

**CONTRACTS MANAGEMENT AND SERVICE DELIVERY IN GOVERNMENT
AGENCIES: A CASE STUDY OF KAMPALA CAPITAL CITY AUTHORITY.**

By

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF MANAGEMENT
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DECLARATION

I hereby declare that this dissertation is a result of my own effort and has never been submitted for any award in any university.

Signature:.....

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Claire Bagamuhunda

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APPROVAL

This is to certify that this work has been done under our supervision and submitted for examination with our approval.

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Date

DEDICATION

I dedicate this work to my parents, family and friends.

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I am greatly indebted to several people whose great support in the entire research process was valuable to me.

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ABSTRACT

The objective of the study was to assess the effects of contract management on service delivery in Kampala Capital City Authority. The study was guided by the following objectives: 1) To examine the effect of contract planning on service delivery by Kampala Capital City Authority; 2) To assess the effect of contract administration on service delivery by Kampala Capital City Authority; and To establish the effects of contract risk management on service delivery by Kampala Capital City Authority. A cross sectional case study design adopting both quantitative and qualitative approaches was used. This study targeted a sample of 100 respondents. Simple random sampling technique was used to select the users department staff at the KCCA. Convenient sampling was used to select the service providers. Purposive sampling technique was used to select the different contract managers. Findings revealed that contract planning accounted for 41.7% variance in service delivery, contract administration accounted for 43.3% variance in service delivery and contract risk management accounted for 18.7% variance in service delivery. It was concluded, therefore, contract planning significantly affect service delivery at KCCA, contract administration significantly affect service delivery at KCCA and contract risk management significantly affect service delivery at KCCA. In order to improve service delivery, it was recommended that KCCA should improve its contracts planning by setting clear, measurable and achievable contracts objectives within the available resources, knowledge and time and also consult all its stakeholders and develop its contract strategy in harmony with the organization's overall procurement strategy. Furthermore, KCCA should improve its contracts administration by improving its relationship with its service providers, making the formal governance of the contract more convenient by reducing on the bureaucracy and clearly specifying expectations, obligations, responsibilities and processes for dispute resolution in the contracting process. Lastly, KCCA should improve its contracts risk management by assessing the contracting process to ensure reliable inputs, and identifying and prioritizing a company's risks for the formulating effective risk responses.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study was about the effect of contract management on service delivery in Kampala Capital City Authority. Contract management was the independent variable while service delivery was the dependent variable. This chapter presents the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, research hypotheses, significance of the study and conceptual framework.

1.2 Background to the Study

1.2.1 Historical background

Rundquist (2007) suggests that during the industrial revolution, there were no developed external markets because contracting was not formally identified as a business strategy until 1989. Organizations, out of necessity, produced in-house a wide range of activities upstream or downstream. Only a few firms, if any, during the 1800s and in the early 1900s contracted parts of their processes; they were completely vertically integrated organizations. This means that they produced or mined raw materials, converted their raw material to finished products in plants owned by the firm, and then shipped all the finished goods on firm-owned trucks to firm-owned retail stores for marketing. They owned their own insurance companies, did their own taxes, employed their own legal services, and had their own architects to construct their buildings without assistance from other firms (Piore & Sabel, 1990). This means that they actually contracted very few activities.

Development of special services led to increased contracting and in the 1990s, as organizations began to focus more on cost-saving measures, they started to contract those functions necessary to run a company but not related specifically to the core business

(Rundquist, 2007). The first wave of contracting began during the second industrial revolution in the late 19th century, and started the growth of services such as insurance companies, tax consultancies, accounting services, lawyers, architecture and engineering services, and others. The companies performing this work were normally located in the same region, often the same city, as their customers (Piore & Sabel, 1990). In essence, this was a form of local contracting. The next development step came with contracting manufacturing of low-tech items such as toys, metal parts, shoes, and construction goods and later, more high-tech manufactured items like complex mechanics components and consumer electronics (Rundquist, 2007; Slack, 2003). More recently, contracting has moved also to intangible activities or knowledge intensive activities such as information technology, product development or R&D (Quinn, 2000).

Presently, purchasing has expanded beyond the acquisition of office supplies and administrative services to include paying private, nonprofit, or other governments to conduct a broad range of government functions (Kettl, 1993; Wise, 1990). There are now examples of governments contracting for educational services, policing, refuse collection, social services, and information technology to name only a few (Behn & Kant, 1999). While in-house production remains the primary mode of government service delivery, contracting now takes a second place (Lavery, 1999; Warner & Hedbon, 2001), and the frequency of contracting continues to increase (Greene, 1996).

There is very little literature about the history of contracting in Africa. This may be because contracting where a company or a group of individual or a person hires another company or a group of individual or a person has just started to be embraced in most African countries. The only African countries where it has been practiced for some good period are South Africa, Libya, and Egypt whose economies are close to the western countries with industries that have been well developed especially in the service sector (Mallard, 2006). In Uganda, like most other African countries, contracting is a new

phenomenon but the country is becoming more involved in the industry (Mallard, 2006). This is evident in big organizations/firms such as the British American Tobacco (BAT), Eastern African Breweries, Coca Cola, Civil Aviation Authority (CAA), Makerere University, some ministries, Kampala Capital City Authority (KCCA), and Mulago Hospital. Thus, the studies on the effect contracts management on service are very few and this study will contribute in enriching this historical aspect in relation to Uganda organizations.

Proponents of contracting, who often work in public choice research traditions, focus on the potential benefits of contracting when government agencies are conceptualized as monopoly service providers (Niskanen, 1971; Savas, 1987). In this context, contracting overcomes bureaucratic inefficiencies by allowing public organizations to access scale economies, bypass costly labor and supply requirements and yield efficiency gains through competition incentives (Boyne, 1998; Ferris & Graddy, 1991; Stein, 1990; Weimer & Vining, 1992). Contracting peripheral government functions also improve organizational flexibility and performance by allowing managers to focus on their organization's core activities (O'Leary, 1996; Stoher, 1997).

The contract management process can be a challenging task. The fact is that almost all national as well as international corporations realize the need for contract management. They have seen that contract management is very important to the different strategies of the organization. Corporations can benefit from contract management in a number of ways. First, they can manage their risks and increase improvements. They are able to build up better relationships due to the proper use of contract management. Contracts keep people aware of their obligations and help them to function more effectively and efficiently. Proper contract management requires the right person. It needs a person who understands the legal aspects of the contract but it also needs someone who

understands the technical aspects as well as the business aspects of the contract and how they affect both parties.

1.2.2 Theoretical background

Different theories have been used to explain the concept of contracting and service delivery. Discussing these different theories provides a background against which contracting and service delivery is examined.

Core competencies theory (CCT) asserts that core competencies of organizations should be kept in-house, but that other functions that the organization does, which are not deemed core, or critical to its mission or function, should be considered for contracting (Urquhart, 2002). The core competency perspective is useful in prompting serious consideration about the functions, which are truly done cost-effectively in-house, and those, which could be contracted, without any loss to future requirements in expertise. Thus, a firm seeking to contract in order to improve its performance should plan or make decision to retain its core competencies. However, Core competency theory has got its own limitations and these include; loss of managerial control, hidden costs, threat to security and confidentiality, quality problems, dependency to the financial well-being of another company, as well as bad publicity and ill-will.

Resource-based theory (RBT) concentrates on those factors that enable firms to win competitive advantages. Researchers developing RBT (e.g., Barney, 1991) observe that some firms appear to earn improved returns and in view of this study, these returns are in terms of service delivery. They argue that this outcome (the improved returns) arises because the firms have gained access to key resources (Barney, 1991). Thus, a firm seeking to contract in order to improve its performance should plan or make decision to retain its valuable resources. The criticism about this theory is that it assumes firms are profit maximizing entities directed by bounded rational managers operating in distinctive

markets that are to a reasonable extent predictable and moving towards equilibrium. Yet human beings are not always rational and markets are sometimes unpredictable.

The transaction cost theory (TCT) proposes that organizations may buy from the market, or develop in-house, and decisions are based on the relative cost, composed of the costs of production, and costs of the transaction, of the exchange (Rundquist, 2007). According to this theory, managers must compare the sum of production and transaction costs associated with executing a transaction within their firms against the sum of production and transaction costs associated with executing the transaction in the market (contracting) and then decide which option is best to realize improved performance. Similarly, Cheon, Grover and Teng (1995) propose that the Transaction based theory puts into consideration both the transaction and production costs. They assert that contracting leads to lower production costs due to economies of scale enjoyed by an outside provider, but in many cases, higher transaction costs, from negotiating, monitoring and enforcing contracts. TCT has been subjected to multiple criticisms. The most common criticism is that the central assumptions of TCT are flawed. For example, the assumption of opportunism has been criticized for ignoring the contextual grounding of human actions and therefore presenting an under socialized view of human motivation and over socialized view of institutional control. The criticisms on the assumption of bounded rationality and uncertainty still exist. Williamson's model views people as being passive and defensive when confronted with the vagaries of an uncertain environment. The TCT has been further criticized as only looking into two relative extremes methods of facilitating transactions that do not really exist.

Agency cost theory (ACT) expands on one aspect of Transaction Cost Theory, as it deals with the different perspectives of risk that client and supplier have. According to Eisenhard (1998), the theory investigates the effective contract regulation on the relationship between principals (the partners who receive inquiries or services) and agents

(the partners who provide inquiries or services). Thus, this theory brings the aspect of contracting processes (e.g. Minimizing risks to increase performance) that this study will investigate. The theory differentiates between outcome-based contracts and behavior-based contracts. If the firm distrusts the contracting partner, then the extent of monitoring required will be greater for the firm than it would be if the firm could wholly trust the partner to deliver quality in goods and service. The firm has two main choices: a contract which stipulates payment by results (an outcome-based contract), or a contract which states that the partner should do certain things at stipulated times, or spend a specified amount of time on specific functions. According to this theory, if one cannot trust a partner to deliver a good or service according to agreement, then an outcome-based contract can ensure that at least the detailed actions are conducted. Agency cost theory helps to distinguish the most productive and fairest method of minimizing risks for both firm and contracting partner.

Thus from the above, the study combines all the above theories in one theory - contingency theory - to explain how contracting may affect the service delivery of a firm in a number of ways. Contingency theory suggests that there is no one best way to make a decision or organize an operation, but that any way of decision-making or organizing is not equally good/effective (Rundquist, 2007). Every specific situation affects which way is best. It depends on the context and the circumstances of the situation. Scott (in Rundquist, 2007) also concludes that contingency theory suggests that the best way to make a decision/organize depends on the nature of the environment to which the organization relates.

1.2.3 Conceptual background

Contract management involves the procurement function of coordinating the awarded contract in liaison with the used department to ensure effective service delivery by the service provider (Odhiambo & Kamau, 2003; Prier & McCue, 2007). It is a

process that enables both parties to a contract to meet their obligations in order to deliver the objectives required in the contract (Thai, 2004). According to Rundquist (2007), contracts management includes negotiating the terms and conditions in contracts and ensuring compliance with the terms and conditions, as well as documenting and agreeing on any changes or amendments that may arise during its implementation or execution. It can be summarized as the process of systematically and efficiently managing contract creation, execution, and analysis for the purpose of maximizing financial and operational performance and minimizing risk. This study focused on three aspects of contract management, which are contract planning, contract administration and contract risk management. Contract planning referred to a process on detailing the KCCA's procurement management process, the sequence of actions required, the responsible parties and the schedule. Contract administration referred to the formal governance of the contract and was concern with the mechanics of the relationship between the KCCA and the service providers, the implementation of procedures defining the interface between them, and the smooth operation of routine administrative and clerical functions. Contract risk management referred to the processing of assessing risks and finding ways of avoiding these risks.

Service delivery is defined by different people in different ways that there many different perspective of service delivery as those who have attempted to define it. The different definitions arise from the different contexts under which one tries to define service delivery although common dimensions are identified in the various attempts to define service delivery. According to Asha (1999), service delivery is a dynamic concept and should change as the needs of the individuals change. Zeithaml, Parasuraman and Berry (1990) defines service delivery as the provision of services by governments or an organization or a group of individuals and making sure they reach those people and places they are intended to. Bebko (2000) definition focuses on ensuring that services reach

where they are supposed but falls short of including quality of services or whether they are beneficial to the people getting these services. On the other hand, Hernona and Nitecki (2001) observed that organizations recognized that the managerial approach that service delivery implies is a way to improve their ability to meet their mission of serving users. Service providers deliver services to benefit their customers and perhaps to attract new ones. Improvement of service requires an understanding of the benefit, the customers, and the actions of the service provider, and then using that knowledge for planning purposes. The application of service delivery concepts encourages service improvement. In the same vein Yong (2000) emphasized that service delivery involves a process that generates benefits by facilitating a change in customers, a change in their physical possessions, or a change in their intangible assets. As for Jean (2009) service delivery is significant in the timeliness and responsiveness of the services offered by organizations. It is equally significant in the quality of service offered and a general assessment bases on the suitability to purpose and standards that it is designed to meet or offer. In this study, it was measured in terms of efficiency in service delivery, effectiveness of service delivery and reliability in service delivery.

The success or failure of any alternative service delivery arrangement likely depends on how well governments can manage the entire contract process, from assessing the feasibility of contracting through implementation to monitoring and evaluation (Hernona & Nitecki, 2001). Effective contract management requires mitigating specific problems that can plague the contract process. Successful contract management is defined as existing when the arrangements for service delivery continue to be satisfactory to both customer and provider and expected business benefits and value for money are being realized (Prier & McCue, 2007). The aim of contract management is to ensure that services are provided to the required standard, within the agreed timeframe whilst

achieving value for money. It is important that contracts are actively managed throughout their life to help ensure that service delivery is satisfactory.

1.2.4 Contextual background

Under pressure to do more with less, governments across the country have moved from direct service provision to providing services by contract. Today, citizens receive public goods and services not only from their governments but also from a variety of vendors working under contracts. In Uganda, public institutions have also realized the importance of contracting. Among these public institutions is Kampala Capital City Authority (KCCA).

KCCA is the legal entity, established by the Ugandan Parliament that is responsible for the operations of the capital city of Kampala in Uganda. It replaced the former Kampala Capital City Authority (KCC). KCCA's mission is formulated as being 'to provide and facilitate the delivery of quality, sustainable and customer oriented services effectively and efficiently' (Kampala Capital City Authority, 2012a). KCCA's existence could be justified only if KCCA provided and delivered the mandated service efficiently and credibly as the mission statement asserted. To achieve its mission, KCCA contracted out some of its functions it deemed as non-core and concentrates to its core activities. It was argued that by doing source, KCCA could free up resources that were devoted to non-core functions to be used the execution of its core functions and thus effectively utilize the limited resources to provide better services to the community living in Kampala city. KCCA was involved in a number of contractual activities such as construction of infrastructure and management and operation of service providers.

However, despite KCCA's mission, a lot of concerns had been raised about KCCA's service delivery. Services such as garbage collection and disposal were some of the examples where there had been public outcry because the quality of service delivery and coverage was poor (Kampala Capital City Authority, 2012a). The amount of garbage

generated had led to formation of heaps of uncollected solid waste, offensive odor, continuous environment pollution and repeated occurrence of sanitation related diseases like cholera and dysentery. Similarly, roads and road maintenance were other areas of poor service delivery leading congestion and poor drainage (Kampala Capital City Authority, 2012b). Most of the roads had potholes. The standards applied in construction and maintenance of roads were not appropriate. Other socio-economic areas associated with poor service delivery included education, health, street lighting, sanitary facilities and electricity.

