement in the institutions.

4.1 Personnel involved in procurement in the schools
Running SPSS test on the responses provided for the question “who is in charge of procurement in your institution” generated the following results: 46.9% of the 32 valid responses indicates that there is a procurement officer who is responsible for procurement activities of the school; 21.9% of the respondents indicate that their school heads are in charge of procurement. The findings suggest that some personnel other than those who have been recruited as procurement officers perform the procurement functions in some of the institutions. In more than half of the schools surveyed (about 53%) officials other than procurement officers are in charge of the schools’ procurement functions. This finding could mean that procurement function has a low status in more than half of the second cycle institutions in the Kumasi Metropolis. Low status of procurement according to Bakker et al. (2008) is an inhibitor of collaborative procurement. Table 1 in the appendix shows the frequency table for this question.

4.2 Procurement Practices in the Schools
The processed responses with respect to the question “how are goods purchased in your institution” provided the following results: majority of the schools (68.8%) purchase goods individually and some schools have started doing joint purchasing of goods; about 30% of the schools surveyed have started practicing joint purchasing of some goods. Table 2 in the appendix shows the frequency table for this question.

This is an indication that some school authorities in the metropolis have identified benefits of collaborating for purchasing purposes. With this awareness it is likely to be easier convincing these institutions to adopt collaborative procurement as the established method of procurement. This knowledge on collaborative procurement could be an enabler of collaborative procurement and a good starting point to implement collaborative procurement among the institutions.
4.3 Respondents’ Affection for prevailing procurement practices

59.4% of total respondents indicate that they like how goods are currently purchased in their institutions and the rest (40.6%) expressed their dislike of the current purchasing practice in their school. Out of the 22 respondents who indicated that their institutions do individual purchase of goods; about one half (45.5%) of these respondents indicate that they do not like the individual purchasing which is done by their institutions. Out of the 9 respondents who indicated that their schools do joint purchase with other schools; only 2 out of these respondents (just about 22.2%) showed dislike for this mode of purchasing. Table 3 in the appendix provides the frequency table for this response.

Going by the opinions expressed by the respondents; more respondents in institutions in which purchasing is done individually are more dissatisfied with their mode of procurement than those in institutions in which joint purchasing is done with other institutions. This could be an indication that many of the institutions are ready for collaborative procurement. Desire and willingness of institutions to practise collaborative procurement serves as an enabler of collaborative procurement in the institutions.

4.4 Preferred type of Collaborative Procurement of Respondents

The majority of the respondents (41.9%) chose shared services as the most preferred type of collaborative procurement which should exist among the institutions. Outsourcing to a third party and formal collaboration (legal joint ventures) are the least preferred types of collaborative procurement as expressed by the respondents; registering just 6.5% each of respondents’ preference. Individual procurement by schools is also considered as one of the least preferred methods of procurement by the respondents. See table 4 in the appendix for the frequency table of this response.

The majority of the respondents want the type of collaboration that will make professional procurement services available to the collaborating schools. This is probably because many of these institutions lack qualified and competent procurement personnel. The response also suggests that majority of the respondents do not want formal or legally binding collaboration at this time.

4.5 What Respondents mentioned as Enablers of Collaborative Procurement

The respondents identified the following as factors that will enable collaborative procurement among the schools: the use of similar goods by all the institutions; the fact that all public institutions are governed by laws and policies of the country; working relationship exists among heads of the institutions; the fact that all the institutions follow the same academic calendar; and all schools charge fees and benefit from government support therefore have the financial means to participate in collaborative procurement.

Enablers identified by the respondents such as existing relationships; the use of similar goods; and the fact that the same laws applies to all the institutions, agree with enablers referred to in Murray et al. (2011) and Aylesworth (2003).

