

Competitive Tendering, an Effective Tool in Ensuring Value for Money in Public Sector Procurement: A Case Study at “Ahanta West District Assembly” A District in the Western Part of Ghana

David Ackah ¹, Makafui R. Agboyi ², Lydia Adu – Gyamfi ², Patrick Enu ^{*3}

1 PhD, Department of Business & Economics, Atlantic International University – AIU, Hawaii, Honolulu, U.S.A

2 MSc Supply Chain Management, Faculty of Engineering & Computing, Coventry University, United Kingdom

3 Lecturer, Economics Department, Faculty of Social Studies, Methodist University College Ghana

** Corresponding Author: E-mail: Penu@mucg.edu.gh*

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ABSTRACT

This research report was carried out on the topic, “competitive tendering as an effective tool in ensuring value for money in public sector procurement”. The main objective for this study was to examine how competitive tendering could be used as an effective tool to achieve value for money in public sector procurement at the Ahanta West District Assembly. The researcher administered twenty (20) questionnaires to some selected departments in the organization, specifically the procurement unit, the stores department, the accounting department and then the engineering department. The researcher used purposive sampling as a technique to gather ample information for this work. By purposive sampling, the researcher targeted those departments within the organization whose daily activities have direct bearing on procurement. Information gathered were analyzed critically and presented in the form of tables which is readily understandable. It was found out from the analyses that the Ahanta West District Assembly uses the competitive tendering methods in awarding most of their contracts thereby procuring goods, works and services at affordable and competitive prices. However the major problem identified was that, the processes involved are seen to be complex more especially for some contractors and those employees who have little knowledge in procurement when it comes to works and also the problem of political interference. The researcher finally recommended that series of workshops and seminars should be organized for both procurement officers especially new ones who have little knowledge in practical procurement when it comes to works and potential contractors so that they will have more insight into what goes into the preparations or processing of tender documents and lastly the Public Procurement Authority (PPA) should institute measures to monitor the adherence to the public procurement Act 663 in all public institutions.

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INTRODUCTION

Ensuring value for money is one of the ultimate aims/objectives of the Public Procurement Authority (PPA) as well as all public sector organizations since there is definitely going to be accountability. As a result of this Carpineti et al (2006) lamented on the fact that with efficient procurement practices, both the public and the private sectors play a key role in modern economies as they ensure reduction of wasteful activities. Achieving such efficacy is an ambitious task as procurement faces numerous challenges, especially due to the work structure, the legal framework and the political environment procurers' face.

Indeed in recent years public and even private procurement players have set up several initiatives and networks aimed at sharing best procurement practices. Some examples may include the International Federation of Purchasing and Materials Management (IFPMM), the International Purchasing and Supply Education and Research Association (IPSERA), the Public Procurement Network (PPN), and the EU Public Procurement Learning lab (EU Lab, 2003-2005) (Carpineti et al ,2006) as well as that of the

Republic of Ghana called the Public Procurement Authority (PPA 2003). These initiatives were taken to ensure that the best procurement procedures (competitive tendering) are adhered to.

In Ghana however the Public Procurement Act 663 (2003) is the hand book within which the various tendering methods and procedures are highlighted (Section 35 -47). The researcher based his arguments on the best tendering methods/practices (competitive tendering) which are tools for ensuring value for money in public sector procurements. Procedures and conditions for competitive tendering are clearly itemized in section 35 of Act 663. Competitive tendering is also known as the open tendering, equal opportunity is given to qualified suppliers to bid for contracts (Lyson and Farrington, 2006).

They come in the form of national competitive tendering (NCT), international competitive tendering (ICT), and two stage tendering and restricted tendering (public procurement Act 663, section 35, 36, 38, 44 and 45). These are the various competitive methods of procurement available at the disposal of all the public sector organizations when it comes to the acquisition of goods, works and services of which the Ahanta West District Assembly is not an exception. It is very obvious these days that even most private sector organizations make good use of the above mentioned methods to achieve value.

Currently, most District Assemblies fund for their projects using the Internal Generated Funds (IGF), the District Assembly common funds, The World Bank and other donor agencies. It is well noted that the assemblies system of tendering and award of contracts are based on the terms and conditions outlined in the public procurement Act 663. However if these conditions are compromised and contracts are being tendered for and awarded anyhow (to whom you know), then the purpose for which the Act was enacted will be in vain.

Thus there wouldn't be competitive contractual deals and once this happens it will pave way for contractors to misappropriate our limited resources thereby providing shoddy works/projects which will intend need to be renovated or re-awarded when they are abandoned by these selfish contractors. Hence value for money cannot be achieved but rather causes financial loss to the state if it is a state funded project.

An effective means of ensuring value for money in the award of contract is by allowing all able or qualified contractors or suppliers to bid or tender for contracts (competitive tendering) per section 35(1) of Act 663. It can be deduced from the above statement that the competitive tendering method will provide a range of variety of contractors with variety of goods, works and services within which an organization can select the best available option, all things being equal.

However the opposite is envisaged in most public sector organizations these days as contracts are being awarded to some incompetent contractors who through dubious means find their ways into the procurement net and misappropriate state funds allocated to them in the name of contact deals. The research work therefore seeks to examine competitive tendering as an effective tool in ensuring value for money in public sector procurement specifically at the Ahanta West District Assembly.

Furthermore it will interest readers to know that the government of Ghana is incurring many losses as a result of these selfish-contractors and their respective selfish-procurement officers in these District Assemblies since monies which should have been used to put up more infrastructural facilities are nowadays used for rehabilitations of old projects as well as for the completion of abandoned works.

More so the interference of some political figures in the whole tendering process up to the award stage so to say makes the process vulnerable since the best tendering procedures are compromised.

As a result the key objective of this study is to examine how competitive tendering could be used as an effective tool to achieve value for money in public sector procurement at the Ahanta West District Assembly. The specific objectives seek to:

1. Ascertain the tendering methods used by the District Assembly when it comes to the award of contracts/projects.
2. Examine the role of the procurement unit in the tendering procedures and the award of contract.
3. Examine if the tendering procedures adopted by the organization ensure value for money.
4. Give recommendations and suggestions towards improving tendering procedures in the Assembly.

Consequently, the following key questions are asked.

1. What type of tendering method do you use to award contracts at the Ahanta West District Assembly?
2. What role does the procurement unit play in the tendering and the award of contracts at the Assembly?
3. How does the method mentioned above help in achieving value for money?
4. What are the problems encountered in the tendering processes?
5. How can these problems be solved?

