

UNIVERSITY OF GHANA

**INVESTIGATING THE CHALLENGES OF COCOA PURCHASING PROCESS ON
THE INCOME AND LIVELIHOOD OF DISTRICT MARKETING OFFICERS AND
PURCHASING CLERKS**

BY

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**THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA BUSINESS
SCHOOL, LEGON IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF MSC ACCOUNTING AND FINANCE DEGREE**

AUGUST 2019

INTEGRI PROCEDAMUS

DECLARATION

I hereby declare that this submission is my own work toward the award of Master of Science (Accounting and Finance) and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been duly acknowledged.

.....
(NAME)

.....
DATE

CERTIFICATION

I hereby certify that this long essay was supervised in accordance with procedures laid down by the University of Ghana.

.....
DR CLETUS AGYENIM-BOATENG
(SUPERVISOR)

.....
DATE

DEDICATION

I am dedicating this thesis with love and, grateful heart to my lovely Son; Ellis Owula Boy Manikin-Gabion for giving me the opportunity to become a better father.

ACKNOWLEDGEMENT

I first thank GOD ALMIGHTY for a successful study at the University of Ghana Legon (UGBS) Accra.

I express my gratitude and deep appreciation to Dr. Cletus Agyenim Boateng, my thesis Supervisor and his TA Mr. Marcus Mbroh for their insightful comments, guidance, and support to the development of this study work.

Will also like to thank The Head of my Department, Dr. Samuel Simpson and all the academic staffs of the UGBS, for their insightful teachings and guidance.

To our lecturers, especially Dr. Ibrahim Bedi, UG Auditor and Audit Lecturer and Dr. William Coffie, a course coordinator and Research Technique Lecturer, thanks so much for your invaluable support.

To my Father and Mother, my life coaches, you have been very instrumental in bringing me to this far through the numerous opportunities you have granted me in life.

To my lovely companion, Anarfi Boahemaa Opoku who gave me a lot of supports and encouragements in diverse ways to complete this academic work successfully. May God bless you for your kindness and countless supports?

A big thank you to all the respondents, Mr. Afranie Adams, District Marketing Officer and Diana Larbi Office Manager of Royal commodities Buying Company, and COCOBOD management and (QCCD) Quality Control Company Division staffs who gladly offered their time to be interviewed in gathering enough data to successfully complete this thesis work.

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ABSTRACT

The Cocoa sector contributes significantly to the economy of Ghana employing over a million people. The sector boasts of the sustenance of about six million people including marketing officers and purchasing clerks. Marketing officers and purchasing clerks constitute important individuals who act as agents of Licensed Buying Companies (LBCs). These licensed buying companies purchase cocoa bean from cocoa farmers through purchasing clerks and marketing officers to be sold to COCOBOD. Purchasing clerks and marketing officers have crucial roles to play since they serve as agents between LBCs and cocoa farmers. However, these agents face challenges such as inadequate logistics, low quality of cocoa beans and poor storage facilities which affect their livelihood.

The study employs the qualitative case study method. This method is essential to discover meanings that purchasing clerks and marketing officers ascribe to events they experience in the natural setting of the cocoa sector. The study investigates the challenges of purchasing clerks and marketing officers and how these challenges affect their livelihood. In doing so, the study locates meanings that these agents confer on the cocoa purchasing challenges and their impact on their livelihood.

The study identifies challenges of purchasing clerks and marketing officers to include inadequate logistics and low quality of cocoa beans purchased from farmers. The study mentions that additional challenges in the cocoa sector which undermine the roles of purchasing clerks and marketing officers and affect their livelihood include low margin payment to LBCs by COCOBOD and poor storage facilities to keep cocoa beans.

The study recommends that the government should increase the level of margins paid to LBCs. Besides, purchasing clerks and marketing officers must be equipped with the necessary logistics

to facilitate their work. Also, the study recommends that social programs should be organized for smallholder cocoa farmers to educate them on right practices of cultivation and storage of cocoa beans.

CHAPTER ONE

INTRODUCTION

The researcher in this chapter seek to profile a short history on cocoa sector of Ghana and the major changes that has taken place so many years ago. Followed by the problem statement, the aim of this thesis, objectives of this research, study significance, research questions, limitations of the study, and the organization of the chapters.

1.1 Background of the Study

Cocoa (*Theobroma cacao*) production has become the mainstay of Ghana's economy for more than 10 years now. Tetteh Quarshie introduced or brought the cocoa crops to Ghana (a pre-independence Ghanaian) far back in 1870 which today constitute one of the major export crops of the Ghanaian economy. Various administrations in the country including the colonial one extracted cocoa revenues as taxes to secure a significant share of government revenues (Rimmer, 1992). Kwame Nkrumah, the first president in power from 1957 to 1966, used cocoa reserves and revenues to promote an import substitution industrialization strategy (Killick, 2008). Subsequent governments in the late 1960s and in the 1970s continued in the footsteps of Nkrumah's development policy, and retained a large role of the state in managing the sector for the benefits of the entire economy instead of switching to market oriented policies to access new sources of taxation (Killick, 2008).

The cocoa industry is paramount for the economies of many nations in African, where about 80% of the world cocoa is produced and millions of smallholder farmers produce the crop as a means to sustain their livelihoods (Fairtrade Foundation, 2011). Cocoa remains the vital agricultural export product of Ghana today (Barrientos & Asenso-Okyere, 2012). The Ghana's cocoa sector

employs more than a million people throughout the country's cocoa growing regions and remains the major source of livelihood for over six million people in the country (Tutu, 2009; Ghana Cocobod, 2010). Employer: In terms of job creation, the livelihood of about six million people (25% to 30% of the population) depends solely on the cocoa sector (Anthonio and Aikins, 2009). The cocoa sector contributes about 1/3 of all export incomes generated in Ghana accounting for between 25 to 30 percent of total export earnings and contributes about 10% to GDP (Anang, 2015). The cocoa industry in Ghana is heavily solely regulated by the COCOBOD, a government institute which sets the annual price for cocoa, determines who is allowed to purchase cocoa on the domestic market, organizes quality inspections, and provides inputs to farmers (Grossman-Green & Bayer, 2009; Capelle, 2008).

The following are the cocoa producing regions namely Ashanti, Greater Accra region, Brong-Ahafo region, Volta region, Western region and Eastern region (Barrientos & Asenso-Okyere, 2012). These are the most or main areas for cocoa farming due to their favourable tropical weather (Olesen et al. 2013). The Government of Ghana support the farmers with inputs in order to increase cocoa production consistently every year. The sudden decrease in poverty levels for cocoa producers coincides with a period of favorable cocoa prices, higher yields, and increased production. Cocoa producing households: Cocoa growing communities' households, cocoa contributes for more than 67% of household income (Kolavalli and Vigneri, 2011). Apart from this there are numerous of issues affecting Ghanaian cocoa sector. Financial (poverty), ecological (pests and diseases) and social issues (child labour) are widespread (Hütz-Adams & Fountain, 2015; Wessel & Quint-Wessel, 2015).

In order recognized the contribution of cocoa to the development of Ghana, the government in 1947 established the Cocoa Marketing Board (CMB) of Ghana Cocoa Board (COCOBOD) has

the sole right of exporting cocoa. COCOBOD regulates or controls the cocoa sector in Ghana, with the aim of promoting cocoa production, processing, and marketing as efficiently and effectively as possible (Ghana Cocoa Board, 2012). Quality Control Company, the Cocoa Marketing Company, the Seed Production Unit and Cocoa Research Institute of Ghana are some of the various divisions that operate directly under the umbrella of COCOBOD. For example, the Seed Production Unit is responsible for multiplication and distribution of improved cocoa planting materials to farmers. Based on research and development by the Cocoa Research Institute of Ghana (CRIG), the SPU usually recommends the use of hybrid cocoa pods and materials (Ghana Cocoa Board, 2012). Cocoa production sometimes experiences setbacks due to factors related to government schemes, environment, and yield and stock features of trees (Dand, 1999).

To the European Union the main importers, Japan and the United States. This method was abolished in 1966 and licensed buying companies were reinvented to take over. Government founded Produce Buying Company (PBC) to be involved in the internal purchasing of cocoa beans from the producers of coca across all the cocoa growing regions in Ghana.

