



**INFLUENCE OF PUBLIC PROCUREMENT PRACTICES ON END USER
SATISFACTION IN MUBENDE HOSPITAL, UGANDA**

BY

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10/MBA/3/039

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF A MASTERS DEGREE IN BUSINESS
ADMINISTRATION (PUBLIC SECTOR) OF UGANDA MANAGEMENT
INSTITUTE**

JUNE 2013

DECLARATION

I, Chrissy Karibwije, declare that the contents in this dissertation are authentic and have never been submitted for any award of a degree in any other institution of higher learning.

Signed:

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APPROVAL

This dissertation has been presented for examination in partial fulfillment of the requirements for the award of a Masters Degree in Business Administration with our endorsement as supervisors:

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DEDICATION

I dedicate this work to my children Barbara, Oscar, Davis and Linda.

ACKNOWLEDGEMENT

To my supervisors Dr. Sylevester Kugonza and Mrs. Pross Nagita Oluka, I am greatly indebted to you. I will always remember you for your constructive criticism and professional guidance and for being there for me throughout the entire research.

I would like to thank UMI Consultants especially those from the department of Higher Degrees for their continued guidance during my study, special attention of Dr. Gerald Karyaija and Dr. Stella Kyohairwe for their expertise and guidance and professional delivery and transfer of knowledge to adult learners.

I must thank the staff of Mubende Hospital who participated in this study for allowing me to use their Hospital as my case study; the support I enjoyed from Dr.Nsubuga Peter the chairperson contracts committee and the entire staff who furnished and filled my questionnaires.

My sincere thanks go to, my wife Josephine and the entire family for understanding me when I did not have time for them due to my busy academic schedules. I must in a special way thank my dad and mum (Mr. & Mrs. Rugyantete) for taking me to school to understand the reason to learn so that I could appreciate all that I see and put my hands on in a special perspective.

May God bless them all.

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LIST OF ABBREVIATIONS

AO	Accounting Officer
CAO	Chief Administrative Officer
CC	Contracts Committee
EC	Evaluation Committee
IPPU	Institute of Procurement Professionals of Uganda
ODPP	Office of the Director of Public Procurement
OECD	Organization for Economic Commission and Development
PDE	Procurement and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SBD	Standard Bid Document
SOW	Statement of Works
TBT	Technical Barriers to Trade
TOR	Terms of Reference
UNICITRAL	United Nations Commission on International Trade Law

ABSTRACT

The purpose of this study was to examine the relationship between public procurement practices and end user satisfaction of procured services in the hospital. The study objectives included: (i) assessing the relationship between transparency in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital, (ii) investigating the relationship between non-discrimination in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital, and (iii) analyzing the relationship between competition in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital. The study adopted a cross-sectional survey. The results showed the following correlation coefficients and probability values: $r = 0.488$ and $p = 0.028$ for transparency in procurement and end user satisfaction; $r = 0.516$ and $p = 0.043$ for non-discrimination in procurement and end user satisfaction; and $r = 0.424$ and $p = 0.026$ for competition in procurement and end user satisfaction. The correlation coefficients were all positive and significant. It was concluded that increasing transparency in procurement, non-discrimination in procurement and competition in procurement would improve end user satisfaction of procured services in Mubende Regional Referral Hospital. Therefore, the study recommends that central government policy making agencies and Districts should tighten, increase adherence, and sensitize the public about the existing public procurement regulations and guidelines so as to enhance end user satisfaction of procured services in the hospital.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The study was about public procurement practices and end user satisfaction using a case study of Mubende Regional Referral Hospital. Public Procurement practices represent the independent variable while end user satisfaction was the dependent variable. This chapter presents information related to this topic in the following sections: background to the study, statement of the problem, purpose, objectives, research questions, hypothesis, conceptual framework, significance, justification and scope of the study.

1.1 Background to the Study

According to Amin (2005), a good background to the study needs to contain at least four components namely: historical background, theoretical background, conceptual background and contextual background.

1.1.1 Historical background

In the past, many industrial organizations considered it necessary to give an independent status to stores and purchasing departments. These departments functioned as an inconsequential appendage to carry out routine tasks of public procurement, storing, issuing out goods as directed by other departments. More than that, it must be admitted that often times, stores and procurement sections in many industrial concerns have been a receptacle for second rate personnel unwanted by other sections (Nair, 2001). Public procurement is now recognized in government as an area for reducing costs and value addition, partnerships, reducing acquisition costs, strategic outsourcing and e-commerce.

However, all are dependent on the appropriate level of development of the procurement practices.

In general terms, purchasing has developed over years and the characteristics associated with these development phases can be summarized as follows. Thirty years ago, purchasing and supply was concerned with buying supplies at the lowest prices. The activity was essentially clerical as there was little involvement with suppliers and it was reactive.

Today, purchasing and supply is becoming a strategic function that gives the organization a strategic advantage, closely involved with suppliers and other activities concerned more with true ownership cost than price. There has been devolution of straight forward buying, closer to the point of use characterized by the future application of leading edge concepts throughout the supply chain. Value addition has displaced cost reduction as a primary role with the potential of developing technology realized and total end user focus (Baily, Farmer, Jessop, Jones, 2005). Governments have contracted for public services as long as anyone can remember.

Over the past decades, however governments have expanded the concept and applied it to service areas not previously considered (Daventry, 1993) spawning what can be called a “service contracting revolution”. Today governments may refer to contracts for public services as privatization contracting out; sourcing, outsourcing, and such contracting activities should strive to achieve the noteworthy goals such as efficiency and flexibility.

The intellectual antecedents of the service contracting revolution date from the 1960s and 1970s with the writing of Peter Drucker, the famous theorist and consultant (Martin & Millers, 2006).

In Uganda, the early days of procurement were done by the central tender board and because it could not keep pace with the expansion of government activities and the consequential backlog of tender submissions, the procurement process became protracted. Rules did not reflect the international rules and best practices; this made the international and foreign organizations to consider public procurement to be a key obstacle to end user satisfaction. A need to decentralize the procurement function to respective government departments, to create an independent procurement function to respective government departments, to create an independent procurement regulator, a need to introduce transparency, in the government procurement practices arose.

In Uganda, a wave of procurement reforms that begun in 1997, culminated into the enactment of the Public Procurement and Disposal of Public Assets (PPDA) Act and regulations 2003. Unfortunately, many central government ministries and agencies have since then not followed prescribed practices (Agaba & Shipman, 2007).

In the year 2003, the PPDA Act was enacted in Uganda. This is an Act which has laid down the basic procurement and disposal principles on discrimination and fairness, transparency, accountability, competition, confidentiality, and ethical behaviors to guide the proper procurement activity. For example effective competition shall be evidenced by

use of open bidding, restricted or quotations and proposal procurement methods, described in these regulations. All procurement shall be conducted to deliver best value for money, hence end user satisfaction, irrespective of the method of procurement used, the procuring and disposing entity or the nature of the works, services to be procured have remained poor like sub standard drugs, late deliveries and expensive drugs in the private wing (Agaba, 2006). This has led to complaints about poor services by end users.

1.1.2 Theoretical background

This study was premised on Oliver's (1980) confirmation/disconfirmation model of consumer satisfaction. The model is based on the assumption that consumer satisfaction is hypothesized to result from a process of comparison. Consumers are said to have a set of pre-established standards in their minds, and they judge whether or not they are satisfied with the product processes or outputs by comparing the actual quality of the product processes or outputs with their pre-established standards of the quality of the product process or outputs.

According to Oliver (1980), there exists a positive linkage between the quality of the product processes and outputs and consumer satisfaction based on pre-established quality standards of the product processes and outputs. Consumers will be highly satisfied with the product processes or outputs if their actual quality is equal to or greater than the pre-established quality of product processes or outputs. On the other hand, the level of consumer satisfaction will be low if the actual quality of product processes or outputs is less than their pre-conceived quality of product processes or outputs.

As applied to this study, the theory holds that public procurement practices constitute processes into products procured by Mubende Regional Referral Hospital, and that these would influence end user satisfaction of procured services in the Hospital. Considering the fact users of the hospital's procured products have pre-conceived minds concerning the quality of the processes employed in procuring hospital goods and services, and compare the quality of the processes with their pre-conceived quality of processes employed in procuring hospital goods and services. Thus if, users of procured goods and services procured by the hospital will be highly satisfied if the actual quality of procurement processes is equal to or greater than the pre-conceived quality of procurement practices employed in procuring hospital goods and services; otherwise, satisfaction among users of procured services will be low.

1.1.3 Conceptual background

End user satisfaction is the degree to which the customer believes that their expectations are met or exceeded by the benefits received from using procured services (Juran 2000). Carlzon (1997) contends that end user satisfaction is the extent to which a good or service satisfies consumers in terms of appropriate quantity and quality consumed, easy accessibility, usability and timely delivery of the good or service. Following this notion, end user satisfaction of procured services refers to the extent to which procured goods or services satisfy consumers in terms of appropriate quantity and quality consumed, easy accessibility, usability and timely delivery of the good or service.

Public procurement practices refer to the procedures, regulations and guidelines that are used to ensure that the activity of procuring public goods and services is run smoothly

(Erridge & McIlroy, 2002). According to Erridge and McIlroy, public procurement practices include characteristics such as transparency, non-discrimination, and competition that are employed in ensuring the smooth running of the procurement process.

Erridge & McIlroy (2002) defines transparency in procurement as the extent to which all the procurement processes and activities are open to the public. It reflects the extent to which the public is able to scrutinize all the procurement processes and activities of a given institution (Erridge & McIlroy, 2002). Transparency in procurement is only complete where procurement-related information is readily available and the public has easy access to it. Such information empowers them to make quality assessments or evaluations of the procurement processes and activities of a given institution (Erridge & McIlroy, 2002).

Non-discrimination in procurement is the extent to which all the stakeholders in the procurement process such as bidders/suppliers and consumers of procured services are equally treated by the process (Erridge & McIlroy, 2002). It is the extent to which stakeholders in the procurement process feel that the procurement process is not biased.

Competition in procurement is the extent to which the opportunities offered by the procurement process are contested for openly (Erridge & McIlroy, 2002). Competition in the procurement process is characterized by competitive bidding, merit award of contracts, bidding process that is free of influence, and open advertisement of suppliers (Shamadu, 2005).

1.1.4 Contextual background

Mubende Regional Referral Hospital is one of the newly created regional referral hospitals. It is located in Mubende Town Council in Mubenda District. It started as a procuring and disposing entity in 2009. Before this time, Mubende Regional Referral Hospital was under Mubende District Local Government. As a result of reforms under the PPDA Act of 2003, it became an entity of its own and hence self accounting.

Mubende Regional Referral Hospital follows the PPDA Act in execution of all procurement matters and tries to follow specified procurement practices of transparency, non discrimination and competition. Procurement structures as required by law were established with various functions including appointment of procurement officers, contracts committee members, and ad hoc evaluation committees. All the procurements are supposed to be conducted in regard to set laws and regulations.

Despite all the above reforms and practices in the procurement, there are still a lot of problems being reported in the procurement entity such as corruption in the procurement process, supply of substandard materials and services at the entities, unfair, bureaucratic PPDA Act 2003 all leading to end user dissatisfaction of procured services (Auditor General's Report, 2012). Also, a recent report by the *Inspector General of Government* (2010) indicates a pathetic status of procurement-related activities in Mubende Regional Referral Hospital, characterized by lack of clear lines of public accountability in the procurement process, lack of professional knowledge and expertise in the purchasing and contracting function, high incidence of vested interests, interference and insider dealings

and occasional cases of retrospective approval of contract awards. Yet, little action has been taken to ensure that the procurement process complies with established regulations and procedures.

1.2 Statement of the Problem

In a move to improve and regularize public procurement practices in public entities, the Government of Uganda enacted the Public Procurement and Disposal of Public Assets Act [PPDA, (2003)], which stipulates the guidelines, procedures and regulations to be followed by public entities in procuring public goods and services for better end user satisfaction. Mubende Regional Referral Hospital procurement practices are guided by the PPDA Act which provides for the appointment of contracts committee members, periodic ad hoc evaluation committee, and establishment of procurement and disposal units. These committees are supposed to ensure fair handling of the hospital's procurement activities by ensuring transparency, competition, and non-discrimination for all parties involved in the hospital's procurement process.

