



**PROCUREMENT MANAGEMENT PRACTICES AND VALUE FOR MONEY IN  
LOCAL GOVERNMENTS IN UGANDA: A CASE OF MITOOMA DISTRICT.**

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## DECLARATION

I, Moses Natumanya declare that this research dissertation is my original work and has never been published or presented to any university or institution of higher learning for award of any academic award.

Signature.....

Date.....

**Moses Natumanya**

## APPROVAL

This is to certify that this research dissertation on “procurement management practices and value for money in local governments in Uganda: A Case of Mitooma District” was carried out under our supervision. We confirm that it has been submitted for examination with our approval.

Signed.....

Date.....

**Dr. Stella B. Kyohairwe (PhD)**

Signed.....

Date.....

**Dr. Michael Kiwanuka**

## **DEDICATION**

This dissertation is dedicated to my wife Allen. M. Natumanya and beloved children. May this work be a great source of inspiration to my children.

## **ACKNOWLEDGEMENT**

I wish to convey my gratefulness to my supervisors Stella B. Kyohairwe and Mr. Michael Kiwanuka who guided me throughout the time of compilation of this study. They motivated me to work hard and successfully and complete this work. This stimulation has taken me to another level of my academic development. I also earnestly extend my appreciation to all the staff of Uganda Management Institute for their time, input and support that enabled me complete this work. Their help enabled me to obtain the needed materials for the compilation of this study. I also acknowledge the staff Mitooma District Local Government who volunteered responses. Without their cooperation, this work would not have reached fruitful conclusion. Above all, I thank God for keeping me moving and sustaining every person who has contributed to the success of this work. I can never be able to repay them for their wisdom and support that made this study a success.

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## **ABSTRACT**

This study sought to establish the relationship between procurement management practices and value for money in Local Governments in Uganda. Specifically, the study sought to establish relationship between procurement planning, contracts management and supplier relationships management programs and value for money. The study was across-sectional design that used questionnaires and interview guides to observe a sample of 54 respondents. Quantitative data was analysed using descriptive statistics and correlation analysis. The study found out that there was a significant positive relationship between procurement planning, contracts management and supplier relationships management programs and value for money. The study concluded that procurement planning, contracts management and supplier relationships management programs relate value for money. It was thus recommended that government agencies, local governments and organisations involved in procurement should ensure that procurement planning is carried out effectively to ensure value for money, should ensure contracts are managed in a way that leads to value for money and procurement should establish effective relationships with suppliers.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

Value for money is the core principle governing procurement. Officials buying goods and services need to be satisfied that the best possible outcome has been achieved taking into account all relevant costs and benefits over the whole of the procurement cycle (Raymond, 2008). This calls for client satisfaction, organisational interest, fair play, honesty, justice and equity (Korosec and Bartle, 2003). Procurement practices in Uganda's local governments of Uganda have a bearing on value for money (Ingari, Mule, Ondoro, Obura & Thairu, 2012; Raymond, 2008). This first chapter covers background to the study, statement of the problem, study purpose, objectives, research questions, hypotheses, conceptual framework, significance, justification, scope and operational definition of terms.

### **1.2 Background to the Study**

#### **1.2.1 Historical Background**

Interest in the study of procurement management has been going on for a long time. In 1914, the Rockefeller Foundation funded a series of intensive studies regarding problems of public administration with *procurement*, as one of four major economic activities of government included in the study. This resulted in the publishing of a 275-page book in 1919 entitled, the Principles of Government Purchasing. Since then, there have been many developments in public procurement practices, including numerous government procurement reforms; the emergence of public procurement professional associations and training programs in procurement in various institutions (Thai, 2001). Procurement involves the acquisition process, which is the analysis of organisational goals and needs, decision on necessary acquisitions and formulation of business requirements and development of requirements specification for procurement (Vasilecas, Saulis, Paliulis & Vaiciulis, 2007). On the other

hand, value for money is the relationship between the money that enters the chain (the costs) and the resulting outcomes and impact. It is in terms of the results chain, which show how money is converted into inputs, which in turn generate activities (or ‘processes’), produce outputs and finally result in outcomes (changes in social or economic well-being) and impacts (related to the longer-term, higher level goals of programmes) (White, Hodges & Greenslade, 2013).

Good public management and administration, with emphasis on accountability and responsiveness to customer needs; against the backdrop of serious accountability scandals, has been seen as an aspect of good governance by donor agencies supporting reforms in developing countries. Accountability in the public sector has been a major problem in a number of African countries and highly centralized forms of governance have been blamed for the generation of administrative pathologies (Basheka, 2008). However, these administrative experiences can as well be within decentralised systems. Thus mechanisms of ensuring accountability are necessary within decentralized governance systems. An important element of the promise of decentralisation is the ability to tailor local public sector policy and service delivery to the needs of local populations, while at the same time providing incentives for an effective, efficient and locally accountable public sector (Mullins, 2003).

With the decentralisation policy in Uganda, the magnitude of roles and responsibilities devolved increased as well as financial resources. With this increased financial autonomy in Local governments, the procurement function is increasingly becoming very important because local governments now handle huge sums of money. The money is to procure contracts like feeder road construction, water supply, construction of health units and primary schools, supplies to district hospitals and lower health units, school furniture and many others (Oluka & Ssenoga, 2008). Procurement in local governments in Uganda is guided by the

Public Procurement and Disposal of Public Assets Authority (PPDA) established by the Public Procurement and Disposal of Public Assets Act 1 of 2003 as the principle regulatory body for public procurement and disposal. PPDA regulates the Procuring and Disposal Entities (PDE) which include local governments with tender boards for contracting. The Local Government (Amendment) Act (No.2) 2006 which established Contracts Committees, charged with overseeing the supplier evaluation and selection in local governments. The Contracts Committee replaced the tender boards (Obanda, 2010). This was again amended in 2014 and the PPDA Act & Regulations as Amended 2014 establishes came into force. To curb corruption, the 2014 Act authorizes officers conducting procurement audits, compliance checks or investigations to enter any premises at a reasonable time and inspect the premises (Tentena, 2014). All this is meant to ensure value for money in procurement.

### **1.2.2 Theoretical Background**

This study was be underpinned by the quantity theory of the value of money developed by David Ricardo (1811). The theory proposes that the amount of commodities to be exchanged is at any time a fixed quantity, and that there is likewise a definite amount of the medium of exchange to perform this work. Thus prices are the ratio between the bulk of commodities on the one hand, and the quantity of money on the other. The price of a commodity is its value expressed in terms of money. Since demand and supply regulate the values of commodities in conformity with their costs of production, the law may be expressed in these terms: the price of any commodity will be altered by a change either in the supply of the article used as the denominator of value; or in the demand for that article; or by a rise in the cost of producing the given commodity; or by a fall in this cost (Mitchell, 1896). The quantity theory of the value of money proposes that prices are the ratio between the bulk of commodities on one hand, and the value of quantity of money on the other. This theory was, therefore, the basis for establishing whether procurement planning, contacts

management and establishing supplier relationships increased the bulk of commodities on one hand, and the value of quantity of money on the other

### **1.2.3 Conceptual Background**

The key concepts in this study are procurement and value for money. Procurement is the acquisition (through buying or purchasing) of goods and services by organisations after analysis of organisational goals and needs, decision on necessary acquisitions and formulation of business requirements and development of requirements specification for procurement (Vasilecas, Saulis, Paliulis & Vaiciulis, 2007). In this study, procurement practices referred to those practices carried out during the acquisition of goods and services by organisations namely; procurement planning, contract management and supplier relationships. Concerning procurement planning this refers to is the process used by companies or institutions to plan purchasing activity for a specific period (Wambui, 2013). Operationally, in this study it referred to the process of long-range planning, supply planning, acquisition defending and supplier evaluation. On the other hand contracts management is the process of contract creation, execution and analysis (Goodrich, 2013). In this study it referred to the contract processes of prequalification, contract tendering, financial commitment, performance measurement, personnel preparation and contractor evaluation. While supplier relationships refer the discipline of working collaboratively with suppliers in order to maximise the value derived from those supplier relationships (Naude & Badenhorst-Weiss, 2011). Operationally in this study it was defined to refer long-term relationship, supplier development and effective communication. On the other hand, value for money is the relationship between the money that enters the chain (the costs) and the resulting outcomes and impact (White, Hodges & Greenslade, 2013). In this study, value for money referred economy, efficiency and effectiveness. According to White et al. (2013) economy refers to minimisation of the cost of procurements (inputs) having due regard to the

appropriate quality spending less but achieving appropriate quality while according to Gish (2015) efficiency denotes how well a company uses money while effectiveness refers ability of an organisation to perform a function with optimal levels of input and output.

#### **1.2.4 Contextual Background**

Mitooma like any other local government in Uganda is subject to the PPDA Act and Regulations (2014) for all procurement matters. However, despite the existence of such procurement regulations and guidelines, procurement in the district is still characterised by low value for money. In Mitooma district, companies procured to do construction and rehabilitation of public facilities such health centres did substandard and shoddy work with sewage systems and power wiring in dangerous state and structures collapsing soon after completion (ActionAid, 2014). Schools structures built under the universal primary education programmes such as classroom blocks and latrines collapsed while others looked dilapidated soon after construction. Newly inaugurated local government roads were already in poor condition with potholes and gullies because of shoddy work done. The animals and seeds procured for farmers were of low quality with seeds failing to germinate (Natamba, Asiimirwe & Nimpamya, 2014). The above contextual evidence showed that there was low value for money in the procurement of Mitooma local governments. However, lack of empirical evidence on procurement management practices and value for money in Mitooma District called for investigations of this study.

#### **1.3 Statement of the Problem**

The significance of value for money in any public procurement process cannot be over emphasized. For effectively delivery of services, value for money in the public procurement processes can be illustrated in terms of ensuring economy, efficiency and effectiveness in use of resources. Adoption of procurement management practices, therefore, that ensure value is



of utmost importance (Sumalia, 2014). Indeed to ensure value for money, the government of Uganda introduced that Public Procurement and Disposal of Public Assets Act 1 of 2003 and the Local Government (Amendment) Act (No.2) 2006 (Obanda, 2010) and then the PPDA Act & Regulations as Amended 2014 (Tentena, 2014). Despite this effort, there was lack of value for money in procurement in Mitooma District. Companies procured to do construction and rehabilitation of public facilities such health centres did substandard and shoddy work with sewage systems and power wiring in dangerous state and structures collapsing soon after completion (ActionAid, 2014). Schools structures built under the universal primary education programmes such as classroom blocks and latrines had collapsed while others looked dilapidated soon after construction. Newly inaugurated local government roads were already in poor condition with potholes and gullies because of shoddy work done. The animals and seeds procured for farmers are of low quality with seeds failing to germinate (Natamba, Asiimirwe & Nimpamy, 2014). If the problem of lack of value for money persisted, in procurement in local governments, there would no improvement in services delivery. Therefore, it was necessary to carry out this study to establish the relationship between procurement management practices such as planning, contracts management and supplier relations and value money in local governments.

#### **1.4 Purpose of the Study**

The study aimed at establishing the relationship between procurement management practices and value for money in local governments in Uganda, taking a case of Mitooma District Local Government

## **1.5 Objectives**

The study seeks;

- i. To establish the relationship between procurement planning and value for money in Mitooma District Local Government, Uganda.
- ii. To find out the relationship between contracts management and value for money in Mitooma District Local Government, Uganda.
- iii. To investigate the relationship between establishing supplier relationships management and value for money in Mitooma District Local Government, Uganda.

## **1.6 Research Questions**

This study will be guided by the following research questions;

- i. What is the relationship between procurement planning and value for money in local governments in Uganda?
- ii. How does contracts management affect value for money in Mitooma District local governments in Uganda?
- iii. What is the relationship between establishing supplier relationships management and value for money in local governments in Uganda?

