**PROCUREMENT CONTRACT MANAGEMENT AND PROCUREMENT PERFORMANCE AT UGANDA NATIONAL**

**EXAMINATIONS BOARD**

**BY**

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# DECLARATION

I, Mariam Samanya, hereby declare that this dissertation is my original work and has never been submitted for any academic award or publication in any institution or University. Due acknowledgement has been made for the work of others authors in this report, through quotation and references.

Signed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Mariam Samanya**

Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# APPROVAL

This is to certify that this dissertation entitled **“Procurement Contract Management and Procurement Performance at Uganda National Examinations Board”** was conducted under my supervision. Its final report is now being submitted to Uganda Management Institute for Examinations with our approval.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

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# DEDICATION

This work is dedicated to my parents Mr. Abassi Baruk Mulalisa and the late Mwajjuma Tikabulamu who gave me the foundation for my education upon which I continue to build. Equally I dedicate this work to my husband Michael Bakaswirewa, my children Hannah, Kezia, and little Jemmimah whose support and inspiration enabled me to take up this research study.

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# LIST OF ABBREVIATIONS

CTB : Central Tender Board

CVI : Content Validity Index

OECD : Organization for Common Economic Development

PDE : Procurement and Disposal Entity

PPDA : Public Procurement and Disposal Act

UNEB : Uganda National Examinations Board

# ABSTRACT

This study examined the influence of procurement contract management and procurement performance at Uganda National Examinations Board (UNEB). Specifically, the study investigated the extent to which contract governance, performance monitoring, closeout/termination influence procurement performance in UNEB. The study used a cross-sectional study design adopting quantitative and qualitative approaches on a study sample of 112 UNEB staff and 37 suppliers. Data was collected using a questionnaire and interview guide. The study found out that contract governance predicted 39.7% of the variance in the procurement performance while contract performance monitoring predicted 21.2% of the variance in the procurement performance and contract termination/closeout predicted 39.1% of the variance in the procurement performance. The study concluded that attainment of procurement performance indicators of value for money and internal customer satisfaction in Procurement and Disposal Entities (PDEs) depends on the establishment of contract governance mechanism, contract performance monitoring and contract termination/closeout practices. The study recommends the Accounting Officer in UNEB in liaison with User Departments, PDU, Contract Committee and selected contractors should use pre-contract performance conferences to illustrate and communicate the contract governance structure, establishment of quality assurance criteria to monitor quality such as delivery inspection committees within the user departments, training of user department and contract managers on provider rating and contractor/supplier appraisal.

# CHAPTER ONE

# INTRODUCTION

## 1.1. Introduction

This study examined the influence of procurement contract management on procurement performance of the Uganda National Examinations Board (UNEB). Procurement contract management was the independent variable while procurement performance was the dependent variable. The study focused on contracts governance, performance monitoring, termination/closeout and the procurement performance of UNEB. This chapter presents the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, research hypotheses, significance of the study and conceptual framework.

## 1.2. Background to the Study

### 1.2.1 Historical background

Contract management world over has been evolving in its approach and emphasis aimed at achieving value for money in the procurement process (Thai, 2004). The use of contracting to enhance a weak procurement performance is not new, but is extensive and rising (Avery, 2000; Domberger, 1998; Greer et al., 1999; Hunter & Gates, 1998). In public sector organisations, this trend was attributed to managers seeking to defend or achieve value for money through purchasing cost-effective, specialist services to cover non-core areas of their operations (Marwaha & Tommerdahl, 1995). In particular, organisations aimed at lowering their costs while increasing service, and improved capabilities so that they could respond to future business challenges (Greer et al., 1999; Grover et al., 1996).

The 19th century was characterised by governments in the European countries liberalizing their economies by encouraging the public to deliver services while allowing government entities to concentrate on their core activities requiring the use of contracting and the management of awarded contracts (Dutfield, 1992; Harboard, 1994; Darwin, Duberley & Johnson, 2000; OECD, 2005).

In the United States of America**,** contracting and monitoring of government services took precedent in 1920 when contracting/outsourcing was perceived to be the real way to do business. Contract management was characterised by placing orders from which the outsourced provider was to comply by supplying the ordered items or services with no effort directed to appointment of contract managers to monitor the performance of the suppliers leading to late deliveries constraining the achievement of value for money (Heinbuch, 1996).

Similarly, Dutfield (1992) noted that contract management in United Kingdom which was preserve of the appointed administrators was managed by government entities through call-off order procurements requiring less use of an elaborate contract management structure and appointment of contract managers to monitor suppliers performance. Procurement performance was therefore characterised with late deliveries which constrained achievement of value for money. The underperformance in the procurement function lead to overall reforms with tremendous improvement in service delivery in both UK and USA but according to OECD (2005) there still exist weaknesses in the contract management which if well addressed enhances value for money in public procurement in these developed countries.

In Africa, colonial powers introduced similar service delivery through contactors from mainly the colonizing country for civil works, supply of goods and services since the local capacity was not well developed (Hunja, 2003; OECD, 2005; World Bank, 2005). According to Odiambo and Kamau (2003), contract management in the East Africa by 1970 was clearly undertaken by outside agents mainly the Crown Agents to supply post colonial government’s needs through centralized supplies offices largely responsible for procurement contract management in ministries. In Kenya and Tanzania for example, contract management was then vested in an existing structure with the Central Tender Board (CTB) overseeing contract management on behalf of government with few contract management roles being delegated to the ministerial, regional, district and local administrative units tender board. However, an evaluation of the procurement reforms in Kenya revealed that public procurement was not operating efficiently and that the public was losing a lot of money through shoddy deals arising from poorly managed contract.

In Uganda, before or until 1990, the CTB was the chief overseer of awarded government contracts. Given its weakness to oversee among others, effective contract management, the year 1990 saw the introduction of the Directorate of Central purchaser under statute No 3. It was charged with responsibility to procure and monitor government works, goods and services. In 1993 it was transformed into a corporation, the Central Government Purchasing Corporation. In 1997, the Swiss Procurement company was contracted by Ministry of finance to advice on among other public procurement processes including contract management but the procurement processes were still bogged with procurement under performance due to poorly managed CTB contracts leading to late and wrong deliveries and failure to achieve value for money procurements(Agaba &Shipman, 2007).

The poor contract management led to a need to reform the procurement processes and to date, there exists the Public Procurement and Disposal of Public Assets (PPDA) Act, and Regulations, 2003 within which there exists provisions relating to contract management; a PPDA Authority an institution to oversee effective contract management; Local Government PPDA Regulations of 2006. There also exists an accounting officer, the procurement and disposal entities PDE, the contracts committee, procurement and disposal unit PDU and user departments. Each of these institutions has distinct roles, duties and responsibilities in public procurement contract management aimed at effective service delivery to citizens (PPDA Act and Regulations, 2003; Local Government PPDA Regulations, 2006) but achievement of the goal of procuring goods, services and works at the right time, place, cost, and in the right quantity and quality coupled with attainment of value for money procurement performance is still far from being achieved.

It is evident that in the public sector, managers and policy makers are embracing the role that competition can play in increasing efficiency and effectiveness, and contracting has been widely adopted as a vehicle to achieve reform in the new public management and enhancing procurement performance (Hilmer, 1993; Williams, 1994). Similarly, Johnson and Duberley (2000) noted that current available literature demonstrates awareness that the implementation of contracting in sub Saharan Africa must entail new forms of management control and organizational structure which involve new patterns of intra- and extra-organizational relationships. Contract management in all countries therefore became a focus because it was a means of ensuring and serving national interest and needs following the award of the procurement contract to best evaluated bidder. Governments world over acknowledged and recognized the need to examine contract management processes to make it accountable to all stakeholders for enhanced visibility of the procurement function performance (Agaba & Shipman, 2007).

The OECD (2005) concludes that the use of contracting in government services is increasing, as the evidence is fairly clear that contracting out can lead to efficiency gains, while maintaining or increasing service quality levels in both developed and developing countries but offer no empirical evidence on the extent to which contract management could have influenced procurement performance in Uganda or other Sub-Saharan African countries. This study therefore intends to explore the role of contracting on procurement performance in Uganda.

### 1.2.2 Theoretical background

This study was underpinned by the Principal-Agent theory by Jensen and Meckling, (1976) which posits that in a principal-agent relationship, one party, the agent is required to perform some service on the behalf of the other party who is the principal. This result into a contractual relationship and because of this relationship there will be a divergence between the actual decisions made by agents and the decisions that would maximize the principal’s benefits which arises because, when making a decision, agents also seek to maximize their own self-interest.

In the case of public procurement contract management, exercising control over agents by observations of input and output during contract performance is vital if the principal is to achieve the objective of the procurement which contributes to the overall performance of the procurement function (Bishop, 1990). This leads to the need to exercise public controls through standardized procedure or legally instituted methods and probably the most important method of control is through the definition of the obligations and duties of public agents *exante* to guide contract monitoring, reward, termination and closeout (Schäfer, 2003). According to the Principal-Agent Theory, by Jensen and Meckling (1976) contractual obligations and duties are designed to manage the collection and diffusion of information in a manner which is easily verified and enforced during contract performance.

In reviewing the Principal-Agent Theory, this study identified the variable of procurement contract management which demands that the Principal puts in place a contract governance structure, effectively monitors the performance of the Agent (in this case suppliers or contractors), rewards the Agent based on fulfillment of their part of the bargain, removal of delegated function in the event of failure to perform the contract through termination and contract phase out once the objective of the procurement has been achieved.

### 1.2.3 Conceptual background

Contract management is defined as the process of establishing a contractual governance structure, contract monitoring, contract termination and closeout with the aim of achieving value for money and customer satisfaction with fairly elaborate contract laws, regulations and guidelines (Odiambo & Kamau, 2003; PPDA Act, 2003; Thai, 2004).

Contractual governance is defined as the efforts to establish a working organisational structure by deploying the necessary personnel and coordination between the PDE and contracted firm. The governance structure is completed by allocation of clear roles and responsibilities to be performed by the stakeholders in the contract to help achieve the objectives of contracting (Bonifazi & Desouza, 2004; Briscoe & Dainty, 2005; Thai, 2004; Tsang, 2002). In this study contractual governance included two major indicators of contract implementation structure and allocation of roles and responsibilities in the performance of the contract.

Contract performance monitoring is defined as the process involving the procurement official or designated contract administration team carefully monitoring contractor performance in relation to quality, schedules, acceptance, conflict, contractor performance, changes, budgets and payments (Thai, 2004). Some scholars equally noted that in the context of contracting, performance monitoring appears to encapsulate three key areas ensuring the contractor’s work is faithful to the contract terms, identifying the extent of variation in quality and its relationship to cost factors, and determining whether clients and the contracting agency are satisfied with the service (Domberger, 1994; Hall and Rimmer, 1994). In this study contract performance monitoring referred to ensuring that the supplier complies with the quality expectations of the contract and generation of the necessary documentation of the contract performance in form of reports by the PDE.

Contract termination is defined as the separation of the contracting parties during the performance of the contract following breach or failure to perform according to the contractual obligations or provisions. Contract closure is defined as the effort to ensure that all contractual issues have been met, all changes have been incorporated into the final document, all deliverables have been received, all bailed assets and classified documents have been returned and final payment has been made. The procurement official or the contract administrator writes formal closure documents which should contain a narrative identifying and discussing the contractor’s strength and weaknesses in the performance of the contract for further consideration of the contractor (Thai, 2004; Nirmal, Young & Hae, 2006).

There has been no comprehensively developed definition of procurement performance in the public sector other than the establishment of Key Performance Indicators (KPI) in the management of the procurement function (Agaba & Shipman, 2006; Ashworth, 1991; Thai, 2004). However, proxies of value for money and customer satisfactions have been widely used as accepted measures of procurement performance (Agaba & Shipman, 2006; Ashworth, 1991; Thai, 2004). In support of the value for money indicators Foreman, (2003) contends that public procurement must be built on the principles of Value for Money narrowly defined as a concept associated with deployment of resources vis-a-vis realization of some expected output values. The user department or consumer attempts to attach value to products or services received and compares the same with resources expended widely associated with the economy, effectiveness and efficiency of a product, service or process.

As such from the user or the targeted point of view, value for money is the value (output) attached to some defined cost (input) or a comparison made between the input costs against the value of the outputs and a qualitative and quantitative judgment over the manner in which the resource involved have been utilized and managed (Callender & Matthews, 2002). Value for money is based therefore not only on the acquisition price/cost (economy) but also on the maximum efficiency and effectiveness of a procurement transaction (Cameron, 2004). One might therefore wish to obtain evidence on the contribution of contract management to obtaining value for money (Agaba & Shipman, 2006).

In relation to stakeholders satisfaction Ashworth (1991) indentified the achievement of right time, at the appropriate price and quality standards, in the delivery of goods, services and works to provide the client with a high level of satisfaction. The Commonwealth Procurement Guidelines (2005) emphasized that 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. In this study, procurement performance included the extent to which all works, services and goods purchased by UNEB meet the value for money and internal customers’ satisfaction.

### 1.2.4 Contextual background

# The Uganda National Examinations Board (UNEB) is a government parastatal established by an act of parliament (Uganda National Examinations Board Act 1983Chap, 137). Its mandate is to ensure continued improvement of quality, validity and reliability of assessment and evaluation of curriculum and learners achievement. Its functions include (a) conducting primary, secondary, business and technical and such other examinations within Uganda, as it may be considered desirable for public interest; (b) to award certificates or diplomas to successful candidates in such examinations, and other functions referred to in Section 3 of the Act (UNEB Strategic Plan, 2012-2015).

As a PDE, the functions of the procurement office are supposed to facilitate UNEB to achieve its core values and specific objectives. To perform its functions and achieve its mandate UNEB has an established accounting officer, PDU, contracts committee, and user departments. Each of these institutional components in the procurement institutional framework plays a significant role in contract management for enhanced performance of the procurement function. However, despite the institution procurement contract management framework, UNEB has been having problems in its procurement process. For example, during the 2007/8, PPDA procurement and disposal audit of UNEB, the findings stated that there were no contract management reports on all procurement files.

Apart from procurement problems, UNEB’s procurement performance has been questionable (Auditor General Report, 2009). There have been times when requisitions are made later and failure of meeting procurement objectives. According to PPDA report (2010), some suppliers failed to supply some of the required items and some supplied after delay. For example, UNEB sought to procure Examinationsmaterials from University Bookshop Makerere Ltd, which failed to supply some the Examinationsmaterials. Thus, UNEB sought another, supplier MK General agencies, who then supplied after delay. In addition, UNEB sought the services of J. S. Super Market Ltd to supply insecticides but the firm failed completely to deliver, which led to delayed procurements and time costly procurements (PPDA, 2010). This problem also occurred when UNEB solicited the service of Prime General Supply Ltd to supply and deliver printery material. As of July 2012, the PPDA again carried out a procurement and disposal audit for FY 2010/11 procurements, rated the performance of UNEB contracts as shown in table 1.1 below.