In spite of these measures, end user satisfaction of the hospital's procured services is poor, characterized by substandard drugs, late deliveries and expensive drugs in the private wing which could possibly be a result of poor procurement practices such as discrimination, lack of competition and non transparency (Auditor General's Report, 2012). In view of this discrepancy, there is need to determine the suitable procurement practices that can improve end user satisfaction of the hospital's procured services. If the poor end user satisfaction of procured services is not addressed and the hospital maintains the current procurement practices, medical service delivery in the hospital will

deteriorate, leading to poor patient outcomes. In addition, it will lead to wastage of government resources further exacerbating the health outcomes of citizens. This study aimed at examining the relationship between public procurement practices and end user satisfaction of procured services in Mubende Regional Referral Hospital.

1.3 Purpose of the Study

The purpose of this study was to examine the relationship between public procurement practices and end user satisfaction using Mubende Regional Referral Hospital as a case study.

1.4 Objectives of the Study

- (i) To examine the relationship between transparency in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital.
- (ii) To investigate the relationship between non-discrimination in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital.
- (iii) To analyze the relationship between competition in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital.

1.5 Research Questions

- (i) What is the relationship between transparency in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital?
- (ii) What is the relationship between non-discrimination in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital?
- (iii) What is the relationship between competition in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital?

1.6 Research Hypotheses

- (i) There is a significant relationship between transparency in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital.
- (ii) There is a significant relationship between non-discrimination in procurement and user satisfaction of procured services in Mubende Regional Referral Hospital.
- (iii) There is a significant relationship between competition in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital.

1.7 Conceptual Framework

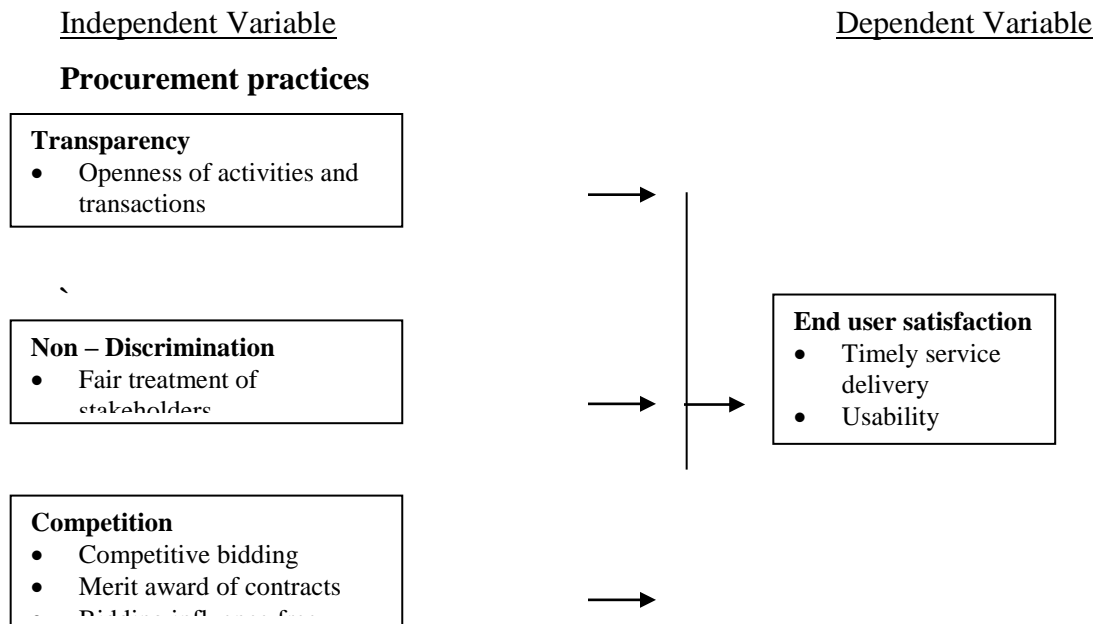


Figure 1: Conceptual Framework of the influence of public procurement practices on end user satisfaction of procured services

Source: Adopted from Erridge and McIlroy (2002) and Carlzon (1997)

The conceptual framework above is composed of the independent variable public procurement practices with three constructs—transparency in procurement, non-discrimination in procurement, and competition in procurement, and the dependent variable end user satisfaction. a number of variables. The framework postulates that the status of transparency in procurement, non-discrimination in procurement and competition in procurement influence timely service delivery, usability, accessibility, and provision of the right quantity and quality of procured services in Mubende Regional Referral Hospital. That is, favorable procurement practices characterized by a transparent, non-discriminatory and competitive procurement process positively influence timely service delivery, usability, accessibility, and provision of the right quantity and quality of procured services, while unfavorable procurement practices such as untransparent, discriminatory and uncompetitive procurement negatively influences timely service delivery, usability, accessibility, and provision of the right quantity and quality of procured services in Mubende Regional Referral Hospital.

1.8 Significance of the Study

This study is significant in two ways. First, through its recommendations, it forms a basis for formulating policies aimed at improving procurement practices so as to improve end user satisfaction of medical services in Mubende Regional Referral Hospital. Secondly, the study forms a basis of reference for other researchers intending to investigate procurement practices and end user satisfaction in other sectors of the economy.

1.9 Justification of the Study

Over the last ten years, Government of Uganda has spent a lot of money to put in place so many procurement practices in the public sector. However, there is little or no change in many Government procurements of both goods and service to justify the efforts and expenditure on practices. The end users of the procured services are not satisfied, with many complaining about substandard drugs, late deliveries and expensive drugs in the private wing. If the status quo is maintained, it may translate into loss of government resources and delivery of poor medical services to citizens. Therefore, there is need of assessing the influence of public procurement practices on end user satisfaction of procured services so as to generate empirical-based solutions to the problem hence, the justification of the study.

1.10 Scope of the Study

1.10.1 Geographical scope

The study was conducted in Mubende Regional Referral Hospital which is located in Mubende District in Central Uganda. The hospital was chosen for study because a recent report by the *Inspector General of Government* (2010) indicated a pathetic status of procurement-related activities in the Hospital, characterized by lack of clear lines of public accountability in the procurement process, lack of professional knowledge and expertise in the purchasing and contracting function, high incidence of vested interests, interference and insider dealings and occasional cases of retrospective approval of contract awards which were affecting effective and efficient delivery of procured services to end users. This is in spite of the existence and use of public procurement regulations in the hospital's procurement activities.

1.10.2 Content scope

This study focused on the influence of public procurement practices on end user satisfaction. Public procurement practices was the independent variable characterized by transparency in procurement, non-discrimination in procurement, and competition in procurement, while end user satisfaction was the dependent variable characterized by timely service delivery, accessibility to services, usability of services, and reduced number of complaints.

1.10.3 Time scope

The study considered the time period 2009 – 2012. This period was chosen because it recent; therefore, records could easily be traced and respondents could easily recall events.

1.11 Operational Definitions

Procurement Practices: The procedures, regulations and guidelines used to ensure that the activity of procuring public goods and services is run smoothly including transparency, non-discrimination, and competition (Erridge & McIlroy, 2002).

Transparency in procurement: The extent to which all the procurement processes and activities are open to the public, and where the public is able to scrutinize all the procurement processes and activities of a given institution given full availability of all the procurement-related information (Erridge & McIlroy, 2002).

Non-discrimination in procurement: The extent to which all the stakeholders in the procurement process such as bidders/suppliers and consumers of procured services are equally treated by the process and feel that the procurement process is not biased (Erridge & McIlroy, 2002).

Competition in procurement: The extent to which the opportunities offered by the procurement process are openly contested for, and there is competitive bidding, merit award of contracts, bidding process that is free of influence, and open advertisement of suppliers (Erridge & McIlroy, 2002; Shamadu, 2005).

End User Satisfaction: The extent to which a good or service satisfies consumers in terms of appropriate quantity and quality consumed, easy accessibility, usability and timely delivery of the good or service (Carlzon, 1997).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents literature review public procurement practices and end user satisfaction of procured services. The chapter presents the information in four major sections. Section 2.1 presents a review of literature concerning the theories upon which this study was based, while sections 2.2, 2.3 and 2.4 present a review of literature systematically following the objectives of the study.

2.1 Theoretical Review

This study was premised on Oliver's (1980) confirmation/disconfirmation model of consumer satisfaction. The model is based on the assumption that consumer satisfaction is hypothesized to result from a process of comparison. Consumers are said to have a set of pre-established standards in their minds, and they judge whether or not they are satisfied with the product process or outputs by comparing the actual quality of the product processes or outputs with their pre-established standards of the quality of the product process or outputs.

According to Oliver's (1980), there exists a positive linkage between the quality of the product processes and outputs and consumer satisfaction based on pre-established quality standards of the product processes and outputs. Consumers will be highly satisfied with the product processes or outputs if their actual quality is equal to or greater than the pre-established quality of product processes or outputs. On the other hand, the level of

consumer satisfaction will be low if the actual quality of product processes or outputs is less than their pre-conceived quality of product processes or outputs.

The support for this theory is derived from the adaptation level theory which posits that one perceives stimuli only in relation to an adapted standard (Helson 1964). The standard is a function of perceptions of the stimulus, the context, and the organism. Once created, the adaptation level serves to guide subsequent evaluations in that positive and negative deviations will remain in the general vicinity of one's original position. Oliver (1980) applied this theory to the study of consumer satisfaction by arguing that expectations about product performance can be seen as an adaptation level. He suggested that expectations create a frame of reference for comparative judgments.

As applied to this study, the theory holds that public procurement practices such as transparency in procurement, non-discrimination in procurement and competition in procurement as enumerated by Erridge and McIlroy (2002), constitute processes into products procured by Mubende Regional Referral Hospital, and that these would influence satisfaction among end users of the hospital procured services. Considering the fact users of the hospital's procured products have pre-conceived minds concerning the quality of the processes employed in procuring hospital goods and services, and compare the quality of the processes with their pre-conceived quality of processes employed in procuring hospital goods and services. Thus end users of the hospital procured goods and services will be highly satisfied if the actual quality of procurement processes in terms of transparency, non-discrimination and competition is equal to or greater than the pre-

conceived quality of procurement practices employed in procuring hospital goods and services; otherwise, satisfaction among users of procured services will be low.

2.2 Transparency in procurement and End User Satisfaction

Transparency is about being open about all activities and transactions pertaining to public procurement and Disposal. The public should freely scrutinize these activities and any relevant information should be accessed at minimal costs under a clear policy (PPDA, 2003) openness depends on high standards of reporting and disclosure. This has dual benefits; it demonstrates that the public resources are being used properly, fairly and effectively to optimal public benefits and the communication of risk to the provider for present and future services delivery (source: office of the Auditor general). Public procurement in Borzina and Herzegovina does not fully respect the principle of transparency. The decree in use does not impose objective and non-discriminatory technical specifications on an objective and transparent process of selecting the bid. Also the evaluation criteria are poorly described; wide discretion is given to the evaluation committee and the objectivity and accountability of the selection (Holms, 2003).

Evennett and Hoekman (2003) contend that for a procurement process to be transparent the following must exist; (i) the terms upon which the procurement process will be conducted and the criteria upon which any decision are to be made are codified to the greatest extent possible and made widely available, (ii) the eventual procurement award decision such as which firms are allowed to bid or have met minimum requirements to have their bids considered in detail is made publicly available, and (iii) it is possible to

verify expeditiously that the codified procedures and criteria were indeed applied and that the claims made were in fact true.

Osborne and Gaebler (1992) contends that such development as next steps (efficiency unit 1988) compulsory competitive tendering and most recently, best value, all signify demands for a more accountable, efficient and effective public sector characterized by enhanced levels of performance. It is further stated that the internet technologies have the potential to facilitate the achievement of greater transparency within the public sector organization. The transparency will also impact on the way in which public sector organizations interact with their environment and in particular with consumers of their product and services (HMSO, 1999).