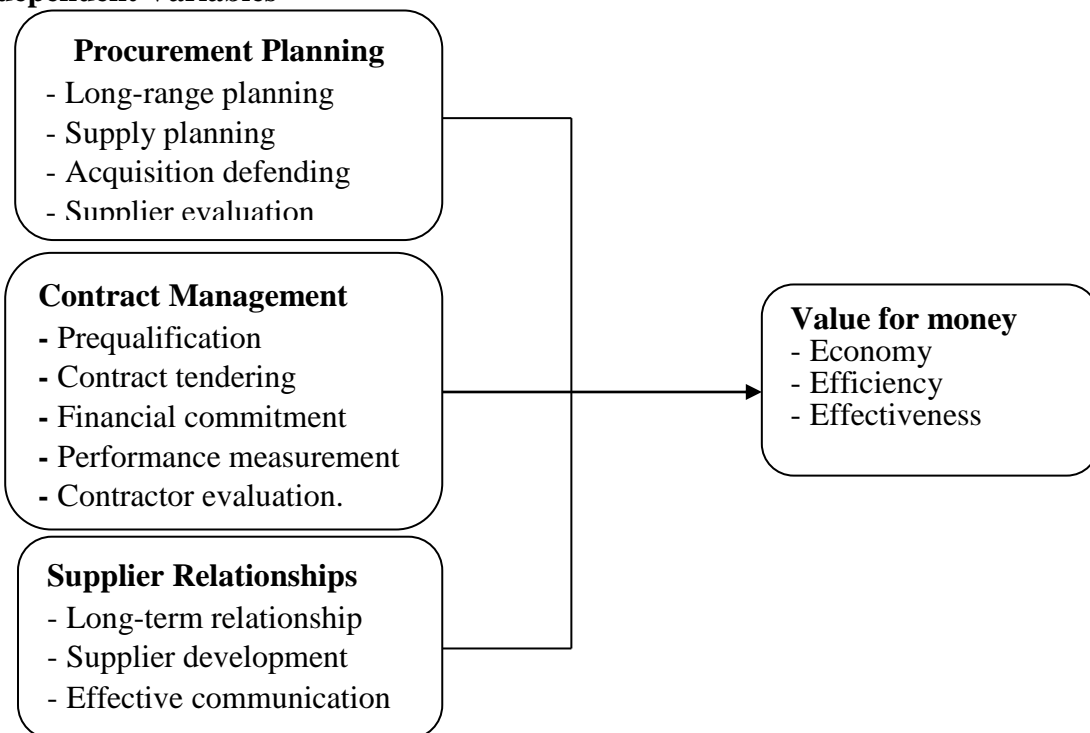
## **1.7 Research Hypotheses**

The study will be analysed basing on the following hypotheses;

- i. There is a positive significant relationship between procurement planning and value for money in local governments in Uganda.
- ii. There is a positive significant relationship between contracts management and value for money in local governments in Uganda.
- iii. There is a positive significant relationship between supplier relationships management and value for money in local governments in Uganda.

## 1.8 Conceptual Framework

### Independent Variables



**Figure 1.1: Conceptual Framework**

**Source: Developed basing on the model by Kiage (2013) and ideas by Burger and Hawkesworth (2011).**

The conceptual framework shows that there is a relationship between procurements management practices namely, procurement planning, contracts management and supplier relations with value money. The framework shows that procurement planning includes long-range planning, supply planning, acquisition defending and supplier evaluation. Contracts management is indicated to involve prequalification, contract tendering, financial commitment, performance measurement, personnel preparation and contractor evaluation. While supplier relationships are long-term relationship, supplier development and effective communication. On the other hand, value for money is in terms of economy, efficiency and effectiveness.

## **1.9 Justification of the study**

Value for money in services delivery is paramount. Therefore, it is imperative to put in place procurement management practices that ensure value for money such that there is economy in procurement, effectiveness and efficiency. However, public institutions continue to experience lack of value for money with procurement of poor quality commodities/ products, delayed deliveries, incomplete commodities deliveries, incompatible technologies and stock outs. In recent decades, there has been significant shift in the role of the purchasing function from being mainly an administrative or clerical role (fulfilling technical or operational requirements) to a more strategic, commercial and business focused role. A significant proportion of turnover and total cost is now typically spent on the procurement of goods, services or works from external organisations. Procurement responsibility therefore extends to a larger proportion of the organisation's spending- and procurement decisions can make a significant impact on services delivery in local governments. This study will be useful to the government agencies and other organisations in helping them achieve their objectives. Therefore, it was necessary to carry out this study to establish whether procurement planning, contracts management and supplier relations can help to ensure value money.

## **1.10 Significance of the Study**

The study will provide updated knowledge on the concept of procurement management practices and value for money. This will be useful to policy makers and managers of organisations in highlighting certain procurement management practices that can ensure value for money. These procurement practices might be adopted into the policies governing procurement of organisations and governments or implemented in organisations to ensure value for money in the management of procurement. Besides, this study contributes to the body of knowledge (BoK) by providing researchers and academicians with new knowledge to

extend and develop more knowledge on procurement management practices and value for money.

## **1.11 The Scope of the Study**

### **1.11.1 Geographical scope**

The geographical scope of the study was Mitooma District, a district in Western Uganda named after its main town, administrative and commercial centre, Mitooma. Mitooma District was bordered by Bushenyi District to the north, Sheema District to the east, Ntungamo District to the south, and Rukungiri District to the west. Mitooma, where the district headquarters were located was located approximately 25 kilometres (16 mile), by road, southwest of Bushenyi, the nearest large town. This district was selected for study because of lack of empirical studies on attaining of value for money in procurement.

### **1.11.2 Content scope**

The content scope was procurement management practices namely, procurement planning, contracts management and supplier relations and how they contribute to value for money. Procurement planning was studied in terms of long-range planning, supply planning, and acquisition defending and supplier evaluation. Contracts management was studied considering the constructs of prequalification, contract tendering, financial commitment, performance measurement, personnel preparation and contractor evaluation. Supplier relationships were studied in terms of long-term relationship, supplier development and effective communication. Value for money was studied in terms of economy, efficiency and effectiveness.

### **1.11.3 Periodic scope**

The time scope was the years 2010 – 2015 in order to be able to investigate procurement management practices and value for money in local Uganda over an extended period for deep analysis. This helped in analysing how procurement management practices had helped to ensure value for money in Local Governments in Uganda.

### **1.12 Definition of Key Terms**

**Contracts management:** This is the process of contract creation, execution and analysis (Goodrich, 2013). In this study, it referred to prequalification of bidders, contract tendering, financial commitment, contract performance measurement, contract management personnel preparation and contractor evaluation.

**Economy:** This is construed to mean the minimisation of the cost of procurements (inputs) having due regard to the appropriate quality. The intention is to spend less but achieve appropriate quality.

**Efficiency:** This refers to the minimisation of procurement costs (inputs) for a given set of outputs, or a maximisation of outputs for a given set of inputs (i.e. technical and economic efficiencies in the procurement process). This is the ability to get the most or best results (output) from the available resources (inputs), which is termed as spending well.

**Effectiveness:** This study considered it to refer to the impact of the procurements (i.e. whether or not the outputs from the procurement process delivered the desired outcomes). Effectiveness in this context is the extent to which the organisation has achieved its set objectives in the strategy and the programming intent which relates to spending right or spending wisely.

**Procurement:** This is the acquisition (through buying or purchasing) of goods and services by organisations (Hommen & Rolfstam, 2009). In this study, it was operationalised to refer to procuring of goods through a process that involves procurement planning, contracts management and establishing supplier relationships.

**Procurement planning:** This is the process used by companies or institutions to plan purchasing activity for a specific period (Wambui, 2013). In this study, procurement planning was conceived to refer to long-range planning, supply planning, defending the acquisition of goods and services, solicitation and evaluation of suppliers.

**Supplier relationship management:** This is the discipline of working collaboratively with suppliers in order to maximise the value derived from those supplier relationships (Naude & Badenhorst-Weiss, 2011). In this study, it referred to building a long-term relationship, supplier development policies and effective communication between buyers and suppliers.

**Value for money:** This is the relationship between the money that enters the chain (the costs) and the resulting outcomes and impact (White et al., 2013). In this study, it was considered to refer to ensuring economy, efficiency and effectiveness in the buying of commodities.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the theories that underpinned the study and a review of related literature from other studies carried out on procurement management practices and value for money. The literature was presented in relation to the objectives that guided the study

#### **2.2 Theoretical Review**

The theory that underpinned this study was the quantity theory of the value of money (David Ricardo (1811)). The theory proposes that the amount of commodities to be exchanged at any time is a fixed quantity, and that there is likewise a definite amount of the medium of exchange to perform this work. Therefore, prices would be the ratio between the bulk of commodities on the one hand, and the quantity of money on the other. A change in the amount of the circulating medium would cause a rise or fall of prices. According to theory, the value of every commodity is fixed by the relation between the demand for it and the supply of it. Price is the value of any commodity expressed in terms of some recognised denominator of value, whatever that may be. Since demand and supply regulate the values of commodities in conformity with their costs of production, the law may be expressed in these terms: the price of any commodity will be altered by a change either in the supply of the article used as the denominator of value; or in the demand for that article; or by a rise in the cost of producing the given commodity; or by a fall in this cost (Mitchell, 1896).

Further, Mitchell (1896) explains that what is true of the price of a single commodity is equally true of the average price of a large number of commodities. Consequently, the price level is subject to change from four causes. Therefore, if the demand for the article used as the denominator of value increases, and the other factors remain constant, less of the



denominator than before will exchange for the same amount of commodities; that is, prices will fall. If the supply of the article used as denominator increases, nothing else changing, more of that article will be offered for like amounts of goods; that is, prices will rise. If the average cost of producing goods increases, while the other factors are constant, more of the article used as denominator will exchange for an equal amount of commodities; that is, prices will rise. Finally, if the average cost of producing goods decreases, and no other change occurs, less of the denominator will buy the same amount of goods; that is, prices will fall. The general price level is subject to fluctuations arising from changes in the cost of producing goods, quite as much as to alterations caused by changes in the demand or supply of the article used as the denominator of value. The value of money-meaning the article commonly used as the denominator of value is determined by the same law as the value of any other commodity. Price is a ratio between two terms money and commodities and that it will change when either of these changes. This theory proposes that prices are the ratio between the bulk of commodities on the one hand, and the quantity of money on the other. This theory helped in relating planning, contract management and supplier relations in local governments ensuring that there is value for money by ensuring that prices of the commodities procured are the ratio of the quantity of money paid.

## **2.3 Related Review**

### **2.3.1 Procurement Planning and Value for Money**

Procurement planning includes both strategic and tactical components. Strategic-level planning is long-range planning and is typically performed every few years, when organisations need to expand their capacities. The scope of the strategic procurement planning process is extremely broad and comprehensive, touching on all aspects of organisational support, taking place in three distinct zones. The agency zone is where service delivery manager requirements for the provision of goods or services originate and where the

funding allocations for those requirements are managed (McCue & Gianakis, 2001). McCue and Gianakis (ibid) further explain that, in large agencies, this zone may include personnel who hold inventory, initiate call-ups or orders directly to suppliers using pre-arranged mechanisms such as blanket orders or standing offers, or send requisitions to the purchasing organisation. The study by Wanjiru (2012) revealed that strategic approaches in procurement activities increased quality of specifications that bore the ability to satisfy stated needs. On the other hand, Obanda (2010) in a qualitative study, fighting corruption in tactical procurement with staff of municipalities in Uganda as units of analysis established that, it paid off to consider possible instrumental approaches among which are effective implementation of the tactical procurement procedures.

On the other hand, Basheka (2008) studying procurement planning and accountability of local government procurement systems in developing countries reported that there was a significant positive relationship between procurement planning and accountable local government procurement systems in Uganda. On their part, McCue & Gianakis (ibid) established that professionals played a significant role in procurement. The findings of the study revealed that government purchasing buyers and officers needed knowledge, skills, and abilities to successfully carry out procurement.

