

**PROCUREMENT PRACTICES AND PROCUREMENT PERFORMANCE OF  
STATUTORY AUTHORITIES IN UGANDA: A CASE OF UGANDA NATIONAL  
ROADS AUTHORITY (UNRA)**

**BY**

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**12/MPP/2/003**

**A DISSERTATION SUBMITTED TO THE SCHOOL OF MANAGEMENT SCIENCE  
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF  
MASTERS DEGREE IN PUBLIC PROCUREMENT  
OF UGANDA MANAGEMENT INSTITUTE**

**JANUARY 2018**

## **DECLARATION**

I, **Sebyala Moses Kiwanuka**, hereby declare that, this is my original work and has not been presented to any university or institutions of higher learning for any academic award. Where secondary sources of information used in this work, have been acknowledged.

Date: \_\_\_\_\_

\_\_\_\_\_

Signed

**APPROVAL**

This dissertation has been written under our supervision and has been submitted for the award of the degree of a Masters in Public Procurement.

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**Date:** .....

## **DEDICATION**

This dissertation is dedicated to my family more especially my Wife and Children; Najjuma Christine Sebyala, Malcolm SebintuLubegaSebyala, David WasswaIgaSebyala , Christopher Kato BukenyaSebyala, Chloe AsimweSebyala, Moses Junior Kato Sebyala, Elizabeth NamweroSebyala , Mathew MatovuKikawaSebyala and Christine NaigaNabiwembaSebyala.

## **ACKNOWLEDGEMENT**

I wish to express my appreciation, and acknowledge the contribution of my supervisors Dr. Stella Kyohairwe and Mr. Innocent Nuwagaba of Uganda Management Institute for their parental and academic guidance, commitment and willingness to help me complete this work. May God bless them abundantly.

I would like to sincerely recognize all my lecturers at UMI. These have sufficiently guided and equipped me with both theoretical and practical skills. I would also like to acknowledge the contribution of my classmates from whom I enjoyed fruitful discussions on many topics.

I acknowledge with gratitude the contributions and co-operation made by UNRA Staff for their enthusiasm to provide the necessary information when I visited their respective desks during the research process. I thank those individuals who spared time to respond to the questionnaire their contribution to this study is invaluable.

**MAY GOD BLESS YOU ALL**

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## **LIST OF ACRONYMS**

CTB	Central Tender Board
GDP	Gross Domestic Product
MoFPED	Ministry of Finance, Planning and Economic Development
PDEs	Procurement Disposal Entities
PPDA	Public Procurement & Disposal of Public Assets Authority
SPSS	Statistical Package for Social Scientists
UNRA	Uganda National Roads Authority
US	United States

## **ABSTRACT**

The study aimed at assessing the relationship between procurement practices and procurement performance in Uganda National Roads Authority. The study was specifically guided by the following objectives: to examine the relationship between contract awarding, contract administration, contract execution and procurement performance of Uganda National Roads Authority. The study used a cross sectional design while using both quantitative and qualitative approaches. The study population consisted of 139 participants. A sample size of 90 respondents was selected using simple and purposive sampling techniques. Quantitative data analysis mainly consisted of descriptive statistics (percentages, mean and standard deviation) and inferential statistics (Pearson correlation and regression). Content analysis was used to analyze qualitative data. It was revealed that there is a significant relationship between contract awarding (Pearson Correlation Coefficient value was 0.600) and procurement performance of UNRA; contract administration (Pearson Correlation Coefficient value was 0.567). On the third objective, it was found out that there is also significant relationship between contract execution and procurement performance of UNRA (Pearson Correlation Coefficient value was 0.593). It was concluded that contract management variables positively influenced procurement performance of UNRA. Thus, the researcher recommends that for purposes of improving procurement practices and procurement performance, UNRA needs to ensure that it undertakes enough market survey before contracts are awarded.

# **Chapter One**

## **1.0 INTRODUCTION**

This study assesses the relationship between procurement practices and procurement performance in UNRA. In this study, procurement practices were conceived as the independent variable and procurement performance as the dependent variable. Today on average, Uganda spends 70 % of its budget on procurement (Tumutegyeize, 2013). Many public service organizations view efficient procurement practices as part of the approaches which cost more to the governments; however, coming up with solutions which are sustainable may less be costly when purchase lifecycle is considered. This is the basis as to why this study was conducted to understand the relationship between procurement practices and procurement performance in UNRA. This chapter thus explains the study background, the problem statement, the study purpose, research objectives, research questions and hypotheses as well as the conceptual framework, the significance of the study, justification of the study, study scope and operational definitions of terms.

## **1.1 BACKGROUND OF THE STUDY**

The background to the study was presented in four themes including historical, theoretical, conceptual, and contextual background.

### **1.1.1 Historical Background**

Historically, procurement practices can be traced way back in the 3000 B.C as practiced by the Egyptians and much more obtained a lot of attentions in current years. Procurement practices became so much important in current organization due to its much more significance in managing procurement budgets in public organizations (Callender & Mathews, 2000). It started more with developing plans and later it enrolled as vital elements of control, monitoring and

budgeting. For example, in Swaziland, their procurement practices arose as a call for the Government of the Kingdom to develop contract plans, select vendors and administer contracts to ensure that organization performance becomes efficient and effective whereas in USA, procurement practices arose as a way of controlling procurement corruption that had succumbed the public sector organization. Therefore, having contract plans, vendor/supplier selection techniques and contract administration mechanisms emerged into the field of contract practices (Arrow smith, 1998; Thai, 2001).

In developing countries of Africa, procurement practices have been reported to have a number of challenges that have led to poor performance of public sector organizations and in the end lead to loss of taxpayers' money (Cho & Pucick, 2005). In Ghana for instance, most of the public sector organizations have been reported less performing in their contracts because of poor procurement plans, poor methods of bidding and supplier selections, incompetent procurement management, late deliveries from suppliers, poor relationship management, and contract monitoring (Gordon, 2009). In Nigeria, the World Bank Report indicated that over 19% of its budget was being wasted in procurement and they decided that it is important that viable institutions and regulations are put in place including ministry contract committees, departmental contract committees, user departments and district assemblies. However, despite the presence of PPDA act that defines the procedures of managing contracts, an estimated 34% of the government expenditure is messed in public agencies due to mishandling procurement (Agaba & Shipman, 2007).

In Uganda National Roads Authority, a lot of claims have been raised on the shoddy work being done by the organization. In 2012, many donors were forced to vacate because of the misuse of their money in construction projects (New Vision, 2013). Further it has been argued that lack of quality control meant that UNRA road infrastructure contracts have been granted to a number of companies who have not provided the necessary information and paperwork during the tendering process (UNRA magazine, 2013). For example, while some projects may have a design, companies have provided no clear relationship between the design and the BoQ. Finally, during implementation stage, there is inadequate technical oversight of the project (BMAU, 2015). In this study, specific focus was on road infrastructure procurement practices which have long crippled the procurement performance of UNRA.

### **1.1.2 Theoretical Background**

The study was underpinned by the “principal-agency theory.” This theory is preferred by the researcher because it emphasizes the role of both the principal and agent in procurement practice and failure to fulfill their obligations leads to inferior quality of work done. Under this framework, the focus is on the relationship between agents and principals. The proponents of the theory argue this theory is majorly based on three assumptions. The first assumption under which the agents differ from principals is other basis of willingness to work. The principal or agents in either way may not be willing to work or willing to work and this can have an effect on service delivery. On the second assumption, the agents and principals differ on preference.

In a number of occasions, the principals may have preferences which are not wanted by the agents and this causes delays in service delivery and this affects general procurement performance. The last assumption where agents differ from the principal is on stake. When the



agents have a stake in any undertaking, they will use all their efforts than when they do not have stake or when stake belongs to the principal. These forms of divergent minds can end up giving rise to problems relating to planning, methods of doing things, monitoring, incentives, coordination, and strategy (Michael et al, 2005). This idea intimates that despite the fact that NMS may have decentralized procurement system in place, undertake procurement planning and adopt favorable procurement methods, it is easy to fail out to effectively deliver services in time, cost and quality because of the agents in procurement or the interests of the principals which differs fundamentally.

The agency theory is closely related with the contract theory proposed by Chiappori (2002) which states that contract outsource gives a legal bidding framework that gets institutionalised where every party role is fairly defined. The theory will strengthen the study since it explains the underlying principle of the need to have clear explanation of principal and agent needs and their ability to undertake the needs completely, hence no disputes expected. The theories relevancy to the study lied on the need for strategic planning in procurement which leads to well-drawn up procurement contracts between the principal and the agent which results into timely execution of contracts.

### **1.13 CONCEPTUAL BACKGROUND**

This study was based majorly on two concepts and these include procurement practices and procurement performance. In the first place, procurement means the general procedure used by the organization in obtaining goods, property and services after needs identification. Procurement practices in this case refer to activities laid down by the organization which must guide its procurement process (Thai, 2004). The whole process of procurement begins after

needs identification and assessment. Therefore, procurement practices refers to the whole process right from planning procurement, selecting suppliers, risk assessment, managing procurement contracts, procurement control, procurement monitoring and evaluation. According to Thai (2004), public procurement practices can range from supplier selection process, procurement planning, soliciting, bidding process, tendering or contract management and procurement monitoring and evaluation. In this study therefore, procurement practices will be operationally limited to supplier selection, procurement planning and contract management. Procurement practices are practiced throughout the procurement process which is a three phase process that includes pre-award stage, contract award and post award phase of procurement. In this study, procurement practices were limited to *contract awarding*, *contract administration* and *contract execution*.

Indeed, Burt, Dobler, & Starling, (2003) argued that procurement performance is a technique for the buying organization to understand its suppliers well enough in order to decide which one is appropriate. At its simplest level, procurement performance is typically measured by: *quality*, *delivery*, *lead time and price* and through performance measurement, the buying firm will identify weakness on the part of the supplier and enables the buying organizations and its supplier's problems to be highlighted, allowing for corrective actions to be taken by either both parties appropriately(Dickson,1996). Finally, quality was used to mean the total features which are possessed by a service or good which commends it to meet the agreed meaning of a need (International Standards Organization (ISO), 1986; Juran, 1988; cited in (Gustafsson, 2001, Crosby, 1979) refer to quality as "fitness for use" and" conformance to requirement", respectively.

### **1.13.1 Contextual Background**

Uganda being a developing country, its budget is supplemented by donor funds for instance; according to MoFPED, 2012a new loans agreement was signed in FY 2011/ 12 committed USD 6000 million, 18 percent was promised as budget support, while the remaining 82 percent was promised as support to projects. Examples of donors in UNRA include; World Bank, African Development Bank, Norwegian agencies and many others. However, according to World Bank report (2005), Uganda like other developing countries has consistently mismanaged donor funds as witnessed by poor service delivery in most sectors, important to note is that some contracts are fully supported by donors and others are supported by GOU and donors. Uganda National Roads Authority (UNRA) is one of the government departments with the mandate of developing and maintaining the national roads network, advising the government on the road policy and contributing to address the transport concerns among others. The authority was established to undertake government and donor funded construction projects to reduce on potholes in the roads which were marring all parts of the country, most of the projects were behind schedule (Procurement News, 2009).

In some instances, some donors withdraw from funding projects due to several challenges, for example ; often their guidelines and procedures vary leading to longer periods of evaluation, according to the Public Investment Plan (PIP2007/08-2009/10) the Kampala (Busega) - Fort Portal Road corridor (Jan 2007-June2008) financed by Government of Uganda and International Development Agency, at first it was funded by DANIDA but later DANIDA withdrew from funding the implementation of the project in FY 2001/02, also Kabale-Kisoro-Bunagana Road construction faced a challenge of, change in design which forced government to seek a supplementary loan (Lutaaya 2009; New Vision, 2009).During the Construction of Kampala

Bypass (May 2004-Nov 2007) financed by Government of Uganda and European Union By June 2007 it faced quality problems that is; work should have been at 100% however it was at 71% (Langseth, et al, 2012). Contractors claimed there was underestimation and omission of fill materials for some swamps, poor quality of quarry offered by government, incomplete access to site by unresolved disputes between government and property owners and redesign by government, also government blamed contractors for poor mobilization and incompetence. Thus, the researcher found this important to go ahead and assess whether poor performance of procurement in UNRA was due to procurement practices.

#### **1.14 STATEMENT OF THE PROBLEM**

Since the inception of UNRA in 2008, the government of Uganda and the donors have played their part by increasing the road sector funding, for instance in each financial year, the road sector is allocated additional resources in the budget and the government continues to seek for more funds from donors (MoFPED, 2013) to see that UNRA can undertake road construction projects within the set time, in the quality expected and effective costs. However, despite of all these efforts made, many projects still suffered from inadequate designs, embezzlement of donor funds, compensation problems, change in design and poor records management among others, for example; Kabale-Kisoro-Bunagana Road where change in design forced government to seek for a supplementary loan which led to increase in costs (Lutaaya, 2009; New vision, 2009), also the Entebbe Express High way was delayed due to compensation problems (UNRA Report, 2011). More to that, procurement often suffers from adequate knowledge by project implementers of guidelines and procedures. This not only results into unnecessary delays, but also weakens evaluation and selection of bids (Basheka, 2008). In the context of this study, all the above problems were attributed to poor contract planning, poor selection of vendors/supplies

and poor administration of contracts of such projects. It was from this background that the researcher developed interest to examine the relationship between procurement practices and procurement performance of Uganda National Roads Authority (UNRA).