# Table 1: UNEB Procurement Performance

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Risk category | Current Performance 2010/2011 | | | | Previous Performance 2007/08 | | Weighted Average |
|  | No. | No. % | Value (UGX) | Value % | No. % | Value % |  |
| High Risk | 3 | 6 | 351,935,300 | 5 | 20 | 3.6 | 3 |
| Medium Risk | 0 | 0 | 0 | 0 | 10 | 7 | 0 |
| Low Risk | 12 | 24 | 829,350,743 | 12 | 57 | 86.6 | 1.2 |
| Satisfactory | 35 | 70 | 5,660,936,252 | 83 | 13 | 2.8 | 0 |
| Total | 50 | 100% | 6,842,222,295 | 100% | 100% | 100% | 4.2 |

Source: PPDA Report, 2012

Table 1 above shows an improvement in the entity’s performance as the number of high and medium risk cases have reduced by 24% since the previous audit in 2007/2008 financial year. However, although this showed an improvement in the procurement performance, the PPDA report indicated that the entity had high risk cases. The PPDA report equally noted that the entity continuously used non-competitive procurement methods without proper justification; usurped roles of key players; and failed to appoint contract managers. It was this state of affairs that instigated this study to examine the influence of procurement contract management on the procurement performance in UNEB to enhance the achievement of value for money.

## 1.3. Statement of the Problem

The government of Uganda enacted the PPDA Act (2003) which emphasizes best practices including procurement principles, rules, administrative review systems, codes of conduct as well as suspension of providers and disciplining of public officers who commit malpractices in public procurements. These are supposed to improve procurement performance in public institutions like UNEB. Despite the PPDA Act, 2003 provisions stipulating how to effectively manage awarded contracts, UNEB seems to be constrained in achieving value for money and internal customer satisfaction (Kalyango, 2007; Mukasa & Nampala, 2010). For example in 2008/2009 financial year the tender to supply plastic question paper and answer script envelopes was poorly managed as the supplier ended up supplying plastic question and answer script envelopes without self sealing tapes which compromised the safety of the examinations questions and answer scripts. The institution improvised by making direct procurement to supply paper envelopes which did not meet the specifications for the safe custody of question papers and answer scripts. Similarly, the UNEB tender to supply mark sheets which are used during marking of examinations was poorly managed and resulted into delayed kick starting of the marking process with the consequent delay to release of the examinations as scheduled (UNEB Procurement Records, 2008/9).

The failure to effectively manage the awarded contracts in UNEB undermines the achievement of the mandate of the institution which equally compromises the performance of the procurement function in the entity. This study therefore assessed the influence of procurement contract management on procurement performance in UNEB.

## 1.4. Study Objective

**1.4.1. General Objective**

The general objective of the study was to examine the influence of procurement contract management on procurement performance at UNEB.

## 1.4.2. Specific Objectives

The study was guided by the following objectives:

1. To establish the extent to which contract governance influences procurement performance at UNEB.
2. To establish the extent to which contract performance monitoring influences procurement performance at UNEB.
3. To establish the extent to which contract termination/closeout influences procurement performance at UNEB.

## 1.6. Research Questions

The study strived to answer the following research questions:

1. To what extent does contract governance influence procurement performance at UNEB?
2. To what extent does contract performance monitoring influence procurement performance at UNEB?
3. To what extent does contract termination/closeout influence procurement performance at UNEB?

## 1.7. Hypotheses of the Study

1. Contract governance significantly influences procurement performance.
2. Contract performance monitoring significantly influences procurement performance.
3. Contract termination/closeout significantly influences procurement performance.

## 1.8. Conceptual Framework

The conceptual framework shows the relationship between procurement contract management and procurement performance.

Independent Variable Dependent Variable

**Procurement Contract Management**

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

**Contract governance**

* Contract implementation structure
* Roles &responsibilities

**Contract performance monitoring**

* Quality monitoring
* Documentation

**Contract termination/closeout**

* Termination
* Closeout

**Procurement performance**

* Value for money
* Internal customer satisfaction

Source: Adopted with modifications from the Principal-Agent theory by Jensen and Meckling, (1976).

The conceptual framework shows that procurement contract management is the independent variable and its dimensions include contract governance, performance monitoring, termination/closeout while procurement performance is the shown as the dependent variable measured in terms of value for money and internal customer satisfaction with suppliers. The assumption is that a sound procurement contract management was associated with better procurement performance while poor procurement contract management was associated with poor procurement performance. Thus, the conceptual framework depicts a many to one relationship.

## 1.9. Scope of the Study

### 1.9.1 Content scope

The study focused on how procurement contract management influences procurement performance. Procurement contract management was restricted to aspects of contract governance, performance monitoring, termination /closeout. Procurement performance was restricted to value for money and internal customer satisfaction with supplies.

### 1.9.2. Geographical scope

The study was carried out at UNEB in Kampala district in Central Uganda plot 36 Martyrs way Ntinda. It was selected as a case study of procurement contract management and procurement performance in public institutions in Uganda following the increase of procurement high risk from 3.6% to 5%(PPDA Report, 2012).

### 1.9.3 Time scope

The research focused on a period of 2007-2012; the time UNEB was experiencing problems with procurement performance aspects of value for money and internal customer satisfaction with supplies as indicated in the PPDA Audit Reports 2012.

## 1.10. Significance of the Study

The study may be useful in the following ways:

To the government of Uganda and PPDA Authority, the study may offer and help document contract management practices in a government parastatal that may be used to enhance the public procurement policies and regulations to enhance achievement performance of the procurement function.

To UNEB and other parastatals, the study offers an opportunity to express their concerns in contract management which higher authorities need to address to enable them effectively delivery their mandate. The study also provides an opportunity by the management of UNEB to appreciate the importance of contract governance, performance monitoring, termination and closure and how they influence the performance of the procurement function.

To the academia, the study generates new knowledge in the area of public procurement contract management and quality procurement performance in the public sector of a developing country.

## 1.11. Justification for the Study

Poor procurement performance at UNEB results into loss of taxpayers’ money, inefficiencies, a lack of value for money in procured goods/services, and unreliability goods and services. Yet no study has been conducted in UNEB to address the problem. Thus, this study was important in that it throws more light on the procurement contract management at UNEB, which might be useful to rectify problems that were identified during the study to improve on procurement performance.

**1.12 Operational Definitions**

**A contract** refers to a promise or agreement for which the law establishes enforceable duties and remedies.

**Contract management** refers to the establishing of governance structure, monitoring performance, termination and closeout of the contract (PPDA Act, 2003; Thai, 2004).

**Governance structure** in this study refers to the contract implementation structure, and allocation of roles and responsibilities in the executions of contracts (Bonifazi & Desouza, 2004; Briscoe & Dainty, 2005).

**Contract performance monitoring** in this study refers to quality assurance and documentation of contract performance (Thai, 2004).

**Contract termination/closeout** in this study refers to the efforts to terminate the contract for not performance and closure of the contract at completion of the contract or its expiry (Thai, 2004; Nirmal, et al., 2006).

**Procurement performance** in this study refers to the achievement of value for money and internal customer satisfaction with supplies (Foreman, 2003; Thai, 2004).

# CHAPTER TWO

# LITERATURE REVIEW

# 2.1. Introduction

This chapter presents a review of related literature on contract management and procurement performance based on what other scholars have observed world over. The first section presents the theoretical review. This is followed by a review of related literature in relation to contract management and thereafter the specific objectives of contract governance, performance monitoring, contract termination and closeout and procurement performance.

# 2.2. Theoretical Review

One of the related theories to procurement contract management and procurement performance is the institutional theory proposed by DiMaggio and Powell (1983), which asserts that organizations are socially rewarded by legitimacy, resources, and survival based on their acceptance of coercive, normative, and mimetic institutional pressures. In contexts where institutional, technical and legitimate pressures are acting, organizations seek to obtain not only efficiency but also legitimacy, and must identify and satisfy the requirements of their stakeholders (Neilsen&Rao, 1987; Zsidisin et al., 2005) created by Regulatory/coercive, normative and cultural-cognitive/mimetic (Scott & Meyer, 1994; Scott, 2001).

O'Donnell et al., (2003) and Liang et al., (2007) while using institutional theory concurs with the institutional theory and highlights that governments entities are always under constant internal and external pressure to comply with existing normative and coercive terms in their strive to deliver the much needed public social services. The institutional theory informs this study that UNEB in its procurement contract management, needs to put in place effective contract governance, performance monitoring, and termination/closeout provisions as required by the procurement law (PPDA Act, 2003) and as a norm in all public entities to receive legitimacy.

A related theory to procurement contract management is the contracting theory proposed by Macaulay (1963) which asserts that contracts vary considerably depending on the contracting parties, scope of contract and type of relationship. Macaulay (1963) asserts that a complete contract comprises numerous documents that specify responsibilities, key performance indicators, compensation principles and management routines that the parties to the contract will perform.

In support of the contracting theory, Barthelemy and Geyer (2004) noted that in contracting performance requirements are preferred and more frequent than process requirements, but often combinations are used if the contracts have to achieve the desired results which are usually achieved through process control, performance monitoring in the contractual relationship. The contract theory and practice underpinned this study as it espouses the concepts of contract monitoring a responsibility UNEB should undertake to ensure the goods, works and services are procured from the right place, at the right time and cost, from the right sources and in the right quality/quantity.

# 2.3. Contract Management and Procurement Performance

Contract management according to Lin, et.al, (2007) focuses on the establishment of the governance structure, contract performance monitoring, contract termination and contract closures after the objective of contracting has been achieved. Zou, et al (2007) argued that performance agreement should be supported by creating a governance structure that facilitates productive discussions and offering leverage and incentives to promote the customer’s goals. Through knowledge of each party’s rights and responsibilities under the agreement, the executives have a context in which to negotiate and can use consistent, negotiated processes to resolve issues whenever possible.

# 2.4. Contract Governance Structure and Procurement Performance

Power, Bonifazi and Desouza, (2004) noted that organizations expend resources on the outsourcing strategy, selecting vendors and negotiating contracts without realizing that this is only the ante to get into the outsourcing game. They need to understand how to manage the ongoing contracting relationship. The governance plan is the glue that holds the contracting relationship together. It includes descriptions of the contracting efforts, identification of key shareholders, schedule of activities, roles and responsibilities, budgets, performance measurements, work products, resources, required skills and knowledge, change control process, quality assurance, configuration management, communication plan and tools, equipment, facilities and security. It was in this study’s best interest to establish the extent to which contracts with UNEB had established key stakeholders in the contract and how they have been configured to enhance procurement performance.

According to Lin, et al., (2007) integration can be reinforced with knowing the parties’ contractual rights and responsibilities as point of reference for evaluation of parties’ performance of their contractual obligations. Various scholars have suggested that partners can use safeguards as a cost effective form of governance between parties, specifically informal ones such as goodwill trust or embeddedness in addition to formal control and trust (Yang et al., 2011; Klein & Rai, 2009). The tangible benefits can be considerable as these informal safeguards are generally lower cost governance mechanisms than alternate forms that would involve complex legal contracts, extensive monitoring costs, and security bonds while intangible benefits can be considered as feeling and reacting as a team player (Sambasivan et al., 2011).The use of safeguard seems not to be widely known in the public service contracting governance that this study was interested in establishing the extent to which contracting safeguards have been established in contract governance mechanisms and if there were any tangible benefits derived in these contractual relationships.

Tsang (2002) had earlier noted that traditionally, the organization structure is hierarchical and highly functionalized within which maintenance is organized into highly specialized trades. This organization has led to many problems in terms of efficiency and effectiveness. New process oriented organization structures are emerging for more effective and efficient management of business units. Issues of supply chain are important as the problems and limitations associated with traditional construction supply chain approaches and methods in dealing with projects with multiple partners and complex financing arrangements have been well documented in the literature (Black et al., 2000; Briscoe et al., 2004). Organizing using hierarchical structure has been associated with delayed decisions making yet they are unavoidable since they facilitate the management in ensuring controls. This study therefore examined the extent to which contracting hierarchical organisational structure could have influenced procurement performance in a government parastatal.

Traditional construction supply chain arrangements usually exist only for the duration of the project and can vary significantly with successive projects (Briscoe and Dainty, 2005; Dainty et al., 2001). Such short-termism inevitably leads to diversity and instability and an adversarial focus on cost reduction between client and contractor. There is a heavy reliance on a fragmented and largely sub-contracted workforce, which increases the complexity of the supply chain and limits opportunities for process integration.However, Briscoe and Dainty (2005) maintain that most long-term relationships involve only the main contractor, with clients being reluctant to engage fully with sub-contractors and suppliers. This leaves the main contractor to form their own relationships with sub-contractors but frequently there is insufficient trust to enable effective long-term partnering to take place (Davis, 2008; Faisol et al., 2006). The use of subcontracting during the performance of the contract may be inevitable that this study examined the extent to which contract between UNEB and its contractors had provided for subcontractors and its effect on procurement performance.

There is a growing body of literature which suggests that when effective construction supply chain management is based on partnership arrangements, the problems that often plague such projects can be addressed more effectively (Love et al., 2004; Oakland and Marosszeky, 2006; Matthews et al., 2000). Thus, Beach et al. (2005) and Dainty et al. (2001) call for a multiple stakeholder-led construction supply chain model that emphasizes inter-organizational collaboration, cooperation and learning.

Similarly, Kumaraswamy et al., (2000) suggest that a holistic approach to construction procurement embodied in a more effective partnering approach involving a broad range of stakeholders will help to overcome the limitations of traditional approaches. However, Reeves and Ryan (2007) caution that clear guidelines for partnership arrangements must be clearly established ex-ante to avoid downstream problems in projects.

Farlam (2005) noted that in order to maximise partnership working within a contract, a project structure which will enable strong working relationships to develop at all levels between the local authority, the service users the service provider, and, for contracted function, is needed. The local authority should be aiming for a structure with clear lines of communication and reporting procedures, and for a balanced relationship, i.e. one that is not so adversarial that the relationship does not disintegrate, nor one that is so lenient that the service provider does not deliver the requisite level of service. This study therefore examined the form of contract structure and the strength of the contract lines of communications and their effect on procurement performance. This study therefore examined the extent to which efforts has been undertaken to develop partnership kind of arrangement and how the use of partnership governance during contract performance could have contributed to procurement performance on a government parastatal.