The poor service delivery by KCCA was thought to be due to how it managed its contracts. This was because contracts management at KCCA had been associated with problems. The way some contracts had been managed made KCCA appear in courts to defend itself. An example was the contract between KCCA and Uganda Taxis Operators and Drivers Association (UTODA). There were instances where KCCA had been forced to review the contract for management of street parking. The management of contracted city's markets was a highly controversial topic. The process was riddled with corruption. However, there was no evidence linking KCCA's contracts management to its service delivery and thus, it necessitated contract management and service delivery issues to be investigated.

1.3 Statement of the Problem

KCCA is mandated to provide and deliver services efficiently and credibly in Kampala District (Kampala Capital City Authority, 2010a). In order to provide and deliver services efficiently and credibly, it contracted some its functions it deems non-core and concentrates on core activities. For example, functions that had been contracted included management of markets, management of taxi parks, management of parking, road rehabilitation and maintenance, management of leisure parks, cleaning of the city, garbage collection/management of solid waste, and management of bus transportation. It

was sought that by contracting out these services, service delivery in Kampala City would improve.

Despite this, service delivery in Kampala City remained poor. For example, heaps of garbage continued to accumulate within the City, the state of the roads continued to deteriorate, the electrification of the city was in a poor state, and sanitary conditions were very appalling in some sections of the city (Nyakaana, Sengendo & Lwasa, 2007; Office of the Auditor General, 2011). Thus, poor KCCA service delivery implied the value obtained from the public funds was not worthy and in addition, such service delivery negatively affected business in the City. For example, the poor state of roads contributed to traffic congestion and loss of productive hours. The accumulation of garbage contributed to offensive odor, continuous environmental pollution and repeated occurrence of sanitation related diseases like cholera and dysentery, all affecting human health. It was uncertain whether KCCA's poor contract management had a relationship with the poor service delivery by KCCA and hence there was need for conducting an investigation in this respect.

1.4 General Objective

The study assessed the effects of contract management on service delivery in Kampala Capital City Authority.

1.5 Specific Objectives

The study was guided by the following objectives:

1. To examine the effect of contract planning on service delivery by Kampala Capital City Authority.
2. To assess the effect of contract administration on service delivery by Kampala Capital City Authority.
3. To establish the effects of contract risk management on service delivery by Kampala Capital City Authority.

1.6 Research Questions

The study answered the following research questions:

1. How has contract planning affected service delivery of KCCA?
2. What is the effect of contracts administration on the service delivery of KCCA?
3. What is the effect of contract risk management on the service delivery of KCCA?

1.7 Hypotheses of the Study

The following hypotheses were tested:

1. There is a significant positive relationship between contracts planning and the service delivery of KCCA.
2. There is a significant positive relationship between contracts administration and the service delivery of KCCA.
3. There is a significant positive relationship between contract risk management and the service delivery of KCCA.

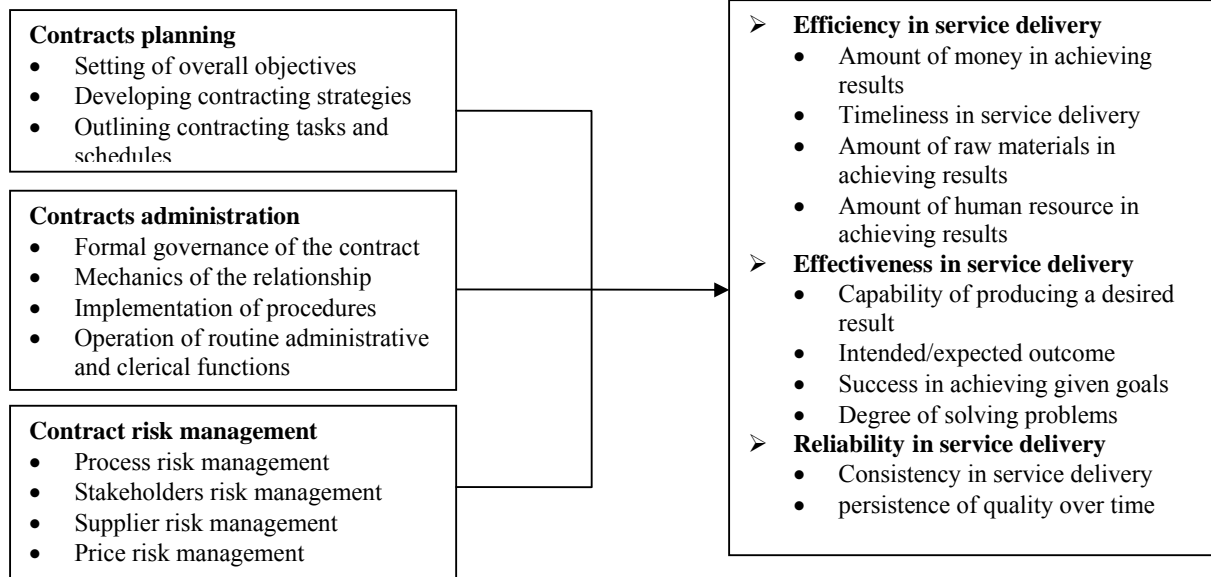
1.8 Conceptual Framework

The conceptual framework shows the relationship between contract management and service delivery.

Figure 1: Conceptual framework showing the relationship between the study variables

**Independent variable
Contract management**

**Dependent variable
Service delivery**



Source: Based on theories by Eisenhard (1998), Rundquist (2007), Barney (191) and Urquhart (2002)

The conceptual framework shows contract management as the independent variable whose indicators include contracts planning, contracts administration and contracts risk management while service delivery is shown as the dependent variable measured in terms of efficiency, effectiveness and reliability. The assumption is that a good contract management will result into better service delivery while poor contract management will result into poor service delivery.

1.9 Significance of the Study

The study may help to identify weaknesses in the KCCA’s contract management, which were hindering effective services delivery. Hence, this may help KCCA address those weaknesses to improve on its service delivery. By doing so, the stakeholders may benefit from better services from KCCA. Other companies/organizations may benefit from the study by using the findings to compare whether their contracts management is

on the right course or not and how it is affecting their service delivery. The government may benefit from the study by having a positive image to visitors such as tourists and foreign dignitary if the findings help KCCA to improve its contracts management and hence its service delivery. The academic groups may benefit from this study by using the findings of the study to enrich their knowledge and research.

1.10 Justification for the study

Poor service delivery by KCCA is a disservice to community supposed to benefit from KCCA's contracted functions. Thus, this study was important in that it would throw more light on the contract management at KCCA, which would be useful to rectify problems that identified during the study to improve on service delivery. In addition, the health of the community in Kampala would improve with improved contracted garbage collection. Theft would decline with improved contracted street lighting management. Taxi park management would improve with improved contracted taxi park management.

1.11 Scope of the study

1.11.1 Geographical scope

The study was carried out in KCCA in Kampala District in Central Uganda. It was selected as a case study of contract management and service delivery in public institutions in Uganda.

1.11.2 Content scope

The study concentrated on contract management and its effect on service delivery. Contract management was restricted to aspects of contracts planning, contracts administration and contracts risk management. Service delivery will be was restricted to efficiency, effectiveness, timeliness and reliability in services provided to the community.

1.11.3 Time scope

The research focused on a period of five years for obtaining information about contract management and service delivery. This was because it is recommended that any

research should obtain information of not less than five years to be authentic (Amin, 2005).

1.11 Operational Definitions

Contract administration referred to the formal governance of the contract at KCCA.

Contract management referred efforts towards achieving procurement goals and objectives.

Contract planning referred to a process on detailing the KCCA's procurement process, the sequence of actions required, the responsible parties and the schedule.

Contract risk management referred to the processing of assessing risks and finding ways of avoiding these risks.

Management in all business and human organization activity is simply the act of getting people together to accomplish desired goals and objectives (Broun, 1994).

Service delivery referred to number of complaints towards service delivery, timeliness of service delivery, usability and accessibility.

Supplier relationships refer to all interactions with third party organizations that supply good and/or services to another organization.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review. It is divided into three sections. The first section reviews procurement planning and service delivery. The second section reviews solicitation/supplier selection and service delivery. The third section reviews contract management and service delivery.

2.2 Theoretical Review

Ever since the seminal article of Prahalad and Hamel (1990), a lot has been said and written about the concept of 'core competence.' Most of the researchers on the subject agree that conceptualizing organizations as a set of 'core competencies' rather than as distinct 'strategic business units' (SBUs) helps in enhancing their service delivery. For sustainable service delivery, corporations have to devise ways to identify, cultivate, and exploit the core competencies (Prahalad & Hamel, 1990). SBUs should be treated only as potential reservoirs of core competencies. Though 'core competence' has been universally recognized by scholars as a useful concept, there are very few studies (conceptual and empirical), which seek to explain the ways in which this concept can actually be used for the benefit of organizations (Srivastava, 2005).

While based in the work of Penrose (1959) and others, Wernerfelt's (1984) articulation of the resource based view of the firm certainly signified the first coherent statement of the theory. This initial statement of the theory served as the foundation that was extended by others such as Rumelt (1984 as cited in Wricht, Dunford & Snell, 2001), Barney (1996), and Dierickx and Cool (1989 as cited in Wricht, Dunford & Snell, 2001). However, Barney's (1991) specification of the characteristics necessary for better service delivery seemed to be a seminal article in popularizing the theory within the strategy and

other literatures. In this article, he noted that resources which are rare, valuable, inimitable, and non-substitutable could provide sources of sustainable performance.

Much of the debate on Transaction Cost Theory (TCT) has been ‘internal’, in the sense that it has been conducted between scholars generally sympathetic to the approach (for example, Hart, 1995; Kreps, 1996; Furubotn, 2002; MacLeod, 2002). However, there also is a large set of ‘external’ critiques, arising from sociologists, heterodox economists, and management scholars. For instance, early critics argued that TCT ignored the role of differential capabilities in structuring economic organization (Richardson, 1972 as cited in Foss & Klein, 2012); neglected power relations (Perrow, 1986 as cited in Foss & Klein, 2012), trust, and other forms of social embeddedness (Granovetter, 1985 as cited in Foss & Klein, 2012); and overlooked evolutionary considerations, including Knightian uncertainty and market processes (Langlois, 1984 as cited in Foss & Klein, 2012). Such critiques have been echoed and refined in numerous more contemporary contributions, and criticizing TCT remains a thriving industry. The incumbents are mainly sociologists (Freeland, 2002; Buskens, et al., 2003) and non-mainstream economists (Hodgson, 1998; Loasby, 1999; Dosi & Marengo, 2000), but new entrants are increasingly recruited from the ranks of management scholars (Kogut & Zander, 1992; Conner & Prahalad, 1996; Ghoshal & Moran, 1996).

2.3 Contract Planning and Service Delivery

Contract planning commences prior the award of the contract and continues right to the end of the contract (Wassenaar & Dradus, 2004). Throughout this period consideration is being given to the requirements of how the contract will be managed is based on consideration of the value, complexity, strategic importance, risk, the general market maturity and the selected supplier capability.

According to Wassenaar, Dijkgraaf and Gradus (2010), contracting should take place within a structured contract management system. A key part of this is planning.

Organizations/agencies need to be clear about their overall objectives, the means they are using to achieve those objectives, the nature of the organization they are likely to be dealing with, and the relationship they expect or wish to have with the organization, their own contracting policies and capability, how they will secure accountability for public money, the budget constraint they operate under and risk management. By doing so, organizations are more likely delivery better services.

The primary goals corporate contracting are: first, to promote successful performance and relationships and to eliminate causes of potential problems; second, to minimize the risk, problems and harmful effects when problems do arise; and third, to manage conflict, avoid litigation and minimize costs and losses where they are unavoidable (Haapio, 2006). Using contracts to reach these goals requires proper planning.

Good-quality contracts build on proper planning and careful communication of the plans (Domberger & Jensen, 1997). This ensures a shared understanding of the business arrangement and the parties' goals (Domberger & Jensen, 1997). Good-quality contracts are easy to understand, balanced, and fair. Such contracts can be implemented successfully, and lay the foundation for long-term loyalty and trust.

The foundations for good-quality contracts are laid in the planning phase, long before negotiation and signing - the earlier, the better (Dijkgraaf, Gradus & Melenberg, 2003; Dijkgraaf & Gradus, (2003). For buyers and suppliers alike, the planning phase is vital in creating the basis for successful contracting, contracts and relationships. Most contract information is (or should be) captured in that phase, in the pre-contract process if organizations are deliver better services.

2.3.1 Setting of objectives and service delivery

Goal setting in contract management involves establishing specific, measurable, achievable, realistic and time-targeted (S.M.A.R.T) goals (Latham & Locke, 2002).

Work on the theory of goal-setting suggests that it's an effective tool for making progress by ensuring that participants in a group with a common goal are clearly aware of what is expected from them. On a personal level, setting goals helps people work towards their own objectives - most commonly with contract management goals. Goal setting features as a major component of contract planning literature.

Goal setting theory was developed by Edwin A. Locke in the 1960s (Schweitzer, Ordóñez & Douma, 2004). His first article on goal setting theory was “Toward a Theory of Task Motivation and Incentives” which was published in 1968. This article laid the foundation for goal setting theory, which is applied in contract management and established the positive relationship between clearly identified contract management goals and service delivery. Goals are a form of motivation that set the standard for self-satisfaction with performance (Lee, Kennon S. & Turban, 2003). Achieving the contract management goal one has set for oneself is a measure of success, and being able to meet job challenges is a way one measures success in the workplace.

2.3.2 Developing contracting strategies and service delivery

The strategy relating to a particular contract should accord with the organization's overall procurement strategy (Schweitzer, Ordóñez & Douma, 2004). The development of a contract strategy is designed to establish the form of the contract and provide assistance in determining the formulation and award of the contract and the style and type of management to be adopted for the subsequent service delivery, relationship management and contract administration.

According to Nucharee (2009), a successful contract management strategy should achieve benefits by: managing the organization's own responsibilities during the contract; ensuring the supplier meets the minimum performance criteria, such as compliance; and allowing the achievement of both short and long term supplier performance improvement through developing effective supplier relationships. In developing the contract strategy,

the following issues need to be addressed: nature, scale and significance of the need to the organization; value of need; type of specification - input or output; complexity of the need including innovation level; attractiveness to the market; market capacity; timescale and phasing; level of understanding of the need by stakeholders and potential suppliers.

Concurrently with determining the contract strategy, consideration should be given to the evaluation strategy which sets the direction for the overall evaluation of suppliers and the associated tender process. It covers such considerations as: business aims; critical success factors; relative priorities of the requirement; communication plans; criteria for determining quantifiable and non-quantifiable items; overall evaluation procedures including assessment methodology; personnel involved in the evaluation; and supplier selection criteria including guidance on interpretation and marking of replies.

2.4 Contracts Administration and Service Delivery

Contract administration involves those activities performed by organizational officials after a contract has been awarded to determine how well the organization and the contractor performed to meet the requirements of the contract (Hewitt, Money & Sharma, 2002; Jap, 1999; Lyons, Krachenberg & Henke, 1990). It encompasses all dealings between the organization and the contractor from the time the contract is awarded until the work has been completed and accepted or the contract terminated, payment has been made, and disputes have been resolved (Vickery in Nucharee, 2009). As such, contract administration constitutes that primary part of the contract process that assures the organization gets what it paid for.