Years back 1984, as part of the Restructuring Program process, the board (by then renamed Cocobod) took a major downsizing exercise, which allowed the removal of tens of thousands of staff workers on payroll , and the elimination of non–essential roles such as building roads, processing cocoa and running plantations (Jacobeit, 1991). The Quality Control Division, renamed the Quality Control Company, remains responsible for ensuring that the overall quality of the beans is kept to the high standard, and the CMC remains the only exporter of Ghanaian cocoa.

For the various economic benefits that Ghana has again in the cocoa sector call for the need to investigate and assess the challenges confronting the sector in order to take corrective measures to address them to increase productivity and foreign proceeds for the country’s economy. This has

been the most ultimate reason why the researcher undertaking this study to investigate the challenges hindering the cocoa purchasing process in the Ghana's Cocoa sector.

1.2 Statement of the Problem

Revenue generated from Cocoa, constitutes about 30% of all revenue from export and also constitutes ofr about 57% of overall agricultural export. "Cocoa is, Ghana is cocoa". The share of agricultural GDP of cocoa has been increasing rapidly and existing yield gaps and the prices of the commodity worldwide suggest further growth potential. Cocoa cultivation has dominated six region across the country which means that a lot of Ghanaian people depends on cocoa for their livelihood. Due to low rainfall and decreasing fertility of soils, production has moved westward which at end has favored the western region the most which has increase the percentage when it comes to cocoa production in Ghana. Unfortunately, this westward shift has been a major cause of deforestation. Ghana in history is the only cocoa growing country in Africa to have resisted the neo-liberalist structural reforms of the late 1980s and have tried to maintain a semi-liberalised marketing and pricing system. Big thanks to quality controls Division, its beans trade at a premium on the international cocoa market. The Ghanaian cocoa value chain cannot be easily compared to other cocoa producing countries. The government of Ghana is mostly involved at all levels of cocoa production and export. Cocobod being the state-run marketing board controls the quality of the cocoa and manages the export of Ghana's cocoa beans. Licensed Buying Companies, or LBCs, purchase the beans from farmers through DMO's and PC's and then sell them at a regulated fixed price to Cocobod. This brought about new LBC's to help stabilize the purchasing process of cocoa. Because of the intervention of liberalization in the Ghana cocoa sector is now about 28 other LBCs dominated the cocoa sector Vigneri, and Santos (2001). Though Ghana cocoa sector has gone under numerous transformations by introducing the partial liberalization gives opportunity

licensing buying companies to participate in the internal cocoa marketing process. Ghana government have the sole mandate to regulate producer price of cocoa by deciding on how much to purchase cocoa beans from cocoa farmers.

The focal point of Ghana's cocoa sector for some years now is to increase production output and discussing major cocoa purchasing process and challenges. Cocoa production will be maximized yearly if the challenges hindering the industry are identified, assessed and addressed adequately to improve the level of performance of becoming first in supplying high premium quality cocoa beans in the world. This study is aimed at looking at the challenges of cocoa purchasing process in Ghana's cocoa sector . The outcome of the challenges identified as been appropriately validated and evaluated and some key solutions were offered to resolve these problems. This thesis is therefore seeking to help bring out the actual problems facing the sector which is affecting on productivity and growth.

Anang, (2015) recognized the sector's difficulties in meeting its cocoa supply total annually which is based on the factors including: aged cocoa trees and aged cocoa farmers, widespread of pest and disease outbreaks, poor farming practices, smuggling of cocoa , cocoa price volatility, input price volatility.

1.3 Research Questions

The specific research questions are to determine:

- i. What kinds of challenges affect cocoa purchasing process in Ghana?
- ii. What are the challenges level at the various stages of cocoa purchasing?
- iii. What are the levels of effects of the challenges on effectiveness of Cocobod?

1.4 Aim of the Study

The aim of this study is to look the challenges of Cocoa purchasing process in Ghana's cocoa industry.

1.5 Research Objectives

The general objectives of the study are to look at the challenges of Cocoa purchasing process in the cocoa sector of Ghana with specific objectives aim at:

- i. Identify the challenges that could affect cocoa purchasing process in Ghana.
- ii. Assess the effects of the challenges on the key partners of the purchasing process and COCOBOD.
- iii. Submitting a roster for managing the challenges faced at the various levels of cocoa purchasing process in Ghana.

1.6 Significance of the Study

The outcome of the study will help in improving internal cocoa purchasing process of Ghana. With the current situation of cocoa purchasing process by LBC's through the DMO's and PC's coupled with bad road network across the farming communities, low incentives and lack social programs. In 2014 September, report has it that 200,000 cocoa bags and foodstuff were unable to be transported from some producing districts in (Takoradi) Western Region of Ghana and this was due to the collapse of two main bridges and bad roads. According to the farmers, the situation compelled some of them to sell their produce to other countries like Cote d'Ivoire, rather than allowing them go waste (Moses D. A., 2014). Thus looking at the; i. Component that hinders efficient Cocoa purchasing or procurement process would be outlined in this study so that proper

measures would be taken to resolve those challenges, ii) Furthermore, the recommendations from this study findings will be of a help to Cocoa sector of Ghana and other world trading entities. A quite number of theoretical and practical contributions are expected to be drawn from this research. Theoretically, the results from this study are expected to deepen the understanding of Government or Cocobod to know critical vital areas in the cocoa purchasing or procurement process and procedures in the cocoa sector. The various partners of the cocoa purchasing process will also become enlightened to challenges which were unidentified. After this research the result will be used as a guide for managements of COCOBOD, and Government against risks identified facing the cocoa purchasing in Ghana. This expected outcome will help improve the industry's attractiveness to both LBCs, DMO's, PC's and other shareholders while ensuring profitability for the sector.

1.7 Study Limitations

One major limitation in this study was financial resources problem which is expenses they incurred when they travel to work on questionnaires in the cocoa purchasing process. This limitation has affected the time frame in which the sample size chosen to large extent help in achieving the aim the study. This make it to investigate and establish the challenges faced by cocoa purchasing process in Ghana in ensuring sustainable production and purchasing practices in the cocoa sector. Another limitation was that of the respondents (District Marketing Officers and Purchasing Clerks of LBC's) attitude portrait in course of the interview in gathering data for this research work. Many of them will like to fill in the information if their respective LBC's name can be found on the lists. As a result, literatures focusing on this study area in investigating the challenges of cocoa purchasing process becomes limited information provided.

1.8 Organization of the Study

This study has been organized into five main chapters. Chapter one presents the introduction and the background of the study which comprises a brief background of the study area, statement of the problem, aim of the study ,research objectives, research questions, significance of the or justification of the study, limitation of the study area and the organization of the study; Chapter two is made up of the literature review by defining key concepts; Procurement, purchasing, Procurement, Purchasing, Supply chain management and Constraints Management and Chapter three is made up of the research methodology comprising the source of data and the research techniques and Chapter four presents' results and discussions of the results. Finally, Chapter five comprises the summary of the research study. Conclusions, findings and recommendations

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides an overview of previous research on Cocoa Purchasing Challenges, and its effects on the income and livelihood of District Marketing officers and Purchasing Clerks.

2.2 Definition of Purchasing:

Defining purchasing as, to buy materials of the right quality, in the right quantity from the right source delivered to the right place at the right time at the right price. Procurement is the process of obtaining good or service in any way, including borrowing, leasing and even force or pillage (Lysons et al, 2006).

2.3 Procurement or (Purchasing) Cycle/Process

2.3.1 Introduction

Purchasing defines the process of buying. It is the learning of the requirement, identifying and selecting a supplier, negotiation price. Purchasing is an element of the wider function of procurement and it includes many activities such as ordering, expediting, receipt and payment. Purchasing is responsible for obtaining the materials, parts, supplies and services needed to produce of a product or provide a service (Joyce, 2006). Purchasing can be divided into two broad categories, large and small purchases, based on seven characteristics of purchased product volume, specificity, technological complexity, essentiality, fragility, variability, and economic value.