In relation to the above, Kiage (2013) in a study on factors affecting procurement performance with staff of the Kenya Ministry of Energy as units of analysis revealed that procurement planning had a significant impact on procurement performance. Similarly, Wambui (2013) analysed the role of procurement on organisational performance in Kenyan secondary schools in Imenti North District. Results of descriptive statistics revealed that procurement plans helped in achieving maximum value on expenditure for the goods, services and works procured. Chari, Mushanyuri, Chingarande and Karambakuwa (2013)

studied purchasing practice in Zimbabwean state universities. Qualitative results of the study revealed that the universities rationalised supplier bases in place and this resulted in realising in phenomenal cost saving.

The studies above made significant effort in relating procurement planning and value for money. However, of the studies above, only two studies were carried out in Uganda (e.g. Obanda, 2010; Basheka, 2008). Besides, some of the studies were carried out in contexts other than local governments. For instance the study by Wanjiru (2012) was carried out in a bank, Kiage (2013) carried out the study on a central government agency, Wambui (2013) carried the study in secondary schools while the study by Chari et al. (2013) was carried out in universities. These gaps called for this study that was carried on Mitooma District.

### **2.3.2 Contracts Management and Value for Money**

Contract management is the process of managing contract creation, execution and analysis to maximize operational and financial performance as an organisation, all while reducing financial risks (Goodrich, 2013). In their study, Romzek and Johnston (2002) investigated effective contract implementation and management. Their qualitative findings of the study revealed that successful contracting required an extraordinary amount of advance planning, negotiation, and on-going collaboration among contracting partners. Kiage (2013) studied factors affecting procurement performance. The study revealed that contract management entails planning, organizing, control and directing payments. Lack of proper controls in management of contracts with users left alone to manage and monitor own projects without involvement of procurement function led to failure of the projects.

Romzek and Johnston (2002) in their study, effective contract implementation and management made important revelations on contracts implementation. Their qualitative

findings of the study revealed that contract implementation and management effectiveness could be enhanced by competition among providers. The study also revealed that resource adequacy enhanced contracts performance. Basheka (2012) revealed that the factors which should be considered for performance measurement of contractors should have a set of quality, cost, capacity and ethical related performance indicators.

Hamilton (2006) studied contract staff management system in the construction revealing that training contract staff management to improve their skill, expose them to current strategies and technologies, compete favourably with other companies, improve performance, productivity and profitability significantly improved performance. In their study effective contract implementation and management already mentioned above, Romzek and Johnston (2002) established that contract implementation and management effectiveness could be enhanced by competition and careful evaluation of contractors' staff. Huang (2011) carried out as a study, entitled an analysis of the selection of project contractor in the construction management process. The findings of study revealed that a competent contractor was one of the indispensable conditions of a proper process and completion of a construction project. However, competence could be established by evaluating of contractor financial management capacity.

The studies above made effort to relate contracts management and value for money. However, the studies by Romzek and Johnston (2002) and Huang (2011) were literature reviews not empirical studies. Besides, except only the study by Basheka (2012) all the other studies were carried outside Uganda. These gaps called for this empirical study in the Uganda context and local governments, specifically in Mitooma District Local Government.

### **2.3.3 Supplier Relationships and Value for Money**

One of the most important procurement best practices may be improving the relationship between the buyers and suppliers. Building a long-term relationship with a reliable supplier can result in better customer service and may prove to be more cost effective over time. Valk and Wynstra (2012) revealed that in order for a service exchange to be successful, buying companies should design their interactions with their service providers to closely resemble the specified ideal pattern for that specific service type. There is need to design interaction to fit with the transaction type.

Mandiyambira (2012) studied managing supplier relationships to improve public procurement performance. The study revealed that long term relationships with few suppliers were the best way of managing supplier relationships, as there were more benefits to be gained in long term relationships than adversarial approach. On their part, Waititu and Guyo (2013) revealed that the key supplier relationship management issues that influenced implementation of supply chain management ethics in government ministries included supplier development programs. However, the above studies were carried out in the context of a business enterprise and public sector.

Waititu and Guyo (2013) studying the influence of supplier relationship management on the implementation of supply chain management ethics in government ministries found out that supplier relationship management issues that influenced ethics in government ministries included existence of effective communication system with suppliers, application of supplier performance management system and implementation of effective supplier collaboration strategies. On the other hand, Inayatullah, Narain and Singh (2012) studying manufacturing organisations established that communication and fair treatment of supplier by buyer was

positively related to development of trust and development of trust had a positive influence on readiness of supplier to invest in the specific requirements of buyer positively affecting organisational performance. Paiva and D'Avila (2013) in a study buyer-supplier relationship and service performance with staff of Machinery and Food companies that were users of international maritime transport in Brazil established that relationships influenced delivery, dependability and cost.

The studies reveal that the above scholars made attempts to relate supplier relationships and value for money. However, the context all the studies was biased outside Uganda local governments. This thus made it necessary for this study to be carried out in the Ugandan context and in particular Mitooma District Local Government.

#### **2.4 Summary of Literature**

In summary, the above literature shows there are various procurements that influence value for money. The literature shows that procurement planning includes long-range planning, supply planning, acquisition defending and supplier evaluation. Contracts management includes prequalification, contract tendering, financial commitment, performance measurement, personnel preparation and contractor evaluation. While supplier relationships are long-term relationship, supplier development and effective communication. This literature was the basis for discussing the findings on the relationship between procurement management practices and value for money

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research methods that were followed in the study. It includes the research design, study population, determination of the sample size, sampling techniques and procedure, data collection methods, data collection instruments, validity and reliability, data analysis and measurement of variables.

#### **3.2 Research Design**

The proposed study adopted a cross sectional survey design in order to enable a onetime investigation of the study problem. Cross-sectional information gathered represents what is going on at a particular point in time. This significantly helped in obtaining useful data in a relatively short period (Bordens & Abbott, 2011). The study used both quantitative and qualitative research approaches. The quantitative approach was used for descriptive statistics and statistical inferences. The qualitative approach provided data for in-depth analysis (Fassinger & Morrow, 2013).

#### **3.3 Study Population**

The target population was 59 people who included 48 technical staff that were 1 Administrative Officers, 4 Town Clerks, 12 Sub County Chiefs, 12 Sub Accountants, 15 staff of District and Town Councils Accounts Department, 05 Audit Staff, 10 staff in the Finance Departments, 4 procurement staff (Mitooma District staff List, 2015). The others were 5 members of the Contracts Committee and 6 LCV Executive Committee Members.

### 3.4 Sample Size and Selection

The sample size for the study was 43 from an access population of 48 determined using statistical tables by Krejcie and Morgan (1970). The five members of the Contracts Committee and six LCV Executive Committee members were selected through purposive sampling for interviews (Table 3.1).

**Table 3.1: Sample size for a sub group**

<b>Respondents</b>	<b>Access population</b>	<b>Sample Size</b>	<b>Sampling technique</b>
Contracts committee	5	5	Purposive
LCV Executive Committee	6	6	Purposive
Technical Staff	63	54	Simple random
Total	74	55	

*Source: Mitooma District (2015)*

### 3.5 Sampling Techniques and Procedures

The study used both simple random sampling and purposive sampling techniques. Using simple random sampling, each individual was chosen randomly and entirely by chance, giving each individual in the population the same probability of being chosen for the study (Dattalo, 2010). For purposive sampling, this was based on the desire to select typical and useful individuals for relevant data necessary for in-depth information as purposive sampling helps in selecting secondary key respondents with privileged information (Bordens & Abbott, 2011).



### **3.6 Data Collection Methods**

#### **3.6.1 Questionnaire Survey**

The method of data collection for the technical staff was a questionnaire survey. A questionnaire survey is a data collection method by which the participants are directly questioned about their feelings on the study problem (Bordens & Abbott, 2011). By this, only the most important alternative will be chosen preventing the respondent from expressing their preference over the others (Bordens & Abbott, 2011). The responses were based on a five – point Likert scale with 5 intervals: (1 = Strongly Disagree 2 = Disagree 3 = Undecided 4 = Agree 5 = Strongly Agree). This method was selected because it had the ability to collect data from a large pool of participants relatively easily compared to other methods such as observation or content analysis (Cheung & Hew, 2009). The SAQ based method was also very suitable for the sampled respondents because of their proficiency in the English Language which used in the questionnaire survey.

#### **3.6.2 Interview**

An interview, also called a face-to-face survey, is a method that is utilised to collect oral responses by directly asking individual respondents questions about the study problem. The method is used when a specific target population is involved. The purpose of conducting a personal interview survey is to explore the responses of the people to gather more and deeper information. Personal interview surveys are used to probe the answers of the respondents (Bordens & Abbott, 2011). The method was chosen because people were more likely to readily answer live questions about a subject than open -ended questions due to the fact that they respondents find it more convenient to give their long answers orally than in writing.

### **3.7 Data Collection Instruments**

#### **3.7.1 Questionnaire**

The study used a close ended questionnaire also providing some spaces for open responses for technical staff participating in the study. The use of questionnaire enabled the collection of data from a large number of respondents and enabled the respondents to give sensitive information without fear of revealing their personal identity (Amin, 2005). The instrument was based on Rensis Likert's scale statement having five category response continuum of 5 – 1 from strongly disagree to strongly agree. The spaces helped to collect summary qualitative from the respondents in form of statements. The questionnaire was chosen because by the nature of their jobs, they were proficient in the language that was used, namely English language.

#### **3.7.2 Interview Guide**

This provided more qualitative data. In-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program or situation to explore issues in depth (Boyce, 2006). There were 11 interviews conducted on five members of the Contracts Committee and six LCV Executive Committee members.

### **3.8 Data Quality Control**

#### **3.8.1 Validity**

The study established content related validity through consultations with the researcher's supervisor and peers. After data collection there was computation of Confirmatory Factor Analysis using SPSS 20.0 to establish validity of the instruments. The confirmatory factor analysis results are presented in Tables 3.2 - 3.4.

**Table 3.2: Loadings and Cronbach for Items on Procurement Planning**

Procurement Planning Components	Component 1
The district implements a procurement process that ensures that delivery is certain	.530
Management of the organisation tries to ensure effective flow of goods and services	.605
Value to be obtained from products is identified during the procurement planning process	.597
There are professionals in the organisation who plan procurement	.743
The procurement planning of the organisation provides focused utilisation of the available resources	.269
Procurement planning of the district involves preparation of contracts	.827
Procurement planning of the district involves awarding of contracts	.711
Procurement planning of the district evaluates whether the procurement will be a success or failure	.658
Suppliers who will help in minimising cost are procured by the district	.747

The loadings in Table 3.2 show that all the items measuring procurement planning were valid because each item loaded highly, that is above 0.50 (Amin, 2005) on the component/ factor. The Cronbach alpha result ( $\alpha = 0.819$ ) being above 0.7 (Amin, 2005, 2011) indicates that the items were internally consistent and thus all reliably measured procurement planning.

**Table 3.3: Loadings and Cronbach for Items on Contracts Management**

Components on Contracts Management	Component	
	1	2
Management of the district carries out adequate negotiation with suppliers	.770	.010
The offers of different contractors are sufficiently compared	.625	-.440
Work plans are respected to ensure delivery in time	.697	.046
Contractors are paid in time	.375	.671
The district carries out transparent prequalification of contractors	.773	-.084
Contracts are offered through competitive bidding	.655	-.222
Quality of supplies is emphasised in contracts process	.632	-.287
Ethics are considered paramount in the awarding of contracts	.803	-.101
Staff are trained in contract management	.385	.565
Capacity of contractors is established through careful evaluation	.803	.000
The district establishes whether the contractors can manage the money extended to them	.723	.138

The loadings in Table 3.3 show that all the items measuring contract management were valid because each item loaded highly, that is above 0.50 on either component/ factor one or two only once.