In contract administration, the focus is on obtaining supplies and services, of requisite quality, on time, and within budget (Jin, 2004). While the legal requirements of the contract are determinative of the proper course of action of organizational officials in administering a contract, the exercise of skill and judgment is often required in order to protect effectively the service beneficiaries' interest (Monczka et al., 2005).

The importance of contract administration to the success of the contract, and to the relationship between customer and provider, should not be underestimated. Clear administrative procedures ensure that all parties to the contract understand who does what, when, and how to ensure better service delivery (Kennedy in Nucharee, 2009). Good contract administration assures that the end users are satisfied with the product or service being obtained under the contract.

Contract administration to ensure better service delivery requires appropriate resourcing. It may be that the responsibility falls on a nominated individual (Anderson & Narus, 1990). If not, and the responsibility is shared across a contract management team, it is important that all members of the team deal promptly with contract administration tasks, particularly during the early stages of implementation if better service delivery is to be realized.

Several weaknesses have been identified in contract administration practices used by organizations/agencies. The principal problem is that contracting officials often allocate more time to awarding contracts rather than administering existing contracts (Morgan & Hunt, 1994). This often leads to problems in contractor performance, cost overruns, and delays in receiving goods and services. Several other deficiencies have been noted such as unclear roles and responsibilities of the contracting officer's technical representatives, excessive backlog in contract closeout and incurred costs audits, improperly trained officials performing contract oversight, unclear statements of work that hinder contractor performance, and inadequate guidance on voucher processing and contract closeout (Kannan & Tan, 2006; Ragatz et al., 1997).

2.4.1 Formal governance of the contract and service delivery

Transaction cost economics (TCE) (Williamson, 1979; Williamson, 1985) explains how to design formal governance mechanisms for managing outsourcing contracts (Ang & Beath, 1993; Lacity & Hirschheim, 1993; Lacity & Willcocks, 1998).

The intent is to minimize the costs of such governance processes while ensuring the delivery of the desired quantity and quality, and reducing the cost of the outsourced service. Within TCE, formal agreements are treated as mechanisms to specify expectations, obligations, responsibilities and processes for dispute resolution (Macneil, 1978).

Typically, research on outsourcing governance has focused on the legal contract, linked to a penalty/reward system (Poppo & Zenger, 2002). In this context, a contract is defined as a formal, outcome-based governance approach that represents promises or obligations to perform particular actions in the future (Macneil, 1978). Essentially, formal governance comprises legal engagements that focus on structured results and use explicit policies to monitor and reward desirable behavior (Das & Teng, 2001).

When an organization transfers decision rights to external vendors, the client must ensure that the vendors act in the client's best interest. Therefore, formal contracts are written to limit opportunistic behavior by vendors. Developing penalty-reward-systems and introducing change clauses, including an early termination clause, reduce the financial and quality-related downside risks resulting from opportunistic behavior (Willcocks & Kern, 1998; Jurison, 1995; Fitzgerald & Willcocks, 1994).

By setting tight service level objectives and negotiating competitive prices, the client contractually specifies the desired quality levels and cost savings. Contracts also deliver quality improvements and stimulate innovation (DiRomualdo & Gurbaxani, 1998; Miranda & Kavan, 2005). In addition, annual renegotiations of service levels and scope, and performance-based incentive payments increase an outsourcing contract's flexibility (DiRomualdo & Gurbaxani, 1998).

2.4.2 Mechanics of the relationship and service delivery

Specifying long-term, technology-based contracts, including contracting arrangements, is both complex and uncertain. The contracts must cover unanticipated

obligations and anticipate rapid future changes in technology and organizational environments. Therefore, they are inherently incomplete with asymmetric information (Koh, et al. 2004; Jahner et al. 2006).

The extant literature recognizes the limitations of adopting a legal contract as the sole governance mechanism. Instead, it advocates the use of additional informal governance mechanisms, such as relational governance, based on the establishment of a psychological contract between the vendor and the client (Goles & Chin, 2005; Klepper, 1995). This changes the form of governance from a traditional contract-based system to a relationship-based form that operates ‘within the spirit of the contract’ (Kern & Willcocks, 2000). For the purpose of this study, the terms informal, relational and psychological contracts are treated synonymously to describe relational governance mechanisms. Based on this approach, an important research stream has developed, which focuses on the relational governance mechanisms, capabilities, and best practices associated with successfully managing outsourcing contracts after the formal decisions to outsource have been taken (Willcocks & Lacity, 2009).

Relational governance is defined here as an informal governance approach that focuses on social ties and inter-personal contact between the involved actors to monitor and encourage desirable behavior. In contrast with formal mechanisms, rules and expectations are not necessarily explicitly defined and codified, and, frequently, the vendor’s behavior cannot be observed directly. Research shows that good client-vendor informal relationships lead to outsourcing success (Lee et al., 2004; Poppo & Zenger, 2002; Kern & Willcocks, 2000).

In a cooperative environment shaped by trust, flexibility, commitment, communication and other relational attributes, clients and vendors develop a better understanding of the nature, scope and intent of the contract that they have entered into and the expectations of both parties relating to that contract (Sargent, 2006). The duration

and ongoing character of the relationships create personal bonds and ties between the parties. These foster mutual commitments to the expectations (Rousseau & Tijoriwala, 1998; Robinson et al., 1994), which have a significant effect on the delivery of outsourcing benefits (Koh et al., 2004).

2.4.3 Implementation of procedures and service delivery

Good government/business relationships can serve the role of facilitator in the contract implementation process (Kamarck, 2002). Networking with private sector organizations is posited to be more efficient than traditional governance structures. In fact, both governmental agencies and suppliers are now advocating partnerships between governmental buyers and business sellers to facilitate the implementation of contracts (Kelman, 1990). With the increasing procurement of high-tech systems and services, collaborative and relational exchanges will be required to realize the strategic goals for both government agencies and private business (Laurent, 2000). Furthermore, facing downsizing and declining budgets, federal agencies are strongly motivated to find new ways of doing business focused on “faster, better, cheaper” (Linscott, 1999).

Showing growing interests in the facilitator role of government/business relationships, agencies are reforming their pure transaction-based purchasing and attempting to explore the benefits of partnering with commercial entities (Murray, 2000). Public organizations try to streamline their Act (and a significant number of regulatory changes to dramatically decreased rigidity and bureaucracy (Kelman, 1990) and encouraged performance-based contracting, sharing-in-savings, and long-term contracting (Burman, 1998; Laurent, 1998).

Purchasers may regard the implementation of contracts as the sole responsibility of suppliers, and may be inflexible to changing conditions and difficulties facing the suppliers. However, if public purchasers understand the need to cooperate with suppliers in order to realize the desirable objectives of the contract, then they will be more

committed to the exchange process, and more likely to be responsive to suppliers' requests.

2.5 Contract risk Management and Service Delivery

Contracting organizations face different risks and challenges at all contracting phases, which compromise service delivery (McPake & Ngalande, 1994). These risks and challenges may arise due to the complexity of contracting processes such as highly technical processes, product specifications that often determine the provider, and methods to quantify the volume of goods/services needed based on subjective assumptions and estimates. The risks and challenges may also be due to a number of intervening actors such as contractors, suppliers, institutions, administrators and regulators, who often give rise to situations of conflict of interest. Thus, it is important that organizations to conduct both process and supplier assessment to avoid these risks in order to deliver better services. Contract risk has a great many faces (supplier dependency, price volatility, supply chain disruption, etc.) and that most companies are exposed to these realities, which compromise service delivery on a regular basis. This study will investigate the contract risk management at KCCA and its affects on its service delivery.

2.5.1 Process risk management and service delivery

Like any other worthwhile business activity, risk management requires a process with a clear purpose, reliable inputs, well-designed activities and value-added outputs (Kelman, 1990). The risk management process typically includes such activities as the identification, sourcing, measurement, evaluation, mitigation and monitoring of risk.

An enterprise risk assessment process identifies and prioritizes a company's risks, providing quality inputs to decision makers for the purpose of formulating effective risk responses including information about the current state of capabilities around managing the priority risks. Process risk assessment spans the entire organization, including critical business units and functional areas. Effectively applied using business strategy as a

context, risk assessment considers such attributes as impact, likelihood, velocity and persistence. Once priority risks are identified, they are traced to their root causes. If management understands the drivers of risk, it is easier to design risk metrics and proactive risk responses at the source.

2.5.1 Supplier risk management and service delivery

Business is faced with a need to appreciate in full the importance of supplier relationships coupled with a strong need to understand in full the importance of formalizing the supplier relationships through contracts. Supplier Contract Management has slowly become an important component for effective supplier relationship management that is directly linked to securing the supply of key commodities needed for sustaining business.

Supplier Contract Management is the formalization of a supplier buyer arrangement where one party supplies a range of products/services (i.e. commodities) to the other, whereby the terms of business are documented in a structured document(s) that provides clarity on the legal obligations of each party. Management of this formalized relationship allows an organization a degree of control over the deliverables and performance requirements.

The use of contracts in business relationships has long been the lifeblood of a business, as the contracts provide the terms, pricing, and service levels of customer, partner and/or supplier relationships. Contracts provide a framework by which an organization manages and mitigates risk in its supplier relationships. As a result, contracts have become the living breathing documents that control the dynamics of everyday business in an ever increasing fashion. Contract management requires the systematic management of contract creation, execution, compliance and analysis to maximize performance and minimize risk.

The level of an organization's dependency on suppliers has been cited among contributors to an organization's contracting process. Cohen, Cercone and Macaya (2002) cautioned that contracting officers should be most concerned with the level of dependency their companies have on critical suppliers. This because usually contracting organizations have been unable or unwilling to find more than one supplier that offers an optimal mix of price, quality and reliability. Contracting organizations thus are fearful because, for one reason or another, they depend heavily on one or very few suppliers for a particular component, ingredient, product, or service leading to uncertainties in the organizations' service delivery. Risk management efforts in this area should focus on reducing dependency by tapping a wider swathe of suppliers or by helping ensure the ongoing solvency and reliability of those suppliers for which alternatives cannot be found. Supplier quality also represents a significant (third most common) concern in relation to contracts management and service delivery - one that speaks directly to risk-management solutions focused on the buyer-supplier relationship (Thai, 2004). Some contracting organizations experience supplier-quality problems. This study will investigate KCCA's level of dependency on suppliers and its effect on service delivery.

2.5.2 Market price risk management and service delivery

Market prices also affect service delivery in that lower market prices are associated with better service delivery while higher market prices are associated with poor service delivery (Soeters & Griffiths, 2003). In one survey, concerns about price volatility were shown to be nearly as prevalent as worries about supplier dependence (Soeters & Griffiths, 2003). Unlike the supplier dependency issue, price volatility is often outside the supplier's control. Suppliers certainly have the ability to raise and lower prices in response to volatility; however, sometimes market price increases cannot be passed on to final customers; contracting organizations or suppliers simply must absorb most of the new costs. This is why sophisticated risk management policies and programs are so

important: Besides raising prices, what else can companies do when the cost of a commodity is highly unstable? Can they do a better job of anticipating (and thus preparing for) price increases? Should price-escalation clauses in supplier contracts be revisited? Might some products be redesigned to limit dependence on a potentially volatile commodity or component? Can existing finished goods near the end of their life cycle be cannibalized or repurposed to limit the number of new-part purchases? These are some of the risk-management issues associated with volatility, which this study will investigate at KCCA.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the approaches the researcher will use to gain information on the research problem. It includes the research design, study population, sample size, sampling techniques, procedure, data collection methods and instruments, procedure of data collection, data analysis and measurement of variables.

3.2 Research design

A case study design, which was cross sectional in nature and employing both quantitative and qualitative approaches, was used. This design was used because it enabled the researcher to focus on one organization to gain an in-depth study of the problem with limited time scale as supported by Amin (2005). It also enabled the researcher to target a large group of respondents to obtain information without making a follow up of the respondents once information from them is obtained as supported by Sekaran (2003). Therefore, this survey helped to save on time and resources during data collection. The quantitative approach allowed the researcher to solicit information that could be quantified while the qualitative approach allowed the researcher to solicit information that could not be quantified as supported by Mugenda and Mugenda (1999). Combining numerical and textual information helped the researcher enrich the interpretation of findings of the study.

3.3 Study Population

This study's population included 47 KCCA staff from the contracts department and 84 service providers (KCCA Human Resource Department, 2005). Thus, the population from which the sample was selected was the 131 KCCA staff and service providers in Kampala Capital City Authority.

3.4 Determination of the Sample Size

Using Krejcie & Morgan sample size table, the following sample size below was used.

Table 1: Sample size and techniques for collection

Category	Population	Sample	Sample Technique
Users			
➤ Contracts committee staff	6	6	Purposive sampling
➤ User department staff	41	36	Simple random sampling
Service Providers	84	68	Convenient sampling
	131	100	

Source: Population obtained from KCCA Human Resource Department (2005) and sample computed using Krejcie and Morgan (1970) sampling method

The selected sample size covered two categories of respondents to whom questionnaires were given to be filled and interviews conducted. These categories included contracts committee staff, user department staff and service providers. This study targeted a sample of 100 respondents as computed in the table above.

3.5 Sampling Techniques and Procedure

A combination of sampling techniques was used. That is both probability and non-probability sampling techniques were used. Probability sampling techniques involved selecting respondents from the population by chance and non-probability sampling techniques involved selecting respondents with intention that they had to participate without fail (Amin, 2005). The probability sampling technique that was used was simple random sampling and the non-probability sampling technique that were used included convenient and census sampling (Amin, 2005). Simple random sampling technique was used to select the users department staff at the KCCA. It was used to give every user department staff a chance to participate in the study when drawing a sample from a large population of the users and helped avoid bias in selecting user department staff (Mugenda & Mugenda, 1999). It also minimized the time and cost involved while selecting users

from a large population of the user department staff (Amin, 2005). Convenient sampling was used to select the service providers. This method was used on this category of respondent given that they were not always stationed at KCCA (Mugenda & Mugenda, 1999). Thus, to ease their selection because whoever service provider the researcher came across was requested to participate in the study. Purposive sampling technique was used to select the different contract managers who directly dealt with contract management. Purposive sampling was used for this category of respondents given that they held high positions of responsibility and were believed to have more knowledge about the issues the study sought (Mugenda & Mugenda, 1999).

3.6 Data Collection Methods

3.6.1 Questionnaire survey

A questionnaire survey is a research method for collecting information from a selected group using standardized questionnaires (Amin, 2005). The questionnaire survey was a research method that was used for collecting information from user department staff and service providers. This method involved collecting information from the sampled individuals in a systematic way. Questionnaire survey was used for these category of respondents to save on time because their number was big to interview.