According to Lin et al., (2007) knowing the parties’ contractual rights and responsibilities also permit bartering when the agreement does not resolve the issue and leverage is necessary. When the contract does not address an important issue, or if the contract provisions do not provide a realistic solution to a problem, the best practice is to amend the agreement so that future issues will be addressed. In addition, supply chains need to be adapted to the newly arising requirements (Johnson & Mena, 2008) yet the integration of services by the outsourced provider into the company is of particular importance. Integration poses a special challenge to management because guiding principles, structures and processes for services have to be incorporated into the overall strategy, marketing and development, as well as into the organisation itself (Baines et al., 2009). With such adaptation, a well-developed contract management process is an important tool for customers to use to maximize the value they receive from an contracting relationship following the award of the contract. The next subsections review related literature on contract governance structure, contract performance monitoring, contract termination/closeout and procurement performance.

Rafiq (2003) identified some challenges in contracting organisational structuring related to lack of clarity in roles and responsibilities and suggests key questions such aswho are all the stakeholders that need to contribute? Who owns what aspects of which agreements? How does this division of labour get communicated among the contracting team? It is clear that using a structured approach to procurement relationships as illustrated in Rafiq (2003) paper and predicated on co-dependency enables significant value gains for both contracting parties. The traditional master-slave relationship is fast becoming redundant and so it should be. Smart organisations leverage significant gain in procurement value through strong partnering relationships with a few key suppliers in a co-dependant model. Procurement models are proven mechanisms for delivery of mutual benefits to both parties.

Wibowo and Patria (2007) propose the use of project managers and noted that in public private contracting project manager’s principal responsibility will be to deliver the project end item, the asset or service within specified objectives or level of investment, schedule and risk allocation. Though responsibilities are likely to vary, they will usually include: planning, organizing and controlling project resources; selecting and organizing the project team; interfacing with stakeholders, monitoring project status, identifying technical and functional problems, solving problems and closing the project. The contract manager should establish a fully functional institutional framework consisting of a project support office, staff and relevant infrastructure. The contract manager should have clearly defined roles and tacit authority to manage the contract performance process from inception to closure. Wibowo and Patria (2007) suggestions reminds this study of the need to establish contract manager during contract performance that this study examined the extent to which UNEB has provided for appointment of contract managers and allocations of responsibilities to help enhance the performance of the procurement function.

Rogers (2005) concluded by noting that organisations have begun to invest in efforts to consider how to organise their people, processes and policies into a proper foundation for building strategic alliances with their suppliers; and they realise it will take time to fine tune, and time to generate trust and co-dependency. At a minimum, organisations should immediately begin to evaluate their needs in this area by auditing their current organisational capabilities to assess gaps and dependencies. Thus managing suppliers’relationships may well turn out to be the most influential strategic lever organisations can use to reduce costs.

# 2.5. Performance Monitoring and Procurement Performance

The contracting process tends to be concerned with performance monitoring because they need to determine the most cost-effective approach to ensure that efficiency and innovation gains from outsourcing are not eroded (Avery, 2000; Hodge, 1998). While discussing the outsourcing of public health laboratory services, Avery (2000) suggests that the agency should establish a system of performance monitoring and feedback from users and service providers. He recommends development of written performance goals and monitoring of external providers to ensure contract fulfillment in terms of performance and quality. The need to use performance monitoring based on the established performance indicators informs this study of the need to examine the extent to which UNEB had established performance indicators to guide the contract performance mentoring.

Issues of contract quality seem to have taken centre stage in contract monitoring of which Øvretveit (2003) noted that the purchaser’s responsibility in monitoring the contract involves receiving the provider’s quality reports, and checking the validity of these reports; taking action on poor quality; receiving complaints directly from the public; and getting feedback from the public about satisfaction with the service. Consequently, the purchasers responsibility in reviewing the contract include reviewing quality performance; agreeing changes to improve quality; and changing or proposing to change contracts, if quality performance is unacceptable and there are alternative services. In some countries, regulators or independent agencies may undertake some of these functions, such as assessing the provider’s quality system or acting on complaints. This study therefore was interested in establishing the quality considerations in contracting and the parties involved quality assurance.

Khatibi and Ting (2004) equally report on quality and noted that if a provider has an appropriate quality system, then monitoring quality is more manageable for a purchaser. Purchasers can monitor some standards directly, and some indirectly, by monitoring the provider’s quality system documents, and by using other “third-party” quality monitoring. In complement, Øvretveit (2003) noted that the single most important thing that purchasers can do to improve quality is to require a provider to have an appropriate quality system, and to have access to the system documentation.

For contract monitoring to be effective Rogers, (2005) supports the use of formal contract control mechanisms is also both relevant and prudent, especially with the new performance based formats which are predicated on less prescriptive specifications, choosing to focus instead on broader performance outcomes and organizations that adopt formal control mechanisms gain significant leverage from these regular sessions. Mechanisms that enable obtaining value for money and customer satisfaction include formal meetings with agendas, minutes and action points, held weekly and monthly. This document, produced by the supplier with some assistance from the organisation formally records, in writing, performance and progress against the contract scope and specification. The use of meeting meetings to obtain briefing on the performance of the contract informs this study on the need probe for the use of meetings to brief the parties on the contract progress.

Oyegoke (2006) reflects on the use of performance certificates and noted that in the Finnish system, the contractor receives a payment two weeks after the certificate, i.e. 14 days; the issue of the certificate and payment is based on the schedule of payment and ff the client defaults within a reasonable time frame, the client is obliged to pay the contractor annual penalty interest under interest act. In the UK practice, interim valuation is commonly used, which covers the level of work done plus certified unfixed materials on and off site. This study equally accessed the observance of the requirement to produce performance certificates as a basis for performance and its contribution to procurement performance. Furthermore, Lai and Yik (2006) equally noted that without involving end-users, benchmarking, performance review meeting and performance audit belong to a set of management tools that necessitate the contractor to provide performance data for benchmarking purpose; participate in meetings for reviewing his performance; and demonstrate compliance with contract requirements upon auditing his work. The outsourcer may directly involve or engage a consultant to participate in the conduction of benchmarking and contract performance audit, but the contractor’s performance would be reviewed in meetings by the outsourcer and, sometimes by the representatives of end-users depending on the issues of concern. Unlike in a benchmarking exercise where issues in focus can be strategic, tactical as well as operational, the usual agenda of performance review meetings would include only strategic and tactical items, whereas typically tactical and operational contract performance matters would be audited.

Lai and Yik, (2007) concluded that devised for monitoring different levels of performance issues, different management tools would involve different stakeholders of building operate and maintain contracts for their implementation. The study shows that balanced scorecard and benchmarking are rarely used. Customer satisfaction survey is commonly used, but quantifying the cost of such survey is difficult without proper record of relevant human and time resources. The contracting parties generally regarded performance review meeting as a useful means for resolving operational issues on an “as-needed” basis rather than a tool for communicating and formulating strategic matters of the contracts.

Some empirical study such as Dean and Kiu, (2002) in their study found out that organisations reported that they relied predominantly on their own personnel to perform inspections (68 per cent) or, alternatively, some form of checklist or certification from the contractor (49 per cent). In a small number of cases, organisations used both. Of interest is the relative lack of use of inspections by a third party or other means of independent assessment (11 per cent). These findings may be explained by the comments from respondents that some contracted functions are relatively unimportant to the success of their businesses and do not warrant greater expenditure on monitoring.

Dean and Kiu (2002) equally noted that the reasons that on spot surveillance and regular contact were nominated include the visibility factor the frequency and immediacy of the outcome which enables errors and complaints to be remedied quickly, and while they are still minor problems. Regular contact is linked to the two-way feedback/consultation approach which was considered important because it “leads to an understanding of expectations. On the extent to which performance monitoring affects quality outcomes, Dean and Kiu (2002) study found out that organizations do believe that performance monitoring is related to quality outcomes. However, they expressed concern about issues of value, that is, that quality measurement activities do not exceed the benefits of contracting. This study therefore strived to fill this literature gap by examining the extent to which contract performance monitoring aspects of two-way communication could have contributed to procurement performance.

# 2.6. Contract Termination/Closeout and Procurement Performance

Parties to the contract are bound by their obligations to performance their part of the bargain but as Baccarini et al., (2004) noted that contracts cannot be expected to achieve a firm’s desired results unless they specify a course of action to take when a vendor is not meeting its service level obligations. Cash penalties are a common and effective way to protect an organization against repeated incidents of service falloffs. No matter how specific an SLA may be, there will inevitably be times when the firm and the vendor disagree on whether something constitutes a missed measure.For this reason, it is important to make provisions in the contract for problem resolution procedures (Berggren et al., 2001). One suggestion is creation of a bi-partisan, virtual committee that can act in these instances to deliver a fair and binding resolution to such disputes (Allen & Chandrashekar, 2000; Liz et al., 2004).

Ngwenyama, and Sullivan, (2007), specifically, found termination assistance clause requiring the vendor to assist in the transition to another vendor to avoid lock-in due to high switching costs; posting a confirmable letter of credit on a prime bank as surety of performance to ensure vendor solvency and adequate performance under the contract; prompt notification of changes in financial position or adverse developments to ensure vendor solvency; specification of commercially available alternative technologies to avoid vendor lock-in due to asset specificity or proprietary technology; certification of compliance with all local, state, and national laws relating to public contracting to ensure against vendor opportunism as less practiced in contracting.

In the event that arbitration fails to work and the contract must be terminated, the consequences of termination must be taken into account and appropriate provisions made in the outsourcing contract. In particular, these provisions should cover issues such as: buy back arrangements for equipment; transfer of relevant third party contracts and leases (such as maintenance contracts); transfer of staff; and guarantee by the vendor to assist and cooperate (Lee, 1996). Thai (2004) on his part recommends that there should also be explicit agreement in relation to the termination of services in cases where service levels are not met or when the vendor goes into liquidation, etc. It is particularly important that these issues are spelt out in the agreement because the relationship between the outsourcing customer and the vendor is likely to be tense in termination cases and voluntary assistance based on an assumption of goodwill cannot be relied on.

Ackeman (1996) noted that sometimes it is the service failures themselves which cause a termination of the partnership and that service failures may take place for financial reasons as just described, but they may also take place because of the apparent inability of the contractor to satisfy the service levels required by the buyer and the partnership is ended to satisfy the requirements of the contract of service.

Similarly, Winters (2005) noted that for an outgoing service provider in the public sector organisations there is need to establish financial obligations; create listing of leased and owned equipment; turn over technical, training and user guides; publish final performance metrics; publish inventories related to the performance of work; issue benchmarking data; release process documents; and issue reconciled final financial statement. In a study of outsourced health services in UK, Young (2008) found out that the termination of the contract were mainly due to the contractor’s inability to perform the work to the required outcomes due to having under-priced the contract or having not understood the specific requirements of the hospital. The non-inclusion of all transaction costs swayed the decision in a direction that may not have been optimal on the basis of efficiency. This study therefore strived to establish efforts to terminate contracts and how the entity’s management of the transition to the new contract.

Thai (2004) noted that usually contractors honor their contracts and when the contract is honored, the contract has to be closed out. Contract closure involves several activities and requirements that include; meeting all contractual issues, all changes if any being incorporated in the final document, all deliverables items have been received, all bailed (borrowed) equipment and all classified documents have been returned and final payments made. Once all these items are complete, the procurement official or contract administrator writes formal closure documents containing a narrative of the contract strength and weaknesses in the performance of the contract for future references.

Zou, et. al., (2007) reported that in China, all contracts/projects are required to be audited at practical completion stage. This audit is essentially a final account audit, and must be instigated by the client. This audit will identify final project cost and reconcile the makeup of this final price. For government funded projects, the government audit bureau conducts the audit while the non-government funded works are audited by an accredited specialist audit company. The design institute also participates in supervision of project work, specifically at pre-determined milestones such as reinforcement placement. Additionally, any variations which are significant require design institute concurrence. It was therefore necessary to examine the contract closeout practices in UNEB and their level of compliance to established PPDA Act regulations on contract closeout and the influence of contract closeout on procurement performance.

# 2.7. Summary of Literature Review

# The literature suggests that contract governance aspects of contract implementation structure, performance of the roles and responsibilities during contract performance are important for attainment of value for money and internal customer satisfaction with the procurement function. However the literature did not provide empirical evidence on the extent to which procurement contract governance influences procurement performance in a government parastatal. This study therefore covers this knowledge gap by providing empirical evidence on the influence of contract governance and procurement performance in UNEB. Similarly, the literature suggests that contract monitoring emphasizing quality and contract performance documentation but fell short of providing empirical evidence on the extent to which procurement contract performance monitoring has influenced the procurement performance in Uganda. This study therefore covered this literature gaps by providing empirical evidence on the extent to which procurement contract monitoring has influenced procurement performance in the public sector of Uganda. Furthermore, the literature did not provide empirical evidence on the influence of contract termination/closeout on procurement performance. This study therefore provides empirical evidence on the influence of contract termination/closeout on procurement performance in UNEB.

# CHAPTER THREE

# METHODOLOGY

# 3.1. Introduction

This chapter presents the research design, population of study, sample size and selection, data collection methods, data collection instruments, validity and reliability, data collection procedures, data analysis and measurement of variables.

# 3.2. Research Design

The study used a cross sectional study design adopting both quantitative and qualitative approaches. The cross sectional study design was used because the information on contract management and procurement performance was collected from a sample of the population at that point in time as justified by Amin (2005). The quantitative approach was used to quantify incidences, current conditions and to investigate the relationships between the procurement contract management and procurement performance using information gained from the questionnaire. The qualitative approach was used to give an explanation on the study variables under investigation using interviews and documentary review (Amin, 2005). The quantitative and qualitative approach enableed obtaining data that could be used to find solutions for the research questions on procurement contract management and procurement performance.

# 3.3. Study Population

The study was carried out on population of 220 UNEB staff related to the procurement function and more specifically on contract management and 80 supplier contract managers giving an overall population of 300 subjects (UNEB Human Resource and Contractors’ Database, 2012). This population was considered because they directly interact with the contract management functions as users, adjudicators, suppliers and coordinators of the procurement function.

# 3. 4.Sample Size and Selection

The study selected up to 169 respondents based on Krejcie and Morgan (1970) sampling table guidelines (see appendix III) to be used in this study as shown in table 1 below.

**Table 1: Showing the Study Population for the Research**

|  |  |  |  |
| --- | --- | --- | --- |
| **Population Category** | **Population** | **Sample** | **Sampling Technique** |
| Contract committee | 5 | 5 | Purposive |
| PDU | 3 | 3 | Purposive |
| Contract managers | 5 | 5 | Purposive |
| Users | 207 | 96 | Simple random |
| Contractor Managers/contact person | 80 | 60 | Convenience |
| **Total** | **300** | **169** |  |

UNEB Human Resource and Contractors Database, 2012

**3.5. Sampling Techniques and Procedure**

The study used probability and non probability sampling techniques. Probability sampling refers to methods of selecting individuals to include in a study where each member of the population has an equal chance of being selected while non-probability sampling technique where selection of the sample is based on the **subjective judgment** of the researcher (Amin, 2005).

