

**CONTRACT MANAGEMENT AND PROCUREMENT PERFORMANCE IN
PUBLIC SECTOR IN UGANDA, CASE STUDY OF THE MICROFINANCE
SUPPORT CENTRE LIMITED (MSC)**

BY

**MWEBESA JOSEPH
2011/U/HD/371/MBA**

**A RESEARCH REPORT SUBMITTED TO KYAMBOGO UNIVERSITY
GRADUATE SCHOOL IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION
OF KYAMBOGO UNIVERSITY**

JANUARY 2014

Declaration

I, Mwebesa Joseph, declare to the best of my ability that this academic research report is as a result of my own efforts and has never been submitted for any academic award to any institution.

Name: Mwebesa Joseph

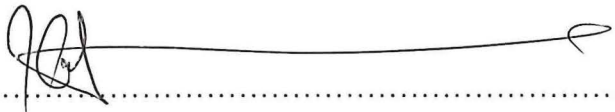
Signature: 

Date: 

Approval

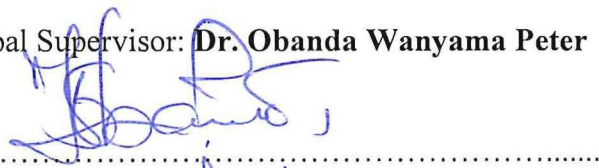
This research report was carried out under our supervision on the topic “Contract Management and Procurement Performance in Public Sector in Uganda” and is now hereby ready for submission to the academic board of Graduate School of Kyambogo University.

Name of Supervisor: **Mr. Charles Kalinzi**

Signature: 

Date: 

Name of Principal Supervisor: **Dr. Obanda Wanyama Peter**

Signature: 

Date: 

Dedication

I dedicate this work to my family for the love and support given to me during my studies.

Acknowledgement

My sincere gratitude to my supervisor Mr. Charles Kalinzi and Principal supervisor Dr. Obanda without whose guidance this work would not have been possible. Many thanks go to my course mates MBA class for the unity, assistance and fellowship during this study. I would like also to thank my family members with whom we have shared great love and also helped me not to give up because of their inspiration moments.

2.3 Conceptual Framework.....	13
2.4 Intervening Variables:.....	15
2.5 Procurement Contract Management phases.....	15
2.5.1 Contract Planning.....	15
2.5.2 Contract Evaluation	16
2.5.3 Contract Implementation and Supervision.....	16
2.6 Specific role of the accounting officer.....	17
2.7 Ensuring availability of sufficient fund	17
2.8 The role of stake holders.....	17
2.9 Procurement Performance Key Indicators	18
2.9.1 Timeliness in deliveries	19
2.9.2 Supplier defect rate	19
2.8.3 Customer satisfaction.....	19
2.9.4 Procurement cycle time.....	19
2.9.5 Value of supplier idea implementation	19
2.10 The role of contract management in improving procurement performance	19
2.11 Challenges in procurement contracts management.....	20
2.12 Conclusion	22
CHAPTER THREE	23
METHODOLOGY.....	23
3.0 Introduction.....	23
3.1 Study Design and procedure	23
3.2 Sampling frame	23
3.3 Sample Size.....	24
3.4 Sampling Techniques.....	24
3.5 Methods of Data Collection	26
3.5.1 The Questionnaires	26

3.5.2 Interviews.....	26
3.5.3 Document Review.....	26
3.6 Data Collection Procedures.....	27
3.7 Validity and Reliability of Research Tools.....	27
3.8 Measurement of Research Variables	27
3.9 Data Processing and Analysis.....	28
CHAPTER FOUR.....	29
PRESENTATION AND INTERPRETATION OF RESEARCH FINDINGS.....	29
4.1 Introduction.....	29
4.2 Personal information of the respondents.....	29
4.2.1 Department/Unit of respondents	29
4.2.2 The sex/gender of the respondents.....	30
4.2.3 Respondents education level so far attained	30
4.2.5 Respondents level of experience with MSC	31
4.3: General understanding of contract management and procurement performance	32
4.4 The roles undertaken by the different stakeholders during contract management at MSC.	33
4.4 Contract management challenges faced by MSC.	34
4.5 Strategic interventions that can be undertaken to improve procurement performance through effective contract management at the Microfinance Support Center Limited	36
4.6 Relationship between Contract Management and Procurement Performance.....	39
CHAPTER FIVE.....	41
DISCUSSION, SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	41
5.1 Introduction.....	41
5.2 Discussion of Findings.....	41
5.4 Limitations of the study	44
5.5 Conclusion	45
5.6 Policy recommendations.....	46