As a result of time and financial constraint, we limited the research works to the Ahanta West District Assembly in Agona Ahanta otherwise this work should have covered other public sectors.

But however the case may be we are of the strongest conviction that most public sectors encounter similar problems and for that matter analysis and recommendations made in the end may go a long way to help.

REVIEW OF LITERATURE

THE CONCEPT OF PUBLIC SECTOR PROCUREMENT

Public procurement is the process through which an organization/government purchases goods, works and services using state funds.

Stuart and Barry (2008) discussed procurement as part of the supply chain philosophy and indeed added that in many organizations it is alleged that procurement does occupy a strategic role that recognizes the fact that buying gives both value for money and cost reductions. Besides it may cover all of the following aspect; the acquisition of what is needed by spending money

externally so as to satisfy the needs of both internal and external customers, expediting, providing information and services to parties involved.

Dobler and Burt (1996) also echoed that to public sector organizations, procurement is a process or concept which encompasses a wider range of supply activities than involved in purchasing functions and typically includes broadened view of traditional buying role with more buyer participation in related material activities. They went further to say that the activities include conducting of all purchasing functions ,management of investment recovery activities and salvage of surplus activities ,purchase inbound transportation and so on.

Once more Lysons and Farrington (2006) in their research added that procurement is the process of obtaining goods or services in any way, including borrowing, leasing and even force or pillage. Based on the above discussions so far, it's quite clear that procurement to many public sector organizations is of keen interest since it is aimed at obtaining value for money in organizations and state spending.

Another view is that procurement represents a very large fraction of total economic activities. The value of public procurement transactions in EU countries is about 16% of their Gross Domestic Product (GDP) whiles in the United States it is around 20 %.(Dimitri et al, 2006).

This may account for the reason why in 2003 the government of China enacted the first national regulation on government procurement, called The Government Procurement Law (GPL) which applies to the purchase of goods, services and construction projects by state bodies. Public Institutions and social organizations at all government levels.

Again motivated by the need to control cost and streamline the whole procurement process centralization versus decentralization has captured the interest of many researchers, practitioners and public Administrators.

CENTRALIZATION IN PROCUREMENT

Procurement is fully centralized when all the relevant decisions (what ,how, when.) to purchase products whether by competitive tendering or by negotiations are in the hands of a company's headquarters or a centralized public unit dedicated to buying products to satisfy the need of the company such as the Public Procurement Service (PPS) which is Korea's Procuring Agency and the central administration, purchasing and providing goods, and services needed for the operation of the various government agencies and public organizations.

Dimitri et al. (2006) went on to argue that countries such as Mexico (1996), Brazil (1997), Chile (2003) and other governments in Latin America have recently developed centralized e-procurement systems. Also some government and other public sectors may consider some activities /products to be strategic to pursuing certain social or national goals and for that matter negotiations and pre-contract deals will have to be done centrally for security reasons. As a result, USA defense procurement is in the hands of the Department of Defense (Dec.2004). Procurement in the health care sector is not left out since the acquisition of certain anti-malaria drugs/vaccines will have to be done rapidly whiles green procurement policies aimed at buying products with mild or no impact on the environment all because public procurement represents a considerable share of government expenditure in both developed and developing countries like ours.

Benefit of centralization in procurement

Some benefits of using this system are; Efficiency (savings and cost control), Greater/higher bargaining power, Product standardization, Monitoring contractor's performance and the achievement of value for money etc. (Dimitri et al, 2006).

DECENTRALIZATION SYSTEM OF PROCUREMENT

It's the opposite of centralized as divisions or local administrations are delegated the power to decide how, what and when to procure. However research indicates that when organizations become large, controlling the costs of decentralized branches may become difficult. That is why the centralized system is common over the years in countries like Europe, USA, and Asia. More so it was discovered that centralized procurement is estimated to save 15% -20% on purchases of materials and services.

This is because the centralized system of contracting makes available to all public sectors several items for a given period of time at a certain (often renegotiable) price. Public sectors are therefore recommended to use such contract systems since it can help to obtain goods, works and services at competitive prices which will in the end help to achieve value for money (Dimitri et al, 2006).

However the case may be, Ghana is not an exception although it has not centralized all its procurement activities but then, the enactment of the Public Procurement Act 663 (2003) and the establishment of the Public Procurement Authority (PPA) serve as a shielding mechanism to all procurement deals in our treasured country.

COMPETITIVE TENDERING

The term tender refers to a formal offer to supply goods or services for an agreed price.

From a purchasing perspective competitive tendering is a purchasing procedure whereby potential suppliers are invited to make a firm and unequivocal offer of the price and terms on which they will supply specified goods and services, which on acceptance, shall be the basis of a subsequent contract (Lysons and Farrington, 2006).

Tenders are normally based on a specification of requirements prepared by the purchaser but then an alternative is to invite suppliers to submit a solution and a price to a problem stated by the purchaser. It's comprehensible that tendering is based on the principles of competition, fairness and accountability, transparency and openness and probity since the whole process is aimed at ensuring best value for money and not necessarily the lowest price.

In reaction to the above statement Dimitri et al. (2006) echoed that although its competitive procurement (open tendering) it is opened to only qualified suppliers to guarantee good contracts execution.

Competitive Tendering Methods

Per section 35, 36, and 38, of the public procurement Act 663(2003) is the various methods of competitive tendering. Thus, competitive tendering (National and International), two stage tendering and restricted tendering.

National Competitive Tendering

This is a procurement proceeding in which the procurement entity decides that only domestic suppliers or contractors may submit tenders, the entity shall then employ national competitive tendering procedures (Public Procurement Act 2003 (Act 663) of Ghana, Section 44).

International Competitive Tendering

In Ghana the above method can be used whenever open/competitive tendering is used and effective competition cannot be obtained unless foreign contractors are invited to tender. Then also when items to be procured are not available locally or cannot be provided on account of technical and other competencies together with financial constraint (Public Procurement Act 2003 (Act 663) of Ghana, Section 45).

Two Stage Tendering

An entity shall engage in two stages tendering when it has little or no knowledge on what it wants to acquire. Or where the character of the goods or works are subject to rapid technological advances and more so where the entity seeks to enter into a contract for research, experiment .study or development (Public Procurement Act 2003 (Act 663) of Ghana, Section 36).

Restricted Tendering

A procurement entity shall for reasons of economy and efficiency and subject to the approval of the Board engage in procurement by means of restricted tendering (Public Procurement Act 2003 (Act 663) of Ghana, Section 38) if goods, works or services are available only from a limited number of suppliers or contractors.