#### **1.15 PURPOSE OF THE STUDY**

The study was done to determine the extent to which procurement practices are related with procurement performance of Uganda National Roads Authority (UNRA)

#### **1.16 OBJECTIVES OF THE STUDY**

- i)** To establish the relationship between contract awarding and procurement performance of Uganda National Roads Authority (UNRA)
- ii)** To establish the relationship between contract administration and procurement performance of Uganda National Roads Authority (UNRA)
- iii)** To establish the relationship between contract execution and procurement performance of Uganda National Roads Authority (UNRA).

#### **1.17 RESEARCH QUESTIONS**

- i)** What is the relationship between contract awarding and procurement performance of Uganda National Roads Authority (UNRA)
- ii)** What is the relationship between contract administration and procurement performance of Uganda National Roads Authority (UNRA)?
- iii)** What is the relationship between contract execution and procurement performance of Uganda National Roads Authority (UNRA)

#### **1.18 HYPOTHESES**

- i)** There is a significant relationship between contract awarding and procurement performance of Uganda National Roads Authority (UNRA).

- ii) There is a significant relationship between contract administration and procurement performance of Uganda National Roads Authority (UNRA).
- iii) There is a significant relationship between contract execution and procurement performance of Uganda National Roads Authority (UNRA)

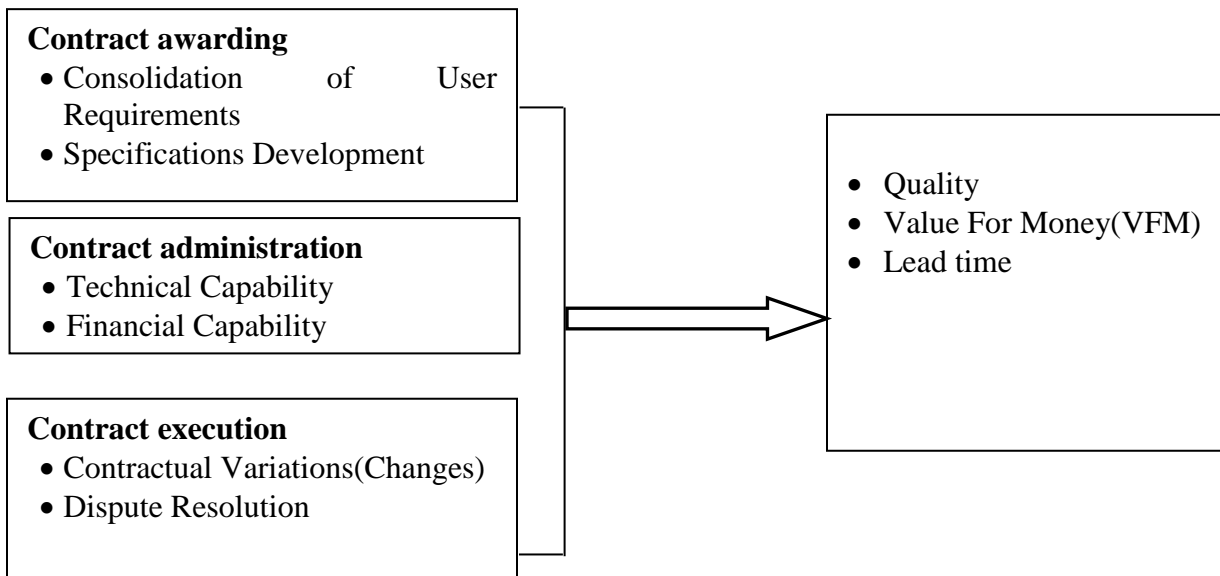
**1.19 CONCEPTUAL FRAMEWORK**

**Independent Variable (IV)**

**Dependent Variable (DV)**

**Procurement Practices**

**Procurement Performance**



**Figure 0.1: A Conceptual Framework pre-dispositioning the relationship between procurement practices and procurement performance of UNRA**

From the conceptual framework in Figure 1.1, it was hypothesized that procurement practices have a relationship with procurement performance in UNRA. If the organization can institute elements of good governments such as; transparency, accountability, stakeholder participation consensus orientation, efficiency and effectiveness, use favorable management styles and effectively communicate with the vendors, this can influence outcome of procurement activities in UNRA in terms of value for money, target accomplishment, quality of work done, and lead time for work completion.

## **1.20 SIGNIFICANCE OF THE STUDY**

Procurement practices in public procurement has become an important point on the agenda for policy makers, professionals and academicians in both developed and developing countries. The study may have a positive contribution especially in the area of public procurement management in UNRA and other organizations that may come across this paper may have access to read this dissertation. The policy makers in Ministry of Works & Transport (MoWT) may particularly find the study utilitarian because of the many current procurement risks in public procurement that requires to be mitigated. Furthermore, future scholars and academicians may use the findings and recommendations made by the study useful for future research

## **1.21 JUSTIFICATION OF THE STUDY**

Many scholars have conducted studies on procurement practices using different research designs. In this study, the researcher hopes to adopt a correlation research design to study the relationship between the variables. Furthermore, procurement efficiency of UNRA has not been good as earlier indicated in the statement of the problem especially with issues of corruption which has become a major concern for the government of Uganda. It was therefore thought that this study may be very important in providing remedies to problems affecting procurement of UNRA.

## **1.22 SCOPE OF THE STUDY**

This theme consists of (content, geographical and time scope).

### **1.22.1 Content Scope**

This study was limited on procurement practices and procurement performance of UNRA. Procurement practices in this study were operationalized in terms of contract awarding, contract administration and contract execution dimensions, whilst, procurement performance of UNRA was measured by value for money(VFM), quality of work done and procurement lead times.

### **1.22.2 Geographical Scope**

The study was done at UNRA head office, Nakasero located on Plot 5, Lourdel Road Nakasero. This case study was preferred since it would relate very well with research problem under study by the participant.

### **1.22.3 Time Scope**

The study focused on 2012-2014 because this was the period when UNRA has been marred by a number of allegations of mismanagement into road infrastructure funds and corruption resulting to frequent reshuffling of the organizations leadership.

## **1.23 DEFINITIONS OF KEY TERMS**

**Procurement practices:** In this study, this involved contract awarding, administration and execution, making sure that both parties to the contract adhere to contract terms and conditions.

**Procurement Performance:** In this study this meant the method for improving efficiency, effectiveness, quality, competence and procurement processes of UNRA.

**Procurement Planning:** In this study, meant the creation of a procurement strategy for buying (purchasing) goods, services and works that were required by UNRA and such strategy includes: developing specifications, determining the most suitable procurement methods, market survey among others.

**Contract execution:** In this study, this meant the process by which UNRA identifies, evaluates, and contracts with its vendors (suppliers).

**Contract Administration:** In this study contract administration meant formal governance of contract. It involved primarily referring to vendor relationship management, contract variations and dispute resolution, contract risks control throughout the contract period.

**Quality:** This referred to the degree of excellence attached to the goods, services and works provided to UNRA by its vendors.



**Value for Money (VFM);** This meant the maximum benefit, with, merit, importance or utility reaped by UNRA from goods, services and works provided by the vendors for every purchase every sum of money spent.

## **CHAPTER TWO: LITERATURE REVIEW**

### **1.24 INTRODUCTION**

This chapter reviews the literature related to establishing the relationship between procurement practices and procurement performance of UNRA. The review is conceptualized under the objectives of the study and focuses primarily on: contract planning; vendor selections, contract administration and their relationship with procurement performance of UNRA. These are considered the pillars of the study.

### **1.25 THEORETICAL FRAMEWORK**

The study was underpinned by the “principal-agency theory.” This theory is preferred by the researcher because it emphasizes the role of both the principal and agent in procurement practice and failure to fulfill their obligations leads to inferior quality of work done. Under this framework, the focus is on the relationship between agents and principals. The proponents of the theory argue this theory is majorly based on three assumptions. The first assumption under which the agents differ from principals is other basis of willingness to work. The principal or agents in either way may not be willing to work or willing to work and this can have an effect on service delivery. On the second assumption, the agents and principals differ on preference.

In a number of occasions, the principals may have preferences which are not wanted by the agents and this causes delays in service delivery and this affects general procurement performance. The last assumption where agents differ from the principal is on stake. When the agents have a stake in any undertaking, they will use all their efforts than when they do not have stake or when stake belongs to the principal. These forms of divergent minds can end up giving rise to problems relating to planning, methods of doing things, monitoring, incentives,

coordination, and strategy (Michael et al, 2005). This idea intimates that despite the fact that NMS may have decentralized procurement system in place, undertake procurement planning and adopt favorable procurement methods, it is easy to fail out to effectively deliver services in time, cost and quality because of the agents in procurement or the interests of the principals which differs fundamentally.

The agency theory is closely related with the contract theory proposed by Chiappori (2002) which states that contract outsource gives a legal bidding framework that gets institutionalised where every party role is fairly defined. The theory will strengthen the study since it explains the underlying principle of the need to have clear explanation of principal and agent needs and their ability to undertake the needs completely, hence no disputes expected. The theories relevancy to the study lied on the need for strategic planning in procurement which leads to well-drawn up procurement contracts between the principal and the agent which results into timely execution of contracts.

## **1.26 CONCEPTUAL REVIEW**

### **1.26.1 Procurement Practices**

In the first place, procurement means the general procedure used by the organization in obtaining goods, property and services after needs identification. Procurement practices in this case refer to activities laid down by the organization which must guide its procurement process (Thai, 2004). The whole process of procurement begins after needs identification and assessment. Therefore, procurement practices refers to the whole process right from planning procurement, selecting suppliers, risk assessment, managing procurement contracts, procurement control, procurement monitoring and evaluation. According to Thai (2004), public procurement practices can range

from supplier selection process, procurement planning, soliciting, bidding process, tendering or contract management and procurement monitoring and evaluation. In this study therefore, procurement practices will be operationally limited to supplier selection, procurement planning and contract management. Procurement practices are practiced throughout the procurement process which is a three phase process that includes pre-award stage, contract award and post award phase of procurement. In this study, procurement practices were limited to *contract awarding, contract administration and contract execution*.

### **1.26.2 Contract awarding**

This is the process of making sure that contract needs are indentified before the process of procurement begins. This is derived from the process of needs assessments. Needs assessments provides the best way on how the organizations want to achieve most and first, the limitation of goods, works and all kind of services needed. The procurement strategies that can be adopted and the accountability measures that can be most effective (Ezeh, 2012). Needs assessment comprises of the process organizations pass through to plan the purchasing activity in the organization for a specified period of time and this usually has an effect on the quality of service delivery (Agaba & Shipman, 2007). All organizations that call for public scrutiny or accountability, every year, departments are asked to draft procurement plans which demonstrate the budget for its staff, the expenses expected to be used and the number of purchases planned. These are submitted to relevant authorities and if they are approved, the procurement process begins. The way the procurement plans are implemented will at the end affect the quality of service delivery because most organizations are good at writing plans but not good in ensuring that such plans are implemented as indicated (Basheka, 2008).

According to (Ezeh, 2012), procurement planning starts with needs assessment, which is a systematic undertaking to determine the needs in the organization and come up with appropriate desired conditions. Needs assessment helps to indentify the problem and devise appropriate interventions. Therefore, the quality of services provided thereafter depends on the prior needs assessment done by the organization. According to the (PPOA, 2009), the procurement process begins with realizing the needs and indentifying requirements. These requirements in the organization comes with particular qualities and this is informed by the status of the inventory, project plan, schedule of production, work plans and budget framework. These requirements direct how market survey is done one the prices, quality of new products, substitute products, supply sources and the nature of competition (Karin et al. 2007).

### **1.26.3 Contract administration**

Contract administration is the processing ensuring that the contract written is abided and effectively adhered too (Arrow smith, 2004). Contract administration further calls for being systematic and efficient towards managing creation phase, planning phase, execution phase and monitoring phases of the contract (Elsey, 2007). Lowe (2013) further ascertains that contract administration has for a long time been a salient feature in performance procurement. In developing countries of Africa, contract administration has been reported to have a number of challenges that have led to poor performance of private firms and in the end lead to loss of taxpayers' money (Cho & Pucick, 2005). In Ghana for instance, most of the private firms have been reported less performing in their contracts because of poor management styles of contractors, poor methods of dispute resolution, incompetent procurement management, late deliveries from suppliers, poor relationship management, and contract monitoring (Gordon, 2009). According to the PPDA act (2003), advertising period is limited to four working days and

restricted domestic bidding no advertisement required. In a bid to generate “value for money” procuring entities are switching to publishing notices as an appropriate method of selecting suppliers especially for the complex suppliers or works.