**Table 3.4: Loadings and Cronbach for Items on Supplier Relationship Management Programs**

Components on Supplier Relationship Management Programs	Component		
	1	2	3
Constant touch with the suppliers is maintained by management	.319	.761	.072
Management of the district has established long cordial relationships with suppliers	.624	.248	-.370
The district helps to train suppliers to improve their performance and capabilities in supply management	.781	-.108	.016
There is an effective communication system with suppliers	.779	-.442	.175
The checks performance effectiveness of suppliers	.763	-.176	.036
Trust has been established between the district and suppliers	.668	.004	-.541
Good relationships are promoted between different partners supplying the district	.627	-.022	.261
The district provides regular feedback to suppliers and service providers	.606	.055	.606
The district provides incentives to good and well performing suppliers and service providers	.620	-.313	.515

The loadings in Table 3.4 show that seven items measuring supplier relationship management programs were valid because each item loaded highly, that is above 0.50 on either component/ factor one or two only once. However, two items, that is items eight and nine loaded highly on two components and thus were considered complex. They were thus dropped and not considered in subsequent analysis (Amin, 2005).

**Table 3.5: Loadings and Cronbach for Items on Value for Money**

Components on Value for Money	Component	
	1	2
Products are of high quality	0.756	0.277
The prices of commodities are low	0.508	0.481
The procurement process is cost effective	0.616	0.389
Right products are procured	0.756	-0.217
There timely delivery	0.819	0.135
Achievement of procurement goals	0.702	-0.056
Satisfaction is obtained from the supplies	0.714	-0.387
Expectations of the beneficiaries from the supplies are met	0.681	-0.325
Suppliers fulfil their contractual obligations	0.659	-0.421

The loadings in Table 3.5 show that all the items measuring value for money were valid because each item loaded highly, that is above 0.50 on either component/ factor one or two only once.

### 3.8.2 Reliability of Data Collection Instruments

Reliability for qualitative data was obtained through peer debriefing, prolonged engagement and audit trails. Reliability for quantitative data was determined by calculating Cronbach alpha using SPSS 20.0 (Statistical Package for Social Scientists) The instruments will be found valid at above .70 (70). A reliability of .70 indicates 70% consistency in the scores that are produced by the instrument (Amin, 2005). The results are presented in Table 3.5.

**Table 3.5: Reliability Results**

Items	Cronbach Alpha – Reliability
Procurement Planning	0.819
Contracts Management	0.877
Supplier Relationship Management	0.829
Value for Money	0.861

The above Cronbach alphas result being above 0.70, it indicates that the items were internally consistent and thus all reliably measured value the study variables.

### **3.9 Data Collection Procedure**

A letter was obtained from the head of School of Management Sciences at Uganda Management Institute (UMI), granting permission to proceed with data collection after the proposal had been approved. The researcher then proceeded to Mitooma District and presented the letter to the Chief Administrative Officer to allow him collect data in the district. Consent was obtained from all the respondents participating in the study. Anonymity and confidentiality was observed during data collection and handling the responses. Information was availed to the respondents that the research would not endanger them directly or indirectly and that participation was voluntary. In the collection of interview data, the researcher kept noting down major points and after data was coded, analysed and the report compiled.

### **3.10 Data Analysis**

#### **3.10.1 Qualitative Data**

Qualitative analysis was carried out using two methods, namely discursive and thematic methods. The discursive method will aim at the detail of the text interpreting the analysed text and attributing meaning. On the other hand, thematic analysis was used to cluster data with similar meaning together (Madill & Gough, 2008). Then data were presented in form of notes, word-for-word transcripts, single words, brief phrases and full paragraphs

#### **3.10.2 Quantitative Data**

Quantitative data was analysed at two levels, namely univariate and bivariate. The data analysis at univariate level was carried out using descriptive statistics that were the

frequencies, percentages and mean. At bivariate level, the dependent variable (DV), value for money was correlated with procurement management practices the independent variables (IVs). The Statistical Package for Social Sciences (SPSS 20.0) was used for data analysis.

### **3.11 Measurement of Variables**

The variables were measured using questions developed basing on the nominal and ordinal scales. The nominal scale was used to measure questions on background characteristics. This was because the nominal scale helped label the variables. On the other hand, the ordinal scale which is a ranking scale and possesses the characteristic of order was used to measure the items of the independent and dependent variables. The scale helps to distinguish between items according to a single attribute and direction (Smith & Albaum, 2013). The ranking was based the five-point Likert Scale (Where 1 = strongly disagree 2 = disagree 3 = undecided 4 = agree 5 = strongly agree).

### **3.12 Ethical Considerations**

The researcher ensured that confidentiality, safety and respect for respondents and truthfulness. Before collecting data from the respondents, they were assured of the confidentiality and guaranteed that data collected would only be for academic purposes and would harm them in any way. Appointments were made with the selected respondents to allow them select their own convenient time of participating in the study. While administering the interviews, the researcher kept jotting down the major points. Thereafter, data was coded, analysed, and the report written. The researcher made an effort to ensure that accurate and data sufficient for study were collected.



## CHAPTER FOUR

### PRESENTATION, INTERPRETATION AND ANALYSIS OF RESULTS

#### 4.1 Introduction

This chapter contains the presentation, analysis and interpretation of the findings on procurement management practices and value for money in Local Governments in Uganda. Analysis of the study was based on the objectives of the study. The chapter in particular, presents the response rate, background findings and the empirical findings.

#### 4.2 Response Rate

The response rate findings are presented in Table 4.1.

**Table 4.1: Response Rate for the Study**

<b>Instruments</b>	<b>Targeted</b>	<b>Actual</b>	<b>Response Rate</b>
Interview	11	11	100%
Questionnaires	54	54	100.0%
<b>Total</b>	<b>63</b>	<b>63</b>	

*Source: Primary Data*

From Table 4.1 above, all the respondents provided responses. These included 54 technical staff that provided survey data for the questionnaire and 11 respondents that were namely; six Local Council V Executive Members and five Members of the Procurement contracts Committee.

#### 4.3 Background Characteristics

This section presents results on demographic characteristics of the respondents. These include; gender, age category, education levels, working experience and positions of the respondents in the district. The data on background characteristics of the respondents is presented in Table 4.2.

**Table 4.2: Background Characteristics**

<b>Item</b>	<b>Categories</b>	<b>Frequency</b>	<b>Percent</b>
Gender of the Respondents	Male	31	57.4
	Female	23	42.6
	<b>Total</b>	<b>54</b>	<b>100.0</b>
Age Category	Below 30 Years	10	18.5
	30-40 Years	18	33.3
	41-50 Years	21	38.9
	Above 50 Years	5	9.3
	<b>Total</b>	<b>54</b>	<b>100.0</b>
Education levels	Diploma	6	11.1
	Bachelors Degree	36	66.7
	Post Graduate Qualification	12	22.2
	<b>Total</b>	<b>54</b>	<b>100.0</b>
Working experience	Less than 1 year	7	13.0
	2 -5 years	10	18.5
	6-10 years	28	51.9
	11 years and above	9	16.7
	<b>Total</b>	<b>54</b>	<b>100.0</b>
Positions in the district	Contracts committee	5	9.3
	Technical Staff	49	90.7
	<b>Total</b>	<b>54</b>	<b>100.0</b>

*Source: Primary Data*

The results on gender show that the modal percentage (57.4%) was males with females being 42.6%. This suggested that the larger percentage of the respondents were males. However, participation by both genders in the study was fair, thus it presumed that representation for both groups was fair enough for the validity of the findings. In relation to age category of the respondents in years, the results showed that the modal percentage (38.9%) of the respondents was of those that were between 41-50 years followed by 33.3% who were between 30-40 years, then 18.5% who were below 30 years and the smaller percentage (9.3%) were those above 50 years. This means that most of the respondents were above 30 years. Therefore, it was presumed that they had longer experience of services which improved their knowledge of procurement practices of local governments and attainment of

value for money. This thus improved the accuracy of the results of data collected guaranteeing validity of the findings.

The results on the highest level of education attained by the respondents showed that the modal percentage (66.7%) of the respondents was of those who had bachelor degrees, 22.2% had post graduate qualifications and 11.1% had diplomas. This suggests most of the respondents had the higher levels of education that is bachelor degrees and post graduate qualifications. With staff of higher levels education, it suggested that those staff could easily comprehend the items on the study variables. Thus, the data they provided was believed to be dependable and thus enabled producing of valid results. Pertaining to the working experience of the respondents, the modal percentage (51.9%) had 6-10 years, 18.5% had 2 -5 years, 16.7% had 11 years and above and 13.0% had less than 1 year experience. The results mean that most of the respondents had a working experience of more than five years. With most of the respondents having a relatively higher experience on the job, this mean that they understood procurement practices of district and how it led to attainment of value for money. Thus they gave data could be depended on in producing valid findings.

Regarding the working experience of the respondents the modal percentage (90.7%) of the respondents was of technical staff while 9.3% were members of the contracts committee. This means the dominant category of the respondents were the technical staff. Since these are the people that handled procurement, it was believed that they provided accurate data on the study variables and this guaranteed validity of the findings.

#### **4.4 Value for Money**

The self-administered questionnaire (see Appendix B) shows that the dependent variable (DV) namely, value for money was measured using 10 items. The 10 items measuring value

for money were whether the products procured were of high quality, prices of commodities were low, the procurement process was cost effective, right products were being procured, there was there timely delivery, achievement of procurement goals, satisfaction was obtained from the supplies, expectations of the beneficiaries from the supplies were met, suppliers fulfilled their contractual obligations and suppliers fulfilled their obligations fast. The above items were scaled using the five-point Likert scale where code 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree. For each of the above items measuring value for money, descriptive statistics that include frequencies, percentages and means are presented.

**Table 4.3: Frequencies, Percentages and Means of Value for Money**

<b>Value for Money</b>	<b>SD</b>	<b>D</b>	<b>U</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Overall Mean</b>
Products are of high quality	5* 9.3**	18 33.3	9 16.7	20 37.0	2 3.7	2.93	3.06
The prices of commodities are low	9* 17.0**	17 32.1	11 20.8	16 30.2	-	2.64	
The procurement process is cost effective	4* 7.4**	16 29.6	13 24.1	18 33.3	3 5.6	3.00	
Right products are procured	4* 7.4**	16 29.6	6 11.1	24 44.4	4 7.4	3.15	
There is timely delivery	7 13.0**	26 48.1	9 16.7	10 18.5	2 3.7	2.52	
Achievement of procurement goals	5.6 5.7**	35.2 35.8	22.2 22.6	35.2 35.8	-	2.89	
Satisfaction is obtained from the supplies	2* 3.7**	4 7.4	20 37.0	24 44.4	4 7.4	3.44	
Expectations of the beneficiaries from the supplies are met	1* 1.9**	8 14.8	15 27.8	28 51.9	2 3.7	3.41	
Suppliers fulfil their contractual obligations	-	16.7**	8 14.8	33 61.1	4 7.4	3.59	

\* Frequencies

\*\*Percentages

The results in Table 4.3 on whether products were of high quality show that cumulatively, the larger percentage (42.6%) of the respondents disagreed, 16.7% were undecided while 40.7% agreed. The mean = 2.93 just below code 3 which on the five-point Likert scale used to measure the items corresponded to undecided. However, the results being just below code 3 that is undecided which is the average; this meant that the respondents indicated to a lesser extent, the quality of products was fair. As to whether the prices of commodities were low, the larger percentage (49.1%) disagreed while 30.2% agreed with 20.8% being undecided. The mean = 2.64 below code 3 which on the five-point Likert scale used to measure the items corresponded to undecided. However, the results being below code 3 that is undecided which is the average it meant that the respondents indicated that to a lesser extent, the prices of commodities were fair. With respect to the procurement process being cost effective, the larger percentage (38.9%) agreed, 37.0% disagreed while 24.1% were undecided. The mean = 3.00 equal to code 3 which corresponded to undecided indicated the respondents were undecided. This suggested that the respondents indicated that the procurement process was fairly cost effective.