The purchasing cycle begins with a request from within the organization to purchase material, equipment, supplies, or other items from outside the organization, and the cycle ends when the

purchasing department is notified that a shipment has been received in satisfactory condition, and managerial accounting is actively involved in each step (Emmett & Crocker, 2008). The main steps in the cycle are as under: Planning, Determine Specification, Sourcing, Evaluation, Buyer-Supplier Relationship, Price and Terms, Purchase Order, Goods Delivery, Invoice Approval and Final Payment

2.3.2 Planning

The department of purchasing and the management of the company including the District Marketing Officers (DMOs) or Managers and Purchasing Clerks (PCs) must understand and figure out the need and the urgency attached to their work as far a new season of purchasing cocoa is concerned. This helps them to know the amount of cash they needed and the tonnes of cocoa they need to purchase for their respective companies for the season.

2.3.3 Determine Specification

The good product is quite important and crucial for a firm. District Marketing Officers (DMOs). Several types of specification which includes technical, functional, performance, sample, brand and design (Lysons and Gillingham 2003, Burt et al 2006). A good specification must: must clearly specify the item to be procured, briefly, reasonably and unmistakably; with detail to enable the supplies with only the important features or characteristics of the items to be procured.

2.3.4 Sourcing

The next step involves that the District Marketing Officers (DMOs) or Managers and Purchasing Clerks (PCs) needs to determine the sources from where and which particular people they will be purchasing the cocoa beans from. Many organizations have the necessary approved vendor lists who are the constant in supplying suppliers. If this is not the case, the company will need to search

for a supplier using purchase orders or research a variety of other sources such as social media, internet portals, and other lucrative sources and reference points. The company will qualify various suppliers shortlisted to determine the best product suited for the business operations.

2.3.5 Evaluation

2.3.5.1 Evaluating Supplier Performance and the Supplier Selection Decision

Perhaps the most powerful risk prevention approach is the development of a rigorous supplier evaluation and selection decision. Choose a set of world class supplier and watch how much the easier life become. Select a set of poor performers and be prepared to dust off the risk contingency plans (Robert et al, 2009). Next, the key performance indicators (KPIs) is use to evaluation of supplier performance have been quality, delivery and price. While these are still basic to supplier evaluation, such as e-procurement, JIT (Just-in-Time) and lean manufacturing, integrated supply chains have made the evaluation of supplier relationships and important consideration. The number of KPIs that may be used is almost limitless. The ten supplier evaluation factors are shown in Appendix 3 (Lysons et al, 2006). This decision to place a certain volume of business with a supplier should always on a reasonable set of criteria. Besides that, organization and management, technical strength and, financial status, communications, reputation, labour relations, systems, procedural compliance, and. obviously, the nature and amount of the purchase will influence the weighting attached to each objective and hence the evidence needed to support the decision (Leenders et al, 2006).

2.3.5.2 Buyer-Supplier Relationship

Form the comparison of alternative statistical models, they concluded that purchasing integration has a moderator effect on the impact of supplier management practices on manufacturing

performance. Purchasing integration, summarizing practices such as purchasing strategy alignment with corporate strategy, involvement in the new product design and process improvement, and focus on corporate value creation, seems to be a prerequisite to capture the value from strategic supplier management and cooperative supplier relationship (Michael, 2008). This study suggested that only a combination of externally and internally focused on purchasing initiatives may be able “to elevate purchasing into a strategic function.” (Narasimhan and Das 2001, P.607). Narasimhan and Das (2001) explored that the relationship between purchasing integration and supplier management practices (buyer-supplier relationship development, supply base leveraging, and supplier performance evaluation). According to Ian (2005), the relationship between buyer and the supplier changes with the type of contract or commercial arrangement. Assuming the supplier able to deliver the same activities as the buyer but at a lowest cost, the difference in costs translates to a profit margin for the supplier. In the governance of the outsourcing, both the supplier and buyer work in an agency environment. So the “potential contract” relationship model addresses the organizational needs of control and flexible. Here, the commercial arrangements including joint ventures, multiple supplier, individual and joint-venture spin-offs, consortia and shared service structures re-emphasize the importance of the quality of supplier-buyer relationship (Ian, 2005).

2.3.6 Price and Terms

Next step in the line is that the company has to investigate all relevant and vital information to determine the best price and terms for the product required. This will depend on if the company needs ready products or specialized materials that are made to order. As per the thumb rule of the market, the company will have short list three suppliers before arriving at the final decision. According to Robert et al (2008) note that, not all purchase requirement will require buyers and

seller to conduct a thorough and detailed negotiation. For many items, the competitive bidding process will satisfy on a buyer's purchase requirements, as may be this case for items that are low value, are widely available commodities, or have pre-existing standards. In other hand, according to Richard (2005) also state that, Negotiations are an important part of the purchasing process, because their effective use can help safeguard in the interests of a sports medicine program. Physical trainer should negotiate in the following three categories of purchases. Capital equipment. This is the expensive, durable equipment that often makes up the bulk of the rehabilitation and therapeutic modality inventory for a sports medicine program. Medium- priced annual re-buys. These are usually purchase of services that require annual renegotiation.

2.3.7 Order of Purchasing

The purchase order is the formal document and is used to buy materials between a buyer and seller. It defines the aspects of price, specifications of the product, and the terms and conditions of the product and all other mandatory terms as per the requirements of the industry. After evaluating and negotiations a contract is awarded to the most economically responsive bidder whose bid meets the terms and conditions or the agreement already spelt out in the tender document before bidding. A notification of an award of contract is sent to the successful supplier or contractor for the formal signing of the contract documents before executing the contract work, supply contract or service contract. After signing of the contract documents, both parties are expected to perform their obligations and commitments in order to avoid delays and to complete the contact terms on schedule. In Ghana, the public procurement Act, (663, 2003) demands that a standard tender document designed for a particular procurement activity must be used and adhered to.

2.3.8 Goods Delivery

More often the term is determined to seller within which he has to do the goods distribution. Purchase order can be distributed, through the means of personal delivery or e-mail. In the actual sense, the specific delivery or distribution method is specified in the purchasing order. The receiver normally acknowledges receipt of the purchasing order and then both sides try to keep a copy in their records to proof or for future reference. Before accepting a delivery of one must thoroughly check the products or the services originality and quality to know whether it agrees with specify product before issuing receipts for payment or final certificate.

2.3.9 Final Payment and Invoice Approval

Three vital documents are required for the final payment method – the invoice itself, the receiving document or the proof of delivery, and the original purchase order signed by both the parties. The agreement of these documents provides confirmation from both the parties involved and any sort of discrepancies must be resolved before the recipient makes the final payment. The payments are made in the form of cash, cheque, bank transfers, or other types of electronic transfers depending on the terms and conditions agreed upon. It is the duty of the purchasing department to validate every documents and resolve any issue that may come up. Invoice is sent to accounts payable department for payment once is approved.

2.4. Supply Chain

For proper regulation of the cocoa industry, the government mandates COCOBOD to give license to private buying companies such as Produce Buying Company Limited (PBC), Armajaro, Akuapa, Cocoa Merchant, Cocoa Abrabopa, etc. The various Licensed Buying Companies (LBC) have District Managers who in- turn have Commission Marketing Clerks. The Commission

Marketing Clerks are given funds by the LBCs to purchase cocoa from farmers. Farmers sell their beans to the Cocoa Marketing Clerks who then sort the beans and bag them. The beans are stored temporarily and evacuated to the district depots or society sheds. This first evacuation is called primary evacuation. The Cocoa Marketing Company (CMC), a subsidiary of COCOBOD receives the beans whilst the Quality Control Unit (QCCD) of COCOBOD grades the beans for substandard and rejects beans if necessary. At this point, each bag is tagged with a station identification number. The bagged beans are then sent to the port and received by the CMC and rechecked for quality by QCC before final export. This process is also referred to as secondary evacuation.