#### **1.26.4 Contract execution**

Lowe (2013) argued that contract execution is a primary pillar in ensuring that a contract is to be implemented successfully. This must be between the contracting authority and the contractor Edvardsson (1998) further ascertains that quality begins with providing specifications to be adhered too when executing a contract. If the specifications of quality are not predetermined, the purchasing departments will always follow below organizational targets. The good quality calls for identifying minimum requirements which end users expect. Further, the department must allow a fair and open procurement process to take place as it highly determines the end results. Inspection should also be done so that the standards of specifications are met (Basheka, 2004). According to Brinkerhoff (2004), for purposes of meeting costs estimated, the purchasing department must make sure that it is economical and efficient in the way they are doing business. This tells us that any decision undertaken or purchases done are rooted from the prices in the market and this should allow savings for the department. Further, with being economical, poor practices like irresponsibility in procurement that lead to wasting of resources will be avoided, wearing and tearing of stocks, invoicing that is over the maximum, expenditures which are not planned and similar factors can be avoided.

With reference to Erridge, Fee and McIlroy (2001), in a contract department where contract management practices take place, a number of operational performance measures are essential. Firstly, supplier defect rate is a key operational performance indicator used to measure the quality of purchases carried out by a contract department. This can be achieved by dividing the

number of defects by the total purchases, or defective shipments by total shipments. Firm competitiveness can also be measured by use of customer satisfaction indicator. Internal customers' rating on their satisfaction levels with the department's performance is essential in achieving this. If many firms use similar questions, benchmarking levels of satisfaction is achievable. Customer satisfaction helps in measuring the department's capacity to meet the needs and expectations of internal customers (Ray, 2011).

### **1.27 PROCUREMENT PERFORMANCE**

Burt, Dobler, & Starling, (2003) argued that procurement performance is a technique for the buying organization to understand its suppliers well enough in order to decide which one is appropriate. At its simplest level, procurement performance is typically measured by: *quality, delivery, lead time and price* and through performance measurement, the buying firm will identify weakness on the part of the supplier and enables the buying organizations and its supplier's problems to be highlighted, allowing for corrective actions to be taken by either both parties appropriately (Dickson, 1996). Finally, quality was used to mean the total features which are possessed by a service or good which commends it to meet the agreed meaning of a need (International Standards Organization (ISO), 1986; Juran, 1988; cited in (Gustafsson, 2001, Crosby, 1979) refer to quality as "fitness for use" and "conformance to requirement", respectively. Accenture (2002) looks at procurement performance as consisting of four indicators: quality, value for money and lead time.

#### **1.27.1 Quality**

Quality, according to Garvin (2003), refers to service performance done in a form of arrangement of supplying goods in recommended time and cost. Service quality is highly defined by accessibility, reliability, tangibility, competence, and responsiveness (Carr & Pearson, 2002).

Helmsing (1995) further defined service quality as an obligation that is deliberate to ensure that elected staffs can fairly service the public in defined time and cost. In this study thus, quality of service delivery was measured using, timely service delivery, value for money and client satisfaction. In this study therefore, timeliness referred to the level of promptness in completing tasks, value for money referred to the level at which the service providers are able to provide services that are relative to the funds given to them and client satisfaction referred to the extent to which customers of service providers are contented with supplies and deliveries made.

### **1.27.2 Value for Money (VFM)**

Value for Money (VFM) means ensuring that the funds provided to government departments are contributing to achieving government policies and programmes (Bauld and McGuinness, 2006). The definition of VFM is summarized in three variables of VFM (economy, efficiency and effectiveness are mentioned in this definition by the National Authorizing and the Audit commission who define value for money as; *“Obtaining the maximum benefit over time with the resources available. It is about achieving the right local balance between economy, efficiency and effectiveness, or, spending less, spending well and spending wisely to achieve local priorities...VFM is high when there is an optimum balance between all three elements, when costs are relatively low, productivity is high and successful outcomes have been achieved.”* This has further been modified by the National Audit Office (2010) as: “Good value for money is the optimal use of resources to achieve the intended outcome” while Chris Barnett, Julian Barr et al (2010), phrase it as the best results possible that guarantee maximum benefit out of the committed resources is realized from a transparent and accountable process (Cummings and Qiao, 2003).



### **1.27.3 Lead time**

Silver et al 1998, defines lead time as that period when elapsed between the time when the order was placed and when the inventory is delivered in an organization. The higher the lead time, the lower or poor the performance of procurement and the lower the lead time, the higher the performance of procurement, on the other hand Rother& Shook (2003), defined Lead time as as the length before a sequence of processes will be completed, they must begin. According to Cove (2013) Lead time the whole amount of time or period used in completing the whole product life cycle. Every business has a lead time including both manufacturing and service industries like banks and hospitals. A lead time analysis graphic tool has both value added process steps and Non value added process steps which help an organization eliminate waste in process implementation (Senapati et al, 2012).

## **1.28 CONTRACT AWARDING AND PROCUREMENT PERFORMANCE**

Contract awarding is highly related to procurement performance. Contract awarding is the process of making sure that contract needs are indentified before the process of procurement begins. This is derived from the process of needs assessments. Needs assessments provides the best way on how the organizations want to achieve most and first, the limitation of goods, works and all kind of services needed. The procurement strategies that can be adopted and the accountability measures that can be most effective (Ezeh, 2012). Needs assessment comprises of the process organizations pass through to plan the purchasing activity in the organization for a specified period of time and this usually has an effect on the quality of service delivery (Agaba & Shipman, 2007).

### **1.28.1 Consolidation of Procurement Requirements and Procurement Performance**

According to (Ezeh, 2012), consolidation of procurement requirements starts with needs assessment, which is a systematic undertaking to determine the needs in the organization and

come up with appropriate desired conditions. Needs assessment helps to indentify the problem and devise appropriate interventions. Therefore, the quality of services provided thereafter depends on the prior needs assessment done by the organization. According to the (PPOA, 2009), the procurement process begins with realizing the needs and indentifying requirements. These requirements in the organization comes with particular qualities and this is informed by the status of the inventory, project plan, schedule of production, work plans and budget framework. These requirements direct how market survey is done one the prices, quality of new products, substitute products, supply sources and the nature of competition (Karin et al. 2007).

Garvin (2003) further ascertained that consolidation of procurement requirements depends on the quality planned and if it is adhered too, it is likely to have a direct impact on the quality of services to be expected at the end. Quality is defined using five differing approaches which consist of transcendent quality based approach; the product-based quality approach; the approach of user-based; manufacturing-based quality approach; and lastly the approach of value-based. When these approaches are followed, the quality of services delivered will automatically be quality enough.

### **1.28.2 Specifications Development and Procurement Performance**

Edvardsson (1998) further ascertains that quality begins with providing specifications. If the specifications of quality are not predetermined, the purchasing departments will always follow below organizational targets. The good quality calls for identifying minimum requirements which end users expect. Further, the department must allow a fair and open procurement process to take place as it highly determines the end results. Inspection should also be done so that the standards of specifications are met (Basheka, 2004)

According to Brinkerhoff (2004), for purposes of meeting costs estimated, the purchasing department must make sure that it is economical and efficient in the way they are doing business. This tells us that any decision undertaken or purchases done are rooted from the prices in the market and this should allow savings for the department. Further, with being economical, poor practices like irresponsibility in procurement that lead to wasting of resources will be avoided, wearing and tearing of stocks, invoicing that is over the maximum, expenditures which are not planned and similar factors can be avoided. Therefore, the study will attempt to establish the relationship between procurement planning and service delivery which is more necessary in developing applications of such relationships with a close link to Ministry of Health. Absence of accountability in planning opens up avenues for corrupt tendencies.

#### **1.29 CONTRACT ADMINISTRATION AND PROCUREMENT PERFORMANCE**

The performance of a procurement budget is highly dependent on contract administration (Mullins, 2003). Contract administration refers to the procedure used by organizations in ensuring to the suppliers are monitored in courtesy of meeting the requirement of contracts (Garret & Rendon, 2005). Lyson & Gullingham (2006) further explain that contract means a legal documents which binds two parties while considering the capacity of each duty bearer. Contracts provide terms and obligations of each party among which may be price, milestones, deliverables and dispute resolution procedures (Oluka, 2012), Ntayi et al (2010) observes that contracts are meant to inculcate discipline, reduce incidence of non-compliance for the benefit of the parties involved.

Hinton (2003) in his study on the best practices in government: components of an effective contract monitoring system, he defines contract management is following the process of

collection and analysis of information used in providing assurance that the contractor performs well by time agreed and ensure that contracts are delivered. Arrows (2010) further explains that key performance indicators must be spelt out in the contract and these can be used in providing a basis for determining their compliance. These must be reported on a regular basis. Arrows (2010) further reported that managing contract is about continuous monitoring of whether services delivery is performing as per the contract plan, delivered in time preplanned and the penalties be provided to non-adherence in time. Therefore, if such are not complied on, the performance of a budget is affected.

Mturi (2013) established the sources of risk being the dangerous settings of operating environment. Suitable environment for operation determines contract performance and contract performance is primarily better performance of a budget. Mturi (2013) in his study of the whole lifecycle of managing contracts in public sector organizations, his findings revealed that contract lifecycle management (CLM) is an effective tool to manage risks, compliance and change that reduces losses in budget estimates. The author however did not provide the contract management aspect on operators side, also did not provide how contract administration affects budget performance of contractors, thus the research filled the gap through one of the objective which is to find out, how contract management influences budget performance while using UNRA.

### **1.29.1 Technical Capability and Procurement Performance**

Success of a business entity is highly dependent on management and organization capabilities (Ellram, 1991). A well-managed supplier's firm in terms of human and organizational resources would develop its performance which in turn will affect buying organization's success (Modi and Mabert, 2007). The supplier's technical capability help influence buying organization's

ability to meet its customer needs (Cheraghi, 2004). Garvin (1984) thus argues that retrospective of investment levels, suppliers expect their technological capability to benefit the buying organization for a long time.

Therefore, supplier technological capability can impact on the buyer's perception that the upstream processes are managed well (Devaraj, 2001). This implies that supplier's product quality may influence the buyer's perception in terms of the supplier's organizational technological performance (Garvin, 1984). Thus, it is predicted that: strategic sourcing requires suppliers to be able to make investments to acquire machines, processes, and new technologies for their dedicated long-term buyers (Dowlatshahi, 2000). The underlying notion of a good production system is that suppliers are in the position to accommodate the uncertainties and variations in buyers' business operations.

Furthermore, buyers embracing just-in-time (JIT) philosophy prefer their suppliers to deliver products frequently, in small lots, and at a lower cost (Sarker and Parija, 1994). Depending on the type of relationship that is established with the buyers, suppliers may need to ensure that they keep demonstrating different innovation capacity to have a competitive advantage over others (Petroni and Panciroli, 2002). Thus information and communication technology (ICT) can improve the effectiveness of buyer-supplier relationships (Baglieri, 2007).

### **1.29.2 Financial Capability and Procurement Performance**

Kanzira (2013) in his study on procurement practices and quality of service delivery in public institutions in Uganda found that financial capability is matched with available funds and cash flow. However, disagreements between procurement and user departments occur in regard to cash allocation. Relatedly, Welikhe (2013) who conducted a similar study with Uganda National

Examinations Board found out that UNEB procurement processes did not involve many staff in the procurement planning processes. Oluka and Basheka (2012) as well assert that among the major elements to effective contract management towards budget performance is having clear plans of managing a contract and developing appropriate methods of indentifying non-adherence. The study was driven by persistently low compliance levels reported by the procurement authority as far as road construction projects are concerned. Data was collected using a closed ended questionnaire and the study identified determinants for effective contract management but the study was only based on some public sectors and not UNRA. Beijer (2012) in his study on design of a budget performance measurement, he found out that without adhering to contract management process, it affects the utilization of budget funds and can lead to increased unspent balances. Beijer (2012) further asserts that quality and delivery as performance criteria of the budget to monitor the operational performance of contractor or suppliers, because these performance criteria can be used to both monitor and analyze contractor or suppliers.

Organizations having established a mature contract management processes are able to generate a great deal in additional savings and have a distinct competitive advantage over their competitors which leads to budget full utilization and outcomes (Rendon, 2007 as cited by Nguyen, 2013). On the other hand, inefficient management of contracts will lead to poor or unspent funds in budget, low customer satisfaction, high risks and unwanted costs (Saxena, 2008 cited by Nguyen, 2013) which affect budget performance. In his study Hotterbeekx (2013) developed a maturity model for contract management inclusive of the following category contract management functions: relationship management, performance management and risk management to assess contract management maturity level of the organization.

In another study, Oluka (2013) made a theoretical examination of the challenges of procurement contract management and their implication on delivery of public services. The review concludes that contract management success is strongly influenced by what happens at tendering and award phase. Contract management should be a range planned from the start of the procurement process. This review however does not provide a detailed analysis of how the tendering phase affects contract management and thus budget performance. The research work by Mturi (2013) titled “ Assessment of effectiveness of procurement contracts management in public organizations in Tanzania, a case study of Kinondoni Municipal Council” disclosed that, there are problems of late deliveries, un-controlled variations to contracts and lack of effective professionalism. The implication here is that contract management should follow the set contractual timeframes and practitioners given continuous development annually to get the capacity to evaluate and forecast problems including remedial strategies.