With respect to right products being procured, the larger percentage (51.8%) agreed with 37.0% disagreed with 11.1% were undecided. The mean = 3.15 above code 3 which corresponded to undecided indicated the respondents were undecided. This suggested that the respondents indicated that fairly the right products were being procured. As regards to there being timely delivery, the majority percentage (61.1%) disagreed while 22.2% agreed and 16.7% undecided. The mean = 2.52 below code 3 corresponded to undecided, which meant that the respondents were undecided. With the results being below code 3 that is undecided which is the average it meant that the respondents indicated that to a lesser extent, there was timely delivery. Regarding there being achievement of procurement goals, the larger percentage (41.5%) disagreed while 35.8% agreed with 22.6% being undecided. The mean =

2.89 just below code 3 which corresponded to undecided, implied that the respondents were undecided. However, the results being just below code 3 that is undecided which is the average; this meant that the respondents indicated to a lesser extent, there was fair achievement of procurement goals.

Concerning satisfaction being obtained from the supplies, the larger percentage (51.8%) of the respondents agreed while 37.0% were undecided with 11.1% disagreeing. The mean = 3.44 above code 3 which corresponded to undecided indicated the respondents were undecided. This suggested that the respondents indicated that fairly satisfaction was being obtained from the supplies. As to whether expectations of the beneficiaries from the supplies were met, the larger percentage (54.6%) agreed while 27.8% were undecided and 15.7% disagreed. The mean = 3.41 above code 3 which corresponded to undecided implied that the respondents were undecided. This meant that the respondents indicated that fairly expectations of the beneficiaries from the supplies were met.

As to whether, suppliers fulfilled their contractual obligations, the majority percentage (68.5%) agreed while 14.8% were undecided and 16.7% disagreed. The mean = 3.59 close to code 4 corresponded to agree, which meant that the respondents were agreed that suppliers fulfilled their contractual obligations. These results suggested that there was good fulfilment of contractual obligations by suppliers. Overall, as to whether value for money was achieved through procurement, the mean = 3.06 close to code 3 which corresponded with undecided mean that the respondents indicated that they were undecided as to whether value for money was achieved through procurement. With undecided being the average, this implied that fairly, the procurement process helped in ensuring that there was fair realisation of value for money.

In the section of the questionnaire requiring the respondents to write down the summary of their opinions about the attainment of value for money by the district, 55.0% of the respondents disagreed with 48.0% agreeing. For those disagreeing, one respondent stated, *“There is need for those involved in monitoring to ensure that suppliers deliver supplies that are of value. This is because the quality of our procurements is normally poor and bad.”* Another respondent declared, *“Relatively, there is value for money. However, some of the services like in the area of infrastructure construction need to be reconsidered as contractors normally do not stick to the agreed standards.”* There was also a respondent who reported, *“Items are procured very expensively compared with the prices offered because contractors normally have support of some people in the administration of the district.”* One other respondent declared, *“The district has kept some contractors despite their shoddy work. The selection process of contracting needs to be streamlined for better services delivery and attaining of value for money.”* For those agreeing, one respondent stated; *“Due to competitive bidding, the district is able to attain value for money, however, the right quality and quantity is sometimes is hindered by interference from the areas of delivery in form of changing specifications after orders have been placed.”* Another respondent indicated, *“The district largely attains value for money from suppliers through market survey of prices for better comparison to achieve more for less and get better deals for to ensure that the district does not lose money.”* The views above show that the district largely did not obtain good value for money because of procuring items expensively and changing of specifications. These results realm with the results in Table 4.2 which show that largely there was only fair attainment of value for money from procurement.

## 4.5 Procurement Management Practices and Value for Money

### 4.5.1 Procurement Planning and Value for Money

This objective of the study sought to establish how procurement planning affects value for money in local governments in Uganda. A number of question items on the same were put to the respondents. The question items were scaled using the five-point Likert scale where code 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree. Findings on the objective are presented in Table 4.4.

**Table 4.4: Procurement Planning**

Procurement Planning	SD	D	U	A	SA	Mean	Over all mean
Value to be obtained from products is identified during the procurement planning process	4* 7.4**	2 3.7	3 5.6	37 68.5	8 14.8	3.80	
There are professionals in the district who plan procurement	-	8* 14.8**	10 18.5	32 59.3	4 7.4	3.59	
The procurement planning of the district provides focused utilisation of the available resources	3* 5.6**	4 7.4	10 18.5	29 53.7	8 14.8	3.65	
Procurement planning of the district involves preparation of contracts	-	2* 3.7**	9 16.7	23 42.6	20 37.0	4.12	
Procurement planning of the district involves awarding of contracts	-	8* 14.8**	4 7.4	31 57.4	11 20.4	3.83	
Procurement planning of the district evaluates whether the procurement will be a success or failure	4** 7.4**	3 5.6	4 7.4	26 48.1	17 31.5	3.91	
Suppliers who help in minimising cost are procured by the district	2* 3.7**	18 33.3	5 9.3	17 31.5	12 22.2	3.35	

*Source: Primary Data*

The results in Table 4.4 above on whether value to be obtained from products was identified during the procurement planning process, indicated that cumulatively the majority (83.3%)



agreed with 11.1% disagreeing and 5.6% undecided. The mean = 3.80 close to code 4 suggested that value to be obtained from products was identified during the procurement planning process. In the summary and interview responses, one respondent revealed, *“The procurement committee and district executive has communicated and emphasised to the various departments that make procurement plans to identify value to be obtained from the commodities.”* Another respondent stated;

*Value attainment is decided from the beginning because procurement processes are always strongly agreed on and how each stage should be handled by the responsible officers and procurement has to be approved as specified by procurement regulations of local government.*

There was also a respondent who revealed, *“Different stakeholders are involved in the procurement process. Therefore, they determine value to be obtained from the products.”* The results above like the frequencies, percentages and mean results in Table 4.3 indicate that value to be obtained from products was identified during the procurement planning process.

As regards whether there were professionals in the district who planned procurement, cumulatively the majority (66.7%) agreed with 14.8 % disagreeing while 18.5% were undecided. The mean = 3.59 close to code 4, on the scale used indicated that the respondents agreed. Therefore, it was deduced that professionals in the district who planned procurement. In the interviews, the respondents that there were different technical staff of the district that guided procurement planning of the district. The different officials included the Chief Administrative of Officials and his assistants, town clerks and financial officials among others. These guided the procurement committee and the district executive in the procurement planning process.

In respect of the procurement planning of the district providing focused utilisation of the available resources, the majority percentage (79.6%) agreed with 3.7% disagreeing and 16.7

undecided. The mean = 4.12 close to code 4 suggested that the procurement planning of the district provided focused utilisation of the available resources. In the summary and interview responses, the respondents revealed that procurement planning tried to ensure focussed utilisation of resources. One respondent stated, *“There is an effort to see that this is so but it is affected by the lack of including all procurement requirements in the plan at the beginning of the planning or financial year.”* Another respondent stated, *“Procurement planning of the district is based on priorities to ensure that resources will bring value.”* Another respondent stated, *“The procurement process of the district ensures that the little available resources are not wasted.”* On the whole, the view affirmed the frequencies, percentages, mean and standard deviations results in Table 4.3 which indicated procurement planning of the district provided focused utilisation of the available resources.

As regards, procurement planning of the district involving preparation of contracts, cumulatively the majority (77.6%) agreed with 3.7 disagreeing while 16.7% were undecided. The mean = 4.12 close to code 4 that procurement planning of the district involved preparation of contracts. In relation to the above, regarding whether procurement planning of the district involved awarding of contracts, cumulatively the majority (77.8%) agreed with only 14.8% disagreeing and 7.4 undecided. The mean = 3.83 close to code 4 that corresponded to agree suggested that the procurement planning of the district involved awarding of contracts. In the summary responses of the questionnaire survey and interviews, the respondents revealed that it was required by law that all activities involving procurement be carried out through the contract process. One respondent stated, *“Tenders are advertised and interested bidders tender in their requests and these guide contracting.”* Another respondent stated, *“Contracts by law must prepared otherwise, sanctions will have to take effect on those who violate them.”* These results as those of descriptive statistics reveal that procurement planning of the district involving preparation of contracts.

As regards the procurement planning of the district evaluating whether the procurement would be a success or failure, cumulatively the majority percentage (79.6%) of the respondents agreed with only 13.0% disagreeing while 7.4% were undecided. The mean = 3.91 was close to code 4 meaning that the respondents agreed. This suggested that procurement planning of the district evaluated whether the procurement would be a success or failure was only fair. In the interviews, one respondent stated, *“During evaluation of tender bids, it is ensured that those who will fulfil their contracts obligations although sometimes individuals with limited ability beat the contracting process and win tenders causing problems during delivery.”* Another respondent stated, *“Tender bids are evaluated to ensure that value for money is achieved.”* However, one respondent stated, *“At times political influence and interference hinders effective evaluation which consequently affects value for money during delivery.”* However, overall, the results reveal that largely procurement planning of the district evaluated whether the procurement would be a success or failure.

As to whether suppliers who helped in minimising cost were procured by the district cumulatively the larger percentage (53.7%) of the respondents agreed with 37.0% disagreeing while 9.3% were undecided. The mean = 3.35 was close to code 3, meaning that the respondents were undecided, a. The mean suggested that fairly, suppliers who helped in minimising cost were procured by the district. This means that somehow, suppliers who helped in minimising cost were procured by the district. The overall mean = 3.66 which was close to code 4 corresponding to agree suggested that overall the respondents agreed and thus procurement planning of the district was good.

#### 4.5.1.1 Correlation Analysis between Procurement Planning and Value for Money

To establish whether there was a relationship between procurement planning and value for money, a correlation analysis was carried out. The results are presented in Table 4.5.

**Table 4.5: Correlation Results on Procurement Planning and Value for Money**

	Procurement Planning	Value for Money
Procurement Planning	1	0.376** 0.006
Value for Money	0.376** 0.006	1

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

The results in Table 4.5 suggest that there is a positive significant relationship between procurement planning and value for money ( $r = 0.376$ ,  $p < 0.006$ ). The critical value was significant at below 0.05 level indicating the acceptance of the research hypotheses that there is a positive significant relationship between procurement planning and value for money.

#### 4.5.1.1 Linear Regression Model for Prediction of Value for Money using Procurement Planning

At the confirmatory level, to ascertain whether procurement planning predicted value for money, the dependent variable namely, value for money was regressed on procurement planning the independent variable. The results are represented Table 4.6.

**Table 4.6: Regression of Value for Money on Procurement Planning**

Model	Standardised B	Sig. P
Procurement planning	0.376	0.006

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Adjusted R<sup>2</sup> = 0.124

F = 8.240, p = 0.006

a. Dependent Variable: Value for Money

The results in Table 4.6 show that, procurement planning explained 12.4% of the variation in value for money (adjusted R<sup>2</sup> = 0.124). This means that 87.6% was accounted for by other factors not considered in this study. The regression model was significant (F = 8.240, p = 0.006 < 0.05). These results showed that procurement planning ( $\beta = 0.376$ , p = 0.006) significantly predicted value for money.

#### **4.5.2 Contracts Management and Value for Money in Local Governments in Uganda**

This objective of the study sought to establish whether contracts management led to attainment of value for money in local governments in Uganda. A number of question items on the same were put to the respondents. The question items were scaled using the five-point Likert scale where code 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree. The results obtained on the item are as given in Table 4.7.

**Table 4.7: Contracts Management**

<b>Contracts Management</b>	<b>SD</b>	<b>D</b>	<b>U</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Overall mean</b>
Management of the district carries out adequate negotiation with suppliers	6* 11.1**	8 14.8	6 11.1	30 55.6	4 7.4	3.33	34.5
The offers of different contractors are sufficiently compared	3* 5.6**	8 14.8	5 9.3	27 50.0	11 20.4	3.65	
Work plans are respected to ensure delivery in time	5* 9.3**	12 22.2	11 20.4	22 40.7	4 7.4	3.15	
Contractors are paid in time	-	5* 9.3**	14 25.9	25 46.3	10 18.5	3.39	
The district carries out transparent prequalification of contractors	-	9* 16.7**	8 14.8	24 44.4	13 24.1	3.76	
Contracts are offered through competitive bidding	-	2* 3.7**	8 14.8	29 53.7	15 27.8	4.06	
Quality of supplies is emphasised in contracts process	2* 3.7**	3 5.6	5 9.3	38 70.4	6 11.1	3.80	
Ethics are considered paramount in the awarding of contracts	-	8* 14.8**	17 31.5	21 38.9	8 14.8	3.57	
Staff are trained in contract management	6* 11.1**	7 13.0	13 24.1	24 44.4	4 7.4	3.24	
Capacity of contractors is established through careful evaluation	38* 5.6**	9 16.7	11 20.4	27 50.0	4 7.4	3.37	
The district establishes whether the contractors can manage the money extended to them	13* 24.1**	20 37.0	-	14 25.9	7 13.0	26.7	

The data in Table 4.7 on whether management of the district carried out adequate negotiation with suppliers showed that the larger percentage (63.0%) of the respondents agreed with 25.9% disagreeing and 11.1% being undecided. The mean = 34.5 close to code 3 corresponded to agree on the Likert scale used to measure the study items. This means that the respondents agreed that management of the district carried out adequate negotiation with

suppliers. In their summary responses on the questionnaire survey and interviews it was revealed that the district put out tender adverts attracting tenders. Accordingly during tender evaluations, those favourable to the district in terms of fair prices, capability to provide responsive and reliable services would be selected.