2.4.1 Forms of Challenges that Occur in the course of supplying of Cocoa

These challenges may be related to the following: improper distribution of farm inputs (fertilizers, pesticides, funds, etc.) from government or Licensed buying companies to farmers; Improper sorting of the cocoa beans; poor handling, packaging and storage of the cocoa beans; poor transportation beans from the farms through to the exportation centres across the country. Challenges which includes bush fires, flood, etc also pose serious challenges to the sector. The industry is also faced with communication gap between COCOBOD and other partners of the chain. This results in information distortion, arms- length relationship between partners of the supply chain, etc. According to this definition, the supply chain encompasses processes that cover a broad range of activities including sourcing, manufacturing, transporting, and selling physical products and services. Life cycle refers to both the market life cycle and the usage life cycle and these are not the same for durable goods and services. Therefore, product support after the sale becomes an important supply chain component (Ayers, 2001). Increasingly more companies' coordinates in both upstream and downstream echelons in a supply network the material and

information flows among a number of different suppliers, manufacturers and distributors (Seifbarghy and Gilkalayeh, 2012).

2.4.2 Ghana Cocoa Board

The Ghana Cocoa Board established in 1947 has had a long history of overseeing the cocoa sector of Ghana. Ghana Cocoa Board serves as the exclusive marketing intermediary between primary producers and processors of cocoa beans in Ghana. Ghana Cocoa Board is the sole body mandated by the government to regulate the cocoa purchasing process in Ghana.. In Ghana the COCOBOD and its subsidiaries are mandated exclusively by the government to assess interested registered companies to be involved in the cocoa purchasing process .A Company expressing an interest to engage in the internal marketing of cocoa must apply to COCOBOD first. There is a body known as the Cocoa Sector Marketing Committee (COSMARC) authorized by COCOBOD in discourse with the Minister responsible for cocoa. The duties of COSMARC include: Determining applicants who want to participate in the internal marketing of cocoa and make recommendations to COCOBOD to provide license to the selected participants to be involved in the internal marketing of cocoa. Supply contract as License Buying Company is awarded based on whether the company seeking for license is capable of purchasing cocoa for at least two crop seasons internally (thus two years on the row). The company must also be financially sound to be involved in the purchasing of cocoa. The company must be able to purchase about 10,000 to 20,000 metric tonnes of cocoa for two uninterrupted crop seasons. Finally the company must have enough vibrant workforce possess of practical knowledge and experience in purchasing and marketing of cocoa internally. Ghana Cocoa Board Law, 1984, (PNDC.L.81) mandates Cocobod to issue cocoa purchasing license to the company as Licensed Buying Companies to involve in the internal marketing of Cocoa. Cocobod also companies with Seed Funds also known as Stabilization Funds

is given to successful cocoa purchasing companies. In order to know whether the companies would be able perform or play their role, Cocobod requests an advanced performance bond in the form of bank guarantee. This is done in order to have the assurance of the LBC's. Some of the license buying companies include: Produce Buying Company Limited (PBC), Armajaro, Akuapa, Cocoa Merchant, Cocoa Abrabopa, CDH Commodities Limited, Nnabya Limited etc. COCOBOD provides Seed Fund to LBCs in the form of purchasing order to enable eligible companies to engage in the cocoa purchasing business. Based on the purchasing guidelines and regulations LBC employs District Officers and Purchasing Clerks or Cocoa Marketing Clerks as representatives in the cocoa growing areas to purchase cocoa directly from the farmers. District officers gives Purchasing Clerks funds received from the LBCs to purchase cocoa from farmers directly. After buying the beans from the Farmers, the Clerks continue to do sorting and bagging in Cocobod customized cocoa jute bag branded Ghana Cocobod Cocoa, produce of Ghana with right quality and weight of cocoa average 64 Kg per bag. After this certification of cocoa is done by grading and sealing the cocoa beans after thorough checks by Quality Control Company officers. The cocoa beans are temporarily stored in the LBCs warehouse and then later the beans are evacuated to cocoa sheds or depots where quality is assured again by Quality Control Company Officers from Quality Control Division of COCOBOD. After the certification the first transportation to the district depot is done which is called primary evacuation and the second evacuation is done when LBCs transport cocoa beans from their District warehouse to Cocoa Take-over Centers to be kept by Cocoa Marketing Company warehouse. The Cocoa Marketing Company (CMC), been a subsidiary of COCOBOD receives the cocoa beans and allows the Quality Control Unit of COCOBOD to do further checks by grading the beans into normal standard, substandard, with each cocoa bag tagged with quality seal, and station identification number. Cocoa beans are

rejected straight forward if it does not meet the quality standard set by Quality Control department. One reason why cocoa beans are rejected is as a result of beans mixed with foreign materials, beans not dried thoroughly, insect's infestation, and chaffs. Documentation is carried out by Quality Control department to ascertain the total stocks of cocoa at hand in tonnage. After a stock count, fumigation exercise is done by QCD in order to protect cocoa bean from incents insects. Under the supply chain, a thorough a final grading and quality checks are done in order to get the cocoa beans ready for sale and export. The bagged beans are transported to the port which will be received by the CMC and final checks are done to ascertain for quality by QCCD before final export is done.

2.4.3 Major Challenges Affecting Cocoa Purchasing Process and its Impact on Cocobod effectiveness

The study investigates the challenges facing the cocoa purchasing process and its effects on Ghana Cocobod operational effectiveness and Ghana's cocoa sector's sustainability. With reference to World Bank (2011) report on Ghana's Cocoa sector. The World Bank report identified some challenges facing the Ghana's cocoa sector. However, this study focuses on investigating the challenges of cocoa purchasing process in Ghana. The challenges perceived facing cocoa purchasing process in Ghana include the following: Unstable Cocoa Price, Inadequate Credit Facilities, Low Buyer Profit Margin ,warehouse facilities and Storage of Cocoa, Excessive Market Power COCOBOD , lack of adequate funds to license buying companies, , poor transportation network hinders efficient evacuation of cocoa beans from the cocoa growing communities to various cocoa takeover centres. Most considerably environmental challenges such as; bad weather conditions, bush fires, flood etc., also stands as thoughtful challenges to Ghana's cocoa sector's growth and sustainability. The challenges that affect Cocoa purchasing process in Ghana are many

and therefore should be given the needed attention it deserves in order to improve the sector's total growth and sustainability.

2.4.4 Unstable Cocoa Price

One major challenge associated with cocoa production and purchasing process in Ghana is the Unstable Cocoa Price. Cocoa price on the international market for some years now has been unstable and unpredictable. This uncertainty associated with cocoa price on the world market has been a major problem facing Ghana's cocoa sector. According to the World Bank Report in 2011, during crisis years, the margin sometimes even turn negative. International prices of cocoa rose steadily throughout the 2013/14 season, gaining 24% to reach US\$ 3,313/MT at the end of September, 2014, however, by October 29th in the same year, the price dropped to US\$3,000/MT. According to Kwanashie et. al., (1994), the degree of fluctuation in prices is a major concern to the cocoa industry and either Cocobod, LBCs or farmers end up being cheated. Gov't and Cocobod review cocoa price yearly at the beginning of each cocoa season to cocoa farmers even if international cocoa price falls. Galtier (2009) in his study finding concluded that the causes of price instability are a critical factor in the performance of price stabilization policies and strategies.

2.4.5 Inadequate Credit Facilities

Inadequate credit facilities for cocoa farmers is one of the challenges facing the cocoa industry. Farm inputs for Small-scale cocoa farmers have been a difficult thing to secure for their farms. Distribution of quality farm inputs are very important to ensure high cocoa production in the cocoa industry. There are however a lot of challenges associated to the distribution and use of these inputs. In 2008, 932tractors were imported by the Ministry of Food and Agriculture to enhance productivity of the sector but as a result of poor monitoring of the distribution, it was found out

that some government officials who were not farmers rather ended up being the beneficiaries (<http://graphic.com.gh/news/> accessed February 2015). Purchasing clerks sometimes find it difficult to support the farmers financially because farmers see the terms and conditions as unhelpful. This is due to inadequate of Seed Fund to purchasing Clerks to purchase cocoa through the LBC's. This results in a very little profit being achieved at the end of the day and de-motivate other cocoa farmers to expand the size of their farms for lack of funds (Laven, 2010). The farmers turn round to sell their cocoa to other LBCs for cash instead of using the Akafo cheque system.

Ghana Cocoa Sector Development strategy pg 79, Ministry of Finance, April 1999.