### **1.30 CONTRACT EXECUTION AND PROCUREMENT PERFORMANCE**

Contract execution calls for application of different quality control procedures for purposes meeting deadlines. Contract execution may call for usage of Information Technology (IT) and this helps in producing, manipulating the process, storing, communicating and disseminating all kind of information (William, 2005). Contract execution in the whole contract management process was idealized with positive aims since it does the tracking of the overall contract processes (George et al, 2008). Without proper contract execution managements in place, organizations can always lose billions and billions of money, this is so because public organizations are supposed to spend billions of money and such money needs to be accounted for to avoid supplementary budgets or expenses which often comes to fill gaps of stolen money (Ody, 2001b).

### **1.30.1 Contractual Variations-Changes and Procurement Performance of Uganda National Roads Authority (UNRA)**

Contract variations or changes calls for application of different quality control procedures for purposes meeting deadlines. Without proper contract variation management in place, organizations can always lose billions and billions of money, this is so because public organizations are supposed to spend billions of money and such money needs to be accounted for to avoid supplementary budgets or expenses which often comes to fill gaps of stolen money (Ody, 2001b). Van Weele (2002) further indicates that contract is an activity that brings mixed ordeal, every person has a way or best way of how it can be done. Others have their own interests they want to serve when they use a particular company as the suppliers. This means that to meet such intrigues, it is important that contract quality managements are in place. Contract quality managements like auditing will assess whether the budget has been used as per the guidelines. Organizational purchasing is very much different from individual purchasing because organizational purchasing is done to serve majority not minority. This means that quality must be met for majority. This is the underlying idea in the promotion of contract quality managements in organizations whenever purchasing has to take place (Brinkerhoff, 2004).

Karin et al (2007) ascertains that contract quality managements should be part of the planning, so that instruments of control are specified on different budget activities. Usually, right suppliers need to be selected, if quality of service delivery is to be achieved. Contract quality managements are important in making a clear assessment and evaluation of suppliers especially in the process of bidding to know which suppliers possess the competence and who has no enough competence to do the work. Adequate controls are very much important in measuring



with quality specifications were followed and whether this is leading to the service timelines as had been promised in the contract strategic plans in the organization(La londe, 1998).

According to Hal-Sirkin (2011), the quality of service delivery depends on strong contract quality managements. Some of the controls that determines adherence is the amount of corrective actions that has been put in place by the organization. The organization implementing a project needs to have stringent control mechanisms to safeguard the end-results. Usually, when the corrective actions are weak, they affect the quality of products since the purchasing department tends to weigh the cost-effectiveness. Weak corrective actions affect the quality of service delivery than strong corrective actions since they open loopholes for procurement corruption and fraud.

Some studies such as Carcello and Neal (2003) contend that use of diligent and qualified Audit committees ensure effectiveness of internal control. Senior Management is responsible for implementing Board committee's decisions and approved by the Full board. As part of the control environment, for effective oversight and monitoring for regulated banks the Board Audit committee, Risk Committee is statutory (Deumes and Knechel, 2008).In the same way that managers are primarily responsible for identifying the financial and compliance risks for their operations, they also have line responsibility for designing, implementing and monitoring their internal control system (Alvin & Loebbecke, 1997). These activities include authorization and approval, arithmetical and accounting controls, segregation of duties chart of accounts, system manuals, physical controls and independent checks (Andreasen, and Kotler, 2008). The above literature is insightful in highlighting the role of oversight audit committees but such committees

may not be present in ROKO. The literature does not equally provide empirical evidence on the extent to which existence of audit committees influences the quality of service delivery in public sector organizations. This study will therefore strive to cover the raised knowledge gap

Lisa et al (2007) further argue that contract quality managements especially those that look forward to minimize risks are very much important in reducing chances of facing risks in delivery of goods and services. There are a number of contract risks which range from financial risks, political risks and economic risks. Such risks can be averted by ensuring that controls are inherently developed with the suppliers or contractors. The literature therefore misses vital areas of concern for this study for instance; when bids are required to be done, who enforces the policies and procedures, are the procedures of controls followed, what are the corrective actions that must be undertaken. These and other questions are too important for this study to be conducted and to answer them accordingly as per UNRA, which this study vows to fill.

### **1.30.2 Dispute Resolution and Procurement Performance**

Disagreement between the providers and the client are inevitable and may not easily be resolved during contractual relationships (El-Rufai, 2003). The contract relationship management in practice is very critical in an organization when it comes in boosting work operations and improving competitive advantage or firm competitiveness. Firm competitiveness ensures that the overall strategic objectives of an organization are effectively and efficiently realized. Clearly, contract relationship management boosts an organization's operational performance measured against the various performance measures, such as, quality, flexibility, speed, efficiency, and supplier relationship. Garvin (2003) further ascertained that contract relationship management depends on the quality planned and if it is adhered too, it is likely to have a direct impact on the

quality of services to be expected at the end. Quality is defined using five differing approaches which consist of transcendent quality based approach; the product-based quality approach; the approach of user-based; manufacturing-based quality approach; and lastly the approach of value-based. When these approaches are followed, the quality of services delivered will automatically be quality enough.

Edvardsson (1998) further ascertains that quality begins with providing specifications. If the specifications of quality are not predetermined, the purchasing departments will always follow below organizational targets. The good quality calls for identifying minimum requirements which end users expect. Further, the department must allow a fair and open procurement process to take place as it highly determines the end results. Inspection should also be done so that the standards of specifications are met (Basheka, 2004). According to Brinkerhoff (2004), for purposes of meeting costs estimated, the purchasing department must make sure that it is economical and efficient in the way they are doing business. This tells us that any decision undertaken or purchases done are rooted from the prices in the market and this should allow savings for the department. Further, with being economical, poor practices like irresponsibility in procurement that lead to wasting of resources will be avoided, wearing and tearing of stocks, invoicing that is over the maximum, expenditures which are not planned and similar factors can be avoided.

With reference to Erridge, Fee and McIlroy (2001), in a contract department where contract management practices take place, a number of operational performance measures are essential. Firstly, supplier defect rate is a key operational performance indicator used to measure the quality of purchases carried out by a contract department. This can be achieved by dividing the

number of defects by the total purchases, or defective shipments by total shipments. Firm competitiveness can also be measured by use of customer satisfaction indicator. Internal customers' rating on their satisfaction levels with the department's performance is essential in achieving this. If many firms use similar questions, benchmarking levels of satisfaction is achievable. Customer satisfaction helps in measuring the department's capacity to meet the needs and expectations of internal customers (Ray, 2011).

As Mead and Gruneberg (2013) suggest, importance of supplier idea execution is another key firm competitiveness measure in contract management. Advanced contract firms actively seek ideas from suppliers for revenue growth, cost savings among others. The ideas are tracked and their contribution to the firm's bottom line is measured. This helps to measure the department's ability to leverage intellect in the supply base. Another useful KPI in operational performance is the contract cycle time. This can be measured by the average time taken between requisition submission and placement of a purchase order. This can also be determined by the time taken from the start of sourcing process to the time of contract signing. The KPI is important in measuring the department's productivity (Sollish & Semanik, 2012).

### **1.31 SUMMARY OF LITERATURE REVIEW**

Despite the existence of several studies on procurement practices especially on contract administration, these studies have neither been able to relate to procurement performance indicators and situation at UNRA nor do they point out how procurement practices relate to procurement performance. Although a lot of previous studies have been done on the relationship between procurement practices and procurement performance, most of them do not cover all factors employed by this study in operationalising procurement practices and procurement

performance. Further, such studies fell short on explaining on what is happening in government setting in developing countries like Uganda and UNRA in particular. It stressed that some of these studies have been conducted in countries where they use different procurement performance indicators, having different levels of development, legal framework, and culture and work attitudes therefore not applicable here. This gap justifies the need for this study at UNRA. In filling this gap, this study will endeavor to assess whether procurement practices can have a significant effect on procurement performance while using UNRA, Uganda.

## **CHAPTER THREE: METHODOLOGY**

### **3.1 Introduction**

The study investigated the relationship between procurement practices and procurement performance of UNRA. This chapter explains methods which were adopted. It consisted of study design envisaged, study population, sample size and selection, sampling techniques and procedures. The chapter also addresses the various methods and procedures for collecting data and analyzing data that were used in accessing information regarding the influence of the procurement practices on the performance of Public procurement in UNRA

### **3.1 Research design**

A case study research design was selected to enable an in-depth investigation of the study problem that adopted both quantitative and qualitative approaches (Amin, 2005). On one hand, qualitative techniques were used in capturing respondent's views and undertake an in depth analysis of procurement practices and procurement performance in UNRA (Mugenda & Mugenda, 2005). The quantitative techniques on the other hand, were used in examining how the two variables selected for this study are related.

### **3.2 Study population**

This study used a cross sectional research design. This design was adopted because it was important for the researcher to find out the opinion of a cross section of the population about a subject under investigation in a particular period of time using a particular part of organisation (Sekaran, 2003). In this study, numerical figures and descriptive information was obtained, giving it both a quantitative and qualitative research dimension. The study thence used both qualitative and quantitative approaches during sampling, data collection, quality control, and

analysis. At data collection stage, qualitative design involved administering open ended interview and questionnaire questions to the respondents, whilst the quantitative design involved administering closed ended interview and questionnaire questions to respondents in Uganda National Roads Authority (UNRA).

### 3.3 Sample size

The sample size for the study was 42 determined basing on statistical tables of Krejcie, and Morgan, D.W. (1970) cited in Amin (2005). The sampling procedures are presented in table 1 below

**Table 1: showing total population, Sample size, sampling technique**

<b>Category of Population</b>	<b>Population Size</b>	<b>Sample Size</b>	<b>Sampling Technique</b>
Executive Directors	5	3	Simple Random sampling
Senior Management Staffs	10	5	Simple Random sampling
Technical Staffs	50	32	Simple Random sampling
Operational Staffs	74	50	Simple Random sampling
<b>Total</b>	<b>139</b>	<b>90</b>	

*Source: UNRA Human Resource Manual, 2015*

### 3.4 Sampling techniques and procedure

The study used both random and non-random sampling approaches. In particular, simple random and purposive sampling techniques were used respectively. Simple random sampling was preferred in the selection of the operational and technical staff. This was intended to avoid bias by providing an equal and independent chance to all respondents to participate in the study. On the other hand, purposive sampling technique was used to select members of top management. The members of this population category were assumed to have varying levels of knowledge

relevant to the study so the technique enable the researcher hand pick respondents on the basis of who she deemed to have more relevant information..

### **3.5 Data Collection Methods**

Data will be collected from both primary and secondary sources. Qualitative and quantitative methods will be used in the collection of data. Primary data will be collected using self administered questionnaires and interviews. While secondary data will be obtained from review of documents such as journals, reports, planning documents, memos, and files. The data will be collected from UNRA Construction Limited by the researcher and assisted by research assistants for convenience and speed.

#### **3.5.1. Questionnaire Survey**

This method allowed the collection of quantified data from a large number of respondents. The researcher prepared a set of questions pertaining to the field of enquiry (Quantitative). The designed questionnaire included mostly closed ended and although there were also some open ended questions. The Questionnaire was used because it was cheap to administer to the respondents that were scattered over a large area or organization within a short period of time. A questionnaire also allowed respondents to feel free to give information and respondents answer the questions at their own time sometimes without the influence of the researcher (Amin, 2005). The questionnaire was designed using the Likert scale format of Strong Agree to Strong Disagree.

#### **3.5.2. Face to face interviews**

This technique was used to collect primary data from executive and senior Management officials. Interview method basically relied on face-to-face interviews with the respondents in a bid to generate detailed and first-hand information. This involved the researcher personally interacting



with the selected respondents with a set of pre-determined questions that they were required to respond to on a one by one basis. This chose to use a semi-structured interview guide (Sekaran, 2004). Interviews allowed the researcher to probe and prompt the answers as they arose from the key informants for deeper study findings.

#### **3.5.4 Documentary Review**

The document review was chosen to review a number of sources that existed for secondary data collection. In here, review was done on existing working documents, UNRA work files, UNRA data sheets and artifacts. These were reviewed with an aim of collecting data and information that would verify what had been reported through questionnaires and interviews. Further, public records which were obtained outside UNRA were used in ascertaining the problem of poor procurement performance in UNRA

#### **3.6 Data collection instruments**

These are the tools for data collection (Mugenda and Mugenda, 2003). In this study, these will include; Questionnaire and Interview guide. These will be used because it is important to implement the data collection methods highlighted above.

##### **3.6.1 Interview Guide:**

In-depth interviews were conducted using the interview guide. The interview guide was unstructured and semi-structured. For either technique, the method enabled the researcher to collect accurate information from the officials who were selected to participate as key informants because, they had a wealth of experience and knowledge in procurement processes and practices. The instrument was used to ensure that reliable information is gathered because, it facilitates a deeper investigation into the topic under study. It helped the researcher to explain or clarify

questions and find out the likeness. The interviews only applied to members of the only top management.