Then also if the time and cost required examining and evaluating a large number of tenders is disproportionate to the value of the goods, works and services to be procured.

TYPES OF TENDER

However Lysons and Farrington (2006) itemized the following to be types of tenders which are:

Open tender

Similar to that of Act 663 and also known in Ghana as the competitive tendering method, qualified suppliers are invited to compete for a contract advertised in the press or on the internet with the lowest tender generally being accepted ,although the advertisers usually state that they are not bound to accept the lowest or any tender.

Restricted open tender

With this method prospective suppliers are also invited to compete for a contract, the advertising of which is restricted to appropriate technical journals or local newspapers.

Selective tendering

Tenders are invited from suppliers on an approval list that have been previously vetted regarding their competence and financial standing.

Serial tenders

Prospective suppliers are requested on either an open or selective basis to tender for an initial scheme on the basis that ,subject to satisfactory performance and unforeseen financial contingencies ,a programme of work will be given to the successful contractor ,the rates and prices for the first job being the basis for the rest of the programme. Some advantages may include:

1. Higher performance level by contractors.
2. Savings in cost and time by eliminating one-contract negotiations for each stage of a programme.
3. Teams of employees and plant can be moved to successive jobs without disruption.
4. Supplier security on the contract can enable the purchaser negotiate for keener prices.
- 5.

THE THREE FORMS OF TENDERS

Again, Lysons and Farrington (2006) are of the view that the European Union (EU) directives on public-sector purchasing recognize three forms of tendering procedures. They are:

Open Tenders

All suppliers that respond to the notice are invited to tender.

Restricted Tenders

The restricted tendering method only focus on those suppliers who have been invited by the contracting company may submit tenders. This method is applied when:

1. The contract value does not justify the procedural costs of an open tender.
2. The product required is highly specific in its nature.

Negotiated tenders

The last but not the least procedure they talked about is the negotiated tenders which allow the terms of the contract to be negotiated with one or more suppliers without prior publication of a tender notice, but the negotiated procedure is only available in a certain defined circumstances such as:

1. Where, because bids were irregular or unacceptable, no suitable supplier has been found by open or restricted tender procedures.
2. Where such procedures have resulted in no tender being received.
3. Where the required product is manufactured purely for research and development or experimental purposes.
4. Where for technical or artistic reasons or the existence of exclusive rights, there is only one supplier.

Having opted for the competitive method of tendering as an effective tool for ensuring value for money, a research carried out by Dimitri et al. (2006) revealed that the buyer faces two major decisions.

- The first one which is the competitive bidding format to adopt and
- The number of contract lots.

The competitive tendering falls within two main categories

- Sealed-bid tendering and
- Dynamic reversed auctions

With the sealed bid tendering, suppliers submit offers without observing the tender made by the opponent's whiles in dynamic auctions prices are disclosed in the course of the competition so that suppliers have the opportunity to outbid their rivals before the auction ends. The possible problem for this method is that it may last for too long. (Dimitri et al (2006).

Nevertheless Carpineti et al. (2006) identified sealed bid tendering, Two-stage sealed bid tendering, combinatorial tendering and online (descending) auctions as some of the tendering processes which of course is similar to those discussed earlier on. Except that for combinatorial process only a few institutions apply it for different product categories. The procurement directives in Cyprus use it for commodities such as laboratory consumables whiles Brazilian federation government adopts it for works and services and lastly added that the US federation Acquisition Regulation (FAR) allows two-stage sealed bidding as well as the French Organization.

The Public Procurement Act 663 also permits the above mentioned processes. And the online which is a multi-round tendering format because the procurer set up a website offering for registered suppliers to get the opportunity to bid electronically on a wide array of products. It allows contractors to bid on a single item or multiple items (lots) with specified timeframes. The US procurement agency uses it (Federal General Service Administration).

GENERAL TENDERING PROCEDURES

In public procurements, procedures are usually codified within standing orders that usually prescribe a cash limit above which tenders must be invited, the forms of contract to be used and to whom and under what circumstances responsibility for the evaluation of tenders may be delegated as to senior officers. In general, the procedure for open tenders involves:

- The issue of public advertisement inviting tenders.
- The issue of tender documentation to those responding to the advertisement, which will normally include: A letter of invitation and instructions to tender, pricing document/ form of tender, Specification /schedule rates, Contract conditions or conditions of purchase, any relevant supporting invitation and pre-addressed tender return label. The documentation will include a date by which tenders must be submitted and any received after the deadline will be excluded from the evaluation process. (Lysons and Farrington 2006).
- On the date arranged for the opening of tenders, appointed officers from the procurement department and an external department such as the treasurers departments will attend.
- Tenders will be initiated, listed and entered on an analysis sheet or spreadsheet showing details of prices, rates, carriage charges, delivery, settlement terms and other information necessary for their evaluation.
- Tenders will be evaluated on an agreed basis such as lowest bid or most economically advantageous tender, but the public body is under no obligation to accept the lowest or any of the tenders received.
- The successful tenderers will be notified.
- Unsuccessful tenderers will also be notified, although they will not be automatically be given reasons for their tender not being accepted-this information should be available if it is requested.

THE CONCEPT OF VALUE FOR MONEY

According to the Oxford English Minidictionary (1999), value is the amount of money etc considered equivalent to something or the extent to which something is considered useful, important etc. or better still moral principles and standards that one considers important or precious.

Value for money is taking into account the optimum combination of whole life cost and quality necessary to meet the customer's requirement (Baily et al 2008). Thus it implies that a product or service will meet customers need and expectation at a competitive price (Lysons and Farrington, 2006). From Baily et al. (2006) there was a widely held belief that government and public sector procurement decision making is based upon 'the lowest price. This is not the case now since purchasing decisions must be made on the basis of best 'value for money criteria as in factors including.

Costs over the lifetime of the goods or services, status and standing of suppliers ,exact details of equipment, goods or services offered, financial aspects including payment terms basis of contractual price, transport and operating cost.

As Behan (1994) has pointed out, the real value for money question is 'How much will the item or service purchased cost to own and used?

On the other hand Gershon (1999) echoed the previous reviews, particularly regarding the primary objective of government procurement as being the achievement of value for money. It was however observed that on clear guidelines existed at the public policy level so in 1999 the National Audit Office however has sought to remedy that situation through articulating value for money principles which are:

- Have a procurement strategy, plan early and agree requirements, actively manage contracts.
- Think about the supply chain, seek continuous improvement and monitor performance.