4.6 What Respondents identified as Inhibitors to Collaborative Procurement

Respondents listed the following as factors that could hinder collaborative procurement among the schools: institutions have dealt with some suppliers for very long time and breaking off this relationship will be very difficult; some institutions are not willing to share information with other schools; the institutions might have different priorities; there is the fear that the big and influential schools will take over some of the decision making powers of the smaller schools; lack of competent procurement officers in some schools to actively take part in the collaborative procurement process; the interest of some heads of school to hold on to procurement functions of their schools; institutions are not equally effective in collection of school fees and this is likely to pose financial challenges to the collaboration; and existing storage facilities of schools lack capacity for large scale purchasing.

Difference in priorities; unwillingness to share information; lack of commitment and interest by some heads of schools; fear of being constrained by the collaboration; and fear of not having equal commitment from all parties as identified by the respondents agree with some inhibitors identified by Nervewire (2002); Murray et al. (2011); Bakker et al.(2008).
5.0 Discussions, Policy Implications of Findings and Recommendations

The findings point to a conducive environment for the introduction of collaborative procurement in second cycle schools in the Kumasi Metropolis. This can serve as a starting point for a wide scale national research to test the readiness of public schools for collaborative procurement. As the Public Procurement Authority plans to put in place the “blanket purchase agreement”; a framework agreement for collaborative procurement among public sector entities, further studies need to be conducted to come to terms with the potential enablers and inhibitors of this mode of procurement. Drawing from the responses obtained from the respondents of this study, it is indicative that the institutions prefer a less formal joint purchasing arrangement, with majority of them opting for shared services and shared information. In the light of this when the time comes for this mode of purchasing to be introduced, gradual approach needs to be considered; starting from a less formal arrangement such as information sharing before moving to a more formal arrangement if needs be.

Government should consider creating bigger storage facilities for goods which are to be stored. To be able to benefit from large scale purchasing, the non perishable items which are used commonly by the institutions need to be purchased in bulk and stored. This requires bigger and better storage facilities than those currently in place in the various schools. The location of the storage facility should be strategically located so as to serve all the schools effectively whilst keeping transportation costs as low as possible.

In addition, the public procurement authority must intensify its training and upgrading programmes for personnel in charge of procurement to bring these personnel to the required standards. One of the concerns of the respondents was the unavailability of competent procurement professionals to perform the procurement functions in the various schools. Related to this, there is the need to promote the status of procurement function in the public institutions. From the responses provided, officials other than the procurement personnel are still in the business of performing the purchasing functions of the schools in spite of the fact that procurement personnel have been employed. It is needful that heads of public institutions should be impressed upon to recognise the duties and responsibilities of procurement personnel and allow these to do the work for which they have been employed.

5.1 Limitations of the Study

The scope of this study was limited to public second cycle institutions in the Kumasi Metropolis. This limited coverage makes it inappropriate for the results to be generalised and limits the extent to which the findings can be relied on for a more general use. Though questionnaires were given to all the 24 identified second cycle institutions in the Metropolis, only 16 schools responded to the questions; 8 of the schools failed to complete the questionnaires though they were pleaded with several times to do so. Because of this information was not available on all the institutions, thereby affecting the census method of data collection of this study.

Conclusion

Collaborative procurement has been identified as a more efficient, innovative and commercially viable means of procurement. In the face of Ghana’s problems of resource constraints; inefficient use of resources; and corruption, one of the viable means to consider for solving these problems is by adopting collaborative procurement.

Ghana can learn from the success stories of countries and organisations which have benefited immensely from this mode of procurement for the public sector. Benefits such as: cost savings; increased returns on assets; increased reliability of supplies; innovation; lower labour costs; and sharing of ideas can accrue to Ghana if the right approach is adopted to practise collaborative procurement, whilst avoiding the pitfalls of rigidity of process; prolonged decision cycle; and reduced efficiency as result of collaborating with less efficient partners. Public educational institutions can show the way and provide proof that, collaborative procurement can become the preferred mode of procurement in public institutions.
References