As indicated in table 1above, the study used simple random sampling to select users in their different user departments. In using the simple random sampling, the study used the lottery approach where names were written on a tag and one name picked at a time until the required number was reached. The study used disproportionate sampling to arrive at the number in each sample. The study used purposive sampling to select contract committee staff, PDU staff and contracts managers who were directly involved in the coordination of the contract management activities and therefore deemed to possess special knowledge and experiences on contract management and procurement performance.

The study used convenience sampling by selecting suppliers who could be easily accessed by the researcher since given the international nature of the UNEB procurements.

# 3.6. Data Collection Methods

In this study, the researcher used a survey approach where both qualitative and quantitative data was collected. There several survey approaches however for the purpose of this study the questionnaire and interview guide were used as discussed below.

**3.6.1. Questionnaire Survey**

This is a formulated written set of questions used to obtain information about the study objectives or hypotheses from the study population (Amin, 2005). The questionnaire was used basing on the fact that the variables cannot be observed such as views, opinions, perceptions and feelings of the respondents on procurement contract planning and procurement performance (Sekeran, 2003). The questionnaire was also used because respondents can read and it is thought to be less expensive for data collection (Amin, 2005). The respondents recorded their answers within closely defined alternatives. In this study the questionnaire was administered by personally delivering them to the respondents. The questionnaire was issued to all the 169 respondents in their different categories.

**3.6.2. Interviewing**

The researcher interviewed one of the Contracts Committee members, Head of the PDU and two Contract Managers to obtain in depth information on contract management and procurement performance. Interviews with the target respondents were conducted by meeting the respondents and asking them questions of which the researcher recorded all the responses.

# 3.7. Data Collection Instruments

This sub section presents instruments/tools that were used to collect data and includes the questionnaire, interview guide and documentary review checklist.

**3.7.1. Questionnaire**

The study used a close ended questionnaire divided into sections namely: background information, governance, performance monitoring, termination/closeouts and procurement performance. A standard Questionnaire on a five point Likert scale of 5- Strongly agree; 4- Agree; 3- Not sure; 2- Disagree; 1- Strongly disagree (See appendix I&II)was used to get quantifiable primary data from the targeted individual respondents.

**3.7.2. Interview guide**

The interview guide was structured where they comprised of a set of issues on contract governance, contract performance reporting, termination and closeout which the researcher wishes to draw data and the same questions are posed to the respondents using a guide to conduct the interview (see appendix III).

# 3.8. Validity and Reliability

**3.8.1. Validity**

Validity refers to the truthfulness of the findings or the extent to which the instrument is relevant in measuring what it is supposed to measure (Amin, 2005). The validity of the instrument was tested using the Content Validity Index considering only variables scoring above 0.70 accepted for social sciences. This involved scoring the relevance of the questions in the instruments in relation to the study variables and a consensus judgment given on each variable and the results are presented in table 3 below.

# Table 3: Content Validity Index Results

|  |  |  |  |
| --- | --- | --- | --- |
| Variable | No of items | No of items declared valid | CVI |
| Contract governance | 13 | 11 | 0.85 |
| Contract performance monitoring | 11 | 9 | 0.82 |
| Contract termination/closeout | 10 | 8 | 0.80 |
| Procurement performance | 13 | 11 | 0.85 |

Source: Expert judgment

Table 3 above shows that contract governance was measured using 13 items and yielded CVI of 0.85 while contract performance monitoring was measured using 11items and yielded CVI of 0.82. Contract termination/closeout was measured using 10 items and yielded CVI of 0.80 while procurement performance was measured using 13 items and yielded CVI of 0.85. Since all variables under study yielded a CVI above 0.70, it was concluded that the instrument had a high validity hence relevant.

**3.8.2. Reliability**

Pretesting is an indispensable part of the questionnaire design and demands that the researcher examines individual questions as well as the whole questionnaire very carefully (Amin, 2005). Reliability of a measure indicates the extent to which it is without bias and therefore ensures consistent measurement across time and across the various items in the statement suggesting that the finding would be consistently the same if the study was done over again (Mugenda & Mugenda, 1999).

This study instruments was pretested for its reliability on a sample of 10 respondents from the Uganda National Midwifes Examinations Board which has a similar mandate like UNEB of managing the examinations of Midwifes in Uganda and therefore have similar procurement requirements. The results were used to enhance its reliability using the factor loading technique to identify and improve on items loading below 0.50. In this study a Cronbach’s alpha coefficient was computed to show how reliable the data is using Statistical Package for Social Sciences (SPSS) considering only variables scoring above 0.70 accepted for social sciences (Amin, 2005) and the results are presented in table 4 below.

# Table 4: Reliability Results

|  |  |  |
| --- | --- | --- |
| Variable | No of items | Cronbach’s alpha |
| Contract governance | 13 | 0.85 |
| Contract performance monitoring | 11 | 0.79 |
| Contract termination/closeout | 10 | 0.78 |
| Procurement performance | 13 | 0.85 |

Source: primary data

Table 4 above shows that contract governance yielded Cronbach’s alpha value of 0.85, contract performance monitoring yielded Cronbach’s alpha value of 0.79. Contract termination/closeout yielded Cronbach’s alpha value of 0.78 while procurement performance yielded Cronbach’s alpha value of 0.85. Since all variables under study yielded Cronbach’s alpha value above 0.70 accepted for social sciences, it was concluded that the instrument was reliable thus consistently measured what it was supposed to measure.

# 3.9. Data Collection Procedure

Permission to conduct the study was sought from the management of UNEB to conduct the study. Anonymity and confidentiality of the respondents was observed by not asking the respondents to put their names on the questionnaires. A covering letter from UMI accompanied the questionnaires.

# 3.10. Data Analysis

Data analysis involves identifying patterns, consistencies and relationships in the questionnaire and interview responses on contract management and procurement performance. Data analysis therefore involved qualitative and quantitative analysis (Amin, 2005).

**3.10.1. Qualitative Analysis**

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

**3.10.2. Quantitative Analysis**

Quantitative data was presented in form of descriptive statistics using mean and standard deviations for each of the variables used in the study, correlation and regression analyses. The correlation technique included Pearson’s coefficient to show the direction of the relationship between the variable and significance tested at 99% and 95% confidence levels based on two tailed correlation and significant more than or equals to 0.05. A positive correlation indicates a direct positive relationship between the variables while a negative correlation indicates an inverse, negative relationship between the two variables. The regression analysis using ANOVA statistics of adjusted R2 values, beta, t values and significance values to determine the magnitude of the influence of the independent variables on the dependent variable was used (Amin, 2005).

# 3.11. Measurement of Variables

The questionnaire was designed to ask responses on contract management based on PPDA Regulations, 2003provisions while procurement performance was measured using procurement performance KPI suggested by Thai (2004). These were channeled into observable and measureable elements to enable the development of an index of the concept. A five- Likert scale namely: 5-Strongly agree; 4- Agree; 3- Not sure; 2- Disagree; 1- Strongly disagrees was used to measure both the independent and dependent variables.

# CHAPTER FOUR

# PRESENTATION, ANALYSIS AN INTERPRETATION OF FINDINGS

# 4.1. Introduction

This chapter presents and analyses the study findings on procurement contract management and procurement performance in Uganda national Examinations board. The first section presents the response rate. This is followed by a presentation of the background information about the respondents, a factor analysis and a presentation of the findings objective by objective.

# 4.2. Response Rate

A total of 169 questionnaires were distributed but 149 useable questionnaires were returned making a response rate of 88.2% which according to Amin (2005) is a reliable representation of the sample used in the population of study.

# 4.3. Background Information about the Respondents

This sub section presents the level of education, user department, position and time worked and the findings are shown in table 4.1 below.

# Table 5: Distribution of Education level of respondents and extent to which the user departments procured received supplies of the right quality

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Education level** |  | **The materials used in your user department are procured in the right quality** | | | | | **Total** |
|  | **SDA** | **DA** | **NS** | **A** | **SA** |
| Certificate | Freq | 12 | 1 | 0 | 0 | 0 | 13 |
| % of Total | 8.1% | .7% | .0% | .0% | .0% | 8.7% |
| Diploma | Freq | 21 | 1 | 0 | 4 | 0 | 26 |
| % of Total | 14.1% | .7% | .0% | 2.7% | .0% | 17.4% |
| Degree | Freq | 55 | 4 | 1 | 13 | 2 | 75 |
| % of Total | 36.9% | 2.7% | .7% | 8.7% | 1.3% | 50.3% |
| Post graduate | Freq | 28 | 4 | 0 | 1 | 0 | 33 |
| % of Total | 18.8% | 2.7% | .0% | .7% | .0% | 22.1% |
| Others(specify) | Freq | 2 | 0 | 0 | 0 | 0 | 2 |
| % of Total | 1.3% | .0% | .0% | .0% | .0% | 1.3% |
| **Total** |  | **118** | **10** | **1** | **18** | **2** | **149** |
|  |  | **79.2%** | **6.7%** | **0.7** | **12.1%** | **1.3%** | **100%** |

P< 0.05; Chi-square χ= 11.938a, p = 0.748

Source: Primary data

Table 5 above shows that the majority of 50.3% had attained first degree as their highest level of education followed by 22.1% who had attained post graduate. A total of 17.4% of the respondents were diploma holders and 8.7% were certificate holders and 1.3% of the respondents had attained other qualification. Pearson’s Chi-square statistics as shown in table 5 above revealed a no significant difference between level of education and experiences of the materials in user department being procured in the right quality (χ= 11.938a, p = 0.748) suggesting that irrespective of the education level, a majority of 79.2% of the respondents felt that the suppliers did not meet the expected quality an indicator of low customer satisfaction.

# Table 6: Distributions of user department of the respondents and the materials used in your user department are procured at the right time

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **User department** | | **The materials used in your user department are procured at the right time** | | | | | **Total** |
| **SDA** | **DA** | **NS** | **A** | **SA** |
| Suppliers | Freq | 39 | 1 | 0 | 10 | 0 | 50 |
| % of Total | 26.2% | .7% | .0% | 6.7% | .0% | 33.6% |
| Executive secretary's office | Freq | 7 | 1 | 0 | 2 | 0 | 10 |
| % of Total | 4.7% | .7% | .0% | 1.3% | .0% | 6.7% |
| Administration and Human resource | Freq | 22 | 2 | 0 | 0 | 0 | 24 |
| % of Total | 14.8% | 1.3% | .0% | .0% | .0% | 16.1% |
| Business/Technical | Freq | 8 | 1 | 0 | 0 | 0 | 9 |
| % of Total | 5.4% | .7% | .0% | .0% | .0% | 6.0% |
| Secondary | Freq | 3 | 4 | 1 | 0 | 0 | 8 |
| % of Total | 2.0% | 2.7% | .7% | .0% | .0% | 5.4% |
| Primary | Freq | 5 | 0 | 0 | 2 | 2 | 9 |
| % of Total | 3.4% | .0% | .0% | 1.3% | 1.3% | 6.0% |
| Printery | Freq | 12 | 2 | 1 | 4 | 0 | 19 |
| % of Total | 8.1% | 1.3% | .7% | 2.7% | .0% | 12.8% |
| Finance and Accounts | Freq | 16 | 0 | 1 | 1 | 2 | 20 |
| % of Total | 10.7% | .0% | .7% | .7% | 1.3% | 13.4% |
| **Total** | | **112** | **11** | **3** | **19** | **4** | **149** |
| **% of Total** | | **75.2%** | **7.4%** | **2.0%** | **12.8%** | **2.7%** | **100.0%** |

P< 0.05

Chi-square χ= 66.525a, p = 0.000

Source: Primary data

Table 6 above shows that data was collected from all departments of the UNEB and selected suppliers of which majority of 50(33.6%) were suppliers while 24 (16.1%) were from the administration and human resource department. A total of 20 (13.4%) were from the Finance and Accounts while 19 (12.8%) were from the printery. Pearson’s Chi-square statistics as shown in table 6 above revealed a significant difference between departments and materials being used in the user department being procured at the right time (χ= 66.525a, p = 0.000) suggesting that some departments’ materials were procured and delivered late for use which affects their level of satisfaction.

# Table 7: The position of the respondent in relation to the procurement function and extent of agreement with achievement of intended results

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Position in relation to procurement function** |  | **UNEB always achieve its intended results as a result of contract management** | | | | | **Total** |
| **SDA** | **DA** | **NS** | **A** | **SA** |
| Contracts committee | Freq | 0 | 0 | 0 | 0 | 2 | 2 |
| % of Total | .0% | .0% | .0% | .0% | 2.0% | 2.0% |
| PDU | Freq | 0 | 0 | 0 | 3 | 0 | 3 |
| % of Total | .0% | .0% | .0% | 3.1% | .0% | 3.1% |
| Contract Manager | Freq | 0 | 0 | 0 | 3 | 0 | 3 |
| % of Total | .0% | .0% | .0% | 3.1% | .0% | 3.1% |
| User | Freq | 5 | 10 | 10 | 24 | 4 | 53 |
| % of Total | 5.1% | 10.2% | 10.2% | 24.5% | 4.1% | 54.1% |
| Contract Manager for Contractor | Freq | 5 | 7 | 7 | 11 | 7 | 37 |
| % of Total | 5.1% | 7.1% | 7.1% | 11.2% | 7.1% | 37.8% |
| **Total** |  | **10** | **17** | **17** | **41** | **13** | **149** |
|  |  | **10.2%** | **17.3%** | **17.3%** | **41.8%** | **13.3%** | **100%** |

Chi-square χ= 25.738a, p = 0.058

Table 7 above shows that a total of 2(2%) of the respondents were from contract committee members, 3(3.1%) each were PDU staff and contract managers, 53(54.1%) were from the user departments, and 37(37.8%) were contract managers for contractor or suppliers. Pearson’s chi-square statistics as shown in table 7 above revealed no significant difference between position in relation to procurement function and perceptions of UNEB always achieving its intended results as a result of contract management (χ= 25.738a, p = 0.058) suggesting that 54 (55.1%) of respondents in different positions agreed that the PDE had attained a reasonable level of value for money.