THE ROLE OF THE PROCUREMENT UNIT

The procurement unit is one of the keen departments in an organization more especially that of the public sectors. This is because it is responsible and accountable for all procurement activities in the organization to make sure monies and other valuable resources belonging to the organization are used effectively for their intended purposes. Thus the unit is there to manage the strategic items belonging to the organization.

Lamming and Cox (1999) identified one of the competence of procurement unit/practitioners as the ability to procure (by ownership or control) or those resources that will allow the company to appropriate and accumulate value (profit, and value for money) for itself.

According to Lyson (1993) purchasing was generally regarded either as a routine clerical function or as a service function concerned with spending but he however outlined two important factors(roles) which has made many private and public sectors to recognize purchasing as a key activity. These are: Purchasing and profitability and Purchasing and professionalism.

Purchasing and profitability

The term profitability has a wider meaning than pecuniary gain and can be extended to cover any thing that is advantageous or beneficial to an organization (Lysons,1993). How profitability can be enhanced in every organization is, in one sense, the theme of the procurement unit. He went on to talk about ways through which procurement can enhance profit in an organization. These are:

- Ensuring that the cost of bought- out goods and services are advantageous to the organization, thus: Knowing what ought to be paid allowing for a fair profit, negotiating price reductions, controlling price increases, consolidating purchases to obtain quantity discounts obtaining discount for prompt payment and developing long- term supply agreements in return for larger discounts.
- Obtaining value for money. Efficient purchasing/procuring recognizes the distinction between prices and value. Lyson (1993). He again echoed that procurement can secure value for money by:
 - ✓ Initiating value analysis exercises with designers and end users to reduce costs by modifying components or substituting materials without detriment to the end product.
 - ✓ Investigating the scope for standardization and simplification
 - ✓ Negotiating of benefits not directly indicated in the price e.g. the willingness of the supplier to hold stock until required by the purchaser.
 - ✓ Scrutinizing the terms and conditions of contracts for the supply of goods and services to ensure that these are as favorable as possible to the purchaser.
 - ✓ Improving the administrative procedure of the purchasing function by;
 - Determining the objectives to be met by the purchasing function within a given period and devising the strategies to achieve such objectives.
 - Installing machinery enabling purchasing to do its work more expeditiously and efficiently, e.g. computerization, electronic mail. Training and developing of purchasing staff.
 -

Purchasing and Professionalism

What's more, another role Lyson (1993) identified was purchasing and professionalism. According to Lyson (1993) the evolution of professionalism in purchasing has led to the establishment of institutions concerned with promoting the concept of professional purchasing. Such institutions include the Chartered Institute of Purchasing and Supply in Great Britain, the National Association of Purchasing Management in the USA and the International Federation of Purchasing and Materials Management to which national purchasing associations throughout the world are affiliated.

According to Baily et al. (2008) purchasing was seen as a service function often subordinated to production or engineering in the manufacturing industry. This idea according to the same authors were that, specialist supplies staff could do the bidding of the more strategic elements of the organization and employ their skills at a secondary support level but it was realized that purchasing might contribute more effectively at a strategic as well as at an operational level. This idea that procurement was merely a support activity has been somewhat discredited with a developing recognition that purchasing involve issues such as "the make/buy" decision or strategic commercial relationship gave the function a central and strategic role in the competitive organization.

In early 1990s the Institute of Purchasing and Supply was granted a royal charter which was a landmark in the development of purchasing and supply function. Thus now regarded as a truly professional activity as it contributes immensely in both the private and the public sectors. (Baily et al. 2008).

They discussed the following as some of the roles of the procurement unit in ensuring value for money in public sector organizations.

❖ ***Buying Price***

This is probably a factor (role) associated with the procurement responsibilities. The unit has an important role in judging the correct price for any purchases as seen in the commodity market. They stated categorically that since price is affected by cost in the long run, an important function of the procurement is to work with colleagues and suppliers to eradicate unnecessary cost such as over specification, unnecessary packaging etc.

❖ ***Contribution to Specification***

The procurement unit has a part to play in working towards the optimum specification. This implies not only an attractive product for marketing to sell or for production to manufacture but one which includes services, materials or component which are economic to purchase and this in turn presupposes that they are attractive for the supplier to produce or provide. So any weak procurement function which simply purchases what, for example production asks for is missing the opportunity of contributing in this way. Thus garbage in, garbage out.

❖ ***Quantity and Timing***

Another important point affecting materials cost is timing. One aspect of this relates to assurance that deliveries of necessary materials will be made to meet activity schedules.

In the case of any changes in materials flows which are inevitable procurement unit has a role in announcing the changes as soon as possible with its related cost to the appropriate function and work effectively with them to reduce the impact as well as the number of occurrences.

❖ ***Product Development***

With regards to product development, where product life is shorter, the importance of getting the product right for the first time and on time increases. Procurement will have to keep colleagues informed on the latest product development as well as supply market development.

❖ ***Continuous Supply***

More so another duty of the unit is to ensure continuity of supply by maintaining effective relationships with the existing sources and by developing other sources of supply either as alternatives or to meet emerging or planned needs.

In addition to the above mentioned points Lamming and Cox (1999) itemized the under listed points to be part of the procurement function. Thus:

- To find a professional but still essentially reactive ways of purchasing what is currently offered within an existing supply market. This however buttresses the fact that the procurement function is more or less a professional job as taught of previously.
- Should have the ability to analyzed and understand the structure of power and leverage that operates within an existing supply chain.
- Lastly to have the ability to understand the functionality that flows through supply chain and to be able to create new supply chain power structures.

It can be analyzed from the outlined factors above that indeed the procurement unit have vital roles to play in the total operations of an organization and so it is about time top management together with all the functional units realize the need as well as the importance of the procurement department and also bear in mind that there is more to the procurement functions than just procuring.

THE RELATIONSHIP BETWEEN COMPETITIVE TENDERING AND VALUE FOR MONEY

According to Malcolm (1994) the form of ownership has often been taken as a significant aspect which differentiates organizations, as the public sector imposes obligations with respect to public accountability which lead to prescribe methods of tendering and prescribe policies towards the selection of suppliers.

In addition, he echoed that the national legal requirements and government policies regarding competitive tendering procedures supplemented by directives of the European community and by regulations arising from General Agreement on Tariffs and Trade (GATT) are obvious means of ensuring value for money in public sector organizations. Thus the process of obtaining competitive quotations or bids together with the use of negotiating tactics are seen to be the route to follow in order to obtain the best price for what is required as purchasers may buy a package of value which embodies features of quality, delivery and services and costs.