### **3.6.2 Questionnaire:**

This tool allowed the collection of quantified data from a large number of respondents. The researcher prepared a set of questions pertaining to the field of enquiry. The designed questionnaire included mostly closed ended and although there were also some open ended questions. The Questionnaire was used because it was cheap to administer to the respondents that were scattered over a large area or organization within a short period of time. A questionnaire also allowed respondents to feel free to give information and respondents answer the questions at their own time sometimes without the influence of the researcher (Amin, 2005). The questionnaire was designed using the Likert scale format of Strong Agree to Strong Disagree.

### **3.6.3 Document Review Guide:**

The document review checklist was chosen to review a number of sources that existed for secondary data collection. In here, review was done on existing working documents; UNRA work files, UNRA data sheets and artifacts. These were reviewed with an aim of collecting data and information that would verify what had been reported through questionnaires and interviews. Further, public records which were obtained outside UNRA were used in ascertaining the problem of poor procurement performance in UNRA.

## **3.7 Quality control**

### **3.7.1 Validity**

The researcher ensured that the tools that were used in the study possessed the required validity. Here, expert judgment was sought to make sure that the items in the questionnaire are rated in

such a way that they have a content validity index of above 0.7 which is recommended by Amin (2005) as enough to guarantee the validity of the instrument. Table 2 below has details;

**Table .2 Content Validity Indices for the Questionnaire**

Variable	Description	No. of Items	Content validity index
Independent	Contract awarding	12	.876
	Contract administration	9	.800
	Contract execution	10	.799
Dependent	Procurement performance	8	.812

*Source: Primary data, 2017*

### 3.7.2 Reliability

This measures the degree at which the tool can consistently measure the different scenarios but providing the same results over time (Gay, 1996). In this case, the researcher undertook this by undertaking pretesting of the instruments twice using KCCA as an organization synonymous with UNRA. It was established after pilot testing that, all items in the questionnaire had a Cronbach Alpha

**Table 3 Reliability indices for the respective sections of the questionnaire**

Variable	Description	No. of Items	Cronbach alpha
Independent	Contract awarding	9	.922
	Contract administration	10	.897
	Contract execution	10	.827
Dependent	Procurement	9	.913

	performance		
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*Source: Primary data*

### **3.8 Data collection procedure**

Using an introduction letter from UMI, the researcher obtained approval from UNRA authorities to conduct the research. The researcher then piloted the questionnaire on a sample of ten respondents and the interview guide on two respondents. The researcher then used the comments from these respondents to improve the questionnaire and interview guide. The researcher then made contact with the various authorities to whom the letter was addressed and together with the authorities made appointments as to when the study would be carried out to enable proper planning. On the agreed dates, the researcher went to the organization (UNRA) to meet the respondents and collect the data. The researcher ensured that during the data collection questions are discussed in the presence of the respondents so that she well understood; and where necessary made adjustments to reduce the chances of non-compliance and non-reliability of the tool. The data collection was carried out for a period of one week. In the event of any incompleteness of the data collecting exercise, the researcher rescheduled the appointments on consultation with the respondents. After data collection, data analysis was done and the dissertation report was made, which marked the final activity of the research process.

### **3.9 Data Analysis**

The study analyzed qualitative and quantitative data.

#### **3.9.1 Qualitative data analysis**

The qualitative data collected from interviews and documentary reviews was analyzed by content analysis. The initial step involved sorting the content into themes, which depends on the content. Data collected was organized into a common data pool. It was transcribed, synchronized and

grouped into themes. During analysis, themes were generated from the responses and categories. A coding scheme was adopted to create themes. It was these major themes that formed the basis of extrapolating out the emergent issues related to the research question subject matter. Patterns of linkages and clues from the themes related to the research questions were observed and data interpretation was done in respect to the research objectives. Checking was done to minimize errors of double selection and other forms of repetition.

### **3.9.2 Quantitative Analysis**

Quantitative data was analysed through descriptive and inferential means. Descriptive means included use of frequencies, percentages, means and standard deviations. This kind of data was presented using frequency tables, pictograms and graphs or pie charts. Inferential means included; using both correlation and regression analysis means. In this case, a Pearson correlation and linear regression were used. Pearson Correlation was used in answering the study research hypotheses and Regression Analysis was used in establishing the extent to which the two variables under investigation are related (Oso and Onen, 2008).

### **3.10 Measurements of variables**

The study variables that are both independent and dependent variables were measured using the five point Likert type scale and this was procurement practices and procurement performance. This scale was used because it was assumed for important in establishing numerical strength of study variables and understanding the perception of respondents.

### **3.11 Ethical considerations**

The researcher employed confidentiality in the course of data collection for the information to be given. Here the researcher was anxious not to explode what key informants and employees said. The researcher also employed cooperation, whereby she was able to continuously operate with

respondents to establish a concrete rapport and this induced respondents to tell what they would not have said. Participation was made voluntary to allow open expression in the research to exhaust facts related to the study area. The researcher employed non-probability sampling techniques to ensure that sampling bias is minimized by ensuring that randomization is achieved. Lastly, non-responses were voluntarily mobilized to respond without being forced.

## CHAPTER FOUR:

### PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

#### 1.32 INTRODUCTION

The study investigated the relationship between procurement practices and procurement performance of Uganda National Roads Authority (UNRA). This chapter presents analyses and interprets the study findings. The findings are presented using study objectives established on the relationship between contract awarding and procurement performance of Uganda National Roads Authority; the relationship between contract administration and procurement performance of Uganda National Roads Authority and the relationship between contract execution and procurement performance of Uganda National Roads Authority. Specifically, the chapter in turn presents the response rate, biodata, and study findings

#### 1.33 RESPONSE RATE

The response rate of the study was calculated using a formula. Response rate/targeted response rate x100%. The response rate findings are indicated in Table below.

**Table 0.1: showing the response rate**

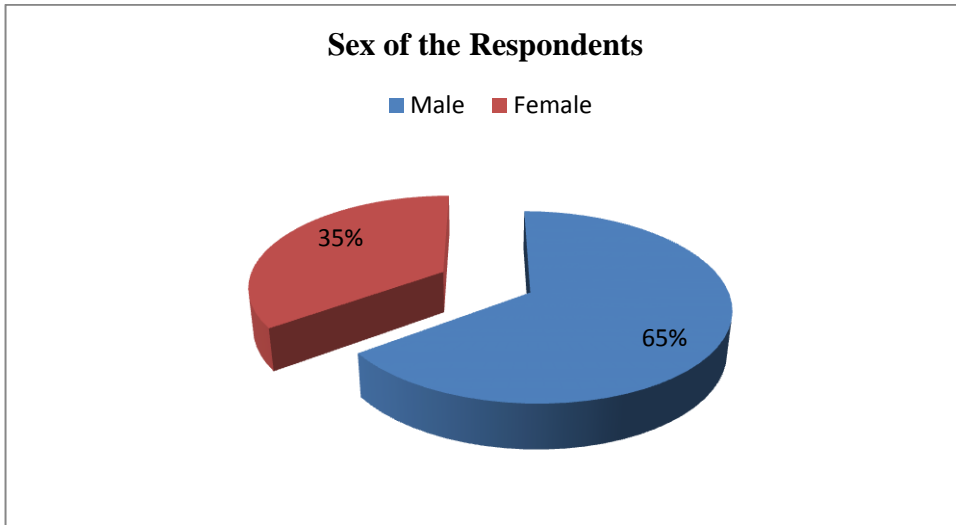
<b>Respondents</b>	<b>Sample size</b>	<b>Frequency</b>	<b>Percentage</b>
Executive Directors	3	3	100%
Senior Management Staffs	5	4	80%
Technical Staffs	32	27	84.4%
Operational Staffs	50	48	96%
<b>Total</b>	<b>90</b>	<b>82</b>	<b>91.1%</b>

82 questionnaires were administered, however, 75 managed to be accessed which made a rate of response at 90%. On the side of interviews, 8 respondents had been targeted, 7 managed to be accessed meaning that 88% was the response rate. On overall, 91.1% managed to reply. This

response rate of 01.1% deemed good because it was over and above the 70% recommended by Mugenda and Mugenda (2003).

### 1.34 BACKGROUND OF THE RESPONDENTS

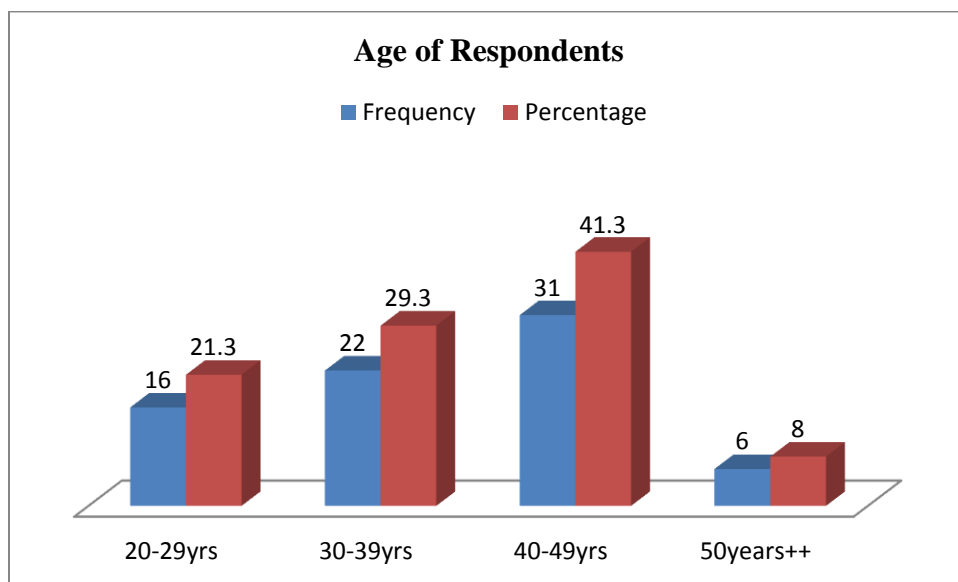
#### 1.34.1 Gender of the respondents



**Figure 0.1: Gender of the respondents**

Male respondents formed the majority number and these were 65%, compared to 35% who represented females. This means that at least all sexes were engaged in the study.

#### 1.34.2 Age of the Respondents





### Figure 0.2: Showing age of the respondents

40-49years formed the majority of the response (41.3%). 30-39 age group had 29.3%, 20-29years (18%) and the last category of 50years ++ was represented 8%. This can be interpreted to mean that the study was conducted majorly among people who had the capacity to provide answers to the study without being aided.

### 1.34.3 Level of Education of the Respondents

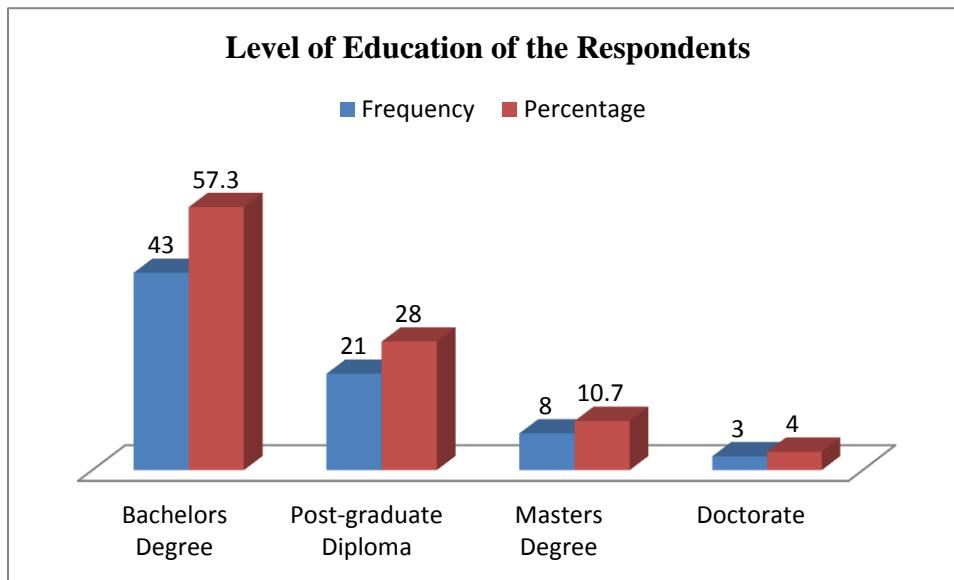


Figure 0.3: showing the level of education of the respondents

This who had a bachelor's degree of education were 57.3%. Post graduate diploma holders formed 28% of the respondents. 10.7% had master's degrees and 4% had a doctorate. This means that these people were civilised enough to offer first hand information to the study.

### 4.3.4 Time spent with Uganda National Roads Authority

Majority had been in UNRA for the last 6-10years and above these took 44%, 28% had spent in service for 10-15years. Those who had spent 1-5years were 20% and 5.1% of had been in UNRA for less than 1 year. These had the required memory to tell what has been happening in UNRA is concerned.