# Table 8: The time worked with UNEB and extent of agreement with ease to provide services at the lowest cost possible.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Time worked with UNEB | It is now easier to provide UNEB services at the lowest cost possible as a result of contract management | | | | | | **Total** |
|  |  | **SDA** | **DA** | **NS** | **A** | **SA** |
| Less than 1 year | Freq | 0 | 0 | 0 | 1 | 0 | 1 |
| % of Total | .0% | .0% | .0% | 1.0% | .0% | 1.0% |
| 1-2 years | Freq | 0 | 0 | 0 | 4 | 0 | 4 |
| % of Total | .0% | .0% | .0% | 4.1% | .0% | 4.1% |
| 3-5 years | Freq | 6 | 2 | 2 | 6 | 2 | 18 |
| % of Total | 6.1% | 2.0% | 2.0% | 6.1% | 2.0% | 18.4% |
| 5-10 years | Freq | 1 | 4 | 5 | 13 | 1 | 24 |
| % of Total | 1.0% | 4.1% | 5.1% | 13.3% | 1.0% | 24.5% |
| Above 10 years | Freq | 8 | 11 | 6 | 22 | 4 | 51 |
| % of Total | 8.2% | 11.2% | 6.1% | 22.4% | 4.1% | 52.0% |
| Total |  | **15** | **17** | **13** | **46** | **7** | **98** |
| % of total |  | **15.3%** | **17.3%** | **13.3%** | **46.9%** | **7.1%** | **7.1%** |

Chi-square χ= 15.408a, p = 0.495

Table above shows that majority of 52% had worked with the UNEB for above ten years while 24(24.5%) had worked with UNEB for 5-10 years while 18(18.4%) had worked for 3-5 years. Pearson’s Chi-square statistics as shown in table 8 above revealed no significant difference between time worked and ease of providing UNEB services at the lowest cost possible as a result of contract management. This finding suggested that based on experiences arising from the time worked with the PDE, the 53(54%) of respondents agreed that the PDE had attained a reasonable level of value for money procurements.

**4.4. The extent to which Contract Governance influences Procurement Performance at UNEB**

Contract governance was one of the dimensions of procurement contract management and had two indicators of contract implementation structure, roles and responsibilities measured using 13 items scored on five (5) point Likert scale ranging from 5= strongly agree, 4 = agree, 3 = not sure, 2= disagree, 1= strongly disagree and the findings are shown in table 8 below.

# Table 9: Mean and Standard deviation results for contract governance

|  |  |  |
| --- | --- | --- |
| **Contract Governance** | **Mean** | **S.D** |
| *Structure* |
| 1. UNEB always appoints contract managers from the user departments to oversee the contract management process | 4.35 | 0.73 |
| 1. Possession of proven competencies/capabilities is the basis for appointment of contract managers to manage contract | 1.66 | 1.21 |
| 1. Appropriate organization structures are always provided for effective and efficient management of awarded contracts | 3.94 | 1.05 |
| 1. Effort is undertaken to identify the different stakeholders in the contract management phase | 3.98 | 0.96 |
| 1. Adequate contract work flow charts are made | 1.58 | 1.12 |
| 1. Decisions on centralized roles are adequately made to guide contract performance | 3.78 | 1.06 |
| 1. Decisions on decentralized roles are made to guide contract performance | 3.71 | 1.06 |
| 1. UNEB always ensures that there are additional committees to supervise contracts | 1.54 | 1.09 |
| 1. There is an effort to develop partnerships with contractors or suppliers to ensure achievement of the objectives of contracting | 1.67 | 1.20 |
| *Roles and responsibilities* | | |
| 1. Different planning roles are appropriately assigned to different personnel during contract management | 3.84 | 1.08 |
| 1. Different organizing roles are appropriately assigned to different personnel during contract management | 3.85 | 0.98 |
| 1. Different contract controls roles are appropriately assigned to different personnel during contract management | 1.62 | 1.19 |
| 1. Different reporting roles are appropriately assigned to different personnel during contract management | 1.61 | 1.19 |

Source: Primary data

***Structure***

Table 9 shows that the respondents agreed that UNEB always appointed contract managers from the user departments to oversee the contract management process (mean = 4.35, Standard deviation =0.73) while they agreed that appropriate organization structures where always provided for effective and efficient management of awarded contracts (mean =3.94, Standard deviation =1.05). Similarly, the respondents agreed that effort was undertaken to identify the different stakeholders in the contract management phase (mean = 3.98, Standard deviation = 0.96) while they agreed that decisions on centralized roles (mean =3.78, Standard deviation =1.06) and decentralized roles were made to guide contract performance (mean = 3.71, Standard deviation = 1.06). These findings suggested that effort was undertaken to observe effective contract governance best practices related to structure demanding the appointment of contract manager and other contract stakeholders, making decision on centralized and decentralized roles in contract management which enhances the achievement of the objective of the procurement.

However, the respondents disagreed that possession of proven competencies/capabilities was the basis for appointment of contract managers to manage contract (mean = 1.66, Standard deviation =1.21) while they disagreed that adequate work flow charts are made to effectively manage the awarded contract (mean =1.58, Standard deviation =1.12). The respondents further disagreed that UNEB always ensured that there were additional committees to supervise contracts (mean = 1.54, Standard deviation = 1.09) yet they also disagreed that there was an effort to develop partnerships with contractors or suppliers to ensure achievement of the objectives of contracting (mean = 1.67, Standard deviation = 1.20). These findings revealed inadequate contract management structure considerations which constrain the achievement of the objective of procurement due to appointment of incompetent contract managers, lack of workflow charts which provides for work sequencing, lack of additional committees to reinforce and backup contract supervision and failure to exploit the benefits of strategic partnerships with suppliers.

***Roles and responsibilities***

Table 9 above shows that the respondents agreed that the different planning roles were appropriately assigned to different personnel during contract management (mean = 3.84, Standard deviation = 1.08) while they also agreed that different organizing roles are appropriately assigned to different personnel during contract management (mean = 3.85, Standard deviation = 0.98). However, the respondents disagreed that the different contract controls roles were appropriately assigned to different personnel during contract management (mean = 1.62, Standard deviation = 1.19) while they also disagreed that different reporting roles were appropriately assigned to different personnel during contract management (mean = 1.61, Standard deviation = 1.19).

These findings suggested that although the different contract planning and organizing roles were assigned to different personnel in the PDE, the failure to adequately provide for control and reporting roles during contract performance adversely affects contract management due to lack of clarity on contract controls and reporting responsibility. The management of the PDE needs to put in place clear control and reporting responsibilities at the different stakeholder levels for enhanced contract governance.

Asked to describe the contract governance mechanisms UNEB has instituted for the different types of contracts with its suppliers or contractors, the PDU interviewee put it:

UNEB has a good contract governance mechanism which involves users in managing contracts and has got a Contracts Committee which makes checks and balances; the procurement and disposal staff who monitor the contracts in conjunction with the Contract Managers. For example in the supply and delivery of 40,000 reams of bond paper for printing of examinations, the contract manager reported every delivered consignment, submitted contract management documents to PDU and certified invoices for payment to be made to supplier. The PDU on receipt of the payment documents ensured that they are processed for the supplier to be paid. Thereafter, PDU reported to Contracts Committee that the placed contract was completed using the PPDA standard reporting PP Form 200.The Contracts Committee then considered the report on contracts placed and completed, and approved it for submission to PPDA.

Another interviewee who was a Contract Committee member put it:

The Contract governance mechanism in UNEB is characterized by lack of Contract Managers and in the few cases where they are appointed, they do not effectively carrying out their duties. They do not liaise with the providers to ensure that   deliveries are made  in their presence for examining and testing thus poor quality items   are later discovered  thus no customer satisfaction. The example in the of procurement of assorted  items for use at examinations marking centres one supplier delivered these items during the period of  examinations when the contract manager was monitoring examinations. The supplies  were therefore not inspected and not tested. They were received by the store keeper and issued to users at the time of going to marking centre. While at the marking centres, the supplies were used and items like green pen were found to have no ink, some red pens would get used up within less than a day, pencils would break and get used up during sharpening, and stapling machines would start being inefficient within one week of usage to the dissatisfaction of examiners and user department team. It was therefore noted that a reasonable degree of care and competence was not taken care by the contract managers.

**4.4.1. Correlation results**

To test the relationship between contract governance and procurement performance, Pearson’s correlation analysis was conducted at the 2-tailed level as presented below.

# Table 10: Correlation Matrix between contract governance and procurement performance

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | | **1** | **2** |
| 1. Contract governance | Pearson Correlation | 1 |  |
| Sig. (2-tailed) |  |  |
| 1. Procurement performance | Pearson Correlation | .633\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| P<0.05; \*\*. Correlation is significant at the 0.01 level (2-tailed). | | |  |

Source: Primary data

Table 9 above shows Pearson’s correlation coefficient r = 0.633\*\* and p = 0.000 between contract governance and procurement performance in UNEB suggesting that there was high positive statistically significant relationship between contract governance and procurement performance. The implication was that the attainment of value for money and internal customer satisfaction procurement performance indicators significantly depends on the establishment of contract implementation structure and allocations of roles and responsibilities among the contract stakeholders.

**4.4.2. Regression Results between contract government and procurement performance**

To establish the extent to which contract governance influence procurement performance, a simple regression analysis was conducted using the ANOVA techniques of adjusted R2 values, standardized beta values, t-values and the significance measured at 0.05 levels. The results are tabulated in the Table 11 below.

# Table 11: Regression results between contract governance and procurement performance

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R2 | t-value | F-value | Sig | Std. Error of the Estimate |
| 1 | .633a | .401 | .397 | 9.913 | 98.258 | 0.000 | 0.768 |
| a. Predictors: (Constant), contract governance | | | | | | | |

P<0.05

Source: Primary data

The regression model in table 11 above shows adjusted R2 value of 0.397 between contract governance structure and procurement performance suggesting that contract governance predicted 39.7% of the variance in the procurement performance while other variables explain the remaining 60.3% of the variance. The adjusted R2 = 0.397, t = 9.913, F= 98.258 and significance 0.000 suggested that the contract governance was a strong significant predictor of the variance in procurement performance in the PDE. The study therefore accepted the hypothesis that contract governance significantly influences procurement performance.

Asked to describe to what extent does contract governance influence procurement performance in UNEB one contract manager put it;

The contract governance increases the procurement cost in UNEB. It involves a number of team players namely; Contract Manager or Contract Management team, PDU, Contracts Committee and finally the Accounting Officer; In exercising of their duties, indirect costs like allowance are paid to these team players, during site visits, pre-contract and contract progress meetings and Contracts Committee meetings. These costs if many raise the procurement cost in terms of money and time thus affecting procurement performance in the entity. The example was for supply and commissioning of EPABX (telephone system). There were pre-contract meetings for the entity and the provider to analyse the contract terms and conditions and know how implementation will be done. After that there was a site visit by the provider and the technical team from the entity had to take the contractor around the site.  Thereafter there was a contract progress meeting whose minutes were presented to the Contracts Committee. Thus all these meeting were for a valuable procurement to be attained but at the cost of other activities which officers put aside and attended the meetings. This was also at the expense of more funds spent as allowances to facilitate the meetings. This makes procurement performance costly.

# 4.5. The extent to which Contract Performance Monitoring influences Procurement

# Performance at UNEB

Contract performance monitoring was one of the dimensions of procurement contract management and had two indicators of quality monitoring and documentation measured using 11 items scored on five (5) point Likert scale ranging from 5= strongly agree, 4 = agree, 3 = not sure, 2= disagree, 1= strongly disagree and the findings are shown in table 12 below.

# Table 12: Mean and Standard deviation results for contract performance monitoring

|  |  |  |
| --- | --- | --- |
|  | **Mean** | **S.D** |
| *Quality monitoring* | | |
| 1. UNEB has a criteria for measuring quality assurance | 1.46 | 1.03 |
| 1. UNEB always supervises its contracts by ensuring that the contractor meets the specified terms and condition of the contract | 3.95 | 1.02 |
| 1. UNEB periodically conducts quality inspections on its running contracts | 3.46 | 1.20 |
| 1. UNEB always gather data on the quality of service/works/goods offered by the contractors | 3.52 | 1.19 |
| *Documentation* | | |
| 1. UNEB always makes staged reports on the quality of service/works/goods offered by the contractors | 3.60 | 1.15 |
| 1. Suppliers always submit delivery documentations to UNEB for compliance to the terms and conditions of the contract | 4.34 | 0.75 |
| 1. UNEB always issues goods received notes for all deliveries that comply to the terms and conditions of the contract and are taken | 4.05 | 1.03 |
| 1. UNEB always issues goods returned notes for any deliveries that do not comply with the terms and conditions of the contract to be taken back by the suppliers. | 1.52 | 1.06 |
| 1. UNEB always issues completion certificates to suppliers who complete their service in accordance with the terms and conditions of the contract | 1.50 | 1.06 |
| 1. Suppliers always submit payment documentations to UNEB on completion of their duties in accordance with the terms and conditions of the contract | 4.17 | 0.95 |
| 1. Suppliers always issue payment receipts to UNEB as evidence that the entity has implemented payment to them in accordance with the terms and conditions of the contract | 1.52 | 1.10 |

Source: Primary data

***Quality***

Table 13 above shows that the respondents agreed that the entity always supervised its contracts by ensuring that the contractor met the specified terms and condition of the contract (mean =3.95, Standard deviation =1.02) agreed that data on the quality of service/works/goods offered by the contractors was always gathered (mean = 3.52, Standard deviation = 1.19). The respondents also agreed that staged reports on the quality of service/works/goods offered by the contractors were made (mean = 3.60, Standard deviation = 1.15). The efforts to supervise contract by gather of data on contract quality performance and making of staged procurement contract performance reports should be commended as such contract monitoring efforts enhances the achievement of value for money and customer satisfaction due to the information it generated which could be used for quality improvement intervention.

However, the respondents disagreed that UNEB had a criteria for measuring quality assurance during contract performance (mean =1.46, Standard deviation =1.03) while they were not sure if UNEB periodically conducted quality inspections on its running contracts (mean = 3.46, Standard deviation = 1.20) findings which suggested that contract quality monitoring was constrained lack of a well established quality assurance mechanisms and inadequate contract quality inspections. The management of the entity will therefore need to put in place a quality assurance mechanism for contract management and conduct regular quality inspections for enhanced contract monitoring.

***Documentation***

Table 13 above shows that the respondents agreed that;- suppliers always submit delivery documentations to UNEB (mean = 4.34, Standard deviation = 0.75), UNEB always issued goods received notes for all deliveries (mean = 4.05, Standard deviation = 1.03) and that suppliers always submitted payment documentations to UNEB on completion of their duties in accordance with the terms and conditions of the contract (mean = 4.17, Standard deviation = 0.95). These findings suggested the PDE undertook to enforce contract performance documentation by demanding evidence for deliveries and issuance of receipts in honor to contractor performance of their part of the contract which contribute to attainment of value for money.

However the respondent s disagreed that UNEB always issued goods returned notes for any deliveries that did not comply with the terms and conditions of the contract to be taken back by the suppliers (mean = 1.52, Standard deviation = 1.06) while they disagreed that the entity always issued completion certificates to suppliers who complete their service in accordance with the terms and conditions of the contract (mean = 1.50, Standard deviation = 1.06). The failure to issue goods returned notes and contract completion certificates compromises contract performance best practices which puts attainment of value for money into precarious condition as payment may be effected for goods which were returned yet contractors my supply goods or services or works after expiry of the contract and demand for payments.