The Chartered Institute of Purchasing and Supply (CIPS. 2011) published that the spending power of public sector enterprise is enormous as it seeks to provide a range of social amenities like roads, schools, health services, emergency services etc and for that matter subject to directives, requires those bodies to use the open tendering procedures, which means they must advertise the invitation to tender according to defined rules designed to secure maximum publicity.

When this laid down criteria is followed it can be deduced that the organization will have a range of qualified suppliers willing to offer a variety of goods and services within which an organization can make the most appropriate selection from and once the best selection is made through competition it will mean that the best product will be supplied at an agreed price and on time, thus value will be delivered to the organization.

What's more, Weele (2010) stated that the purchasing strategies recognize the fact that the most important success is to deliver value to the end user. On the other hand he said mixing up the criteria for selection and award of contract is a frequently made error in public procurement practices and hence the basis of many cases that are being sent to court. When this happens there is no way value for money can be achieved. Again it's unwise to pay too much as it's unwise to pay too little in that when you pay too much you lose a little money and when you pay too little, you sometimes lose everything because what you bought was incapable of performing up to standard hence creating waste which in actual fact is any activity that uses resources but adds no value (Weele, 2010).

So then in conclusion it can be envisaged that competitive tendering procedures have a great link with value for money in the since that when bids are opened, it paves way for the purchasing company to select and scrutinize the best among the lot even though it is time consuming but then the organization is rest assured of getting the best suppliers to offer at competitive prices hence getting value for the money spent. Hence the close relationship between value for money and competitive tendering.

METHODOLOGY

The methodology focused on research design, the study area, sources of data, target population and sample size, sampling techniques, data collection instruments, reliability and validity, data analysis procedures and finally the conclusion. It also described in details the methods the researchers employed for the collection of data and the various ways used in analyzing the data as well as the sample size used.

Research Design

The research design was the outline or devise employed by the researchers to help structure and design the work in order to suit the objectives and the aims of this research work. The researchers adopted a research design which helped to give best responses to the research questions which governed the study.

More so, the researchers used personal observations and informal interviews to confirm facts and figures gathered already from field survey as well as the deployment of evaluations and assessments since the researchers needed to find out all the facts pertaining to the study in order to make healthier judgments and give the appropriate recommendations at the end of this study.

Study Area

The study area, for the purpose of this study covered the Ahanta West District Assembly in the Ahanta West District which is one of the renowned districts in the Western Region with nineteen towns (19) and located at the southernmost point of the country and the entire African Sub-Region with its capital Agona Nkwanta also called Agona Ahanta. It has a total land area of 591 square kilometers, occupied by 95,140 people according to the 2000 Population and Housing Census report. It is about 15 minutes' drive and approximately 25 kilometers from the central business district of Takoradi which enhances business and trade. The District lies between latitude 4.45 degree North and longitude 1.58 degree West.

The major economic activity in the district is agriculture, employing about fifty-nine percent (59%) of the total population with coconut, oil palm and rubber as their main cash crops. The rest are however into fishing with more investment in cold storage. The district is also endowed with some gold, diamond, manganese and clay but however has not had any significant impact on the district.

However, for the purpose of this study, the researchers limited the research work to the Ahanta West District Assembly since it is the prerogative of the Assembly to award most of the contracts in the district and also it represents the seat of the local government. It more or less award contracts to take care of developmental projects that go on in the entire district.

More so the researchers opted for the Ahanta West District Assembly because they would be able to provide the requisite answers to the research questions in order to meet the objectives of this study.

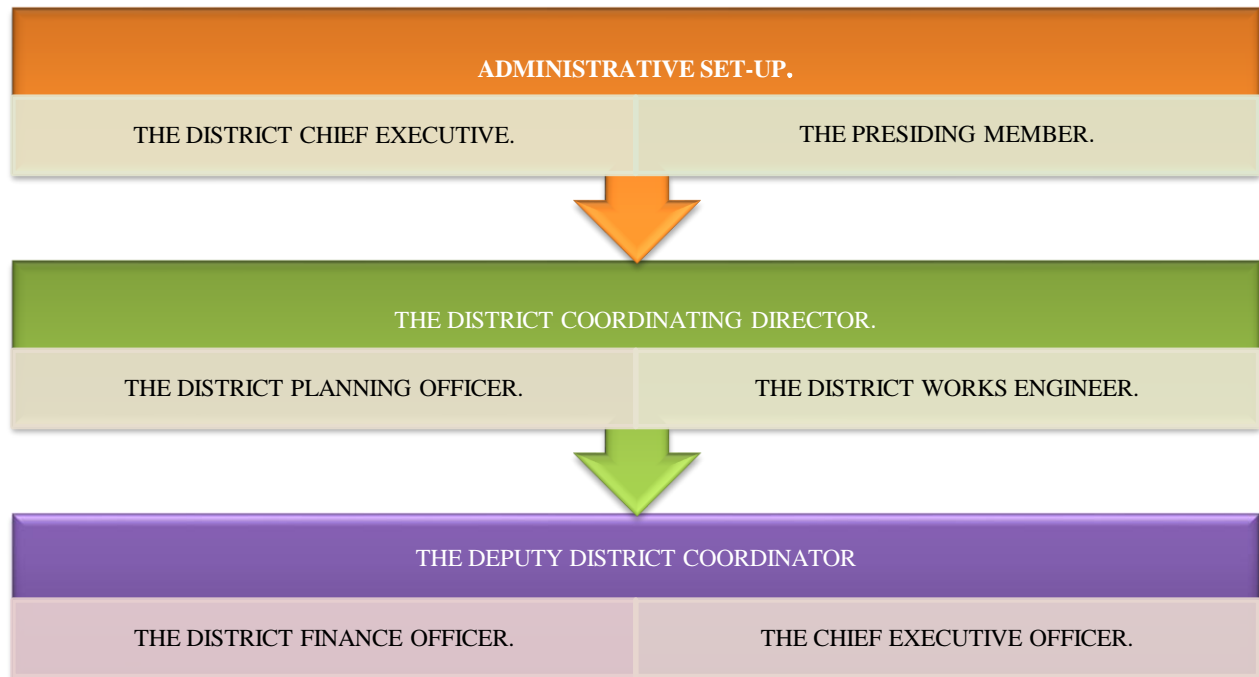
Organizational Profile of the Ahanta West District Assembly

The Ahanta West District Assembly is specifically located Agona Nkwanta also called Agona Ahanta. The organization is directly adjacent to the offices of the Ghana Education Service. It was created in 1988 as a separate autonomous district by Government Legislative Instrument (LI185), Ahanta West District Assembly was part of the former Sekondi-Takoradi City Council now Shama Ahanta East District Assembly.