With respect to offers of different contractors being sufficiently compared, cumulatively the majority percentage (70.4%) of the respondents agreed with only 21.4% disagreeing while 9.3% were undecided. The mean = 3.65 was close to code 4 which corresponded to agree which suggested that the respondents agreed that different contractors would be sufficiently compared. In the summary and interview responses, the respondents revealed that the process involved advertising to attract bids. Accordingly the procurement department looked at the different tender bids to obtain those fulfilling the requirements of the district. This means that during contracts procurement, the offers of different contractors would sufficiently be compared to obtain value for money.

With respect to the work plans being respected to ensure delivery in time, cumulatively the larger percentage (48.1%) of the respondents agreed with 31.5% disagreeing while 20.4% undecided. The mean = 3.15 was close to the code 3 which corresponded with undecided which meant that work plans were respected to ensure delivery in time. In the interviews, the respondents revealed that the period for attracting tenders was specified, that is a after the reading of the budget each financial year. It was revealed that this period was respected because it helped to ensure that the requirements and services to be delivered each financial year were delivered in time.

Regarding whether contractors are paid in time, cumulatively the larger percentage (64.8%) of the respondents agreed with 9.3% disagreeing while 25.9% undecided. The mean = 3.39

was close to the code 3 which corresponded with undecided. With the mean close to code 3 that is the average, it suggested that the respondents rated timely payment of contractors as fair. In the interviews the respondents revealed the district largely tried to pay the suppliers in time depending on the availability of funds. One respondent stated, *“Funds are realised quarterly form the central government and this determines when contractors are paid.”* Another respondent declared, *“Procurements are carried out basing on the budget and availability of resources, therefore, contractors are paid in time.”* The above results mean that as long as the resources allowed, contractors were paid time.

In respect of whether the district carried out transparent prequalification of contractors, cumulatively show that the majority percentage (68.5%) of the respondents disagreed with 16.7% disagreeing while 14.8% were undecided. The mean = 3.76 close to code 4 which corresponded to agree. These results meant that the respondents agreed that the district carried out transparent prequalification of contractors. In the interviews, one respondent stated, *“Tenders are advertised and people put in their bids which are evaluated to select the best bids, however, issues like lobbying committee members at times affect transparency.”* Another respondent stated, *“Procurement planning somehow is erratic due to planners not involving all stakeholders, lack of transparency distorts the whole process.”* Another respondent stated, *“Pre-qualification is done well and transparently.”* Over all, the results above show that largely there was transparency in the contracting process.

As to whether contracts were offered through competitive bidding, cumulatively the majority (81.5%) of the respondents agreed with 3.7% disagreeing and 14.8 being undecided. The high mean = 4.06 close to code 4 corresponded to agree. The high mean suggested contracts were offered through competitive bidding. In interview data, the respondents revealed that the district advertised bids attracting a big number of bidders from whom the best would be



selected. For instance one respondent revealed, *“Yes this is true, competitive bidding is carried out and where a different form of sourcing is done then an exception to policy or waiver is granted by the by the district Executive Council.”*

About the quality of supplies being emphasised in contracts process, cumulatively the majority percentage (81.5%) of the respondents agreed with only 9.4 % disagreeing while 9.3 were undecided. The mean = 3.80 was close to code 4, indicating that the respondents agreed that quality of supplies was emphasised in the contracts process. In the interviews, the respondents indicated that attempts were being made during the contracts process to ensure that those who would deliver quality products were procured. One respondent stated, *“Through competitive bidding, those with quality products are procured.”* Another respondent stated, *“Of course, quality is the main focus of the district.”* However, there some respondents who disagreed suggesting that quality was not emphasised. For instance, one such respondent stated, *“Not necessarily/ always, although quality is emphasized more effort is placed on the price rather than considering all other quality issues/parameters comprehensively.”* However, mainly, the results suggested that the quality of supplies being emphasised in contracts process.

In respect of ethics were considered paramount in the awarding of contracts, cumulatively the larger percentage (53.7%) of the respondents agreed with 14.8% disagreeing and 31.5% were undecided. The mean = 3.57 close to code 4 implied that the respondents agreed. This means that ethics were considered in the awarding of contracts. The respondents in the interviews indicated that ethics were very important in the contract management process of the district and on how the products were delivered. One member revealed that, *“There are many oversight bodies such as the Inspectorate General of Government, Resident District Commissioners and Parliamentary Committees which monitor how tenders are awarded and*

*this ensured ethics.*” However, it was also revealed that there issues of conflict of interest with companies of politician, executive members and other highly connected people influencing the tendering process. However, overall the results reveal that there were attempts to ensure ethics were considered paramount in the awarding of contracts.

Regarding whether staff was trained in contract management, cumulatively the larger percentage (51.8%) of the respondents agreed with 24.1% disagreeing and 24.1% being undecided. The mean = 3.24 was close to code 3 which corresponded to undecided. The mean being close to the average meant that the respondents rated training of staff of the district in contract management as being fair. In the interview, it was revealed that staff received training in contracts management through workshops and conferences. It was also revealed that staff was issued with laws, policies and guidelines on contract management. It was revealed that all those involved in contracts management received information on contract management such that flouting of contract laws was avoided.

Concerning whether capacity of contractors being established through careful evaluation, cumulatively the larger percentage (57.4%) of the respondents agreed with 22.3% disagreeing and 20.4% undecided. The mean = 3.37 close to code 3 meant that the respondents were undecided. The mean close to the average meant that the respondents considered establishing the capacity of contractors through careful evaluation as being fair. In the interviews, whereas most respondents revealed that due diligence was taken, there were those who disagreed. For instance, it was revealed that thorough evaluation of the capacity of service providers/ contractors was not done which resulted in delayed completion of some assignments. The above results reveal that were gaps in the evaluation of contactors and the district gave evaluation fair diligence.

Relating to the district establishing whether the contractors could manage the money extended to them, the larger percentage (61.1%) of the respondents disagreed with 38.9% agreeing. The mean = 26.7 below code 3 corresponded with undecided which is the average. These results suggested that to a less extent, the district established whether the contractors could manage the money extended to them. In the interviews, the respondents revealed that thorough evaluation of the financial capacity of service providers/ contractors was not done. Sufficient due diligence was not done on the service providers which resulted in delayed completion of some assignments. The audited financial record/ capacity were not a major criterion for selection even for most procurement. The results above reveal that the district did not give due diligence to the selection of contractors especially regarding their capacity to manage the resources of the contract.

#### 4.5.2.1 Correlation Analysis between Contracts Management and Value for Money

To establish whether there was a relationship between contracts management and value for money, a correlation analysis was carried out. The results are presented in Table 4.8.

**Table 4.8: Correlation Results on Contracts Management and Value for Money**

		<b>Contracts Management</b>	<b>Value for Money</b>
Contracts Management	Pearson Correlation  Sig. (2-tailed)	1	0.606** 0.000
Value for Money	Sig. (2-tailed)	0.606** 0.000	1

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

The results in Table 4.8 suggest that there is a positive significant relationship between Contracts Management and value for money ( $r = 0.606$ ,  $p < 0.000$ ). The critical value was significant at below 0.05 level indicating the acceptance of the research hypotheses that there is a positive significant relationship between contracts management and value for money

#### 4.5.2.2 Linear Regression Model for Prediction of Value for Money using Contracts Management

At the confirmatory level, to ascertain whether contracts management predicted value for money, the dependent variable namely, value for money was regressed on contracts management the independent variable. The results are represented Table 4.9.

**Table 4.9: Regression of Value for Money on Contracts Management**

Model	Standardised $\beta$	Sig. P
Contracts Management	0.606	0.000

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Adjusted  $R^2 = 0.354$

$F = 29.004$ ,  $p = 0.000$

a. Dependent Variable: Value for Money

The results in Table 4.9 show that, contracts management explained 35.4% of the variation in value for money (adjusted  $R^2 = 0.354$ ). This means that 64.6% was accounted for by other factors not considered in this study. The regression model was significant ( $F = 29.004$ ,  $p = 0.000 < 0.05$ ). These results showed that contracts management ( $\beta = 0.606$ ,  $p = 0.000$ ) significantly predicted value for money.

### 4.5.3 Supplier Relationships Management Program and Value for Money

This objective of the study sought to establish whether there was a relationship between establishing a supplier relationships management program and value for money in local governments in Uganda. A number of question items on the same were put to the respondents. The question items were scaled using the five-point Likert scale where code 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree. The results obtained on the item are as given in Table 4.10.

**Table 4.10: Supplier Relationships**

Supplier Relationships	SD	D	U	A	SA	Mean	Std Dev
Constant touch with the suppliers is maintained by management	3* 5.6**	10 18.5	6 11.1	31 57.4	4 7.4	3.43	3.28
Management of the district has established long cordial relationships with suppliers	1* 1.9**	14 25.9	4 7.4	28 51.9	7 13.0	3.48	
The district helps to train suppliers to improve their performance and capabilities in supply management	7* 13.0**	26 48.1	2 3.7	17 31.5	2 3.7	2.65	
There is an effective communication system with suppliers	2* 3.7*	16 29.6	9 16.7	25 46.3	2 3.7	3.17	
The district checks performance effectiveness of suppliers	-	12* 22.2**	-	30 55.6	12 22.2	3.78	
Trust has been established between the district and suppliers	-	13* 24.1**	7 13.0	27 50.0	7 13.0	3.52	
Good relationships are promoted between different partners supplying the district.	6* 11.1**	18 33.3	9 16.7	14 25.9	7 13.0	2.96	

Source: Primary Data

The results in Table 4.10 on whether there was constant touch with the suppliers' show that the majority percentage (64.8%) of the respondents agreed with 24.1% disagreeing and 11.1% were undecided. The mean = 3.28 above code 3 which corresponded to undecided indicated the respondents were undecided. This suggested that the respondents indicated that

fairly here was constant touch with the suppliers.” One respondent stated, *“There are suppliers who have for long relations with the district, thus the district keeps with them continue to supplying because of their proven capacity.”* Another respondent stated, *“The district keeps in touch with the suppliers to obtain regular feedback on supplies.”* However, there were respondents who indicated that relationships were lacking. For instance, one respondent remarked, *“There is generally poor relationship between suppliers and district because some officials and leaders does not meet with them frequently to discuss changes that take place or because of disagreements over money.”* However, overall it can be deduced that fair constant touch was maintained with suppliers.

With regard to management of the district establishing long cordial relationships with suppliers, the majority percentage (64.9%) of the respondents agreed while 27.8% were undecided with 7.4% disagreeing. The mean = 3.48 above code 3 which corresponded to undecided indicated the respondents were undecided. This suggested that the respondents indicated that fairly management of the district established long cordial relationships with suppliers. In the interviews, it was revealed by the respondents that there were some few suppliers with whom the district had established relationships especially stationary suppliers and constructors that regularly supplied the district or worked for the district. However, there were those who revealed that there were are no long term relationships and that much of what was done were transactional relationships that were adversarial in nature. However, basing on the descriptive statistics, it can be inferred that somehow management of the district establishing long cordial relationships.

