

**FRAMEWORK CONTRACTS MANAGEMENT AND PROCUREMENT
PERFORMANCE OF HIGHER INSTITUTIONS OF LEARNING:
A CASE STUDY OF MAKERERE UNIVERSITY BUSINESS SCHOOL**


**BY
ANGUZU RONALD
14/U/12872/GMSC/PE**

**A RESEARCH REPORT SUBMITTED TO THE GRADUATE SCHOOL IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER
OF SCIENCE IN SUPPLY CHAINMANAGEMENT OF
KYAMBOGO UNIVERSITY**

OCTOBER, 2016

DECLARATION

I, Anguzu Ronald, hereby declare that, this report is my own work towards the award of a Master of Science in Supply Chain Management and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for award of any other degree of any University, except where due acknowledgments have been made in the text.

Signature: 

Date: 29/11/2016

ANGUZU RONALD

14/U/12872/GMSC/PE

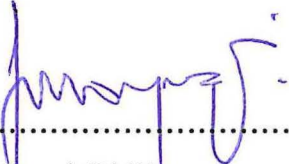
APPROVAL

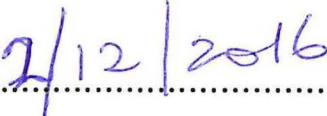
This is to certify that the dissertation report by Anguzu Ronald under the title “*Framework Contracts Management and Procurement Performance of Higher Institutions of Learning: A Case Study of Makerere University Business School*” was carried out under our supervision and is now ready for examination by the Board of Examiners as a requirement for the award of a Master of Science in Supply Chain Management of Kyambogo University.

Signed: 

Date: 

Dr. Peter W. Obanda (PhD)
PRINCIPAL SUPERVISOR

Signed: 

Date: 

Dr. Jacob L. Oyugi (PhD)
SECOND SUPERVISOR

DEDICATION

I dedicate this research to the Almighty God who always blesses me in all my endeavors and to my wife who has always encouraged me.

In a special way I want to thank the staff of Makerere University Business School for their acceptance genuineness, guidance and love offered during data collection. May the Almighty God reward you.

ACKNOWLEDGEMENT

I am grateful to my supervisors Dr. Peter .W. Obanda and Dr. Jacob .L. Oyugi. Your counsel was very valuable. I highly appreciate the lecturers in, School of Management and Entrepreneurship, more especially; for their encouragement, guidance, knowledge and teaching me. Thanks for the great work done.

I wish to express my profound appreciation to the entire team of (AFDB) project for the scholarship opportunity for this graduate programme of Masters of Science in Supply chain management (GMSC). It is an opportunity I will forever cherish.

I further extend my sincere gratitude to my wife, my mother, my uncle, my son Kepler and my sisters for their support and encouragement throughout my life.

I thank all my colleagues (Mr. Isaac Ngolobe Malaba) for their countless contribution and courageous work towards completion of my course works, presentations and discussions without which knowledge and skills would not be acquired appropriately

In the same respect, I wish to extend my unreserved gratitude to Makerere University Business School staff because they were able to attend to me despite their busy schedules. I thank all respondents for their unusual co-operation towards my study more especially the Procurement Manager and her team.

Finally, I appreciate my employer for granting me some days off to carry out my field work. This has greatly contributed towards the completion of this dissertation.

May the Almighty God bless you all!

TABLE OF CONTENTS

DECLARATION	ii
APPROVAL	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	viii
LIST OF ABBREVIATIONS	ix
ABSTRACT	x
CHAPTER ONE	1
INTRODUCTION	1
1.0 Introduction	1
1.1 Background to the Study	1
1.2 Statement of the Problem	7
1.3 Purpose of the Study	7
1.4 Objectives of the Study	7
1.5 Research Questions	7
1.6 Scope of the Study	8
1.7 Significance of the Study	8
1.8 Definition of key terms	9
1.9 Conceptual Framework	12
CHAPTER TWO	13
LITERATURE REVIEW	13
2.0 Introduction	13
2.1 Theoretical Review	13
2.2 Conceptual review	16
2.3 The effect of call-off order planning on procurement performance	22
2.4. The effect of framework contract implementation on procurement performance	29
2.5. The effect of framework contracts monitoring and evaluation on procurement performance	34
2.6 Conclusion/literature gap	38
CHAPTER THREE	39
METHODOLOGY	39
3.0 Introduction	39
3.1 Research Design	39
3.2 Study Population	39
3.3 Sampling size and design	39
3.4 Sampling Technique and Procedure	40
3.5 Sources of Data	40
3.6 Data Collection Instruments	41
3.7 Procedure for Data Collection	42
3.8 Validity and Reliability of the Instruments	42
3.9 Data Presentation and Analysis	43
3.10 Ethical Considerations	43
3.11 Limitations of the study	44

CHAPTER FOUR.....	45
DATA PRESENTATION, INTERPRETATION AND ANALYSIS OF RESULTS.....	45
4.0 Introduction.....	45
4.1 Response Rate.....	45
4.2 Background Information of the Respondents	46
4.3 The extent to which Planning for call-off orders affected procurement performance of Makerere University Business School	47
4.4 How implementation of framework contracts influences procurement performance at Makerere University Business School.....	52
4.6 Procurement Performance.....	59
4.6 Multi Regression Analyses	63
CHAPTER FIVE	66
DISCUSSION OF FINDINGS, SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ..	66
5.0 Introduction.....	66
5.1 Discussion of the major findings	66
5.2 Summary of the Results.....	70
5.3. Conclusions.....	70
5.4 Recommendations.....	71
5.5 Areas for Further Research	72
REFERENCES	73
Appendix i: Questionnaire for Procurement Departmental Staff of Mubs.....	80
appendix ii: Observation checklist for Framework Contracts and Procurement Performance.....	85
appendix iii: Interview Guide for the Contractors and Staff of MUBS	87
Appendix iii: MakerereUniversityBusinessSchool.....	88
Appendix Iv: Introductory Letter Issues By Graduate School-Kyambogo University.....	89
Appendix v: Request For Authority From The Principal Makerere University Business School....	90
Appendix vi: Authority From The Deputy Principle Makerere University Business School	91
Appendix vii: Table For Sample Size Determination.....	93

LIST OF TABLES

Table 4. 1: Showing the Response Rate.....	45
Table 4. 2: illustrating the demographic characteristics of the respondents	46
Table 4. 3: Planning for call-off orders and procurement performance	48
Table 4.4: Showing Correlation between call off order planning and procurement performance of Makerere University Business School	50
Table 4.5: Illustrating whether implementation of framework contracts influences procurement performance	52
Table 4.6: Showing Correlation between contracts implementation and procurement performance of Makerere University Business School.....	54
Table 4.7: The effect of framework contracts monitoring and evaluation on procurement performance at Makerere University Business School.....	55
Table 4.8: Relationship between framework contract monitoring and evaluation on procurement performance at Makerere University Business School.....	58
Table 4. 9: Illustrating Procurement Performance of MUBS.....	59
Table 4.10: Measures of improving the implementation and use of framework contracts at MUBS	62
Table 4.11: Illustrating the strategies of improve procurement effectiveness at MUBS.....	63
Table 4.12: The Correlation Model	64
Table 4.13: ANOVA Test Results	64
Table 4.14: ANOVA Test Results	64

LIST OF ABBREVIATIONS

BC	:	Before Christ
BEB	:	Best Evaluated Bidder
CC	:	Contracts Committee
CIPS	:	Chartered Institute of Procurement & Supply
CVI	:	Content Validity Index
EU	:	European Union
MUBS	:	Makerere University Business School
NCBS	:	National College of Business Studies
PDU	:	Procurement and Disposal Unit
PLA	:	Procurement Lawyers' Association
PO	:	Procurement Officer
PPB	:	Public Procurement Board
PPDA	:	Public Procurement and Disposal of Public Assets Authority
PPOA	:	Public Procurement Oversight Authority
PPP	:	Public Private Partnerships
SPSS	:	Statistical Package for Social Sciences
TCs	:	Transaction costs
USD	:	United States Dollar

ABSTRACT

The sought to examine the effect of framework contract management on procurement performance in Institutions of Higher learning and this study was carried out at MUBS. The objectives of the study were to; establish the extent to which planning for call-off orders affects procurement performance, examine how implementation of framework contracts influences procurement performance, assess the effect of framework contracts monitoring and evaluation on procurement performance at MUBS. A detailed review of literature on framework contracts and procurement performance was done. A case study research design was adopted for this study. 65 respondents were selected using stratified and purposive sampling techniques from Management and Staff of MUBS and participated in the study. These were contacted by use of questionnaires and interview guides. Data was analyzed using descriptive statistics and presented by use of tables, graphs and descriptive statements.

Findings revealed that framework contracts involve pre-framework phase of Identify the needs, preparing bid documents, advertising, issuing receiving and opening bids, bid evaluations and awarding the contract to the selected supplier (s). The relationship between call off order planning and procurement performance of MUBS is statistically significant since .000 is less than 0.05(95% confidence level). Procurement Performance (Pearson (r) = .476**) sig value P(value) P = 0.021 being less than 0.05=000, N is the sample size (61). While implementation of framework contracts was influenced by funding, terms and conditions in the special conditions of the contract, Top management decisions, skills and competencies of contract managers, costs involved and records related to the contract execution. The results in table 4.12 show that there is a positive relationship between contracts implementation and procurement performance of Makerere University Business School because the two variables are moving in the same direction (Pearson (r) = .576**) sig value P (value) P < 0.05=000, N is the sample size (61) with a sig value .000 meaning that there is a relationship between contracts implementation and procurement performance of Makerere University Business School. To a large extent the procurement performance was still low at MUBS and faced by human resource factors, social, managerial, planning, technology and political factors and the level of funding provided to the institution. there is an effect on Framework Contracts monitoring on Procurement performance of MUBS (r = .68; p = 0.00 < 0.05). The study results therefore show that the Framework Contracts monitoring has a positive effect on Procurement performance though the effect is not significant. Since the Pearson correlation coefficient 0.68 is significant at 0.000 being less than 0.05(alpha level).

Basing on the study results obtained using ANOVA, the study concludes that framework contracts greatly influence procurement performance, among other factors. Recommendations of the study included the need for organizations to train staff appointed as framework contract managers, have a procurement manual to refer to when implementing framework contracts, seek accreditation for use of direct procurements in acquiring air ticket services, kitchen & dining services and small businesses can instead subcontract, MUBS may increase the range of items to be acquired under framework. Also enhance and support procurement research related to framework contract and minimize undue political influence which was affecting procurement performance.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Contracts are agreements between two or more parties which are intended to be enforceable by law. A framework contract is a contractual arrangement for an estimated quantity of supplies, works or services at fixed unit prices over a certain period of time, where actual quantities of supplies are purchased or specified scope of works or services are performed by means of individual call-off orders and payment is made for the actual quantities delivered or services and works undertaken, (EU, 2011). A framework contract provides an efficient, cost effective and flexible way of procuring supplies or services that are needed continuously or repeatedly over a period of time by reducing procurement costs and time. This chapter presents the background to the study, the statement of the problem, the purpose of the study, objectives of the study, research questions, scope, significance, key definition of terms used in the study and the conceptual framework.

1.1 Background to the Study

This back ground indicates the origin and history of frame work contracts in the world and how it emerged in Africa and its implementation.

1.1.1 Historical Perspective

The first traces of framework contracts in procurement can be seen throughout ancient history, including the Egyptians in 3,000 BC. Though there was no designated procurement function, materials management aided in the building of the pyramids. Scribes played a clerical role, recording the amounts of materials and workers needed on papyrus rolls. Procurement's organizational role was not truly recognized until the 1800s. One of the earliest acknowledgements of the procurement function can be found in Charles Babbage's 1832, (Framework Agreement Guide, 2007).

During the Industrial Revolution, in 1886, the status of the procurement function became the 'Supplying Department. Unfortunately, the World Wars forced procurement initiatives to shift back away from a strategic role to strictly clerical due to the scarcity of raw materials, services, and supplies. It was not until the mid-1960s that procurement once again took on managerial role, on a wide-scale. The 1980s saw a significant increase in supplier competition, putting more focus on supplier quality and dependability. Supplier management became an important factor in procurement and remains so today. By the late 1990s, the role of procurement began its transition into strategic sourcing looking at suppliers as partners and long-term contracts,(Waswa, Nyongesa &Juma, 2013). This was the beginning of procurement's modern day evolution.

Shabtai, (2007), states that, the practice of entering into framework contracts grew in the 1950s, with an agreement regarding asylum between Colombia and Peru. A number of international accords are characterized as framework agreements: Agreed Framework, between North Korea and the United States, Baker Plan, Banana Framework Agreement, between the European Union and banana producing countries, among others, (George, 2010)

In Africa, framework contracts have been instituted as a reform to encourage competition, improve financial transparency and ensure accountability in public institutions, Hunja, (2003), cited in Mawuko, 2013).

In Uganda Public procurement was centralized and carried out by Crown Agents on behalf of government in 1964; Central Tender Board Regulations were introduced 1977; Public procurement reforms were initiated in 1997; Introduction of the 2000 Regulations that decentralized public procurement was in 2001; Introduction of the Public Procurement and Disposal of Public Assets Act and Regulations was in 2003; Creation of the Public Procurement and Disposal of Public Assets Authority (PPDA) was also in 2003; Amendment of the LG Act and introduction of the LG (PPDA) Regulations 2006; The Institute of Procurement Professionals of Uganda was formed in 2008; The PPDA Act was amended in 2012 & 2014. These reforms have made procurement a strategic function that has had a positive impact on the development of Uganda and created professionalism in the procurement sector where Public Procurement contributes about 70% of Uganda's total budget, (Tumutegyereize, 2013).

1.1.2 Theoretical review

The study adopted the Transaction Cost Theory. The use of framework contracts has facilitated the reduction of coordination costs, For example, framework contracts reduce the cost of obtaining information about product offerings and prices in electronic market places, facilitated through IT (Bakkeret al, 2008). Also, collaboration facilitated by information sharing can lower transaction costs (in particular coordination costs) as companies can thereby reduce supply chain uncertainty and thus the costs of entering framework contracts. Transactional costs theory was relevant to the study in that, it aids to classify TCs in three framework contract phases: pre-tendering phase to allocate the costs of marketing and information search; in the tendering phase, to ascertain the costs of bidding and negotiation and in the post-tendering phase to determine the costs of dispute

resolution, monitoring and control and contract enforcement; which all influence procurement performance of an entity.

1.1.3 Conceptual Review

According to EU (2011), A framework contract is a contractual arrangement for an estimated quantity of supplies works or services at fixed unit prices over a certain period of time, where actual quantities of supplies are purchased or specified scope of works or services are performed by means of individual call-off orders and payment is made for the actual quantities delivered or services and works undertaken.

Bhardwaj, (2011), states that, a contract is an agreement between two or more parties which is intended to be enforceable by law. Contracts are usually written but may be spoken or implied. Contract management is the management of contracts made with customers, vendors, partners or employees). According to Bhardwaj (2011), contract management is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract. Hotterbeekx (2013) Contract management can be defined as the processes undertaken to maintain the integrity of the contract, and ensure that the roles and responsibilities contractually demarcated are fully understood and carried out to the contracted standard.

A framework contract provides a means of having supplies, works or services "on call", where they might be needed urgently, but where the quantity and timing cannot be defined in advance. For example, malaria drugs might be needed to deal with a sudden outbreak of the disease, but the size and timing of any outbreak cannot be known in advance. The existence of a framework contract allows a Procuring and Disposing Entity in such a case to respond quickly to the emergency, without resorting to direct procurement by use of other methods of procurement, which is likely to result in higher prices, caused by lack of competition, (Anderlini&Felli, 2006).

Framework contracts should not be used for supplies, works or services which are required occasionally, or which could be purchased by a single lump sum contract. Where the quantity of supplies or services and the times they are needed is well defined in advance, a lump sum contract and other types of contracts should be used since it is more appropriate, (PLA, 2012).

The features of Framework Contracts include: Fixed unit prices; these are defined in framework contracts which cover a certain period of time. the general service area for delivery is defined but the precise location, quantity and timing are not specified; Contracts are activated by use of call-off orders which specify requirements and payments are made against each individual call-off order; Contracts may also be in place with a number of providers at the same price or different prices but without a guarantee by the Procuring and Disposing Entity that it will issue 'call off orders' to each of them and Once the contract has been approved by the Solicitor General where applicable, the call-off orders need not be approved subsequently, (CIPS, 2009).

Batenburg&Versendaal (2006) provide that the benefits of using framework contracts are: Reduced time and resources spent on procurement, as the Procuring and Disposing Entity, only has to conduct a single bidding process and place a framework contract to be able to order supplies, works or services whenever they are needed, rather than conducting a separate procurement process each time; Bidders' time and effort in preparing bids or quotations is reduced. A greater number of bidders are interested in the contract since a call off order results in guaranteed business; Lower prices are obtained by aggregating requirements, there are benefits of economies of scale by the Entity through more competitively priced bids; The lead time for delivering supplies, works or services is reduced since there is no need for a procurement process for each order. The minimum response times for delivering supplies or services may be included in the framework contract signed; Procuring and Disposing Entities retain the benefits of competition, even where supplies; works or services are needed in an emergency situation; The Procuring and Disposing Entity obtains benefits of scale without incurring the costs of holding stock or paying for a large volume of supplies or services up-front; Framework contracts are placed and commitments made at the time of 'call off orders' in accordance with the funds available and once a framework contract is in place, the completion of call-off orders is a quick and simple process.

According to Camillus and Rosenthal (2010), the key issues to note when using framework contracts are Frequency or probability: If supplies, works or services are required on-call for an emergency situation, the probability of requiring the supplies, works or services at all should be considered. The length of call-offs, as with other contracts, should be appropriate to the supplies, works or services in question and should reflect value for money considerations. If only a general type of supplies, works or services, rather than the actual supplies, works or services required is known, a pre-qualification or registration exercise, which allows bidders to be shortlisted for a limited competition when

required, may be more appropriate. The key to obtaining the benefits of framework contracts is the ability to make reasonably accurate estimates.

The terms governing the contracts to be awarded during a given period in particular with regard to price and quantity should be established. Framework agreements can be concluded with a single provider or with several providers, for the same supplies, works or services at same or deferring prices. Procuring and Disposing Entities should use PPDA's Standard Bidding Document for framework contracts and use the open bidding method for the procurement of supplies, works or services and then enter into framework contracts with the successful providers, (The Public Procurement & Disposal of Public Assets Guidelines, 2014).

The Public Procurement and Disposal of Public Assets Guidelines issued by the Public Procurement and Disposal of Public Assets Authority under section 97 of the Public Procurement and Disposal of Public Assets Act 2003, and Regulation 12 of the Local Governments (Public Procurement and Disposal of Public Assets) Regulations 2006; should be used in the Management of Framework Contracts.

Knudsen, (1999) suggested that procurement performance starts from purchasing efficiency and effectiveness in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity. Measuring the performance of the purchasing function yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage as was noted by Batenburg&Versendaal (2006). A downturn, when companies must consider every avenue for cutting costs in order to simply survive, the procurement department plays an increasingly important role in achieving this strategic goal. Measuring performance is increasingly recognized as a critical factor in gaining competitive advantage (Simchi-Levi et al, 2007). Earlier studies utilized several different performance measures including cost, customer responsiveness, and time (Arntzen et al, 1995). In this framework, two types of performance measures are adopted as the necessary components of procurement performance measurement system: i.e.; Efficiency and Effectiveness (Kulatuga et al, 2007). Particularly, procurement performance will be measured in terms of cost reduction, enhanced service delivery, and assured supplies, quality improvements and competitive advantage, (Weele, 2000; Kumar, 2000).

1.1.4 Contextual Perspective

Makerere University Business School (MUBS) is the School of Business of Makerere University, Uganda's oldest University. MUBS was established in the 1960s as Nakawa College of Business Studies (NCBS), the national college of business studies. At that time, the college offered diplomas, the main ones being the Uganda Diploma in Business Studies and the Higher Diploma in Marketing. In 1997, Faculty of Commerce at Makerere University was merged with NCBS, thereby creating MUBS, a constituent college of Makerere University. The staff and students of both institutions were brought together at the 45 acres (18 ha) campus at Nakawa, approximately 7 kilometers (4.3 mi), east of Kampala's central business district.

In 2001, due to changes in the laws of Uganda, MUBS transformed from a constituent college of Makerere University to a "public tertiary institution" affiliated to Makerere University. However this arrangement did not work well, resulting in Makerere introducing competing duplicate courses at the main campus, while MUBS started to agitate for complete autonomy. Finally in 2012, the autonomy sought by MUBS was granted by the Uganda Ministry of Education and Sport. MUBS uses framework contracts to procure services of cleaning, supplies of stationary, kitchen and dining services and Hotel & Conference services. About 65% of supplies and services under the routine items are purchased under framework contracts, (PPDA, 2014).