The organization is the basic unit of government at the district level, headed by the District Chief Executive (DCE) Mr. Joseph Dofoyena and supported by the District Coordinating Director and a deputy. The Executive Officer, The District Finance Officer (DFO) and the District Planning Officer are the core management staff of the organization.

The Ahanta West District Assembly (AWDA) strides in its revenue generation to qualify for funds under the Functional Organizational Assessment Tool (FOAT) exercise conducted by the Ministry of Local Government. The organization collected GH¢443, 245.83 out of an estimated amount of GH¢637, 114.00 as of October 2012 from its Internally Generated Funds (IGF) representing 70% of the estimated amount which is an improvement of 15% over the 2011 Local Revenue Performance. It is mainly into the provision of infrastructural facilities to make life flexible for the inhabitants.

On projects, the Assembly completed eight out of twenty-two (22) school blocks and teachers accommodation initiated in collaboration with the GET Fund Secretariat while fourteen (14) is ongoing. It supplied four thousand, six hundred and ninety (4,690) school uniforms and six thousand , two hundred and seventy-five (6,275) sets of furniture to basic school through its own resources, the **Assembly** reshaped over 38.3 kilometers of feeder roads in the district and spent **GH¢4, 500.00** to repair a wooden foot bridge linking old and new Akwidaa.



Mission statement

The mission of Ahanta West District Assembly is to 'Create an enabling environment that will lead to improvement in the literacy rate and the reduction in poverty levels of all manner of people in the district, ensuring that they have access to basic social services and are empowered to participate in the taking of decisions that affect them.

Vision Statement

The vision is to harness all available resource in the district to meet the developmental goals of the people in the district.

Sources of data

Both primary and secondary sources were exploited by the researchers in obtaining facts which were relevant to this work.

Primary Source of Data

Data from the primary source enabled the researchers to acquire first hand information and materials on the topic under study. The primary data was gathered through the use of questionnaires, personal observations and in addition an informal interviews to

supplement the secondary source. The main aim was to collect ample information which was relevant to the purpose of this work personally.

Secondary Source of Data

The secondary source expansively refers to the available data already gathered by other writers on the area or issue under study. These were information tapped from textbooks, library books, magazines and the website which helped to provide extra information pertinent to the study. On top of it all, the secondary data went with the literature review which was captured earlier on in chapter two (2) of this research work. This enabled the researchers to gather adequate information on the research topic.

Target Population and Sample Size

For the purpose of this work, the researchers targeted the staff of the Ahanta West District Assembly in that the researchers wanted to find out the type of tendering method used in awarding contracts and how it has helped to achieve value for money in their purchases.

Specifically some selected departments within the organization whose major activities could have direct influence on the topic under discussion were considered. This included the procurement unit, the accounting unit, the engineering unit and the stores unit, bringing the sample size to twenty (20).

Sampling Technique

The researchers used purposive sampling in gathering relevant information for this work. Thus the researchers sampled out those units within the organization for a purpose since it is not all the units in the organization which have direct link with the topic under study and for that matter can help answer the research questions. The use of the Purposive sampling technique mostly depends on the verdict of the researcher and the aim is to work directly with those units/departments which have great interest in this case so that the required data can easily and conveniently be gathered.

In obtaining data from the staff of the selected units within the above mentioned organization, the researchers decided to use the purposive sampling technique. This sampling method was used for this work because the researchers identified those departments to be more convenient in providing accurate and adequate facts and figures which could best answer the questionnaires administered for the successful compilation of the whole research work.

Data Collection Instruments

The data collection instruments adopted for this work were questionnaires, personal observation and an informal interview.

Questionnaires

A set of clear and uniform questionnaires were designed and administered to some selected departments in Ahanta West District Assembly. These questionnaires were designed in simple in English for easy understanding and answering. In all twenty(20) questionnaires were sent out of which six (6) were given to the procurement department of the assembly to be completed by both senior and junior staff, again five (5) given to the accounting department within the assembly to be completed by both senior and junior staff, five(5) went to the stores department and the remaining four (4) were administered to the engineering department to be responded to by both senior and junior staff. Questions were subject to open and close -ended ones which helped the researchers to get the vital information needed for this work. The responses were very satisfactory as most of them turned to meet the objectives set for this study. The questionnaires sought, among others, to examine how competitive tendering could be used as an effective tool to achieve value for money in public sector procurement at the Ahanta West District Assembly. The responses obtained with respect to the above questions were all cross-examined in relation to the study. This tool was used because the researchers deemed it a major source of obtaining data since they were designed to meet the objectives of the study.

Personal Observations

A visit to the Assembly helped the researchers to have a general view of how tendering procedures are carried out at the Assembly before contracts are being awarded to deserving contractors. Personal observations were used as another instrument in gathering data because the researchers wanted to obtain additional information which were not asked in the questionnaires and also could not asked during the informal interviews.

Informal Interviews

After developing and administering the questionnaires and the personal observations, informal interview were held with some personnel's within the organization which enabled the researchers to collect additional facts which served as a confirmation to some of the responses provided in the questionnaires and more so had the chance to ask further questions which helped to enrich this work and further enlightened the researchers.

Reliability and Validity

For the reliability and the validity of this work, the researchers structured the questions to suit the subject matter. Again questions were designed using simple English language ranging from close to open-ended ones. However the close-ended questions dominated to avoid the tendency of over burdening the respondents and also not to bore them. Furthermore for the authenticity of this work, the researchers used other instruments such as personal observations and informal questions for confirmation. This

however helped to ensure the validity and the reliability of the responses and also enhanced the efficiency of the data instruments used.

Data Analysis Procedures

Statistical Package for Social Sciences (SPSS) was used in analyzing the data collected. Tables were drawn based on frequency count and percentage equivalent. The qualitative analysis gave a vivid explanation of the subject matter while evaluative analysis assigned values and figures to describe the data collected. The analyses were based on the assessment of the data collected.

RESULTS AND DISCUSSION

Descriptive Analysis

Gender of Respondents

This question aimed at finding out the number of the respondents who were male and those who were female in the sampled size. The responses are however shown in table 1. Table 1 below indicates that out of twenty(20) respondents interviewed, sixteen (16) of them were males representing 80% while four (4) were females representing 20% of the total population interviewed. The responses after analyses clearly show that majority of the respondents are males probably because of the nature of work.

Table 1: Responses on Gender of Respondents

Responses	Frequency	Percent
Male	16	80.0
Female	4	20.0
Total	20	100.0

Source: Field Survey, 2013.