As to whether the district helped to train suppliers to improve their performance and capabilities in supply management, cumulatively the larger percentage (61.1%) of the respondents disagreed, 35.2% agreed while 3.7% were undecided. The mean = 2.65 just

below code 3 which on the five-point Likert scale used to measure the items corresponded to undecided, implied that to a lesser extent the district helped to train suppliers to improve their performance and capabilities in supply management. However, the results being just below code 3 that is undecided which is the average; this meant that the respondents indicated to a lesser extent, the quality of products was fair. In the open responses of the questionnaire survey, it was revealed that there were contractors' interfaces and workshops in which the contractors were briefed on how to deal with the district and services required. However, largely these were not training sessions but briefing sessions. This means that training of contractors was largely lacking.

As to whether there was an effective communication system with suppliers, the larger percentage (50.0%) agreed while 33.4% disagreed and 16.7% were undecided. The mean = 3.17 close to code 3 which corresponded to undecided suggested that the respondents were undecided. This meant that the respondents indicated that fairly there was an effective communication system with suppliers. During the interviews, the respondents revealed that though there was communication with the suppliers, it was ineffective and disjointed. The respondents expounded that communication to suppliers was reactive rather than pro-active in nature. This means that there was little communication system with suppliers.

Regarding the district checking performance effectiveness of suppliers, the majority percentage (77.9%) of the respondents agreed with 22.2% disagreeing. The mean = 3.78 was close to code 4 which corresponded with agreed, meaning that the respondents agreed that the district checked performance effectiveness of suppliers. The mean above the average meant that checking performance effectiveness of suppliers was good. In the interviews it was revealed that checking performance effectiveness of the suppliers was an accountability

requirement. It was revealed that checking performance effectiveness was the only way to ascertain whether the contractors were fulfilling their contracts with the district.

As to whether, trust had been established between the district and suppliers, the majority percentage (63.0%) agreed while 24.1% disagreed and 13.0% were undecided. The mean = 3.52 close to code 4 corresponded to agree, which meant that the respondents agreed that trust had been established between the district and suppliers. In the interviews, the respondents revealed that trust had been established because the district fulfilled its contractual obligations by paying the contractors. One respondent stated, *“There is trust and that is why we are always overwhelmed whenever a call for tender bids is made.”* Another respondent stated, *“There is trust, many contractors always struggle to be maintained because they know the district honours its contractual obligation.”* The above results mean that trust was established between the district and suppliers

As regards good relationships being promoted between different partners supplying the district, the larger percentage (44.4%) of the respondents disagreed with 38.9% disagreeing while 16.7% were undecided. The mean = 2.96 just below code 3 corresponded with undecided which is the average. These results suggested that to a less extent, good relationships are promoted between different partners supplying the district. In the interviews, it was revealed relationships were not promoted between different partners supplying the district except in situation of joint projects where different groups got contracted. This meant that there was little effort by the district to good relationships between different partners supplying the district.



#### 4.5.3.1 Correlation Analysis between Supplier Relationships and Value for Money

To establish whether there was a relationship between supplier relationships and value for money, a correlation analysis was carried out. The results are presented in Table 4.11.

**Table 4.11: Correlation Results on Contracts Management and Value for Money**

		Supplier Relationships	Value for Money
Supplier Relationships	Pearson Correlation	1	0.606** 0.000
	Sig. (2-tailed)		
Value for Money		0.606** 0.000	1
	Sig. (2-tailed)		

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

The results in Table 4.11 suggest that there is a positive significant relationship between supplier relationships and value for money ( $r = 0.606$ ,  $p < 0.000$ ). The critical value was significant at below 0.05 level indicating the acceptance of the research hypotheses that there is a positive significant relationship between supplier relationships management and value for money.

#### 4.5.3.2 Linear Regression Model for Prediction of Value for Money using Supplier Relationships

At the confirmatory level, to ascertain whether supplier relationships predicted value for money, the dependent variable namely, value for money was regressed on supplier relationships the independent variable. The results are represented Table 4.12.

**Table 4.12: Regression of Value for Money on Supplier Relationships**

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Model	Standardised $\beta$	Sig. P
Supplier Relationships	0.606	0.000

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Adjusted  $R^2 = 0.355$

$F = 29.053$ ,  $p = 0.000$

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a. Dependent Variable: Value for Money

The results in Table 4.12 show that, supplier relationships explained 35.5% of the variation in value for money (adjusted  $R^2 = 0.355$ ). This means that 64.6% was accounted for by other factors not considered in this study. The regression model was significant ( $F = 29.053$ ,  $p = 0.000 < 0.05$ ). These results showed that supplier relationships ( $\beta = 0.606$ ,  $p = 0.000$ ) significantly predicted value for money.

## **CHAPTER FIVE**

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

#### **5.1 Introduction**

Chapter five presents the summaries, discussions, conclusions and recommendations based on the objectives of the study. In addition, the chapter presents limitations of the study and areas for further study.

#### **5.2 Summary of Findings**

##### **5.2.1 Procurement Planning and Value for Money**

The findings of the study revealed that there was a positive significant relationship between procurement planning and value for money. Accordingly, value for money was predicted by procurement planning.

##### **5.2.2 Contracts Management and Value for Money**

The findings of the study showed that there was a positive significant relationship between contracts management and value for money. The findings suggested that value for money was predicted by contracts management.

##### **5.2.3 Supplier Relationships Management and Value for Money**

The findings of the study indicated that there was a positive significant relationship between supplier relationships management and value for money. The findings implied that value for money was predicted by supplier relationships management.

### **5.3 Discussion of the Findings**

#### **5.3.1 Procurement Planning and Value for Money**

In the first place on procurement planning, the study established that the district implemented a procurement process that ensured that delivery was certain. This finding is consistent with the finding by Wanjiru (2012) who revealed that procurement activities increased quality of specifications that bore the ability to satisfy stated or implied needs. These included quality that had balance of technical considerations such as fitness for use, performance, safety and reliability with economic factors including price and availability, acquiring a product acceptable to the customer and reducing delivery time and within the budget due to cost saving. On the other hand, the study found out that the procurement processes aimed at ensuring effective flow of goods and services. This finding was similar with the findings of other scholars such as Obanda (2010) that established that it paid off to consider possible instrumental approaches among which was effective implementation of the tactical procurement procedures. Accordingly, tactical procurement procedures enabled flow of goods and services.

The study established that the value to be obtained from products was identified during the procurement planning process. This finding resonated with the findings of previous scholars such as Telgen and Corina (2001). In their study, they revealed that activities of the purchasing department were more strategic and diverse in nature and therefore a more extensive set of competencies was required for the purchasing department in order to add value to the organisation. This was because the procurement process helped in obtaining the right materials with expected value. Consistent with McCue and Gianakis (2001), the study showed the organisations had professionals who plan procurement. In their study, they showed that professionals played a significant role in procurement. This was because

government purchasing buyers and officers needed be people with knowledge, skills, and abilities to successfully carry out procurement.

The study found out procurement of the district provided focused utilisation of the available resources. This finding supported the study by Kiage (2013) who reported that procurement planning had a significant impact on procurement performance. This was because procurement planning provided focused utilisation of the available resources and budgeting ensuring performance. On the other hand, the study established that procurement planning of the district involved preparation of contracts. This finding was similar with the findings made by previous scholars. For instance, Wambui (2013) revealed that procurement plans helped in achieving maximum value on expenditure for the goods, services and works procured through preparing contracts. Accordingly, planning helped in supplier evaluation in relation to price, compliance to specifications, quality and after sale services which is the contract preparation process.

The study revealed that the procurement planning of the district involved awarding of contracts. This finding agreed with McCue and Gianakis (2001) who reported that procurement planning involved implementation that included all functions that pertained to the acquisition of goods and supplies. These functions were namely, description of requirements, selection and solicitation of sources, preparation and awarding of contracts, and all phases of contract administration. The study also found out that procurement planning of the district largely evaluated whether the procurement would be a success or failure. This finding supported the finding by McCue and Gianakis (2001) that procurement planning involved evaluation that consisted of three parts, namely; audit, evaluation and feedback. Accordingly, audit requirements often were established in legislation or policy. If not, the procurement manager needed to design a post audit strategy to ensure that the program

complies with established law. The procurement evaluation plan was a tentative design for evaluating the success or failure of the procurement. This plan should include, at the minimum, the research design, specification of measurable indicators of the goals and objectives stated in the procurement plan, provisions for data collection, and the assignment of responsibility for conducting the evaluation, and the performance criteria to be used in the evaluation phase. Feedback specified the reports required for the service delivery managers and decision makers. This portion of the procurement evaluation was merely the creation of an information channel that dispersed needed information to those charged with the responsibility of making procurement decisions.

The study further found out that suppliers who helped in minimising cost were procured by the organisation. This means that the district recognised the importance of procurement in ensuring minimising of costs. This finding agrees with other scholars such as Chari et al. (2013). In their study in Zimbabwean state universities, they established that the universities rationalised supplier bases in place and this resulted in realising phenomenal cost saving.

### **5.3.2 Contracts Management and Value for Money**

In the first place on contracts management, the study established that adequate negotiation with suppliers were carried during tender evaluations such that those favourable to the district in terms of fair prices, capability to provide responsive and reliable services were selected. This means that adequate negotiations were important in contract management. This finding is consistent with Romzek and Johnston (2002) who established that successful contracting required an extraordinary amount of advance negotiation among contracting partners. Also, the study found out that during contracts procurement, offers of different contractors would be sufficiently compared. This means that in contracts management, it is important for offers of different contractors both be compared. This finding concurs with the findings of previous

scholars. For instance, Romzek and Johnston (2002) found out that successful contracting required an extraordinary amount of advance planning, negotiation, and on-going collaboration among contracting partners.

The study found out that in contract management, work plans were respected helping in ensuring delivery in time. This finding agreed with Kiage (2013) who reported that contract management entails planning, organizing, control and directing payments to avoid delays in supply and provision of services. Apparently, timeliness had to be respected by respecting work plans and contract period. On the other hand, the study found out that transparency was important in contract management. This finding was consistent with Raymond (2008) who found out that transparency and ethics were very important in procurement. Similarly, Wanjiru (2013) revealed that transparency influenced the effectiveness of the procurement process.

The study revealed that in contract management, competitive bidding was emphasised. This suggested that in contract management, competitive bidding was very important. This finding concurred Romzek and Johnston (2002) who reported that contract implementation and management effectiveness could be enhanced by competition among providers. Further, the study revealed that the quality of supplies was emphasised in the contracts process. The importance of recognising the quality of supplies in the contracts process is supported by other scholars. For instance, Ojwando and Rotich (2013) in Kenya found out that it was the role of top management to oversee the quality control system and quality assurance of the company and that the company policy was to ensure quality assured that comply with and exceed the detail contractual requirements-not exceeding financial commitment but with regard to quality standard and technical specifications.

The study established in the awarding of contracts, ethical issues were important. This finding was similar to findings by Waititu and Guyo (2013) revealed that ethical concerns were an important area in business practices especially in procurement. Relatedly, Ammer (2009) reported that the benefits of ethics in procurement included lower costs, higher quality, better forecasting and less tension between the two entities that result in a win-win relationship. However, the study revealed that training all staff in contracts management was fair. This suggested training of staff in contract management was not being given paramount consideration. This was inconsistent to the finding by Hamilton (2006) who found out that that training contract staff management was very important. Apparently, this was because training helped to improve their skill, expose them to current strategies and technologies, compete favourably with other companies, improve performance, productivity and profitability significantly improved performance.

The study found out that were gaps in the evaluation of contactors and the district gave fair diligence to contracts evaluation. However, this was inconsistent with findings made by other scholars. Romzek and Johnston, (2002) revealed that contract implementation and management effectiveness could be enhanced by competition and careful evaluation of contractors' staff. Relatedly, the study revealed that in the selection of contactors, their capacity to manage the resources of the contract was not considered. This finding is contrary to Romzek and Johnston (2002) who reported that organisations must assess the capacity of the potential contractors to manage the financial side of service delivery. Accordingly, new contracts often entail demands on the contractor for greater sophistication of financial management and new reporting requirements. Contractors with low capacity are less likely to provide required performance information including financial performance data. In addition, adequate capacity helps to mitigate the financial stability that characterises the start-up phase of some contracts.