Asked to describe the contract performance monitoring practices in UNEB one of the interviewees put it that:

Contract performance monitoring practices in UNEB are such that Contract Managers do not give  reports to PDU but keep grumbling about in-efficient providers hence making it difficult for PDU to know which area needed improvement and how to rate the   providers. Example was of repair and maintenance of motor vehicles. UNEB has a framework contract with two Garages. PDU noted conflict elements of resentments of Garages with users preferring a particular garage. The implication was that users were not satisfied with the performance of the other garage but there was no monitoring report submitted by the contract manager on this matter. PDU was in a dilemma concerning monitoring of this contract, and could not regard any of the two garages inefficient when there was no justification.

**4.5.1. Correlation results**

To test the relationship between contract performance monitoring and procurement performance, Pearson’s correlation analysis was conducted at the 2-tailed level and the findings are presented below.

# Table 13: Correlation Matrix between contract performance monitoring and procurement performance

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | | **1** | **2** |
| 1. Contract performance monitoring | Pearson Correlation | 1 |  |
| Sig. (2-tailed) |  |  |
| 1. Procurement performance | Pearson Correlation | .467\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| P<0.05; \*\*. Correlation is significant at the 0.01 level (2-tailed). | | |  |

Source: Primary data

Table 13 above shows Pearson’s correlation coefficient r = 0.467\*\* and p = 0.000 between contract performance monitoring and procurement performance in UNEB suggesting that there was moderate positive significant relationship between contract performance monitoring and procurement performance. The implication was that the attainment of value for money and internal customer satisfaction procurement performance indicators significantly depends on monitoring the quality of the contract beings implemented and documentation of all contract related transactions.

Asked to describe the extent to which contract performance monitoring influences procurement performance at UNEB one interviewee put it:

Due to lack of contract progress reports from Contract Managers to PDU; there is poor contract performance monitoring in UNEB. This has greatly affected PDU since it has no basis of rating providers and may not know which providers implement their roles or fail to do so. This also keeps PDU unaware if the entity fulfills its contractual obligations. In the long run, the entity’s procurement performance is affected as it may keep working with poor providers compromising the attainment of value for money and customer satisfactions.

**4.5.2. Regression Results between contract performance monitoring and procurement performance**

To establish the extent to which contract performance monitoring influenced procurement performance, a simple regression analysis was conducted using the ANOVA techniques of adjusted R2 values, standardized beta values, t-values and the significance measured at 0.05 levels. The results are tabulated in the Table 14 below.

# Table 14: Regression results between contract performance monitoring and procurement performance

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R2 | t-value | F-value | Sig | Std. Error of the Estimate |
| 1 | .467a | .218 | .212 | 6.395 | 40.890 | 0.000 | .878 |
| a. Predictors: (Constant), contract governance | | | | | | | |

P<0.05

Source: Primary data

The regression model in table 14 above shows adjusted R2 value of 0.218 between contract performance monitoring and procurement performance, suggesting that contract performance monitoring predicted 21.2% of the variance in the procurement performance while other variables explained the remaining 88.8% of the variance in procurement performance. The adjusted R2 = 0.212, t = 6.395, F= 40.890 and significance 0.000 suggested that the contract performance monitoring was a strong significant predictor of the variance in procurement performance in the PDE. The study therefore accepted the hypothesis that contract performance monitoring significantly influences procurement performance.

# 4.6. The extent to which Contract Termination/Closeout influences Procurement

# Performance at UNEB

Contract termination/closeout was one of the dimensions of procurement contract management and had two indicators of termination and closeout measured using 10 items scored on five (5) point Likert scale ranging from 5= strongly agree, 4 = agree, 3 = not sure, 2= disagree, 1= strongly disagree and the findings are shown in table 15 below.

# Table 15: Mean and Standard deviation results for contract termination/closeout

|  |  |  |
| --- | --- | --- |
| **Contract termination/closeout** | **Mean** | **S.D** |
| ***Termination*** | | |
| 1. UNEB contract managers or procurement and disposal unit always submit a recommendation for termination whenever they believe that the contract should be terminated | 3.52 | 1.08 |
| 1. UNEB and its contractors make recommendations for termination of contract if all avenues for dispute resolutions have failed. | 1.50 | 1.09 |
| 1. UNEB promptly undertakes efforts to ensure that contracts with contractor are terminated if they do not perform to expectations | 1.58 | 1.18 |
| 1. UNEB always ensures that no contract is terminated prior to obtaining the approval of the relevant stakeholders | 3.70 | 0.91 |
| 1. UNEB always ensures that contracts are terminated in accordance to established contract termination clauses | 3.88 | 0.98 |
| ***Contract close out*** | | |
| 1. UNEB always ensures that all awarded contracts are phased/closed out following meeting the requirements | 3.99 | 0.98 |
| 1. UNEB always ensures that all contract obligations are complete prior to closure of the contract | 1.40 | 0.96 |
| 1. UNEB always ensures that any contract amendments are made before contract closure. | 3.80 | 1.01 |
| 1. Contract Audits are performed before closure of contracts | 2.90 | 1.45 |
| 1. UNEB always conduct a vendor rating/appraisal at the end of the contract | 2.89 | 1.49 |

***Recommendation for termination***

According to table 15 above, the respondents disagreed that UNEB contract managers or procurement and disposal unit always submitted a recommendation for termination whenever they believe that the contract should be terminated (mean = 3.52, Standard deviation =1.08) , agreed that UNEB always ensured that no contract was terminated prior to obtaining the approval of the relevant stakeholders (mean = 3.70, Standard deviation = 0.91) while they agreed that contracts were terminated in accordance to established contract termination clauses (mean = 3.88, Standard deviation = 0.98). The efforts to recommend contract termination while considering approval of the relevant stakeholders to the contract in accordance to contract termination clauses should be commended as it helps rid the entity of eventual contract none performance costs and internal customer dissatisfaction.

However, the respondents disagreed that UNEB promptly terminated contracts on submissions for recommendation for termination of contract (mean = 1.58, Standard deviation = 1.18) a finding which suggested that then the account officer could have relaxed and delayed to terminate contract which had been recommended for termination. The accounting officer therefore need to act fast on the recommendations for contract termination to save loss of funds and initiate the process of bring on new contractors to meet the objective of procurement to meet the user department’s needs.

***Contract close out***

Table 15 shows that the respondents agreed that UNEB always ensured that all awarded contracts were phased/closed out following meeting the requirements (mean = 3.99, Standard deviation = 0.98) while they also agreed UNEB always ensured that any contract amendments were made before contract closure (mean = 3.80, Standard deviation = 1.01). However, the respondents disagreed that that UNEB always established that all contract obligations were complete prior to closure of the contract (mean = 1.40, Standard deviation = 0.96) while they were not sure if contract Audits were performed before closure of contracts in UNEB (mean = 2.90, Standard deviation = 1.45); and were not sure if vendor rating/appraisals at the end of the contract were conducted (mean =2.89, Standard deviation = 1.49). These findings revealed that although effort was undertaken to phase out contracts on meeting of the objectives of the procurement and contract expiry, there was less efforts to enforce vendor rating and audits to ascertain vendors’ and contractors’ performance to provide information for qualification of vendors and contractors for future contract or recommends areas for improvement. This study therefore inferred that the continued failure to audit vendors and contractors performance compromises the achievement of valued for money because it is the effort to audit suppliers the entity will be in position to establish the responsiveness of the supplier or contractor in meeting the objective of the procurement.

Asked to describe how UNEB terminates its contract with a supplier or contractor in the event that the supplier or contractor does not meet the terms and conditions of contract during contract performance one interviewee informed put it:

Some Contract Managers fear to give bad reports about suppliers; other contract managers just keep quiet; there also Contract Managers who sympathize with suppliers and submitted final payment claims to PDU and accounts for payment. For example a contract involving supply of photocopier, the supplier delivered a machine which was found to be incomplete and according to the contract terms and conditions was given one week to deliver the missing parts. Thereafter, the supplier disappeared and could not be accessed on phone. The Contract manager kept silent to the inconvenience and dissatisfaction of the user who had to move to the main block from Annex do their heavy load of photocopying! Later after the contract completion period, the supplier communicated and apologized for the disappearance and the delay. He requested to be allowed to deliver a complete machine and return the one with the missing part.

Asked describe the contract closeout practices or activities in UNEB the interviewees informed the interviewer that the contract closeout practices in UNEB involve:

Once the objective of the procurement has been achieved the contract completion process in accordance with the contract terms and conditions requiring the approval report by Contract Manager start. This involves certifying payment, PDU submitting payment   recommendations to Accounting Officer who approves them for payment processing and implementation to provider.

**4.6.1. Correlation results**

To test the relationship between contract termination/closeout and procurement performance, Pearson’s correlation analysis was conducted at the 2-tailed level and the findings are presented below.

# Table 16: Correlation Matrix between contract termination/closeout and procurement performance

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | | **1** | **2** |
| 1. Contract termination/closeout | Pearson Correlation | 1 |  |
| Sig. (2-tailed) |  |  |
| 1. Procurement performance | Pearson Correlation | .626\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| P<0.05; \*\*. Correlation is significant at the 0.01 level (2-tailed). | | |  |

Source: Primary data

Table 16 above shows Pearson’s correlation coefficient r = 0.626\*\* and p = 0.000 between contract termination/closeout and procurement performance in UNEB suggesting that there was high positive significant relationship between contract termination/closeout and procurement performance. The implication was that the attainment of value for money and internal customer satisfaction procurement performance indicators significantly depends on effort to terminate a contract for breach of contract and phasing out of contracts at the expiry of the contact period or when the objective of the procurement had been achieved.

**4.6.2. Regression results between contract termination/closeout and procurement performance**

To establish the extent to which contract termination/closeout influenced procurement performance, a simple regression analysis was conducted using the ANOVA techniques of adjusted R2 values, standardized beta values, t-values and the significance measured at 0.05 levels. The results are tabulated in the Table 16 below.

# Table 16: Regression results between contract termination/closeout and procurement performance

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R2 | t-value | F-value | Sig | Std. Error of the Estimate |
| 1 | .628a | 0.395 | 0.391 | 9.795 | 95.938 | 0.000 | .772 |
| a. Predictors: (Constant), contract governance | | | | | | | |

P<0.05

Source: Primary data

The regression model in table 16 above shows adjusted R2 value of 0.391between contract termination/closeout and procurement performance suggesting that contract termination/closeout predicted 39.1% of the variance in the procurement performance. The adjusted R2 = 0.391, t = 9.795, F= 95.938and significance 0.000 suggested that the contract termination/closeout practice were a strong significant predictor of the variance in procurement performance in the PDE. The study therefore accepted the hypothesis that contract termination/closeout significantly influences procurement performance.

# 4.7. Procurement Performance

Procurement performance was the dependent variable of the study and had two indicators of value for money and internal customer satisfaction measured using 13 items scored on 5-point Likert scale and the findings are presented in table.

**Table 17: Procurement performance**

|  |  |  |
| --- | --- | --- |
|  | Mean | Std. Deviation |
| ***Value for money*** |  | |
| 1. UNEB has realized a reduction in unit cost in the delivery of its mandate as a result of contract management | 1.56 | 1.135 |
| 1. UNEB has realized a reduction in direct cost in the delivery of its mandate as a result of contract management | 1.59 | 1.139 |
| 1. UNEB has realized a reduction in the indirect cost in the delivery of its mandate as a result of contract management | 1.45 | .996 |
| 1. UNEB is in position to make reasonable savings from its procurement as a result of contract management | 3.27 | 1.328 |
| 1. UNEB is in position to enjoy favorable terms and condition in its acquisition as a result of contract management | 3.35 | 1.244 |
| 1. UNEB always achieves its intended results as a result of contract management | 3.31 | 1.205 |
| 1. It is now easier to provide UNEB services at the lowest cost possible as a result of contract management | 3.13 | 1.241 |
| 1. UNEB has realized a reduction in time required to deliver on its mandate as a result of contract management | 3.08 | 1.306 |
| ***Internal customer satisfaction*** |  | |
| 1. The materials used in user departments are procured at the right price | 3.14 | 1.244 |
| 1. The materials used in user departments are procured at the right time | 1.60 | 1.173 |
| 1. The materials used in user departments are procured from the right source | 1.62 | 1.181 |
| 1. The materials used in user departments are procured in the right quality | 1.50 | 1.076 |
| 1. The materials used in user departments are procured in the right quantity | 3.60 | 1.208 |

Source: Primary data

Table 17 above shows that the respondents indicated that;- the entity had not realized a reduction in unit cost in service delivery( Mean = 1.56), reduction in direct costs(Mean = 1.59), indirect costs (Mean = 1.45)as a result of contract management practice. These findings revealed constraints in achieving value for money procurements.

Similarly, the respondents disagreed that the materials used in user departments were procured at the right time (Mean = 1.60), from the right place (Mean = 1.62) and in the right quality (Mean = 1.50). These findings revealed a low level of internal customer satisfaction with the procurement performance.

# 4.8. Summary of the Study Results

The general objective of the study was to examine the extent to which procurement contract management has influenced procurement performance in UNEB. Procurement contract management had indicators of contract governance, contract monitoring and contract termination/closeout. A multiple regression was conducted to establish the extent to which contract management as conceptualized influenced procurement performance and also to establish which among dimensions of contract management was a more significant predictor of the variance in the procurement performance (Amin, 2005) and the findings are shown in table 17 below.

# Table 18: Multiple regression results

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Adjusted R2 = 0.543 | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta β |
| 1 | (Constant) | -.773 | .288 |  | -2.687 | .008 |
| Contract Governance | .708 | .142 | .460 | 6.982 | .000 |
| Contract Performance Monitoring | .139 | .144 | .230 | 2.267 | .044 |
| Contract termination/closeout | .440 | .063 | .433 | 6.967 | .000 |
| a. Dependent Variable: Procurement Performance | | | |  | | |

P<0.05

Table 18 above shows an adjusted R2 value of 0.543 between procurement contract management practices of governance, monitoring and termination/closeout suggesting that contract management predicted 54.3% of the variance in procurement performance while other variables predicted the remaining 45.7% of the variance in the procurement performance. Contract governance was the highest significant predictors of the variance in the procurement performance (β = 0. 460, t =6.982, and sig = 0.000). This was followed by termination/closeout (β = 0.433, t = 6.987, and sig 0.000) and contract performance monitoring (β = 0. 230, t = 2.267, and sig 0.044). Thus any efforts to enhance procurement management should give priority to the contract governance and termination/closeout best practices without compromise of contract performance monitoring.