3.6.1 Face-to-face interview

Face-to-face interviews were used to collect data from user department heads because they enabled the researcher to establish rapport with these categories of respondents and therefore gain their cooperation. They also allowed the researcher to clarify ambiguous answers and obtain in-depth information through probing. Semi structured-interviews were designed to collect data for this study. Open-ended questions were used so that other valuable information could be solicited from the dialogue between interviewer and interviewee. Semi-structured interviews are the most widely used interviewing formats for qualitative research (DiCicco-Bloom & Crabtree, 2006). In this

study, the probing interviewing tactic was used extensively to obtain a deeper explanation of the issue at hand from the respondents. This was largely due to the fact that the respondents often needed stimuli to expand or clarify their own answers and ideas more broadly, so that a broader understanding was easily reached later on in the findings of this study.

3.6.3 Documentary Review

Secondary data was obtained from UMI documentation centre, UMI resource centre and KCCA records. Sources like journals, articles, reports and books were used in gathering and compiling the information. These documents and reports helped to supplement and substantiate data obtained from other instruments.

3.7 Data Collection Instruments

Three types of data collection instruments were used in the study. These included questionnaires, interview guides and documentary checklist, which are briefly explained in the following subsection.

3.7.1 Questionnaires

Self-administered questionnaires (SAQs) were used. A self-administered questionnaire (SAQ) refers to an instrument that has been designed specifically to be completed by a respondent without intervention of the researchers (e.g. an interviewer) collecting the data (Mugenda & Mugenda, 1999). SAQs were used to collect quantitative data from the users and from service providers. SAQs were used for this category of respondents to save on time because their number was too big to interview and because they could read and write in English and thus fill in the questionnaires by themselves without any assistance.

3.7.2 Interview guides

An interview guide refers to an instrument that has been designed specifically to be used during an oral face-to-face data collection session where the interviewer presents

questions to the interviewee to respond to and answers are written down by interviewer (Mugenda & Mugenda, 1999). Interview guides were used to collect qualitative data from contract managers who were in position to provide in-depth information through probing during the face-to-face interview. The researcher presented questions to the contract managers and their views were written down by the researcher. Data obtained during the interview supplemented that obtained through the questionnaire.

3.7.3 Documentary analysis checklist

This involved a list of expected articles, annual reports, journals publications, services brochures and magazines with information pertaining to this study. This list was presented to officials at the organizations that were visited to help search for the documents.

3.8 Validity and Reliability

3.8.1 Validity

For the instruments to yield relevant and correct data, they were given to two lecturers conversant with the study area to comment on the ambiguity, difficult and relevancy of questions to ensure construct, content and face validity. A content validity ratio (CVR) was then computed using the following formula.

$$\text{CVR} = \frac{\text{Total of items rated relevant}}{\text{Total of rated items}}$$

The following was the rating of items by two lecturers.

Table 2: Rating of items

	Items rated relevant	Items rated not relevant	Total
Rater 1	67	13	80
Rater 2	71	9	80
Total	138	22	160

Source: Primary data

Thus, applying the formula, the CVI is calculated as follows:

$$\text{CVR} = \frac{138}{160} \approx .823$$

The CVI was .823 above 0.6, which is recommended by Nunnally as cited by Kent (2001). Thus, the questionnaire was considered suitable for collecting data.

3.8.2 Reliability

In order to ensure the degree to which questionnaires produced consistent results if used under the same conditions, they were pilot tested on 20 respondents and the results subjected to Cronbach alpha reliability and the following were the results.

Table 3: Reliability of the questionnaire

Variables	Alpha	n
Contracts planning	.921	18
Contracts administration	.718	31
Contracts risk management	.776	21
Service delivery	.765	10

Source: Primary data

The Cronbach's Alpha coefficients for the questions for questionnaire were above 0.6, which is recommended by Nunnally cited by Kent (2001). Thus, the questionnaire was considered reliable for collecting data.

3.9 Procedure of data Collection

A letter of authorization from the UMI was provided to authorities at KCCA and service providers as a request for permission to conduct the study. A covering letter accompanied the data collection instruments explaining the purpose of the study. Once permission to conduct the study was given, the questionnaires were distributed directly KCCA staff and service providers for filling and were collected once they were

completed. The cover letter was also used to provide access to the interview processes, which were done on appointment with user department heads. The data collected using the questionnaires and interview guides was analyzed.

3.10 Data Analysis

3.10.1 Quantitative data analysis

Quantitative data analysis mainly consisted of descriptive statistics (frequencies and percentages) and inferential statistics (Pearson correlation, coefficient of determination and regression). The frequencies and percentages were used to determine the respondents' views on contracts management, supplier relationships and service delivery. Pearson correlation, coefficient of determination and regression were used to test the hypotheses. The correlation coefficient (r) was used to determine the strength of the relationship between the variables. The sign of the correlation coefficient (+ or -) was used to determine the nature of relationship. The coefficient of determination was used to determine the percentage variance in service delivery arising from contracts planning, contracts administration and contracts risk management. The significance of the correlation coefficient (p) was used to determine the confidence in the findings. The regression coefficient (R) determined, which of the indicators of contracts planning, contracts administration and contracts risk management significantly affected service delivery.

3.10.2 Qualitative data analysis

This involved content analysis, which was used to edit qualitative data and reorganize it into meaningful shorter sentences. In other word, a thematic approach was used to analyze qualitative data where themes, categories and patterns were identified. The recurrent themes, which emerged in relation to each guiding question from the interviews were presented in the results, with selected direct quotations from participants presented as illustrations.

3.11 Measurement of variables

The questionnaire was accompanied with a nominal scale and an ordinal measurement, which categorizes and ranks the variables. The nominal scale was accompanied questions 1 and 2 in the background section while the ordinal scale accompanied questions 2 and 4 in the background section including all questions the rest of the sections about the study variables. In particular, the ordinal scale which was a Likert type was used to collect opinion data on the study variables using the five response format coded as follows: 5 = strongly agree; 4 = agree; 3 = undecided; 2 = disagree; 1 = strongly disagree.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.0 Introduction

This chapter presents, analyzes and interprets the results. It is divided into five major sections. The first section presents results about the response rate. The second section presents results about the user department staff and service providers' background information. The third section presents results on contract planning and service delivery by Kampala Capital City Authority. The fourth section presents results on contract administration and service delivery by Kampala Capital City Authority. The fifth section presents results on contract risk management and service delivery by Kampala Capital City Authority.

4.1 Response Rate

Response rate refers to the number of people who answered the survey divided by the number of people in the sample usually expressed in the form of a percentage. A low response rate can give rise to sampling bias. In this study, the sample was 100 user department staff and service providers but the study managed to get 87 user department staff and service providers. The break down is shown in the following table.

Table 4: Response rate

Category of user department staff and service providers	Population	Targeted Sample	Actual sample	Response rate
Users				
➤ Contracts committee staff	6	6	4	67
➤ User department staff	41	36	31	86
Service Providers	84	68	52	76
Total	131	100	87	87

Source: Data from field

Thus, the response rates were 67% and above for the categories of user department staff and service providers, which were within the recommended response

rate of 67% (Amin, 2005; Mugenda & Mugenda, 1999). Therefore, the results were considered representative of what would have been obtained from the population.

4.2 User department staff and service providers Background Information

This focused on user department staff and service providers' gender, education, Years you working with the organization and age. Findings are presented in the following sub sections.

4.2.1 User department staff and service providers' gender

User department staff and service providers were answered about their gender because gender was important in determining whether the sample that participated in the study was representative of gender composition in Kampala Capital City Authority. Findings are presented in Table 2.

Table 5: Findings about gender of user department staff and service providers

Gender	Frequency	Percent
Male	49	59
Female	34	41
Total	83	100

Source: Data from field

Findings show that more males (59%) participated in the study compared to the proportion of female (41%). These findings are similar to the gender distribution of user department staff and service providers at Kampala Capital City Authority. Thus, the implication of these findings is that information obtained about the contract planning, contract administration, contract risk management, and service delivery were not gender biased. In other words, gender bias did not distort the findings of the study.

4.2.2 User department staff and service providers' education

User department staff and service providers were asked about their education. Education of the user department staff and service providers was important in that it

helped determine whether the sample that participated understood the questions presented to them and thus provided the required information. Findings are presented in Table 3.

Table 6: Findings about user department staff and service providers' education

Education	Frequency	Percent
Primary	4	5
O-Level	2	2
A-Level	15	18
Institution	25	30
University	37	45
Total	83	100

Source: Data from field

Findings show that most user department staff and service providers who participated in the study had at least an A' level of education and these constituted 93% of the total sample. Thus, user department staff and service providers had some education that enabled them to understand what they were asked and information relating to contract planning, contract administration, contract risk management, and service delivery they provided was treated as dependable. If user department staff and service providers had no or a low level of education, information that would have been obtained from them would not be dependable. This is because in such a situation, there would be a possibility that the user department staff and service providers did not understand the questions about contract planning, contract administration, contract risk management, and service delivery.

4.2.3 Years of working with the organization

User department staff and service providers were asked about their years of working with the organization. Findings are presented in Table 4.

Table 7: Findings about user department staff and service providers’ years of working with the organization

Category	Frequency	Percent
Less than 1 year	18	22
1 -2 years	21	25
3 -5 years	23	28
5 -10 years	7	8
Above 10 years	14	17
Total	83	100

Source: Data from field

Findings show that 78% of the user department staff and service providers who participated in the study had worked with the Kampala Capital City Authority for at least 1 year. This implies that most of the user department staff and service providers had been around for some time to be conversant with the issues the study sought to obtain information about. Therefore, the user department staff and service providers who participated in this study provided information that was dependable given that they had worked with KCCA for some time to be able to accumulate knowledge of what was taking place as regards contract planning, contract administration, contract risk management, and service delivery by Kampala Capital City Authority.

4.2.4 Respondent’s age

User department staff and service providers were asked about their age. Age of the user department staff and service providers was important in that it helped determine whether the sample that participated in this study represented the age distribution of the user department staff and service providers. Findings are presented in Table 5.

Table 8: Findings about user department staff and service providers’ age

Age	Frequency	Percent
20-30 years old	6	7
31-39 years old	52	63
41-49 years old	15	18
Over 50 years old	10	12
Total	83	100

Source: Data from field

Findings show that most user department staff and service providers (63%) who participated in the study were aged 31-49 years. This is attributed to the fact that in Kampala Capital City Authority, most of the targeted sample is composed of people aged 31 to 39 years. Thus, the implication of these findings is that information about the contract planning, contract administration, contract risk management, and service delivery by Kampala Capital City Authority obtained from the sample that participated in this study was not biased age of the user department staff and service providers. In other words, views obtained from the sample were representative of those employees of the various age categories.

4.3 Contract planning and Service Delivery by Kampala Capital City Authority

According to APA style, during data analysis, descriptive statistics are presented before presenting the corresponding inferential statistics (Plonsky, 2007). Thus, this approach was adopted in this study and the descriptive statistics that were used were frequencies and percentages. After presenting the descriptive statistics for each of the objectives, inferential statistics in the form of Spearman correlation and coefficient of determination are presented, analyzed and interpreted.

4.3.1 Descriptive results about contract planning by Kampala Capital City Authority

User department staff and service providers were requested to respond using a five-point Likert scale: “Strongly disagree”, “Disagree”, “Not sure”, “Agree”, and “Strongly agree” to 18 items about contract planning as shown in Table 6. The items are presented in the first column of Table 6 and the proportion of user department staff and service providers to the responses on each of the items is presented in form of percentages in columns 2 to 6. The last column presents the total percentage of user department staff and service providers on each of the items. The analysis and interpretation of the findings

about contract planning follows the presentation of findings in Table 6 as extracted from detailed findings in Appendix 4.

Table 9: Findings about contract planning

Items about setting of overall objectives	SD	D	NS	A	SA	Total
1. KCCA always sets contracts objectives	10%	33%	11%	23%	23%	100%
2. KCCA sets clear contracts objectives	17%	36%	7%	24%	16%	100%
3. KCCA's contracting objectives are measurable	18%	38%	13%	20%	11%	100%
4. KCCA's contracting objectives are achievable/attainable	18%	30%	7%	29%	16%	100%
5. All KCCA stakeholders are consulted during the contracting objectives	24%	49%	5%	10%	12%	100%
6. KCCA contracts objectives are always within the available resources, knowledge and time	17%	55%	7%	4%	17%	100%
7. I am satisfied with KCCA's contracts objectives	27%	20%	17%	20%	16%	100%
Items about developing contracting strategies	SD	D	NS	A	SA	Total
8. KCCA develops its contract strategy in harmony with the organization's overall procurement strategy.	23%	32%	13%	14%	18%	100%
9. KCCA's contract strategy establishes the form of the procurement	34%	44%	4%	6%	12%	100%
10. KCCA's contract strategy assists in determining the formulation of the contract	23%	57%	8%	2%	10%	100%
11. KCCA's contract strategy assists in determining the award of the contract	36%	51%	2%	1%	10%	100%
12. KCCA's contract strategy assists determining the type of management to be adopted for the subsequent service delivery	33%	47%	6%	8%	6%	100%
13. KCCA's contract strategy assists in determining the relationship between management and contract administration	37%	49%	7%	2%	5%	100%
14. KCCA's contract strategy always ensures the supplier meets the minimum performance criteria	36%	42%	12%	4%	6%	100%
Items about outlining contracting tasks and schedules	SD	D	NS	A	SA	Total
15. Clear lines of responsibility and authority in contracting have been established	18%	55%	14%	5%	8%	100%
16. There is sufficient authority delegated along with responsibility during contracting	28%	51%	8%	6%	7%	100%
17. Contracting tasks are clearly spelt out	22%	48%	20%	2%	8%	100%
18. Contracting schedules are clearly spelt out	23%	47%	18%	4%	8%	100%

Source: Data from field

Key: SD = Strongly disagree, D = Disagree, U = Not sure, A = Agree, SA = Strongly agree

To analyze the findings, user department staff and service providers who strongly disagreed and those who disagreed were combined into one category of user department staff and service providers who “opposed” the items. In addition, user department staff and service providers who strongly agreed and those who agreed were combined into another category of user department staff and service providers who “concurred” with the

items. Thus, three categories of user department staff and service providers were compared, which included “user department staff and service providers who opposed the items”, “user department staff and service providers who were not sure about the items” and “user department staff and service providers who concurred with the items”. Interpretation was then drawn from the comparisons of the three categories as shown in the following paragraph.

Setting of overall objectives

Findings show that the proportion of user department staff and service providers who opposed two items (that is items 1 and 4) was almost equal to the proportion of who concurred. A comparison on these two items shows that the percentage of user department staff and service providers that opposed was 43% to 48% while the percentage that was not sure was 7% to 11% and the percentage of that concurred was 45% to 46%. From these comparisons, it can be seen that least percentage that opposed the items (43%) was close to the least percentage that concurred (45%). In addition, highest percentage that opposed (48%) was close to the highest percentage that concurred (46%). Thus, from this analysis, the following is the interpretation. Findings show that KCCA sometimes set contracts objectives and its contracting objectives were sometimes achievable/attainable.

However, findings from user department staff and service providers obtained using questionnaire show that KCCA’s contracting planning was compromised during setting of overall objectives. This is because from the analysis findings show that most user department staff and service providers were opposed to five items (that is items 2, 3, 5, 6 and 7) out of seven items about setting of overall objectives compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 47% to 73% while the percentage that was not

sure was 5% to 17% and the percentage of that concurred was 21% to 40%. From these comparisons, it can be seen that least percentage that opposed the items (47%) is higher compared to the least percentage that concurred (21%) while very few were not sure (5%). In addition, highest percentage that opposed the items (73%) is higher compared to the highest percentage that concurred (40%) while very few were not sure (17%). Thus, from this analysis, the following is the interpretation. Findings show that in most cases, KCCA set unclear contracts objectives, KCCA's contracting objectives were not measurable, not all KCCA stakeholders were consulted during the contracting objectives, KCCA contracts objectives were rarely within the available resources, knowledge and time, and most user department staff and service providers were dissatisfied with KCCA's contracts objectives.