5.7 Areas for further research 47

Annex 1: References 48

Annex 2: Questionnaire for MSC Employees..... 51

Annex 3: Interview Guide for MSC Employees 55

List of Figures

Figure 1: Conceptual Framework.....	14
Figure 2: Linear relationship between contract management and procurement performance.....	39

List of Tables

Table 3.1: Sampling frame of microfinance support centre staff.....	24
Table 3.2: Sample size	25
Table 4.1 : The department/unit of respondents.....	29
Table 4.2: Sex/Gender of the respondents.....	30
Table 4.3: Respondents education level so far attained	31
Table 4.4: Respondents level of experience with MSC	31
Table 4.5: General understanding of contract management and procurement performance	32
Table 4.6: Roles undertaken by the different stakeholders during contract management at MSC	33
Table 4.7: Contract management challenges faced by MSC.....	35
Table 4.9: Pearson product moment correlation.....	40

List of Acronyms/ Abbreviations

AO	:	Accounting Officer
BoD	:	Board of Directors
CEO	:	Chief Executive Officer
CPOs	:	Chief Procurement Officers
FAO	:	Food Agriculture Organization
HRM	:	Human Resource Management
KYU	:	Kyambogo University
MSC	:	The Microfinance Support Center Limited
PDE	:	Procurement and Disposal Entity
PDU	:	Procurement and Disposal Unit
PM	:	Performance Measurement
PPDA	:	Public Procurement and Disposal of Public Assets Authority
PPMS	:	Procurement Performance Measurement System
PO	:	Procurement Officer
USA	:	United States of America
WB	:	World Bank

ABSTRACT

This study titled, “Contract Management and Procurement Performance in public sector; a case of the Microfinance Support Center Limited was carried out in the Microfinance Support Center Limited, P.O Box 33711 Kampala, Uganda, East Africa. The study was prompted by increasing poor contract management practices in public organizations characterized by implementation of substandard works, delivering mal-functional goods, delayed payments, delayed implementation of contracts, lack of monitoring reports among others.

The main objective of the study was to examine how procurement performance can be improved through effective contract management in public sector entities in Uganda. The researcher looked at roles undertaken by different stake holders in contract management, contract management challenges, and the strategic interventions that can be undertaken to improve procurement performance through effective contract management at the Microfinance Support Center Limited.

A cross-sectional research design was employed with both quantitative and qualitative methods. A questionnaire was used to collect all quantitative data while interviews were conducted to collect qualitative data for purposes of this study. The findings of the study revealed that there is a significant positive relationship between effective contract management and procurement performance in public sector. The findings further revealed that public organizations can improve procurement performance through carefully implementing contract management activities as stated in procurement contract.

Based on the findings of this study and the subsequent conclusions reached, the study was able to come up with recommendations: To overcome the challenges it is essential to pay service providers on time stated in the procurement contract, drop service provider that fail their contractual obligations, it is also important to appreciate procurement contract review as an ongoing process and consider changes in environmental variables such as inflation that need to be properly handed so that they do not fail contract execution. Public organizations should properly follow PPDA guidelines; appoint a contract manager where required by law, monitor progress of contracts and submit reports to PDU, inspect quality of products, among others.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter includes; back ground to the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study i.e. the conceptual scope, geographical scope and time scope, and the significance of the study.

1.2 Background to the study

Contract management is the active monitoring and control of all aspects of the relationship between the service provider/contractor and the client (Sunil Chopra, 2007). The aim of contract management is to ensure the delivery of cost effective and reliable service at an agreed price and standard. It must be consistent with legal requirements and financial propriety. Both parties should understand, from the outset, their respective obligations and that they fulfill these efficiently and effectively to provide best value for money (Van Weele p.15). The process starts from the identification of the requirement for goods and services and runs through to the completion of the contract. Staff responsible for monitoring and controlling the contract should be identified at the beginning of the procurement process, that is, contract manager, and should be involved from the specification stage. This ensures best practice prior to contract award and reduces the likelihood of problems.

To obtain best value for money the government must ensure that the contractor chosen is able to provide what is required on terms agreed. It is not enough to offer; the contractor must also be able to deliver (Arrowsmith p. 30). A contractor's failure to complete a contract can cause the government to considerable financial loss, which it may not be possible to recover for example when a contractor has become bankrupt. Completion of contracts is also, of course, important to the direct beneficiaries of the goods or services: the collapse of abridge, for example, or failure to collect household refuse on time, may seriously inconvenience the public.