2.4.6 Low Buyer Profit Margin

The outcome study conducted on Ghana Cocoa Farmers for 2001/ 2002 and 2003/2004 disclosed that six LBCs operating in 2001/2002 had gone out of business by 2003/2004 (David et. al., 2009). Zeitlin (2006) concludes that the bankruptcy rate among LBCs is so high meaning that margins paid by government to cocoa delivered by the LBCs to Cocobod is woefully unsatisfactory. LBC's business is affected by the following: low buyer profit margins paid by COCOBOD to LBCs for purchasing and delivery of cocoa, high interest rate, high operational cost, inadequate government support, high level of competition, The cocoa price margin fixed by government to pay cocoa farmer through LBCs is considered to be the least when compared to other major cocoa growing countries in the sub-region like Côte d'Ivoire as reported by Vigneri and Santo (2007). Despite Ghana's unparalleled cocoa record in the 2010/11 season, thanks to good weather and government incentives, the cocoa industry has gone through some turbulent and unpleasant challenges over the last three seasons.

After the boom output of the 2010/11 season when purchases reached the record high of 1 million tonnes, and the international market offered the country the most pleasing averaged-price ever at US\$3,300 per tonnes, the industry has suffered a reversal of fortunes.

2.5 Warehouse Facilities and Storage of Cocoa

A warehouse is an essential limb of the industrial unit. It is the depository of all materials required by all industrial units and supplies materials as and when required. The variety of items stored is so large that a planned system is necessary to keep them safely and in order. The stored items should be identified and issued with minimum efforts and in minimum time. This calls for the following: (1) An organizational structure suitable to carry on various activities efficiently and productively. (2) Defining the functions and duties of each focal official. (3) Developing systems for the standardization of operations and uniformity in actions. (4) Developing and maintaining records for proper accounting, management information and analysis (Saxena, 2003). Recent pressures on logistics, increasing customer service levels, inventory reduction, time compression and cost minimization have changed the structure of supply chains and the position and working of warehouses within the supply chains. Warehouses come in all shapes and sizes, from facilities of a few hundred square meters handling modest throughputs, to large capital-intensive installations with storage capacities in the 50,000 plus metric tons range. Warehousing (storage) follows directly after production. The critical role of warehousing in the cocoa supply chain is apparent from the fact that it precedes sale and export. Investigating warehousing problems in the cocoa industry can therefore be regarded as half of the solution to problems associated with increasing profitable sales and export.

2.5.1 Ageing Cocoa Farms and Ageing Cocoa Farmers

Ghana's inability to engage more young people in agriculture production to replace the aging farming population is a worry to industry players. It is high time young graduates are empowered to venture the agricultural industry. Viable agri-business enterprises, run by young people, will help sustain the sector. Majority of the people engaged in agriculture are believed to be over 50 years old. Young people turn away from farming, often thought to be difficult, time consuming, risky and not very profitable. If cocoa farming is taken as a business, then definitely the cocoa industry will have a future". The 2013 National Best Cocoa Farmer, owns over 400 acres of cocoa farm. He emerged the global best cocoa farmer at the World Cocoa Conference this year. The cocoa yields in Ghana are relatively low in recent times partly because of the old age of farmers, their farms and the cocoa trees (Laven, 2010).

2.5.2 Effect of Aged Cocoa Farms and Age Cocoa Farmers on Cocobod

There is much of risk and pressure on Cocobod and stakeholders in the cocoa sector since demand for cocoa beans is on the increase. Aged cocoa farms and old farmers in the sector means no much foreign exchange will be earned for the government. This could cause unemployment rate to increase in Ghana since the cocoa sector alone employs about 60 percent of people. The high level of ageing cocoa farms and old age farmers can be alleviated by government initiating organizational cocoa sector programs which focus at motivating and empowering cocoa farmers by providing with them free improve cocoa seedlings, farm inputs such as fertilizers, spraying machines and insecticide. This has contributed to low production of cocoa in Ghana for a longer period and the gov't to help the farmers with necessary inputs in order to enable enhancement of the of production cocoa in Ghana. This will help to create employment which in a long way will help in reducing youth unemployment. It is so vital that, about 100,000 Ghanaian active youth will

enter into cocoa farming to help the country achieve a continuous good yield and output averaging of one million metric tons yearly and above.

2.5.3 Agriculture in Ghana Unattractive to Most Active Ghanaian Youth

Cocobod and Stakeholders in cocoa sector must support and motivate the active youth to venture into cocoa farming to replace the aging farmers. Cocoa farming cannot be possible without land available, and traditionally, the land belongs to adults. Thus, young people seldom have access to lands for agriculture. It is unrealistic for young people to purchase land these days given the high rates of youth unemployment against high land prices. For young women, it is even a greater challenge to access land due to the underestimation of women's abilities, especially in Africa. To overcome these challenges in accessing land, the following can be considered: The youth should be encouraged to come together to form cooperative farming groups. They can then lease a land, which will be affordable, given that the cost will be for a group, not an individual. Likewise, the Government should lease dormant government lands to the youth for short periods to serve as a motivating factor to positively influence the youth's interest in agriculture. Also, the government must formulate and enforce statutory laws that give equal rights to both women and men to have access to lands. This will give young women the opportunity to engage in large-scale farming. The youth today is trendy and prefers new technical and innovative ways of farming, which involve substantial financial commitments. Access to financial services is of fundamental importance to start those new and technological ways of agriculture. Unfortunately, just like access to land, access to finance also poses a great challenge to the youth who would like to start commercial farming. In some settings, the youth has access to land but lacks the necessary finances, such as costs of planting, fertilizer, harvesting, etc., to invest in the venture. Meanwhile, financial service providers have the perception that young farmers form a riskier client category than the adults

because they assume that young people lack experience and collateral. Due to this perception, the youth is denied access to loans and grants that can help start up their agricultural activities. To mitigate the difficulties in accessing funds by young farmers, the following can be implemented: The young farmers should come together to establish a common warehouse for their farm produce, which they can use as a collateral in accessing loans. The difficulty in obtaining basic farm inputs such as seedlings, cutlass, seedlings, and other simple farm implements such as cocoa spraying machines couple with difficulty in land acquisition de-motivate cocoa farmers to expand the size of their farms for lack of funds (Laven, 2010).

2.5.4 Low Motivation to Cocoa Farmers

The government of Ghana spends huge sums of money annually on the purchase and distribution of fertilizers, viable seedlings and other inputs to farmers but the sector is still beset with a lot of challenges which reduce yield significantly annually. In order to maximize yield, it is very important that cocoa production challenges throughout the supply chain are identified, assessed and dealt with early enough in order to restore the level of productivity of the sector. The purpose of this thesis is to identify these challenges from the mindsets of farmers, some selected District officers and Purchasing Clerks. However, the introduction of the cocoa mass spraying programme, the payment of bonuses, and housing scheme for cocoa farmers, with a pension scheme, will really make the cocoa industry an attractive sector for the youth. The Government, through Ghana Cocoa Board, initiated a National Cocoa Diseases and Pest Control (CODAPEC) programme, “Mass Spraying Exercise” in 2001 to provide free spraying of cocoa farms for the farmers for the purpose of controlling capsids and black pod disease. Currently, about 72 districts, covering all the cocoa growing areas are benefiting from the programme but quite number of farmers are still waiting to benefit from the Mass Spaying Exercise. Farmer’s welfare and non-payment of bonuses due them

is demotivating them and making their work not enjoyable in the cocoa sector. Chief Cocoa Farmer for Suhum Municipality, told the GNA that Purchasing Clerks (P/Cs) from the LBCS has resorted to underpaying the producer price, and denying them of their bonuses on their produce sent to the societies (sheds) to sell. Ghana Cocoa Board (COCOBOD) announced that farmers would not enjoy any increase in producer price and bonus for the 2017/18 season. This was attributed to the significant drop in the price of cocoa beans on the international market.

2.5.5 Diseases which Affects Cocoa Production

The *P. palmivora* causes the total yield loss of 20%-30% and tree deaths of 10% annually. *P. megakarya* is the most important pathogen in Central and West Africa, known as the most aggressive of the Pod Rot pathogens. *P. capsici* is widespread in Central and South America, causing significant losses in favorable environments (ICCO, 2015). All the above species are species of black pod disease. Mirids are the major insects that disturbs cocoa worldwide. In Ghana, cocoa mirids have been known as a serious pest since 1908 due to their overwhelming effect. Currently, Cocoa pests and diseases follow a regional pattern of distribution and are indigenous to specific geographic area. However, there is an increasing threat of global spread of cocoa pests and diseases outside their current geographic distribution. The industry found out that, Mirids, is the most aggressive Black pod (*Phytophthora megakarya*) and cocoa Swollen shoot Virus (CSSVD) are the main indigenous pests and disease affecting Cocoa Production in Africa.(CSSVD April, 2013).