Since 2013, MUBS adopted the use of framework contracts, stipulated in PPDA Act of 2003 and PPDA regulations to procure common items at fixed prices on "call off" orders. The Auditor General's report, (2015), stipulate that Cash Payments to Suppliers amounting to Ugx.61,104,000 was very high Contrary to Section 3.7.1 and Section 3.7.2 (2) of the MUBS Finance Policy and Accounting Manual. The Auditor General's report, 2015), adds that, irregular procurement of travel services from Bunyonyi Safaris Ltd, worth USD 7,977 was retrospectively undertaken. The report adds that, the PPDA Regulations 2006; was not used in the Management of Framework Contracts, leading to irregularities in contracting travel services. The Continued delay in procurement planning, implementation of recommended performance standards as well as low contracts performance evaluation resulted into unnecessary high operational costs, uncoordinated activities and high inventory management costs. Hence procurement performance of such framework contracts is at stake. Thus, this prompted the need to conduct a study to assess the effect of framework contracts on procurement performance of higher institutions of learning, specifically taking a case of MUBS.

1.2 Statement of the Problem

According to the PPDA Annual Audit Report, (2014), Performance of the procurement function at MUBS is still marred by pothole sealing, long lead times to deliver printer consumables, poor quality drugs and delay to provide students with testimonials due to lack of stationery. This is evidenced with high lead time, high procurements costs and low quality procurements, (PPDA audit report, FYs 2012/13; Vol (I) and (II) & Auditor General's report, 2015). PPDA Audit Report, Vol.1,(2012-13),established that MUBS was conducting wrong procurements outside the procurement plan while PPDA (Audit Report, Vol.2, 2012),published in 2013observed that MUBS did not use framework contracts for commonly procured items such as services of cleaning, supplies of stationary, kitchen and dining services, Hotel & Conference services and air ticketing services contrary to PPDA (Regulation 237,2003). Thus failure to observe compliance with the regulatory requirements curtailed the procurement performance. Consequently lack of contract planning, improper implementation of framework contracts and weak contract performance evaluations continued to inflict procurement performance in MUBS. Thus, this compelled the need to establish the effect of framework contract management of higher institutions of learning, particularly taking a case of MUBS.

1.3 Purpose of the Study

The purpose of the study was to establish the influence of framework contracts management on procurement performance in higher institutions of learning, specifically taking a case of MUBS.

1.4 Objectives of the Study

- i) To establish the influence of call off order planning on procurement performance of Makerere University Business School.
- ii) To examine the influence of framework contracts implementation on procurement performance at Makerere University Business School.
- iii) To assess the influence of framework contract monitoring and evaluation on procurement performance at Makerere University Business School.

1.5 Research Questions

- i) How does call off order planning affect procurement performance of Makerere University Business School?
- ii) What is the influence of framework contracts implementation on procurement performance at Makerere University Business School?

- iii) What is the influence of framework contracts evaluation on procurement performance of Makerere University Business School?

1.6 Scope of the Study

1.6.1 Content Scope

The study focused on establishing the extent to which framework contracts management affects procurement performance in higher institutions of learning, taking a case study of MUBS. The dependent variable was framework contract management while the independent variable was procurement performance. Framework contracts were measured using planning, implementation and evaluation. On the other hand procurement performance was measured using Quality of procurements, Cost of procurements and lead time.

1.6.2 Geographical Scope

The study was conducted in MUBS, located in Nakawa Division, Plot M118 Port bell Road; within Kampala Capital City Authority established in 1997 and headed by a Principal (Professor Waswa Balunywa). MUBS was chosen because it is one of the public institutions of higher learning practicing the phenomenon of procuring items under framework but needs strategic interventions to adequately institute and effectively implement this contracting approach in order to accumulate the arising benefits.

1.6.3 Time Scope

The study examined procurement performance of framework contracts covering a period from 2013 to 2016. This study was conducted within one year (January 2016-December 2016)

1.7 Significance of the Study

The study may be of great importance to different stakeholders in the public procurement and supply chain as explained below;

The study results will help the policy makers especially the PPDA, Contract Committees and PDE's units in regulating procurement activities of public Universities in the area of efficient procurement practices. This is a key ingredient in the; planning, designing and implementation of a sound public procurement system that will align itself to the overall procurement performance strategy. The study findings will also aid government policy with regard to designing change to streamline the

acquisition of goods and services in higher institutions of learning as set by the public procurement Act of 2003.

It will also provide a framework for ensuring effective procurement practices to MUBS management so as to enhance good procurement performance characterized with transparency and accountability.

The study will fill the existing literature gap on the public procurement procedures and supply chain performance in the public sector. Thus the findings of this study will be beneficial to future researchers as it may be an addition for which academic researchers can do further study on compliance with framework contract procedures.

1.8 Definition of key terms

Public Sector Directive defines **framework contract** as “an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged (PLA, 2012)

According to the PPDA (Act, 2003) a “**contract**” means an agreement between a procuring and disposing entity and a provider, resulting from the application of the appropriate and approved procurement or disposal procedures and proceedings as the case may be, concluded in pursuance of a bid award decision of a Contracts Committee or any other appropriate authority.

A **framework contract** is defined by the Public Sector Directive and the Regulations as follows: “an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.

Procurement is the process of obtaining goods or services in any way, including borrowing, leasing and even by force or pillage. The World Bank as cited by Odhiambo and Kamau (2003) refers to public procurement as that kind of procurement that uses public funds.

A **Call-Off Order** means an order/individual contract issued by the Procuring and Disposing Entity for the purchase of specified quantities of the supplies or performance of services, works under a framework contract.

Public **procurement** can be defined as “the acquisition (through buying or purchasing) of goods and services by government or public organizations” (Hommen and Rolfstam, 2009).

Cole (2007) defines **procurement** as the purchase of merchandise or services at the optimum possible total cost in the correct amount and quality. He further reiterated that Procurement can also be simply defined as the procedure in which goods or commodities are bought when prices are low.

According to the Business Dictionary (2011), “**Procurement**” is the overarching function that describes the activities and processes to acquire goods and services. Importantly, and distinct from “purchasing”, procurement involves the activities involved in establishing fundamental requirements, sourcing activities such as market research and vendor evaluation and negotiation of contracts. It can also include the purchasing activities required to order and receive goods.

Procurement is the acquisition of works, goods and/or services. It is favorable that the goods/services are appropriate and that they are procured at the best possible total cost of ownership to meet the needs of the purchaser in terms of quality and quantity, time, and location. Corporations and public bodies often define procurement as the processes intended to promote fair and open competition for their business while minimizing exposure to fraud and collusion (Wikipedia, 9th May, 2011).

The process of acquisition of goods or services required as raw material (direct procurement) or for operational purposes (indirect procurement) for a company or a person can be called procurement. The procurement process not only involves the purchasing of commodities but also adopting quality and quantity checks. Usually, suppliers are listed and pre-determined by the procuring company.

Contract management or **contract administration** refers to the process of systematically and efficiently managing contract creation, execution, and analysis for the purpose of maximizing financial and operational performance and minimizing risk.

Procurement performance measurement is closely related to spend management or it is an integral component of procurement management. It describes key indicators, methods, and processes that are necessary for measuring procurement success.

Procurement performance management, or PPM, refers to the holistic process of managing and increasing the added value of the procurement organization.

Knudsen, (1999) suggested that **procurement performance** starts from purchasing efficiency and effectiveness in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity.

According to Van Weele (2006) **purchasing performance** is considered to be the result of two elements: purchasing effectiveness and purchasing efficiency.

Performance provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements, (Lardenoije, Van Raaij, & Van Weele, 2005).

According to Agaba& Shipman, (2007), procurement planning is the process used by companies or public institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process.

1.9 Conceptual Framework

This brings about the conceptual review of the effect framework contracts on procurement performance of the organization.

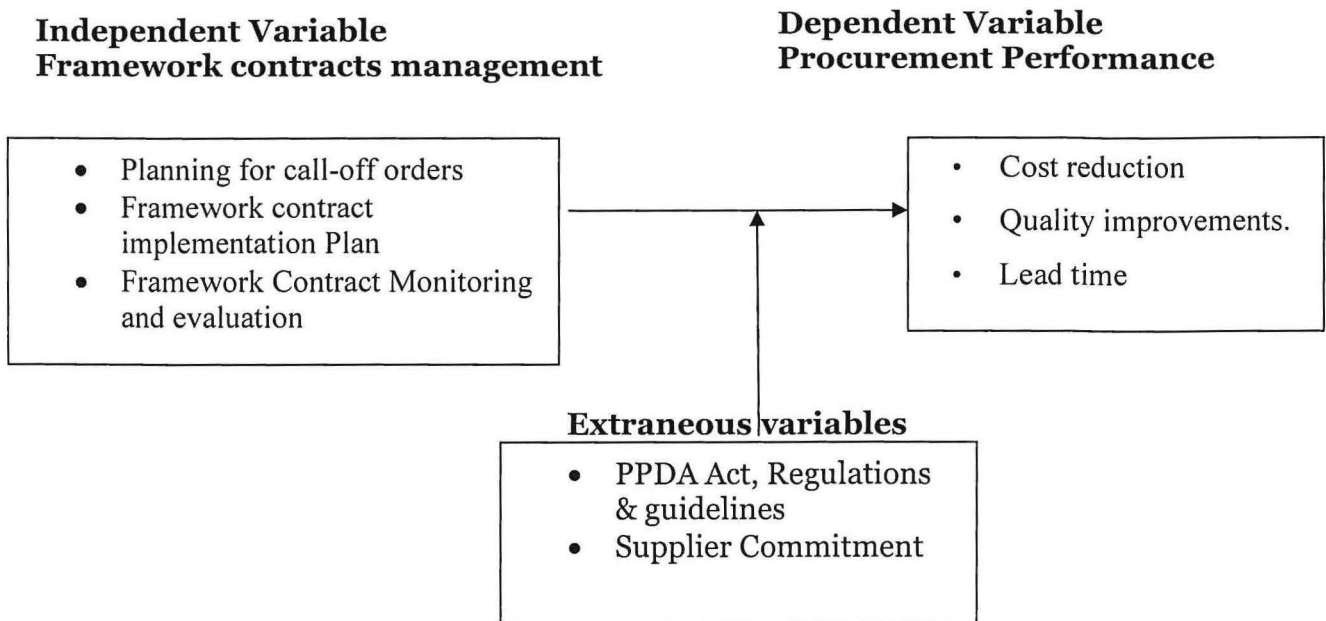


Figure 1: Conceptual Framework illustrating the interrelationship between framework contracts and procurement performance of the organization.

Source: Adapted from: Basheka, (2014). Determinants and Constraints to effective Procurement Contract Management in Uganda: A Practitioner's Perspective, International journal of logistics systems and management and modified by the researcher.

Figure 1 indicates that the Independent Variable which is framework contracts management affects the Dependent Variable, Procurement Performance. It indicates that framework contracts management, measured by planning, implementation and monitoring & evaluation that affect Procurement Performance and overall productivity of an institution by influencing cost reduction, quality improvement and leadtime as was noted by Batenburg&Versendaal (2006). However, the intervening variables such as PPDA Act, suppliers' commitment and capabilities greatly determine the extent to which framework contracts management can be achieved to influence the level of procurement performance.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents literature reviewed about the effect of framework contract management and procurement performance in relation to the study objectives. The information is a combination of extracts, paraphrased statements from textbooks, journals, magazines, periodicals, articles, websites, publications and related online reports. Literature is classified on the basis of framework contract management constructs, overview of procurement performance, theoretical review encompassing the transactional costs theory framework contract planning, implementation and the effect of monitoring and evaluation on procurement performance.

2.1 Theoretical Review

2.1.1 The Transaction Cost Theory

Williamson, (2010b) & Li et al., (2013), states that, Transaction costs (TCs) are the price that market participants have to pay in order to reach an agreement, develop rules to implement this agreement, and establish the appropriate delivery system as part of the agreement. TCs are primarily linked to costs at the pre and post-contract phases. Post-contract costs caused by owners in contract administration and enforcement, (Lynch, 1996; Rindfleisch&Heide, 1997). These unseen costs are incurred because of professionals time-spent in procurement activities, which can be considered as a waste of social resources and wealth, (Wenan&Mengjun, 2010). Thus, they are among the important factors that affect the procurement performance.

According to Wenan&Tianhua, (2010), Transaction costs might tentatively be associated with the professionals' time-spent on procurement during the pre and post-contract phases. But is procurement activities described in terms of information search, negotiation and preparing bid documentation, contract administration, and contract enforcement. Given that the most suitable procurement practice leads to improved productivity. Solely focusing on the design of formal procurement processes and procedures is not enough for cost savings, minimizing claims, and reducing conflict and dispute. There is a need to consider the interaction of uncertainties in the transaction environment, and the unseen costs of information, procurement, contract administration, and contract enforcement in the procurement decision.

Moreover, Hughes et al. (2006), classified TCs in three framework contract phases: - In the pre-tendering phase, mainly the costs of marketing and information search. In the tendering phase, it is

the costs of bidding and negotiation. While in the post-tendering phase, it is the costs of dispute resolution, monitoring and control, and contract enforcement.

Similarly, the study by Wittington (2008) included TCs from the costs of advertisement and bids preparation and award, to the cost of contract execution. Finally, according to Lingard et al. (1998) one should distinguish between the pre and post-contract transaction costs. Pre-contract costs incurred in information, communication, negotiation, bids documentation, and framework contract preliminary design. Post-contract costs incurred in disputes resolution, contract administration and enforcement. In summary, concepts related to transaction costs are inconsistent in definition and there is little agreement how the concept is constructed. This means inconsistency in data, and renders data analysis almost impossible (Farajian, 2010).

According to Ho&Tsui, (2009), the key sources of TCs are economic actors' behavioral assumptions (opportunistically and bounded rationality) and transaction characteristics such as asset specificity, uncertainty, frequency, complexity, and contestability. The opportunity costs relate to renegotiation and delays in delivery, which may significantly undermine expected benefits of the framework contract

Bounded rationality of the contractual parties may cause another set of costs such as those incurred in information search and procurement. This is reflected in administrative, technical, and professional staff growing at the expense of tradesmen and operatives (Lockyer&Scholarios, 2007). Therefore, as information cost increases, there will be higher transaction costs incurred. Transaction characteristics such as uncertainty and complexity affect the ability of contracting parties to fully define contingencies in the contract. Uncertainties are external and internal factors that affect the execution of framework contracts, (Walker &Pryke, 2009; Jin & Zhang, 2011; Li et al., 2013). Political, legal, social, economical, technological and competition all refer to external environmental uncertainties. While corporate culture, framework contract location, finance and ownership, and information systems all refer to internal environmental uncertainties (Marcus, 2005; Grimm et al., 2006; Elliott et al., 2008).

Foss & Foss, (2008), identified other set of uncertainties within the framework contracting process such as task, natural, organizational, and contracting uncertainties that cause most of the problems in contract. The high level of uncertainties forces contractors to jack up their bids, file numerous claims, substantial extra work and rework, and antagonistic relationships with owners, which end up

in dispute and conflict. Those in turn are more likely to increase TCs because of information incompleteness, the time-spent in contract documentation and negotiation, increased number of staff for contract administration and enforcement of the contract such as quality control etc.

A conceptual model was developed on the basis of theoretical expectations and previous empirical studies by incorporating the constructs with their corresponding measures. It models the direct and an indirect relationship between constructs (i.e. information, procurement, contract administration, contract enforcement, framework contract delivery systems, and TCs). In this study, it is assumed that Information (INFO), Procurement (PROC), Administration (ADMIN), and Enforcement (ENFO) costs collectively determine the Transaction cost (TCs) for the delivery system used. “Information cost” (INFO) is defined as a factor involving two key activities namely information gathering and communication, (Hobbs, 1996).

“Procurement cost” (PROC) is attributable to six key activities namely attending meetings, preliminary design, translation of client’s needs, transition observation, training, and site visits (Solino&Gago de Santos, 2010). Transaction cost theory is based on the assumption of bounded rationality and opportunism of human behavior and the characteristics of transactions such as uncertainty. This is reflected in administrative, technical, and professional staff growing at the expense of tradesmen and operatives (Lockyer&Scholarios, 2007). Therefore, as information cost increases, there will be higher transaction costs incurred. In this study, information and procurement costs are incurred because of professionals’ daily time-spent in information gathering and procurement.

“Contract Administration cost” (ADMIN) is associated with three key activities: contract administration, conflicts resolution, and decision-making. “Contract Enforcement cost” (ENFO) is defined as a factor involving two key activities namely enforcement (monitoring and control) and verifying compliances. The source of enforcement cost is uncertainties about transaction compliance with specified terms, possible changes in the quality of goods and services, the level of damages to a transacting party arising from contractual non-compliance, and the use of third party in solving disputes (Solino&Gago de Santos, 2010). Therefore the consequences of enforcing the contract are tangible forms of transaction costs. For example personnel time, auditing fees, inspection charges and investments in measurement devices, arbitration, legal court fees, and costs to bring social pressure. While, the source of administration cost is uncertainties about the willingness of others to trade on certain terms, comply with terms of the contract, and decision-making. These in turn is

reflected in tangible forms of transaction costs such as personnel time, travel expense, communication, consulting/service fees, licensing fees, and insurance premiums (Solino&Gago de Santos, 2010). Contract administration and enforcement costs are included in cost estimates as unforeseen and management contingencies. In this study, contract administration and enforcement costs are due to professionals' daily time-spent in implementing the contract terms and conditions (Tridico, 2007; Farajian, 2010). All these procurement attributes are important for understanding transaction costs in procurement.

2.2 Conceptual review

2.2.1 Framework Contract

Framework contract means a contractual arrangement which allows the procuring and disposing entity to procure works, services or supplies that are needed continuously or repeatedly at an agreed price over a period of time, through the placement of a number of orders, (PPDA regulation, 2014)

According to Trent and Monczka (2012), a framework contract is a consensus agreement that sets out the terms under which individual contracts can be made throughout the period of the agreement. In the view of Shabatai (2007), framework contracts are becoming more popular as they represent a 'smarter' way of purchasing than placing 'one-off' orders for recurrent contracts for works or supplies; by, for example, optimizing volume purchasing discounts and minimizing repetitive purchasing tasks. So framework agreements are commonly set up to cover things like office supplies, IT equipment, consultancy services, and repair and maintenance services.

Camillus and Rosenthal (2010) while reflecting on framework contracts reveals that like any other contract involves parties, consideration, offer, offeree, and the legal issues that have to be adhered to and this is supported and confirmed by involving court representative for legal considerations. Framework contracts include 'term contracts' which are generally framework contracts, but may also be encountered in other buyer/supplier situations and are arrangements put in place for a fixed period of time.

According Lane (2015), framework contracts are sometimes considered as 'period contracts, running contracts or perpetual contract. This arises from the place in which the frameworks are made, the date by which it is to be started and accomplished and the involved parties. A framework agreement is the same arrangement without the up-front consideration - instead, each time a buyer uses the agreement a separate contract is formed by the consideration paid for the order in question

(Callaghan, 2010). This generally makes framework contracts an arrangement between two parties which commits one to buying at least a certain volume of particular goods or services from the other over a specified period.

Characteristics of Framework Contract

Lane (2015), argues that Framework contracts are arranged between parties with the intention of establishing long term collaborative working arrangements. A client may enter into a framework agreement with a single operator or with several operators. The framework agreement provides an 'umbrella' contract with framework contracts separated into individual 'work packages' which have discrete conditions of contract, specification and payment mechanisms.