Hunja (2003) contends that a strong and well functioning procurement system is one that is governed by a clear legal frame work establishing the values of transparency, accountability, efficiency and mechanism of enforcement, coupled with institutional arrangement that ensures consistency in overall policy formulation and implementation. He further stated that in many developing countries there is either no generic procurement laws or where it exists, the procurement procedures are non transparent or are vaguely defined. From the office of the Director of Public Procurement (ODPP), transparency in the context of public procurement is considered one of the most effective deterrents to corruption.

It is a precondition for ensuring public officials accountability and it aims at allowing the public widest possible access to information that would enable them participate in Public Procurement. Effective and efficient procurement activities require the setting up of instruments of transparency for building confidence and participation of both suppliers/contractors and general public. It involves transparency in procurement opportunities and that of contract evaluation and award procedures, in case of clarification, it should be made to all bidders who have been provided with bidding document, it also calls for an in-depth assessment of the received tenders, it stresses that all evaluation be done on criteria set to eliminate any manipulation in the selection exercise.

The agreement on Technical Barriers to Trade (TBT) requires that Government entities adhere to the principles of transparency in the developed countries and implementation of regulations and standards. The TBT Agreement regards the protection of human health and safety, animal or plants welfare, or environmental issues as well as prevention of deceptively restrictive practices as legitimate objectives (www.wto.org/English/trtop-e/g_proce/thresh-e.htm). Bardis (2003) states that the practice of transparency in e-procurement aims at ensuring undistorted community wide competitive conditions between the operators.

It allows them to monitor compliance with the procurement Rules. A non distorted system of competition can only be guaranteed if the various players have equal chances

in transparent procurement procedures, although this practice is not preserved throughout the phases of the electronic tendering evaluation.

Mlinga (2005) suggests that although transparency is an integral part of good governance in procurement, it may not be a sufficient condition of integrity in procurement. Building professionalism among procurement officials with a common set of professionalism and ethical standards is equally important. This would be of great help to Mubende Hospital to know that other factors that together with the stated procurement practices to better and end user satisfaction.

Articles vii-xvii of the Agreement on Government Procurement, the procedural obligation aimed at ensuring that, tendering procedures (open selective and limited) remain open and transparent and provide an opportunity to all interested foreign suppliers to participate, there is transparency in post award information and challenges procedures providing remedies are available to un successful domestic and foreign suppliers as well as foreign suppliers which consider that the contract has been awarded in violation of the Agreement.

In 1997- 1998, a working group identified the possible main elements of an agreement on transparency in Government procurement. In addition to the relevant provisions of the Agreement on Government procurement, the group took into account the World Bank guidelines on Government procurement, the UNCITRAL model laws on procurement of goods, works and services and national laws. Elements of ensuring transparency before a

contract is awarded are; scope of coverage, procurement methods, decisions on qualification of supplies, publication and procedures, notice of invitation, information on tender opportunities, time limits etc.

Procurement is an internal service provided by a dedicated team of professionals, indeed Uganda public Procurement and disposal of public assets Authority (PPDA, 2004) indicates that public procurement is most of the time the source of corruption, scandal and abuse of public resources in Uganda, that most of the public procuring and disposing entities tender notices evaluation award notices are either not all or not well published and not all records of the procurement process are kept.

In order to fulfill its mission to serve the public, the Government of Uganda has made considerable progress in developing its procurement and establishing PPDA under the public procurement and disposal of public assets Act NO1 of 2003 (ACT) (31). According to the Act (2003) the objectives of this development were; to simulate competition among potential providers; to ensure transparency based on clearly defined Rules of the game, to foster accountability by improving the cost/benefit ratio or value for money.

Public procurement is at the centre of the way public money is spent. Budgets get translated into service in large part through the working of the procurement system. In central Government the construction of schools, clinics, roads, drilling of wells, as well as the acquisition of medicine occur through the nation's public procurement system. The

performance of a nation's procurement system will therefore determine whether funds are sufficient to purchase one million doses of drugs.

From the presentation made on 1st round table meeting on Paris, 2003, Uganda for example has recently moved to link their internal and external auditing to their work on increasing transparency and competitiveness of procurement. This shift has been attributed to the limited impact that separate parallel reform processes have achieved.

Developing and developed countries have a need for a well functioning public procurement system. This is particularly true for developing countries, where procurement usually account for a high proportion of total expenditure, for example 40% in Malawi and 70% in Uganda, compared with global average of 12-20 % (Developing Assistance Committee, 2005).

In advocating the need for procurement reforms, the task force considered the desired outcomes to be as follows; transparency characterized by well defined regulations and procedures open to public scrutiny, clear, standard tender documents containing complete information, and equal opportunity for all in the bidding process, a more effective means of fighting wastes and corruption and improving financial accountability, integration of the public procurement system with national budgeting procedure; attractive investment climate by lowering risk; greater competitive pressure to satisfy customer needs, and streamlined procurement process through greater use of electronic commerce.

2.3 Non-Discrimination in procurement and End User Satisfaction

In the European Union procurement laws, one of the fundamental practices guiding modern public procurement rules is that all bidders are granted equal opportunities; the procedure applied has to be objective; adherence to the non-discrimination principle, which guarantees that companies can take part in public tenders regardless of nationality and that contracts are awarded on fair and non restrictive basis (www.wto.org/english/tratop_e/gproc_e/thresh_e.htm).

The key area of concern is the possible trade effects of eco-labeling. Under the non discriminatory principle, it is not allowed to distinguish between like products, and the main debate is whether products can be distinguished based on the way they are processed or produced if process or production methods (PPMS) do not leave any trace in the final products. Sofia (2006) states the changes in the EU public procurement legal framework the principles and guidelines; the principle of transparency; in its case law, court has emphasized the connection between the principles of transparency and equality of treatment, whose useful effect it seeks to ensure in un distorted competitive conditions. In Bosnia and Herzegovina, there are no clear provisions on standards to guarantee the objective and non-discriminatory description of the subject of procurement (technical specification); therefore the use of brand names and other references to the producer or source of origin is not prohibited, the minimum content of contract notices and tender documents is not precisely set.

Another UNCITRAL (1994) model law objective is that participation in the procurement process should be open to all bidders without discrimination on the basis of nationality. The rationale underlying this position is that wider competition will ultimately enable the procuring and disposing entities to get better value for money. Concern has been expressed that, while it ensures greater transparency, the emphasis of the model law on openness and non –discrimination on the basis of nationality and the preference for over restricted tendering may impinge on the interest of the economy and efficiency.

However, while the model law leans heavily towards promoting transparency, there are also provisions that militate against excess pursuit of anyone of its objectives. For example, while the principle of non-discrimination on the basis of nationality as expressed in Article 8 may seem rather extreme, Article 23 (b) allows for domestic tendering in case where the procuring entity decides that in view of the low value of goods, works or services to be procured, only domestic supplies or contractors are likely to be interested in submitting bids. With regard to the preference for open over restrictive tendering Article 20 (b) also provides that the procuring entity may resort to restrictive tendering where the time and cost required to examine a large number of tenders would be disproportionate to the value of goods, works or services to be procured.

The Office of Government Commerce (OGC) in 2006 published a community law applicable to contract awards which states that public procurement contracts especially referring to contracts for part B services and below threshold contracts to include the free movement of goods, the right of establishment, the freedom to provide services, non-

discrimination and equal treatment, transparency, proportionality and mutual recognition. It emphasizes the importance of transparency meaning that a contracting authority must ensure a degree of advertising based on the individual circumstances of the case, sufficient to allow the services market to be opened up to competition and impartiality of procedures to be revived. For providers to be handled fairly, honestly and evenly in the procurement process, there should be disclosure of private or personal interests and non-acceptance of gifts and hospitality by the staffs. There should be confidentiality and accuracy of information and clear responsibility among the players (PPDA, 2007).

From the Office of the Auditor General (OAG), it is suggested that where there are multiple providers who are capable of delivering the required services on behalf of the government, the public entity should give a fair opportunity to all potential providers to do so. There is need for the procuring entity to deal reasonably with the potential providers throughout the lifecycle of the funding arrangements. The public entity should manage accountability, transparency and high standards of reporting and disclosure. There is also the need for the public entity to monitor the effect of its funding initiatives and consider how everything funded contributes to the outcomes intended. It is possible for a service to be delivered in every way but fail to make intended difference.

A strong and well functioning procurement system is one that is governed by a clear legal framework establishing the values of transparency, accountability, non-discrimination, efficiency and mechanisms of enforcement, coupled with an institutional arrangement that ensures consistency in overall policy formulation and implementation (Hunja, 2003).

However, even when an appropriate set of laws and regulations are put in place, they might be ignored if there are no concrete enforcement measures in place (Jones, 2007). Erridge & McIlroy (2002) confirms that whilst competition remains the primary mechanism for supplier selection, the recent review and proposal amendments to the directives featured a prolonged debate between the European Parliament and Commission on proposals to enhance the extent to which public procurement may be used to pursue socio-economic goals.

Ssenoga (2006) states that developing countries face a problem of deciding whether to open up public procurement markets to all suppliers irrespective of their country of origin. The perceived benefit of opening up procurement markets (non-discriminatory practices) is that it enhances competitiveness, leading to efficient public resources utilizations.

In all countries, governments are significant buyers of goods and services. Quoting an OECD report, Odhiambo and Kamau (2003) estimated the value of contestable government procurement the world over to have been \$ 2000 billion in 1998. This is equivalent to 7% of the world GDP and 30% of the world merchandise (Odhiambo & Kamau, 2003) such a wide market represents high opportunities for international trade. However, while recognizing the importance of a clear procurement process, guided by public tendering, publication of winning bidders and mechanism for appeal for aggrieved parties, various countries insert in their law provisions intended to protect their national “sovereignty” .Such provisions usually take into account the country’s industrial policy

(e.g. protection of the country's local industries), social policy (e.g. protecting the role of women or the physically disabled) or protection of a country's strategic economic objectives such as regional integration.

These provisions although deemed desirable, especially for developing countries, have serious connotations in as far as promoting free trade is concerned. These discriminatory tendencies constitute a suitable protectionism to trade (Smith, Linarelli & Wallace, 2000).

Discrimination refers to a Government's tendency to favor its own domestic industry's supplies and disregard foreign firm supplies. There are two classical forms of discrimination against foreign bidders in Public Procurement i.e. Explicit and implicit,

Explicit forms of discrimination can take various forms two of which are "the preferential price margin" and Domestic "content requirement "under preferential price margin , purchasing entities accept bids of domestic suppliers over foreign suppliers as long as the difference in price does not exceed a specific margin of preference. The price preference margin can result from an explicit "buy local Policy" e.g. "Buy America Act"

The United States Government offered a 6% preference for domestic suppliers .The preference can be raised to 12% in case of small business and firms in regions of high unemployment and 50% of military equipment.

Explicit domestic preferences have also been applied in Canada, Australia, Newzland and Turkey (Naegelen & Mougeot, 1998). Under the "Domestic content Requirement "Government purchases from foreign sources only if the latter commit to purchase some components from domestic firms.

Even without provisions in the domestic law, countries usually have biases that are not formal. This is the implicit form of discrimination outright exclusion is rarely explicit, but it is never the less one of the most widely used defacto. Formal respect of the tendering procedures is no guarantee of fair treatment to foreign firms as the discrimination behavior is usually tacit (Trionfetti, 2000). In the European community, according to Vagstad (1995) less than 2% of Government contracts were awarded to non-national bidders despite a law that does not allow favoritism towards domestic suppliers. This figure does not compare well with a 22% import penetration at the economy level (Gillett et al., 2006).

He further argues that even without discrimination, developing countries are at a disadvantage. While developed nations have the capacity to compete for and be awarded contracts in developing countries, the reverse may not be true. Potential suppliers in developing countries lack the capacity to compete favorably in international procurement markets due to mainly to high costs of production arising out of poor production techniques and lack of expertise. This leads to products from developing countries to become uncompetitive in terms of quality and price compared to those from developed nations. The fundamental questions that this paper wants to address are: would removal of discriminatory practices in public procurement markets benefits developing nations given their inadequate capacity to compete internationally? Secondly, how would such countries develop their economic and social interests and at the same time open up their Public Procurement markets?