2.5.6 Bad Weather Conditions Affecting Cocoa Production-climate change

The International Cocoa Organization (ICCO) report on world cocoa production revised estimates for the 2005/2006 period on world cocoa production, grindings and cocoa bean stocks. The period

ahead however this figure will have been predicted to change or drop by 5.5 percent to 3472 thousand tonnes. Likewise, forecasts have been noted negatively elsewhere with investment bank Fortis forced to increase its 2006/2007 cocoa deficit figure from 131,000 tonnes to 215,000 last month due to unfavorable weather in West Africa. Unreasonable dry weather has raised fears in the area that crops will be damaged and production from major growing region will fall with supplies dipping and factors such as weather, disease and civil unrest having an increasing impact on the production chain, many companies and government bodies are becoming involved in helping cocoa farmers at grass roots levels.

2.6 Summary

Much research work has been done on the cocoa sector of Ghana for a economic development with little regard in looking at the challenges affecting the process of purchasing the cacao beans, the benefits and comformity. Therefore, literatures focusing on this study area measuring procurement achievement are limited.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter focuses on methods applied in obtaining vital data for this work: to investigate the prospects and difficulties in purchasing cocoa in Ghana. The research method comprises the Study Area, Research Design, Research Method, Case Study, Personal Interview, Population and Sampling Techniques, Ethical Consideration, Analysis of the Data and study Limitations. Defining Method as an established, habitual, logical, or prescribed practice or systematic process of achieving certain ends with accuracy and efficiency, usually in an ordered sequence of fixed steps. This is a procedure that helps the researcher in collecting, recording and analyzing a data to attain the purpose of this thesis.

3.3 Research Design

Research design “deals with a logical problem and not a logistical problem” (Yin, 2014, p. 29). It is a group of advance decisions which comprise the master plan revealing the methods and procedures for accumulating and analyzing the necessary data.

According to Kerlinger (1986:p.279) “research design is the plan and structure of investigation conceived so as to obtain answers to research questions. The design describes the procedures for conducting the study, including when, from whom and under what conditions data were obtained. Its purpose is to provide the most valid, accurate answers as possible to research questions (McMillan & Schumacher, 1993:31).

3.3.1 Research Method

There are three types of Research methods to choose from when conducting research in social science. These are qualitative, quantitative and mixed methods. In this research Qualitative research approach is adopted. It's a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem (Creswell, 2014). The process of research involves emerging questions and procedures, data typically collected in the participant's setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data. The final written report has a flexible structure. Those who engage in this form of inquiry support a way of looking at research that honors an inductive style, focus on individual meaning, and the importance of rendering the complexity of a situation (Creswell, 2007).

There are various research approaches like Case Study, action, ethnography, survey, historical research, experimental research, Grounded Theory etc. in collecting empirical data in social science. This study will employ case Study research tool. It's a strategy of inquiry in which the researcher explores in depth a program, event, activity, process, or one or more individuals. (Stake, 1995) "Cases are bounded by time, activity, and researcher's collect detailed information using a variety of data collection procedures over a sustained period of time" (Yin, 2014). The main aim of this study is to investigate the process of cocoa purchasing in Ghana and the challenges DMOs and PCs face in this process.

3.4 Data Collection

In general, we have two ways of gathering data which depends on the want researchers' objective and convenience. First it is the traditional face-to-face interview, and secondly, one can ask for a written (or recorded) account of the experience (Giorgi, 2009). There is no prescriptive quality to

a good interview, however there is one main criterion, which is, according to Giorgi (2009, p. 122): “What one seeks from a research interview in phenomenological research is as complete a description as possible of the experience that a participant has lived through.” The face-to-face interview is often longer and thus richer in terms of nuances and depth.

Personal Interview: There are many data collection techniques such as interviews, Questionnaires, Document review observation, experiment etc. Interviews are a used widely tool to access people’s experiences and their inner perceptions, attitudes, and feelings of reality (Zhang.Y, 2006).

Based on the degree of structuring, interviews can be divided into three categories: structured interviews, semi-structured interviews, and unstructured interviews (Fontana & Frey, 2005)

Unstructured Interview will be adopted in this research which allows questions to be asked depending on the interviewee's answers and proceeds like a normal friendly, non-threatening conversation, also called non directive interview. Ideal conversation could be an exchange of thought, and not, as many of those who worry most about their shortcomings believe, an eloquent exhibition of wit or oratory. (Emily Post, 1922).

3.5 Population and Sampling Technique

Staff of COCOBOD (CMC and CHED), DMOs and PCs will be interviewed for the entire study of this research. Random sampling techniques will be used in collecting primary data from 10 respondents from the entire population consisting of the District Marketing Officers (DMO’s) and Purchasing Clerks (PC’s) across the entire 6 cocoa growing areas or regions in Ghana.

3.6 Considerations Ethically

An interview questions administered or conducted in this thesis work will be carried out in line with the ethical consideration of issues. Participants in this research were informed about the aims and objectives of the study prior to the interview and they were also promised that their answers and information they will provide will be used for teaching and learning purposes and will be kept secret from people and the public. This will enable the respondents to provide information to every question that is asked without any intimidation.

3.7 Data Analysis

Thematic analysis will be used to analyze the data obtained in this thesis. Thematic analysis will be used to analyze contents of the interview in order to identify the main themes that arise from the respondents' responses (Braun & Clarke, 2006). This process involves a numerous of steps:

Step 1. *Identify the main themes.* The researcher needs to carefully go through the descriptive responses given by respondents to each question in order to understand the *meaning* they communicate. From these responses the researcher develops broad themes that reflect these meanings. People use different words and language to express themselves. It is important that researcher select wording of the theme in a way that accurately represents the meaning of the responses categorized under a theme. These themes become the basis for analyzing the text of unstructured interviews.

Step 2. *Assign codes to the main themes:* If the researcher wants to count the number of times a theme has occurred in an interview, he/she needs to select a few responses to an open- ended question and identify the main themes. He/she continues to identify these themes from the same

question till a saturation point is reached or reach a point where no more themes can be added. Define these themes and assign a code to each, using numbers or keywords.

Step 3. *Classify responses under the main themes:* Having identified the themes Next step is to go through the transcripts of all the interviews and classify the responses under the different themes.

Step 4. *Integrate themes and responses into the text of your report:* Having identified responses that fall within different themes, the next step is to integrate into the text of your report. While discussing the main themes that emerged from their study, some researchers use verbatim responses to keep the feel of the response. There are others who count how frequently a theme has occurred, and then provide a sample of the responses. It entirely depends upon the way the researcher wants to communicate the findings to the readers (Dawson & Catherine, 2002).

3.8 study Limitations

Although the use of expert judgments is a fairly common approach to studying alignment (see: Kenney, Silver, Alacaci, Zawojewski, 1998; Webb, 1999). There were some levels of unavoidable limitations although the research might achieve its aims and objectives. Firstly, this research was conducted in six cocoa growing regions across Ghana but participants interviewed in different regions by the researcher in order to actually ascertain the prospects and challenges faced by DMO's and PC's in cocoa purchasing in Ghana. Secondly, DMO's and PC's might not give enough answers to questions. Finally, assessment of the pretest and post test in this research was conducted by the author himself, certain degree of subjectivity will be encountered. Sort of objectivity would have been reached if three or more authors are employed.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents and interprets data collected for the study. Using thematic analysis, the themes that emerged from data gathered during interviews with purchasing clerks and marketing officers. The interviews were tape recorded, transcribed and reflected upon by the researcher. In the sections that follow, these themes are discussed.