Within the public sector, framework agreements are initiated through one of three distinct procedures. An open procedure allows all suppliers who can meet minimum standards to be included within the framework with no restriction upon participant numbers. A restricted procedure requires suppliers to qualify for a place on a tender list by successful completion of a pre-qualification questionnaire. Restricted procedures cap the maximum numbers of participants and a tendering process reduces the number of successful suppliers further. An element of financial, (Keith Gale, 2013) competition is introduced at tender stage. A negotiated procedure applies where participants are invited to submit considerations in line with advertised criteria. The client enters into a series of competitive dialogues with suppliers and these discussions refine detailed specifications, objectives and costs. Suppliers not meeting criteria are discarded until the required number of suppliers for the framework are identified. An overview of the process is shown at Figure 2.1 below;

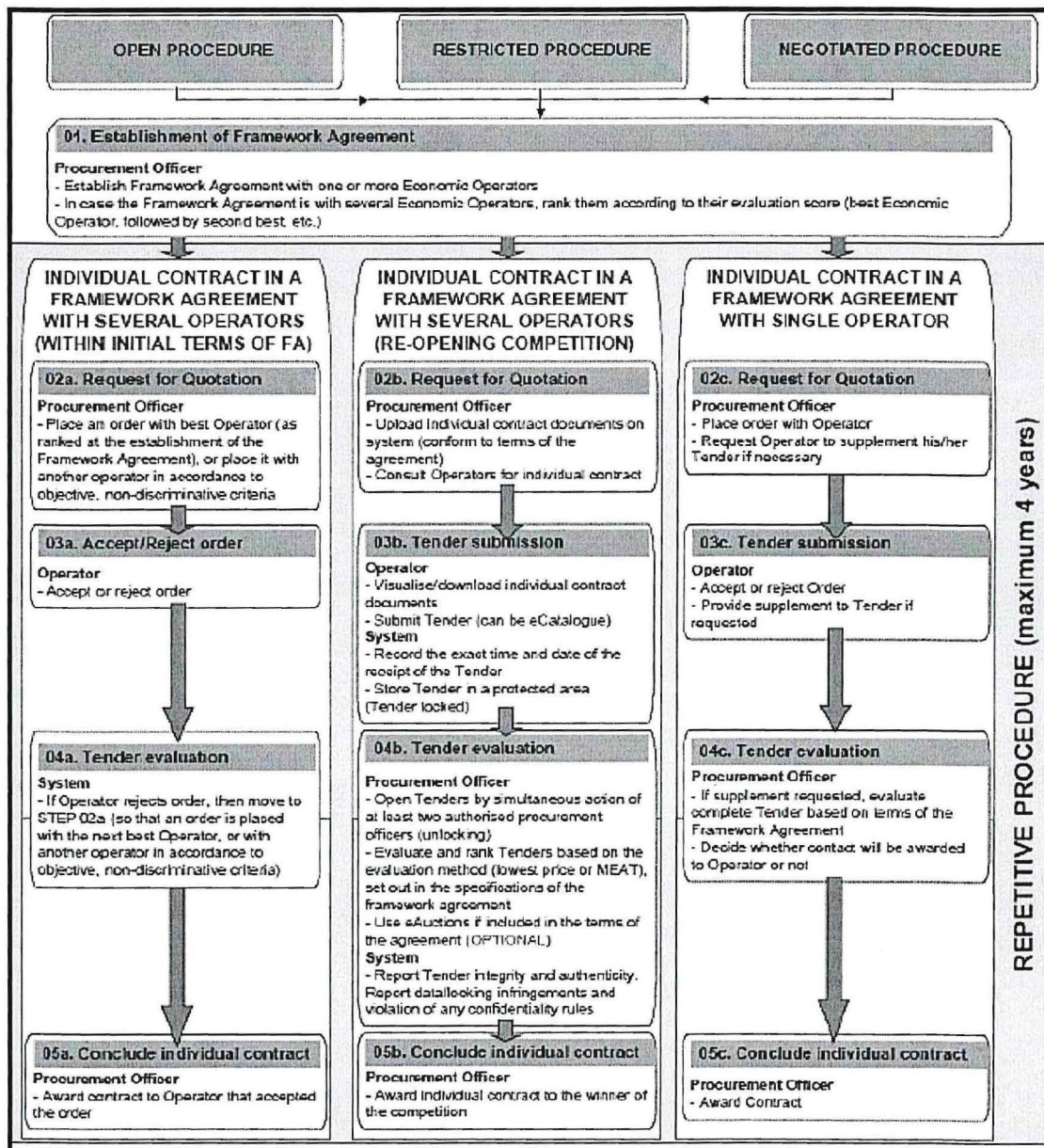


Figure 2.1: Framework agreement procedures and themes modified from p41 of Functional Requirements (European Communities, 2005)

Following an initial participant selection procedure, the framework agreement itself is prepared. Framework agreements follow contractual themes and these can be varied according to objectives of the framework. The themes are: A framework agreement which includes a significant number of terms, conditions and prices; Individual contracts for work packages are chosen from a list of suppliers in accordance with the selection procedure contained in the framework agreement; A framework agreement which has few terms, conditions or prices. Suppliers are chosen for individual contracts for work packages by a second stage (mini-competition) procedure.

Management of Framework Contracts

Where a framework agreement is concluded with one provider, call-off orders under the agreement should be issued on the basis of the terms laid down in the agreement, refined or supplemented by other terms in the framework agreement. The (Public Procurement and Disposal of Public Assets Guidelines, 2014), there should not be substantive change to the specification or the terms and conditions agreed at the time that the framework is awarded. Where the framework agreement has been entered into with several providers for several items at different prices, the Procuring and Disposing Entity shall issue a call off order to the provider for only the item(s) with the lowest price.

Where the lowest priced bidder cannot supply the full or some of the requirements of a particular call off order at the time required, the PDE shall make a call off order from the next provider with a higher price for the supplies the first provider had failed to deliver. The Public Procurement and Disposal of Public Assets Guidelines, 2014 The Public Procurement and Disposal of Public Assets Guidelines issued by the Public Procurement and Disposal of Public Assets Authority under section 97 of the Public Procurement and Disposal of Public Assets Act 2003, and Regulation 12 of the Local Governments (Public Procurement and Disposal of Public Assets) Regulations 2006

Contract Management

The terms “contract management” and “contract administration” are often used synonymously. However, “contract management” is commonly understood as a broader and more strategic concept that covers the whole procurement cycle including planning, formation, execution, administration and close out of a contract and goes beyond the day to day “administrative” activities in the procurement cycle. Because it is difficult to draw the line between the two terms and because the majority of the organizations commonly use “contract management” when describing the contract administration phase. The purpose of contract management is to ensure that all parties to the contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and providing value for money. It also protects the rights of the parties and ensures required performance when circumstances change of relevant activities, as well as documentation in a contract file throughout the process. The procurement office is responsible for following up and ensuring that the actions of the supplier and the UN organization are in line with the contractual responsibilities, that the contract is amended to reflect agreed changes in circumstances, and that any claim or dispute is resolved amicably according to the terms of the contract. Payment for the goods or services should be handled independently from the procurement function, while contract close out again is the responsibility of

the procurement officer. The stages of contract management are intended to ensure that the parties work together to achieve the objectives of the contract. Contract management is based on the idea that the contract is an agreement, a partnership with rights and obligations that must be met by both sides to achieve the goal. Contract management is aimed not at finding fault, but rather at identifying problems and finding solutions together with all contracting parties involved, (UN procurement practitioner's handbook – 2006)

2.2.2 Procurement Performance

In order for an organization to achieve its goals of satisfying its customers, it must measure its performance. Among key areas to be measured is procurement performance. But there is no best way to measure procurement performance for example Lysons (1995) states that *“one of the problems that arises in respect of the procurement function, is that there is no common opinion on what should be measured”*. However it is broadly accepted by scholars like (Knudsen, 1999; Cavinato and Kauffman, 1999; Van Weele, 2000) who assert that procurement performance can be measured by using two dimensions i.e. Efficiency and effectiveness. Efficiency measures how successfully the inputs have been transformed into outputs while Effectiveness measures how successfully the system achieves its desired output (Kumar, 2005). Effective procurement practices offer high level of transparency, accountability and value for money while efficient procurement practices are those that meet the needs of customers, achieve optimum conditions and value in regard to allocation of scarce taxpayers resources, efficient use of public resources, manage risk and pose a less liability to the public, (Mbabazietal, 2008)

Organizations which do not have performance means in their processes, procedures, and plans experience lower performance and higher customer dissatisfaction and employee turnover (Artley& Stroh, 2001, Amaratunga&Baldry, 2002 and CIPS Australia, 2005). Measuring the performance of the purchasing function yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage as was noted by Batenburg&Versendaal (2006). The procurement department plays an increasingly important role in achieving this strategic goal. A purchasing performance figure benchmarks the target achievement within the organization while functioning at the same time as a key performance indicator for the control and allocation of liquidity respectively assets (Arthur, 2009).

According to Waswa&Juma (2014), the need to have coherent methods of performance of the procurement function in public entities, particularly in developing countries, has never been as sound

as it is now. Delaying will worsen the already deteriorating performance, loss of professionals, and organizations will continue incurring unnecessary costs. However, it is important that appropriate performances are implemented. It should not be any performance. The issue of basing on financial performance and neglecting or ignoring non-financial performance is not helping the procurement function because only partial performance is considered (Van & Weele, 2005).

With recent developments in purchasing, it is significant that what is measured is not only important to the entity/organization but should also cover all core areas and activities of procurement (Department of Public Works, Queensland Government, 2006). Though purchasing performance may mean different things to different people (CIPS Australia, 2005), its focus on financial and non-financial benefits, efficiency of procedures, and effectiveness, and ability to establish a range of measures to evaluate procurement activities.

A procurement performance measurement system is supposed to provide the purchasing department with unbiased and objective information regarding procurement performance (Knudsen, 1999). According to literature the generic measures performance measures include, time, service quality, resource utilisation and cost among others. Whereas the aims of the public procurement are worthy, the procurement processes may not achieve the end objectives of the since they must compete with other private firms (Bwino, 2008).

An effective procurement performance management approach must be put in place to understand exactly out to be involved (Moran and Avergun, 1997), while usefully embedding change (Johnson and Scholes, 1993). To be effective though, a performance management system must focus on “measuring the correct things” (Speckman et al., 1994; Leenders, 1998; White and 14 Hammer-Lloyd, 1999). Institutions must therefore measure their performance in relation to the procurement processes

Measuring the performance of the purchasing function yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage as was noted by Batenburg&Versendaal (2006). A downturn, when companies must consider every avenue for cutting costs in order to simply survive, the procurement department plays an increasingly important role in achieving this strategic goal. A purchasing performance figure benchmarks the target achievement within the organization while functioning at the same time as a

key performance indicator for the control and allocation of liquidity respectively assets. (Arthur, 2009).

2.3 The effect of call-off order planning on procurement performance

Generally, planning for call-off enables organizations to, among other things, determine procurement performance standards, establish overall direction, anticipate and avoid future problems and reduce the risks of uncertainty, identify and commit resources towards the achievement of goals, determine and develop performance standards, and effectively coordinate various activities in the organization (PPB Manual, 2005).

AkuaAsantewaaOhene- Addae (2012), the procurement plan lays out the details of the procurement process, and the steps that will be required. The procurement plan should identify the following, which will then be reflected in the request for call off orders and in the contract itself, Goals and objectives of the procurement and Potential service providers.

The ultimate goal of procurement planning is coordinated and integrated action to fulfill a need for goods, services or works in a timely manner and at a reasonable cost. Mullins (2003) argued that procurement planning is the process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in the efficient way. Early and accurate planning is essential to avoid last minute, emergency or ill-planned procurement, which is contrary to open, efficient and effective and consequently transparent procurement. In addition, most potential savings in the procurement process are achieved by improvements in the planning stages. Procurement planning clarifies what is needed and when it is needed to both user and buyer. Procurement planning enables the procurement entity and its staff to work smoothly to achieve the organization's goals with the right quality and quantity of inputs in place; ineffective procurement planning may result in failure to achieve those goals and procurement principles and causing damage to the credibility of the organization, (Thai,2004).

Adequate procurement planning and prioritization of needs by each procurement entity is an essential prerequisite to effective purchasing for the following reasons; Funding for procurement is unlikely to be sufficient to meet all requirements, and scarce financial resources must be channeled that the priority aims of procurement entity are adequately met before spending on less essential procurements, Effective planning allows requirements to be aggregated into larger purchases at lower unit cost, Procurement of common user items may also be aggregated for more than one

procurement entity into framework (call-off) contract for six months or a year, to permit further economies of bulk purchasing, Publications of a realistic annual procurement plans allows private sector to respond more effectively to the requirement and specifications of Government through investment in staff and equipments, (Interagency procurement working group IAPWG, 2006).

According to PPOA, Procurement plan is used to provide information about the purchase of goods and services, how vendors will be chosen, what kind(s) of contract(s) will be used, how vendors will be managed, and who will be involved at each stage of the process. This document should be approved by appropriate individuals before the actual procurement process begins. The Act provides for procurement planning activity under Part 3 section 21 which stipulates as follows: (1) a procurement entity shall prepare a procurement plan to support its approved programme and the plan shall indicate: (a) contract packages, (b) estimated cost of each package, (c) the procurement method (d) processing steps and time

According to Camillus & Rosenthal (2010), framework contract like any other agreements can be entered into after a series of activities. It is also useful to recall that framework contracts are agreements that establish all the terms (framework contracts) are “traditional” public contracts. Before formal steps of a framework contracts, the contractor and potential bidders are involved in a series of activities.

In the view of Trent & Monczka (2012), these are considered as pre-framework contracts obligations or activities. Framework contracts are legal instruments under which the terms applicable to any orders under this type of framework agreement are set out in a binding manner for the parties to the framework agreement in other words, the use of this type of framework agreement does not require a new agreement between the parties.

According to Nyongesa & Waynoka (2014) framework arrangements represent a way of purchasing involving placing one-off orders for recurrent contracts for works or supplies by optimizing volume purchasing discounts and minimizing repetitive purchasing tasks. The report on Public Procurement-Framework arrangements by EU (2011) show that using framework arrangements is one of the popular approaches by corporate firms as a ‘smarter’ way of purchasing than placing one-off orders for recurrent contracts for works or supplies, optimizing volume purchasing discounts and minimizing repetitive purchasing tasks. A key aim of a framework arrangement should be to establish a pricing structure; however this does not mean that actual prices should be fixed but rather

that there should be a mechanism that will be applied to pricing particular requirements during the period of the framework. It should also be possible to establish the scope and types of goods/services that will need to be called-off. Whether considered as the 'term framework contract' which are generally framework contracts, but may also be encountered in other buyer/ supplier situations and are arrangements put in place for a fixed period of time or 'period framework contracts', where a contract of this kind is put in place without a specified end date, there are pre-contract activities that are involved. These activities include among others the following cited in this literature;

Identifying the need for a framework contract

According to the PPOA, Guidelines for framework contracting (2010), procuring entities are required to make pre-bidding preparations and this largely involves identifying the needs and how they should be supplied. Whether the firm is to undertake a single supplier contract or multiple contractors, before the contracts are entered into the firm must specify the need for attaining services through framework contracts, (Public Procurement Policy, 2005). By consolidating such requirements into framework contracts, the procuring entity should be able to make savings on the administrative costs of procurement and to achieve better prices through larger volume contracts.

Camillus & Rosenthal (2010), organizations interested in framework contracts, should dictate on who would be the right suppliers and what would be the requirements for the proper contract. It can be setting the areas that need to be offered for contract, who are to be involved and setting the schedule for the framework contracting process. In the study of Adams, Khoja and Kauffman (2012), the contracting firm defines which should be undertaken and who can participate in the contract. Setting conditions, a profile for which clients can get to know what is involved in the pre-contracting phase, this also involves describing the contract conditions that will be used for pre-contraction services and how the work ought to be done. Depending on the size and complexity of the anticipated contract, the supplier might provide a pricing mechanism or risk adjustment.

Requirement

According to Hinson & McCue (2004), Requirement definition involves defining and describing what is needed and will be procured, collecting information, identifying appropriate solutions and specifying these in specifications for Statement of Works (SOW) for works. Specifications and SOW constitute the technical basis for the solicitation and the evaluation of offers to determine if they satisfy the requirements as stipulated in the solicitation documents. They become the "heart" around which the eventual contract is written and later administered. They have an effect on the

procurement that lasts its entire lifetime from planning, through bid evaluation, award and contract performance up to completion and post contract evaluations. Requirements should be defined with the aim of opening up competition, i.e. no use of unnecessary restrictions. Requirement definition should identify the exact need (technical and quality), aiming at avoiding over-specifications (as this may increase the cost) or under-specifications (where needs will not be met), as well as the “when” it is needed (timing).

Preparing necessary pre-bid documents

According to Burgess (2006), every formal contract is based on documentation which must be legal and pre-determined. The contracting company prepares invitations to bids (ITBs) and these define the terms and expectations in the course of contracting. In a view of Lane (2015), framework tender documents are many and include specifying the starting and completion dates of the agreement, requirements and obligations regarding insurance, bonds and warranties, description of the contract conditions to be used and assumptions regarding preliminaries, how the framework contract will be managed in its various stages and the basis of remuneration, tender selection procedure and assessment procedure to be employed by the client, ways in which payments are to be made, and other associated terms and conditions.

Callaghan, (2010), reveals that a number of documents are prepared in advance for the intending suppliers to collect and fill, at a bidding cost. The binding document used before a framework contract is entered into includes Instructions to Bidders, Bid Data Sheet, Evaluation Methodology and Criteria and Bidding Forms. These documents help to make the process of framework contracting formal, legal and binding on either party.

Advertising and preparation of bids to suppliers

Nyongesa& Waynoka (2014), provide that owing to the fact that framework contracts can involve single supplier or multiple suppliers, it is important for the organization to prepare bid notice. The contracting authority also needs to be in a position to manage the framework – in particular if the framework is for technical, complex or high value goods or services or operates across a number of authorities (Procurement Lawyers Association, 2012). In such cases, the needs of the suppliers and the relevant purchasers need to be meting regard to customer complaints, supplier complaints, monitoring of the framework so that it is operated in accordance with the terms set down and is delivering required outcomes. Such frameworks may need dedicated contract management. Smaller frameworks within contracting authorities can generally be managed internally.

Grover & Malhotra (2003) state that before the contract is entered into, the firm has to set up a selected bid in line with the organization's domestic bidding procedure and aligning up the contract terms and conditions with PPDA Act, 2003. This is a pre-bidding activity that the firm should engage into before entering into a contract agreement with the suppliers. Among other activities, is publishing bid notice, conducting the pre-binding meeting, binding evaluation processes, display and contact of best evaluated bidder and finally signing the framework contract, (Dubrovsky, 2004).

Dubrovsky (2004), asserts that the firm can also adopt a call-off renewed competitor supplier. When awarding call-off under framework arrangements, contracting authorities in the public and utilities sectors do not need to go through the procedural steps again as long as the rules for setting up the framework agreement were correctly observed in the first place. In addition, Nyongesa & Waynoka (2014) one of the key activities undertaken pre-framework contracting is calling for suppliers 'awareness and using a contract notice. When publishing, the contracting authority must indicate that the intention is to establish a framework, whether the framework is single supplier or multi-supplier and if the latter the, number of suppliers it intends to include, the duration of framework and an estimate of the total value of purchases expected to be made for the duration of the framework, among others.

Decisions on whether to use single or multiple – supplier frameworks

According to Camillus & Rosenthal (2010), like any other conventional tendering process, supplier related activities under single supplier framework, involve publishing a tender notice, inviting tenders and awarding all contracts under the framework to the most suitable tender selected on the basis of the published award criteria. The terms and criteria for award of contract would be precisely formulated and published in the contract notice or tender documentation. The contracting authority may draw down requirements in accordance with the agreed terms as needs arise for the duration of the framework.

On the other hand, Camillus & Rosenthal (2010), lament that, a multiple-supplier framework could be put in place by publishing this intention in the tender notice. The notice would indicate the relevant number of participants to be selected on the basis of the award criteria (price or most economically advantageous, possibly based on order of merit) at the end of a full tendering procedure. In setting up multiple supplier frameworks, a minimum of three participants must be

included (provided, of course, that there is at least this number of qualified tenders). These selected tender would be used for further requirements for the works, supplies or services which were the subject of the tendering process.

Albano & Sparro (2008) reveals that for most framework contracts just like any other contract, pre-engagement activities ends with awarding contracts. The basis for admission to the framework and award of contracts must be set out in the published notice or in the documentation being supplied to candidates. The criteria under which tenders will be evaluated and contracts awarded must be indicated in the documents and procedures to all parties involved before they make a decision to be party to the contract. The duration of framework agreements is limited to a maximum of four years (Trent & Monczka, 2012), however, there is provision to establish frameworks for longer than this in exceptional circumstances where this can be justified by the subject of the framework contracts.

Sourcing

Sourcing is defined as a technical activity with the purpose of identifying existing suitable products and services on the market and qualified suppliers available to provide those products and services. Hinson & McCue (2004) say that sourcing is the process of identifying sources of supply that can meet the organization's immediate and future requirements for goods and services. Sourcing also aims at collecting and analyzing information about capabilities within the market to satisfy the organization's requirements, such as obtaining updated cost\ information, determining the appropriate technology and alternative products, as well as identifying appropriate supplier qualification criteria. A thorough sourcing process, leading to identification and invitation of relevant suppliers, ensures maximized competition, by allowing the most relevant and suitable companies to compete, (Babich & Pettijohn, 2004). In other words, the procurement entity would have preferred list of approved contractors or suppliers that would be maintained. These are companies that have been through selection process and found to best satisfy the need of the company, (Neef., 2001)

Selection of a Procurement Strategy

Davidson & Wright (2004), note that, once a fully funded and approved requisition is accepted by the procurement unit and appropriate sourcing has been conducted, the procurement officer's role is central in determining the appropriate procurement strategy. The purpose of identifying and selecting an appropriate procurement strategy is to find the best way to obtain the solution/result to satisfy the needs of the end user for goods, works and services by obtaining the most advantageous

pricing and contractual conditions through a competitive process that will best deliver what is required in a timely manner while ensuring achievement of the guiding procurement principles. A procurement strategy includes choice of the type of arrangement and/or contract to be concluded, choice of the procurement method and type of competition to be adopted to purchase the required goods/services/works.

Preparation and issue Solicitation Documents

According to Babich & Sobel, (2004), Solicitation documents are the documents used to request potential suppliers to offer a quotation bid or proposal to provide the required goods, services or works. Preparation of solicitation documents covers the process of assembling and formalizing the information and documentation necessary for potential suppliers to prepare responsive and easily comparable offers, consistent with the requirement and procurement strategy. Procurement officers should ensure that the solicitation documents create a “level playing field”, i.e. all potential suppliers receive the same information at the same time, to prepare offers; measurable evaluation criteria that will allow suppliers the same chances to receive the contract award; ensure that commercial risks are fairly distributed between the organization and eventual supplier; ensure that the terms of the eventual contract are clearly expressed and thus suppliers understand the rights and obligations they will be expected to enter into. All requirements should be clearly expressed in terms that are conducive to receive a sufficient number of responsive offers so that the outcome will best meet the organization’s needs. Procedures should be clearly expressed to avoid unnecessary procurement officer’s time in explanations.