## 1.35 Empirical Findings on Procurement Practices and Procurement Performance Of Uganda National Roads Authority

### 1.35.1 Procurement Performance of Uganda National Roads Authority

To understand the procurement performance of UNRA, Table 4.2 has more details;

**Table 0.2: Descriptive Statistics on procurement performance of UNRA**

Items	1	2	3	4	5	Mean
Meeting delivery deadlines are very important in supplier selection	0%	10.5%	25.5%	36%	27%	3.50
Quality is absence of defects	0%	0%	2.6%	47.3%	50%	3.61
Selection of the right supplier is key in obtaining the desired level of quality.	5.2%	5.2%	11.8%	42%	35.5%	4.18
Suppliers must have the commitment to maintain suitable quality performance	1.3%	1.3%	3.9%	61.8%	31.5%	4.25
Supplier must guarantee consistent delivery time for product and services	0%	0%	0%	63.1%	36.8%	4.47
Quality fitness for purpose	1.3%	2.6%	9.2%	43.4%	44.7%	4.63
Cost must be a pre-requisite factor for supplier selections	2.6%	0%	0%	47.3%	50%	4.69
Selection of the right supplier is key in obtaining the right price of the products	3.9%	9.4%	7.8%	39.4%	44.7%	4.80

The results indicated that public procurement performance was promising in UNRA. Among the items that confirmed this claim included; Selection of the right supplier is key in obtaining the right price of the products (4.80); Cost must be a pre-requisite factor for supplier selections (4.69); Quality fitness for purpose (4.63); Supplier must guarantee consistent delivery time for product and services (4.47); Suppliers must have the commitment to maintain suitable quality performance (4.25); Selection of the right supplier is key in obtaining the desired level of quality (4.18); Organization must select the right supplier(s) to meet desired level of quality (4.11); Quality is absence of defects (3.61) and Meeting delivery deadlines are very important in supplier selection (3.53).

The above findings means that procurement in UNRA is free from defective products; there is consistent and guaranteed supply and delivery of product and services; procurement cost are well managed or cost effective; suppliers are committed towards maintaining quality performance; value for money has been frequently achieved; right price of products are met; delivery timelines; right supplier(s) are selected; vendors also submit accurate cost data to the buyer and general quality of supplies is witnessed in supply chain. These findings imply that UNRA's procurement is performing very well and this is reflected in increasing quality, realization of value for money and meeting delivery timeliness in the supply chain.

From the interviews conducted, it was indicated that the biggest number of the interviewees also supported the position of respondents in the questionnaire while arguing that public procurement performance was very promising. For, instance, most of the key informants indicated that delays in the procurement process at UNRA have reduced more than it was before. For instance, one of them was quoted saying:

*“More than it was before...we have seen much progress in meeting deadlines by our suppliers, I think this is because we have over time been changing our suppliers to meet the quality we need...we have no many delays these day...I think we should credit the good performance of our procurement team and user departments.”*

The above quotation implied that delays have reduced in the supply chain at UNRA which directly informs the study that there have been improvements in procurement performance. This is in line with some of the documents reviewed. For instance, UNRA Annual Report (2013)

confirms that the performance of the organization has been improving and its targets are being met than it was before.

In another relation interview, it was found out that UNRA has also been improving in quality and meeting value for money. For instance, they reported that there has been instances of cost-savings which could not easily be witnessed before. It was quoted from one of the key informants:

*“Initially, suppliers used to take huge amount of money but now, due to good vendor selection, this had reduced tremendously...”*

The above findings generally have one voiced message that performance of public procurement was good depending on what most of the respondents informed in questionnaires, interview guides and documents reviewed.

### **1.35.2 The process of contract awarding at Uganda National Roads Authority**

To understand whether UNRA through its procurement unit adheres to the process of contract awarding without favor, Table 3.4 has more details:

**Table 0.3: Descriptive Statistics on the findings on contract awarding in UNRA**

<b>Items</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>
Specifications must be written to encourage competitions among vendors.	11.8%	13%	5.2%	47.3%	22.3%	3.54
User department must consider aggregation of their needs as much as possible.	13%	7.8%	13%	38%	27.6%	3.55
Consolidation of user needs leads to reduction of lead times.	7.8%	22.3%	2.6%	42%	25%	3.55
Good specifications must take into considerations market conditions where necessary.	15.7%	10.5%	0%	51.3%	22.3%	3.56
Consolidation of user needs leads to cost reduction through economies of scale.	5.2%	21%	3.9%	35.5%	26.3%	3.57

Good understanding of the buyers needs is important during aggregation of user needs.	14.4%	6.5%	11.8%	34.2%	30.2%	3.64
Specifications must be developed by User departments	7.8%	14.4%	9.2%	28.9%	36.8%	3.78
User departments are responsible for identification of their items.	3.9%	5.2%	0%	40.7%	50%	4.18
Specifications must define user requirements in simple terms.	0%	0%	0%	38%	52%	4.28
Specifications provide assurance that the quality of an item is suited to its intended use.	7.8%	00%	1.08%	42.2%	50%	4.72
Specifications need to be true and accurate statement of buyers' requirements.	3.9%	9.4%	7.8%	39.4%	44.7%	4.76

Results showed that UNRA followed a meritocratic process of awarding contract. This is because of the following items; Specifications need to be true and accurate statement of buyers' requirements (4.76); Specifications provide assurance that the quality of an item is suited to its intended use (4.72); Specifications must define user requirements in simple terms (4.28); User departments are responsible for identification of their items (4.18); Specifications must be developed by User departments (3.78); Good understanding of the buyers needs is important during aggregation of user needs (3.64); Consolidation of user needs leads to cost reduction through economies of scale (3.58); Good specifications must take into considerations market conditions where necessary (3.57); Good specifications must take into considerations market conditions where necessary (3.56); Consolidation of user needs leads to reduction of lead times (3.55); User department must consider aggregation of their needs as much as possible (3.55); Specifications must be written to encourage competitions among vendors (3.54).

The findings in the above statements implied that contract awarding process in UNRA is done properly and on merit and this is reflected specifying of requirements before selecting contractors, assurance of quality before awarding contracts, user requirements are well specified; user departments identify the specifications of the items they need; use departments are allowed to specify; buyers needs are well understood and aggregated into user needs; user needs are well consolidated to reduce on costs for delivering; good specifications must take into considerations market conditions where necessary; market conditions are well assessed before awarding contracts; lead times are reduced due to consolidation of user needs and specifications are well written to overcomes bad competitions.

In the same line of findings, responses from interviews didn't deviate from what most of the respondents in the questionnaire had indicated because of most of the interviewees completely agreed that the process of awarding contracts in UNRA is very transparent and has no kickbacks and syndicates. They indicated that the process of awarding contracts adheres clearly with existing laws and policies as spelt in the new PPDA act of 2013. One of the UNRA operations officers was quoted saying,

*“UNRA has a contract committee which I head and the process of awarding contracts here is very transparent...you can go ahead to make a clear follow up with the contractors which offers contracts here and see...we have no such things like kickbacks...such things may existed before this new management came into play....we clearly define our specifications on what we want and that is what we exactly get...”*

Another key informant said,

*“The process of awarding contracts here is guided by a clear regulatory framework as written in the PPDA Act and this has been our basis of doing everything...nothing is done out of the law....”*

The above interviews can be interpreted to mean that UNRA adheres to proper contract awarding since it follows the existing legal and regulatory framework as spelt in the PPDA Act, 2013. This position was also supported by some documents reviewed in the Authority, while being rejected by some of documents reviewed. According to UNRA strategic plan (2013-2018), it indicates that contract awarding should only be done basing on the specifications developed in the procurement plans in the organization. The technical team must be tasked to make clear market survey and assessment of contractors before a contract is given.

### **1.35.2.1 Correlation results for contract awarding and procurement performance of UNRA**

The first hypothesis stated, “There is a significant relationship between contract awarding and procurement performance of UNRA.” Table 4.4 presents the test results.

**Table 0.4: Correlation results**

		Contract awarding	Procurement performance
Contract awarding	Correlation Coefficient	1.000	.600**
	Sig. (2-tailed)	.	.029
	N	75	75
Procurement performance	Correlation Coefficient	.600**	1.000
	Sig. (2-tailed)	.029	.
	N	75	75

\*\* . Correlation is significant at the 0.05 level (2-tailed).

Findings show that there was a positive correlation ( $r = .600$ ) between contract awarding and procurement performance. This findings was subjected to a test of significance (p) and it is shown that the significance of the correlation ( $p = .029$ ) is less than the recommended critical

significance at 0.05. Thus, the relationship was significant. Because of this, the hypothesis “There is a significant relationship between contract awarding and procurement performance of UNRA” was accepted. Thus, the implication of the findings is that the improvement in procurement performance in UNRA is contributed to by adherence to contract awarding process.

### 1.35.2.2 Regression results for contract awarding and procurement performance

A further analysis was conducted using a regression to determine the extent to which contract awarding predict procurement performance. Findings are presented in Table 4.5, accompanied by analysis and interpretation.

**Table 0.5: Model summary**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.102	.170		6.467	.000
	Contract awarding	.306	.054	.500	5.693	.000
<b>Dependent variable: procurement performance</b>						
	R square	.500 <sup>a</sup>			F-statistics	67.123
	Adjusted R Square	.457			Sig.	0.01

Findings in Table 4.5 show a strong linear relationship (Multiple R = .500) between contract awarding predict procurement performance. The adjusted R Square shows that procurement planning accounts for 45.7% change in service delivery. These findings were subjected to an ANOVA test, which showed that the significance (Sig F = .001) of the Fishers ratio (F = 67.123) was greater than the critical significance at .05.



### 1.35.3 The process of contract administration in Uganda National Roads Authority

To establish whether UNRA follows a clear process of administering contracts, Table 4.6 has more details:

**Table 0.6: Descriptive Statistics on the findings on the process of contract administration in UNRA**

Items	1	2	3	4	5	Mean
Keeps promises.	10.5%	13%	22.3%	31.5%	22.3%	3.52
Provides consistent quality.	13%	15.7%	3.9%	39.4%	19.7%	3.54
Gives a good price.	9.2%	10.5%	11.8%	43.4%	25%	3.57
Provides a good technical service backup.	21%	38%	6.5%	21%	13%	3.70
Is responsive to our organizational needs.	6.5%	6.5%	7.8%	50%	28.9%	4.01
Keeps the buyer informed on progress.	3.9%	3.9%	7.8%	52.6%	31.5%	4.12
Provides technical support whenever required.	0%	0%	0%	74.3%	23.7%	4.22
Has a stable financial background.	2.6%	2.1%	1.08%	41.9%	52.2%	4.55
Requires delivery on time.	0%	0%	11.5%	23.9%	34.2%	4.60

The results in found out that UNRA undertake a clear contract administration and this is presumed to have a literal relationship with procurement performance. Among the items that had means above 3.5 included; requires delivery on time (4.60); has a stable financial background. (4.55); provides technical support whenever required (4.22); Keeps the buyer informed on progress (4.12); Is responsive to our organizational needs (4.01); Provides a good technical service backup (3.70); Gives a good price (3.57); Provides consistent quality (3.54); Keeps promises (3.52).

This implies contract administration in UNRA is very much informed and ensures that contracts yield required quality in roads constructed, they also ensure that roads are constructed in time,

they also ensure that they provide technical support to contractors, they ensure that contracts meet organizational goals, keep their promises, deliver in time and meet financial stability required from a contractor.

On the side of key informants, it appeared that majority of them concurred with the above position. They opined that UNRA is a public sector organization that must do things in light since it is scrutinized by oversight agencies like Parliament of Uganda and IGG. They indicated that while managing contracts, they ensure that such contractors meet the required requirements as set. The management and administration take time to go down on ground to find out that contractors in the projects they are undertaking are yielding as per the quality, cost and time set. One of the key informants said:

*“...I think you have always seen that even our Executive Director goes on ground to monitor and evaluate roads and bridges done by contractors...in august this year, our ED found out that a contractor in Kamuli had done shoddy work...his contract was cancelled and they were ordered to pay...some UNRA engineers were also arrested...”*

Further, key informants indicated that because of the stringent contract administration in UNRA, roads are constructed in time set and this is a credit to the contract committees which selects and award contracts. One of them was quoted:

*“We had a big challenge of contractors not delivery in time and with quality we wanted but on 10 roads constructed currently, at least 9 of them come out with the specifications we need and the suppliers do deliver in time.”*

This implied that UNRA has invested much effort in administering contracts especially when it comes to ensuring that contracts are done in time, quality and costs set. This is a good measure of

good contract administration. The above position was contrary to the documents reviewed. For instance, UNRA Procurement Reports (2015/2016) confirms that some of the suppliers that were given the contract to supply some construction materials in BweraKasesse district, supplied raw materials below standards. Further IGG Report (2016) indentifies some loopholes in the costs in used implementing road contracts, Uganda used times four prices used to construct a road in Ethiopia. These reports point a figure in some loopholes that may still exist in UNRA and this is likely to affects its procurement performance.