Procurement involves a full range of activities related to purchasing goods, services and works. Procurement can range from contracting for an entire service to purchasing small assets such as office equipment. The procurement process does not end at the commissioning or contract award stage, but spans the entire life cycle of the product or service from inception and design through to contract management and disposal of any redundant assets. Effective procurement and contract management is a key component to any organization, as it enables them to deliver high quality services which meet their current and future needs (Lysons, 2005)

The Public Procurement and Disposal of Public Assets Authority (PPDA) was established in 2003 under the Public Procurement and Disposal of Public Assets Act of 2003. One of the central functions of PPDA is to monitor the performance of Procurement and Disposal Entities (PDEs) with a view to improve procurement and disposal capacity in weak areas, hereby enhancing the fairness, competitiveness, transparency and value for money of public procurement in Uganda.

Van Weele (2005) asserts that materials and services which are to be purchased become available in line with the requirements of purchasing internal customers. The primary task Purchasing, therefore, is to secure supply from reliable suppliers at consistent quality at reasonable (total) cost. Effective and efficient supply is mandatory. If this task is not executed effectively the buyer, or the purchasing department, will lose credibility. The internal customers, such as engineering, manufacturing and technical services, will then bypass the purchasing department and start doing purchasing on their own. Effective purchasing therefore requires an explicit supply orientation. It is important that procurement works according to a minimum set of purchasing procedures which describe how orders are placed, who is authorized to make purchasing decisions and how to structure the contract management process. Within the context of public procurement management in Uganda, the Public Procurement Law as spelt out under the PPDA Act, 2003, PPDA Regulations and Guidelines, provides for procedures of contract management. Although anecdotal evidence indicates that in practice these have not been well adhered to and contract performance has highly been compromised.

In a study of 42% public organizations, the top driver for improvements in the procurement contract management is the pressure to better assess and mitigate risks. Additionally, nearly 65% of public

organizations, report that contract lifecycle management has improved exposure to financial and legal risk (Handfield, 2002).

Majority of public organizations consider performance management at a disaggregated level, as for example in studies of the direct costs of product using a specific technology or of efficiency in performing a particular task. They have not considered the benefits of effective contracts management and try their best to realize a positive result from several contracts yet fail to achieve organizational expectations. They are characterized by delivering poor or defective products. For instance, contract to supply military uniforms to ministry of defense resulted in delivery of undersized uniforms.

Owing to the above, organization's image is partly determined by what it communicates to its customer markets and financial community (Monczka, 2011). It is certainly also influenced by what it communicates to its suppliers. A fair and open attitude towards suppliers can help the organization position itself as an attractive business partner. Buyers must make sure that the organization meets its contractual obligations towards suppliers.

Brian Farrington (2005) defines purchasing performance as quantitative or qualitative assessment over a given time towards the achievement corporate or operational goals and objectives relating to purchasing economies, efficiency and effectiveness. This can be in terms of orders fulfillment, reduction in lead times, post contract cost savings, suppliers goodwill, and partnership sourcing. Evidence from PPDA reports above indicates gross absence the purchasing performance indicators.

1.3 Contract Management in Developing Countries

In developing countries like Uganda, organizations in both the public and private sectors are facing increasing pressure to reduce costs and improve financial and operational performance. New regulatory requirements, globalization, increases in contract volumes and complexity have resulted in an increasing recognition of the importance and benefits of effective contract management. Management of contracts requires flexibility on both sides and a willingness to adapt the terms of the contract to reflect changing circumstances. It is important to recognize that problems are bound to arise which could not be foreseen when the contract was awarded.

The study by PPDA in 2010 revealed that one of the main causes of delays and cost overruns in construction projects is poor contract management (PPDA Digest Issue 2010). Hence, effective contract management, project planning, controlling and monitoring should be established to enhance contract performance in order to minimize or avoid delay and cost problems in such projects.

CHOGM report (2009) pointed out that most of the civil works contracts which accounted for 50% of the Common Wealth Heads of Government Budget in November 2007 resulted in poor workmanship, shoddy work, quick wear and tear and invisible civil works in all the above cases and others it is clear that contract management has not been effective. The Local Councils (LC) Bicycle scandal (2010) details revealed how LCs bicycles vanished in thin air. In November 2011 the Government of Uganda sacked the Accounting Officer for authorizing a shoddy deal for procurement of these LC bicycles in which Shs4.2bn was lost. This is another example where the researcher feels that effective contract management could have averted poor procurement performance of the public entity in Uganda.