Ages of Respondents

This question was asked to seek for the ages of the respondents. The responses are analyzed in table 2 below. Table 2 below indicates that, eight (8) respondents were between the ages of 25-35 representing 40% of the Population interviewed, seven (7) (35%) respondents were between the ages of 36-45 whereas 5 of the respondents were between the ages of 46-55 (25%) respectively. The analyses shows that majority of the respondents interviewed are old as compared to the young ones.

Table 2: Responses on Ages of Respondents

Responses	Frequency	Percent
25-35	5	25
36-45	7	35
46-55	8	40
Total	20	100.0

Source: Field Survey, 2013.

Names of Departments

The main aim of this question was to help identify the particular departments of these respondents since the researcher wanted accurate facts and figures for this work. From table 3 below, it was revealed that out of the total respondents interviewed six (6) of them were from the procurement unit representing 30%, five (5) from the accounting unit/ section with a percentage of 25 (25%) from the stores unit with a total respondents of five (5) while the remaining four (4) respondents work with the engineering department with the least percentage of 20. It was deduced that the researcher actually worked with the right departments with respect to the topic under discussion.

Table 3: Responses on Names of Departments

Responses	Frequency	Percent
Procurement	6	30
Accounting	5	25
Stores	5	25
Engineering	4	20
Total	20	100.0

Source: Field Survey, 2013.

Respondents' Working Experience

With this the researcher wanted to find out the working experience of the employees interviewed since the number of working experience can tell how far employees know what goes on in the organization in relation to the topic under study. Table 4 below shows that four(4) of respondents had worked between 0-3years representing 20% of the population interviewed, again

four(4) of the respondents have 4-6years working experience representing 20%, seven(7) respondents also have 7-9years working experience representing 35% and the last but not the least five(5) of the respondents have worked for 10 years and above with a percentage of 25. It can be seen that majority of the respondents have spent more years working at the assembly.

Table 4: Responses on Respondents' Working Experience

Responses	Frequency	Percent
0-3yrs	4	20
4-6yrs	4	20
7-9yrs	7	35
10yrs or more	5	25
Total	20	100.0

Source: Field Survey, 2013.

The Rate of Independency of the Procurement Unit

It was established again from the analysis that eighteen (18) persons representing 90% of the employees interviewed indicated that the Organization's purchasing or procurement department stands on its own whiles two (2) persons representing 10% answered that the procurement department is under accounting department. This question was aimed at finding out whether the procurement unit operates on its own or is cushioned under another department within the organization. As analyzed in table 5 below, it was realized that the procurement unit operates on its own according to the majority response from the questionnaires.

Table 5: Responses on whether the Procurement Department Operates on its own or not

Responses	Frequency	Percent
Yes	18	90
No	2	10
Total	20	100.0

Source: Field Survey, 2013.

Type of Tendering Procedures/Methods Used

This section presents the response to the question which determines the type of tendering method used in the award of contracts as shown in the table 6 below. Table 6 below shows that fifteen(15) respondents representing 75% agreed that competitive tendering is use in awarding contract, three(3) respondents representing 15% answered that the assembly uses single sourcing in awarding contract, whiles two(2) respondents representing 10% answered that the assembly use sole sourcing in awarding contract. It was realized that the assembly uses competitive tendering in awarding most of their contracts.

Table 6: Responses on Type of Tendering Procedures/Methods used in Awarding Contracts

Responses	Frequency	Percent
Competitive tendering	15	75
Single sourcing	3	15
Sole sourcing	2	10
Total	20	100.0

Source: Field Survey, 2013.

Type of Competitive Tendering Used

The researcher wanted to find out the type of competitive tendering method used at the Assembly. The views are however shown in table 7 below. Table 7 below depicts that eighteen(18) respondents interviewed representing 90% answered that the assembly uses open tendering in awarding its contract, no respondents said that the assembly use two stage tendering in awarding of contract representing 0%, whiles one (1) respondents also answered that the assembly use restricted tendering in awarding of contract representing 5%, whiles one(1) respondent answered that the assembly use single sourcing in awarding of its contracts. The question was meant to find out the type of competitive tendering used by the organization. It can be deduced from the responses that the organization mostly use the opening tendering method in awarding contracts which is the best since it will help them to acquire goods, works and services at competitive price.

Table 7: Responses on the Type of Competitive Tendering used by the Assembly

Responses	Frequency	Percent
Open tendering(national/ international)	18	90
Two stage tendering	0	0
Restricted tendering	1	5

Single sourcing	1	5
Total	20	100.0

Source: Field Survey, 2013.

Means of Acquiring Tender Documents

Table 8: below indicates that nineteen(19) respondents agreed that tender documents are obtained from the buying organization representing 95% while one(1) respondent representing 5% said that tender documents are obtained from the internet. The analyses show that the organization does things manually.

Table 8: Responses on How Tender Documents are obtained by Suppliers

Responses	Frequency	Percent
From the organization	19	95
From net	1	5
Total	20	100.0

Source: Field Survey, 2013.

Number of Times the Organization makes use of Competitive Tendering

This question was meant to ascertain how often the organization makes use of competitive tendering as analyzed below in table 9. Table 9 below indicates that eighteen(18) respondents agreed and answered that the assembly uses competitive tendering more often, representing 90% while two(2) respondents representing 10% said that the assembly uses competitive tendering once a while. Again it can be deduced that the Assembly often make use of the competitive tendering method. This however helped the researcher to achieve the objective of the study.

Table 9: Responses on How often Competitive Tendering Method is used by the Assembly in Awarding Contracts

Responses	Frequency	Percent
More often	18	90
Once a while	2	10
Total	20	100.0

Source: Field Survey, 2013.

Permanent Suppliers of the Assembly

This presents the response to the question which determines whether the organization has permanent suppliers or not. The responses are shown in table 10 below. Table 10 below shows that seventeen(17) respondents representing 85% answered that the assembly does not have permanent suppliers, however one(1) of them representing 5% said that the assembly has permanent suppliers, while two(2) respondents with a percentage of 10% answered that they are not aware whether the assembly has permanent suppliers or not. The majority of the respondents who answered the questions indicated that the organization does not have permanent suppliers. It can therefore be deduced that the organization often opens tenders and therefore sees it not necessary to keep permanent suppliers.

Table 10: Responses on whether the Assembly has Permanent Suppliers

Responses	Frequency	Percent
Yes	1	5
No	17	85
Not aware	2	10
Total	20	100.0

Source: Field Survey, 2013.

Knowledge on Value for Money

This question was to find out whether respondents have heard of value for money before.