Receipt and Opening of bids (solicitation documents)

In addition Babich&Pettijohn, (2004), reveal that, after the solicitation process, offers are received, registered, and opened by an individual not directly involved in the procurement function. In some organizations it is the same authority that is in charge of opening the offers. For quotations, it is usually the procurement officer in charge who receives them. As specified in the solicitation documents, offers should be received. The purpose of this formal process is to ensure that offers are received, handled and opened according to the instructions provided in the solicitation documents and that transparency and confidentiality is maintained as specified in the relevant regulations, rules and procedures of the organization. This process is usually handled by an independent authority within the organization normally not directly involved in the procurement function (e.g. the unit responsible for quality assurance).There may be differences in the way quotations, bids and proposals are handled.

Evaluation of bids

According to Babich&Pettijohn, (2004) contractor evaluation is the process of measuring framework contract specific attributes. Babich&Pettijohn, (2004) further assert that, once the bids are declared valid, the actual point's evaluation procedure can begin in what is referred to as technical evaluation. Technical committee conducts the technical evaluation. The assessment of the non-price criteria is to be documented before moving onto the next stage of the evaluation, Babich&Pettijohn, (2004). Once tenders have been assessed against the technical criteria, a financial evaluation of prices tendered or quoted can be undertaken. The results of the financial assessment are to be documented before moving to the next stage of the evaluation. Finally, having separately assessed tenders against technical and financial criteria, a comparison of the 'technical worth' and 'price', is undertaken in accordance with the criteria established in the tender document, to determine the lowest evaluated tender, (PPOA,2009). This stage will establish the final ranking of the tenders.

Awarding the contract Moreover, once the evaluation of the bid is over, secretary of the evaluation committee prepares all the required documentation after which the final ranking is established, and the contractor with the highest total (lowest evaluated bidder) is awarded, (PPOA, 2009). Once the award approval is granted, the contracting authority notifies the successful tender in writing that the tender has been accepted for contract award. Successful bidder must reply in writing within the 14 days that he has accepted the award, (PPOA, 2009).

Mandatory bidding period and contract conclusion

Finally, contracting authority must notify all bidders and candidates of the contract award decision before it concludes the contract with winning tender. Section 68(2) of the Act provide for notification followed by the 'mandatory standstill period' of 14 days 37 (PPOA, 2005). Once the mandatory standstill period has expired, and if no complaint has been received, the contracting authority may proceed with the conclusion of the contract, using the contract template and contract conditions that were included in the tender documents and completed by the successful tender with its tender.

2.4. The effect of framework contract implementation on procurement performance

Berkowitz, et al (2004) reveals that there is a clear transition from contract award, framework contract mobilization to contract operations. The contract operation is the stage referred to as framework contract implementation. Public procurement general manual for works refer to this as

contract supervision and administration (PPOA, 2009). During framework contract implementation, it is essential that actual performance be compared with planned performance in all of these areas and action taken to remedy any indicated deficiencies. The responsibility is termed as monitoring and control. This ensures that cost effectiveness is applied throughout the procurement process (Bolton, 2007).

Additionally, public building framework contracts are public properties, requiring that all the process of monitoring and control are transparent as possible through documenting for scrutiny by public through audit. With the start of contract operations in the field, the framework contract takes on a different focus and the contractor is called upon to perform a variety of responsibilities. These responsibilities are within five main levels namely (PPOA, 2009): time control, quality control, cost control, finishing, and usage, monitoring and evaluation. Time control: this involve periodically, perhaps monthly, when the contractor will compare schedule progress with that shown on the framework contract programme. The purpose is to determine whether the various activities that were planned to be active during the previous period were actually active, the extent of their progress and especially the anticipated framework contract completion date based on progress to date (Bennett, 2003).

Bennett further asserts that, the other purpose of the update is to incorporate any new information about already planned activities, to add information about new job not previously planned for. This will help to determine their impacts on other activities and on the overall framework contract completion date. Cost control involves the implementation and completion of the framework contract within the contract price (PPOA, 2009). According to Bennett (2003), there three purposes of contract cost systems namely:- 1) to provide a means for comparing actual with budgeted expenses and thus draw attention; in timely manner, to operations that are deviating from the framework contract budget; (2) to develop a database of productivity and cost performance data for use in estimating the cost of subsequent framework contracts and; (3) to generate data for valuing variations and changes to the contract and potential claim for additional payments.

In the view of Nyongesa and Waynoka (2014), implementation and the whole process of attaining successful framework contracts depends on the terms and conditions specified to be fulfilled. The contracting firm and the supplying firm have to live to fulfill the terms and conditions if the contract is to remain valid and binding.

According to Adams, et al., (2012), conditions specified in the notice and the terms under which the works, services, or goods involved in the framework contract are to be supplied determine how it is implemented. When the terms specify providing on quarterly basis, this determines how much of the resources are invested and how the contract is implemented.

According to nearly (LiJuan Chen, 2014), 45.9 percent of the contract frameworks become less successful because the parties involved do not heed to the terms set and involved. Any violation of the terms and conditions contrary to the agreed ones at the time of signing and awarding the framework makes it a null dealing, at times at a cost (LiJuan Chen, 2014). All the above authors reflect on the value of setting clear terms and conditions and ensuring that these terms and conditions are fulfilled, is critical for successful implementation of the framework contracts in any organization where it's the chosen as a form of sourcing for supplies.

Reflecting on the process and ways in which framework contracts are implemented, Albano & Sparro (2008) cites that proper delivery of the required services as spelt out in the contract is an automatic factor that one can address as the key indicator of successful contracting. The rationale for entering into a contract is to secure reliable, timely, and quality services, which the entity may not with competence offer to itself and its user departments (Trent & Monczka, 2012). This view makes the quality and way in which the firm offers the required services under the framework contract, is a core indication factor that a firm can base on to evaluate the effectiveness of the contract underhand.

According to Reuss (2009) framework contracts are documents backed contracts and hence the factor of proper documentation before, during after giving due consent to the contract by involved parties is critical. Preparation of the right and clearly consented to documents involved is very important for successful implementation of the contract (LiJuan Chen, 2014). In the view of (LiJuan Chen, 2014), documentation involved help to clearly define, clear start and finish dates, present the contract file, containing all details and correspondence, which should be held by the person responsible for setting up and managing the contract, payments, ways in which payments are effected and other terms and conditions attached. Any alteration or inconsistency in documentation makes the framework contract hard to implement and defend.

Costs involved in the contracting process are also a critical factor and cannot be avoided when considering the key aspects that determine the performance of the contracts under hand (Framework

Agreement guidance for Government Social Research, 2009). In the article presented by the Framework Agreement guidance for Government Social Research, (2009), it is cited that the total cost of public procurement increases with the nature of contract being handled. Most often, the framework contracts are the most cost effective to the contracting firm compared to other contractual forms entered into. It is particularly worthy to note the fact that these differences in costs involved per contract determine how best the contracting firm and the contractor are able to meet their obligations as parties to a framework contract.

According to Li& Chen, (2014), implementation of framework contracts like most contracts is two-party factor considering the contractor and the contracting firm. The ability of the organization to initiate, support and ensure a smooth binding process, as well as the ability of the of the bidders to meet the bidding requirements before and later one fulfill the terms of reference and actual performance of the contract remain critical to look forward for when evaluating the implementation levels of any contract.

Public procurement general manual for works refer to this as contract supervision and administration (PPOA, 2009). During framework contract implementation, it is essential that actual performance be compared with planned performance in all of these areas and action taken to remedy any indicated deficiencies. The responsibility is termed as monitoring and control. This ensures that cost effectiveness is applied throughout the procurement process (Bolton, 2007). Additionally, public building framework contracts are public properties, requiring that all the process of monitoring and control are transparent as possible through documenting for scrutiny by public through audit. With the start of contract operations in the field, the framework contract takes on a different focus and the contractor is called upon to perform a variety of responsibilities. These responsibilities are within five main levels namely (PPOA, 2009): time control, quality control, cost control, finishing, and usage, monitoring and evaluation. Time control: this involve periodically, perhaps monthly, when the contractor will compare schedule progress with that shown on the framework contract programme. The purpose is to determine whether the various activities that were planned to be active during the previous period were actually active, the extent of their progress and especially the anticipated completion date based on progress to date (Bennett, 2003).

Bennett further asserts that, the other purpose of the update is to incorporate any new information about already planned activities, to add information about new job not 38 previously planned for.

This will help to determine their impacts on other activities and on the overall framework contract completion date.

During the framework contract implementation phase, the contractor is usually required by the contract to furnish and abide by a quality plan.

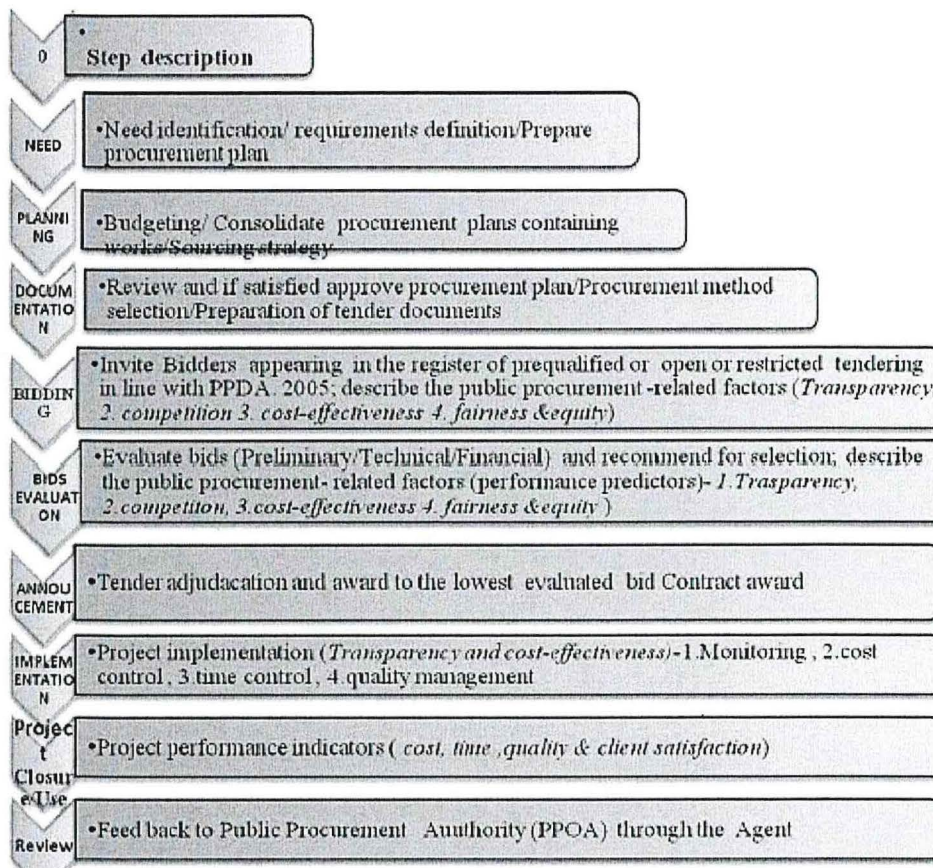


Figure 2.2 shows the steps taken in the bidding process.

Works manual

Source: Adapted from PPOA Procurement Manual for works (2009) and Mutava (2012)

Cost control: This involves the implementation and completion of the framework contract within the contract price (PPOA, 2009). According to Bennett (2003), there three purposes of contract cost systems namely:- 1) to provide a means for comparing actual with budgeted expenses and thus draw attention; in timely manner, to operations that are deviating from the framework contract budget; (2) to develop a database of productivity and cost performance data for use in estimating the cost of subsequent framework contracts and; (3) to generate data for valuing variations and changes to the contract and potential claim for additional payments. However, the most important purpose is the monitoring and controlling of costs during the contract operation phase as a key aspect of cost effectiveness, based on whatever system was established during framework contract mobilization.

2.5. The effect of framework contracts monitoring and evaluation on procurement performance

Alison & Dean (2012), lament that Monitoring the performance of the contractor is a key function of proper contract administration. The purpose is to ensure that the contractor is performing all duties in accordance with the contract and for the agency to be aware of and address any developing problems or issues. Small dollar value or less complex framework contracts normally require little, if any, monitoring. However, that does not preclude the possibility of more detailed monitoring if deemed necessary by the agency. Conversely, large dollar framework contracts may need little monitoring if the items or services purchased are not complex, and the agency is comfortable with the contractor's performance and the level of risk associated with the contract, (Akaranga, 2008).

Camillus & Rosenthal (2010), states that the most important purpose is the monitoring and controlling of costs during the contract operation phase as a key aspect of cost effectiveness, based on whatever system was established during framework contract mobilization. The following are expected outcomes from periodic monitoring of cost: (i) identification of any work item whose actual costs are exceeding their budgeted costs, with subsequent actions to try to bring those cost into conformance with the budget and; (ii) estimating the total cost of framework contract at completion, based on the cost record so far and expectations of the cost to complete finished items. PPOA regulations require the close monitoring and cost control to be done under the following aspects: bill of quantities; variations; payment certificates; timely processing, approval of certificates; price adjustments, securities and; penalties/compensations. Finally to control physical variations that have the tendency of increasing the contract price and extending the contract duration which should be kept to the minimum, (not to exceed 15% for a works contract) (PPOA, 2009).

Camillus & Rosenthal (2010), states Framework Contract monitoring may be viewed as: A preventive function, an opportunity to determine the contractor's need for technical assistance and a valuable source of information concerning the effectiveness and quality of services being provided. The two main areas of contract monitoring involve determining what to monitor and the type of monitoring and how to use the results of monitoring reviews.

According to Van Weele (2006), the following questions should be considered when determining what to monitor: How will the agency know it is receiving what it paid for? How will the agency know that the contractor is complying with the terms of the contract? How will the agency know the contract is complete and determine closure? Review the statement of work and other contract terms,

including contractor compliance requirements. All of these requirements are deliverables that the contractor agreed to when the contract was executed or the purchase order was issued.

Carter & Kirby (2006), asserts that Design the monitoring program to focus on items that are most important. This means to focus the monitoring on the outcomes that result from the contract. For example, consider if the agency would be concerned regarding the following issues: The contractor wastes money or does not protect the assets purchased with tax dollars or; The contractor inaccurately reports their progress. The contractor does not make corrections to goods and/or services identified as not meeting requirement. Consider the effect that the contract payment methodology has on what needs to be monitored. For example, if payment is based on a firm fixed price (a specific amount of money for a unit of service), it is not necessary to verify contractor's expenses as they are not relevant to this type of contract.

Lysons& Farrington (2006) provide that under a firm, fixed price contract, the agency should ensure that: The number of units billed is the same as the number of units received, the quantity and price agree with the contract amounts and the units meet or exceed the contract specifications. Was the item billed really purchased by the contractor? Was the item billed used for the purpose of the contract? Was the item necessary and reasonable for the purpose of the contract? Was the item of the quality and quantity specified in the contract? Was the item duplicated in either overhead or profit? Was the item listed in the contractor's budget and approved by the agency? The agency must review the contract to see how the costs are reimbursed. Expenditure Review of contractor invoices and expenditure draw requests to determine if the rates and services are the same as allowed by the contract. Determine if the supporting documents such as cost reports, third party receipts for expenses, detailed client information, etc. adequately support the request for payment. If the contractor consistently provides incorrect invoices and/or the supporting document is insufficient to support the request, then additional monitoring such as an on-site visit may be necessary.

According to Russell (2003), Contract monitoring is a process of ensuring that a vendor adequately performs a contracted service. The level and type of monitoring conducted by state agencies is primarily at their discretion. State law does not address contract monitoring. While DOAS offers guidelines for monitoring contracts, it imposes only minimal contract monitoring requirements on agencies. Deficiencies in contract monitoring are related to violations of good management principles. Inadequate monitoring is often the result of the following: Poorly established criteria for evaluating vendor performance; Perception of oversight as a responsibility to develop a partnership

rather than enforce rules, regulations, or contract provisions; Focus on rules and regulations rather than outcomes; Failure to conduct follow-up reviews to ensure that corrective action was taken; and, Failure to identify the risk and level of review necessary for each vendor.

Camillus and Rosenthal (2010), observe that good management and supervision requires follow-up, feedback, and enough awareness of what is occurring to eliminate surprises. When conducting performance audits and program evaluations, the Department of Audits and Accounts often observes problems with contract monitoring. Components of an Effective Contract Monitoring System State agency can mitigate the risks associated with contracting out services by developing an effective contract monitoring system. State agencies should assess the complexity of the contracted service, the contract amount, and the risk if the work is not performed adequately when deciding what components are necessary.

According to Lane, (2015), Training in contract monitoring increases the likelihood that individuals will monitor contracts reliably by giving them the appropriate background knowledge related to contracts. Many of the topics that should be included in contract monitoring training are included in the list of components of an effective contract monitoring system.

Nyeko, (2014), revealed that effective supplier performance monitoring and management requires the contract manager to: regularly check the supplier's progress to ensure that contractual obligations are being met, conduct regular random inspections of the supplied goods and/or services during the, contract period to ensure that they meet specification and are of a suitable standard check that all conditions and clauses in the contract are acted upon; the contract manager, should be aware of any breaches of contract and be prepared to take action (after seeking legal advice). Tess (2015). Adds that if any non-conformance with the contract occurs advise the supplier in writing if dissatisfied with any aspect of performance under the contract act immediately if a problem occurs and involve senior representatives of both the procurer and supplier to solve any identified problems as soon as appropriate develop effective mechanisms for obtaining feedback from stakeholders about the procurement keep adequate, written records of all dealings with the supplier and of the administration of the contract (e.g. file notes of inspections, telephone conversations, records of meetings and documented invoice processing) perform regular inspections of work to ensure compliance with any applicable legislation, contract conditions, quality provisions; or workplace health and safety – depending on the nature of the procurement, its complexity and associated risks, this could be on a daily, weekly or monthly basis, (Weele, 2006).

According to Carter & Kirby (2006), controlling the performance of the procurement function and ensuring its efficiency and effectiveness is essential to the management of the procurement process. It is vital to evaluate how well the procurement process has gone, identify any weaknesses or problems and agree actions to prevent similar problems in the future. Evaluation may include a formal procurement audit. Procurement monitoring is an essential part of procurement management and control linked to compliance with Act 663 and 33 performance outcomes such as value for money, professionalism and code of conduct in procurement. This will involve the management of entity, staff of PPA, framework contract beneficiaries, and media, (PPA Annual Report, 2008).

According to the public procurement Act,(2003) it is important for procurement practitioners to evaluate the procurement process to see how efficient and effective the procurement processes have been. There is the need to identify weaknesses and problems for corrective measures and evaluation may include a formal procurement audit. A formal procurement audit is done to give assurance to management; to see if objectives are being achieved; it highlights deficiencies; ensures compliance with the Public Procurement Act 663; ensures if the regulations are being followed to the latter and helps in the discovery of irregularities, fraud, and corruption. Written policies and procedures serve as a guide to agencies and their personnel in ensuring a consistent, high-quality contract monitoring process.

Lyons& Farrington (2006), noted that agencies without contingency plans risk interruption of services when vendors default on their obligations and may pay additional costs for taking back services. A number of options are available for a default contingency plan: contracting with the next lowest bidder from the original solicitation; using another current vendor; delivering the service in-house; and contracting with another government entity.

In addition Schapper, Veiga, Malta & Gilbert, (2006), noted that communicating Clear Expectations to Vendors Creating a detailed Statement of Work, having performance measures in the contract, and holding a post-award meeting with the vendor contribute to the vendor understands of what is required under the contract. By clearly stating contract requirements and performance goals, the agency reduces the potential for poor performance. A post-award meeting allows staff that may not have been involved with the procurement process to answer questions that the vendor might have and clarify technical aspects of the contract.

Sollish&Semanik, (2007), State that, a contract administration plan is a cursory view of planned and completed activities and can be utilized throughout the contract period as a status report. It should detail the methods that the agency will use to monitor the vendor and the individuals or offices that will be responsible for the monitoring.

Van (2010) lamented that On-Site Monitoring Agency officials should conduct random inspections of vendor records and the delivery of services to ensure all terms of the contract are being fulfilled. On-site monitoring visits are most effective when based on a specific methodology or a checklist of review tasks. Thai et al (2005) adds that, the use of a checklist of closeout procedures helps to assure that all actions have been completed. At the end of a contract period, agencies should evaluate the vendor's performance and their own method of monitoring the vendor. Agencies should consider conducting a programmatic review and a financial audit. The following are expected outcomes from periodic monitoring of cost: - (i) identification of any work item whose actual costs are exceeding their budgeted costs, with subsequent actions to try to bring those cost into conformance with the budget and; (ii) estimating the total cost of framework contract at completion, based on the cost record so far and expectations of the cost to complete finished items, (Agaba& Shipman, 2007).

PPOA regulations require the close monitoring and cost control to be done under the following aspects: bill of quantities; variations; payment certificates; timely processing, approval of certificates; price adjustments, securities and; penalties/compensations. Finally to control physical variations that have the tendency of increasing the contract price and extending the contract duration should be kept to the barest minimum (not to exceed 15% for a works contract) (PPOA, 2009).

2.6 Conclusion/literature gap

Review of related Literature provided that effective use of framework contracts attributes to competitive advantage; as firms continually search for the elusive combination of resources and capabilities that yield differential performance, time is often a common aspect in sources of advantage. Nevertheless, limited studies have been conducted in the African context and Uganda in Particular to examine the relationship between framework contract planning, implementation as well as the framework contract monitoring and evaluation and procurement performance of higher institutions of learning in Uganda.