In the case of Uganda National Identity Card Scandal, Muhlbauer Technology Company Ltd was reportedly procured under dubious circumstances in March 2010 on the orders of President Museveni after his meeting with the German ambassador at State House. The company was given over Shs200b to make IDs for Ugandans but to-date (May 2013), it has only reportedly produced only 400 Ids, among which is one for the president and the other for Prime Minister Amama Mbabazi. The IGG investigations report (2005) established that the procurement process of the vendor, who would implement the project, was riddled with illegalities. The probe also found that the process was characterized by patronage and in-fighting by public servants who were supposed to manage the execution of contract had vested and even competing interests in the outcome.

According to PPDA audit report on Uganda Wildlife Authority (2009), it is estimated that the entity lost to approximately shillings 963 million due to lack of agreements with contractors, delays in their payments and implementation of contracts, irregular methods of payment and one incident of non execution of a contract. Also PPDA compliant report on 15 PDE,s (2010), revealed that; Record of Contracts Committee award decision – only 48% were compliant, Record of the contract document – only 43% were compliant; and Record of Contract Implementation Plan- only 32% were compliant.

It is upon such that the researcher intends to assess why such contracts fail in public entities in Ugandan.

1.4 Statement of the problem

Despite the importance and potential business impact of procurement contracts namely; service delivery management, relationship management, contract administration and transitional planning; most public organizations still experience large disconnects between the processes and organization around procurement contract, how they are managed and the intelligence that can be gained from them to support business operations.

In many public entities in Uganda, there has been a persistent misunderstanding between procurement officers and supply markets and failure by public entities to honour their contractual obligations from the outset and this has led to poor relationship with suppliers and low value for money. This may be attributed to lack of commitment of the Procurement and Disposal Entities (PDEs) and Contracted firms to perform their contractual obligations satisfactorily.

At Microfinance Support Centre Ltd (MSC), the independent forensic audit/assessment carried out in 2010 for the Supply and Implementation of Management Information System (MIS) found out that the procurement of MIS software and contract management were marred by irregularities. It was later found out that the firm which was contracted to supply, install and implement the MIS i.e. M/S Computer Point Limited was not competent to supply, install, configure, customize, train and support the MIS system (MSC MIS forensic audit report 2010).

Also the PPDA procurement audit report of the Microfinance Support Centre Ltd for the financial year 2012/13 found out that out of 35 (thirty five) procurement contracts sampled for review with the total value of UGX. 1,041,668,393 (One billion forty one million six hundred sixty eight thousand three hundred ninety three Uganda shillings only), none was satisfactorily implemented (PPDA audit report 2013). These procurement problems have contributed to MSC not being able to deliver her mandate and adequately provide services to the citizens of Uganda and if not addressed, they may continue to affect the performance of the entity.

This study therefore aims at establishing how procurement performance can be improved through effective contract management in public sector entities in Uganda, taking MSC as the case study.

1.5 The Purpose of the Study

The purpose of the study was to examine how procurement performance can be improved through effective contract management in public sector entities, taking a case study of the Microfinance Support Center Limited.

1.6 Objectives of the Study

The study was guided by the following specific objectives:

- i. To examine the roles undertaken by the different stakeholders during contract management at the Microfinance Support Center Ltd.
- ii. To examine the contract management challenges faced by the Microfinance Support Center Limited.
- iii. To evaluate the strategic interventions that can be undertaken to improve procurement performance through effective contract management at the Microfinance Support Center Limited.
- iv. To establish the relationship between contract management and procurement performance in the public entity.

1.7 Research questions

The following are research questions for the study;

- i. What are the roles undertaken by the different stakeholders during contracts management at the Microfinance Support Center Limited?

- ii. What are procurement contract management challenges that the Microfinance Support Center Limited experiences?
- iii. What strategic interventions can be undertaken to improve procurement performance through effective contract management at the Microfinance Support Center Limited?
- iv. What is the relationship between contract management and procurement performance in the public entity?

1.7 Scope of the Study

The proportion of the research covered the conceptual scope, geographical scope, and the time scope.

1.7.1 Conceptual Scope

The researcher's study considered the impact of effective contract management on procurement performance of public sector entities in Uganda, taking a case study of the Microfinance Support Center Limited. The study looked at; roles undertaken by the different stakeholders during contract management, contract management challenges, strategic interventions that can be undertaken to improve procurement performance through effective contract management, and the relationship between contract management and procurement performance in the public entity.

1.7.2 Geographical Scope

The research was carried out in the Microfinance Support Center limited, Plot 46 Windsor Crescent Kololo Kampala Uganda which is the headquarters serving a number of branches including Kampala, Iganga, Mbale, Soroti, Moroto, Gulu, Arua, Hoima, Kabarole, Kabale, Mbarara and Masaka.