Alongside free trade initiatives taken in the context of multilateral trade negotiations, different global blocks developed regional integration Agreements. These agreements have generally prohibited discrimination based on local interests in Public Procurement. These include: North America Free Trade Agreement Forum (APEC), European Union plus a number of bilateral agreements. The underlying issue in all these regional and bilateral Agreement is the establishment of rules and discipline aimed at ensuring Non-discrimination.

Procurement practices also evolved in the context of international financial institution. The World Bank, the Inter-America Development Banks have played an important role in shaping generally Accepted Principles for Public Procurement. These banks have established detailed policies and procedures for procurement in connection with the project funded by them, with attention to considerations of the economy and efficiency and without regard to political or other non-economical influences or considerations (Arrow Smith, Linarelli & Wallace, 2000).

In an essay entitled “obstacles to Public Procurement Reforms in Developing Countries “ Robert Hunja , a senior Procurement specialist at the World Bank, described the aim of the reform program in many developing countries as being to establish a strong and well functioning procurement system that is governed by a clear legal frame work establishing rules and transparency, efficiency and mechanism of enforcement, coupled with an institutional arrangement that ensures consistency in overall policy formulation and implementation (Hunja, 2003) .Other desired outcomes included the following: a

professional cadre of staff that implements and manages the procurement function, a competitive and transparent procurement process with strong self reinforcing mechanism providing for wide advertising of upcoming procurement opportunities, public opening of bids, pre-disclosure of all relevant information, clear accountabilities for decision making and an enforceable right of review for bidders (Agaba & Shipman, 1999). Many central Government ministries and agencies are not following prescribed practices.

The procurement audits carried out by PPDA have revealed that out of 322 contracts audited as at the end of 2005, only 7 (2%) were assessed as being clean i.e. carried out in accordance with the law and with internal structure observed. Among the key weaknesses identified were inadequate procurement planning, leading to an excessive use of direct procurement and failure to align procurement with the budgetary process.

Poor record keeping, leading to many procurement documents being untraceable (or procurements having taken place without documentation) and abuse of process, for example, contracts having been awarded to a company other than the best evaluated bidder, retrospective approval for contracts, inconsistencies in tender evaluation and interference in the contract award process by un authorized parties.

2.4 Competition in procurement and End User Satisfaction

Before considering competitive bidding, you consider some questions for example whether there is enough time and enough funds to guarantee the effort and this is contained in the procurement work plan and the budget. Also to consider is the number of suppliers, their competency and expertise and whether they are interested in the contract.

The entity must have knowledge of the price of goods, works and services (CIPS, 2006). The bidders should compete with one another under same terms and conditions. The objectives here are to maximize value for money (VFM) hence end user satisfaction and all opportunities are accessible to all interested providers. There is need to use standard bidding documents (SBD) clear and non restrictive specification TOR, or SOW, sufficient time for bidding, non -use of brand or trade names. All bidders are evaluated under same criteria and clarification if any to all bidders.

Alder (2006) contends that competition in public procurement means providing fair opportunities to qualified vendors to compete for Government contracts by vying against each other to offer the best prices or costs, quality and services. He further argues that competition is the central practice in public procurement. When competition is available but artificially restricted, a central principle is defeated. In Bosnia and Herzegovina, the qualification procedure is not clearly and exhaustively described, the minimum time limits for submission of bids are lacking and the procedure for reviewing complainants filed by unsuccessful candidates is ineffective. It is clear that the European Union Procurement Rules were formed on the basis of new- liberal intellectual ideas, which assume that public and utility supply efficiency is best achieved through competitive and open tendering processes. Cox and Furling (1997) argued, however, that EU policy makers were unaware of best practice contract awarding techniques in the private sector.

Cave (2003) contends that health competition is the life blood of commerce as it ensures efficiency, fairness and innovations. Where government views procurement as a market

activity, it would be interested in increasing supply-side competition in order to drive quality ahead, time lines and innovation and drive down price. It also means that competition may drive both standardization and coordination on the supply side and summarizes that for there to be successful tendering there must be genuine competition. Effective competition shall be evidenced by use of open domestic bidding, restricted bidding or quotation and proposals, procurement methods in the regulation. All procurements shall be conducted to deliver best value for money (PPDA, 2003).

According to OECD (2005), experience indicates that procurement practices strengthening should be pursued by joining steps to improve the agencies to improve their performance in the delivery of services leading to end user satisfactions. This approach brings together the officials responsible for procurement process with their clients, The officials responsible for execution of programs and delivery of services, making them both more accountable for their performance. The Philippines has achieved not worthy success with this approval, in that country, efforts to modify procurement laws and the procedures that are used to carry out procurement transactions have been coupled with programs designed to improve procurement processing systems within the individual key ministries, such as Health and Education. This approach has been further strengthened by closely associating efforts to improve procurement with the anti-corruption efforts that have been led by strong and impassioned civil society organization with enormous support among the general public. This multi-track approach has resulted in significant outcome improvements.

Improving results by focusing on procurement outcomes has also been advanced by the formation of a strong non Governmental organization group that has taken over an active role in monitoring procurement and engaging in a constructive dialogue with a range of government leaders, members of Parliament, leading representative of the media and other civil groups.

Finally, the solid foundation of reform that has been created has served as a platform for the introduction of E-procurement system that has significantly increased the level of transparency and competitiveness in the procurement process Erridge and McIlroy (2002) suggests that the public procurement directives provide the legal basis for procurement throughout the European Union and relate mainly to transparency.

During the 1996-2004 periods, public sector demand for consulting services was estimated to amount to approximately 690 Million Euros per year., slightly less than 80% for project design services and the remaining 20% for feasibility studies, technical assistance and program evaluation (Cervigni, Cuccu & Miniaci, 2008). In order to gain a deeper understanding of the interactions between demand and supply, the study analyzed 313 published tender for feasibility study contracts co-financed by the national government in the 2000-2002 period, for a total of 56 million Euros. An estimated total of over 2,200 operators bid for the committee for the inter-ministerial Economic Planning (CIPE) contracts and 613 were awarded at least one (80%) of the awarded obtained only one contract.

Based on the characteristics of the bidders (revenue, number of employees, activity sector) it was estimated that the broader set of operators potentially qualified to bid for FS tenders may consist of some 5800 firms, 11 000 individual consultants and 500 university research centers.

Excluding firms that do not engage primarily in feasibility studies, there were approximately 1.9000 potential bidders. Considering the actual bidders, the potential ones and the structure of the contract awardees, groupings, the market for feasibility studies appears to be fairly competitive. First of all, the number of bidders was relatively high, for firms, the ratio of actual to potential bidders varied between 10% and 20% in terms of number of operators, but reached 70% in terms of revenues.

Secondly, little evidence of market concentration or dominant position was found. The concentration of market shares appears limited with a Herfindal–Hirschman index of 0,011, well below the value of 1 which indicates monopoly. Third awardees of more than one contract were not necessarily the largest operators. A value of contracts awarded to vary by only 0.32%.

On balance, the evidence suggests that larger firms tend to secure larger contracts, but that the relationship between tender value and revenues, although positive and statistically significant, is less than proportional. Fourth, more active operators do not have an advantage. The probability of success does not change with the number of bids increase, so does the number of contracts awarded. What really seems to make the

difference is the ability to set up temporally groupings; the probability of success of a bid by a grouping is 24 %, versus 14% for a bid submitted by an individual operator.

Notwithstanding the overall competitive nature of the market, a subset of operators played a leading role: firms with revenues ranging from 1.5 a “success “rate of 60% (award of at least one contract) compared to an overall average of 46 % The relative success of these firms may be explained with their high degree of specialization, low costs and ability to team up effectively with other operators. According to Islam (2007), he states that since the adoption of privatization on an economic policy reform in 1976, Public Procurement by contractual means in Bangladesh embraces Government activities of purchasing, hiring or obtaining of goods, works or services by any contractual means (Government of Bangladesh, 2003).

Contracting out has been used as a key method or form of privatization for the past few decades (Ban, 1998; Blendermann, Ormsby, Sharp & Zimmerman, 2004; Savas, 2000). Like in the United States of America and in many developed countries (Rorizek & Johnson, 2005; Savas, 2000), Governments at both local and central levels have expanded the range of services delivered through procurement by contracts. Various Government agencies or procurement entities, especially the ministries Divisions department/directorates, and other autonomous/Semi autonomous bodies or corporations in Bangladesh often acquire/purchase goods, services or works by contractual means (Government of Bangladesh, 2003).

Although restricted tendering methods or direct procurement methods can be used for some specific reasons, procurement and contracts in Bangladesh often take place through open competitive bidding (GOB, 2003). Supporters of contracting out argue that contracting out of goods or services of public sector enhances efficiency, reduces services or production costs/expenditure (Steel & Long, 1998; Brown & Potoski, 2003; Boyne, 1998), improve service quality enhance performance and production (Boyne 1998; Brown & Potoski, 2003) and increases end user satisfaction (Sorber & Straight,1995). Opponents, however contend that downsizing by contracting out creates loss of expertise in the public sector (Farazmand, 2001; Bliss & Di Tella, 1997).

Other problems of privatization by contracting out and outsourcing as identified by opponents include increase of corruption by business elites, decrease of accountability, and diminution of equity and fairness in service deliveries (Farazmand, 2001; Bliss & Ditella, 1997; Elliot 1997; Donahue, 1989), emphasizing the need for competition. Madu (1997) argues that developing economies have a purpose to satisfy the social utility function of their people. This cannot be achieved if their social welfare and quality of life cannot be maximized, unemployment is high, productivity is low and technologies are antiquated.

The lack of competitiveness has created so much misery. These economies need to develop. There is need to improve the quality of their products and services, improve productivity and generate more revenue to be able to satisfy end users. By placing tight controls as a way of developing local industries and protecting those from overseas

competition developing countries tend to reduce local competition and end user expectations. As a result, firms are either unable to achieve high levels of quality or else view quality improvements as unnecessary. In doing so, local industries have tended to develop devoid of a focus on quality (Gosen, Barbbar & Prasad, 2004). This inevitably impacts negatively on the well being of people as they pay more for less quality goods.

The Government of the Republic of South Africa made general Procurement Guidelines under the public finance management Act, 1999, commonly referred to as the Five Pillars and among them is that of open and effective competition. It requires that; a framework of procurement laws, polices, practices and procedures that is transparent, openness in the procurement process, encouragement of effective competition through procurement methods suited to market circumstances and observance of the provisions of the preferential procurement policy framework Act.

To try and control procurement activities, the government of south Africa cope up with what they call Red Flags which means an advanced warning on possible irregularities that would be in the procurement process, for example contracts written to limit competition, procurement contracts which are unduly complex and thereby lacking in transparency. Public procurement offers the highest opportunity for improved end user satisfaction in medical institutions given that over 75% of public expenditure is spent on this function.

While procurement reforms have been conducted with a view of improving service delivery, or end user satisfaction, limited empirical studies have been conducted to assess the extent to which this function contributes to end user satisfaction or service delivery in urban local government systems of Uganda (Basheka & Nantume, 2009). In the Public Procurement Regulatory Authority (PPRA) of Tanzania, section 58 (2) of the Act No 21 of 2004, states that all procurement and disposal of public assets shall be conducted in a manner to maximize competition, and achieve economy, efficiency, transparency and value for money, hence satisfying the end users.

Llahuka (2009) contends that in public procurement, rivalry is in and cooperation is out. In fact, competition-cut throat competition is everything with these kinds of views, public procurement sounds like a profession to be avoided at all costs, because it seems to have a hostile attitude towards ‘friendly’ encounters between bidders. Of course, with or without the backing of public procurement, competition is part and parcel of life, in fact it is the essence of life itself, if we can believe the naturalist (Charles Darwin), but competition whether cut throat or otherwise, is also good for many other reasons, one of which is the opportunity it provides for self improvement among competitors, continuously preparing each to become a winner next time.