Asked to describe experiences of value for money procurements and internal customer satisfaction in the UNEB procurement function, one interviewee put it:

There are still constraints in the attainment of value for money attained in the procurement function in UNEB because suppliers tend to hike prices in the process of transferring the cost burden to the entity thus leading to expensive procurements and no value adding to the entity. For instance, in the supply and delivery of Computer where in a market survey for prices, one of the pre-qualified firms gave a relatively fair price of the required computer. After market survey and confirmation of funds, this was a micro procurement and the firm with the relatively fair price was invited to formally quote for the computer. Surprisingly the firm was found to have increased the price within less than a week after the market survey. This increased the procurement cost since the Accounting Officer had to confirm availability of additional funds which were above micro procurement, and another procurement process had to be carried out costing time and work progress to the user who could not produce work because the procurement process did not meet the timely production of work.

Another interviewee also noted mixed feelings in customer satisfaction in the procurement performance in UNEB because:

During delivery of bulky purchases especially of marking centre consumables, Contract Managers have not been testing each and every item delivered but would sample some of them. However during usage and/or after contract closure, some items would be found unsatisfactory. There was a case of snow man markers without ink. This was noticed in due course of the marking exercise when markers could not write even at the first opening. This led to another procurement process to ensure that markers with ink are got to enhance the Examinations marking. There was loss of time as the new procurement process was to be initiated to the dissatisfaction of the user and failure to attain value for money.

# CHAPTER FIVE

# SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

# 

# 5.1 Introduction

This chapter presents a summary, discussion, conclusions and recommendations of the study in contract management and procurement performance. The first section presents a summary of the study findings in relation to the specific objectives. This is followed by a discussion, conclusion, and recommendations of the study in relation to the objectives of the study. Limitations of the study, contributions of the study and recommendations for further studies are also presented in this chapter.

# 5.2 Summary of the Study Findings

This sub section presents a recap of the study findings on the extent to which contract governance, monitoring, termination/closure influence procurement performance UNEB as found in the previous chapter.

**5.2.1. The extent to which contract governance influenced procurement performance in UNEB**

The study found a high positive significant relationship between contract governance and procurement performance. Contract governance was a strong significant predictor of the variance in procurement performance as it predicted 39.7% of the variance in the procurement performance (adjusted R2 = 0.397, t = 9.913, F= 98.258 and significance 0.000).The implication was that the attainment of value for money and internal customer satisfaction procurement performance indicators significantly depends on the establishment of contract implementation structure and allocations of roles and responsibilities among the contract stakeholders.

**5.2.2. The extent to which contract performance monitoring influenced procurement performance in UNEB**

The study found a moderate positive significant relationship between contract performance monitoring and procurement performance. Contract performance monitoring was a strong significant predictor of the variance in procurement performance as it predicted 21.2% of the variance in the procurement performance (adjusted R2 = 0.212, t = 6.395, F= 40.890 and significance 0.000). The implication was that the attainment of value for money and internal customer satisfaction procurement performance indicators significantly depends on monitoring the quality of the contract beings implemented and documentation of all contract related transactions.

**5.2.3. The extent to which contract termination/closure influenced procurement**

**Performance in UNEB**

The study found a high positive significant relationship between contract termination/closeout and procurement performance. Contract termination/closeout was a strong significant predictor of the variance in procurement performance as it predicted 39.1% of the variance in the procurement performance (adjusted R2 = 0.391, t = 9.795, F= 95.938 and significance 0.000). The implication was that the attainment of value for money and internal customer satisfaction procurement performance indicators significantly depends on effort to terminate a contract for breach of contract and phasing out of contracts at the expiry of the contact period or when the objective of the procurement had been achieved.

# 5.3 Discussion of the Study Findings

This sub section presents a discussion of the study findings on the extent to which contract management dimensions of governance, monitoring, termination/closeout influences procurement performance in relation to the literature review.

**5.3.1. Contract governance and procurement performance**

These findings suggested that effort was undertaken to observe effective contract governance best practices related to structure demanding the appointment of contract manager and other contract stakeholders, making decision on centralized and decentralized roles in contract management which enhances the achievement of the objective of the procurement. However, the study found inadequate contract management structure considerations which constrain the achievement of the objective of procurement due to appointment of incompetent contract managers, lack of workflow charts which provides for work sequencing, lack of additional committees to reinforce and backup contract supervision and failure to exploit the benefits of strategic partnerships with suppliers.

The study found out that although the different contract planning and organizing roles were assigned to different personnel in the PDE, the failure to adequately provide for control and reporting roles during contract performance adversely affects contract management due to lack of clarity on contract controls and reporting responsibility. These study findings relate to what Power, et al., (2004) noted that organizations need to understand how to manage the ongoing contracting relationship through use of a governance plan which is the glue that holds the contracting relationship together. To them (ibid), contract government includes a descriptions of the contracting efforts, identification of key shareholders, schedule of activities, roles and responsibilities, budgets, performance measurements, work products, resources, required skills and knowledge, change control process, quality assurance, configuration management, communication plan and tools, equipment, facilities and security.

The study found a high positive significant relationship between contract governance and procurement performance. Contract governance was a strong significant predictor of the variance in procurement performance as it predicted 39.7% of the variance in the procurement performance. The implication was that the attainment of value for money and internal customer satisfaction procurement performance indicators significantly depends on the establishment of contract implementation structure and allocations of roles and responsibilities among the contract stakeholders. Lin, et al., (2007) supports the role of contract governance in enhancing the achievement of procurement performance and note that integration can be reinforced with knowing the parties’ contractual rights and responsibilities as point of reference for evaluation of parties’ performance of their contractual obligations.

Other scholars have suggested that partners can use safeguards as a cost effective form of governance between parties, specifically informal ones such as good will trust or embeddedness in addition to formal control and trust (Yang et al., 2011; Klein & Rai, 2009). The tangible benefits can be considerable as these informal safeguards are generally lower cost governance mechanisms than alternate forms that would involve complex legal contracts, extensive monitoring costs, and security bonds while intangible benefits can be considered as feeling and reacting as a team player (Sambasivan et al., 2011).

**5.3.2. Contract performance monitoring and procurement performance**

The efforts to supervise contract by gather data on contract quality performance and making of staged procurement contract performance reports. However, the study found out that contract quality monitoring was constrained lack of a well established quality assurance mechanisms and inadequate contract quality inspections. On contract documentation, the PDE undertook to enforce contract performance documentation by demanding evidence for deliveries and issuance of receipts in honor to contractor performance of their part of the contract which contribute to attainment of value for money. However the study found failure to issue goods returned notes and contract completion certificates which compromises contract performance best practices which puts attainment of value for money into precarious condition as payment may be implemented for goods which were returned. The above study observations are supported by previous works which noted that the contracting process tends to be concerned with performance monitoring because they need to determine the most cost-effective approach to ensure that efficiency and innovation gains from outsourcing are not eroded (Avery, 2000; Hodge, 1998).

While discussing the outsourcing of public health laboratory services, Avery (2000) suggests that the agency should establish a system of performance monitoring and feedback from users and service providers. He recommends development of written performance goals and monitoring of external providers to ensure contract fulfillment in terms of performance and quality. Øvretveit (2003) noted that the purchaser’s responsibility in monitoring the contract involves receiving the provider’s quality reports, and checking the validity of these reports; taking action on poor quality; receiving complaints directly from the public; and getting feedback from the public about satisfaction with the service. Consequently, the purchasers responsibility in reviewing the contract include reviewing quality performance; agreeing changes to improve quality; and changing or proposing to change contracts, if quality performance is unacceptable and there are alternative services.

The study found a moderate positive significant relationship between contract performance monitoring and procurement performance. Contract performance monitoring was a strong significant predictor of the variance in procurement performance as it predicted 21.2% of the variance in the procurement performance. The implication was that the attainment of value for money and internal customer satisfaction procurement performance indicators significantly depends on monitoring the quality of the contract beings implemented and documentation of all contract related transactions. The study inferences are supported by Øvretveit (2003) who noted that the single most important thing that purchasers can do to improve quality is to require a provider to have an appropriate quality system, and to have access to the system documentation.

In support, Oyegoke (2006) reflects on the use of performance certificates and noted that in the Finnish system, the contractor receives a payment two weeks after the certificate, i.e. 14 days; the issue of the certificate and payment is based on the schedule of payment and ff the client defaults within a reasonable time frame, the client is obliged to pay the contractor annual penalty interest under interest act. Furthermore, Dean and Kiu (2002) study found out that organizations do believe that performance monitoring is related to quality outcomes. However, they expressed concern about issues of value, that is, that quality measurement activities do not exceed the benefits of contracting.

**5.3.3. Contract termination/closure and procurement performance**

The study found out that effort was undertaken to recommend contract termination while considering approval of the relevant stakeholders to the contract in accordance to contract termination clauses. However, the study found out that the account officer delayed to terminate contract which had been recommended for termination which could helps the entity get of rid of eventual loss of value for money and internal customer dissatisfaction. These study findings are supported by the view that contract termination involves the separation of the contracting parties during the performance of the contract following breach or failure to perform according to the contractual obligations or provisions (Thai, 2004). Contract closure is defined as the effort to ensure that all contractual issues have been met, all changes have been incorporated into the final document, all deliverables have been received, all bailed assets and classified documents have been returned and final payment has been made (Thai, 2004; Nirmal, et al., 2006).

The study found a high positive significant relationship between contract termination/closeout and procurement performance. Contract termination/closeout was a strong significant predictor of the variance in procurement performance as it predicted 39.1% of the variance in the procurement performance. The implication was that the attainment of value for money and internal customer satisfaction procurement performance indicators significantly depends on effort to terminate a contract for breach of contract and phasing out of contracts at the expiry of the contact period or when the objective of the procurement had been achieved. These study findings are supported by Baccarini et al., (2004) who noted that contracts cannot be expected to achieve a firm’s desired results unless they specify a course of action to take when a vendor is not meeting its service level obligations. Some scholars suggest creation of a bi-partisan, virtual committee that can act in these instances to deliver a fair and binding resolution to such disputes (Allen & Chandrashekar, 2000; Liz et al., 2004). Winters (2005) suggests that for an outgoing service provider in the public sector organisations there is need to publish final performance metrics; publish inventories related to the performance of work; issue benchmarking data; release process documents; and issue reconciled final financial statement.

# 5.4 Conclusions of the Study

This sub section presents the learning points of the study findings on the extent to which contract management dimensions of governance, monitoring, termination/closeout influences procurement performance in relation to the study findings and the discussions above.

**5.4.1. Contract governance and procurement performance**

The study concluded that attainment of procurement performance indicators of value for money and internal customer satisfaction in PDEs depends on the establishment of contract governance mechanism of implementation structure and allocations of roles and responsibilities among the contract stakeholders.

**5.4.2. Contract performance monitoring and procurement performance**

The study concluded that attainment of procurement performance indicators of value for money and internal customer satisfaction in PDEs depends on effective contract monitoring of quality of the contract beings implemented and documentation of all contract related transactions.

**5.4.3. Contract termination/closure and procurement performance**

The study concluded that attainment of procurement performance indicators of value for money and internal customer satisfaction in PDEs depends on effort to terminate a contract for breach of contract and phasing out of contracts at the expiry of the contact period or when the objective of the procurement had been achieved.

# 5.5 Recommendations of the Study

This sub section presents the recommendations of the study in relation to contract management dimensions of governance, monitoring, termination/closeout for enhanced procurement performance in government PDEs (PPDA Act, No.1 and Regulations, No.70 of 2003).

**5.5.1. Contract governance and procurement performance**

The study recommends that to achieve value for money and customer satisfaction procurement performance expectations, the accounting officers in UNEB in liaison with User Departments, PDU, Contract Committee and selected contractor should always ensure illustrations and communication of a contract governance structure in the user department involved with specific contracts. The contract governance structures should be filled based on possession of proven competencies/capabilities to manage contract, adequate illustration of work flow charts, establishment of additional committees to supervise contracts, appropriate assignment of contract control and reporting roles to different personnel in privy to the contract. The use of pre-contract performance planning conferences is recommended to effectively constitute and communicate the contract governance mechanisms.

**5.5.2. Contract performance monitoring and procurement performance**

The study recommends that to achieve value for money and customer satisfaction procurement performance expectations, the accounting officer in UNEB in liaison with User Departments, PDU, Contract Committee and selected contractor should establish a quality assurance criteria to monitor quality such as delivery inspection committees within the user departments, regularly and prompt procurement contract performance audits during contract performance. Prompt documentation by issuing of goods returned notes, issuance of completion certificates, and demanding for all payment receipts to UNEB should strictly be observed. Duplications of contract files and their storage in by the user department, PDU and office of the secretary will go a long way to effect procurement contract performance monitoring.

**5.5.3. Contract termination/closure and procurement performance**

The study recommends that to achieve value for money and customer satisfaction procurement performance expectations, the accounting officers in UNEB in liaison with User Departments, PDU, Contract Committee and selected contractor should terminate all non performing contracts by providing for termination clause which will be invoked to terminate contracts. On the job training for user departments and contract managers should be undertaken focusing on vendor appraisals and contract audits to enable them performance these activities at contract closure.

# 5.6. Limitations of the Study

# The study relied on primary data collected using a standardized questionnaire and interview guide without use of secondary data to effectively triangulate and enhance the data quality on the contract management and procurement performance. Use of secondary data should have enhanced the quality and objectivity of the study findings but access to contract files was restricted given the nature of the examinations board whose operations tend to be secretive. Similarly, there was no standardized tool on contract management and procurement performance with a known validity and reliability in public PDEs. The study therefore adopted a researcher administered questionnaire but ensured its validity and reliability were tested before rolling out the study. The study also conveniently selected suppliers which could bias the results since the they were not scientifically selected.

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# 5.7 Contributions of the Study

The study has helped develop managerial and operational recommendations necessary for effective procurement contract management in government PDEs of Uganda. Similarly the study has helped develop a procurement performance assessment tool (sees appendix I) which could be adopted by practitioners and researchers to measure procurement performance with ease compared to other economic metric measures. Similarly, the study has also helped cover literature gaps by providing empirical evidence on the extent to which contract management influences procurement performance in a developing country which was still reforming its procurement system.

# 5.8. Recommendations for Further Studies

The study found out that contract management and its dimensions of contract governance, performance monitoring, and termination/closure predicted 54.3% of the variance in procurement performance while other variables predicted the remaining 45.7% of the variance in the procurement performance. Other studies need to examine the extent to which adoptions of e-procurement influences procurement performance.

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**APPENDICES**

# Appendix I: Study Questionnaire for UNEB Staff

**Introduction**

Dear respondent,

My name is Mariam Samanya pursuing a Master in Management Studies at Uganda management institute. I am interested in establishing the influence of procurement contract management on procurement performance. You have been selected as a respondent in UNEB to provide me with your views on this study. Your views will be kept and treated confidentially in line with the purpose of the study and your responses will not be used against you. So feel free and respond diligently.