4.1 The Cocoa Sector of Ghana

The Ghanaian Cocoa Sector boasts of its central role to the development and poverty alleviation goals of Ghana. Cocoa in Ghana serves as a source of public revenue and also offers livelihoods to farmers and purchasing clerks and marketing officers who represent cocoa purchasing organizations. For job creation, the sector supports the livelihood of about or more than six million people (Anthonio & Aikins, 2009). The sector regulated by the COCOBOD holds closely to 26 licensed buying companies (LBCs) who buy cocoa beans from farmers in villages and sell to the Ghana COCOBOD (Asante-Poku & Angelucci, 2013). These LBCs include Kuapa Kookoo, Armajaro, Akuafu Adamfo, Cocoa Merchants, FEDCO Ltd, Adwumapa among others. The Ghana COCOBOD after receiving the cocoa beans exports the cocoa through a subsidiary known as the Cocoa Marketing Company Limited which constitutes the sole exporter of cocoa in Ghana. The Cocoa Marketing Company, therefore, purchases the cocoa beans in sealed bags through licensed buying companies. Again, prices of cocoa products are pre-determined by the government. Following this, Licensed buying companies compete for volumes of cocoa to be purchased for Ghana Cocoa Board (Cocobod). It is observed that the government pays relatively little margins

to these LBCs due to large exporter margins and taxes that are paid by the sector to the government (Vigneri & Santos, 2008). The payment of low margins together with other sector challenges affecting the livelihood of purchasing clerks and marketing officers are discussed in the following sections.

4.2 The role of Purchasing Clerks and Marketing Officers as Agents of LBCs

Purchasing clerks and marketing officers play a vital role in among licensed buying companies. They serve as agents who help to purchase cocoa beans in various communities while making sure its quality is maintain. Their work is required to establish a cordial relationship between farmers and the LBCs they represent. For marketing officers, agency role includes the responsibility to supervise purchasing clerks and remit required amounts needed to buy cocoa from cocoa farmers. Following this, a respondent intimated that,

“ as a DMO [District Marketing Officer] my main responsibility is to supervise the Purchasing clerks to purchase cocoa beans.....this is to give them money that I have received from the license buying company that I work with”

This is very consistent with the views of Baah *et al.* (2012) who investigated the cocoa famer-purchasing clerk relationship in Ghana and mentioned that there exist vital interactions between and among marketing officers, purchasing clerks and cocoa farmers. Aside the role of marketing officers to allocate the appropriate funds to purchasing clerks, purchasing clerks at various community centers must also establish a good relationship with the cocoa farmers. However, they cautioned that aside these important roles of purchasing clerks and marketing officers attention should be paid to concerns of farmers which include under recording of cocoa bean weight and under-invoicing of bonus payment. Farmers complain that purchasing clerks adjust weighing

scales and underpay annual bonuses. Since these concerns may negatively impact farmers regarding cultivation of cocoa, interventions such as the Akufo cheque and liberalization of internal structures to manage marketin of cocoa have been introduced (Baah *et al.*, 2010).

4.3 Interdependency of Purchasing Clerks and Cocoa Farmers

Purchasing clerks in various cocoa farming communities usually provide assistance services to cocoa farmers for their subsistence. These services include soft loans, provision of information and technical assistance to aid the work of cocoa farmers. Cocoa farmers, as a result, treasure their relationship with these purchasing clerks. Due to limited funds from financing houses and banks for the operations of cocoa farmers, these farmers rely on the services provided by purchasing clerks. A purchasing clerk when queried on the services he provides to cocoa farmers mentioned that,

“ yes, we do help them. Farmers are always in need of something...I have personally assisted farmers to pay their wards school fees so many times”

Another purchasing clerk stated that,

“they depend on us for support so we try to support them. We do this because we also purchase the cocoa from them and they end up giving the cocoa beans to other people [other purchasing clerks] if you don't support them”

In Baah *et al.*'s (2012) study, they highlighted the crucial relationship between purchasing clerks and cocoa farmers. Consistent with the above quotations, they contended that purchasing clerks offered vital services to farmers including the provision of soft loans, technical assistance and information. Other forms of services also included the use of private cars of purchasing clerks to assist farmers. A respondent acknowledged that,

“ I use my personal truck to convey the cocoa beans.....the reason is that everyone buying the cocoa and because you want to buy enough, you find a way of using your own car without waiting for the company [licensed buying company]”.

Another purchasing clerk responded that,

“the company might not provide you with the truck because they always complain there’s no money”.

Consequently, this situation affects the commissions that are paid to these purchasing clerks. Due to these additional costs, commissions paid to purchasing clerks by the LBCs they represent does not suffice to enable them save much. When these purchasing clerks were queried on the propensity of this situation to compel them to be corrupt by adjusting weighing scales, they remained reticent.

4.4 Posting of Purchasing Clerks and Marketing Officers to Cocoa Centers

The assignment of purchasing clerks and marketing clerks to various local communities and districts is crucial to developing and maintaining good relations with cocoa farmers. Purchasing clerks dissent being assigned to cocoa purchasing centers without their consultation by the LBCs they represent. At times, LBCs negotiate with their purchasing clerks and marketing officers before they sent to their posts in selected communities. A district marketing officer when queried about their posting to cocoa purchasing centers commented that,

“that one depends on my employer [thus, LBCs].....they can assign you to anywhere provided there’s cocoa beans available irrespective of the village you are from ”

Observably, these remote communities usually lack important social amenities such as electricity and access to clean portable water which demotivate most marketing officers or purchasing clerks

from going to these areas. Those who are sent to these areas tend to cope with the existing conditions which can significantly impact their livelihood. Regarding the ability to negotiate the centers they prefer to be posted to, a district marketing officer stated that,

“....upon further deliberations they [the LBCs] can consider you if you are able to make them understand your reasons and conditions why you think you must be assigned to a particular place...they listen to us at times especially when you are close to the village and may have complications such as sickness”.

It can be drawn from the above that proximity to these cocoa purchasing centers contribute to the selection of a center for these purchasing clerks or marketing officers. Though there is discourse between these marketing officers or purchasing clerks and their LBCs, much is required from these purchasing clerks and marketing officers to influence the selection of the areas that they will be posted to. This may affect these purchasing clerks and marketing officers since they will be compelled to cope with whichever cocoa purchasing center they will be assigned to.

4.5 Challenges encountered in executing the role of Marketing Officers and Purchasing Clerks

Marketing officers and purchasing clerks face other challenges in executing their roles which impact their livelihoods. At times, the quality of cocoa beans according to the standards given to these purchasing clerks are not met by cocoa farmers. Also, adequate logistics are not usually provided by the LBCs that they represent to aid conveyance of the cocoa beans to designated cocoa sheds. Another challenge faced by the Marketing officers and Purchasing Clerks is the delayance of the Stabilization Fund or the Seed Fund use in purchasing the cocoa across the 10 main cocoa growing regions of Ghana . Which is given to them(Marketing officers and Purchasing Clerks) by Cocobod through the LBCs. Due to this delayance, the purchasing clerks use their own money in

purchasing the cocoa and at the end find it difficult retrieving their money back. Purchasing clerks does this because they don't want the farmers they purchase the cocoa from, not to sell the cocoa to other people.

4.5.1 Inadequate logistics

Adequate logistics constitute an important component in the production of cocoa production. Due to the relatively short span of durability of cocoa beans under unfavorable conditions, it is important for cocoa beans to be transported quickly to cocoa sheds and other takeover centers so they can be properly stored. As a result, the use of modern logistics such as delivery vehicle scheduling and optimizing transportation routes will contribute immensely to preserving the cocoa beans.

A purchasing clerk intimated that,

“we encounter so many challenges and no improvement has been made.....moving the cocoa from the various centers to the sheds is a big challenge which makes it difficult to do a good work”

According to Liu, Wang, & Xing (2019), the provision of adequate logistics and identification of optimal routes are crucial to enhancing transportation solutions. They emphasize that the products from agricultural such as cocoa is a interpretative element in determining the optimum transportation time. The provision of vehicles by these LBCs together with other logistics will facilitate the work of purchasing clerks and reduce the deterioration of the quality of cocoa that are sold to the Cocoa Marketing Company.