There are, therefore many reasons why any improvement-driven system would tend to oppose moves that run counter to the spirit of competition. In fact, even this explanation suffices to explain why public procurement would vigorously seek to eliminate any

tendency towards collusion between bidders. To be sure, collusion involves people cooperating or working together when they should be competing.

The Public Procurement and Disposal of Public Assets Act passed into law in 2003. The Act requires all public procurement and disposal to be conducted in accordance with the principles of transparency, accountability and fairness and in a manner that maximizes competition and achieve value for money. The law provides for delineation of roles and separation of powers between user departments, which initiate the procurement process and evaluate bids, procurement and disposal units ,comprising procurement professionals who manage the procurement process, contracts committees, which approve each stage of the procurement or disposal process and decide on the best evaluated bidder and contract award; and the Accounting officer, a senior official in the ministry, or Agency or department who is responsible for ensuring the proper functioning of the system. The law sets out detailed procedural rules, whose provisions include the advertising and public display of bid opportunities, notices of the best evaluated bidder and notification of contract award.

Tanzania and Kenya have recently enacted procurement and disposal laws that are on similar lines to the PPDA Act. The efficacy of the regulatory system in Uganda has been attested by the world bank, whose program document for the fifth reduction support credit notes that Uganda has become one of the most advanced countries in the region in terms of implementing procurement reforms so that at the central government level, all the ingredients for making the procurement system more efficient, economic, transparent

and accountable are now in place (International Development Association, 2005; Agaba&Shipman, 1999). According to the investigation report on the procurement of Guava seedlings (2008) carried out in Bundibugyo district local government, the district education officer (DEO) was at the centre of procurement, he sourced the supplier and contracted them without any written document. This was confirmed by the CAO in an interview of 23rd July 2008, informing the CAO that head teachers had received the fruit seedlings implying that deliveries had been made.

The DEO breached the independence of functions stipulated in LG/PPDA Regulations 13 when he sourced the supplier thereby usurping the function of the PDU. Further by procuring directly from the DISO, the DEO deprived the procurement of competition contrary to section 46 of the PPDA Act, 2003. moreover the entity had four pre-qualified providers who could be invited to compete and in the past, the entity had similar seedlings from Kawanda Research Centre. The DEO was the chairperson contracts committee and at the same time he was the head of user department contravening the best practices of procurement. This would help local governments check the way they do their procurement activity so that competition, transparency and non-discrimination are practiced and value for money is achieved.

2.5 Summary of Literature Review

This chapter has reviewed both the theoretical and empirical literature related to the study. Overall, the theoretical review shows that public procurement practices have an influence on end-user satisfaction of procured services. However, there is still limited empirical evidence relating public procurement practices and end-user satisfaction of

procured services particularly in developing countries. In Uganda's case, it appears no study has attempted to investigate the effect of public procurement practices on end-user satisfaction of procured services, particularly in the medical sector. Thus, this study was an attempt to fill this empirical gap. Secondly, the few empirical studies done on public procurement practices and end-user satisfaction of procured services show mixed results, with some being significant while others are insignificant. This means that there is still lack of a clear cut explanation between public procurement practices and end-user satisfaction of procured services, suggesting an inconclusive on-going debate on this issue, which requires further investigation. Thus, this study was partly motivated by the desire to further contribute to the debate, with the hope of generating a clear cut explanation on the relationship between public procurement practices and end-user satisfaction of procured services. This study was conducted using a case study of Mubende Regional Referral Hospital.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methods and procedures used in this study. These are explained in the following sections: research design, study population, sample size determination and selection, data collection methods, data collection instruments, measurement of variables, validity and reliability of instruments, data collection procedure, and data analysis techniques.

3.1 Research Design

The study employed a case study design. The purpose of using a case study was to help the researcher to study a single entity in depth in order to gain insight into the larger cases and to describe and explain rather than predict a phenomenon (Denscombe, 2003). A case study uses smaller samples for in depth analysis (Denscombe, 2003). In addition, the study was characterized by triangulation of both qualitative and quantitative approaches. In the former, data was collected using self-administered questionnaires and analyzed using numbers, while in the latter, data was generated through interviews and analyzed using words. Triangulation was used because restricting the study to one approach would give a myopic view. Also, according to Amin (2005), triangulation offers multiple sources of data leading a fuller understanding of the phenomena being studied.

3.2 Study Population

The unit of analysis in this study was individuals. Therefore, the study population comprised individuals in the Procurement and Disposal Unit and those on the Contracts

Committee. In addition, the study population included Medical Officers, Service Providers and Support Staff. There are thirteen Medical Officers, ten Service Providers, three Contracts Committee Members, two Procurement staffs, and sixty Support Staff (Mubende Regional Referral Hospital Staff List, 2012). Thus, the total access population was ninety five individuals. Mubende Hospital staff list.

3.3 Sample Size Determination and Sampling Technique

Table 1: Summary of sample size determination and sampling procedure

Population	Population size	Sample size	Percent	Sampling procedure
Medical Officers	13	13	100	Purposive sampling
Service Providers	10	10	100	Purposive sampling
Contracts Committee Members	3	3	100	Purposive sampling
Procurement Staff	2	2	100	Purposive sampling
Support Staff	60	48	80	Simple random sampling
Total	95	76	80	

Source: Primary data

This study was based on a total sample of 76 individuals drawn from the various population categories as outlined in the table above. The sample size was estimated using Krejcie & Morgan's (1970) table of appropriate sample size for a given population in Amin (2005). A sample of the table can be found in Appendix 4.

The probability technique of simple random sampling was used in selecting Support Staff members, while the non-probability technique of purposive sampling was used in

selecting Medical Officers, Service Providers, Contracts Committee Members, and Procurement Staff. The members chosen under this technique were assumed to be highly knowledgeable about issues of procurement practices and end user satisfaction. Therefore, their input was of complementary value.

3.4 Data Collection Methods

Both primary and secondary data collection methods were employed in this study. These included questionnaire survey, key informant interviews, observation, and document review. These methods are explained in detail in the following sub-sections.

3.4.1 Questionnaire survey

Questionnaire administration involved collecting data from Support Staff through giving questionnaires for filling and collecting them later after they were filled. The method was used because it is a quick (Mugenda & Mugenda, 2003). In addition, it is less time consuming and can adequately cover the entire sample within the proposed time frame (Amin, 2005). Questionnaire administration also offers greater assurance of anonymity, especially if the researcher is handling sensitive issues like procurement practices and do not make people apprehensive (Clough & Nutbrown, 2002).

3.4.2 Key informant interviews

The researcher conducted face-to-face interviews with key informants such as Contracts Committee Members, Medical Officers, Procurement Staff, and Service Providers. The purpose of this was to get in-depth information on the issues raised in the questionnaires. According to Amin (2005), interviews are a useful method of investigating issues in an in-depth way, discovering how individuals think and feel about a topic and why they hold certain opinions, and deepening understanding of the issue under investigation. The

technique also ensures that respondents seek clarity and purpose of particular questions and permits a researcher to follow up leads and thus obtain more data (Amin, 2005).

3.4.3 Observation

As a method of data collection, observation involves watching behavior, events, or noting physical characteristics in their natural setting (Sekaran, 2003). This method was used in observing the implementation of procurement practices. The justification for using this data collection method was that it enabled the researcher and the assistants to directly observe and take note of the implementation of the procurement practices rather than rely only on what people said.

3.4.4 Documentary review

According to Amin (2005), secondary data is indispensable for organizational research. It refers to information gathered from sources already existing. The documentary review method was employed to gather secondary data pertaining to the study. This was a helpful method in enriching the study with information on what has already been undertaken, limitations and strategies of improving end user satisfaction of procured services. Data was collected from the Ministry of Health, Mubende Regional Referral Hospital offices, internet sources and various libraries.

3.5 Data Collection Instruments

Questionnaires, interview guides, and observation checklists were used as the main instruments of data collection. They are explained in detail in the following sub-sections.

3.5.1 Self-administered questionnaire

In this study, questionnaires were used to collect data from Support Staff who are beneficiaries of services accruing from procurement practices. The questionnaires

comprised of mainly structured and closed-ended questions restricting respondents to a fixed set of answers from which to choose. Closed-ended questions are easier and faster for respondents to answer. They are also easier to code and analyze statistically (Amin, 2005). The questionnaires comprised of five sections on demographic characteristics, competition in procurement, non-discrimination in procurement, transparency in procurement and end user satisfaction. Generally, questionnaires were used since the study was concerned with variables that could not be directly observed such views, perceptions, and attitudes of respondents on procurement practices and user satisfaction. In addition, they were convenient since they could be carried and filled at one's convenient time. A total of 48 questionnaires were administered and all were returned and considered successfully completed. This represented 100% response score. A sample of the questionnaire can be found in Appendix 1.

3.5.2 Interview guide

In addition to the structured questionnaire, the study employed an interview guide, comprising a list of structured and open-ended questions raised in the course of conducting interviews. The guide was used to complement on the information gathered using the structured questionnaire. The instrument was constructed following recommendations of Amin (2005), who noted that open-ended questions allow respondents to give information in detail. A sample of the interview guide can be found in Appendix 2.

3.5.3 Observation checklist

An observation checklist was one of the instruments that were employed for data collection in this study. It included a list of things related to the current topic that the

researcher physically looked at when conducting the investigation. A sample of the observation checklist can be found in Appendix 3.

3.5.4 Documentary checklist

The research was guided by a documentary review checklist in conducting a structured review of relevant documentation available on public procurement practices and end user satisfaction of procured services. Appendix 5 provides the documentation review checklist implored by the study.

3.6 Measurement of Variables

The major study variables—transparency, non-discrimination, competition, and end-user satisfaction—were measured using items assessed on a five point Likert scale ranging from 1=strongly disagree, 2=disagree, 3=not sure, 4=agree, and 5=strongly agree. According to Amin (2005), Likert scales show the strength of a person’s feelings towards a particular issue or question. They are also easy to construct, administer and analyze.

3.7 Validity and Reliability of Instruments

3.7.1 Validity

Two methods were employed to ensure validity of the questionnaire. First, the questionnaire was pilot tested before being administered to ensure that the questions therein are understood by the respondents as supported by (Amin, 2005). Secondly, 2 experts from the Public Procurement and Disposal of Public Assets Authority in the area of procurement were asked to rate each questionnaire item based on relevance, clarity, simplicity and ambiguity on the four-point scale. Content Validity Index (CVI) for each item was determined. Table 2 summarizes results of validity analysis.

Table 2: Results of validity analysis

Concept	No. of items before computing CVI	No. of items after computing CVI
Transparency in procurement	11	7
Non-discrimination in procurement	9	5
Competition in procurement	10	7
End-user satisfaction	12	7
Total	42	26

Source: Primary data

Table 2 shows out of 42 items, only those with CVI over 0.75 remained and the rest were discarded as indicated in Amin (2005), resulting to 26-item scale.

3.7.2 Reliability

Table 3 gives a summary of the reliability coefficient values for study variables including transparency, non-discrimination, competition and end-user satisfaction.

Table 3: Results of reliability analysis

Concept	No. of items	Cronbach's Alpha
Transparency in procurement	7	0.75
Non-discrimination in procurement	5	0.81
Competition in procurement	7	0.80
End-user satisfaction	7	0.72

Source: Primary data

The results of the analysis in the table indicate an average Cronbach's Alpha coefficient for the variables ranging from 0.72 of 0.81. All values were above 0.70, which implied the suitability of the items since the corresponding measures were generally reliable and considered worthy for use in further analysis (Amin, 2005).

3.7 Data Collection Procedure

Before proceeding to the field for data collection, the researcher sought and obtained an introduction letter from Department of Higher Degrees of Uganda Management Institute for purposes of gaining audience with the target study population. A research assistant was employed, coached in areas of data collection practices and ethics before dispatching him to the field. This was because the study involved collecting data from a relatively big number of respondents yet time was limited. This ensured efficiency and effectiveness in the data collection exercise. The research assistant was instructed to distribute the questionnaires to the respondents and pick them later at an agreed time upon filling them completely. This ensured that respondents got ample time to internalize the questions and make appropriate responses.

3.8 Data Analysis

Because the study involved collecting quantitative and qualitative data, both quantitative and qualitative data analysis techniques were employed. These are explained in the following sub-sections.