Developing contracting strategies

Furthermore, findings show that KCCA's contracting planning was compromised during developing contracting strategies. This is because most user department staff and service providers were opposed all the seven items about developing contracting strategies compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 55% to 87% while the percentage that was not sure was 2% to 13% and the percentage of that concurred was 7% to 32%. From these comparisons, it can be seen that least percentage that opposed the items (55%) is higher compared to the least percentage that concurred (7%) while very few were not sure (2%). In addition, highest percentage that opposed the items (87%) is higher compared to the highest percentage that concurred (32%) while very few were not sure (13%). The interpretation from this analysis is that in most cases, KCCA did not develop its contract strategy in harmony with the organization's overall procurement strategy, KCCA's contract strategy did not establish the form of the procurement and

KCCA's contract strategy did not assist in determining the formulation of the contract and the award of the contract. In addition, KCCA's contract strategy did not assist in determining the type of management to be adopted for the subsequent service delivery and the relationship between management and contract administration. Lastly, KCCA's contract strategy rarely ensured the supplier met the minimum performance criteria.

Outlining contracting tasks and schedules

Lastly, findings show that KCCA's contracting planning was compromised during outlining contracting tasks and schedules. This is because most user department staff and service providers were opposed all the four items about outlining contracting tasks and schedules compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 47% to 73% while the percentage that was not sure was 5% to 17% and the percentage of that concurred was 21% to 40%. From these comparisons, it can be seen that least percentage that opposed the items (47%) is higher compared to the least percentage that concurred (21%) while very few were not sure (5%). In addition, highest percentage that opposed the items (73%) is higher compared to the highest percentage that concurred (40%) while very few were not sure (17%). The following is the interpretation of this analysis. Findings show that at KCCA, there were unclear lines of responsibility and authority in contracting, there was insufficient authority delegated along with responsibility during contracting, contracting tasks and contracting schedules were unclearly spelt out.

Interview findings shade more light about KCCA's contracts planning. They were supportive of quantitative findings from user department staff and serviced providers as they detailed KCCA's contracts planning process. For example, when contracts committee staff were asked whether there was contract planning at KCCA and if it was not, why or if it was there, what was involved in the planning, all four contracts

committee staff responded in affirmative that KCCA plans for its contracts. While explaining the process of KCCA's contracts planning, the four contracts committee staff outlined almost similar steps involved in the process. For example, one of the managers had this to say about the process involved.

User departments are requested to prioritize activities and functions they deem should be contracted out. Thereafter, meetings are held to decide whether to contract these functions. Once agreement is reached on which functions to contract, then laid down procedures are followed in calling for bidders. For example, functions to be contracted are advertised in the media and KCCA notice board calling for bidders. Then decisions are made on whom to contract which functions (*Interview with contracts manager, 3rd December 2012*).

Thus, from the above quotation, it is shown that KCCA conducts contracts planning. It shows that KCCA follows a systematic process during its contracts planning. It first requests the user departments to identify functions that would be contracted and then meetings are held to determine how the contracting process would be handled. Another contracts manager in response was supportive of findings of the interview with the manager held on 3rd December 2012 as shown in the following.

Contracts planning involves the board and top management for contracts approval and top management also conducts an internal and external analysis to identify functions to contract, benchmark with other organizations that contract similar functions, and then confirm budget for the contracting to start (*Interview with contracts manager, 6th December 2012*).

These findings confirm the deduction that has been made that KCCA's contracts planning is systematic. KCCA does not merely pick on functions to contracts. However, it conducted an internal and external analysis of what to contract and how the contracting should be done. Interviews also revealed the criteria used in determining KCCA's function to contract out as shown in the following.

The functions to be contracted are determined on the basis of whether it is costly for KCCA to execute them by itself or by engaging contractors. The cost is sometimes in terms of expenses incurred or avoided by KCCA. If the expenses are believed to be favorable to KCCA, then the functions are contracted. In addition, costs are in terms of time devoted to execute the non-core functions and the outcome of this. For example, functions may be found to be time consuming to execute and yet when contracted time can be devoted to core activities that matter

to make a big difference in achieving KCCA's objectives (*Interview with contracts manager, 5th December 2012*).

From the quotation, it is shown that costs and time involved in doing an activity at KCCA determined whether such an activity would be contracted. However, not only these two criteria were used in determining KCCA's functions to be contracted but also other criteria were used. For example, another KCCA contracts manager named functions that were contracted and other criteria that were used as shown in the following.

Major functions that KCCA has contracted include maintenance works such as road maintenance, street lighting maintenance, garbage collection and revenue collection. These were outsourced with a motive of reducing operational cost, gaining access to specialists and giving KCCA time to concentrate on its core activities (*Interview with contracts manager, 4th December 2012*).

Like the earlier contracts manager, cost and time are indicated in the quotation as criteria to determine KCCA's functions to contract. In addition, it is shown that in case KCCA does not have the expertise to handle certain functions, then those functions may also be considered for contracting out.

Contracts committee staff were also asked whether they were satisfied with KCCA's contract planning. In response, two managers were satisfied while the other two were fairly satisfied. For example, for the two managers who satisfied had this to say:

Yes I am satisfied because when KCCA functions are contracted, some problems are solved to improve KCCA's operations. For example, functions that are contracted allow KCCA to divert manpower to functions that are handled internally and thus reduce workload among staff. In addition, long time decisions are involved in contracting, which goes through stages and every stage is well discussed and all stakeholders are involved (*Interview with contracts manager, 4th December 2012*).

I am satisfied because KCCA staff members are involved to avoid problems of implementation and that it has enabled management to concentrate on core activities and it has led to attainment of targets and some costs are reduced thus some savings are realized (*Interview with contracts manager, 6th December 2012*).

The reasons for the other two managers were more or less like what has been presented in the two quotations above except that they expressed dissatisfaction with some aspects of KCCA's contract planning.

As much as information is gathered on functions, sometimes we have found that decisions taken were not the right one. This is because information is sometimes manipulated for self interest where functions that would not have been contracted have been turned into a source of income for a few individuals. They get bribes from such functions. Therefore, the more functions contracted, the more these individuals benefit through bribes (*Interview with contracts manager, 5th December 2012*).

The second manager who expressed dissatisfaction with the planning of KCCA contracts had this to say:

KCCA's planning is mainly by a few individuals who think they matter more than others do. It is mainly top management and heads of department that plans for the contracts and sometimes you find that criteria used were not the right one because we find ourselves withdrawing some functions that have been already contracted before the contract time expires, which has resulted into court cases. An example, is the recent Centenary Park problem (*Interview with contracts manager, 3rd December 2012*).

Thus, like the findings from the questionnaire, the interview findings also show that KCCA's contracts planning has some shorting comings and thus, it is not effectively handled. Having presented views of respondents about contracting planning at KCCA, next was to determine how they perceived KCCA's service delivery.

4.3.2 Descriptive results about service delivery by Kampala Capital City Authority

User department staff and service providers responded to ten items about service delivery by indicating their agreement using a five-point Likert scale. The items are presented in the first column of Table 7 and the proportion of user department staff and service providers to the responses on each of the items is presented in form of percentages in columns 2 to 6. The last column presents the total percentage of user department staff and service providers on each of the items. The analysis and interpretation of the findings follows the presentation of findings in Table 7 as extracted from Appendix 7.

Table 10: Findings about service delivery

Items about service efficiency	SD	D	NS	A	SA	Total
1. Services are usually delivered on time	23%	60%	5%	7%	5%	100%
2. KCCA's service delivery is efficient	16%	45%	14%	20%	5%	100%
Items about service effectiveness	SD	D	NS	A	SA	Total
3. KCCA's service delivery is effective	18%	30%	22%	20%	10%	100%
4. Services are delivered to the right places	8%	36%	29%	20%	7%	100%
5. There is value for money in KCCA's service delivery	13%	42%	25%	16%	4%	100%
6. KCCA's services are easily accessed	10%	53%	12%	11%	14%	100%
7. KCCA service coverage is satisfactory	7%	44%	13%	17%	19%	100%
Items about service reliability	SD	D	NS	A	SA	Total
8. KCCA delivers quality services	16%	63%	7%	6%	8%	100%
9. KCCA offers relevant service to the community	8%	32%	16%	24%	20%	100%
10. KCCA offers reliable service to the community	6%	36%	25%	20%	13%	100%

Source: Data from field

Key: SD = Strongly disagree, D = Disagree, U = Not sure, A = Agree, SA = Strongly agree

Service efficiency

Findings show that KCCA's service delivery was compromised in terms of service efficiency. This is because most user department staff and service providers were opposed all items about service efficiency compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 61% to 83% while the percentage that was not sure was 5% to 14% and the percentage of that concurred was 12% to 25%. From these comparisons, it can be seen that least percentage that opposed the items (61%) is higher compared to the least percentage that concurred (12%) while very few were not sure (5%). In addition, highest percentage that opposed the items (83%) is higher compared to the highest percentage that concurred (25%) while very few were not sure (14%). The following is the interpretation of this analysis. Findings show that in most cases in KCCA, services were rarely delivered on time and service delivery was inefficient/ wasteful.

Service effectiveness

Furthermore, KCCA's service delivery was compromised in terms of service effectiveness. This is because most user department staff and service providers were opposed all items about service effectiveness compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 44% to 63% while the percentage that was not sure was 12% to 29% and the percentage of that concurred was 20% to 36%. From these comparisons, it can be seen that least percentage that opposed the items (44%) is higher compared to the least percentage that concurred (20%) while very few were not sure (12%). In addition, highest percentage that opposed the items (63%) is higher compared to the highest percentage that concurred (39%) while very few were not sure (29%). The following is the interpretation of this analysis. Findings show that in most cases, KCCA's service delivery was ineffective, services were not delivered to the right places, there was no value for money in KCCA's service delivery, KCCA's services were not easily accessed and KCCA service coverage was unsatisfactory.

Service reliability

Furthermore, KCCA's service delivery was compromised in terms of service reliability. This is because most user department staff and service providers were opposed two items (that is items 8 and 10) about service effectiveness compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 42% to 79% while the percentage that was not sure was 7% to 25% and the percentage of that concurred was 14% to 33%. From these comparisons, it can be seen that least percentage that opposed the items (42%) is higher compared to the least percentage that concurred (14%) while very few were not sure

(7%). In addition, highest percentage that opposed the items (79%) is higher compared to the highest percentage that concurred (33%) while 25% were not sure. The following is the interpretation of this analysis. Findings show that in most cases, KCCA delivered poor quality services and offered unreliable service to the community.

On the other hand, findings show that the proportion of user department staff and service providers who opposed one item (that is item 9) was almost equal to the proportion of who concurred. It shown that the percentage of user department staff and service providers that opposed was 40% while the percentage that was not sure was 16% and the percentage of that concurred was 44%. Thus, from this analysis, the following is the interpretation. Findings show that KCCA sometimes KCCA offered relevant service to the community.

Findings from interviews with contracts committee staff shade more light on KCCA's service delivery when they were asked their opinion on KCCA's service delivery in terms of it being efficient, effective and reliable. All the four managers were of the view that KCCA's service delivery was poor in all aspects but expressed hope that there are some improvements taking place with the new management. In response, one the contracts manager summed up the service delivery as follows:

KCCA's service delivery is still poor despite some improvement. The continuous complaints about almost all service KCCA offers raised in various media is evident that there is a long way to go. However, in the same media, some appreciation has also been extended to KCCA for what it has done so far (*Interview with contracts manager, 3rd December 2012*).

Similarly, another KCCA contracts manager responded thus;

KCCA is trying to improve service delivery in Kampala City. However, with limited funding, little will be achieved until more funding is allocated to KCCA's activities. For example, garbage in the city is increasing every year with increasing population and economic activities but the amount of funding KCCA is receiving from government has not been increasing proportionately. Under such circumstances, KCCA can only afford to collect what it can. If am to explain its terms of your study, KCCA can only contract a few companies to collect garbage for it with the limited funding. The same applies to road maintenance (*Interview with contracts manager, 5th December 2012*).

Given that the views of the four contracts committee staff were more or less the same, the above quotation are believed in this study to be adequate in explaining what the managers' opinions were about KCCA's service delivery. Having established what KCCA's contracts planning and service delivery, the next step was to determine whether the two related. Findings are presented in the following sub section.

4.3.3 Testing first hypothesis

The first null hypothesis stated, "*There is a significant positive relationship between contracts planning and the service delivery of KCCA*". Spearman rank order correlation coefficient (*rho*) and coefficient of determination were used to test the hypothesis. Table 8 presents the test results for the first hypothesis.

Table 11: Correlation between contract planning and service delivery

	Contract planning
Service delivery	$rho = .646$ $rho^2 = .417$ $p = .000$ $n = 83$

Source: Data from field

Findings show that there was a strong positive correlation ($rho = .646$) between contract planning and service delivery. Since the correlation does imply causal-effect as stated in the first objective, the coefficient of determination ($rho^2 = .417$), which is a square of the correlation coefficient, was computed and expressed as a percentage to determine the variance in service delivery due to contract planning. Thus, findings show that contract planning accounted for 41.7% variance in service delivery. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. Thus, the effect was significant. Because of this, the hypothesis "*There is a significant positive relationship between contracts planning and the service delivery of KCCA*" was accepted.

The implication of these findings is that contract planning had a significant effect on service delivery by Kampala Capital City Authority. The strong correlation implied that a change in contract planning was related to a big change in service delivery. The positive nature of the correlation implied that the change in contract planning and service delivery was in the same direction whereby more contract planning was related to better service delivery and vice versa.

4.4 Contract administration and Service delivery by Kampala Capital City Authority

Before testing the second hypothesis, descriptive results (percentages) relating to contract administration are presented, analyzed and interpreted. Findings are presented in the following subsection.

4.4.1 Descriptive results about contract administration

User department staff and service providers were requested to respond using a five-point Likert scale: “Strongly disagree”, “Disagree”, “Not sure”, “Agree”, and “Strongly agree” to 31 items about contract administration as shown in Table 9. The items are presented in the first column of Table 9 and the proportion of user department staff and service providers to the responses on each of the items is presented in form of percentages in columns 2 to 6. The last column presents the total percentage of user department staff and service providers on each of the items. The analysis and interpretation of the findings about contract administration follows the presentation of findings in Table 9 as extracted from Appendix 5.