1.7.3 Time Scope

The study covered a period of eight months that is from February 2013 to October 2013.

1.8 Significance of the Study

The study has got the following significance;

- i. The study aimed at assisting procurement officers and other policy makers to commit more resources in contract management so as to have better procurement performance.
- ii. The became a point of reference for other future researchers in need of knowledge concerning effective contract management and procurement performance in public sector entities in Uganda and beyond.
- iii. The study enabled the entity to have a clear understanding on the role of effective contract management in achieving procurement performance and therefore find a need to put into practice by the organization.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter discusses the opinions, findings from different authors, publications, magazines, websites, and all possible sources as a basis of foundation for this research study. It is divided into definition of the key variables and other parts are according to the research questions as seen below;

2.1 Theoretical Review of Procurement and Contract Management

While recent studies suggest now is a good time for short-term contract negotiations, organizations must also strategize for the long-term management of procurement contracts (Africa's Public Procurement and Entrepreneurship Research Initiative APPERI, 2010). As a result of the economic slump, many procurement professionals believe they are in a better negotiating position with their suppliers and thus have major influence in the steering of their businesses.

A recent study by supply management software provider BravoSolution and independent research consultancy Loudhouse of USA found that 51 percent of respondents say they are in a stronger negotiating position with suppliers and 48 percent state they have more flexibility when it comes to reviewing existing contracts. However, the study also found that 69 percent of chief procurement officers (CPOs) had not examined the impact of the last six months on their supply management strategy. "Overlooking risk in the mid-term and lacking investment in process efficiencies, many businesses will feel pain in the next 12 months with the potential of supplier flexibility drying up," (Nader Sabbaghian, CEO of BravoSolution, USA).

To prevent that from happening, CPOs must carefully manage their supplier contracts as they "guide the purchasing process" as every type of contract has "some impact on the overall performance of a business (Aberdeen Group, 2009). The effects of procurement contracts are among the most

immediate and tangible; leading organizations to place the highest level of priority practices for developing, administering and supervising procurement contracts during these tight times.

"The effective management of the contract creating process in combination with the development of greater analytics and reporting capabilities around contract compliance delivers real value and returns for government entities," (Aberdeen Group, 2009). There are several strategies procurement teams can implement when it comes to managing procurement contracts. Before any of them can be put in place, however, companies are strongly urged to carry out an unbiased and comprehensive assessment of the current procurement contracts management processes and related capabilities, independent risk analysis, (Association for Operations Management Consultancy, 2007).

Once assessed and agreed upon, companies should then evaluate the gap between the current state and the desired level of capability and performance. "Set clear overall strategic and operational objectives and performance expectations for the organization's procurement contracts management process," the study advises. "Without such a vision and objectives, it is unlikely that the desired level of performance, control and capability will be achieved." Procurement experts, suggests focusing on producing a few key metrics across all spend categories, and building and refining those metrics for the ones with the greatest impact on business. These objectives must be set for the short- and long-term. "You are not going to be able to do everything in one day," Ken Hartman, manager of indirect and global sourcing technology for Boston Scientific, told Purchasing. "So you want to focus on the things that have the biggest impact to the business."

For mid- to longer-term investments in procurement contracts management process capabilities, procurement entities need to make investments in organizational tools and technological upgrades, as well as those that will improve strategies, policies and practices. Creating a contracts template that has the appropriate clauses, terms and conditions as well as installing a central repository for all contracts are additional actions companies could take to improve their procurement contract management process, (Banes, 2005). All authorized parties should have access to the central repository, allowing them to see and compare the past and current contractual information.

"By consolidating contracts and related documents into a central location, the first step to take is enabling action on these contracts," Aberdeen Group advises in its *Procurement Contracts: Real Value, Real Returns* report. Contracts that are scattered across the organization "handcuff the ability of a Procurement and Disposal Entity (PDE) to manage the pricing or service levels governed by these contracts. Additionally, local management and storage means that knowledge of that contract and the relationship with the supplier are often also lost if that contract leaves the company."

Supplier relations are another important aspect of contract management. The Aberdeen Group report (2009) encourages Public organizations to engage suppliers as collaborative partners to allow both parties to engage in actions that are beneficial to each side. Having a strong relationship with suppliers gives buyers a chance to take preemptive measures to recognize and avoid supply chain disruptions. This helps avoid extraneous costs and contentious interactions. Moreover, "establishing a closer working relationship with suppliers also paves the way for compliance by suppliers to contract pricing and service levels," the report adds.