3.9.1 Quantitative analysis

Quantitative data were scrutinized, cleaned, coded, entered into a Microsoft Office Excel computer program and analyzed using the Statistical Package for Social Scientists (Version 18.0). In addition, descriptive statistics such as frequencies, percentages, means and standard deviations were used in describing responses to items on procurement practices and end user satisfaction. The Pearson's correlation coefficient (r) was used to investigate the relationship between the independent variables and the dependent variable

as outlined in the objectives. The correlation analysis also included a two-tailed statistical significance technique for testing hypotheses specified in Chapter One.

3.9.2 Qualitative analysis

The qualitative data obtained through interviews was analyzed basing on Creswell's (2003) recommended steps. These included: (i) identifying themes in the data, (ii) eliminating redundant information deemed to lack a direct or indirect bearing on the themes, (iii) classifying themes into major categories, (iv) clustering major categories into sub-categories with their concrete meaning being transformed into the language of science, and (v) integrating categories and sub-categories from all questions of the interview into a total description of the influence of public procurement practices on end user satisfaction.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents the findings of the study in sections starting with the response rate, respondents' socio-demographic characteristics, respondents' perceptions about end user satisfaction of procured services, transparency in procurement and end-user satisfaction, non-discrimination in procurement and end-user satisfaction, and competition in procurement and end-user satisfaction of procured services.

4.1 Response Rate

The study targeted a sample of seventy six respondents including forty eight support staff, two Procurement Staff, three Contracts Committee Members, ten Service Providers and thirteen Medical Officers and their responses are summarized in Table 4.

Table 4: Response rate

Individuals	Target sample	Realized sample
Support Staff	48	48
Procurement staff	2	2
Contracts committee members	3	2
Service providers	10	5
Medical Officers	13	6
Total	76	63

Source: Primary data

Table 4 shows that 63 individuals successfully provided the necessary data, representing a response rate of approximately 83%. This response rate was considered very good based on guidelines of Mugenda and Mugenda (2003), who noted that a response rate of

50% is adequate, the one of 60% is good, while a response rate of 70% and above is very good for analysis and reporting.

4.2 Socio-demographic Characteristics of Respondents

The respondents in the study differed in terms of their socio-demographic factors. Table 5 presents a summary of the socio-demographic findings of respondents, followed by a brief interpretation.

Table 5: Respondents' socio-demographic characteristics

Variable	Frequency (N=63)	Percent (%)
Gender		
Male	41	65
Female	22	35
Age		
Less than 20 yrs	1	1.6
21 - 30 yrs	12	19
31 - 40 yrs	31	49.2
41 - 50 yrs	10	15.8
Above 50 yrs	9	14.4
Highest education qualification		
'O' Level	2	3.2
'A' Level	25	33.8
Bachelors Degree	30	53.5
Postgraduate Degree	6	9.5
Years of service in hospital		
Less than 1 yr	7	11.1
2 - 4 yrs	10	15.8
5 - 7 yrs	26	41.3
8 - 10 yrs	12	19
Above 10 yrs	8	12.8

Source: Primary data

The findings in Table 5 showed that most respondents (65%) were male and only 35% were female. The finding is less surprising given the fact that most formal workplace stations, both in the public and private sectors in Uganda, tends to be dominated by males as indicated in Uganda Bureau of Statistics [UBOS] Report (2007).

Most respondents (49.2%) were in the age category 31 – 40 years, followed by those in the age category 21 – 30 years, and only 1 respondent was below 20 years. This means that most respondents in this study were mature, and could be relied upon to provide objective and reliable information.

In terms of the highest education qualification possessed by an individual, most respondents had either a Bachelor's Degree (53.5%) or an Advanced Level Certificate (33.8%). This means that most respondents were literate, and could be relied upon to understand questions contained in the questionnaires and interview guides.

Finally, most respondents (41.3%) had worked in the hospital for 5 – 7 years, followed by those who had worked for 8 – 10 years (19%). This means that most respondents were experienced and considered knowledgeable; therefore, they could be trusted to reveal reliable information related to the study.

4.3 Respondents Views on End User Satisfaction of Procured Services

End user satisfaction of procured services in Mubende Regional Referral Hospital was the issue of focus in this study. The researcher sought to establish the current status of end user satisfaction of procured services in the hospital by asking respondents to respond to indicate their level of agreement or disagreement with statements measuring end user satisfaction. Responses with 'strongly agree' and 'agree' were combined into 'agree,' while those with 'strongly disagree' and 'disagree' were combined into 'disagree.' Table 6 presents a summary of the findings.

Table 6: Respondents views on end user satisfaction of procured services

Items on end user satisfaction	N	A (%)	DA (%)	Mean	Std. Dev.
Services procured by the hospital are usually delivered on time	48	14 (30)	34 (70)	2.91	1.29
Services procured by the hospital are usually of high quality	48	21 (43)	27 (57)	2.28	1.34
Services procured by the hospital are usually user-friendly	48	19 (41)	29 (59)	2.60	1.68
The public easily accesses services procured by the hospital	48	15 (32)	33 (68)	2.06	1.45
Services procured by the hospital are provided in the right quantity	48	17 (36)	31 (64)	2.53	1.27

Notes: A=agree, DA=disagree; Source: Primary data

Table 6 shows that 34 respondents (70%) disagreed with the statement that services procured by the hospital are usually delivered on time. This means that delivery of services procured by the hospital was poor. The mean response score to this item was 2.91, which is less than 3.00--the threshold for agreement with an item. This value reinforces the finding above. The standard deviation value was low, implying that respondents were fairly uniform in their opinions about this item.

The table also shows that 27 respondents (57%) disagreed with the statement that the services procured by the hospital are usually of high quality. This means that most respondents perceived the hospital's procured services to be of poor quality. This finding was consistent with the finding on the mean response score to this item (2.28), which was less than the threshold for agreement with a particular item (3.00). Its corresponding standard deviation (1.34) was low, implying that most respondents were fairly similar in their response towards this item.

Table 6 further shows that 29 respondents (59%) disagreed with the statement that services provided by the hospital are user-friendly. This means that services procured by the hospital did not take into account the needs of the users. This finding was supported by the mean response score value of 2.60, which was less than 3.00—the threshold for agreeing with an item. The standard deviation of 1.68, which corresponds to this item, implies that respondents were fairly consistent in their opinions towards this item.

Finally, the findings in the table revealed that 31 respondents (64%) disagreed with the statement that services procured by the hospital are provided in the right quantity. This means that there was a perceived shortage of services procured by the hospital. The mean response score of 2.53 reinforces this finding, as it was below 3.00—the threshold for agreeing with a particular item. The standard deviation corresponding to this item was low (1.27), implying that respondents were fairly uniform in their perceptions on this item.

In addition, the researcher observed that the quantity of services procured by the hospital was unsatisfactory in some instances. For instance, it was observed that there was a scarcity of drugs and other medicines as many patients who turned up at the drug dispensing facility were turned away because medicines were exhausted. In some instances, it was observed that the drugs were rationed in an attempt to ensure that as many patients as possible received medication. It was also observed that some of the facilities used by patients such as some patient beds were broken; others lacked mattresses, while some had mattresses which were torn and unhygienic. In addition, it

was observed that all beds in the maternity wards were too high and lacked user provisions for disabled pregnant women.

Overall, data obtained through questionnaires and observation showed that end user satisfaction of services procured by the hospital was generally poor. There was need of finding out whether the status of end user satisfaction of procured services is influenced by public procurement practices of the hospital. This is covered in the following sections.

4.4 Transparency and End-user Satisfaction of Procured Services

The first objective of this study sought to examine the relationship between transparency in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital. Transparency in procurement was measured using 7 items assessed on a five point Likert scale ranging from 1=strongly disagree to 5=strongly agree. Responses in the form of 'strongly disagree' and 'disagree' were integrated into 'disagree', while responses in the form of 'strongly agree' and 'agree' were integrated into one component 'agree.' Table 7 presents a summary of the findings concerning respondents' views on transparency in procurement.

Table 7: Respondents' views on transparency in procurement

Items on transparency in procurement	N	A (%)	DA (%)	Mean	Std. Dev.
Procurement activities of the hospital are done in the open	48	22 (46)	26 (54)	2.80	1.07
The public scrutinizes all procurement activities of the hospital	48	5 (10)	43 (90)	2.17	1.08
Every transaction conducted by the hospital is done in the open	48	20 (41)	28 (59)	2.76	1.32
All interested parties are provided with timely procurement-related information	48	17 (37)	31 (63)	2.54	1.61
Procurement-related information given to interested parties is usually accurate	48	18 (38)	30 (62)	2.33	1.40
The hospital has a clear and open procurement policy	48	27 (57)	21 (43)	3.42	1.84
All procurement-related processes and activities of the hospital are transparent	48	19 (40)	29 (60)	2.75	1.66

Notes: A=agree, DA=disagree; Source: Primary data

Table 7 shows that 26 respondents (54%) disagreed with the statement that all procurement activities of the hospital are done in the open. This finding was consistent with the corresponding mean response score of 2.80, which was less than 3.00--the threshold for agreeing with a particular statement. This means that the hospital's procurement activities were perceived to lack openness.

Also, 43 respondents (90%) disagreed with the statement that the public scrutinizes all procurement activities of the hospital. The mean response score of 2.17 further confirms this finding, as it was below 3.00—the threshold for agreeing with a particular statement. The finding suggested that the public was not involved in the hospital's procurement activities.

When asked for their opinion on whether all interested parties in the procurement process are provided with timely procurement-related information, 31 respondents (63%) disagreed with the statement. The mean response score finding (2.54) supported the above finding since it was below 3.00—the threshold for agreeing with a particular item. This means that prospective bidders are not provided with adequate time to prepare their bidding documents, which may affect the quality of procured services.

Finally, the table shows that 30 respondents (62%) disagreed with the statement that all procurement-related information given to interested parties is usually accurate. The mean response score (2.33) further confirmed this finding because it was found to be less than 3.00—the threshold for agreeing with an item. This means that the hospital supplies interested parties with inaccurate procurement-related information.

In addition, a common theme that emerged from the qualitative data was that most respondents were dissatisfied with the hospital's procurement process which lacks openness. One of the medical officers noted that:

The procurement process of the hospital is usually unclear and very discrete. Even where they try to be open, normally the procurement opportunities are haphazardly communicated to potential service providers; so, some of them never get to clearly understand the existing procurement opportunities. In addition, no one ever gets to know how, for instance, the contract evaluation process was conducted and the procedures used in finally awarding the ultimate contract

winners, and this has a bearing on the quality of goods and services procured by the hospital.

Overall, quantitative and qualitative data obtained showed that respondents’ perceptions about issues of transparency in procurement were generally negative. This implies that transparency in procurement as executed by the hospital was generally low. After establishing the perceived level of transparency in procurement, the researcher correlated average values of transparency in procurement and end user satisfaction. Data on this objective was analyzed under the hypothesis “transparency in procurement significantly influences end user satisfaction of procured services,” and the results are summarized in Table 8.

Table 8: Correlation between transparency in procurement and end user satisfaction

Variable		End user satisfaction	Transparency in procurement
End user satisfaction	Pearson's Correlation	1	0.488
	Sig (2-tailed)		0.028
Transparency in procurement	Pearson's Correlation	0.488	
	Sig (2-tailed)	0.028	1

Source: Primary data

The results in Table 8 show a Pearson’s correlation coefficient of 0.488, which was positive. This means there was a positive relationship between transparency in procurement and end user satisfaction. That is, the higher the level of transparency in procurement, the higher the level of end user satisfaction of procured services and the lower the level of transparency in procurement, the lower the level of end user satisfaction of procured services. The table further shows a probability value of 0.028

which is below the pre-determined probability value of 0.05, indicating that the relationship between the two variables was significant. Therefore, the hypothesis that transparency in procurement significantly influences end user satisfaction of procured services was accepted.

Qualitative data obtained through key informant interviews also revealed that transparency in procurement had a bearing on end user satisfaction of procured services.