CHAPTER THREE METHODOLOGY

3.0 Introduction

This chapter presents the methodology that was used during the study. It involves the Research design, study population, sample size and selection, sampling techniques, data collection methods, Data collection instruments, procedure of data collection, Reliability and validity of instruments, Data analysis, measurement of variables, data presentation and analysis and the limitations to the study.

3.1 Research Design

The researcher adopted a case study design which focused on a single entity. The case study approach was adopted in order to place more emphasis on an in-depth contextual analysis of events and their interrelationship, (Yin, 2009). According to Cooper & Schindler (2008), a case study research design bases on a practical, logical and structured manner of the organization relating to the area of study. The case study research design was also useful for testing whether a specific theory and model actually applied to phenomena in the real world, Yin, (2012). The study used structured questionnaires having both open-ended and closed ended questions to obtain quantitative data. While qualitative data was obtained using interview guide to achieve the desired results. According to Creswell et al. (2003), qualitative research helps in getting an in-depth analysis of the problem under investigation and qualitative research was applied in order to describe current conditions and obtained the relationship between the variables while the qualitative method captured a lot of data in a relatively short time.

3.2 Study Population

A research population can be defined as the totality of a well-defined collection of individuals or objects that have a common, binding characteristics or traits. The population for this study comprised of all those who were involved in public procurement activities within the MUBS. The main reason for using this category of people was that their activities directly or indirectly had a bearing on public procurement within MUBS which was the scope for the study. The study was based on a population of 65 employees and service providers of MUBS.

3.3 Sampling size and design

The sample size of 61 employees was selected from a population of 65 framework contracts and supplies staff using Krejcie et al (1970) sample size determination model after which the researcher

proportionately divided the population in each department to determine the optimal sample size for the departments. The results are illustrated in the table below:

Table 3.1: Population and sample size

Category of Employees	Population	Sample size	Sampling Technique
Employees (PDU staff, CC Memembers & HODs)	30	28	Purposive sampling
Prequalified Contractors under framework	34	32	Simple Random Sampling
MUBS Accounting Officer	01	01	Purposive sampling
Total	65	61	

Source: Human resource Mannual, (2015) and List of Prequalified Suppliers underframework (2015-2018)

3.4 Sampling Technique and Procedure

According to Shahrokh, Dougherty& Edward (2014), Stratification is the process of dividing members of the population into homogeneous subgroups before sampling. The study used stratified sampling technique where the population of MUBS was divided into Stratas. Stratified sampling was used because the measurements within strata have lower standard deviation, stratification gave a smaller error in estimation and measurements become more manageable and/or cheaper when the population was grouped into strata. The researcher used purposive samplind to sample proportionately from employees categories shown in table 3.1 above. The selection of the sample from the sections was done by purposively selecting the Heads of Departments and contractors. This is because it was believed that all the target respondents engaged in procurement function at MUBS and were in a better position to respond to the research questions effectively.

3.5 Sources of Data

The study used primary and secondary data.

3.5.1 Primary data

Both the questionnaires and interview guide were used to obtain primary data.

3.5.1.1 Questionnaire Forms

Questionnaires consisting of closed ended and open ended questions were administered among MUBS staff and contractors respectively. Open-ended questions were used which catered for other valuable questions which emerged from the dialogue between interviewer and interviewee.

3.5.1.2 Interview Guide

The researcher involved one-on-one interviews with the respondents. They also allowed the researcher to clarify ambiguous answers and obtain in-depth information through probing. Semi-structured interviews were the most widely used interviewing formats for qualitative research (Amin, 2005). In this study, the probing interviewing tactic was used extensively to obtain a deeper explanation of the issue at hand from the respondents, (Saunders et al., 2012).

3.5.2 Secondary data

This consisted of data that written as well as published information in form of annual reports, procurement reports, bid documents and other books from the libraries. The researcher thoroughly reviewed these documents to obtain supplementary data to that provided by the respondents, (Tran et al, 2013).

3.6 Data Collection Instruments

Research instruments or measurement scales simply mean devices for measuring the variables of interest (Bowling, 2002). In this study, both questionnaires and interview guides were used as explained below;

3.6.1 Questionnaire Forms

In this study questionnaires were used (Appendix :I). According to Mugenda and Mugenda (2003), questionnaires are valuable tool for collecting a wide range of information from a large number of respondents. Amin (2005), further confirms that carefully designed questionnaires easily answer research questions.

3.6.2 Interview Guide

An interview guide (Appendix: II) was used to collect qualitative data from the Heads of Departments and the Accounting Officer who were in position to provide in-depth information through probing during the face-to-face interview, (Mugenda & Mugenda, 1999). The researcher presented questions to the respondents and their views were written down. Data obtained during the

interview were supplemented with that obtained through the questionnaires. This helped the researcher to obtain first hand information by using the interview guide.

3.7 Procedure for Data Collection

The questionnaires were hand delivered to respondents and collected within an agreed time frame.

3.8 Validity and Reliability of the Instruments

3.8.1 Validity

Validity refers to the extent to which research results can be accurately interpreted & Generated to other populations. Research tools were first prepared, and then presented to the supervisors who checked on their correctness. The supervisors' comments were used to improve the questionnaire by eliminating errors. This enabled the study to ensure that only relevant questions meaningful and reliable results represented by variables in the study, (Mugenda and Mugenda, 2005).

The researcher also used the formula below to establish validity of the research tool;

$$\text{Content Validity Index (CVI)} = \frac{\text{Agreed items by all judges}}{\text{Total Number of items judged}}$$

$$\text{CVI} = \frac{32}{41}$$

$$\text{CVI} = 0.78$$

The overall CVI of the questionnaire was accepted since 0.78 was over and above the average of 0.70 for the instrument to be accepted as advanced by Amin, (2005).

3.8.2 Reliability

Reliability is the measure of the degree to which a research instrument yields consistent results after repeat. Cronbach's Alpha coefficient was used to measure reliability of the instrument. According to Amin (2005) an alpha of 0.7 or higher is sufficient to show reliability the closer it is to 1 the higher the internal consistency in reliability, (Sekaran, 2003). The questionnaires were pretested using respondents within MUBS and reliability was computed using statistical Package for Social Scientists (SPSS) and scores were evaluated.

Table 3.3 illustrating reliability statistics

Variable	Cronbach's Alpha coefficient
Framework contract management	0.75
Procurement performance	0.78

The Cronbach's Alpha values were 0.75 and 0.78 over and above 0.7 as advanced by Amin (2005). Hence the study tools were able to provide consistent and reliability results.

3.9 Data Presentation and Analysis

The aim of the data analysis is to interpret data and draw meaning from it (Saunders et al., 2012). Data presentation and analysis was used to answer the research questions presented in this thesis and formulate conclusions. In this thesis, two types of data were analyzed separately and simultaneously. According to Merriam, (2009) & (Saunders et al., 2012), this procedure is a way of acquiring more reliable data. Hence both quantitative and qualitative approaches were used as explained below;

3.9.1 Quantitative Data Analysis

Data collected from the field was processed, coded and entered in a Statistical Package for Social Sciences (SPSS), where frequency tables were extracted for analysis. Pearson correlation coefficient and regression analysis were used to determine the extent to which framework contracts affected procurement performance. Inferential statistics was used to answer the research questions. Tables, means, standard deviation provided a quick snap shot at the current situation of the institution, (Savid and Major, 2013).

3.9.2 Qualitative Data Analysis

Data was categorized under different themes and sub-themes using critical judgmental approach. This kind of data was interpreted by explanations and substantiated using open responses from the field (Mugenda and Mugenda, 2003). While analyzing qualitative data, conclusions were made under different themes and inter-related to ascertain the relationship between framework contract management and procurement performance.

3.10 Ethical Considerations

The ethical considerations were initiated as early as January 2016, when applying for a master thesis employment at MUBS. Before, granted access two requirements set by the case study had to be fulfilled. Since MUBS manages classified documents and information on different classifications levels as well as procurement businesses on regular basis, cautiousness was required from the author at all times. All respondents were informed that they had to be anonymous if they preferred and that participation was voluntary. MUBS agreed on giving the author permission to use the institutional specific information. However, a few respondents requested not to be referred to as name and

therefore they were referred to as their working title. In order to overcome ethical issues, the author considered the code of ethics, along with the principles that followed such obligations as discussed in *Sunders et al., (2012)*. Confidentiality and anonymity were adhered to and any data provided was entirely for academic purposes only. Lastly, the author had no previous experience or connection to MUBS or the respondents within this research.

3.11 Limitations of the study

Like any other research, the study was not without limitations and these are:

The research covered primarily public entities. However, the analysis and findings were related to other public institutions across the country. Selecting and contacting only in MUBS may not be a true representation of the views of all entities in Uganda.

The research used close-ended questionnaire for data collection and this has a weakness of limiting the amount of data collected. There is likelihood that relevant data may not have been captured because of the use of close-ended questionnaire.

CHAPTER FOUR
DATA PRESENTATION, INTERPRETATION AND ANALYSIS OF RESULTS

4.0 Introduction

This chapter presents the findings of the study about the effect of framework contracts management on procurement performance of higher institutions of learning but with specific reference to Makerere University Business School. The findings were established basing on the study objectives presented earlier in chapter one and answering questionnaires and interview results obtained from the field. The results are as follows;

4.1 Response Rate

The researcher sampled 65 respondents, but on the time of conducting the study some respondents did not participate. The study response rate was as presented in table 4.1 below.

Table 4. 1: Showing the Response Rate

Response	Frequency (f)	Percentage (%)
Targeted response	65	100
Un filled	04	6.2
Tools fully filled and returned	61	93.8

Source: Primary data, July 2016

Results in Table 4.1 above show that of the 65 respondents selected, 61 representing 93.8% of the targeted sample responded and only 04 who accounted for 6.2% did not participate. This made the response rate to be at 93.8%. This response rate was considered sufficient, relevant and for the study results to be valid.

4.2 Background Information of the Respondents

The demographic characteristics about the respondents involved collecting data about, Gender , Age, Education level and Period of service at MUBS as presented below;

Table 4. 2: illustrating the demographic characteristics of the respondents

				n = 61
Bio-data	Response	Frequency	Percentage	Cumulative percentage
Gender	Female	38	62.3	62.3
	Male	23	37.7	100
Age (Years)	20-25	6	9.8	9.8
	26-30	10	16.4	26.2
	31-35	18	29.5	55.7
	36 and above	27	44.3	100
Education level	Certificates	8	13.1	13.1
	Diploma	15	24.6	37.1
	Degree	25	40.9	78.6
	Masters & PhD	13	21.4	100
Period at MUBS	0-3years	14	22.9	22.9
	4-7years	18	29.5	52.4
	8-11years	20	32.8	85.2
	Above 11years	09	14.8	100

Source: Primary data, 2016

Results in Table 4.2 above shows that 38 (62.3%) out of the 61 respondents were female and only 23(37.7%) of the respondents were male. This shows that both male and females respondents participated in the study, though the females were more active and dominated the large section of staff, hence participating than males.

From the above table, majority of the respondents 27(44.3%) were aged between 36years and above, 18(29.5%) of the respondents were aged between 31-35years, and 10(16.4%) of the respondents were aged between 26 and 30 years while only 6(9.8%) were aged 20-25 years. This means that majority of the staff were adults, mature enough and able to clearly reason out critically framework contract management at MUBS in relation to its procurement performance. Table 4.2 above shows the qualifications of staff as; 25(40.9%) had degrees, 15(24.6 percent) were diploma holders,

13(21.4%) had post graduate qualifications, while 8(13.1 percent) held certificates. This implies that most of the institutions employees were elites and therefore clearly understood and interpreted framework contract management issues in relation to procurement performance.

Results of the study in table 4.2 above further demonstrates that majority 20(32.8%) of the respondents had worked at MUBS for 8-11 years, 18(29.5%) had worked at MUBS from a period of 4-7years, 14 (22.9%) had worked for a period of 0-3years,9 (14.8%) had worked at the organization for over 11 years, The findings imply that most of the respondents contacted were experienced and as such provided reliable responses to the study questions.

4.3The extent to which Planning for call-off orders affected procurement performance of Makerere University Business School

The first objective was to examine the extent to which Planning for call-off orders affected procurement performance of Makerere University Business School. The study tools were administered and given to all respondents and below were the findings;

Table 4. 3: Planning for call-off orders and procurement performance

Planning for call-off orders and procurement performance	N	Minimum	Maximum	Mean	Std. Deviation
Pre-framework contract activities at MUBS involve identifying the various needs that ought to be supplied.	61	1	5	3.94	.71
MUBS advertises bid notices for potential suppliers to compete for supplies & services requirements of the organization.	61	1	5	4.23	.67
Before entering into a framework contract, MUBS prepares necessary bid documents.	61	1	5	3.72	.69
MUBS issues, receives and evaluates bids from potential suppliers	61	1	5	2.82	1.29
MUBS has a Contracts Committee which re-evaluates reports to ensure proper award of contracts	61	1	5	2.72	.69
Information on BEB is displayed on various notice boards for transparency issues.	61	1	5	2.59	.49
Framework contracts are properly signed and witnessed	61	1	5	3.22	.67
Call off orders are raised based on a rotational basis as need arises.	61	1	5	3.09	.59
Proper Planning for call-off orders leads to better supplier performance	61	1	5	2.43	.54
Total				28.76	6.34
Average				3.2	0.7

Source: Primary Data

The above table reveals that the overall mean was 3.2 on the likert scale which implies that planning for call of orders was not adequately done to desirable standards to positively influence procurement performance.

Table 4.3, investigates whether Pre-framework contract activities at MUBS involve identifying the various needs that ought to be supplied (Mean=3.94, S.D=.71). This means that majority of the

respondents agreed that framework contracts at MUBS involved a series of activities defined and or embedded in prior to contract documents.

The study also asked respondents to comment on whether MUBS advertises bid notices for potential suppliers to compete for supplies & services requirements of the organization were (Mean=4.23, S.D=.67). This implies that identifying the need to have supplies was one of the activities that were pointed out during the study to be undertaken in the course of pre-framework contract undertakings.

The study also asked respondents to comment on whether Before entering into a framework contract, MUBS prepares necessary bid documents were (Mean=3.72, S.D=.69). This implies that preparation of necessary bid documents was one of the activities that were pointed out during the study to be undertaken in the course of pre-framework contract undertakings.

The study also asked respondents to comment on whether MUBS issues, receives and evaluates bids from potential suppliers (Mean=2.82 & S.D=.1.29). The means that among other activities involve in pre framework contracts was the issue, receipt and evaluation of bids based on the criteria set out in the bid document.

Table 4.3 results also revealed that MUBS has a Contracts Committee which re- evaluates reports to ensure proper award of contracts, results were (Mean= 2.72, S.D=.69). The means that MUBS Contracts Committee makes decisions on whether to reject or award offers from based only on recommendations from Evaluation Committees.

Table 4.3, explores whether Information on BEB is displayed on various notice boards for transparency issues and the results were (Mean=2.95, S.D=.49). This is an indication that there is provision for complains and administrative review by any dissatisfied provider this increases transparency and accountability prior to contract signing.

Table 4.3, explores whether Framework contracts are properly signed and witnessed and the results were (Mean=3.22, S.D=.67).this means that each frame work contract had witnesses from both MUBS and the providers who were considered contract managers and this leads to proper contract management.

In relation to the above, the study also explored whether Call off orders are raised based on a rotational basis as need arises and results on this were (Mean= 3.09 and S.D=.59). This is an

indication that a call-off contract specifies terms, conditions and prices with suppliers of goods and service. This also means that there are multi-suppliers for each category of framework.

Another factor looked at was whether the Proper Planning for call orders leads to better supplier performance and results were (Mean= 2.43, S.D=.54). This means that framework contracts not properly planned for to influence procurement performance.

In interview the Procurement manager in PDU, she said, “We usually follow the pre-framework contracting process just like the other activities within the procurement cycle to procure frequently used times such as stationery and that some items like food for students was no longer on framework but now out sourced to a service provider under kitchen and dining hall services.

Interviews held with marketing department on 15thSeptember 2016 noted that, “MUBS followed all the stipulations within the PPDA Act (2003) and regulations (2014 as amended) regarding award of contracts. “Activities such as preparation of bidding documents, preparation of bidding forms, issuing of bids, receiving bids, undergoing an integrated contracting process, right from bid receiving up to award of the contract and issuance of the certificate of award of a contract to the most successful bidder under the framework contract arrangement.

The overall analysis of table 4.3 results is that Planning for call-off orders affected procurement performance of Makerere University Business School (mean =3.2 and SD =0.7).This implies that framework contracts exhibited challenges in satisfying end users. In line with the study objectives, Pearson correlation was used to establish the relationships between the different variables; call off order planning and procurement performance of Makerere University Business School.

The findings are shown in table below:

Table 4.4: Showing Correlation between call off order planning and procurement performance of Makerere University Business School

		Call off order planning	Procurement Performance
Call off order Planning	Pearson Correlation	1	.476(**)
	Sig. (2-tailed)		.000
	N	61	61
Procurement Performance	Pearson Correlation	.476(**)	1
	Sig. (2-tailed)	.021	
	N	61	61

** Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

The relationship between call off order planning and procurement performance of Makerere University Business School is statistically significant since .000 is less than 0.01(99% confidence level). Procurement Performance (Pearson (r) = .476**) sig value P(value) P = 0.021 being less than 0.05=000, N is the sample size (61).According to table 4.3, framework call off order planning had an r-value of .476 indicating a significant relationship between call off order planning and procurement performance. This was satisfactory to the first objective of the study. In addition, the relationship between call off order planning and procurement performance was positive. Therefore framework call off order planning is positively correlated to procurement performance at Makerere University Business School.

4.4 How implementation of framework contracts influences procurement performance at Makerere University Business School.

The second objective was to assess how implementation of framework contracts influences procurement performance at Makerere University Business School. Responses from the questionnaires about this objective are presented in table 4.5 below.

Table 4.5: Illustrating whether implementation of framework contracts influences procurement performance

Whether implementation of framework contracts influences procurement performance	n	Minimum	Maximum	Mean	Std. Deviation
Framework contract are executed and based on the terms in the contracts.	61	1	5	3.68	1.63
Framework contracts at MUBS are affected by the decisions of Management	61	1	5	3.93	1.85
Each framework contract has a Contract Manager	61	1	5	3.60	1.71
The terms and conditions spelt out in framework contracts determine their implementation at MUBS	61	1	5	3.48	1.73
All records related to the framework contract execution are properly kept.	61	1	5	2.56	.64
Price adjustments are accepted by MUBS upon request by the suppliers.	61	1	5	2.40	.69
Call off orders are made on a rotational basis	61	1	5	3.73	.78
Performance reports are submitted to PDU by Contract Managers regularly	61	1	5	2.31	.56
TOTAL				26.29	9.59
AVERAGE				3.29	1.2

Source: Primary data, 2016

From the above table, the overall mean was 3.29 which implies that implementation of framework contracts was weak to influence efficient procurement performance.

Respondents generally agreed that Framework contract are executed and based on the terms in the contracts (mean= 3.68 and $\sigma = 1.63$). This implies that framework contracts were more preferred than other contracting approaches.

The study shows that Framework contracts at MUBS are affected by the decisions of top Management (mean= 3.93 and $\sigma = 1.85$). This implies that there managerial factors affecting implementation of framework contracts in institutions of higher learning.

It was further found out that each framework contract has a Contract Manager (mean=3.60 and $\sigma = 1.71$). The finding shows that the framework contract manager's asses and evaluates the quality and other aspects to goods and serviced delivered in line with the provisions in the framework contract.

Respondents generally agreed that the terms and conditions spelt out in framework contracts determine their implementation at MUBS (mean=3.48 and $\sigma = 1.73$). This shows that implementation of framework contract was affected by the set terms and conditions of the framework contract as such were fixed terms such as price.

The study shows that all records related to the framework contract execution are properly kept (mean= 2.56 and $\sigma = .64$).this was possible due the use of both electronic and physical file storage of data. The implication of this finding is that successful implementation of framework contracts at MUBS was good record keeping more specially by the PDU staff.

It was further found out that Price adjustments are not accepted MUBS upon request by the suppliers (mean= 2.40 and $\sigma = .69$). This means that implementation of framework contracts at MUBS was associated with challenges of price fluctuations more especially of air tickets. This means that MUBS still faces a challenge of procuring air tickets under framework.

On analysis of table 4.4 findings, Call off orders are made on a rotational basis (mean= 3.7 and $\sigma = .78$). This implies that Call-off order related to different categories of supply such as: stationery, Servicing or maintenance computers and ICT equipment, printing answer booklets among others were rotated across different service providers after every call-off.

On analysis of table 4.5 findings, on whether performance reports are submitted to PDU regularly by contract managers (mean= 2.31 and $\sigma = .56$).This means that majority of contract manager's submitted reports to PDU.

Interviews with the respondents revealed that; “Performance reports are submitted to PDU by Contract Managers regularly though some few need to be pushed; it was further explained that;

“while contracting at MUBS involved both framework contracts and other contracts, some of the goods and services were conveniently provided under framework contracts, and these included stationery, Hotel & conference facilities, kitchen & dinning services and cleaning services. The respondents also revealed that there were a number of factors that exist and affect the implementation of the framework contracted at MUBS. The fact that some of these factors were not well provided and this rendered implementation of framework contracts less effective”.

Relationship between framework contracts implementation and procurement performance at Makerere University Business School

In line with the study objectives, Pearson correlation was used to establish the relationships between the different variables; contracts implementation and procurement performance of Makerere University Business School.