2.2 Procurement Contract Management Procedures

Effective contract management is a key component in achieving project outcomes. The processes, structure and resources that will be applied to the contract management phase should be identified during the procurement planning stage.

Contract conditions should specify the reporting cycle and format, level of supplier personnel involvement, supplier/department systems integration requirements, among others. Contract management procedures is concerned with ensuring the service is being fully delivered as agreed, to the required level of performance and quality. In practice this means having a well structured service level schedule or service level agreement, with clearly defined performance targets and measures combined with regular reporting (Van Weele, 2005).

The frequency of reporting will depend on the services being provided; however, monthly reporting on the main service levels is a good rule of thumb. It is important that supplier reporting is provided in a format that makes it quick to analyze and identify service delivery issues. Use of a traffic-light-

type system (or something similar) for summary-level monitoring of performance against the key service levels is a useful method for honing in on potential issues and problems.

Poor-quality reporting is an area of frustration in many contracts. Poor-quality reporting includes reporting that is verbose, difficult to analyze and not targeted to the organization's needs. Ensure that your reporting is accurate, delivered on time and easy to read. Spend time with the supplier to understand what data/information it requires and how it will use it. This enables you to tailor your reporting accordingly. Good reporting can be a relatively low-cost but high-value-adding activity. For example, in a help desk environment you might be required to report on the types of call being received. Without too much additional effort you might be able to identify user training that could be provided to reduce the number of "how to" calls being received each month.

Developing a procurement Contract management Plan for Higher Value and Complex Procurement should address the following; monitoring compliance with contract conditions; identification of milestones and key deliverables/outcomes; roles and responsibilities of participants; effective financial management and monitoring; monitoring of risks; and project performance reporting requirements (Simchi Levi, 2005)

According to Nigel (2006), Service contract management policy should broadly address the issue of appropriate Skills for effective contract management. The contract manager for a project should possess a sufficient level of competency based training and/or relevant contract management experience. Each department should consider the establishment of a contract management team to support the contract manager for higher value or complex projects. Consideration should be given to matching the skill mix of the contract management team with the requirements of the project. Consideration should also be given to including a member of the strategic procurement planning team.

Procurement contract management procedures should address the issue of recording the outcomes of a contract management process. Departments should establish a process for evaluation and recording of the outcome of major contracts in relation to stated project objectives. Contract administration covers the formal governance of the contract and changes to the contract document. It is concerned

with the mechanics of the relationship between the buying Public Entity and the supplier. This includes the development and implementation of procedures covering the administrative and clerical activities (Industry capability Network, 2006).

Good contract administration is important for the successful management of any contract. Contract administration also requires appropriate resourcing, and as part of the contract management planning both the Public Entity and the supplier need to consider the level of resourcing required for the particular contract. Procedures should be in place for the management of the main contract management activities. These may include; Contract variations, including change control procedures, cost monitoring procedures, ordering procedures, e.g. ordering of hardware, payment procedures, and management reporting. These procedures are normally documented in the contract management plan.

As part of agreeing these procedures with the public entity, it is important to ensure the processes are consistent with the contractual terms e.g. only in writing, approved at a certain level, and only agreed once they have been captured in a contract variation. While this is important for all contract management activities, it is particularly applicable to the management of change control and contract variations, and particularly in development projects, where there are frequently a large number of changes.

2.3 Conceptual Framework

The conceptual framework was developed on the premise that there is a relationship between contract management and procurement performance in public sector entities in Uganda. The conceptual framework looks at both independent and dependent variables of the study. The independent variable is contract management and dependent variable is procurement performance in public sector entity.

Contract management is composed of contract planning, contract evaluation and contract implementation. Procurement performance is measured based on the timeliness, responsiveness, efficiency, effectiveness and reliability. The intervening variables include; availability of funds, availability of skilled man power, good transport and communication means and timely release of funds by Government and Development partners.