One Procurement Officer indicated that:

Users of the hospital health services often complain about the poor quality of services they receive. In my own view, I think that this may be attributed to the highly bureaucratic procurement process which does not provide adequate and accurate procurement-related information to service providers, sometimes leading to untimely procurement of goods and services.

Overall, the findings from both quantitative and qualitative data showed that transparency in procurement was a significant positive factor in end user satisfaction of procured services in Mubende Regional Referral Hospital.

4.5 Non-discrimination in Procurement and End-user Satisfaction of Procured Services

The second study objective required investigating the relationship between non-discrimination in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital. Non-discrimination in procurement was measured using 5 items assessed on a 5-point Likert scale ranging from 1=strongly disagree to 5=strongly

agree. Table 9 summarizes the findings concerning respondents' views on non-discrimination in procurement.

Table 9: Respondents' views on non-discrimination in procurement

Items on non-discrimination in procurement	N	A (%)	DA (%)	Mean	Std. Dev.
All needs identified by users are procured by the hospital by end of year	48	16 (33)	32 (67)	2.70	1.15
The procurement process of the hospital is open to all interested parties	48	15 (31)	33 (69)	2.56	1.28
Big and small service providers are equally treated by the procurement process of the hospital	48	19 (41)	29 (59)	2.90	1.02
Local and foreign service providers are equally treated by the procurement process of the hospital	48	18 (39)	30 (61)	2.76	1.52
Even service providers unknown to people involved in contracts award are included in the pre-qualified list	48	17 (37)	31 (63)	2.83	1.44

Notes: A=agree, DA=disagree; Source: Primary data

Table 9 shows that 32 respondents (67%) disagreed that all needs identified by users are procured by the hospital by the end of the year. The mean score of 2.70 further confirmed this finding because it was below 3.00—the threshold for agreeing with a particular item. This means that the hospital discriminates in services it procures to serve needs of users.

The table further shows that 29 respondents (59%) disagreed with the statement that big and small service providers were equally treated by the hospital's procurement process. This finding was consistent with the mean value (2.90), was less than 3.00—the threshold for agreeing with a particular item. This means that the hospital's procurement process was perceived to be discriminatory.

When asked for their opinion on whether local and Foreign Service providers are equally treated by the hospital's procurement process, 30 respondents (61%) disagreed with the item. The mean score value (2.76) was less than 3.00—the threshold for agreeing with an item, further confirming the above finding. This also means that there was discrimination by the hospital's procurement process.

Finally, the table shows that 31 respondents (63%) disagreed that even service providers unknown to people involved in contracts award were included in the pre-qualified lists. This further means that there was discrimination in the hospital's procurement process, and the mean score (2.83) further confirms this finding because it was less than 3.00—the threshold for agreeing with a particular item.

Overall, the results show that most respondents' perceptions about non-discrimination in the hospital's procurement process were negative. This implied that that non-discrimination in the hospital's procurement process was low. Following the results of descriptive analysis above, a correlation analysis was conducted between the mean score of items on non-discrimination in procurement and the mean score of items on end user satisfaction of procured services. The findings are summarized in Table 10.

Table 10: Correlation between non-discrimination in procurement and end user satisfaction

Variable		End user satisfaction	Non-discrimination in procurement
End user satisfaction	Pearson's Correlation	1	0.516
	Sig (2-tailed)		0.043
Non-discrimination in procurement	Pearson's Correlation	0.516	
	Sig (2-tailed)	0.043	1

Source: Primary data

From the table, the correlation coefficient between non-discrimination in procurement and end user satisfaction was 0.516, indicating a positive relationship. In other words, the higher the level of non-discrimination in procurement, the higher the level of end user satisfaction and the lower the level of non-discrimination in procurement, the lower the level of end user satisfaction. The probability value of 0.043 which is less than the predetermined 0.05 indicates a significant relationship between the variables. Therefore, the hypothesis that non-discrimination in procurement significantly influences end user satisfaction of procured services in Mubende Regional Referral Hospital was accepted. This means that openness of the procurement process to all regardless of the location, size and connectedness of service providers positively influences end user satisfaction of procured services in Mubenda Regional Referral Hospital.

The researcher sought further clarification from key informants about their assessment of non-discrimination in the procurement process and whether it had a bearing on end user satisfaction of procured services. Findings from qualitative data obtained through interviews with some key informants generally indicate there was a lot of discrimination

in the hospital's procurement process, leading to poor quality of procured services and low end user satisfaction of procured services. One of the Service Providers interviewed said that:

The procurement process of the hospital is very biased and riddled with too much corruption. Contracts are only awarded to people known to those involved in awarding contracts after bribing them using a portion of the money supposed to be used for procurement purposes. As a result, the award winners are left with little money, and that's why they also supply the hospital with poor quality products and in many cases, in an untimely manner. This is why many people who visit the hospital complain about the services, even doctors complain about the lack of equipment for conducting their work.

Overall, quantitative and qualitative data revealed a positive significant relationship between non-discrimination in procurement and end user satisfaction of procured services in the hospital.

4.6 Competition in Procurement and End-user Satisfaction of Procured Services

The final objective of this study involved analyzing the relationship between competition in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital. Competition in procurement was measured using 7 items assessed on a 5-point Likert scale ranging from 1=strongly disagree to 5=strongly agree. The responses in the form of 'strongly disagree' and 'disagree' were combined into 'disagree', while responses in the form of 'strongly agree' and 'agree' were integrated into one component 'agree.' Table 11 presents a summary of the findings concerning respondents' views on competition in procurement.

Table 11: Respondents' views on competition in procurement

Items on competition in procurement	N	A (%)	DA (%)	Mean	Std. Dev.
All hospital's procurement activities are done through competitive bidding	48	20 (42)	28 (58)	2.60	1.28
Selection of service providers is based on demonstrated capability	48	23 (49)	25 (51)	2.26	1.18
All procurement takes place according to set guidelines	48	19 (41)	29 (59)	2.30	1.36
Contracts are always awarded on merit	48	18 (40)	30 (60)	2.41	1.22
Contracts are always awarded to the lowest bidders	48	17 (37)	31 (63)	2.61	1.08
Pre-qualification of suppliers and service providers is always openly advertised	48	22 (48)	26 (52)	2.58	1.42
The bidding process is free from influence by potential and actual bidders	48	14 (30)	34 (60)	2.33	1.04

Notes: A=agree, DA=disagree; Source: Primary data

From the findings summarized from Table 11, 28 respondents (58%) disagreed with the statement that all the hospital's procurement activities were done through competitive bidding. This finding was supported by the finding on mean score value (2.60), which was less than 3.00—the threshold of agreeing with a particular item. This means that there was lack of competition in the hospital's procurement process.

When asked to for their opinion on whether selection of service providers is based on demonstrated capability, 25 respondents (51%) disagreed with the statement. This means that the hospital's procurement managers sometimes select service providers with no proven capability. The mean score (2.26) further reinforced this finding because it was less than 3.00—the threshold for agreeing with a particular statement.

A similar trend was found in the results displayed in Table 11. The frequency and percentage figures in the table for the remaining items showed that most respondents

disagreed with all the items on competition in procurement. This means that the hospital's procurement process was not based on competition. In addition, the mean values of the remaining items further confirm this finding as most of them are below 3.00, the threshold for agreeing with a particular item. Overall, the findings suggested that respondents' perceptions towards competition in procurement were poor. So, competition in procurement was perceived to be low among the respondents who participated in this study.

Following a descriptive analysis of responses on competition in procurement, a correlation between an average score of items on competition in procurement and an average score of items on end user satisfaction was conducted. The results are summarized in Table 12.

Table 12: Correlation between competition in procurement and end user satisfaction

Variable		End user satisfaction	Competition in procurement
End user satisfaction	Pearson's Correlation	1	0.424
	Sig (2-tailed)		0.026
Competition in procurement	Pearson's Correlation	0.424	
	Sig (2-tailed)	0.026	1

Source: Primary data

The findings in Table 12 showed a Pearson's correlation coefficient of 0.424, which indicates a positive relationship between competition in procurement and end user satisfaction. This means that the higher the level of competition in procurement, the higher the end user satisfaction of procured services and the lower the level of

competition in procurement, the lower the level of end user satisfaction of procured services. The relationship was also significant since the computed probability value of 0.026 was less than the predetermined probability value of 0.05. This indicated that the null hypothesis that competition in procurement significantly influences end user satisfaction of procured services was accepted. The evidence suggested that competition in procurement is an important positive factor in end user satisfaction of procured services.

Furthermore, a common theme that emerged from qualitative data obtained through interviews with some key informants revealed that competition in procurement was generally less than satisfactory, and this could be linked with the low end user satisfaction of procured services in the hospital. For instance one of the Medical Officers hinted that: *“the procurement bidding process of the hospital is not based on clear competition, which leads to selection of incompetent service providers who provide sub standard procured services that do not satisfy end users.”* Overall, the quantitative and qualitative analysis of data showed that there was a positive significant relationship between competition in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents a discussion of the study findings, conclusions, recommendations, study, suggestions for further research, and limitations.

5.1 Summary of Findings

The purpose of this study was to examine the relationship between public procurement practices and end user satisfaction of procured services in the hospital. The findings of this study are summarized following the objective-by-objective approach.

5.1.1 Transparency in procurement and end-user satisfaction of procured services

The first objective sought to assess the relationship between transparency in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital. From the results of the study, it was found that there was a positive significant relationship between transparency in procurement and end user satisfaction ($r = 0.488$, $p = 0.028$).

5.1.2 Non-discrimination in procurement and end-user satisfaction of procured services

The second objective sought to investigate the relationship between non-discrimination in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital. It was found that there was a positive significant relationship between non-discrimination in procurement and end user satisfaction ($r = 0.516$, $p = 0.043$).

5.1.3 Competition in procurement and end-user satisfaction of procured services

The final study objective sought to analyze the relationship between competition in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital. The results showed that there was a positive significant relationship between competition in procurement and end user satisfaction ($r = 0.424, p = 0.026$).

5.2 Discussion of Findings

The following subsections present discussion of the findings to this study following systematically the study objectives.

5.2.1 Transparency in procurement and end user satisfaction

The first objective of this study was to assess the relationship between transparency in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital. Data analysis of questionnaire and interview responses from the field revealed that transparency in procurement is positively related to end user satisfaction of procured services in Mubende Regional Referral Hospital. These findings indicate that transparency in procurement is a significant factor of end user satisfaction of procured services in the hospital. It must therefore be taken into account when designing ways of improving end user satisfaction of procured services in the hospital.

The study was based on Oliver's (1980) confirmation/disconfirmation theory. According to the theory, there exists a positive linkage between the quality of the product processes and outputs and consumer satisfaction based on pre-established quality standards of the product processes and outputs. Consumers will be highly satisfied with the product processes or outputs if their actual quality is equal to or greater than the pre-established

quality of product processes or outputs. On the other hand, the level of consumer satisfaction will be low if the actual quality of product processes or outputs is less than their pre-conceived quality of product processes or outputs. It emerged from this study that most respondents' actual perceptions about transparency in the hospital's procurement process were less than the pre-established standards in their minds, and this was associated with poor end user satisfaction of the hospital's procured services. Thus, the finding of a positive and significant relationship between transparency in procurement and end user satisfaction of procured services supports the theory upon which the study was premised.

This findings concerning transparency in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital are in agreement with earlier findings by Hunja (2003), Evennett & Hoekman (2003) and Osborne & Gaebler (1992) who found that transparency in procurement had a positive bearing on end user satisfaction of health services. The study thus extends frontiers of knowledge by further confirming previous empirical studies on public procurement practices and end user satisfaction of procured services.

5.2.2 Non-discrimination in procurement and end user satisfaction

The second objective of this study sought to investigate the relationship between non-discrimination in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital. Through analysis of both the obtained quantitative and qualitative data, it was found that non-discrimination in procurement is positively related to end user satisfaction of procured services in the hospital. This finding indicates that

non-discrimination in procurement is an important positive factor of end user satisfaction of procured services in the hospital. Therefore, it must be taken into account when seeking ways of improving end user satisfaction of procured services in Mubende Regional Referral Hospital.