Table 12: Findings about contract administration

Items about formal governance of the contract	SD	D	NS	A	SA	Total
1. Overall, KCCA has good relationship with its service providers	23%	41%	19%	11%	6%	100%
2. KCCA's relationship with service provider is positive and beneficial for both sides	18%	44%	24%	7%	7%	100%
3. KCCA always clarifies its expectations for its service providers	18%	50%	13%	8%	11%	100%
4. KCCA's formal governance of the contract is not an inconvenience in the contracting process	24%	44%	13%	8%	11%	100%
5. KCCA's contract formal agreements clearly specify expectations in the contracting process	20%	47%	17%	5%	11%	100%
6. KCCA's contract formal agreements clearly specify obligations in the contracting process	12%	29%	23%	25%	11%	100%
7. KCCA's contract formal agreements clearly specify responsibilities in the contracting process	7%	34%	28%	20%	11%	100%
8. KCCA's contract formal agreements clearly specify processes for dispute resolution in the contracting process	29%	50%	8%	6%	7%	100%
9. KCCA's contracts are written to limit opportunistic behavior by parties involved in contracting	14%	25%	27%	23%	11%	100%
10. There is a penalty-systems in place to opportunistic behavior by parties involved in contracting	10%	29%	22%	25%	14%	100%
11. KCCA specifies the desired quality levels of products and services from service providers	10%	27%	17%	30%	16%	100%
12. KCCA specifies the desired cost of products and services from service providers	10%	50%	19%	13%	8%	100%
13. KCCA's contracts always have clauses to ensure for any eventuality in the contracting process	4%	26%	28%	30%	12%	100%
Items about mechanics of the relationship	SD	D	NS	A	SA	Total
14. There is an environment shaped by trust in KCCA's contracts	10%	27%	25%	25%	13%	100%
15. There is an environment shaped by flexibility in KCCA's contracts	10%	30%	25%	22%	13%	100%
16. There is an environment shaped by commitment in KCCA's contracts	4%	18%	27%	40%	11%	100%
17. KCCA and service providers develop a better understanding of the nature of the contract that they have entered into	2%	38%	30%	19%	11%	100%
18. KCCA and service providers develop a better understanding of the scope of the contract that they have entered into	2%	34%	28%	23%	13%	100%
19. KCCA and service providers develop a better understanding of the intent of the contract that they have entered into	16%	54%	10%	17%	5%	102%
20. KCCA and service providers develop a better understanding of the expectations of both parties relating to that contract	16%	52%	10%	17%	5%	100%
Items about implementation of procedures	SD	D	NS	A	SA	Total
21. There is collaborative exchanges in contracts to realize the strategic goals for both KCCA and service providers	10%	43%	24%	19%	4%	100%
22. There is relational exchanges in contracts to realize the strategic goals for both KCCA and service providers	10%	51%	17%	10%	12%	100%
23. Efforts are undertaken to minimize rigidity in KCCA's contracts	14%	47%	14%	18%	7%	100%
24. Efforts are undertaken to minimize bureaucracy in KCCA's contracts	40%	30%	6%	10%	14%	100%
25. Efforts are undertaken to encourage performance-based contracting at KCCA	8%	17%	25%	34%	16%	100%
26. KCCA officials are inflexible to changing conditions and difficulties facing the suppliers	6%	17%	19%	31%	27%	100%
27. There are standard operating procedures for KCCA's contract implementation	30%	21%	11%	22%	16%	100%
28. KCCA's procedures for contract implementation are always adhered to	33%	32%	8%	13%	14%	100%
Items about operation of routine administrative and clerical functions	SD	D	NS	A	SA	Total
29. The administration of KCCA's contracts is satisfactory	8%	14%	13%	29%	36%	100%
30. KCCA pays for its contracts staff very well	13%	19%	17%	23%	28%	100%
31. KCCA motivates its contracts staff	12%	17%	23%	18%	30%	100%

Source: Data from field

Key: SD = Strongly disagree, D = Disagree, NS = Not sure, A = Agree, SA = Strongly agree

Formal governance of the contract

Findings show that contract administration in terms of formal governance of the contract was unsatisfactory. This is because most user department staff and service providers were opposed to nine items (that is items 1, 2, 3, 4, 5, 6, 7, 8 and 12) about formal governance of the contract compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 41% to 79% while the percentage that was not sure was 8% to 28% and the percentage of that concurred was 13% to 36%. From these comparisons, it can be seen that least percentage that opposed the items (41%) is higher compared to the least percentage that concurred (13%) while very few were not sure (8%). In addition, highest percentage that opposed the items (79%) is higher compared to the highest percentage that concurred (36%) while 28% were not sure. From this analysis, the implication is that in overall, KCCA had a poor relationship with its service providers, its relationship with its service provider was negative and unbeneficial for both sides and it rarely clarified its expectations for its service providers. Furthermore, KCCA's formal governance of the contract was an inconvenience in the contracting process, its contract formal agreements unclearly specified expectations, obligations, responsibilities and processes for dispute resolution in the contracting process. Lastly, KCCA did not specify the desired cost of products and services from service providers.

However, findings show that most user department staff and service providers concurred to only two items (that is items 11 and 13) about formal governance of the contract compared to user department staff and service providers who were not sure with or opposed to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 30% to 37% while the percentage that was not sure was 17% to 28% and the percentage of that concurred was

42% to 46%. From these comparisons, it can be seen that least percentage that opposed the items (30%) is lower compared to the least percentage that concurred (42%) while 8% were not was not sure. In addition, highest percentage that opposed the items (37%) is lower compared to the highest percentage that concurred (36%) while 28% were not sure. From this analysis, the implication is that KCCA specified the desired quality levels of products and services from service providers and its contracts always had clauses to ensure for any eventuality in the contracting process.

Lastly, findings show that the proportion of user department staff and service providers who opposed two items (that is items 9 and 10) was almost equal to the proportion of who concurred. It shown that the percentage of user department staff and service providers that opposed was 39% while the percentage that was not sure was 22% to 27% and the percentage of that concurred was 34% to 39%. Thus, from this analysis, the following is the interpretation. Findings show that sometimes KCCA's contracts were written to limit opportunistic behavior by parties involved in contracting and there was a penalty-system in place to opportunistic behavior by parties involved in contracting.

Mechanics of the relationship

The mechanics of the relationship in contract administration were unsatisfactory. This is because most user department staff and service providers were opposed to four items (that is items 2, 4, 6 and 7) about mechanics of the relationship compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 40% to 68% while the percentage that was not sure was 10% to 30% and the percentage of that concurred was 22% to 35%. From these comparisons, it can be seen that least percentage that opposed the items (40%) is higher compared to the least percentage that concurred (22%) while very few were not sure (10%). In addition, highest percentage that opposed the items (68%) is higher compared

to the highest percentage that concurred (35%) while 30% were not sure. From this analysis, the findings show that there was inflexible environment in KCCA's contracts and KCCA and service providers develop a poor understanding of the nature and intent and of the contract that they have entered into including the expectations of both parties relating to that contract.

Implementation of procedures

It is shown that KCCA's implementation procedures were not conducive because most user department staff and service providers were opposed to most if the items (that is items 21, 22, 23, 24, 27 and 28) about implementation of procedures compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 51% to 70% while the percentage that was not sure was 6% to 24% and the percentage of that concurred was 22% to 38%. From these comparisons, it can be seen that least percentage that opposed the items (51%) is higher compared to the least percentage that concurred (38%) while very few were not sure (6%). In addition, highest percentage that opposed the items (70%) is higher compared to the highest percentage that concurred (38%) while 24% were not sure. From this analysis, the findings show that in most case, there was no collaborative exchanges in contracts to realize the strategic goals for both KCCA and service providers, there was not relational exchanges in contracts to realize the strategic goals for both KCCA and service providers, and efforts were not undertaken to minimize rigidity in KCCA's contracts. Lastly, in most cases, efforts were not undertaken to minimize bureaucracy in KCCA's contracts, there were no standard operating procedures for KCCA's contract implementation and KCCA's procedures for contract implementation are rarely adhered to.

However, findings show that most user department staff and service providers concurred to only two items (that is items 25 and 26) about implementation of procedures

compared to user department staff and service providers who were not sure with or opposed to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 23% to 25% while the percentage that was not sure was 19% to 25% and the percentage of that concurred was 50% to 58%. From these comparisons, it can be seen that least percentage that opposed the items (23%) is lower compared to the least percentage that concurred (50%) while 19% were not was not sure. In addition, highest percentage that opposed the items (25%) is lower compared to the highest percentage that concurred (58%) while 25% were not sure. From this analysis, the implication is that in most cases, efforts were undertaken to encourage performance-based contracting at KCCA and KCCA officials were inflexible to changing conditions and difficulties facing the suppliers.

Routine administrative and clerical functions

It is shown that KCCA's routine administrative and clerical functions procedures were satisfactory because most user department staff and service providers were concurred all the items (that is items 21, 22, 23, 24, 27 and 28) about routine administrative and clerical functions compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 22% to 32% while the percentage that was not sure was 13% to 23% and the percentage of that concurred was 48% to 65%. From these comparisons, it can be seen that least percentage that opposed the items (22%) is lower compared to the least percentage that concurred (48%) while very few were not sure (13%). In addition, highest percentage that opposed the items (32%) is lower compared to the highest percentage that concurred (65%) while 23% were not sure. From this analysis, the findings show that in most case, the administration of KCCA's contracts was satisfactory, KCCA paid for its contracts staff very well and it motivated its contracts staff.

During interviews, KCCA contracts committee staff provided information that supplemented information obtained from KCCA user department staff and service providers. Some of the information obtained from the contracts committee staff supported the KCCA user department staff and service providers while some deviated from the KCCA user department staff and service providers. For example, contracts committee staff were asked whether there was contract administration at KCCA, in addition explaining why if their response was no and the process involved if the response was yes. In response, the four contracts committee staff acknowledged that there was contract administration at KCCA. Regarding what was involved, the following was the response from one of the contracts manager:

KCCA monitors what the contractors do over the period of the contract. Assessments are made to determine whether contractors are delivering or have delivered and assessment reports are compiled by KCCA officials. Decisions are then made as per the assessment reports (*Interview with contracts manager, 4th December 2012*).

From the findings, it can be deduced that KCCA's contracts administration was about ensuring that the contractors were doing the right job as KCCA expected. Thus, contractors were monitored how they were handling the contracts. A second contracts manager in response had this say:

KCCA follows laid down legal procedures and ensures that the contracts are being executed as stated in the legal requirements. If this is not done, KCCA or the contractors may be sued. Thus, on part of KCCA, it has to avoid situations that be costly to it. In fact, it ends to the KCCA personnel with that responsibility of seeing that contracts are legally handled as per the laws because that individual may end paying for what goes wrong (*Interview with contracts manager, 6th December 2012*).

The findings raised another approach to KCCA's contracts administration. Here a legal approach was applied to avoid negative consequences that would arise from poor contracts execution/implementation. A third contracts manager revealed the following about KCCA's contracts administration:

Procedures are put in place specifying who is responsible for what and what is expected from the KCCA as an organization, KCCA officers overseeing the contract and service provider. Without such procedures, everyone who thinks has a say will be involved in the administration of the contracts and they will be confusion (*Interview with contracts manager, 3rd December 2012*).

The findings emphasize allocation of responsibilities to various individuals to monitor how the contracts are handled. This appears to be for accountability purposes. The fourth contracts manager on what is involved KCCA's contracts management said thus:

KCCA has a contracts committee. This is responsible for supervising the entire contracting process. If there is a problem with the contracts, the contracts committee calls for a special sitting to address the problem, which may arise from KCCA or the contractor. If an agreement fails, then the legal approach is employed (*Interview with contracts manager, 5th December 2012*).

Therefore, it is revealed that apart from having responsibilities allocated to some KCCA officials, there was also contracts committee involved in KCCA's contracts administration. Even the fourth contracts manager emphasized a legal approach to KCCA's contracts administration.

Contracts committee staff were also asked where there were you satisfied with KCCA's contract administration. In response, all contractors managers were fairly you satisfied with KCCA's contract administration. They were satisfied because KCCA had procedures in place to guide contracts implementation. However, they were dissatisfied because the procedures in place were not effective at ensuring better contracts implementation. The following were some of the findings about the contractors managers' dissatisfaction with contracts administration.

Despite KCCA having procedure guiding the administration of contracts, some contracts have not been implemented as desired. A case in point is road maintenance works. KCCA employees professional who are in position to know that the right quality of inputs are used. However, contracts are handled over to KCCA, within a few months the roads are back in a poor state, which implies ineffective monitoring (*Interview with contracts manager, 5th December 2012*).

Another contracts manager expressed dissatisfaction of KCCA’s contracts administration highlight bribery in the process. The manager had this to say:

Bribery has compromised contracts administration. This is because of poor remuneration of KCCA officials. Therefore, contractors given that they want to a big profit margin from the contracts, they bribe KCCA officers monitoring their works so that they present incorrect impressions about their works and at end KCCA realizes poor services offered by contractors (*Interview with contracts manager, 4th December 2012*).

A third contracts manager revealed political interference in KCCA contracts administration as the manager revealed in the following:

KCCA is a government institution. Because of this, politicians, especially those in central and Buganda, have disrupted its activities including monitoring of its contracts. Some of these politicians own the companies that have been contracted or have shares in those companies. Therefore, if a bad report is written about them, they maneuver around the report is suppressed (*Interview with contracts manager, 6th December 2012*).

Having established views of KCCA user department staff, service providers and contracts committee staff about KCCA’s contracts administration, the next step was to find out how contracts administration affected KCCA’s service delivery. Findings are presented in the following sub section.

4.4.2 Testing second hypothesis

The second null hypothesis stated, “*There is a significant positive relationship between contracts administration and the service delivery of KCCA*”. Spearman rank order correlation coefficient (*rho*) was used to test the hypothesis. Table 10 presents the test results.

Table 13: Correlation between contract administration and service delivery

	Contract administration
Service delivery	$rho = .658$ $rho^2 = .433$ $p = .000$ $n = 137$

Source: Data from field

Findings show that there was a strong positive correlation ($r = .658$) between contract administration and service delivery. The coefficient of determination ($rho^2 = .433$) shows that contract administration accounted for 43.3% variance in service delivery. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. Thus, the effect was significant. Because of this, the hypothesis “*There is a significant positive relationship between contracts administration and the service delivery of KCCA*” was accepted.

Thus, the implication of the findings was that contract administration had a significant effect on service delivery by Kampala Capital City Authority. The strong positive correlation implied that a change in contract administration was related to a big change in service delivery. The positive nature of the correlation implied that the change in contract administration and service delivery was in the same direction whereby more contract administration was related to better service delivery and vice versa.

4.5 Contract risk management and Service delivery by Kampala Capital City Authority

Before testing the third hypothesis, descriptive results (percentages) relating to contract risk management were presented, analyzed and interpreted. Findings are presented in the following subsection.

4.5.1 Descriptive results about contract risk management

User department staff and service providers were requested to respond using a five-point Likert scale: “Strongly disagree”, “Disagree”, “Not sure”, “Agree”, and “Strongly agree” to 21 items about contract risk management as shown in Table 11. The items are presented in the first column of Table 11 and the proportion of user department staff and service providers to the responses on each of the items is presented in form of percentages in columns 2 to 6. The last column presents the total percentage of user

department staff and service providers on each of the items. The analysis and interpretation of the findings about contract risk management follows the presentation of findings in Table 11 as extracted from Appendix 6.