The findings are shown in table below:

Table 4.6: Showing Correlation between contracts implementation and procurement performance of Makerere University Business School

		contracts implementation	Procurement Performance
contracts implementation	Pearson Correlation	1	.576(**)
	Sig. (2-tailed)		.000
	N	61	61
Procurement Performance	Pearson Correlation	.576(**)	1
	Sig. (2-tailed)	.000	
	N	61	61

** Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

The relationship between contracts implementation and procurement performance of Makerere University Business School is statistically significant since .000 is less than 0.01(99% confidence level). The table shows that there is a positive relationship between contracts implementation and procurement performance of Makerere University Business School because the two variables are

moving in the same direction (Pearson (r) = .576**) sig value P(value) P < 0.05=000,N is the sample size (61)with a sig value .000 meaning that the relationship between contracts implementation and procurement performance of Makerere University Business School. This implies that should framework contracts implementation be improved procurement performance would be enhanced (by 0.576).

4.5. The effect of Framework Contracts monitoring& Evaluation on Procurement performance at Makerere University Business School

The third objective was to examine the effect of framework contracts monitoring and evaluation on procurement performance at Makerere University Business School. Responses on this objective were established as presented in table 4.5 below.

Table 4.7: The effect of framework contracts monitoring and evaluation on procurement performance at Makerere University Business School

	Framework contracts monitoring and evaluation	N	Min	Max	Mean	Std. Deviation
1	MUBS monitors suppliers' delivery time to realize effective procurements.	61	1	5	3.17	1.26
2	Framework contracts are monitored and performance reports submitted to PDU.	61	1	5	3.97	1.40
3	Quarterly reports are submitted to Contracts Committee for transparency reasons.	61	1	5	3.22	1.29
4	Framework contracts have reduced on emergency procurements	61	1	5	2.07	1.36
5	Monitoring and evaluation allows call off orders to offer a competitive lead time	61	1	5	2.97	1.36
6	Contract variations and amendments are made by Contracts Committee.	61	1	5	2.23	1.33
7	Contract termination is based on terms in the special conditions of the contract.	61	1	5	3.56	1.33
8	Similar requisitions are merged to reduce on the frequency of orders	61	1	5	3.76	.81
9	Expired framework contracts can be extended for convenience.	61	1	5	2.10	0.47

	Average				3.01	1.18
--	----------------	--	--	--	------	------

Source: Primary data, 2016

From the above table, the overall mean was 3.01. This means that majority of the respondents disagreed that framework contracts monitoring and evaluation was not adhered to which retarded procurement performance at Makerere University Business School

The respondents were asked whether Framework Contracts Monitoring and Evaluation affects Procurement performance at Makerere University Business School.

In relation to this, the respondents were asked whether MUBS monitors suppliers' delivery time to realize effective procurements. Item mean was (3.17) and standard deviation of (1.26) measuring a level of agreement was computed from the respondents' responses. The respondents said: *“Our framework contractors deliver within one week for items such as stationary”*.

The respondents were asked whether Framework contracts are monitored and performance reports submitted to PDU. Item means of (3.97) and standard deviations of (1.4) measuring a level of agreement were computed from the respondents' responses. This means that monitoring suppliers helped the institution to realize quality and value for money.

In relation to the above the respondents were asked whether Quarterly reports are submitted to Contracts Committee for transparency reasons. Item means of (3.22) and standard deviations of (1.29) measuring a level of agreement were computed from the respondents' responses.

In connection to the above a respondent said:

“The procurement manager said she ensured that quarterly reports were submitted to Contracts Committee in addition to the monthly reports submitted to PPDA through the GPP system and these reports were also submitted to the Principals' Office monthly.

The respondents were asked whether Framework contracts have reduced on emergency procurements. Item means of (2.07) and standard deviations of (1.36) measuring a level of agreement were computed from the respondents' responses. This implies that framework contracts have reduced on the total procurement cycle time hence improving performance of the Entity.

During interviews on 25thSeptember, 2016, with one of the respondents:

Framework contractors failed to respond to emergency delivery requirements. This was because emergencies were not spelt out in the contracts nor were planned for by the

University. He also said emergencies were handled administratively though with repercussions to the originator. Therefore providers could only respond to emergency situations in realistic time frames.

Another response in support was that, Monitoring and evaluation allows call off orders to offer a competitive lead time. Item means of 2.97 and standard deviations of 1.36 measuring a level of agreement were computed from the respondents' responses. In relation to the above, interview results revealed that,

Delivery is not complete until Deliverables have been actually received and accepted by the University. If, for any reason, a Supplier anticipates difficulty in complying with a required delivery schedule, the Supplier immediately notifies the University in writing. However it was also revealed that some providers only deliver after previous supplies have been paid for fully.

Respondents generally agreed that Contract variations and amendments are made by Contracts Committee (mean= 2.23 and $\sigma = 1.33$). This means that financial savings, better contract management could bring improvements in the quantity and/or quality of services, the avoidance of service failure, and better management of risk.

Results in Table 4.6 indicated that Contract termination is based on terms in the special conditions of the contract (mean= 3.56 and $\sigma = 1.36$). This means that Should the Contractor fail to perform his/her obligations under the Contract in accordance with the provisions laid down therein, the contract manager makes a report notifying PDU & AO to terminate the Contract or recover payments in proportion to the scale of the failure. In addition, the AO may impose penalties or liquidated damages as provided for in PPDA Act 2003.

Interview results with the principle MUBS held of 20th September at 2:00pm, revealed that;

Interviews with the procurement manager revealed that it was not easy to terminate one's contract unless if the contract manager did submit performance reports regularly and also had proper records of all the activities done. This provides a rational basis for making decisions about termination of a contract by the AO. Therefore contract termination was not very common but once in a while though handled with caution.

Table 4.4 findings indicated that similar requisitions are merged to reduce on the frequency of orders (mean= 3.76 and $\sigma = 81$). This means that procurement plans indicate "similar Item/products most frequently purchased by different departments are merged to minimize costs associated with frequency of supply

Interviews with respondents revealed that most common items are merged and procured in a consolidated form. An example was stationery which was consolidated and requisitioned for by the stores who then issue to respective departments based on their plan.

Results revealed that Expired framework contracts can be extended for convenience (mean = 2.1 and $\sigma = 0.47$). The implication of the above finding is that MUBS did not provided room for providers to extend the life of the contract.

Interviews with PDU staff revealed that within three months to contract expiry the University embarks on the process of coming up with new contracts though serving providers are allowed to participate for the forth coming contract preparations. Therefore this closes any gap that would arise.

Table 4.8: Relationship between framework contract monitoring and evaluation on procurement performance at Makerere University Business School

		Correlations	
		Framework Contracts monitoring	Procurement Performance
Framework Contracts monitoring	Pearson Correlation	1	.68
	Sig. (2-tailed)		.005
	N	61	61
Procurement performance	Pearson Correlation	.68	1
	Sig. (2-tailed)	.005	
	N	61	61

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

Source: Primary data

From Table 4.8, there is an effect on Framework Contracts monitoring on Procurement performance of MUBS ($r=.68$; $p = 0.00 < 0.05$). The study results therefore show that the Framework Contracts monitoring has a positive effect on Procurement performance though the effect is not significant. Since the Pearson correlation coefficient 0.68 is significant at 0.000 being less than 0.05(alpha level), there is a strong positive relation Framework Contracts monitoring and Procurement performance at MUBS. This meant that improving monitoring of frameworks by 0.68 would equally lead to improvement in procurement performance by the same figure and vice versa.

4.6 Procurement Performance

This section analyses the Procurement Performance of MUBS in terms of cost reduction, Timeliness measures of procurement performance and Quality measures of procurement performance as explained below;

Table 4.9: Illustrating Procurement Performance of MUBS

S/n	Statements	N	Min	Max	Mean	Std. Deviation
A	Cost reduction					
E.1	End users are satisfied with the cost of the products & services	61	1	5	2.97	0.76
E.2	Framework contracts at MUBS are aimed at securing the best price for goods and services	61	1	5	3.25	1.50
E.3	Framework contracts aid open and fair competition among local vendors at lower costs	61	1	5	3.67	0.36
E.4	Goods and Services delivered at MUBS are in line with expectations and specifications stipulated in contract.	61	1	5	2.97	1.36
E.5	Framework contracts allow better adoption of MUBS resource management systems	61	1	5	3.23	.54
	Average				3.22	0.9
B	Timeliness measures of procurement performance					
E.1	Most of the Contracts awarded at MUBS do not result into value for money.	61	1	5	2.20	0.51
E.2	MUBS receives goods procured at the right time and delivers them to users at the time of need.	61	1	5	3.76	.546
E.3	The average lead time for our procurement department is low	61	1	5	3.88	1.87
E.4	Procurement process is (short which gears timely delivery of services) due to proper planning	61	1	5	3.17	1.66
E.5	Framework contracts permits Specifications to be made in time to eliminate errors	61	1	5	2.87	1.63
C	Quality measures of procurement performance				3.18	1.243
E.2	Framework contracts allow services and supplies procured fit for department for use	61	1	5	3.75	1.57
E3	Consolidation of similar items enhances quality of the services and supplies received	61	1	5	3.76	.84
E.4	Preparation of combined work plan improved the quality of service delivered	61	1	5	2.95	1.77
E.5	Framework contracts allow for price variations based on quality of products and services	61	1	5	2.92	1.29
					3.24	1.293

The overall mean for procurement was indicate that majority of the respondents disregarded the view that cost reduction was not realized (mean =3.22), timely delivery of services, works and goods was

poor (mean =3.18) while quality of the goods, services and works was low (mean =3.24). This indicated low procurement performance.

Table 4.6 findings indicates that End users are satisfied with the cost of the products (mean= 2.97 and $\sigma = .76$). This meant that product quality & cost was in line with customer expectations and there was will to pay for purchases.

Interview results indicated that; "Cost-based optimization has a direct financial implication on system performance of services or products provided to the end users at MUBS. All demands for each product have to be satisfied, sooner or later, during the framework contract execution". It was also revealed that dispatches for payment were done to the departments not finance department directly.

In relation to this, the respondents were asked whether Framework contracts at MUBS were aimed at securing best price for goods and services (mean= 3.25 and $\sigma = 1.5$). This implies that the prices were varying but with in a specific range in relation to market prices and the University policy.

Table 4.9 findings indicated that Framework contracts aid open and fair competition among local vendors at lower costs (mean= 3.67 and $\sigma = 1.36$). This meant that framework procurement procedure gave interested tenderers a fair competition to achieve for competitive prices.

In relation to this, the respondents were asked whether Goods and Services delivered at MUBS are in line with expectations and specifications stipulated in contract.(mean= 2.97 and $\sigma = 1.36$). This implies that suppliers or contractors were engaged competitively which facilitated transparency and value for ensuring compliance with PPDA Act 2003.

Level of agreement were computed from the respondents' responses as to whether Framework contracts allow better adoption of MUBS resource management systems (mean= 3.23 and $\sigma = .54$). The implication of the above finding is that the importance of Framework contracts management was to increase the adoption of a formal structure of contract management allowing the achievement of both short term and frequent requirements and this was done by procuring in quarters.

In regard to the level of agreement were Most of the Contracts awarded at MUBS do not result into value for money (mean= 2.20 and $\sigma = .51$). The implication was that most of the respondents were not sure on how to gauge the value for money since procurement prices were higher than market prices

In regard to the level of agreement were computed from the respondents' responses as to whether MUBS receives goods procured at the right time and delivers them to users at time of need (mean= 3.76 and $\sigma = .546$).The implication of the finding was that user departments obtained stationary at the time of need for use from stores which helped to speed up routine office operations.

Table 4.9 findings indicated that the average lead time for our procurement department is low (mean= 3.88 and $\sigma = 1.87$).This meant that Lead time reduction is a great way to improve service delivery at MUBS as well increase the level of output.

In relation to this, the respondents were asked whether Procurement process is (short which gears timely delivery of services) due to proper planning (mean=3.17 and $\sigma = 1.66$).This implies that during the procurement planning process the requirements are expected to be met on short notice and over a shorter period.

In relation to this, the respondents were asked whether Framework contracts permits specifications to be made in time to eliminate errors (mean= 2.87 and $\sigma = 1.63$).This implies that MUBS took corrective action in the form of drafting proper specifications prior to initiating the procurement process of framework contracts.

In relation to this, the respondents were asked whether Framework contracts allow services procured for department fit for use (mean=3.75 and $\sigma = 1.57$).This implies that user departments were able to acquire frequently used items for effective service delivery.

Interview with respondents revealed that a few users' verbally complained of items not fit for use like tonners which were at times duplicate and would not last to expected life time. However verbal communications are not reliable and even the user's still go ahead to use these items which make the issue difficult to address.

level of agreement were computed from the respondents' responses consolidation of similar items enhances quality of the services and supplies received (mean= 3.76 and $\sigma = .84$) The implication of the finding is that MUBS framework contracts allowed for consolidation of similar items like all stationery was consolidated and procured under stores.

Table 4.6 findings indicated that Preparation of combined work plans improved the quality of service delivered(mean= 2.92 and $\sigma = 1.77$).this meant that MUBS was able to deliver customer service through performance plans setting, goals, developing combination of offers through using framework contracts.

Table 4.9 findings indicated that with Framework contracts allow for price variations based on quality of products and services (mean=2.92 and $\sigma = 1.29$). This meant that market research helped MUBS framework contract management in terms of design, research and procurement of quality products and services market by mitigating the risks whenever possible.

Table 4.10: Measures of improving the implementation and use of framework contracts at MUBS

Measures	Frequency (f)	Percentage (%)
Training staff on proper Contract Management	11	18
Provide a procurement manual to staff	07	11
Improve on technology used		01
Enhance procurement research on framework contracts	3	05
Adopt regular use of framework contracts	26	16
Facilitate the staff in procurement	23	14
Encourage local and international bidders	07	11
Appointing contract managers in line with PPDA Act	15	24

Source: multiple response, 2016

Table 4.10 results above shows that to improve the implementation of framework contracts, 24% of the respondents suggested there was need to appoint contract managers in line with PPDA Act 2003 for framework contracts, while 18% mentioned need to train staff on proper contract management, 16% suggested adopting regular use of framework contracts, while 14% revealed the need to facilitate the staff in the procurement department.

In addition, 11% suggested that to implement the use of framework contracts there was need to provide procurement manuals explaining framework contracts use and also using local and international bidding so as to ensure effective implementation of framework contracts. 5% of the respondents pointed out that to improve framework contracts there was need to enhance procurement research on framework contracts and 1% suggested that there was need to improve technology used at MUBS regarding implementation of framework contracts.

Respondents were also asked on the different ways in which MUBS can improve and make its procurement effectiveness and the following were established.

Table 4.11: illustrating the strategies of improve procurement effectiveness at MUBS

Interventions/measures	Frequency (f)	Percentage (%)
Following PPDA Act	10	11
Checking and Auditing procurement department	13	15
Better funding of procurement department	16	18
Employing skilled or well trained staff	11	13
Reducing managerial influence on staff	08	09
Minimizing political influence	10	18
Advocating for value for money	15	17
Research activities in procurement	04	05

Source: multiple response, 2016

Results of the study in Table 4.11 above indicate the different way in which MUBS can improve its activities and be able to attain procurement effectiveness. Results show better funding of the procurement department (18%), minimizing political influence (18%), advocating for value for money (17%) as well as checking and auditing of the procurement department (15%) were the major approaches suggested by respondents. In addition, 13% suggested employing skilled or well trained staff, following the PPDA Act (11%), reducing managerial influence on staff (9%) and also encouraging the firm to undertake research activities in procurement activities.

4.6 Multi Regression Analyses

The following section contains inferential results aimed at presented findings on the relationship between the independent variables and the dependent variable. It asses the pooled effect of the various independent variables on the dependent variable.

The results in Table 12 show that the value obtained for R, which is the model correlation coefficient was $r = 0.729$

Table 4.12: The Correlation Model

Correlations				
	R	R square	Adjusted R square	Std. Error of the Estimate
	1	.68		
	.729*	.531	.495	0.90557

Source: Primary Data

a. predictor: (constant), *Call off order planning , Contracts Implementation & Contract Monitoring and Evaluation*

Table 4.13: ANOVA Test Results

Model		Sum of squares	Df	Mean square	F	Sig.
	Regression					
	Residual					
	Total					
a. Dependent Variable: Procurement Performance						
b. Predictors: (constant): <i>Call off order planning , Contracts Implementation & Contract Monitoring and Evaluation</i>						

Source: Primary data

ANOVA test was conducted to test the significance level of the entire model. The significance value 0.000 was obtained. Since the value was less than 0.05, it was concluded that framework contracts management constructs; Call off order planning, Contracts Implementation & Contract Monitoring and Evaluation jointly have significant effect on the procurement performance of MUBS as shown in table 13.

Table 4.14: ANOVA Test Results

	Un-standardized		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
Constants	4.167	2.463		1.523	.042
Call off order planning	.053	.036	.097	.928	.023
Contracts Implementation	.178	.046	.443	1.647	.052
Contract Monitoring and Evaluation	.297	.156	.658	6.301	.000
a. Dependent Variable: Procurement Performance					

Source: Primary data

The results in Table 14 indicated that framework contract monitoring and evaluation influenced procurement performance ($\beta = 0.675$) followed by contract implementation ($\beta = 0.375$), and call off

order planning constructs of management of framework contracts influenced procurement performance in that order respectively. This indicated that the dependent variable, that is, the procurement performance would change by a corresponding number of standard deviations when the respective independent variables change by one standard deviation. Therefore, the fitted regression line is as follows;

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = 4.167 + 0.053 X_1 + 0.178 X_2 + 0.297 X_3 + e$$

Where:

Y = Procurement performance

a = Constant

β_1, β_2 and β_3 = Beta coefficients

X_1 = Call off Order planning

X_2 = Contracts Implementation

X_3 = Contract Monitoring and Evaluation

e = Error term

CHAPTER FIVE

DISCUSSION OF FINDINGS, SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion of the findings as obtained from MUBS regarding the effect of framework contract management on procurement performance of high institutions of learning in Uganda. The chapter also covers summary of the major findings, conclusions recommendations and suggestion for further research.

5.1 Discussion of the major findings

5.1.1 The extent to which Planning for call-off orders affected procurement performance of Makerere University Business School

Table 4.3, investigates whether Pre-framework contract activities at MUBS involve identifying the various needs that ought to be supplied (Mean=3.94, S.D=.71). This means that majority of the respondents agreed that framework contracts at MUBS involved a series of activities defined and or embedded in prior to contract documents.

This meant that framework contracts were part of contracting types adopted and implemented at MUBS. The study found out that before entering into a framework contract, MUBS prepares necessary bid documents (Mean=3.72, S.D=.69). This was moderately done by use of standard bidding documents provided by PPDA and seeking approvals from Contracts Committee. Framework contracts are becoming one of the fast spreading ways of contracting in modern organizations especially for supplies and services which firms would always use commonly. This finding is in agreement with the earlier view by Camillus and Rosenthal (2010) who revealed that framework contracts involve a lot of process, activities before, during implementing and after signing the contract. Similarly, planning for call-off enabled MUBS to determine procurement performance standards, establish overall direction, anticipate and avoid future problems and reduce the risks of uncertainty, identify and commit resources towards the achievement of the University goals, determine and develop performance standards, and effectively coordinate various activities in the organization as argued by (PPB Manual, 2005).

The study also asked respondents to comment on whether MUBS advertises bid notices for potential suppliers to compete for supplies & services requirements of the organization were (Mean=4.23, S.D=.67). This implies that advertisement was one of the activities that were pointed out during the

study to be undertaken in the course of pre-framework contract undertakings. This showed that advertising of offers was one of the key activities undertaken before framework contracts are entered into. These adverts give the details regarding the terms of reference, and expectations of the potential bidder (s) under this arrangement, Camillus and Rosenthal (2010) who cited that like any other tendering process, supplier whether single or multiple suppliers should be carefully selected and takes a key activity that should be given due attention in the framework contracting process. This was also cited by Burgess (2006), every formal contract is based on documentation which must be legal and pre-determined. The contracting company prepares invitations to bids (ITBs) and these define the terms and expectations in the course of contracting. In a view of Lane (2015), framework tender documents are many and include specifying the starting and completion dates of the agreement, requirements and obligations regarding insurance, bonds and warranties, description of the contract conditions to be used and assumptions regarding preliminaries, how the framework contract will be managed in its various stages and the basis of remuneration, tender selection procedure and assessment procedure to be employed by the client, ways in which payments are to be made, and other associated terms and conditions. This view was also cited by Grover and Malhotra (2003) who reported that before entering the contract the firm has to set up a bid notice in line with the domestic bidding procedures and other international standards. Similar findings were also cited by Lane (2015) who cited that framework tenders also base on information shared proper documents and these have to be prepared prior to contract signing.