### 1.35.3.1 Correlation results for contract administration and procurement performance in Uganda National Roads Authority

To test if there was a relationship between contract administration and procurement performance in UNRA, a Pearson correlation coefficient was done by the study and the results are shown in Table 10 below.

**Table 0.7: Correlation results**

		Contract administration	Procurement performance
Contract administration	Correlation Coefficient	1.000	.567**
	Sig. (2-tailed)	.	.037
	N	75	75
Procurement performance	Correlation Coefficient	.567**	1.000
	Sig. (2-tailed)	.037	.
	N	75	75

\*\* . Correlation is significant at the 0.05 level (2-tailed).

Findings show that there was a positive correlation ( $r = .567$ ) between contract administration and procurement performance of UNRA. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ( $p = .037$ ) is less than the

recommended critical significance at 0.05. Thus, the relationship was significant. Because of this, the hypothesis “There is a significant relationship between contract administration and procurement performance of UNRA” was accepted and significant. The implication of these findings is that increase in procurement performance of UNRA can be attributed to increased observation of proper contract administration.

### 1.35.3.2 Regression results for contract administration and procurement performance of UNRA

Further analysis was conducted using a regression to determine the extent to which contract administration predicted procurement performance of UNRA. Findings are presented in Table 4.8, accompanied with an analysis and interpretation.

**Table 0.8: Model summary**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.181	.347		3.401	.001
	Contract administration	.669	.086	.315	3.263	.002
<b>Dependent variable: procurement performance</b>						
	R square	.423 <sup>a</sup>			F-statistics	127.644
	Adjusted R Square	.330			Sig.	0.01

Findings in Table 4.8 show a strong linear relationship (Multiple R = .671) between contract administration and procurement performance of UNRA. Going by the adjusted R Square, it is shown that contract administration account for 33% change in procurement performance of NARO. These findings were subjected to an ANOVA test, which showed that the significance (Sig F = .001) of the Fishers ratio (F = 127.644) was less than the critical significance at .05.

### 1.35.4 Contract execution in Uganda National Roads Authority

To understand whether UNRA executes its contracts as per the set guidelines, Table 4.9 has details:

**Table 0.9: Descriptive Statistics on contract execution in UNRA**

Items	1	2	3	4	5	Mean
Reasons for contract variations should be clearly stated.	1.5%	15%	18%	42%	22.5%	3.70
Every effort should be made to resolve contractual disputes.	9%	6%	10.5%	45%	28.5%	3.79
Contract disputes are inevitable and may not be easily resolved between parties affected	0%	10.5%	25.5%	36%	27%	3.89
Employing a range of techniques to resolve disputes is important.	3%	3%	22.5%	40.5%	30%	3.92
Escalations of disagreements can impact on contract deliverables	3%	4.5%	13.5%	43.5%	34.5%	4.03
Variations means change of scope of work	0%	4.5%	25.5%	39%	31.5%	4.09
Variations require analysis of consequences proposed contract.	1.5%	7.5%	15%	28.5%	46.5%	4.12
Sound understanding of both parties' contractual responsibilities is important.	0%	0%	7.8%	69.7%	22.3%	4.20
Contractual disputes usually manifest as a result of role ambiguity.	0%	0%	0%	63.1%	36.8%	4.37
Variations during contract executions should be avoided.	0%	0%	0%	45%	55%	4.65

It is evident in table 4.4 that all items were agreed and strongly agreed by most of the respondents as indicated below; Variations during contract executions should be avoided (4.65); Contractual disputes usually manifest as a result of role ambiguity (4.37); Sound understanding of both parties' contractual responsibilities is important (4.20); Variations require analysis of consequences proposed contract (4.12); Variations means change of scope of work (4.09); Escalations of disagreements can impact on contract deliverables (4.03); Employing a range of

techniques to resolve disputes is important (3.92); Contract disputes are inevitable and may not be easily resolved between parties affected (3.89); Every effort should be made to resolve contractual disputes (3.79); Reasons for contract variations should be clearly stated (3.70).

The above responses seemed to imply that the process of contract execution in UNRA is well managed and this is because this is a clear avoidance of variations in contract executions; contractual disputes are well handled; sound understanding of both parties' contractual responsibilities is well articulated; variations are well assessed to have bad consequences; a number of techniques are employed to resolve disputes and reasons for contract variations are clearly stated. These are fundamentals of improved procurement performance in an organization. The findings from the interviewees seemed in congruence with what most of the respondents in the questionnaire had indicated. Majority of interviewees agreed with the view that there is proper contract execution in UNRA. They opined that the improvement which is seen in UNRA has been due to proper contract administration and execution in the organization, one of them was quoted saying:

*“Ever since UNRA became autonomous and headed by a new Executive Director, many things were changed...by now, the directors take time to also visit what the contractors are doing, that is why every year you see the executive directorate moving around monitoring projects done by UNRA...”*

The above confirms the fact that contracts in UNRA are being managed properly especially when they involved top management in checking on whether the contractors are doing work as agreed. This can be very much significant in helping the Authority in meeting the budget targets and hence improving performance. Further, it was established from majority of the key informant that contractor performance is well monitored and feedback is always given back to

the management and the contractors. Those who perform below standards are either forced to cancel their contracts and are given cautions for improvement.

Further, other key informants presented a different point of view on how contract execution is done. Despite the fact that all of them were in a strong agreement that contract execution is done, they didn't have the same point of view of whether it was done as expected. For instance, one of the procurement managers of the UNRA was quoted saying,

*“As UNRA, we make service agreement with our suppliers and contractors on what kind of products and services we need as per the guidelines we have in our legal and regulatory framework....”*

According to the new enacted PPDA act (2013), it is indicated that all government departments are mandated to undertake contract administration because if contracts are not managed, it may lead to loss of funds taken over by the Finance Ministry as unspent balances due to delayed works. Among the ways that this act stipulates include, coming up with service level agreement quality, having a local purchase order, determining and respecting specifications.

**1.35.4.1 Correlation results for contract execution and procurement performance in UNRA**

To test if there was there is a significant relationship between contract execution and procurement performance in UNRA, a null hypothesis was derived that “There is a significant relationship between contract execution and procurement performance of UNRA.”

**Table 0.10: Correlation results**

		Contract execution	Procurement performance
Contract execution	Correlation Coefficient	1.000	.593
	Sig. (2-tailed)	.	.033
	N	75	75

Procurement performance	Correlation Coefficient	.093	1.000
	Sig. (2-tailed)	.033	.
	N	75	75

\*\* . Correlation is significant at the 0.05 level (2-tailed).

Findings show that there was a positive correlation ( $r = .093$ ) between contract execution and procurement performance in UNRA. These findings were subjected to a test of significance ( $p$ ) and it is shown that the significance of the correlation ( $p = .033$ ) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. Because of this, the hypothesis “There is a significant relationship between contract execution and procurement performance of UNRA” was accepted and. The implication of these findings is that the improvement in procurement performance in UNRA has been linked to proper contract administration.

#### 1.35.4.2 Regression results for contract execution and procurement performance in UNRA

Further analysis was conducted using a regression to determine the extent to which contract execution predicted procurement performance in UNRA. Findings are presented in Table 4.11, accompanied with an analysis and interpretation.

**Table 0.11: Model summary**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.073	1.134		-.064	.949
	Contract execution	.172	.255	.259	2.638	.010
<b>Dependent variable: procurement performance</b>						
	R square	.537 <sup>a</sup>			F-statistics	17.761



	Adjusted R Square	.436		Sig.	0.000
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*Source: Primary data*

Findings in Table 4.11 show a moderate linear relationship (Multiple R = .537) between contract execution and procurement performance in UNRA. Going by the adjusted R Square, it is shown that contract execution account for 43.6% change in procurement performance in UNRA. These findings were subjected to an ANOVA test, which showed that the significance (Sig F = .000) of the Fishers ratio (F = 17.761) was greater than the critical significance at .05.

## **CHAPTER FIVE:**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **1.36 INTRODUCTION**

This chapter sums up the study findings in logical summaries, discussions, conclusive remarks and recommendations

#### **1.37 SUMMARY OF THE FINDINGS**

##### **1.37.1 Contract awarding and procurement performance of Uganda National Roads Authority**

Results revealed that there is a positive relationship between contract awarding and procurement performance of Uganda National Roads Authority. This implied that the higher UNRA adhered to contract awarding process, the higher the level of procurement performance in the organization. This was supported by Pearson correlations which was 0.600 and significant at .029.

##### **1.37.2 Contract administration and procurement performance of Uganda National Roads Authority**

Results revealed that there is a positive relationship between contract administration and procurement performance of Uganda National Roads Authority. This implied that the higher UNRA adhered to contract administration criterion, the higher the level of procurement performance in the organization. This was supported by Pearson correlations which was 0.567 and significant at .037.

##### **1.37.3 Contract execution and procurement performance of Uganda National Roads Authority**

Results revealed that there is a positive relationship between contract execution and procurement performance of Uganda National Roads Authority. This implied that the higher UNRA adhered to contract execution process, the higher the level of procurement performance in the

organization. This was supported by Pearson correlations which was 0.593 and significant at .033.

## **1.38 DISCUSSION OF THE FINDINGS**

### **1.38.1 Contract awarding and procurement performance of Uganda National Roads Authority**

The first hypothesis stated, “There is a relationship between contract awarding and procurement performance of Uganda National Roads Authority.” The inferential statistics indicated that there was relationship between contract awarding and procurement performance of UNRA. These study findings are in line with what earlier studies established that contract awarding positively influence procurement performance of Uganda National Roads Authority. For instance, Contract awarding is highly related to procurement performance. Contract awarding is the process of making sure that contract needs are indentified before the process of procurement begins. This is derived from the process of needs assessments. Needs assessments provides the best way on how the organizations want to achieve most and first, the limitation of goods, works and all kind of services needed. The procurement strategies that can be adopted and the accountability measures that can be most effective (Ezeh, 2012). Needs assessment comprises of the process organizations pass through to plan the purchasing activity in the organization for a specified period of time and this usually has an effect on the quality of service delivery (Agaba & Shipman, 2007).

According to (Ezeh, 2012), consolidation of procurement requirements starts with needs assessment, which is a systematic undertaking to determine the needs in the organization and come up with appropriate desired conditions. Needs assessment helps to indentify the problem and devise appropriate interventions. Therefore, the quality of services provided thereafter

depends on the prior needs assessment done by the organization. According to the (PPOA, 2009), the procurement process begins with realizing the needs and indentifying requirements. These requirements in the organization comes with particular qualities and this is informed by the status of the inventory, project plan, schedule of production, work plans and budget framework. These requirements direct how market survey is done one the prices, quality of new products, substitute products, supply sources and the nature of competition (Karin et al. 2007).

Garvin (2003) further ascertained that consolidation of procurement requirements depends on the quality planned and if it is adhered too, it is likely to have a direct impact on the quality of services to be expected at the end. Quality is defined using five differing approaches which consist of transcendent quality based approach; the product-based quality approach; the approach of user-based; manufacturing-based quality approach; and lastly the approach of value-based. When these approaches are followed, the quality of services delivered will automatically be quality enough.

### **1.38.2 Contract administration and procurement performance of Uganda National Roads Authority**

The second hypothesis stated, “There is a relationship between contract administration and procurement performance of Uganda National Roads Authority.”The inferential statistics indicated that there was a significant positive relationship between contract administration and procurement performance of Uganda National Roads Authority. These study findings are supported by other studies which had earlier established that contract administration positively influence procurement performance of Uganda National Roads Authority. For instance, the performance of a procurement budget is highly dependent on contract administration (Mullins, 2003). Contract administration refers to the procedure used by organizations in ensuring to the

suppliers are monitored in courtesy of meeting the requirement of contracts (Garret & Rendon, 2005). Hinton (2003) in his study on the best practices in government: components of an effective contract monitoring system, he defines contract management is following the process of collection and analysis of information used in providing assurance that the contractor performs well by time agreed and ensure that contracts are delivered. Arrows (2010) further explains that key performance indicators must be spelt out in the contract and these can be used in providing a basis for determining their compliance. These must be reported on a regular basis. Arrows (2010) further reported that managing contract is about continuous monitoring of whether services delivery is performing as per the contract plan, delivered in time preplanned and the penalties be provided to non-adherence in time. Therefore, if such are not complied on, the performance of a budget is affected.

Mturi (2013) established the sources of risk being the dangerous settings of operating environment. Suitable environment for operation determines contract performance and contract performance is primarily better performance of a budget. Mturi (2013) in his study of the whole lifecycle of managing contracts in public sector organizations, his findings revealed that contract lifecycle management (CLM) is an effective tool to manage risks, compliance and change that reduces losses in budget estimates. Success of a business entity is highly dependent on management and organization capabilities (Ellram, 1991). A well-managed supplier's firm in terms of human and organizational resources would develop its performance which in turn will affect buying organization's success (Modi and Mabert, 2007). The supplier's technical capability help influence buying organization's ability to meet its customer needs (Cheraghi,

2004). Garvin (1984) thus argues that retrospective of investment levels, suppliers expect their technological capability to benefit the buying organization for a long time.