Table 14: Findings about contract risk management

Items about process risk management	SD	D	NS	A	SA	Total
1. KCCA's contracting is a process with a clear purpose	11%	28%	19%	31%	11%	100%
2. KCCA's contracting is a process with reliable inputs	8%	54%	20%	13%	5%	100%
3. KCCA's contracting is a process with well-designed activities	4%	25%	25%	33%	13%	100%
4. KCCA's contracting is a process with value-added outputs	11%	26%	23%	28%	12%	100%
5. KCCA's assessment process identifies and prioritizes a company's risks for the formulating effective risk responses	11%	35%	23%	19%	12%	100%
6. KCCA's process risk assessment spans the entire organization	5%	23%	27%	37%	8%	100%
7. KCCA's identified priority risks are always traced to their root causes	4%	37%	30%	17%	12%	100%
Items about stakeholders risk management	SD	D	NS	A	SA	Total
8. KCCA consults its stakeholders to make informed contract decisions	6%	33%	28%	20%	13%	100%
9. KCCA handles its stakeholders' conflicts in contracting satisfactory	17%	53%	8%	14%	8%	100%
10. KCCA handles its stakeholders' interests in contracting satisfactory	16%	47%	10%	19%	8%	100%
Items about supplier risk management	SD	D	NS	A	SA	Total
11. KCCA assesses its the level of dependency on suppliers	14%	40%	20%	16%	10%	100%
12. KCCA depends on a few suppliers	16%	46%	14%	7%	17%	100%
13. KCCA suppliers have been reliable	18%	42%	17%	13%	10%	100%
14. KCCA consults its suppliers to make informed contract decisions	39%	28%	7%	7%	19%	100%
15. KCCA's contract practices protect its business from supplier events that can impact the company operationally	8%	18%	23%	33%	18%	100%
16. KCCA's contract practices protect its business from supplier events that can impact the company legally	12%	14%	20%	29%	25%	100%
17. KCCA's contract practices protect its business from supplier events that can impact the company's reputation	34%	21%	11%	17%	17%	100%
18. KCCA's contract practices protect its business from supplier events that can impact the company financially	36%	27%	10%	10%	17%	100%
Items about price risk management	SD	D	NS	A	SA	Total
19. KCCA takes into consideration prices rises in its contracts	12%	7%	16%	24%	41%	100%
20. KCCA's price clauses in its contracts to protect it from price unpredictability	18%	14%	13%	20%	35%	100%
21. KCCA contracts products/services that more price predictable	17%	15%	19%	13%	36%	100%

Source: Data from field

Key: SD = Strongly disagree, D = Disagree, U = Not sure, A = Agree, SA = Strongly agree

Process risk management

It is shown that process risk management was fairly satisfactory because most user department staff and service providers opposed three items while there concurred to four items about process risk management. Findings show that most user department staff and service providers were opposed to items 2, 5 and 7 about process risk management compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 41% to 62% while the percentage that was not sure was 20% to 30% and the percentage of that concurred was 18% to 31%. From these comparisons, it can be seen that least percentage that opposed the items (41%) is higher compared to the least percentage that concurred (18%) while few were not sure (20%). In addition, highest percentage that opposed the items (62%) is higher compared to the highest percentage that concurred (31%) while 30% were not sure. From this analysis, the findings show that in most case, KCCA's contracting was a process with unreliable inputs, KCCA's assessment process did identify and prioritize a company's risks for the formulating effective risk responses and KCCA's identified priority risks were rarely traced to their root causes.

Findings show that most user department staff and service providers concurred to items 1, 3, 4 and 6) about process risk management compared to user department staff and service providers who were not sure with or concurred to these items. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 28% to 39% while the percentage that was not sure was 19% to 27% and the percentage of that concurred was 40% to 46%. From these comparisons, it can be seen that least percentage that opposed the items (28%) is lower compared to the least percentage that concurred (40%) while few were not sure (28%). In addition, highest percentage that opposed the items (39%) is lower compared to the highest percentage that

concurrent (46%) while 27% were not sure. From this analysis, the findings show that in most cases, KCCA's contracting was a process with a clear purpose, well-designed activities, value-added outputs and KCCA's process risk assessment spanned the entire organization.

Stakeholders risk management

It is shown that KCCA's stakeholders risk management was compromised because most user department staff and service providers opposed to most of the items about stakeholders risk management that is 9 and 10. A comparison on these items shows that the percentage of user department staff and service providers that opposed was 63% to 70% while the percentage that was not sure was 8% to 10% and the percentage of that concurred was 22% to 27%. From these comparisons, it can be seen that least percentage that opposed the items (63%) is higher compared to the least percentage that concurred (27%) while few were not sure (8%). In addition, highest percentage that opposed the items (70%) is higher compared to the highest percentage that concurred (27%) while 10% were not sure. From this analysis, the findings show that in most cases, KCCA handled its stakeholders' conflicts and interests in contracting unsatisfactory.

Interviews shed some light on KCCA's contracts risk management. In response to whether there was contract risk management at KCCA, the four contracts committee staff during the interviews answered in affirmative. When asked whether they were satisfied with KCCA's contracts risk management, all four managers responded that they were not.

One of the contracts committee staff reasoned thus:

KCCA has not been able to effectively manage risks in its contracts. This is because money has been lost in some of its contracts. Even when it is found out how the money was lost, nothing much has been done because even in the next contracts, the same procedures are used to steal money (*Interview with contracts manager, 6th December 2012*).

The findings in the quotation show the ineffectiveness of KCCA's contracts risk management to curb financial losses in its contracts. Although this contracts manager

painted a negative image of KCCA’s risk management, a second contracts manager was entirely negative as shown in the following:

KCCA has tried to ensure less risk in its contracts. It has done this by incorporating legal clauses in its contracts. Despite this, sometimes it caught off guard even within the adopted clauses and as such, it incurs expenses (*Interview with contracts manager, 4th December 2012*).

A third contracts manager had this to say about the dissatisfaction with KCCA contracts risk management:

KCCA’s contracts risk management has a long to be improved. This evident in the continued poor services realized from the contracts. Because of this, KCCA’s image and reputation has been negatively affected in the public (*Interview with contracts manager, 5th December 2012*).

After establishing views about KCCA’s contracts risk management, next was to find out contracts risk management affected KCCA’s service delivery. Findings are presented in the following sub section.

4.5.2 Testing third hypothesis

The third null hypothesis stated, “*There is a significant positive relationship between contract risk management and the service delivery of KCCA*”. Spearman rank order correlation coefficient (*rho*) was used to test the third hypothesis. Table 12 presents the test results.

Table 15: Correlation between contract risk management and service delivery

	Contract planning
Service delivery	$rho = .432$ $rho^2 = .135$ $p = .000$ $n = 137$

Source: Data from field

Findings show that there was a moderate positive correlation ($r = .432$) between contract risk management and service delivery. The coefficient of determination ($rho^2 = .187$) shows that contract risk management accounted for 18.7% variance in service delivery. These findings were subjected to a test of significance (p) and it is shown that

the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. Thus, the effect was significant. Because of this, the hypothesis “*There is a significant positive relationship between contract risk management and the service delivery of KCCA*” was accepted.

Thus, the implication of the analysis is that contract risk management had a significant effect on service delivery by Kampala Capital City Authority. The moderate correlation implied that a change in contract risk management was related to a moderate change in service delivery. The positive nature of the correlation implied that the change in contract risk management and service delivery was in the same direction whereby more contract risk management was related to better service delivery and vice versa.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, discussion, conclusions and recommendations. The first section presents the summary. The second section presents the discussion. The third section presents the conclusions. The fourth section presents the recommendations.

5.2 Summary

5.2.1 Contract planning and Service Delivery by Kampala Capital City Authority

There was a strong positive relationship ($\rho = .646$) between contract planning and service delivery whereby more contract planning was related to better service delivery and vice versa. Contract planning accounted for 41.7% variance in service delivery. The study established that KCCA's contracting planning was compromised during the setting of overall objectives, developing contracting strategies and outlining contracting tasks and schedules. Thus, these contributed to poor service delivery by KCCA in terms of inefficiency, ineffectiveness and unreliability. Service delivery was inefficiency because services were rarely delivered on time and service delivery was wasteful. Service delivery was ineffectiveness because services were not delivered to the right places, there was no value for money in service delivery, services were not easily accessed and service coverage was unsatisfactory. Service delivery was unreliable because poor quality services and sometimes not relevant service to the community.

5.2.2 Contract administration and Service delivery by Kampala Capital City Authority

There was a strong positive relationship ($r = .658$) between contract administration and service delivery whereby more contract administration was related to better service delivery and vice versa. Contract administration accounted for 43.3% variance in service

delivery. Findings revealed that KCCA's contract administration was poor because its formal governance of the contract and mechanics of the relationship were unsatisfactory and its implementation procedures were not conducive. However, its routine administrative and clerical functions procedures were satisfactory

5.2.3 Contract risk management and Service delivery by Kampala Capital City Authority

There was a moderate positive relationship ($r = .432$) between contract risk management and service delivery whereby more contract risk management was related to better service delivery and vice versa. Contract risk management accounted for 18.7% variance in service delivery. Particularly, it was established that process risk management was fairly satisfactory, its stakeholders risk management was compromised and its supplier risk management was poor. However, KCCA's price risk management was good.

5.3 Discussion

5.3.1 Contract planning and Service Delivery by Kampala Capital City Authority

The findings of this study about the strong positive relationship between contract planning and service delivery are similar findings of other studies. For example, Wogube (2011) also found a strong positive relationship between contract planning and service delivery at $r = 0.715$ at level significance 0.05. Thus, the findings of this study like other studies imply that contract planning is one of the primary functions of procurement with a potential to contribute to improved KCCA's service delivery.

The positive nature of the relationship between contract planning and service delivery established in this study support Basheka (2008) who emphasized that outsourcing planning is one of the primary functions of procurement with a potential to contribute to the success of organization operations and improved service quality. It also supports other researchers such as Smeltzer, et al. (2003), Dobler and Starling (2003),

James (2004), and Chen, Paulraj and Lado (2004). They also established that improvement in contract planning was associated with improvement in service quality.

One of the reasons why KCCA's contracting planning was compromised during setting of overall objectives was that set contracts objectives were unclear. This was contrary to Wassenaar, Dijkgraaf and Gradus (2010) who emphasized during contracts planning organization should set clear objectives if they were to realize improved service delivery. Unclear objectives like those of KCCA lead to unclear targets and hence poor service delivery.

Another reason why KCCA's contracting planning was compromised during setting of overall objectives was that its contracting objectives were not measurable, sometimes set contracts objectives and its contracting objectives were sometimes achievable or attainable and its contracts objectives were rarely within the available resources, knowledge and time. Yet according to Latham and Locke (2002), goal setting should involve establishing specific, measurable, achievable, realistic and time-targeted (SMART) goals. It is argued that if one of criterion or all of these criteria are not adhered to, service delivery by any organization is likely to be poor. Thus, considering this argument in this study, it is deduced that poor service delivery by KCCA was due to failure in having SMART goals.

In addition, this study established that not all KCCA's stakeholders were consulted during the setting of contracting objectives. Yet according to Dietz and Stern (2008), consultation from all stakeholders plays an important role in the achievement of an organization's goals. Dietz and Stern argued that consulting all stakeholders helps organizations to reach informed decisions about goal setting. Weible and Sabatier (2009) argued that stakeholder consultation in the contract planning process is part of a broader process of pursuing the objectives of the contracting process. The principle inherent in stakeholder consultation should be that of the consultation of all interested and affected

parties to achieve the organization's objectives/goals. It is argued in this study that the reason why KCCA's contracts were unclear, unachievable and immeasurable was because few stakeholders were consulted during KCCA's contracts objective setting. Thus, because of this, its service delivery was compromised.

KCCA's contracting planning was compromised during developing contracting strategies because KCCA did not develop its contract strategy in harmony with the organization's overall contracting strategy. This was contrary to Schweitzer, Ordóñez and Douma (2004). This explains why KCCA's did not establish the form of the procurement and its contract strategy did not assist in determining the formulation of the contract and the award of the contract. In addition, it is the reason why its contract strategy did not assist in determining the type of management to be adopted for the subsequent service delivery and the relationship between management and contract administration. Yet this was one of the benefits that Nucharee (2009) emphasized that a successful contract management strategy should achieve. Furthermore, its contract strategy rarely ensured the supplier met the minimum performance criteria. Because of these, KCCA's service delivery was compromised.

KCCA's contracting planning was compromised during outlining contracting tasks and schedules because there were unclear lines of responsibility and authority in contracting, there was insufficient authority delegated along with responsibility during contracting, and contracting tasks and contracting schedules were unclearly spelt out. Yet according to Haapio (2006), effective and efficient service delivery requires parties involved in the contracting have clear lines of responsibility, sufficient delegation of authority and clear schedules. Haapio (2006) argued that unclear lines of responsibilities and schedules lead to role conflict. Because of this, the handling of the contracting functions is negatively affected. Relating to delegation of authority, Haapio (2006) observed that this is important as it empowers individuals in the contracting process and

provides them a sense of being entrusted and a feeling that their services they provide are worthy.

5.3.2 Contract administration and Service delivery by Kampala Capital City Authority

The positive relationship between contract administration and service delivery established in this study is similar to other studies such as Cheng and Miller (2005), Malone and Crowston (1990), Crowston (1991) and Jennings (1994) who also established similar findings. The only difference in the findings of this study and those of the mentioned researchers is strength in the relationship between contract administration and service delivery. For example, whereas the strength in relationship was strong, Cheng and Miller's (2005) established a weak relation while Malone and Crowston (1990), Crowston (1991) and Jennings (1994) established a moderate relationship. However, the findings of this study like those of the mentioned researchers emphasize one thing. That is, contract administration plays an important role in service delivery of an organization. Poor contracts administration results into poor service delivery while better contracts administration results into better service delivery.

In this study, it was established that KCCA's formal governance of the contract was unsatisfactory because it had a poor relationship with its service providers, which was unbeneficial for both the KCCA and service providers. The poor relationships arose because KCCA rarely clarified its expectations for its service providers and unclearly specified expectations, obligations, responsibilities and processes for dispute resolution in the contracting process. However, the transactional cost economics theory emphasizes that formal agreements should be treated as mechanisms to specify expectations, obligations, responsibilities and processes for dispute resolution (Macneil, 1978). Thus, the findings of this study suggest that because there were unclear expectations,

obligations, responsibilities and processes for dispute resolution in KCCA's contracting process, disputes were poor handled for effective and efficient service delivery.

It also did not specify the desired cost of products and services from service providers and sometimes its contracts were not written and no penalty-system in place to limit opportunistic behavior by parties involved in contracting. However, KCCA specified the desired quality levels of products and services from service providers and its contracts always had clauses to ensure for any eventuality in the contracting process.

The mechanics of the relationship in KCCA's contract administration were unsatisfactory because there was an inflexible environment in KCCA's contracts, which contributed to the poor understanding of the nature and intent of the contract that they entered into including the expectations of both parties relating to that contract. However, Sargent (2006) advocated for a flexible contracting environment. He argued that a flexible contracting environment fosters cooperation, trust, commitment, communication and other relational attributes between the contracting organization and service providers. As such, both the contracting organization and service providers work harmoniously to achieving the contracting goals, which was not the case at KCCA.

KCCA's implementation procedures were not conducive because there were no collaborative and relational exchanges in contracts to realize the strategic goals for both KCCA and service providers. This was contrary to Kamarck (2002) who emphasized the importance of collaborative and relational exchanges in contracts. KCCA is a government institute while most service providers are private businesses and yet Kamarck (2002) was of the view that good government/business relationships can serve the role of facilitator in the contract implementation process. Given that this was not the case in KCCA contracting, it negatively affected its contracting and thus its service delivery.