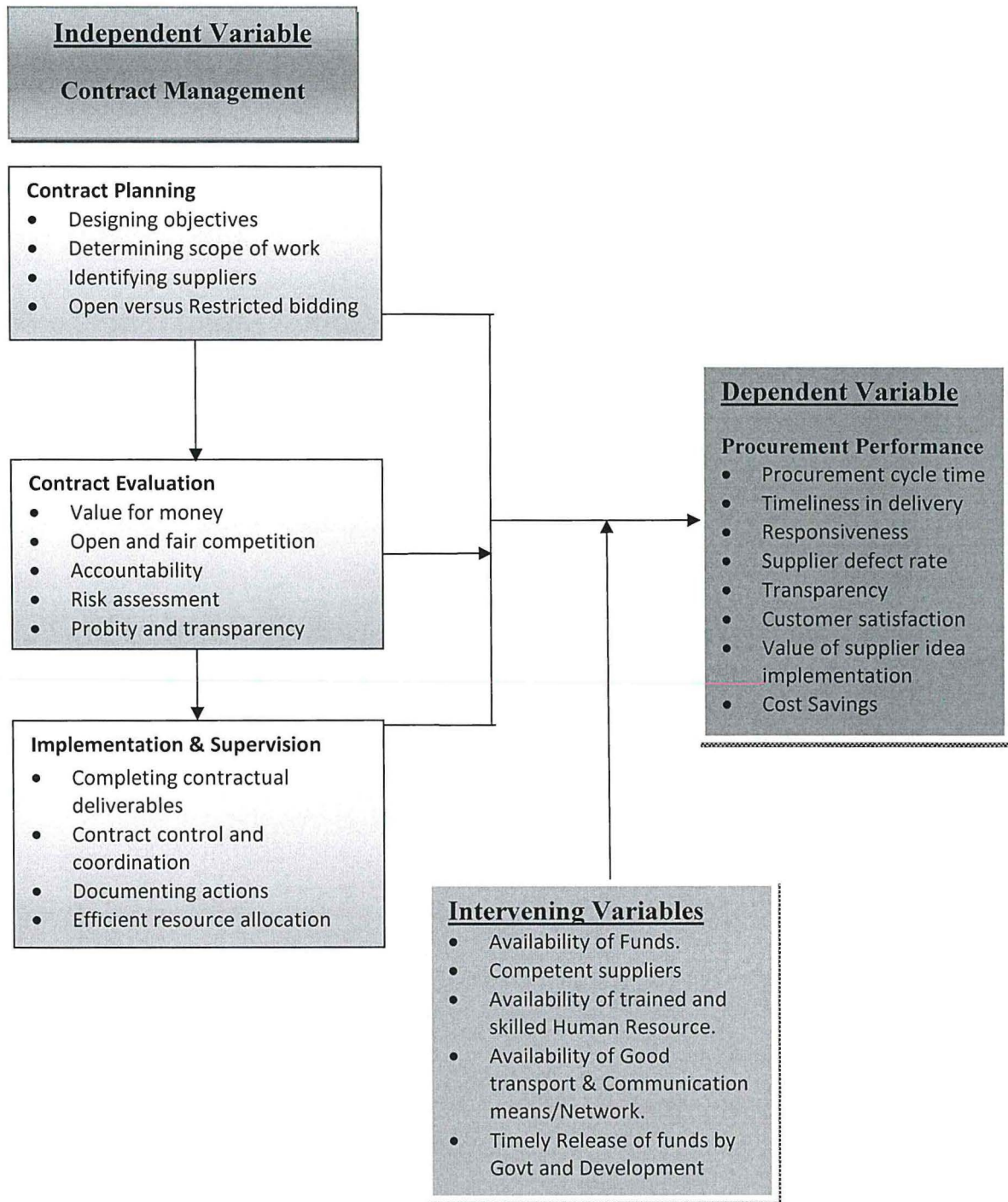


Figure 1: Conceptual Framework
(Source: Adopted from the systems theory, min, 2007 and modified by the researcher)

2.4 Intervening Variables:

In public sector entities procurement performance can be affected or compromised by intervening variables such as; availability of funds, competent suppliers, availability of trained and skilled Human Resource, availability of good transport and communication means/network and timely release of funds by Government and Development partners. The study matched and integrated these intervening/external factors in the study since they hinder procurement performance in public sector entities.

2.5 Procurement Contract Management phases

Taylor Walton (2009) defines contract management as the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract. It also involves building a good working relationship between the customer and the service provider. It continues throughout the life of a contract and involves managing proactively to anticipate future needs as well as reacting to situations that arise. Rene G. Rendon (2006) points out that one of the key aims of contract management is to obtain the services as agreed in the contract and achieve value for money. This means optimizing the efficiency, effectiveness and economy of the service or relationship described by the contract, balancing costs against risks and actively managing the customer and service provider relationship. Contract management can be looked at in the following stages:

2.5.1 Contract Planning

It is the role of each public entity to define its procurement requirements, identify all of the items they need to procure (Agaba and Shipman, 2007). Creating a sound financial justification for procuring them, listing all the tasks involved in procuring their services, scheduling those tasks by allocating timeframes and resources. Through a procurement contract plan template, the procuring entity can quickly and easily define its procurement requirements, the method of procurement and the timeframes for delivery (Basheka, 2008).