Kanzira (2013) in his study on procurement practices and quality of service delivery in public institutions in Uganda found that financial capability is matched with available funds and cash flow. However, disagreements between procurement and user departments occur in regard to cash allocation. Relatedly, Welikhe (2013) who conducted a similar study with Uganda National Examinations Board found out that UNEB procurement processes did not involve many staff in the procurement planning processes. Oluka and Basheka (2012) as well assert that among the major elements to effective contract management towards budget performance is having clear plans of managing a contract and developing appropriate methods of indentifying non-adherence. The study was driven by persistently low compliance levels reported by the procurement authority as far as road construction projects are concerned. Data was collected using a closed ended questionnaire and the study identified determinants for effective contract management but the study was only based on some public sectors and not UNRA. Beijer (2012) in his study on design of a budget performance measurement, he found out that without adhering to contract management process, it affects the utilization of budget funds and can lead to increased unspent balances. Beijer (2012) further asserts that quality and delivery as performance criteria of the budget to monitor the operational performance of contractor or suppliers, because these performance criteria can be used to both monitor and analyze contractor or suppliers.

### **1.38.3 Contract execution and procurement performance of Uganda National Roads Authority**

The third hypothesis stated, “There is a relationship between contract execution and procurement performance of Uganda National Roads Authority. These findings were in line with earlier literature reviewed which had indicated that for public sector projects, contract managers need to ensure that the contract variations are not of such a level that they significantly change the contract requirement and/or substantial parts of the original transaction (Narasimhan&Jayaram, 1998). If this is the case, it may be necessary to undertake another procurement process because the revised arrangements are substantially different to those selected through the original procurement. The reasons for the variation should be clearly documented. In many public contracts in Uganda, variations have been used to mask poor performance or making serious statements for underlying problems affecting the original contractor in terms of: timeframes, quality and value for money deliverables. If the effects are significant, senior management and other stakeholders may need to be consulted (Bovis, 2006).

In congruence with study findings, Abi (2001) ascertains that the ability to vary contracts should not however be directed or controlled by the supplier but should only occur in defined circumstances. Nonetheless, it is possible to inadvertently amend a contract by oral agreement or conduct, even where there is a contract provision expressly requiring a formal process to be followed. Therefore, it’s important to involve those in managing and administering the contracts not to agree to informal contract amendments. Fundamentally, to know provisions to allow and regulate contract variations are not standard features of all contracts in much public sectors procurement. It is accepted practice for the variation mechanism to provide for variations to be agreed between the customer and the service provider in writing through a formal amendment of

the contract (Arrowsmith, 2003). Brown (2002) in further support of the study findings indicated that many disagreements and disputes arise when parties cannot agree on issues related to the interpretation of contract provisions, such as the definition of deliverables, how performance standards are met and/or the effect of unexpected events. These disagreements may be of a minor nature which can be and are readily resolved. However, it is important that any possibility of dispute or an actual dispute be recognized at an early stage and addressed as quickly as possible (Brown, 2002). Avoiding the escalation of disagreements can impact on contract deliverables and reduce the costs to both parties.

### **1.39 CONCLUSIONS**

Conclusions in this study were made basing on the study objectives;

#### **1.39.1 Contract awarding and procurement performance of Uganda National Roads Authority**

The contribution of contract awarding in facilitating an efficient and effective procurement performance in public sector organizations is undisputed. A proper contract awarding process helps procuring entities to achieve maximum value for expenditures on services to be delivered and enables the entities to identify and address all relevant issues pertaining to a particular procurement before they publicize their procurement notices to potential suppliers of goods, works and services. There is significant relationship between contract awarding and procurement performance of UNRA. This implied that despite the fact that UNRA engages in proper contract market survey, this had resulted into procurement performance in UNRA.

#### **1.39.2 Contract administration and procurement performance of Uganda National Roads Authority**

The role of contract administration in enhancing procurement performance at UNRA cannot be underrated. It was observed that cost is the most important criterion during contract



administration it greatly impacts on the overall resource utilization given the fact that procurement uses a great margin of the organization's financial resources. This implies that if the selection of the suppliers is done well considering the element of cost, then there will be no overspending on budgets and under-performance of budgets and thus better procurement performance.

### **1.39.3 Contract execution and procurement performance of Uganda National Roads Authority**

The way in which contract execution is handled at UNRA does not in any way affect the entity's procurement performance. The contribution of contract execution on procurement performance at UNRA cannot be overvalued since a lot was found missing. UNRA does not practice good contract execution. This is illustrated by the fact that they do not engage entirely in contract management practices: contractor monitoring and acceptance management, contractor relationship management, contract administration, dispute resolution, and contract closure. Measures of effective contract management are highly absent like setting appropriate strategic decisions; use of effective evaluation procedures; employing contract management team with relevant skills, qualifications, knowledge, and experience; good management of contractor's performance; formulation of a win-win situation for both parties; provision form implementation of change; clear description of processes and contract management plans; definition of roles precisely; and taking initiatives and preventive actions.

### **1.40 RECOMMENDATIONS**

Therefore, recommendations have been reached depending on the study objectives and conclusions made in the latter;

#### **1.40.1 Contract awarding and procurement performance of Uganda National Roads Authority.**

There is a need for UNRA to ensure that market survey is well done to ensure that before contracts are awarded, they are awarded on right conditions in the market to avoid disappointments. Further, there is a need for UNRA to always identify a need before any procurement is done, this will assist them to strategically budget for the specified need, also the procurement committee should be able to confirm the availability of funds before any purchase is made hence having a successful budget performance.

#### **1.40.2 Contract administration and procurement performance of Uganda National Roads Authority.**

The study recommends that the management keeps on monitoring as well as reassessing the whole process of contracting. Contract administration need to develop key performance indicators (KPIs) that can enable the performance of procurement in UNRA to meet the required performance standards recommended.

#### **1.40.3 Contract execution and Uganda National Roads Authority.**

Basing on study observations and conclusions, it is recommended that UNRA should strive to ensure tentative quality plans are developed before contract implementation, inspection should be conducted during defect liability period to identify areas to be rectified, liquidated damages should be imposed on delayed works and training members of tender board and contract management teams on procurement contract proceedings in order to enhance their knowledge. Referring to some of the respondent's comments during the study, the following are the researcher's recommendations; Emphasize should be done to contractors to review and understand the contract requirement including the case organization invoicing requirements

during kick-off meetings. This will act as reminder for contractors to meet the contract requirements.

#### **1.41 AREAS OF FURTHER RESEARCH**

Wholesomely the study tried to meet and achieve the set objectives as shown in the write-up, however, in the process the researcher has observed certain areas that require further research.

These include:

- The study was limited to two attributes of procurement practices and few variables of procurement performance. There is a need for future research to replicate the findings employing multidisciplinary measures of procurement practices and wider coverage of procurement performance and also applying it to different populations.
- Still, the study was conducted in UNRA. This makes the study limited to UNRA and not in other organization in Uganda. Therefore, there is a need to replicate this study in other organizations in Uganda, since things may be a bit different.

#### **1.42 LIMITATIONS OF THE STUDY**

Some respondents deliberately failed to answer the questionnaire. This gave the researcher hard time but he had to resource and replaced such people with the same people in the target population.

Secondly, some respondents wrongly filled the questionnaires. This came as a result of time constraints as some of them rushed to answer the question and attend to their work. But the researcher managed to recover most of the questionnaires well filled. Those which were wrongly filled were ignored.

Time was one of the study's major constraints as the researcher couldn't meet some people as expected since they had travelled abroad. Since the study had a specified time, the researcher replaced such people with their personal assistants.

In spite of all these challenges however, the researcher did everything he could to undertake it successfully.

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No	MEASURES	1	2	3	4	5
2	Consolidation of user needs leads to cost reduction through economies of scale.					
3	Consolidation of User needs leads to reduction of lead times.					
4	Good specifications must take into considerations market conditions where necessary.					
5	User department must consider aggregation of their needs as much as possible.					
7	Good understanding of the buyers needs is important during aggregation of user needs.					
8	Specifications need to be true and accurate statement of buyers' requirements.					
9	Specifications must be developed by User departments					
10	Specifications must be written to encourage competitions among vendors.					
11	Specifications provide assurance that the quality of an item is suited to its intended use.					
12	Specifications must define user requirements in simple terms.					

**ii) CONTRACT ADMINISTRATION**

	MEASURES	1	2	3	4	5
1	Requires delivery on time.					
2	Provides consistent quality.					
3	Gives a good price.					
4	Has a stable financial background.					
5	Provides a good technical service backup.					
6	Is responsive to our organizational needs.					
7	Keeps promises.					
8	Provides technical support whenever required.					
9	Keeps the buyer informed on progress.					
10						

**iii) CONTRACT EXECUTION**

<b>No</b>	<b>Measures</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Variations means change of scope of work					
2	Variations require analysis of consequences proposed contract.					
3	Reasons for contract variations should be clearly stated.					
4	Variations during contract executions should be avoided.					
5	Contract disputes are inevitable and may not be easily resolved between parties affected					
6	Escalations of disagreements can impact on contract deliverables					
7	Every effort should be made to resolve contractual disputes.					
8	Sound understanding of both parties' contractual responsibilities is important.					
9	Contractual disputes usually manifest as a result of role ambiguity.					
10	Employing a range of techniques to resolve disputes is important.					

**SECTION C: PROCUREMENT PERFORMANCE OF UNRA**

**iv) PROCUREMENT PERFORMANCE**

<b>No.</b>	<b>MEASURES</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Suppliers must have the commitment to maintain suitable quality performance					
2	Quality is absence of defects					
3	Quality fitness for purpose					
4	Cost must be a pre-requisite factor for supplier selections					
5	Selection of the right supplier is key in obtaining the desired level of quality.					
6	Selection of the right supplier is key in obtaining the right price of the products					
7	Supplier must guarantee consistent delivery time for product and services					

No.	<b>MEASURES</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
8	Meeting delivery deadlines are very important in supplier selection					

**THANK YOU FOR YOUR PARTICIPATION!**

## **APPENDIX II:INTERVIEW SCHEDULE FOR KEY INFORMANTS**

### **Section A: Contract Awarding and Procurement Performance**

**Qn.1** Consolidation of user requirements involves preparing a list of all requirements expected to be procured by the organization. Kindly, share with the researcher how UNRA seriously recognizes this activity in its procurement process.

**Qn.2.** The success of procurement activity relies on developing true and accurate statement of buyer's requirements. In the context of UNRA, suggest how developing accurate specifications can provide value for money to the PDE.

**Qn.3.**What are the merits and demerits associated with the different methods of specifications.

### **Section B: contract administration and Procurement Performance**

**Qn.4** It has been argued that sourcing from the right suppliers ensures VFM and cost saving to the organization. Kindly, share with the researcher the most preferred supplier selections criteria used by UNRA and the rationale for each criterion.

**Qn.5** What are some of the critical success factors used by UNRA in its supplier selections processes?

**Qn.6** Kindly explain how supplier's technical capability and financial capacity are regarded important in UNRA's vendor selection process

**Qn.7** In your view how do you think analysis of potential vendors financial position can help reduce un-certainties associated with procurement performance of UNRA? If so, Explain

### **Section C: Contract execution and Procurement Performance**

**Qn.8** What is the goal of contract execution at UNRA?

**Qn.9** Best practices suggest contract execution needs to be structured to facilitate effective implementations. Please, share with the researcher how contract execution in UNRA is undertaken.

**Qn.10** Contractual variations such as price changes, labor changes are inevitable during contract implementations. Please, share with researcher how UNRA works to ensure that contract variations are ultimately managed well?

**Qn.12** It is recommended that most commercial contracts should include a dispute resolution mechanism. How does UNRA structure its contract to ensure this requirement observed within UNRA contracts?

### APPENDIX III: DOCUMENTARY REVIEW

<b>S/No</b>	<b>Description of Document</b>	<b>Comment</b>
1	Signed procurement requisition	
2	Summary description of the procurement process	
3	Technical specifications	
4	Cost estimates/budget	
5	Official approvals	
6	Prequalification documents	
7	Bidding/Request for Quotation documents	
8	Bid/quote evaluation report	
9	Proposals from suppliers	
10	Copy of performance security	
11	Schedule for planning and monitoring procurement steps	
12	Confirmation of performance security from commercial issuing bank	
13	Record of any modifications to Request for Quotation documents	
14	Bidder's list, supplier's list	
15	Record of advertisements, including dates and entries	
16	Meeting minutes, including dates, participants, and actions	
17	Correspondence, dated and signed	
18	Conditional or unconditional award letter	
19	Copies of Contract (signed)	
20	Protocols for inspection and testing	
21	Inspection and test reports, dated and signed	
22	Copies of all payment authorizations	
23	Monitoring form for supplier performance	



**APPENDIX IV: TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN  
POPULATION**

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

*Source: Krejcie & Morgan (1970, as cited by Amin, 2005)*

Note.—*N* is population size.

*S* is sample size.