From table 11 below, sixteen(16) respondents with a total percentage of 80% answered that they have heard of the term value for money while four(4) respondents representing 20% answered that they have not heard of the term value for money before. The responses indicated that most of the staffs who were interviewed had at least heard of the term value for money.

Table 11: Responses on whether Respondents have heard of Value for Money

Responses	Frequency	Percent
Yes	16	80
No	4	20
Total	20	100.0

Source: Field Survey, 2013.

Opinion on Value for Money

This question was to seek for the respondents' knowledge level on the term value for money. Their views are however presented in table 12 below. Table 12 below indicates that fifteen (15) of respondents who responded to the questionnaires answered that the term value for money simply means getting maximum satisfaction on money spent constituting 75% while three (3) of the respondents representing 15% answered that the term value for money means receiving supplies on time and last but not the least two (2) of the respondents gave a no idea as an answer representing 10%. It was deduced that at least majority of the sampled population have an idea of what value for money means.

Table 12: Respondents' Opinion on the term Value for Money

Responses	Frequency	Percent
To get maximum satisfaction on money spent.	15	75
To receive supplies on time.	3	15
No idea.	2	10
Total	20	100.0

Source: Field Survey, 2013.

Assessing the Impact of competitive tendering as a method of achieving value for money

Table 13 below clearly depicts that all the respondents ticked yes as an answer representing 100%. None of the respondents answered any representing 0% indicating that the assembly is not wasting resources since it is getting value from its purchases.

Table 13: Responses on the impact of competitive tendering as a method of achieving value for money

Responses	Frequency	Percent
Yes	20	100
No	0	0
Total	20	100.0

Source: Field Survey, 2013.

Some Challenges faced by the Assembly in the Quest to Implement the Correct Tendering Methods

The researcher wanted to find out some of the challenges the organization faces in the attempt to use the correct tendering methods. The analyses are shown in table 14 below. Table 14 below indicates that nine (9) of the respondents representing 45% answered that the organization sometimes is faced with the problem of political interference while eleven (11) of them, representing 55% answered that, the complex nature of procurement/tendering procedures are some of the challenges the assembly faces.

Table 14: Responses on some of the Challenges faced by the Organization in the Quest to Implement the Correct Tendering Procedures

Responses	Frequency	Percent
Political interference.	9	45
Complex nature of processing tender documents.	11	55
Total	20	100.0

Source: Field Survey, 2013.

How challenges can be solved?

Table 15 below indicates that nine (9) respondents representing 45% answered that competitive tendering challenges can be solved through the adherence to the Public procurement Act 663 of Ghana; while the remaining eleven (11) representing 55% said the second challenge can be solved when more workshops are organized for officers concerned and contractors. This question was asked to seek the opinions of the respondents on how the above mentioned challenges can be solved. Based on the responses it was deduced that more workshops need to be organized for staff and contractors and also the organization need to adhere strictly to the public procurement 2003 (Act, 663) of Ghana.

Table 15: Respondents' Opinion on how the Assembly could solve these Challenges?

Responses	Frequency	Percent
Adherence to the procurement Act 663	9	45
Organization of workshops on the preparations and processing of tenders for both officers and contractors.	11	55
Total	20	100.0

Source: Field Survey, 2013.

SUMMARY OF FINDINGS

The entire research focused on Competitive Tendering, An effective tool in ensuring value for money in public sector procurement of which the Ahanta West District Assembly was the study area. The findings were based on the questionnaires sent out, which presented the researcher with the information on what goes on in the Ahanta West District Assembly, Agona Nkwanta which will be of great benefit to both management and staff.

It was discovered during the research that the Assembly uses competitive tendering method in awarding contracts to deserving contractors indicating that equal opportunity is given to all interested and deserving contractors to put in tenders. Hence the organization standing a better chance of selecting the qualified supplier and also getting competitive pricing.

Again, as to which type of competitive tendering, it was detected that the organization uses open tenders which is a step in the right direction as it is geared towards encouraging competition among bidders.

More so it was revealed that the organization does not have permanent suppliers which confirm the point that they use open tendering.

In addition, it was found out that tender documents are most often obtained from the organization's premises. Thus tender documents are processed manually.

According to the findings it was also realized that the assembly is able to get value for the money it spends as the competitive tendering methods are used.

Lastly it was again realized that although the competitive tendering method helps the organization to achieve value for money, they are still faced with the problem of political interference and complex nature of the whole tendering process.

RECOMMENDATIONS

In general the researchers deem it necessary to make the following recommendations as resolutions to the challenges identified in during the course of the study.

1. The researchers recommends that the Procurement unit should be given the opportunity to work collaboratively with the engineering department so that they will also have knowledge on what goes on when it comes to the procurement of works and also should be given the due recognition since this will enable the other departments realize the importance of the procurement department.

2. Again the researchers recommend that series of workshops and seminars should be organized for both procurement officers especially new ones who have little knowledge in practical procurement and potential contractors so that they will have more insight into what goes into the preparations or processing of tender documents.

3. The Public Procurement Authority (PPA) should also institute measures to monitor the adherence to the public procurement Act 663 which was enacted in 2003 in public institutions.

4. Once more the researchers recommend that the Assembly should get computers especially for the procurement units so that tender documents can be prepared or processed electronically to reduce the tendencies of committing human errors, work faster to enhance progress and to become technologically inclined.

5. To end it the all, the researchers still want to encourage the management of Ahanta West District Assembly to continue using the correct methods in awarding contract in spite of the challenges they face.

CONCLUSION OF THE STUDY

In conclusion this research work has been carried out to find out some of the tendering procedures used in most public sector organizations when it comes to bidding and the final award of contracts to deserving bidders/contractors of which the Ahanta West District Assembly in Agona Nkwanta the District capital, is not an exception. Again it was to ascertain if the type of tendering procedures used in the procurement of goods, works and services at the assembly has helped to achieve value for money for the organization and the state as a whole since it involves the use of state funds of which it was identified that the assembly uses the competitive tendering methods. More so it was also noticed from the analysis of the statistical data obtained from the questionnaires administered and an informal interview with one or two of the respondents that most public institutions are faced with quite a number of challenges in their attempt to use the correct tendering procedures, the processes involved are seen to be complex more especially for the contractors and those employees who have little knowledge in procurement as in the case of the above mentioned organization. Furthermore an analysis from another informal interview showed that procurement is given little attention at the assembly level since much of their procurement activities involve works and so much of the procurement activities are being performed by the district engineer in charge of works in collaboration with the procurement unit. Finally it can be concluded that the Assembly still carry out most of their duties manually which of course does not facilitate progress.

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