### **5.3.3 Supplier Relationships Management and Value for Money**

The study established that in supplier relationships management, the study indicated that the district management maintained fair constant touch with suppliers. This means that due diligence was not given to keeping in touch with suppliers. This contrary to the finding by Valk and Wynstra (2012) who revealed that in order for a service exchange to be successful, buying companies should design their interactions with their service providers to closely resemble the specified ideal pattern for that specific service type. On the other hand, the study revealed that management established long cordial relationships with suppliers. This was consistent with Mandiyambira (2012) who revealed that long term relationships with few suppliers were the best way of managing supplier relationships. Accordingly, there were more benefits to be gained in long term relationships than adversarial approach.

However, the study found out that district did not provide training to suppliers to improve their performance. This contrary to the findings of previous scholars, for instance, Abdullah et al. (2008) found out that effort to improve the relationship utilising problem-solving models such as the firm developing suppliers, changed relationships from being confrontational to trust and partnership which improved performance. On the other hand, Waititu and Guyo (2013) revealed that the key supplier relationship management issues that influenced implementation of supply chain management ethics in government ministries included supplier development programs. On the other hand, the study revealed that there was little communication system with suppliers. This means that there was little communication system with suppliers. This meant that the district did not recognise the importance of effective communication system with suppliers. This is inconsistent with Ammer (2009) who indicated that communication systems help to establish and maintain a relationship with a supplier leading to benefits such as lower costs, higher quality, better forecasting and less tension between the two entities that result in a win-win relationship.

Also, Waititu and Guyo (2013) reported that supplier relationship management issues that influenced ethics in government ministries included existence of effective communication system with suppliers, application of supplier performance management system and implementation of effective supplier collaboration strategies. On their part, Inayatullah et al. (2012) established that communication and fair treatment of supplier by buyer was positively related to development of trust and development of trust had a positive influence on readiness of supplier to invest in the specific requirements of buyer positively affecting organisational performance.

The study found out that the district checked performance effectiveness of suppliers. This means that the district recognised the importance checking performance effectiveness. This supports Greg (2011) who states effective supplier performance systems leads to implementation of ethics in many public sector organisations. Further, established there was little effort by the district to good relationships between different partners supplying the district. This means that the district largely had not recognised the importance of good relationships being promoted between different partners supplying the organisation as established by previous scholars. For instance, Shalle et al. (2014) posit that relationships create commitment which increases one's value to the partner, which makes him dependent and reduces the incentive towards opportunism. Similarly et al. (2012) revealed that fair treatment of supplier by buyer was positively related to development of trust and development of trust had a positive influence on readiness of supplier to invest in the specific requirements of buyer positively affecting organisational performance.

### 5.3 Conclusions

- i. Regarding hypothesis one relating procurement planning and value for money, when the procurement process ensures that delivery is certain, effective flow of goods and services, identifying value to be obtained from products during the procurement planning process and having professionals planning procurement, there will be value for money. Also ensuring focused utilisation of the available resources in procurement preparation of contracts, awarding of contracts, evaluating whether the procurement would be a success or failure and procuring suppliers who help in minimising costs ensures value for money.
- ii. With respect to the second hypothesis relating contracts management and value for money, comparing of offers of different contractors were sufficiently, respecting work plans, paying contractors in time, competitive bidding, emphasising quality of supplies and ethics in the awarding of contracts relates to value for money. Also training staff in contract management, establishing capacity of contractors through careful evaluation, their capacity to manage the money extended to them and monitoring service levels of suppliers help to ensure value for money.
- iii. Concerning the third hypothesis relating supplier relationships management programs with value for money, maintaining constant touch with the suppliers, long cordial relationships helping to train suppliers and effective communication system with suppliers relate to value for money. Also checking suppliers performance effectiveness, establishing trust and good relationships with suppliers relate to value for money.

## **5.4 Recommendations**

- i. In relation to procurement planning, government agencies, local governments and organisations involved in procurement should ensure that procurement planning is carried out effectively to ensure value for money. This should be through implementing a procurement process ensures that delivery is certain, ensuring effective flow of goods and services, identify value to be obtained from products during the procurement planning process and have professionals planning procurement. Organisations should also ensure focused utilisation of the available resources in procurement preparation of contracts, evaluating whether the procurement would be a success or failure and procure suppliers who help in minimising costs.
- ii. With regard to contracts management government agencies, local governments and organisations involved in procurement should ensure contracts are managed in a way that leads to value for money. This should be through comparing offers of different contractors sufficiently, respecting work plans, paying contractors in time, competitive bidding, emphasising quality of supplies and ethics in the awarding of contracts. Organisations should also train staff in contract management, establish capacity of contractors through careful evaluation, their capacity to manage the money extended to them and monitor the suppliers' service levels.
- iii. In relation to supplier relationships management programs, government agencies, local governments and organisations involved in procurement should establish effective relationships with suppliers. This should be through maintaining constant touch with the suppliers, long cordial relationships, train suppliers and communicate effectively with suppliers. The organisations should also check suppliers' performance effectiveness, establish trust and good relationships with them.

## **5.5 Study Limitations**

Despite the significant contribution this study makes as far as promoting value for money in local governments is concerned, the study suffered a number of limitations that cannot be understated. For example, the study was carried out in one district. This thus makes findings and recommendations transferability problematic because each district may be suffering its unique procurement challenges. Besides, the study only considered procurement practices ignoring extraneous variables such as politicisation of projects and limited revenues which may also affect attainment of value for money. This thus prompted suggestions for future research as in 3.5 here under.

## **5.6 Recommendations for Further Research**

This study focused only procurement management practices and value for money in local governments in Uganda. However, further research should be carried out procurement management practices and value in other local governments and government agencies such as ministries, schools and non-government organizations to confirm the consistency of the findings of this study. Also studies can be carried out politics and revenue challenges in relation to value for money in local governments.

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## APPENDICES

### APPENDIX A

**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	168	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	198	3000	341
80	66	420	201	2500	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

Note: *N* = population size    *S* = sample size

Source: Krejcie and Morgan (1970).

**APPENDIX B**  
**QUESTIONNAIRE FOR THE RESPONDENTS**

Uganda Management Institute

P. O. Box 20131

Kampala

April 2015.

Dear respondent

I am currently undertaking research on the topic “Procurement Management Practices and Value for Money in Local Government in Uganda: A Case of Mitooma District” in partial fulfilment for the award of a master degree in institutional management and leadership of Uganda Management Institute.” The information sought is required only for academic purposes. Participation is entirely out of your volition and necessary for the success of this work. I request you to respond with truthfulness and honesty for the success of the research. Information provided will be treated with maximum confidentiality.

Sincerely

.....

Moses Natumanya

**Section A: Background Information**

A1. Your Sex

Male	Female

A.2 Your age group:

Below 30 years	30-40 years	41-50 years	Above 50 years

A.3 Your level of education:

Diploma	Bachelors Degree	Post Graduate Qualifications

A.4 How long have you worked for the District?

Less than 5 years	6-10 years	10 and above years

A.5 What responsibility do you hold in the District?

Contracts committee	Technical Staff

**Section B: Procurement Management Practices (IV)**

This section presents items on Procurement Management Practices. The section divided into three parts, namely; procurement planning, contracts management and establishing supplier relationships. Kindly you are requested to indicate your feelings about certification of products using the scale where, 1 = SD (Strongly Disagree), 2 = Disagree (D), 3 = Undecided (U), 4 = Agree (A) and 5 = Strongly Agree (SA).

<b>B1</b>	<b>Procurement Planning</b>	<b>SD</b>	<b>D</b>	<b>U</b>	<b>A</b>	<b>SA</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
B1.1	The district implements a procurement process that ensures that delivery is certain					
B1.2	Management of the district tries to ensure effective flow of goods and services					
B1.3	Value to be obtained from products is identified during the procurement planning process					
B1.4	There are professionals in the district who plan procurement					
B1.5	The procurement planning of the district provides focused utilisation of the available resources					
B1.6	Procurement planning of the district involves preparation of contracts					
B1.7	Procurement planning of the district involves awarding of contracts					
B1.8	Procurement planning of the organisation evaluates whether the procurement will be a success or failure					
B1.9	Suppliers who help in minimising cost are procured by the district					

B1.10 Briefly, summarise your analysis of procurement planning of the organisation.

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<b>B2</b>	<b>Contracts Management</b>	<b>SD</b>	<b>D</b>	<b>U</b>	<b>A</b>	<b>SA</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
B2.1	Management of the district carries out adequate negotiation with suppliers					
B2.2	The offers of different contractors are sufficiently compared					
B2.3	Work plans are respected to ensure delivery in time					
B2.4	Contractors are paid in time					
B2.5	The district carries out transparent prequalification of contractors					
B2.6	Contracts are offered through competitive bidding					

B2.7	Quality of supplies is emphasised in contracts process					
B2.8	Ethics are considered paramount in the awarding of contracts					
B2.9	Staff are trained in contract management					
B2.10	Capacity of contractors is established through careful evaluation					
B2.11	The district establishes whether the contractors can manage the money extended to them					

B2.12 In summary, what is your assessment of the district's contract management?

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<b>B3</b>	<b>Supplier Relationships</b>	<b>SD</b>	<b>D</b>	<b>U</b>	<b>A</b>	<b>SA</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
B3.1	Constant touch with the suppliers is maintained by management					
B3.2	Management of the organisation has established long cordial relationships with suppliers					
B3.3	The district helps to train suppliers to improve their performance and capabilities in supply management					
B3.4	There is an effective communication system with suppliers					
B3.5	The checks performance effectiveness of suppliers					
B3.6	Trust has been established between the organisation and suppliers					
B3.7	Good relationships are promoted between different partners supplying the district.					



B3.6 In summary, what is your opinion on the extent of supplier relationships between the district and its suppliers?

.....

.....

.....

**Section C: Value for Money**

This section presents items on value for money. You are kindly requested to indicate your feelings about value for money using the scale where, 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree.

C1	Value for Money	SD	D	U	A	SA
		1	2	3	4	5
B1.1	Products are of high quality					
C1.2	The prices of commodities are low					
C1.3	The procurement process is cost effective					
C1.4	Right products are procured					
C1.5	There timely delivery					
C1.7	Achievement of procurement goals					
C1.8	Satisfaction is obtained from the supplies					
C1.9	Expectations of the beneficiaries from the supplies are met					
C1.10	Suppliers fulfil their contractual obligations					
C1.11	Suppliers fulfil their obligations fast					

C1.12 In summary, what is your opinion about attainment of value for money in procurement by the district?

.....

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.....

.....

End

## **APPENDIX C**

### **INTERVIEW GUIDE FOR STAFF SENIOR MANAGEMENT OF THE ORGANISATION**

#### **Procurement Planning**

1. What is the strategic planning procurement process of the organisation?
2. How does management of the organisation try to optimise flow of goods and services?
3. What are the specified functions that should be accomplished by different departments in the service delivery system?
4. Who are the professionals that plan procurement?
5. How does the procurement planning of the organisation provide for focused utilisation of the available resources?
6. What is involved in contract planning?

#### **Contracts Management**

7. How does the organisation ensure that there is adequate negotiation with suppliers?
8. What collaboration exists with contractors?
9. How is timeliness ensured in procurement?
10. How is transparency ensured in the prequalification of contractors?
11. How is value for money ensured in procurement?

#### **Supplier Relationships**

12. What is the level of interaction with services providers?
13. How does the organisation ensure that there are long cordial relationships with suppliers?
14. What does the organisation do to improve the performance and capabilities of suppliers?
15. How does the organisation communicate with the suppliers?
16. What partnership exists with suppliers that helps in achieving value for money?

**APPENDIX D**  
**INTRODUCTORY LETTER**