**Section A: Background**

* + - 1. Your Level of education: Certificate [ ] Diploma [ ] Degree [ ] Postgraduate [ ] Others (specify)………………………..
      2. Your User Department: Executive Secretary’s office [ ] Administration & Human Resource [ ] Business/Technical [ ] Secondary [ ] Primary [ ] Printerty [ ] Finance & Accounts [ ]
      3. Your position in relation to the procurement function: Contracts Committee [ ] PDU [ ] Contract Manager [ ] User [ ]
      4. Years you have worked with the organization : Less than 1 year [ ]1 -2 years[ ] 3 -5 years[ ] 5 -10 years [ ] Above 10 years [ ]

**Section B: Contract Governance**

Indicate the extent to which you agree with the following observations on contract governance in UNEB on a scale 5 = Strongly Agree (SA) 4 = Agree (A) 3 = Not Sure (NS) 2 = Disagree (D) 1= Strongly Disagree (SD).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Contract Governance** | **SA** | **A** | **NS** | **DA** | **SD** |
| *Structure* |
| 1. UNEB always appoints contract managers from the user departments to oversee the contract management process |  |  |  |  |  |
| 1. Possession of proven competencies/capabilities is the basis for appointment of contract managers to manage contract |  |  |  |  |  |
| 1. Appropriate organization structures are always provided for effective and efficient management of awarded contracts |  |  |  |  |  |
| 1. Effort is undertaken to identify the different stakeholders in the contract management phase |  |  |  |  |  |
| 1. Adequate work flow charts are made to effectively manage the awarded contract |  |  |  |  |  |
| 1. Decisions on centralized roles are adequately made to guide contract performance |  |  |  |  |  |
| 1. Decisions on decentralized roles are made to guide contract performance |  |  |  |  |  |
| 1. UNEB always ensures that there are additional committees to supervise contracts |  |  |  |  |  |
| 1. There is an effort to develop partnerships with contractors or suppliers to ensure achievement of the objectives of contracting |  |  |  |  |  |
| *Roles and responsibilities* | | | | | |
| 1. Different planning roles are appropriately assigned to different personnel during contract management |  |  |  |  |  |
| 1. Different organizing roles are appropriately assigned to different personnel during contract management |  |  |  |  |  |
| 1. Different contract controls roles are appropriately assigned to different personnel during contract management |  |  |  |  |  |
| 1. Different reporting roles are appropriately assigned to different personnel during contract management |  |  |  |  |  |

**Section C: Contract Performance Monitoring**

Indicate the extent to which you agree with the following observations on contract performance monitoring in UNEB on a scale

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Performance monitoring** | **SA** | **A** | **NS** | **D** | **SD** |
| *Quality* |
| 1. UNEB has a criteria for measuring quality assurance during contract performance |  |  |  |  |  |
| 1. UNEB always supervises its contracts by ensuring that the contractor meets the specified terms and condition of the contract |  |  |  |  |  |
| 1. UNEB periodically conducts quality inspections on its running contracts |  |  |  |  |  |
| 1. UNEB always gather data on the quality of service/works/goods offered by the contractors |  |  |  |  |  |
| 1. UNEB always makes staged reports on the quality of service/works/goods offered by the contractors |  |  |  |  |  |
| *Documentation* | | | | | |
| 1. Suppliers always submit delivery documentations to UNEB for compliance to the terms and conditions of the contract |  |  |  |  |  |
| 1. UNEB always issues goods received notes for all deliveries that comply to the terms and conditions of the contract and are taken |  |  |  |  |  |
| 1. UNEB always issues goods returned notes for any deliveries that do not comply with the terms and conditions of the contract to be taken back by the suppliers. |  |  |  |  |  |
| 1. UNEB always issues completion certificates to suppliers who complete their service in accordance with the terms and conditions of the contract |  |  |  |  |  |
| 1. Suppliers always submit payment documentations to UNEB on completion of their duties in accordance with the terms and conditions of the contract |  |  |  |  |  |
| 1. Suppliers always issue payment receipts to UNEB as evidence that the entity has implemented payment to them in accordance with the terms and conditions of the contract |  |  |  |  |  |

**Section D: Termination/closeout**

Indicate the extent to which you agree with the following observations on contract termination/closeout in UNEB on a scale 5 = Strongly Agree (SA) 4 = Agree (A) 3 = Not Sure (NS) 2 = Disagree (D) 1= Strongly Disagree (SD).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Contract termination/closeout** | **SA** | **A** | **NS** | **D** | **SD** |
| ***Recommendation for termination*** |  | | | | |
| 1. UNEB contract managers or procurement and disposal unit always submit a recommendation for termination whenever they believe that the contract should be terminated |  |  |  |  |  |
| 1. UNEB and its contractors make recommendations for termination of contract if all avenues for dispute resolutions have failed. |  |  |  |  |  |
| 1. UNEB promptly undertakes efforts to ensure that contracts with contractor are terminated if they do not perform to expectations stipulated |  |  |  |  |  |
| 1. UNEB always ensures that no contract is terminated prior to obtaining the approval of the relevant stakeholders |  |  |  |  |  |
| 1. UNEB always ensures that contracts are terminated in accordance to established contract termination clauses |  |  |  |  |  |
| ***Contract close out*** | | | | | |
| 1. UNEB always ensures that all awarded contracts are phased/closed out following meeting the requirements |  |  |  |  |  |
| 1. UNEB always ensures that all contract obligations are complete prior to closure of the contract |  |  |  |  |  |
| 1. UNEB always ensures that any contract amendments are made before contract closure. |  |  |  |  |  |
| 1. Contract Audits are performed before closure of contracts in UNEB |  |  |  |  |  |
| 1. UNEB always conduct a vendor rating/appraisal at the end of the contract |  |  |  |  |  |

**Section E: Procurement Performance**

Indicate the extent to which you agree with the following observations on procurement performance in UNEB on a scale 5 = Strongly Agree (SA) 4 = Agree (A) 3 = Not Sure (NS) 2 = Disagree (D) 1= Strongly Disagree (SD).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Procurement performance** | **SA** | **A** | **NS** | **D** | **SD** |
| *Value for money* |
| 1. UNEB has realized a reduction in unit cost in the delivery of its mandate as a result of contract management |  |  |  |  |  |
| 1. UNEB has realized a reduction in direct cost in the delivery of its mandate as a result of contract management |  |  |  |  |  |
| 1. UNEB has realized a reduction in the indirect cost in the delivery of its mandate as a result of contract management |  |  |  |  |  |
| 1. UNEB is in position to make reasonable savings from its procurement as a result of contract management |  |  |  |  |  |
| 1. UNEB is in position to enjoy favorable terms and condition in its acquisition as a result of contract management |  |  |  |  |  |
| 1. UNEB always achieves its intended results as a result of contract management |  |  |  |  |  |
| 1. It is now easier to provide UNEB services at the lowest cost possible as a result of contract management |  |  |  |  |  |
| 1. UNEB has realized a reduction in time required to deliver on its mandate as a result of contract management |  |  |  |  |  |
| *User satisfaction* | | | | | |
| 1. The materials used in user departments are procured at the right price |  |  |  |  |  |
| 1. The materials used in user departments are procured at the right time |  |  |  |  |  |
| 1. The materials used in user departments are procured from the right source |  |  |  |  |  |
| 1. The materials used in user departments are procured in the right quality |  |  |  |  |  |
| 1. The materials used in user departments are procured in the right quantity |  |  |  |  |  |

Thank you for your cooperation

**APPENDICES**

# Appendix II: Study Questionnaire for suppliers

**Introduction**

Dear respondent,

My name is Mariam Samanya pursuing a Master in Management Studies at Uganda management institute. I am interested in establishing the influence of procurement contract management on procurement performance. You have been selected as a respondent in your company to provide me with your views on this study. Your views will be kept and treated confidentially in line with the purpose of the study and your responses will not be used against you. So feel free and respond diligently.

**Section A: Background**

1. Your Level of education: Certificate [ ] Diploma [ ] Degree [ ] Postgraduate [ ] Others (specify)………………………..

2. Your position in relation to the company: Owner [ ] Contract Manager [ ] Officer [ ]

3. Years you have been doing business with UNEB: Less than 1 year [ ] 1 -2 years [ ] 3 -5 years [ ] 6 and above [ ]

**Section B: Contract Governance**

Indicate the extent to which you agree with the following observations on contract governance in UNEB on a scale 5 = Strongly Agree (SA) 4 = Agree (A) 3 = Not Sure (NS) 2 = Disagree (D) 1= Strongly Disagree (SD).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Contract Governance** | **SA** | **A** | **NS** | **DA** | **SD** |
| *Structure* |
| 1. UNEB always appoints contract managers from the user departments to oversee the contract management process |  |  |  |  |  |
| 1. Possession of proven competencies/capabilities is the basis for appointment of contract managers to manage contract |  |  |  |  |  |
| 1. Appropriate organization structures are always provided for effective and efficient management of awarded contracts |  |  |  |  |  |
| 1. Effort is undertaken to identify the different stakeholders in the contract management phase |  |  |  |  |  |
| 1. Adequate work flow charts are made to effectively manage the awarded contract |  |  |  |  |  |
| 1. Decisions on centralized roles are adequately made to guide contract performance |  |  |  |  |  |
| 1. Decisions on decentralized roles are made to guide contract performance |  |  |  |  |  |
| 1. UNEB always ensures that there are additional committees to supervise contracts |  |  |  |  |  |
| 1. There is an effort to develop partnerships with contractors or suppliers to ensure achievement of the objectives of contracting |  |  |  |  |  |
| *Roles and responsibilities* | | | | | |
| 1. Different planning roles are appropriately assigned to different personnel during contract management |  |  |  |  |  |
| 1. Different organizing roles are appropriately assigned to different personnel during contract management |  |  |  |  |  |
| 1. Different contract controls roles are appropriately assigned to different personnel during contract management |  |  |  |  |  |
| 1. Different reporting roles are appropriately assigned to different personnel during contract management |  |  |  |  |  |

**Section C: Contract Performance Monitoring**

Indicate the extent to which you agree with the following observations on contract performance monitoring in UNEB on a scale 5 = Strongly Agree (SA) 4 = Agree (A) 3 = Not Sure (NS) 2 = Disagree (D) 1= Strongly Disagree (SD).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Performance monitoring** | **SA** | **A** | **NS** | **D** | **SD** |
| *Quality* |
| 1. UNEB has a criteria for measuring quality assurance during contract performance. |  |  |  |  |  |
| 1. UNEB always supervises its contracts by ensuring that the contractor meets the specified terms and condition of the contract |  |  |  |  |  |
| 1. UNEB periodically conducts quality inspections on its running contracts |  |  |  |  |  |
| 1. UNEB always gather data on the quality of service/works/goods offered by the contractors |  |  |  |  |  |
| 1. UNEB always makes staged reports on the quality of service/works/goods offered by the contractors |  |  |  |  |  |
| *Documentation* | | | | | |
| 1. Suppliers always submit delivery documentations to UNEB for compliance to the terms and conditions of the contract |  |  |  |  |  |
| 1. UNEB always issues goods received notes for all deliveries that comply to the terms and conditions of the contract |  |  |  |  |  |
| 1. UNEB always issues goods returned notes for any deliveries that do not comply with the terms and conditions of the contract to be taken back by the suppliers. |  |  |  |  |  |
| 1. UNEB always issues completion certificates to suppliers who complete their service in accordance with the terms and conditions of the contract |  |  |  |  |  |
| 1. Suppliers always submit payment documentations to UNEB on completion of their duties in accordance with the terms and conditions of the contract |  |  |  |  |  |
| 1. Suppliers always issue payment receipts to UNEB as evidence that the entity has implemented payment to them in accordance with the terms and conditions of the contract |  |  |  |  |  |

**Section D: Termination/closeout**

Indicate the extent to which you agree with the following observations on contract termination/closeout in UNEB on a scale 5 = Strongly Agree (SA) 4 = Agree (A) 3 = Not Sure (NS) 2 = Disagree (D) 1= Strongly Disagree (SD).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Contract termination/closeout** | **SA** | **A** | **NS** | **D** | **SD** |
| ***Recommendation for termination*** |  | | | | |
| 1. UNEB contract managers always submit a recommendation for termination whenever they believe that the contract should be terminated |  |  |  |  |  |
| 1. UNEB and its contractors make recommendations for termination of contract if all avenues for dispute resolutions have failed. |  |  |  |  |  |
| 1. UNEB promptly undertakes efforts to ensure that contracts with contractor are terminated if they do not perform to expectations stipulated |  |  |  |  |  |
| 1. UNEB always ensures that no contract is terminated prior to obtaining the approval of the relevant stakeholders |  |  |  |  |  |
| 1. UNEB always ensures that contracts are terminated in accordance to established contract termination clauses |  |  |  |  |  |
| ***Contract close out*** | | | | | |
| 1. UNEB always ensures that all awarded contracts are phased/closed out following meeting the requirements |  |  |  |  |  |
| 1. UNEB always ensures that all contract obligations are complete prior to closure of the contract |  |  |  |  |  |
| 1. UNEB always ensures that any contract amendments are made before contract closure. |  |  |  |  |  |
| 1. Contract Audits are performed before closure of contracts in UNEB |  |  |  |  |  |
| 1. UNEB always conduct a vendor rating/appraisal at the end of the contract |  |  |  |  |  |

# Thank you for your cooperation

# Appendix III: Interview Guide

Dear respondent,

My name is Mariam Samanya pursuing a Master in Management Studies at Uganda management institute. I am interested in establishing the influence of procurement contract management on procurement performance. Kindly spare some few minutes to respond to the following questions. Information received from you is for academic purposes and will be kept confidential. You will not be victimized for whatever answer you have given and to ensure this, you are not required to identify yourself anywhere in the interview:

1. Describe your experiences of value for money procurements and internal customer satisfaction in the UNEB procurement function.
2. Describe the contract governance mechanisms UNEB has instituted for the different types of contracts with its suppliers or contractors.
3. To what extent to does contract governance influence procurement performance in UNEB?
4. Describe the contract performance monitoring practices in UNEB
5. To what extent does contract performance monitoring influenced procurement performance in UNEB.
6. How does UNEB terminate its contract with suppliers or contractor in the event that the supplier or contractor does not meet the terms and conditions of contract during contract performance?
7. Describe the contract closeout practices or activities in UNEB.
8. To what extent does contract termination/closeout influence procurement performance

**Thank you for cooperation**

# 

# Appendix IV: Table for Determining Sample Size from a Given Population

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

Note: “N” is population size

“S” is sample size.