4.5.2 Quality of Cocoa Beans

Purchasing clerks continually raise questions about the quality of cocoa beans that they purchase from cocoa farmers. Usually, purchasing clerks sample cocoa beans that are purchased and conduct

checks to identify the number of beans that are defective. These defective cocoa beans appear to be mouldy, slaty and are at times damaged by insects. Consequently, the defective cocoa beans affect the number of bags to be accepted for resale to the Cocoa Marketing Company Ltd. Most of the commissions of these purchasing clerks are tied to the number of bags they purchase from cocoa farmers and the quality of cocoa beans. As a result, less quality cocoa beans attract less commissions which impact the income of purchasing clerks and district marketing officers. In view of this, a purchasing clerk lamented that,

“I do complain about the cocoa quality.....what the farmers do is that, they allow the ripe cocoa to stay on the tree for too long. When this happens, it gives two different colors to the cocoa and when you tell them they don’t bother to do anything about it because they want more cocoa to carry or sell”

The quality of cocoa produced by cocoa farmers can be associated with poor farming practices and inadequate training of the cocoa farmers. Besides, the lack of incentives to motivate cocoa farmers leads to use of foul means to increase the cocoa they sell without paying attention to its quality. This affects both purchasing clerks and marketing officers since their commissions is tied to quality of cocoa beans purchased.

4.6 Other factors affecting the livelihoods of purchasing clerks and marketing officers

4.6.1 Low Buyer Profit Margin

Licensed Buying Companies (LBCs) receive margins on their sale of cocoa to the COCOBOD. However, payment of low margins to these LBCs coupled with high operational cost, high interest rate and high level of competition stifle their success. In a study conducted by Teal & Zeitlin (2006), it was discovered that low margins paid by the COCOBOD led to the collapse of six LBCs.

This will lead to the laying off of marketing officers and purchasing clerks. It is, therefore, recommendable for the government to increase the level of margins paid to LBCs to facilitate their operations.

4.6.2 Storage of Cocoa Beans

Within the vital facilities to store cocoa beans is a warehouse. The warehouse serves as a depository for both cocoa inputs and outputs. Warehousing, is therefore considered an important part of supply chain of cocoa. This, therefore, calls for organizational structures by LBCs that are suitable to boost the storage of cocoa, defining the roles of key officials such as district marketing officers and purchasing clerks and maintaining proper records at various warehouses (Saxena, et al., 2003). Improving on existing storage facilities to properly store cocoa beans may increase their durability and maintain their quality.

4.7.0 Chapter Summary

This chapter presented discussions on the Ghanaian cocoa sector, the role of purchasing clerks and marketing officers and the interdependency of purchasing clerks and cocoa farmers. It is discussed how purchasing clerks and marketing officers are assigned to cocoa purchasing centers and challenges that impact the livelihood of marketing officers and purchasing clerks.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter provides a summary of the findings of the entire study. It discusses the conclusion of the study with recommendations towards improving the livelihood of purchasing clerks and marketing offices amid challenges that they encounter.

5.1 Findings and Conclusions Summary

5.1.1 The Ghanaian Cocoa Sector

The study indicates that the cocoa sector is central in the development and poverty alleviation of Ghana. Cocoa in Ghana, therefore, supports the livelihood of about six million people including marketing officers and purchasing clerks who serve as representatives of Licensed Buying Companies (LBCs). Notably, Ghana Cocoa Board has the regulate the 26 LBCs . Also, the study highlights the margins that are paid to LBCs by the government. It finds that these margins are relatively little due to large exporter margins and taxes that are paid by these LBCs to the government.

5.1.2 The role of Purchasing Clerks and Marketing Officers

Purchasing clerks and marketing officers are important agents to LBCs. They help to purchase cocoa across the various communities and making they purchase quality cocoa. The study finds that the establishment of a cordial relationship by purchasing clerks and marketing officers with cocoa farmers is crucial to the LBCs they represent. The marketing officers are required to supervise purchasing clerks and permit disbursements of money to them to purchase the cocoa beans while purchasing clerks directly relate to cocoa farmers to purchase cocoa beans. The study

indicates that cocoa farmers often complain that purchasing clerks under-invoice bonus payments and adjust the weighing scale for cocoa. This hampers the relationship between purchasing clerks and cocoa farmers and leads to negative attitudes regarding cocoa cultivation.

5.1.3 Interdependency of Purchasing Clerks and Cocoa Farmers

The study finds that purchasing clerks offer assistance services to cocoa farmers which involve the provision soft loans, information and technical assistance. Cocoa farmers rely on these support services due to limited funds from financing houses and banks for their operations. The study adds that purchasing clerks also use their personal resources such as vehicles to assist farmers which leads to additional costs to these purchasing clerks. These additional costs against the commissions received by these purchasing clerks and marketing officers affect their livelihood.

5.1.4 Posting of Purchasing Clerks and Marketing Officers to Cocoa Centers

The assignment of purchasing clerks and marketing clerks to local communities affect their relations with cocoa farmers. The study finds that purchasing clerks dissent being posted to purchasing centers without their consultation by the LBCs they represent. This is because, most of these local communities do not have social amenities such as electricity and access to clean portable water. As a result, purchasing clerks assigned to these local areas cope with existing conditions though they acknowledge the impact of these conditions their livelihood.

5.2 Challenges encountered in executing the role of Marketing Officers and Purchasing Clerks

The study mentions that marketing officers and purchasing clerks encounter challenges such as inadequate logistics for their work. The durability of cocoa beans reduces under unfavorable conditions and require transportation of cocoa to takeover centers. This also affects the quality of

cocoa which is sold to the Cocoa Marketing Company Ltd. Other challenges that impact the livelihood of purchasing clerks and marketing officers include low buyer profit margin paid to LBCs by the government and poor storage of cocoa beans.

5.3 Conclusion

The findings of the study have implications regarding the livelihood purchasing clerks and marketing officers. First, the low margins paid to LBCs by the government impacts the commission of purchasing clerks and marketing clerks. This coupled with high interest rate, high operational cost and high level of competition among LBCs influence the income that purchasing clerks and marketing officers receive. Second, poor storage of cocoa beans contributes to the quantity of cocoa beans purchased by purchasing clerks. This also affects the quality of cocoa beans purchased to be exported. Third, inadequate logistics affect the supply chain of cocoa production. Provision of logistics by LBCs to facilitate the work of purchasing clerks and marketing officers and ensure the delivery of high-quality cocoa beans for export.

5.4 Recommendations

This section provides a number of recommendations relevant to addressing the challenges of purchasing clerks and marketing officers thereby improving their livelihood. These recommendations are as follows.

First, the government should increase the level of margins paid to LBCs. The study identifies low margins paid to LBCs for the sale of cocoa beans to COCOBOD. Other sector factors such as high level of competition and high operational cost make it difficult for smaller LBCs to survive in the sector. These LBCs following these occurrences lay off purchasing clerks to cut down operational cost.

Second, purchasing clerks and marketing officers must be equipped with the requisite logistics to facilitate their work. Adequate warehousing facilities and vehicles must be given to these purchasing clerks and marketing officers to convey the cocoa beans and properly storing them to maintain its quality.

Third, training programs should be organized for cocoa farmers to be educated on production efficiency techniques and best cultivation practices as well as cocoa storage techniques. Due to defective cocoa beans sold to purchasing clerks by cocoa farmers which affect the output of cocoa bags resold to the Cocoa Marketing Company, training programs must be embarked upon to educate farmers to control damage to cocoa beans caused by pest. Farmers will, therefore, learn to control pest infestation together with required pesticides and other inputs provided by COCOBOD.

Forth, the Stabilization Fund or Seed Fund used in purchasing the cocoa beans should get to the District Marketing Officers in time. This will enable the Purchasing clerks to receive the fund in time in order for them to purchase the cocoa within the confined time and will also bring relieve to the purchasing clerks using their personal money to purchase the cocoa before they are reimbursed. Finally, the government through Cocobod should constitute an award winning mechanism where marketing officers and purchasing clerks will be motivated for their hard work. For Cocobod to achieve their core value mandate and profit depends largely on the work output of marketing officers and purchasing clerks. This is because about 60% of the syndicated loan that is secured by Cocobod every year is handled by the marketing officers and purchasing clerks in various capacity to purchase the cocoa beans. District marketing officers and purchasing clerks efforts must recognized and rewarded by the government through Cocobod as is expected in order to help the cocoa sector to grow.

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