The overall analysis of table 4.3 results is that Planning for call-off orders affected procurement performance of Makerere University Business School (mean =3.2 and SD =0.7). This was done by the procurement unit to avoid emergencies and stock outs. This is in line with to Baily, (2005), Procurement plan is used to provide information about the purchase of goods and services, how vendors will be chosen, what kind(s) of contract(s) will be used, how vendors will be managed, and who will be involved at each stage of the process. This document should be approved by appropriate authorities before the actual procurement process begins. Similarly this is also inline with Akua,(2012), the procurement plan lays out the details of the procurement process, and the steps that will be required. The procurement plan should identify the following, which will then be reflected in the request for call off orders and in the contract itself, Goals and objectives of the procurement and Potential service providers

Table 4.3 results also revealed that MUBs has a Contracts Committee which scrutinizes evaluation reports and ensure proper award of contracts, results were (Mean= 2.72, S.D=.69). The means that MUBS Contracts Committee makes decisions on whether to reject or award offers from providers

before any framework contract is signed by the AO. This implies that Contracts Committee does not involve its self in evaluations but only concentrates on recommendations from the Evaluation Committees to make a decision. MUBS does not allow CC members to engage themselves in coming up with evaluation reports this is in line with (Sidik, 2010). Once tenders have been assessed against the technical criteria, a financial evaluation of prices tendered or quoted can be undertaken. The results of the financial assessment are to be documented before moving to the next stage of the evaluation. Finally, having separately assessed tenders against technical and financial criteria, a comparison of the 'technical worth' and 'price', is undertaken in accordance with the criteria established in the tender document, to determine the lowest evaluated tender, (PPOA,2009). This is also in disagreement with (PPOA, 2009),Awarding the contract Moreover, once the evaluation of the bid is over, secretary of the evaluation committee prepares all the required documentation after which the final ranking is established, and the contractor with the highest total (lowest evaluated bidder) is awarded. Once the award approval is granted by the A/O, the contracting authority notifies the successful tender in writing that the tender has been accepted for contract award. Successful bidder must reply in writing within the 14 days that he has accepted the award.

5.1.2 How implementation of framework contracts influences procurement performance at Makerere University Business School.

The study shows that Framework contracts at MUBS are affected by the decisions of top Management (mean= 3.93 and $\sigma = 1.85$). This implies that there managerial factors affecting implementation of framework contracts in institutions of higher learning. Here actual order placing, deliveries, payments are done. This is in line with Berkowitz; et al (2004) reveals that there is a clear transition from contract award, framework contract mobilization to contract operations. The contract operation is the stage referred to as framework contract implementation. Also in line with (PPOA, 2009), the contract operation is the stage referred to as framework contract implementation. These responsibilities are within five main levels namely: time control, quality control, cost control, finishing, and usage, monitoring and evaluation. Time control: this involve periodically, perhaps monthly, when the contractor will compare schedule progress with that shown on the framework contract programme. This is also in line with (Bennett, 2003), The purpose is to determine whether the various activities that were planned to be active during the previous period were actually active, the extent of their progress and especially the anticipated framework contract completion date based on progress to date.

On analysis of table 4.4 findings, Call off orders are made on a rotational basis (mean= 3.7 and $\sigma = .78$). This implies that Call-off order related to different categories of supply such as: stationery, Servicing or maintenance computers and ICT equipment, printing answer booklets among others were rotated across different service providers after every call-off. This rotation creates value for money and it gives each provider a chance to supply and this is in line with PPDA regulations 2014 as amended.

It was further found out that Price adjustments are not accepted MUBS upon request by the suppliers (mean= 2.40 and $\sigma = .69$). This means that implementation of framework contracts at MUBS was associated with challenges of price fluctuations more especially of air tickets. Also users were not contented with tender prices which were higher than market prices. This means that MUBS still faces a challenge of procuring air tickets under framework. This is in disagreement with Adams, et al., (2012), conditions specified in the notice and the terms under which the works, services, or goods involved in the framework contract are to be supplied determine how it is implemented. When the terms specify providing on quarterly basis, this determines how much of the resources are invested and how the contract is implemented. This is also in disagreement with XuRuhang and Qin Lei (2015), who revealed that contract frameworks become less successful because the parties involved do not heed to the terms set and involved. Any violation of the terms and conditions contrary to the agreed ones at the time of signing and awarding the framework makes it a null dealing, at times at a cost (LiJuan Chen, 2014). All the above authors reflect on the value of setting clear terms and conditions and ensuring that these terms and conditions are fulfilled, is critical for successful implementation of the framework contracts in any organization where it's the chosen as a form of sourcing for supplies.

On analysis of table 4.4 findings, on whether performance reports are submitted to PDU regularly by contract managers (mean= 2.31 and $\sigma = .56$). This means that majority of contract manager's submitted reports to PDU. Not all performance reports are submitted by contract managers. This leaves a gap on performance evaluation and consequent decision making. Contract managers are too busy most times are not able to come up with timely reports unless pressured to do so. This is in disagreement with Wales (2012) documentation involved help to clearly define, clear start and finish dates, present the contract file, containing all details and correspondence, which should be held by the person responsible for setting up and managing the contract, payments, ways in which payments are effected and other terms and conditions attached. Any alteration or inconsistency in documentation makes the framework contract hard to implement and defend.

5.2 Summary of the Results

5.2.1 The extent to which Planning for call-off orders in influencing procurement performance of Makerere University Business School

Basing on the discussion of findings, the study deduces that although MUBS has a Contracts Committee which scrutinizes evaluation reports and ensure proper award of contracts, decisions making on whether to reject or award offers from providers before any framework contract is signed by the AO was very not effective (Mean= 2.72, S.D=.69). Contracts Committee does not involve its self in evaluations but only concentrates on recommendations from the Evaluation Committees to make a decision. MUBS does not allow CC members to engage themselves in coming up with evaluation reports which curtails the extent to which Planning for call-off orders in influencing procurement performance of Makerere University Business School. So lack of effective planning did not permit requirements to be aggregated into larger purchases at lower unit cost, Procurement of common user items were not also aggregated for more than one procurement entity into framework (call-off) contract for six months to 18 months, to permit further economies of bulk purchasing.

5.2.2 How implementation of framework contracts influences procurement performance at Makerere University Business School.

The study findings revealed that implementation of framework contracts at MUBS was associated with challenges of price fluctuations more especially of air tickets. Also users were not contented with tender prices which were higher than market prices (mean= 2.40 and $\sigma = .69$). MUBS still faces a challenge of procuring air tickets under framework. Further still not all performance reports are submitted by contract managers. This left many gaps on performance evaluation and consequent decision making. Contract managers are too busy most times are not able to come up with timely reports unless pressured to do so (mean= 2.31 and $\sigma = .56$).

5.2.3 The effect of Framework Contracts monitoring & Evaluation on procurement performance at Makerere University Business School

In regard to MUBS conducting monitoring and controlling of costs during the contract operation phase as a key aspect of cost effectiveness, Framework contracts did not help to reduce on emergency procurements(mean =2.07 and standard deviations =1.36) which was an indicator of weak monitoring and control system of the procurement function at the institution.

5.3. Conclusions

Based on the summary of the major findings, it is worthy to deduce that; Framework contracts involve pre-framework and implementation phases. Some of the pre-frame work contract phase

activities included identification the needs, preparing bid documents, bid notice, undertaking the recommended procurement process, and awarding the contract to the selected supplier (s). Nevertheless, Contracts Committee did not effectively re-evaluate reports and only relied on Evaluation Committee recommendations for award of contracts which retarded the level of decisions making and hence leading to low procurement performance

Implementation of framework contracts at MUBS was associated with a number of factors including funding, terms and conditions, skills and competencies of suppliers, organizational efficiency to organize framework contract activities, costs involved and the nature of routinely consumed goods and services. However, continuous price fluctuations affected frameworks for provision of air tickets leading to higher tender prices over and above the market prices (mean= 2.40 and $\sigma = .69$). This compelled high lead time, high procurements costs and low quality procurements making framework contracts retrospective and undesirable to positively influence procurement performance.

Low managerial levels of the Contract Managers and PDE staff affected implementation, monitoring and control of framework contracts at MUBS and weak contract planning, influenced proper implementation of framework contracts and weak contract performance evaluations will continue to compel low service delivery of the institution.

5.4 Recommendations

The researcher recommends that MUBS and other institutions of higher learning interested in using framework contracts should first conduct training of staff on framework contracts management. In addition, MUBS should focus on using framework contracts when they have relevant procurement manuals for staff to refer to and that should facilitate successful implementation of these contracts.

There is need to train and brief staff appointed as Contract Managers to be well knowledgeable in issues of implementing framework contracts and facilitate them to come up with the necessary documentation in the course of using the contracts. This is because documentation was found very useful.

There is also need to ensure that the procurement activities are independent of managerial and political influence in MUBS as this was one of the factors affecting procurement performance.

There is need for MUBS to sub contract income generating activities/ small business unit (IGU's) instead of contracting them under framework.

There is also need to procure for items under framework like security services, provision of internet services among others.

5.5 Areas for Further Research

Further research should be conducted in the following areas;

To investigate the effect of procurement audit on procurement performance among higher institutions of learning

To examine the effect of compliance with the Public Procurement Act 2003 on implementation and realization of procurement goals of organizations.

To ascertain the influence of irregularities, fraud, and corruption of suppliers or contractors and procurement personnel of institutional performance

To examine the influence of Public Procurement and Disposal of Public Assets Act 2003 Act amendments on procurement cycle time.

REFERENCES

- Academic. Emmett, S. & Crocker, B. (2008). Excellence in Procurement. Cambridge Academic:
- Adams, J., Khoja, F., & Kauffman, R. (2012). "*An empirical study of buyer-supplier* Agaba, E & Shipman, N. (2007). "*Public Procurement Reform in Developing Countries*": The Akaranga, E. M. (2008). "*Process and effects of Performance Contracting in Kenyan Public*
- Akaranga, E. M. (2008), The Process and Effects of Performance Contracting in Kenyan Public Sector, MBA Project; United States International University (USIU), Nairobi. Russell, H. (2003). *Indeterminacy and Society*. Princeton: Princeton University Press. Whittington, J. M. (2008). The transaction cost economics of highway project delivery
- Agaba, E & Shipman N. (2007). Public Procurement Reform in Developing Countries: The Ugandan Experience. In G. Piga & K. V. Thai (Eds.), *Advancing Public procurement Practices*.
- AkuaAsantewaaOhene- Addae (2012). Impact of Efficient Procurement Practices on the Corporate Performance of a Public University.
- Albano, G.L., Sparro, M., 2008. A simple model of framework agreements: competition and efficiency. *Journal of Public Procurement* 8 (3), 356–378.
- Alfredo, A, Serpell, G., and Ximena, F. (2007). "*A Competency - Based Model for Contract*
- Alison M and Dean, C. K. (2012). "*Performance Monitoring and Quality Outcomes in Contracted Services*". *International Journal of Quality and Reliability Management*, 19 (4).
- Anderlini, L., Felli, L., & Postlewaite, A. (2006). Active courts and menu contracts. LSE STICERD Research Paper No. TE511.
- Arthur, M. (2009) *Economic Collapse, Economic Change: Getting to the Roots of the Crisis*, Armonk, NY: M.E. Sharpe Publishers.
- Arntzen, B. C., Brown G. G., Harrison T. P., & Trafton, L. L. (1995). Global supply chain management at Digital Equipment Corporation. *Interfaces*, 25(1), 69-93.
- Ausre., N. (2005). "*Evolution of Performance Measurement Research*". *International Journal*
- Baily, P. Farmer, D. Jessop D. and Jones D. (2005). "*Purchasing Principles and Management*". U.K.: Pearson education Limited.
- Babich, V., M. Sobel. 2004. Pre-ipo operational and financial decisions. *Management Sci.* 50 935–948.
- Bakker, K., Kooy, M., Shofiani, N. E. and Martijn, E. J. 2008. Governance failure: rethinking the institutional dimensions of urban water supply to poor households, *World Development*, vol. 36, no.10, 1891-1915.
- Basheka, B. C. (2008). "*Procurement Planning and Accountability of Local Government*

Procurement Systems in Developing Countries”: Evidence from Uganda. Journal of Public Procurement, 8 (3), 379-406 functions using the procurement alignment framework. Retrieved August 13, 2008, from Archive library Utrecht University web site:

- Batenburg, R., & Versendaal, J. (2006, January). Alignment Matters - Improving business Public Sector. Retrieved July 17, 2008, from Lund Institute of Technology web site: Volume II. Retrieved September 24, 2008, from Oak Ridge Institute for science and education.Publishers. London: GB. April 3, 2015University: Cambridge: CB2 1TN, 6 November 2015.
1-26.
- Bennett, John, and ElisabettaIossa. 2006. Building and managing facilities for public services.
- Berkowitz, D., Gupta, J. N. D., Simpson, J. T., & McWilliams, J. B. (2004). “Defining and Implementing Performance-based Logistics in government.” Defense Acquisition Review Journal, 11 (3): 255–267.
- Bharadwaj, Samarth. (2011) A Framework for Quality-based Biometric Classifier Selection.
- Bolton, P. (2007). “Structuring and Restructuring Sovereign Debt: The role of a Bankruptcy Regime,” 115 Journal of Political Economy 901–24.
- Bruijn.D. (2007).“***Managing Performance in the Public Sector***” (2 ed.). London and New York, NY: London: Routledge.
- Bwino Fred (2008), effectiveness of the public procurement procedure in achieving commercial objectives of government enterprises: developing a strategy for an alternative procurement procedure for commercial public enterprises.
- Callaghan Diane (2010). “*Answering your Questions on Framework Agreements*”. May 27, 2010
Camillus and Rosenthal (2010). “*Guidance on Framework Agreements/Regulations* 33, 34 and 35 of SI No. 329 of 2006 implement Article 32 of Directive 2004/18/EC
- Carter, R & Kirby, S. (2006). “***Practical Procurement***”. Gt. Sheldford, Cambridge: Cambridge
- Cavinato, J.L., 1999. Purchasing performance: What makes the magic? Journal of Purchasing and Operations Division 254 Washington Street, SW – Suite 214 Atlanta, GA 30334
- Cole, R. (2000) 'Building Environmental Assessment Methods: Assessing Construction Practices'. Construction Management and Economics, 18 (8), 949-957.
- Davidson, B. and Wright, E. (2004), “Contract administration (CA)” Washington D.C. National Institute of Government Purchasing.
- Dubrovsky, V. (2004). “***Toward System Principles***”: general system theory and the alternative approach. *Systems Research and Behavioral Science*, 21(2).
- Elliott, G., Rundle-Thiele, S., Walter, D., & Paladino, A. (2008). Marketing: Core Concepts and Applications (2 ed.). Milton, Qld: WILEY.

- Farajian, M. (2010). Transaction cost estimation model for US infrastructure public private partnerships. University of Maryland, College Park, MD. *Financial Sector*.
- Foss, K & Foss, N. J. 2008. Resources and transaction costs: How property rights economics furthers the resource-based view. *Strategic Management Journal*, 26: 541-553.
- Framework Agreement guidance for Government Social Research (FAGSR, 2009). *Government*
- Gelderman C.J., (2000), 'Rethinking Kraljic: towards a purchasing portfolio model, based on mutual buyer-supplier dependence', *Danish Purchasing & Logistics Forum (Dansk Indkøbs- ogLogistikforum)*, Fall, forthcoming.
- Grimm, M. C., Lee, H., & Ken, S. G. (2006). *Strategy As Action: Competitive, Dynamics, and Competitive Advantage*. New York: OXFORD University Press.
- Grover, V., & Malhotra, M. (2003). Transaction cost framework in operations and supply chain management research: Theory and measurement. *Journal of Operations Management*, 21, 457-473
- Hinson, C. & C.P. McCue. (2004): *Procurement Planning, Sourcing and Requirements Analysis*, Herndon VA. National Institute of Government Purchasing.
- Ho, P., and Tsui, C. (2009). The transaction costs of Public-Private Partnerships: implications on PPP governance design. presented at the meeting of the Lead 2009 Specialty Conference: Global Governance in Project Organisations, South Lake Tahoe, CA.
- Hobbs, J. E. (1996). A transaction cost approach to supply chain management. *Supply Chain Management*, 1(2).
- Hommen L, Rolfstam M (2009) Public procurement and innovation: towards a taxonomy. *J Public Procurement* 9(1):17-56
- Hughes, W. P., Hillebrandt, P., Greenwood, D. G., and Kwawu, W. E. K. (2006). *Procurement in the Construction Industry: The impact and cost of alternative market and supply processes*. London: Taylor and Francis.
- Jersey: Pearson Education Inc. Mlinga, R. (2009). *Promoting integrity*
- Jin, X., & Zhang, G. (2011). Modelling optimal risk allocation in PPP projects using artificial neural networks. *International Journal of Project Management*, 29(5), 591-603. doi:10.1016/j.ijproman.2010.07.011
- WileyJohn & Sons Inc. Suleiman, Y. (2010). Overview of public procurement reforms in Commonwealth Africa: strategy, successes and challenges. A paper presented at Public Procurement Forum at St. Lucia, the Caribbean.
- Kumar, V. (2000), "On the Profitability of Long-Life Customers in a Noncontractual Setting: An Empirical Investigation and Implications for Marketing," *Journal of Marketing*, 64 (October), 17-35.

- Keith, Gale. (2013) performance improvement within public sector construction framework agreements.
- Knudsen, D. (1999). Procurement Performance Measurement System: Focusing on the Swedish
- Lane, T.(2015). “*Master Framework Contracts/Preferred Suppliers Spreadsheet*”. Cambridge
- Leedy, D. P. &Ormrod, J. E. (2010). “*Practical Research*”: Planning and Design: 9th(ed.). New
- Li, Y., Peng, M. W., & Macaulay, C. 2013. Market-political ambidexterity during institutional transitions. *Strategic Organization*, 11, 205–213.
- LiJuan, Chen. (2014). Distribution Line Overload Control Strategy Considering the Demand Response.
- Lingard, H., Hughes, W.P. and Chinyio, E.A. (1998). The impact of the contractor selection method on transaction costs: a review, *Journal of Construction Procurement*, 4(2), pp. 89–102.
- Lockyer, C., &Scholarios, D. (2007). The “rain dance” of Selection in Construction: Rationality as Ritual and the Logic of Informality. Emerald Group Publishing Limited, *Personnel Review*, 36(4), 528-548.
- Lynch, A., 1996. Samuelson's irrelevance result: its breakdown in the presence of transaction costs. Unpublished working paper. New York University, New York, NY.
- Lysons, K. & Farrington, B. (2006). “*Purchasing and Supply Chain Management*”. (7th ed.).
- Management and reform of public procurement”. *Journal of Public Procurement*, Vol. 6 No 1-2,
- Marcus, A. A. (2005). *Management Strategy: Achieving Sustained Competitive Advantage*. London: McGraw-Hill.
- Mawuko, Dza. (2013). Procurement Reforms in Africa: The Strides, Challenges, and Improvement Opportunities.
- Mbabazietal (2008), compliance and service delivery in Ugandan local government procurement units. Procurement trends in Uganda, fountain publishers Uganda Kampala model of ethical and unethical bargaining tactics: introducing the SINS scale”, *Journal of Organization Behavior*, Vol. 21.
- Moran, J. and Avergun, A. (1997), “Creating lasting change”, *The TQM Magazine*, Vol. 9 No. 2, pp. 146-51.
- National Public Procurement Policy Unit (2007). “*Framework Contract/Preferred Supplier*”.
- Nyeko, P. K. (2014). *Procurement Processes and Performance: Efficiency and Effectiveness of the Procurement Function*.
- Neef, D. (2001), *e-Procurement: From Strategy to Implementation*, Prentice Hall, Upper Saddle River (NY).

- Nyongesa, W. and Waynoka, J. (2014). *"Influence of Framework Contracting on Procurement Performance of Geothermal Development Company"*. Jomo Kenyatta University of Agriculture and Technology. Nakuru- Kenya of Operations and Production Management (1), 1264-1277.
- Odhiambo, W., & Kamau, P. (2003), Public Procurement: Lessons from Kenya, Tanzania and Uganda, OECD Development Centre Working Paper No. 208
- Office of the Auditor General (OAG, 2015). *"A report of the Auditor General on the Financial Statements of the Uganda National Roads Authority for the year ended 30th June 2015"*. Kampala: Uganda.
- Oliver E. Williamson: Recognition of the Influence of Transaction Cost Economics on Business Research. *Journal of Retailing*, v. 86, n. 3, p. 209-210, 2010b
- Oluka, P. N., & Basheka, B., (2014). Determinants and Constraints to effective Procurement Contract Management in Uganda: A Practitioner's Perspective, *International journal of logistics systems and management*, Vol. 17, No. 1, pp. 104-124
- Pettijohn C. & Babich K.S. (2008). *Sourcing in the public sector*. (2nd. Ed.). Herndon, VA: NIGP. Prentice Hall. Lysons, K. & Grillingham, M. (2006). *Purchasing & Supply Chain Management*. (7th ed.). New Jersey: Prentice Hall.
- Public Procurement Act, 2003 (Act 663). Accra: Public Procurement Board Republic of Uganda (2013). *Public Procurement and Disposal Act 2013* (amended ver.) Entebbe: Uganda.
- Public Procurement Oversight Authority, (PPOA), 2009). *The long term policy framework for public procurement in Kenya*.
- Relationships within small business organizations"*. *Journal of Small Business Management*, 50(1), 20-23.
- Reuss, S., M. (2009). *Procurement Aspects in Creating an Enabling Environment for the Contract Industry*.
- Rindfleisch, A., and Heide, J. B., (1997), Transaction Cost Analysis: Past, Present, and Future Applications in *Journal of Marketing*, Vol. 61, pp. 30-53
- Robin, Burgess. (2006). "Can Labor Regulation Hinder Economic Performance? Evidence from India", *Quarterly Journal of Economics*.
- Rotich, L. M. (2011). *Influence of Planning on Procurement Performance in the Kenya Public*
- Russell W. Hinton (2003). *"Best Practices in Government Components of an Effective*
- Schapper, P. Veiga, Malta, & Gilbert, D. L. (2006). *"An analytical framework for the Sector"*. Nairobi: Kenya.
- Scholes, K. and Johnson, G. (1993), *Exploring Corporate Strategy*, 3rd ed., Prentice-Hall, Hemel Hempstead.