In Oliver's (1980) confirmation/disconfirmation theory, consumer satisfaction is hypothesized to result from a process of comparison. Consumers are said to have a set of pre-established standards in their minds, and they judge whether or not they are satisfied with the product process or outputs by comparing the actual quality of the product processes or outputs with their pre-established standards of the quality of the product process or outputs. Consumers will be highly satisfied with the product processes or outputs if their actual quality is equal to or greater than the pre-established quality of product processes or outputs. On the other hand, the level of consumer satisfaction will be low if the actual quality of product processes or outputs is less than their pre-conceived quality of product processes or outputs. The findings of this study regarding a positive and significant relationship between non-discrimination in procurement and end-user satisfaction of procured services are consistent with the theoretical dispensation upon which this study was premised.

This finding is in agreement with earlier findings by Jones (2007), Erridge & McIlroy (2002), Smith, Lianarelli & Wallace (2000) and Senoga (2006) who found that non-discrimination in procurement was an important factor in user satisfaction of medical services.

5.2.3 Competition in procurement and end user satisfaction

The final objective of this study was to analyze the relationship between competition in procurement and end user satisfaction of procured services in Mubende Regional Referral Hospital. The analysis of both quantitative and qualitative data generated from questionnaire and interview responses showed that there is a positive and significant relationship between competition in procurement and end user satisfaction of procured services. This finding suggests that competition in procurement is a significant correlate of end user satisfaction of procured services. Therefore, if end user satisfaction of procured services in the hospital is to improve, then this factor must be taken into account when designing solutions for the end user problem.

According to Oliver's (1980) confirmation/disconfirmation theory, there exists a positive linkage between the quality of the product processes and outputs and consumer satisfaction based on pre-established quality standards of the product processes and outputs. Consumers will be highly satisfied with the product processes or outputs if their actual quality is equal to or greater than the pre-established quality of product processes or outputs. On the other hand, the level of consumer satisfaction will be low if the actual quality of product processes or outputs is less than their pre-conceived quality of product processes or outputs. It emerged from this study that most respondents' actual perceptions about competition in the hospital's procurement process were below the pre-established standards in their minds, and this was associated with poor end user satisfaction of the hospital's procured services. Thus, the finding of a positive and significant relationship between competition in procurement and end user satisfaction of

procured services supports the theory upon which the study was based. This finding is also consistent with findings by Cave (2003), Blendermann et al. (2003), Savas (2000) and Gosen, Barbbar & Prasad (2004) who also found positive links competition in procurement and consumer satisfaction with procured services.

5.3 Conclusions from the Study

The conclusions are derived from the study findings and are presented systematically following the objectives.

5.3.1 Transparency in procurement and end-user satisfaction of procured services

The study findings showed a significant positive correlation between transparency in procurement and end-user satisfaction of procured services in Mubende Regional Referral Hospital. From the study, the conclusion is that transparency in procurement is an important factor in end-user satisfaction of procured services in Mubende Regional Referral Hospital. Therefore, increasing transparency in procurement would increase end-user satisfaction of procured services in Mubende Regional Referral Hospital.

5.3.2 Non-discrimination in procurement and end-user satisfaction of procured services

The study findings showed a significant positive correlation between non-discrimination in procurement and end-user satisfaction of procured services in Mubende Regional Referral Hospital. Thus, it is concluded that non-discrimination in procurement is a significant factor in end-user satisfaction of procured services in Mubende Regional Referral Hospital. Therefore, increasing non-discrimination in procurement would increase end-user satisfaction of procured services in Mubende Regional Referral Hospital.

5.3.3 Competition in procurement and end-user satisfaction in procured services

Finally, the study findings revealed a significant positive correlation between competition in procurement and end-user satisfaction of procured services in Mubende Regional Referral Hospital. The conclusion drawn from study findings is that competition in procurement is an important factor in end-user satisfaction of procured services in Mubende Regional Referral Hospital. Therefore, increasing competition in procurement would increase end-user satisfaction of procured services in Mubende Regional Referral Hospital.

5.4 Recommendations from the Study

The recommendations from this study were based on the findings, and they are presented following the objectives.

5.4.1 Transparency in procurement and end-user satisfaction of procured services

In order to improve end-user satisfaction of the hospital's procured services, the Hospital Managers should increase transparency in its procurement process. This can be achieved through the following measures:

- Increasing openness of the hospital's procurement processes
- Increasing public involvement in the hospital's procurement activities
- Providing accurate and timely procurement-related information to all stakeholders of the hospital's procurement process

5.4.2 Non-discrimination in procurement and end-user satisfaction of procured services

Improving end-user satisfaction of the hospital's procured services necessitates that the Hospital Managers to increase non-discrimination in its procurement process. This can be achieved through the following measures:

- Ensuring procurement of all goods and services to serve the identified user needs
- Ensuring an open procurement process for all interested parties
- Ensuring equal participation of all service providers irrespective of whether they are small or big, or they are foreign or locally based

5.4.3 Competition in procurement and end-user satisfaction of procured services

In order to improve end-user satisfaction of the hospital's procured services, the Hospital Managers should increase competition in its procurement process. This can be achieved through the following measures:

- Ensuring competitive bidding through out the procurement process
- Ensuring that service providers are selected based on demonstrated capability
- Ensuring that contracts are awarded based on merit
- Ensuring that all pre-qualified suppliers and service providers are openly advertised
- Freeing the bidding process off all influence by potential and actual bidders

5.5 Areas for Further Research

The study recommends a number of possible future areas of study. First, this study was cross-sectional in nature and could not establish cause-effect relationship between public procurement practices and end user satisfaction of procured services. A longitudinal study on the same topic in future may reveal different results.

Secondly, the study was carried out in Mubende Regional Referral Hospital. Studies focusing on a wider geographical spectrum of hospitals may bring out different results.

5.6 Limitations of the Study

Much of the findings of this study were based on primary data provided by the respondents. Primary data tends to be highly subject to the potential bias and prejudice of respondents.

The study was cross-sectional in nature. Therefore, it could not determine the cause-effect relationship between public procurement practices and end user satisfaction of procured services.

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APPENDICES

Appendix 1: Sample Questionnaire

Dear respondent,

I am a student at Uganda Management Institute, on a Masters degree in Business Administration. My study title is the influence of Public Procurement Practices on End User Satisfaction of Procured Services: A case study of Mubende Regional Referral Hospital. The information gathered is purely for academic purposes only to enable me assess to what extent procurement practices contribute to end user satisfaction.

Thanking you in advance for your time and effort in filling the questionnaire.

Yours truly,

Karibwije Chrissy

Researcher/Student

Section A: Demographics

Please put a tick (✓) inside the box that corresponds to your choice.

1. Category of respondent:

Contracts committee member Medical Officers
Service provider Procurement Staff
Support staff

2. Academic qualifications:

A-Level Diploma Degree
Masters Phd Others (Specify)

3. Age:

Under 20 21-30 31-40
41-50 51-60 60-Above

4. Sex:

Male Female

5. Years of service in the work place:

Less than 3 Years 3-10 Years Over 11 Years

Section B: Competition in Procurement

Please put a tick inside the box that corresponds to your choice.

Key: Strongly Agree (SA) =5, Agree (A) =4, Undecided (U) =3, Disagree (D) =2, Strongly Disagree (SD) =1

1	All the hospital's procurement activities are usually done through competitive bidding	5	4	3	2	1
2	Selection of service providers is usually based on demonstrated capability	5	4	3	2	1
3	All procurement activities of the hospital are usually based on stipulated guidelines	5	4	3	2	1
4	Contracts of the hospital are usually awarded on merit	5	4	3	2	1
5	Contracts of the hospital are usually awarded to the lowest bidders	5	4	3	2	1
6	Pre-qualification of suppliers and service providers is always openly advertised	5	4	3	2	1
7	The bidding process is always free from influence by potential and actual bidders	5	4	3	2	1

Section C: Non-discrimination in procurement

1	All needs identified by users are usually provided by the hospital by end of the financial year	5	4	3	2	1
2	The procurement process of the hospital is open to all interested parties	5	4	3	2	1
3	Big and small service providers are equally treated by the procurement process of the hospital	5	4	3	2	1
4	Local and foreign service providers are equally treated by the procurement process of the hospital	5	4	3	2	1
5	Even service providers unknown to people involved in contracts award are included in the pre-qualified list	5	4	3	2	1

Section D: Transparency in Procurement

1	Procurement activities of the hospital are usually done in the open	5	4	3	2	1
2	The public usually scrutinizes procurement activities of the hospital	5	4	3	2	1
3	Every transaction conducted by the hospital is done in the open	5	4	3	2	1
4	All interested parties are usually provided with timely procurement-related information	5	4	3	2	1
5	Procurement-related information given to interested parties is usually accurate	5	4	3	2	1
6	The hospital has a clear and open procurement policy	5	4	4	2	1
7	All procurement-related processes and activities of the hospital are usually transparent	5	4	3	2	1

Section E: End user satisfaction

1	Services procured by the hospital are delivered at the right places	5	4	3	2	1
2	Services procured by the hospital are usually delivered usually on time	5	4	3	2	1
3	Services procured by the hospital are usually of high quality	5	4	3	2	1
4	Services procured by the hospital usually reflect the actual market prices	5	4	3	2	1
5	Service procured by the hospital are usually user-friendly	5	4	3	2	1
6	The public easily accesses services procured by the hospital	5	4	3	2	1
7	Service procured by the hospital are usually provided in the right quantities	5	4	3	2	1

Appendix 2: Sample Interview Guide

Procurement Practices

1. What criteria are used to select the best bidder?
2. Are PPDA central government guidelines followed during service provider solicitation?
3. Is the public free to access procurement notice board?
4. Are small and big potential service providers equally treated?
5. Is ethical trading practiced in the Hospital?
6. Do service providers deliver in time?
7. Are there any service providers that are not from Mubende District?
8. Are beneficiaries allowed to monitor and evaluate the deliverables?
9. Are opportunities publicized in the national media?

Procurement Planning

1. Who are the key players in needs identification to actual procurement?
2. Does the Hospital board have an integrated procurement plan?
3. Does the board fully finance the budget for its procurement activities?
4. How was the board's performance against the annual work plan in percentages?
5. Does the Hospital have a planner?

Procurement Unit Staffing

1. Is there are human resources department in Mubende Hospital?
2. How is the staffing exercise done in Mubende Hospital?
3. Are there advertisements seeking to employ a procurement officer?
4. Are there internal adverts seeking to promote already existing officers?

Procurement activities

1. Do you have political interferences in the Hospital's activities?
2. Do you have complaints from service providers/contractor of unfair contract award?
3. Are service providers paid promptly?
4. How have the amendments of the local government act affected procurement activity?
5. Tender boards were replaced with contracts committee, how has this affected service delivery?

Appendix 3: Sample Observation Checklist

No	Details of service	Yes	No
1	Are health services given to residents		
2	What is the level of access to the health service		
3	The pre-qualified list is on the PDU notice board		
4	Is the quality of procured service adequate		
5	Are service providers happy		
6	Are Hospital staff happy		
7	Are patients happy		
8	Are there sufficient drugs in the hospital		
9	Are drugs delivered in time		
10	Are the hospital's medical facilities in proper state		
11	Is the whole Hospital very clean		

Appendix 4: Table for Sample Size Determination

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

Source: Krejcie and Morgan (1970) in Amin (2005); N = Population and S = Sample

Appendix 5: Sample Documentary Review Checklist

CENTRAL GOVERNMENT SOURCES

1. Review public procurement policies
2. Review Inspector General of Government Reports
3. Review Auditor General Reports
4. Review annual health sector performance reports

LOCAL GOVERNMENT SOURCES

1. Review Local Government Councils' Performance and service delivery score card reports
2. Review Mubende District annual revenue and expenditure reports
3. Review Mubende Regional Referral Hospital annual performance reports

INTERNET, LIBRARY, NEWSPAPERS SOURCES

1. Review general literature on public procurement practices
2. Review literature on quality of procured public services
3. Review literature on user satisfaction of procured public services

Appendix 6: Introduction Letter from Uganda Management Institute