Lastly, the study established that there was still and a lot of bureaucracy in contracts. This too affected negatively KCCA service delivery. Despite, these shortcomings, efforts were undertaken by KCCA to encourage performance-based contracting and its officials were inflexible to changing conditions and difficulties facing the suppliers.

5.3.3 Contract risk management and Service delivery by Kampala Capital City Authority

It was established that KCCA process risk management was fairly satisfactory. This was because the weaknesses and strengths in its process risk management were balanced. The weaknesses in KCCA process risk management included unreliable inputs, failure to identify and prioritize a company's risks for the formulating effective risk responses. On the hand, the strengths in most KCCA's process risk management were that the contracting was a process with a clear purpose, well-designed activities, value-added outputs and KCCA's process risk assessment spanned the entire organization. Kelman (1990) observed that in any worthwhile business activity, risk management requires a process with a clear purpose, reliable inputs, well-designed activities and value-added outputs. Thus, KCCA's weaknesses in process rick management negatively affected its service delivery while the strengths positively affected its service delivery.

KCCA's stakeholders risk management was poor because the handling of its stakeholders' conflicts and interests in contracting was unsatisfactory. In fact, it was revealed in this study that some politicians and some KCCA officers interests interfered in KCCA's contracting and this caused financial loss and poor service delivery by KCCA. Cohen, Cercone and Macaya (2002) emphasized the management of such self interests in the contracts through formalization of the contracting process. However, these appears to be lacking in KCCA's contracts.

KCCA's supplier risk management was poor because it did not assess its level of dependency on suppliers, depended on few suppliers and its suppliers were unreliable. In addition, it did not consult its suppliers to make informed contract decisions and its contract practices did not protect its business from supplier events that can impact negatively the company's reputation and finances. Cohen, Cercone and Macaya (2002) cautioned that contracting officers should be most concerned with the level of dependency their companies have on critical suppliers and findings of this justify they argument that usually contracting organizations have been unable or unwilling to find more than one supplier that offers an optimal mix of price, quality and reliability. Thai (2005) opined that risk management efforts in this area should focus on reducing dependency by tapping a wider swathe of suppliers.

KCCA's price risk management was good because KCCA took into consideration prices rises in its contracts and it had clauses in its contracts to protect it from price unpredictability. This shows that KCCA adhered to Soeters and Griffiths (2003) advice that organizations anticipate price changes and have clauses in their contracts to minimize such changes for better service delivery.

5.4 Conclusions

5.4.1 Contract planning and Service Delivery by Kampala Capital City Authority

Findings of this study revealed that contract planning plays an important role in KCCA;s service delivery. The positive relationship indicated that good contract planning leads to better service delivery while poor contract planning leads to poor service delivery. This shows that if contract planning is well handled in organizations, service delivery will be poor.

5.4.2 Contract administration and Service delivery by Kampala Capital City Authority

This study like other studies conducted elsewhere demonstrates the importance contract administration in service delivery of organizations. The positive relationship between contracts administration and service delivery emphasizes that activities after a contract has been awarded to determine should be performed well for the contracting organization and the contractor to meet the contract requirements.

5.4.3 Contract risk management and Service delivery by Kampala Capital City Authority

Given the positive relationship between contract risk management and service delivery, findings of this study demonstrate that the crucial role of contract risk management in service delivery. Thus, it is important that organizations conduct assessments to identify and avoid risks in their contracts for deliver better services.

5.5 Recommendations

5.5.1 Contract planning and Service Delivery by Kampala Capital City Authority

KCCA should improve its contracts planning to provide better service to the Kampala community. It can achieve this through setting clear, measurable and achievable contracts objectives within the available resources, knowledge and time. It should also consult all its stakeholders and develop its contract strategy in harmony with the organization's overall procurement strategy to ensure the supplier met the minimum performance criteria. Furthermore, clear lines of responsibility and authority in contracting including clear contracting tasks and contracting schedules should be spelt out and sufficient authority should delegated along with responsibility during contracting.

5.5.2 Contract administration and Service delivery by Kampala Capital City

Authority

Apart from improving its contract planning, its contract administration should also be improved for better service delivery. Issues that need to be addresses by KCCA include improving its relationship with its service providers, making the formal governance of the contract more convenient by reducing on the bureaucracy and clearly specifying expectations, obligations, responsibilities and processes for dispute resolution in the contracting process. Lastly, it should limit opportunistic behavior by parties involved in contracting by having a penalty-system in place.

5.5.3 Contract risk management and Service delivery by Kampala Capital City

Authority

KCCA should also improve its contract risk management for better service delivery. It can achieve this by assessing the contracting process to ensure reliable inputs, and identifying and prioritizing a company's risks for the formulating effective risk responses. It should also assess its stakeholders to minimize self conflicts and interest in its contracting process.

5.6 Area for Further Studies

This study focused on a few dimensions of contract management in relation to service delivery. Other studies may be conducted to establish the effect of other dimensions of contract management on service delivery. The other dimensions of contract management that can be investigated include contract implementation, contract coordination, and contract negotiation.

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APPENDICES

Appendix 1: Krejcie and Morgan Sample Table for Determining Sample Size from a Given Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
"S" is sample size.

Appendix 2: Questionnaire for Users and Service Providers

Dear Respondent,

Please kindly spare some few minutes to respond to the following questions. Information received from you is for academic purposes and will be kept confidential. You will not be victimized for whatever answer you have given and to ensure this, you are not required to identify yourself anywhere on the questionnaire.

Section A: Background

1. Gender: Male Female (Please tick)
2. Education level (indicate highest)
 Primary O-Level A-Level Institution University Other (specify) _____

3. Years you been working with the organization : (Less than 1 year) (1 -2 years) (3 -5 years) (5 -10 years) (Above 10 years)
4. Age (20-30) (31 -39) (40 -49) (Above 50)

Section B: Contracts planning

How strongly do you agree or disagree with the following statements about contracts planning by KCCA? Tick or circle the most appropriate response using the following scale. Please do not omit any feature.

SD = Strongly Disagree D = Disagree NS = Not sure A = Agree
SA = Strongly agree

Items about setting of overall objectives	SD	D	NS	A	SA
1. KCCA always sets contracts objectives	1	2	3	4	5
2. KCCA sets clear contracts objectives	1	2	3	4	5
3. KCCA's contracting objectives are measurable	1	2	3	4	5
4. KCCA's contracting objectives are achievable/attainable	1	2	3	4	5
5. All KCCA stakeholders are consulted during the contracting objectives	1	2	3	4	5
6. KCCA contracts objectives are always within the available resources, knowledge and time	1	2	3	4	5
7. I am satisfied with KCCA's contracts objectives	1	2	3	4	5
Items about developing contracting strategies					

1. KCCA develops its contract strategy in harmony with the organization's overall procurement strategy.	1	2	3	4	5
2. KCCA's contract strategy establishes the form of the procurement	1	2	3	4	5
3. KCCA's contract strategy assists in determining the formulation of the contract	1	2	3	4	5
4. KCCA's contract strategy assists in determining the award of the contract	1	2	3	4	5
5. KCCA's contract strategy assists determining the type of management to be adopted for the subsequent service delivery	1	2	3	4	5
6. KCCA's contract strategy assists in determining the relationship between management and contract administration	1	2	3	4	5
7. KCCA's contract strategy always ensures the supplier meets the minimum performance criteria	1	2	3	4	5
Items about outlining contracting tasks and schedules					
1. Clear lines of responsibility and authority in contracting have been established	1	2	3	4	5
2. There is sufficient authority delegated along with responsibility during contracting	1	2	3	4	5
3. Contracting tasks are clearly spelt out	1	2	3	4	5
4. Contracting schedules are clearly spelt out	1	2	3	4	5

Section C: Contracts administration

How strongly do you agree or disagree with the following statements about contracts administration by KCCA? Tick or circle the most appropriate response using the following scale. Please do not omit any feature.

SD = Strongly Disagree D = Disagree NS = Not sure A = Agree
SA = Strongly agree

Items about formal governance of the contract	SD	D	NS	A	SA
1. Overall, KCCA has a good relationship with its service providers	1	2	3	4	5
2. KCCA's relationship with its service provider is positive and beneficial for both sides	1	2	3	4	5
3. KCCA always clarifies its expectations for its service providers	1	2	3	4	5
4. KCCA's formal governance of the contract is not an inconvenience in the contracting process	1	2	3	4	5
5. KCCA's contract formal agreements clearly specify expectations in the contracting process	1	2	3	4	5
6. KCCA's contract formal agreements clearly specify	1	2	3	4	5

obligations in the contracting process					
7. KCCA's contract formal agreements clearly specify responsibilities in the contracting process	1	2	3	4	5
8. KCCA's contract formal agreements clearly specify processes for dispute resolution in the contracting process	1	2	3	4	5
9. KCCA's contracts are written to limit opportunistic behavior by parties involved in contracting	1	2	3	4	5
10. There is a penalty-systems in place to opportunistic behavior by parties involved in contracting	1	2	3	4	5
11. KCCA specifies the desired quality levels of products and services from service providers	1	2	3	4	5
12. KCCA specifies the desired cost of products and services from service providers	1	2	3	4	5
13. KCCA's contracts always have clauses to ensure for any eventuality in the contracting process	1	2	3	4	5
Items about mechanics of the relationship					
1. There is an environment shaped by trust in KCCA's contracts	1	2	3	4	5
2. There is an environment shaped by flexibility in KCCA's contracts	1	2	3	4	5
3. There is an environment shaped by commitment in KCCA's contracts	1	2	3	4	5
4. KCCA and service providers develop a better understanding of the nature of the contract that they have entered into	1	2	3	4	5
5. KCCA and service providers develop a better understanding of the scope of the contract that they have entered into	1	2	3	4	5
6. KCCA and service providers develop a better understanding of the intent of the contract that they have entered into	1	2	3	4	5
7. KCCA and service providers develop a better understanding of the expectations of both parties relating to that contract	1	2	3	4	5
Items about implementation of procedures					
1. There is collaborative exchanges in contracts to realize the strategic goals for both KCCA and service providers	1	2	3	4	5
2. There is relational exchanges in contracts to realize the strategic goals for both KCCA and service providers	1	2	3	4	5
3. Efforts are undertaken to minimize rigidity in KCCA's contracts	1	2	3	4	5
4. Efforts are undertaken to minimize bureaucracy in KCCA's contracts	1	2	3	4	5
5. Efforts are undertaken to encourage performance-based contracting at KCCA	1	2	3	4	5
6. KCCA officials are inflexible to changing conditions and difficulties facing the suppliers	1	2	3	4	5
7. There are standard operating procedures for KCCA's contract implementation	1	2	3	4	5
8. KCCA's procedures for contract implementation are always adhered to	1	2	3	4	5
Items about operation of routine administrative and clerical functions					
1. The administration of KCCA's contracts is satisfactory	1	2	3	4	5
2. KCCA pays for its contracts staff very well	1	2	3	4	5

3. KCCA motivates its contracts staff	1	2	3	4	5
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Section D: Contracts risk management

How strongly do you agree or disagree with the following statements about contracts risk management by KCCA? Tick or circle the most appropriate response using the following scale. Please do not omit any feature.

SD = Strongly Disagree D = Disagree NS = Not sure A = Agree
SA = Strongly agree

Items about process risk management	SD	D	NS	A	SA
1. KCCA's contracting is a process with a clear purpose	1	2	3	4	5
2. KCCA's contracting is a process with reliable inputs	1	2	3	4	5
3. KCCA's contracting is a process with well-designed activities	1	2	3	4	5
4. KCCA's contracting is a process with value-added outputs	1	2	3	4	5
5. KCCA's assessment process identifies and prioritizes a company's risks for the formulating effective risk responses	1	2	3	4	5
6. KCCA's process risk assessment spans the entire organization	1	2	3	4	5
7. KCCA's identified priority risks are always traced to their root causes	1	2	3	4	5
Items about stakeholders risk management					
1. KCCA consults its stakeholders to make informed contract decisions	1	2	3	4	5
2. KCCA handles its stakeholders' conflicts in contracting satisfactory	1	2	3	4	5
3. KCCA handles its stakeholders' interests in contracting satisfactory	1	2	3	4	5
Items about supplier risk management					
1. KCCA assesses its level of dependency on suppliers	1	2	3	4	5
2. KCCA depends on many suppliers	1	2	3	4	5
3. KCCA suppliers have been reliable	1	2	3	4	5
4. KCCA consults its suppliers to make informed contract decisions	1	2	3	4	5
5. KCCA's contract practices protect its business from supplier events that can impact negatively the company operationally	1	2	3	4	5
6. KCCA's contract practices protect its business from supplier events that can impact negatively the company legally	1	2	3	4	5
7. KCCA's contract practices protect its business from supplier events that can impact negatively the company's reputation	1	2	3	4	5
8. KCCA's contract practices protect its business from supplier events that can impact negatively the company financially	1	2	3	4	5
Items about price risk management					
1. KCCA takes into consideration prices rises in its contracts	1	2	3	4	5

2. KCCA's has clauses in its contracts to protect it from price unpredictability	1	2	3	4	5
3. KCCA contracts products/services that more price predictable	1	2	3	4	5

Section E: service delivery

How strongly do you agree or disagree with the following statements about service delivery by KCCA? Tick or circle the most appropriate response using the following scale. Please do not omit any feature.

SD = Strongly Disagree D = Disagree NS = Not sure A = Agree
 SA = Strongly agree

Items about service efficiency	SD	D	NS	A	SA
1. Services are usually delivered on time	1	2	3	4	5
2. KCCA's service delivery is efficient	1	2	3	4	5
Items about service effectiveness					
3. KCCA's service delivery is effective	1	2	3	4	5
4. Services are delivered to the right places	1	2	3	4	5
5. There is value for money in KCCA's service delivery	1	2	3	4	5
6. KCCA's services are easily accessed	1	2	3	4	5
7. KCCA service coverage is satisfactory	1	2	3	4	5
Items about service reliability					
8. KCCA delivers quality services	1	2	3	4	5
9. KCCA offers relevant service to the community	1	2	3	4	5
10. KCCA offers reliable service to the community	1	2	3	4	5

Thank you for your cooperation

Appendix 3: Interview guide for management

Dear Respondent,

Please kindly spare some few minutes to respond to the following questions. Information received from you is for academic purposes and will be kept confidential. You will not be victimized for whatever answer you have given and to ensure this, you are not required to identify yourself anywhere on the questionnaire.

1. Is there contract planning at KCCA? If no, why? If yes, what is involved in KCCA's contract planning?
2. Are you satisfied with KCCA's contract planning? If no, why? If yes, why?
3. What is your opinion on KCCA's service delivery in terms of it being efficient, effective and reliable?
4. How has KCCA's contract planning affected contract planning?
5. Is there contract administration at KCCA? If no, why? If yes, what is involved in KCCA's contract administration?
6. Are you satisfied with KCCA's contract administration? If no, why? If yes, why?
7. How has KCCA's contract administration affected contract administration?
8. Is there contract risk management at KCCA? If no, why? If yes, what is involved in KCCA's contract risk management?
9. Are you satisfied with KCCA's contract risk management? If no, why? If yes, why?
10. How has KCCA's contract risk management affected contract risk management?

Thank you for your cooperation