- Shabtai Rosenne, "The Framework Agreement as the Basis for the Jurisdiction of the International Court of Justice and Some Problems of Language", in S. Rosenne, *Essays on International Law and Practice* (2007), pp. 161–170.
- Sheldford Gt., Cambridge. 9-50. Artley, W., & Stroh, S. (2001, September). *The Performance-Based Management Hand book, Contract Monitoring System* "July 2003; Department of Audits and Accounts Performance Audit
- Simchi-Levi D, Kaminsky P, Simchi-Levi E (2007) *Designing and managing the supply chain*, 3rd Edn. McGraw Hill, New York.
- Social Research*, London: Great Britain. Sollish, F.B & Semanik, J.(2007). "*Procurement and Supply Manager's Desk*": New Jersey: *Supervisors in Developing Countries*". *Personnel Review*, 36 (4), 5-6.
- Spekman, R. & Mohr, J. (1994). 'Characteristics of partnership success: Partnership attributes, communication behavior, and conflict resolution techniques', *Strategic Management Journal*, 15(2), pp. 135–142.
- Tess, V. R. (2015). "*Overcoming the common Challenges of Procurement*". (5thEd.). Longman
- Thai, K. V. (2001). "*Public procurement re-examined*". *Journal of Public Procurement*, vol. 1,
- Thai, K.V. et al (eds.) (2005). "**Challenges in Public Procurement**": An International Perspective (Boca Raton: PR Academics Press) Thai, K. V. (2001). 'Public Procurement re-examined', *Journal of Public Procurement*, volume 1, issue 1, pp 9-50
- Trent, M and Monczka, O. (2012). "*Framework Contracts and E-procurement*". Ugandan Experience." Boca Raton, FL: Academics Press.
- Tridico, P. (2007). Institutions, Human Development and Economic Growth in Transition Economies. *The European Journal of Development Research*, 19(4), 569-593. doi: 10.1080/09578810701667607.
- Tumutegyereize M; Sabiiti, C.K; & Muhumuza, E. (2013). Performance of the Public Procurement and Disposal System in Uganda. *Journal of Public Procurement and Contract Management*. Vol. 2, No. 1.
- Van Weele, A. J. (2000). *Purchasing and Supply Chain Management*. Boston, MA: Thomson Learning.
- Walker, A., & Pryke, S. (2009). Role, Dimensions, and Degrees of Incompleteness in Construction Contract Documentation COBRA. Symposium conducted at the meeting of the Proceedings of the RICS Annual Construction, Building and Real Estate Research Conference, Cape Town, South Africa.
- Wan.Lu.(2007). "*Comparing the Purchasing Process in Finnish and Chinese University Libraries*". Unpublished master's thesis, Laurea University of Applied Sciences, LaureaHyvinkää.
- Waswa Balunywa e tal (2008), "Internal stakeholder awareness of the public procurement

procedures, adherence to the public procurement procedures and governance in self-accounting organizations in Uganda”, Procurement trends in Uganda, Fountain Publishers Uganda; Kampala.

Water Herald (2015). *MUBS*. Vol.7. Issue 2, July-September, 2015. *Materials Management* 23, 10-16. Results”, *Review of Economic Design*, 5, 23-58. *Journal of Public Economics* 90(10-11):2143–2160.

Weele Van, J. A. (2010). *“Procurement and Supply Chain Management”*. 5th Edition. Singapore: Cengage Learning. World Bank. (2003). Ghana 2003 Country Procurement Assessment Report, Washington, DC: Ghana Country Department. The World Bank.

Weele Van, J. A (2006). *“Purchasing Control”*: *Performance Measurement and evaluation of the Industrial Purchasing Function*.

Weele Van, J. A.(2000). *Purchasing and Supply Chain Management*. Boston, MA: Thomson Learning

Wenan, Y., and Magnum, W. (2010). A Study on Constructing Index Systems of Construction Market Performance Appraisal. *American Economic Review*, Vol. 61, No. 2, pp.112-123. World Bank. (2001). Retrieved on October, 2013

APPENDIX I: QUESTIONNAIRE FOR PROCUREMENT DEPARTMENTAL STAFF OF MUBS

Dear Respondent

I am Ronald Anguzu, a student of Kyambogo University pursuing a Master’s degree of Science in Procurement and Supply Chain Management. I am carrying out an investigation on the effect of *“Framework Contract management and Procurement Performance in Public Institutions; a case study of Makerere University Business School*, as part of the partial fulfillment of the requirements leading to the award of the master degree. **You have kindly been selected and therefore I request** you kindly to provide information and that the data will be strictly kept confidential and only used for academic purposes. To ensure anonymity, you are not supposed to write your name in the questionnaire. Kindly spare **10-15** minutes to answer the questions and provide the valuable information following the directions in the questionnaire.

Section A: Background Information

Sn	Bio –data	Options	Please tick
a)	Gender	i) Female	
		ii) Male	
b)	Age (Years)	i) 20-25	
		ii) 26-30	
		iii) 31-35	
		iv) 36 and above	
c)	Education level	i) Certificates	
		ii) Diploma	
		iii) Degree	
		iv) Masters & PHD	
d)	Period at MUBS	i) 0-3years	
		ii) 4-7years	
		iii) 8-11years	
		iv) Above 11years	

For sections B, C, D and E, The following statements relate to your opinion about framework contracts and procurement performance of MUBS. For each item of the statements below, please indicate the extent of your agreement and disagreement by ticking (√) or circling the appropriate number as provided below:

Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
1	2	3	4	5

Section B: The extent to which Planning for call-off orders affects procurement performance of Makerere University Business School.

S/N	Planning for call-off orders and procurement performance	Response				
		1	2	3	4	5
B1.	Pre-framework contract activities at MUBS involve identifying the various needs that ought to be supplied.					
B2.	MUBS advertises bid notices for potential suppliers to compete for supplies & services requirements of the organization.					
B3.	Before entering into a framework contract, MUBS prepares necessary bid documents.					
B4	MUBS issues, receives and evaluates bids from potential suppliers					
B5.	MUBs has a Contracts Committee which re- evaluates reports to ensure proper award of contracts					
B6.	Information on BEB is displayed on various notice boards for transparency issues.					
B7.	Framework contracts are properly signed and witnessed					
B.8	Call off orders are raised based on a rotational basis as need arises.					
B.9	Proper Planning for call orders leads to better supplier performance					

Section C: How implementation of framework contracts influences procurement performance at Makerere University Business School.

S/N	Whether implementation of framework contracts influences procurement performance	Response				
		1	2	3	4	5
C1.	Framework contract are executed and based on the terms in the contracts.					
C2.	Framework contracts at MUBS are affected by the decisions of Management					
C3.	Each framework contract has a Contract Manager					
C4	The terms and conditions spelt out in framework contracts determine their implementation at MUBS					
C5.	All records related to the framework contract execution are properly kept.					
C6.	Price adjustments are accepted by MUBS upon request by the suppliers.					
C7.	Call off orders are made on a rotational basis					
C8.	Performance reports are submitted to PDU by Contract Managers regularly					

Section D: The effect of framework contracts monitoring and evaluation on procurement performance at Makerere University Business School.

S/N	Assertion statement	Response				
		1	2	3	4	5
D1.	MUBS monitors whether suppliers deliver on time to realize effective procurements					
D2.	Framework contracts are monitored and performance reports submitted to PDU.					
D3.	Quarterly reports are submitted to Contracts Committee for transparency reasons.					
D4.	Framework contracts have reduced on emergency procurements					
D5.	Monitoring and evaluation allows call off orders to offer a competitive lead time					
D6.	Contract variations and amendments are made by Contracts Committee.					
D7.	Contract termination is based on terms in the special conditions of the contract.					
D8.	Similar requisitions are merged to reduce on the frequency of orders					
D9.	Expired framework contracts can be extended for convenience.					

SECTION E: PROCUREMENT PERFORMANCE						
S/n	Statements	Response				
A	Cost reduction	SD	D	NS	A	SA
E.1	End users are satisfied with the cost of the products & services					
E.2	Framework contracts at MUBS are aimed at securing the best price for goods and services					
E.3	Framework contracts aid open and fair competition among local vendors at lower costs					
E.4	Goods and Services delivered at MUBS are in line with expectations and specifications stipulated in contract.					
E.5	Framework contracts allow better adoption of MUBS resource management systems					
B	Timeliness measures of procurement performance					
E.1	Most of the Contracts awarded at MUBS do not result into value for money.					
E.2	MUBS receives goods procured at the right time and delivers them to users at the time of need.					
E.3	The average lead time for our procurement department is low					
E.4	Procurement process is (short which gears timely delivery of services) due to proper planning					
E.5	Framework contracts permits Specifications to be made in time to eliminate errors					
C	Quality measures of procurement performance					
E.2	Framework contracts allow services and supplies procured fit for department for use					
E3	Consolidation of similar items enhances quality of the services and supplies received					
E.4	Preparation of combined work plan improved the quality of service delivered					
E.5	Framework contracts allow for price variations based on quality of products and services					

**APPENDIX II: OBSERVATION CHECKLIST FOR FRAMEWORK CONTRACTS AND
PROCUREMENT PERFORMANCE**

	Checklist item	Yes/No	Date checked	Comments
	Planning the Procurement			
1	Have the requirements from the the user been received in the procurement unit?			
2	Are the funds available/firm commitment to meet the procurement?			
3	Have the requirements been incorporated in the Procurement Plan?			
4	Has the General Procurement Notice (GPN) been issued?			
5	If it is an emergency procurement, has it been reported?			
6	Have the specifications/BoQ/Drawings/ToR been defined?			
7	Has the procurement method been defined?			
8	Have pre-qualification documents and tender notice been approved by the contracts committee?			
9	Have competitive tendering procedures been followed?			
10	If non-competitive procurement has been used, have the reasons been documented?			
	Implementation of the procurment			
11	Have retention moneys as specified in the specific conditions of contracts, been deducted from payments to the contractor?			
12	Were there any variations in the contract?			
13	If there were variations in the contract, were they approved by contracts committee?			
14	Have all obligations under the contract been			

	fulfilled?			
15	Has the contract been properly closed?			
16	Has the contract records been properly archived ready for audit?			
	Evaluation and Assessment			
17	Are the officers evaluating the tenders authorised to do so?			
18	For goods, works and non consultancy services, are the evaluations performed by a panel of three or more people?			
19	For consultancy services, are the evaluations performed by a panel of five or more people?			
20	Are the tenders evaluated in accordance with the criteria set in tender document?			
21	Are all tasks, calculations, deliberations during evaluation documented?			
	Monitoring the Contract			
22	Did the Solicitor General review the contract if applicable?			
23	Has the contract been signed by someone with appropriate authority for both parties?			
24	Was the contract properly witnessed?			
25	Have the contract details been entered into Contract Register?			
27	Is there a contract manager for either parties?			

THANKS A LOT FOR YOUR CO-OPERATION

APPENDIX III: INTERVIEW GUIDE FOR THE CONTRACTORS AND STAFF OF MUBS

Dear Respondent,

I am, a final year student of Kyambogo University pursuing a Master of Science in Procurement and Supply Chain Management of Kyambogo University. I am conducting a study on: “*Framework contracts management and procurement Performance in institutions of higher learning; a case study of Makerere University Business School*”. I am required to submit a research report as part of the partial requirements for this award. The purpose of this interview guide is to gather information to enrich the study findings. The study shall be entirely academic and thus any information provided will be treated with utmost confidentiality.

1. What is the importance of MUBS introducing framework contracts?
2. How easy has framework contracts enabled you to transact business with MUBS?
3. To what extent does procurement planning for call-off orders affect procurement performance in Makerere University Business School
4. What challenges does MUBS experience in using frameworks?
5. How do call off order implementation affect procurement performance of Makerere University Business School
6. What is the effect of call off monitoring and evaluation on procurement performance of Makerere University Business School?
7. What is the relationship between framework contracts management and procurement performance in MUBS?
8. In your own view suggest what MUBS should adopt to improve both performance of framework contracts management and procurement performance?

“Thanks Very Much for Your Co-Operation”

APPENDIX III: MAKEREREUNIVERSITYBUSINESSSCHOOL

i. Conducting procurements outside the procurement plan

Twenty two (22) procurements representing 44% of the audited sample valued at UGX 1,443,004,444 were conducted outside the procurement plan. This could lead to budget overruns and accumulation of domestic arrears. PPDA advised the Head, Procurement and Disposal Unit to always prepare an all-inclusive procurement plan in accordance with Regulation 97(a) of the PPDA Regulations 2003 and update the procurement plan periodically to include any additional items.

ii. Unjustified use of the direct procurement method

In 6 (six) cases worth UGX127, 237,973, the entity used the direct procurement method without Sufficient justification contrary to Regulation 119 of the PPDA Regulations 2003. Examples included; procurement of internet services by M/s TMP and procurement of hire of venue by M/s Kampala Serena Hotel Ltd. This affected competition and value for money.

PPDA directed that the Accounting Officer to caution the Contracts Committee members and the Head Procurement and Disposal Unit for use of the direct method of procurement without adequate justification.

iii. Evaluation of bids for firms who were not formally issued with bidding documents.

During the purchase of academic books, M/s Grant Enterprises (UGX 31,125,000) and M/s, Gustro Ltd (USD 136,895.5) which were not issued with solicitation documents, submitted bids were evaluated and awarded contracts. This was contrary to Regulation 147 I (a) of the PPDA Regulations 2003 which stated that "a bid shall be rejected during the preliminary examination of bids if it is received from a bidder who is not listed on PP Form 30 and 31 as having bought or obtained the solicitation document directly from the entity." The principle of fairness and transparency were undermined in the above procurement.

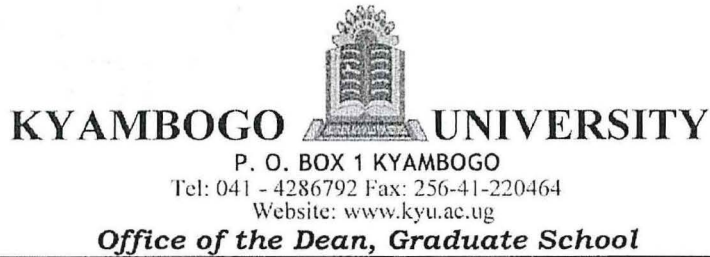
PPDA instructed the Procurement and Disposal Unit to ensure that only bids received formally are submitted for evaluation.

iv. Framework Agreements

The Authority observed that the entity did not use frame agreements for commonly Procured items such as food supplies, stationery and laboratory supplies contrary to PPDA Regulation 237. This implies prolonged lead time.

PPDA instructed the accounting officer to ensure that framework agreements are signed with providers supplying commonly used items in accordance with Regulations 237.

APPENDIX IV: INTRODUCTORY LETTER ISSUES BY GRADUATE SCHOOL-
KYAMBOGO UNIVERSITY



14th October 2016

To Whom It May Concern

RE: LETTER OF INTRODUCTION

Dear Sir/Madam,

This is to introduce **Mr. Anguzu Ronald** Registration Number **14/U/12872/GMSC/PE** who is a student of Kyambogo University pursuing a Masters Degree.

He intends to carry out research on **“Frame work Contract Management and Procurement Performance in institutions of Higher learning: A Case Study of MUBS”** as partial fulfillment of the requirements for the award of the Master of Science Degree in Supply Chain Management.

We therefore kindly request you to grant him permission to carry out this study in your institution.

Any assistance accorded to him will be highly appreciated.

Yours sincerely,

KYAMBOGO UNIVERSITY
14 OCT 2016 *
Assoc. Prof. Muhamud N. Wambede
Dean, Graduate School
OFFICE OF THE
DEAN GRADUATE SCHOOL

**APPENDIX V: REQUEST FOR AUTHORITY FROM THE PRINCIPAL MAKERERE
UNIVERSITY BUSINESS SCHOOL**

20th October 2016

Anguzu Ronald,
Student, Kyambogo University,
P.O.BOX 1 Kyambogo,

The Principal,
Makerere University Business School,
P.O.BOX 1337,
KAMPALA.

Dear professor,

RE: SUBMISSION OF DATA COLLECTION TOOL FOR RESEARCH

My name is Anguzu Ronald a student of Kyambogo university graduate school undertaking research on **"Framework Contract Management and procurement performance in Institutions of higher learning: A case study of MUBS"** as partial fulfillment of the award of the Master of Science degree in Supply Management.

I submitted a letter requesting for your permission to allow me undertake this study in your organization and I am sorry for I did not attach a questioner.

Therefore this is to officially submit in my questionnaire for your consideration as attached.

Thank you

Yours sincerely,



Anguzu Ronald

Student, Kyambogo University



**APPENDIX VI: AUTHORITY FROM THE DEPUTY PRINCIPLE MAKERERE
UNIVERSITY BUSINESS SCHOOL**

17th October 2016

Anguzu Ronald,
Student, Kyambogo University,
P.O. BOX 1 Kyambogo,
Tel. 0700926879/ 0783373632

The Principal,
Makerere University Business School,
P.O. BOX 1337.

Dear professor,

**REQUEST FOR PERMISSION TO UNDERTAKE RESEARCH AT MAKERERE
UNIVERSITY BUSINESS SCHOOL (MUBS)**

My name is Anguzu Ronald a student at Kyambogo University Graduate School with registration no. 14/U/12872/GMSC/PE. I am undertaking research on **"Framework Contract Management and Procurement Performance in institutions of Higher Learning: A case study of MUBS"** as partial fulfillment of the requirements for the award of the Master of Science degree in Supply Chain Management.

Therefore this is kindly to request you to grant me permission to carry out this study in your institution. Attached is an introductory letter from the Dean Graduate School Kyambogo University.

Thank you.

Yours sincerely,



Anguzu Ronald
Student, Kyambogo University
14/U/12872/GMSC/PE

PDU
Permission is granted to the respondent
Enable him
M. Mubiru
17/10/2016

Where is the data collection tool?
M. Mubiru
19/10/2016



MAKERERE UNIVERSITY BUSINESS SCHOOL

Plot M118, Portbell Road, P. O. Box 1337, Kampala-Uganda
Phone: Direct Line: +256-414-338147, General Line: +256-414-338120; Fax: +256-41-4505921
Email: pdu@mubs.ac.ug Website: www.mubs.ac.ug

Procurement & Disposal Unit

Invitation to bid for supply of stationery items under framework contract

MUBS/SPLS/2015-2016/00001

1. The Makerere University Business School has allocated funds to be used for the acquisition of stationery items under frame work contract.
2. The Entity invites sealed bids from eligible bidders for the provision of the above supplies.
3. Bidding will be conducted in accordance with the Open Domestic Bidding procedures contained in the Public Procurement and Disposal of Public Assets Act, 2003, and is open to all bidders.
4. Interested eligible bidders may obtain further information and inspect the bidding documents at the address given below at 8(a) from 8:00am to 5:00pm.
5. The Bidding Documents in English may be purchased by interested bidders on the submission of a written application to the address below at 8(b) and upon payment of a non-refundable fee of UGX 100,000/=. The method of payment will be by bank deposit to Barclays Bank account No.6002230737, and presentation of a copy of the bank deposit slip to the MUBS Cash Office, Accounts Block (former Library). Upon presentation of the receipt to the MUBS Procurement and Disposal Unit Office (PDU), Rm 1.12B, they will be issued with a bidding document.
6. Bids must be delivered to the address below 8(c) at or before 10:00am on Monday, October 5, 2015. All bids must be accompanied by a bid security of UGX 3,200,000/= (Uganda Shillings Three Million Two Hundred Thousand Only) Late bids shall be rejected. Bids will be opened in the presence of the bidders' representatives who choose to attend at the address below at 8(d) at 10:15am on Monday, October 5, 2015.

- M118 Port bell Road, P. O. Box 1337, Kampala Uganda
- (b) Documents will be issued from:PDU- MUBS, Plot M118 Port bell Road, P. O. Box 1337, Kampala Uganda
 - (c) Bids must be delivered to: PDU- MUBS, Plot M118 Port bell Road, P. O. Box 1337, Kampala Uganda
 - (d) Address of bid opening: Council room, MUBS, Plot M118 Port bell Road
9. The planned procurement schedule (subject to changes) is as follows:

Activity	Date
Publish bid notice	08/9/2015
Pre-bid meeting/ Site visits where applicable	N/A
Bid closing date	05/10/2015
Evaluation process	02/11/2015
Display and communication of best evaluated bidder notice	Within 5 days from date of Contracts Committee approval of evaluation report
Contract Signature	At least after 10 days of display of Best Evaluated Bidder notice

Disclaimer: MUBS is under no obligation to award to the lowest or any bidder.

.....
Accounting Officer
MUBS,

8.(a) Documents may be inspected at:PDU- MUBS, Plot

APPENDIX VII: TABLE FOR SAMPLE SIZE DETERMINATION

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

Krejcie, Robert V., Morgan, Daryle W., *“Determining Sample Size for Research Activities”*, Educational and Psychological Measurement, 1970.