Cambridgeshire County Council's Guide to Contract Management (2007), emphasizes that it is important that contracting and other funding takes place within a structured contract management system. The entity needs to be clear about the overall objectives, the means to achieve those objectives, the population to which services or goods are to be supplied, the nature of the organization the agency is likely to be dealing with, and the relationship with that organization.

Contract planning also involves identification of key contract management team members, authorities and limitations. Successful management and administration of contract requires the coordinated efforts of a variety of personnel. Some of these key personnel include: the contract manager and senior staff; contracting officer (CO); contracting officer's representatives (CORs); contract specialists (CSs); and subject matter experts. This delineates the roles and responsibilities of these team members and describes their interaction on key contract administration duties.

2.5.2 Contract Evaluation

The regulation emphasizes that evaluation process should provide a fair comparison between the responses and be conducted in accordance with the approved evaluation methodology and criteria. The same evaluation method should be applied to each response (PPDA Act 2003).

Value for money is the essential test against which any procurement output is to be justified. It is also essential that the assessment of offers is robust, systematic and unbiased to ensure the application of proper processes and the achievement of the procurement principles: value for money, open and fair competition, accountability, risk management, probity and transparency (FAO procurement manual, 2009).

2.5.3 Contract Implementation and Supervision

Contract implementation is the set of processes used after awarding a contract to ensure a new service or contract is effectively established (Barbra S. Romzek, 2008). The aim is to ensure goods and services meet their strategic priorities quickly and effectively and to get them to the position of

delivering their service specification. It involves the user departments, the suppliers, the Procurement and Disposal Entity and Management. The deliveries of all the requirements are implemented during this phase.

According to the practical guide to successful contract management by Technology and Outsourcing Group 2009 it was noted that after a contract has been signed there are a number of matters that should be addressed to provide the foundation for successful contract management. An early step is to ensure that sufficient resources and senior management support are available to manage the contract. It is equally important to understand both the contract provisions and contractual relationships at the outset. In the case where the contract manager has been involved in earlier procurement phases, we expect that the contact manager will already have knowledge of issues relevant to implementation (Taylor Walton, 2009).

2.6 Specific role of the accounting officer

During contract planning the accounting officer ensures that the public entity establishes a procurement unit, appoints members of the contracts committee, the PDU and other structures in accordance with PPDA Act and the Regulations. Appointing members of the contracts committee, appointing members of evaluation committees, ensuring procurement plans are prepared, ensuring proper documentation of procurement proceedings.

2.7 Ensuring availability of sufficient fund

Where payment to a service provider is anticipated to last more than one financial year, it is the role of the accounting officer to ensure that financial provision is made in the budget estimates for the appropriate year to support the procurement during the subsequent years. The accounting officer also ensures that sufficient funds are budgeted for framework contracts every financial year, to cover the full cumulative cost of call off orders anticipated for each year for a framework contract.

2.8 The role of stake holders

Government, employees and the public have very important roles to play in the contract management process for the public entities. Apart from the Government, employees and management who play direct roles in contract management, other stake holders such as the public plays important roles in contract management and some of these are:

Assisting the entity to accurately decide on which services are to be procured, expanded or improved, particularly during the planning stages and insisting that the entity consults citizens during decision making (Basheka, 2008).

Stake holders also play a role in development of proposals. Different stake holders play an important role in developing the proposals for the public entities. Chuan and Leu (2009) noted that residents work with Non Governmental Organizations (NGOs), Community Based Organizations (CBOs) and political parties to develop proposals for the council to consider during planning. Communities can also request the town council to appoint a committee of community representatives to monitor processes as well as to advise the town council on priorities for service extension and improvement.

Another role is the evaluation of potential service providers. Apart from employees and management of the public entity, communities or their representatives can also play some role in the evaluation of potential service providers, the involvement of communities in service provision and monitoring of the performance of service providers is vital. This kind of involvement of citizens ensures that procurement planning and decision-making process reflect their needs and priorities and lead to the types of decisions that will make effective services delivered in an open, and fair (Livingstone & Charlton, 2001).

2.9 Procurement Performance Key Indicators

Charles Dominick (2009) of the 'next level purchasing association' gave the indicators of Procurement Performance to include financial and non financial performance indicators. In public entities, however the much emphasis is on service delivery and value for money. The common Key Performance Indicators (KPI) of procurement performance in public entities include:

2.9.1 Timeliness in deliveries

This KPI measures how well the procuring entity gets what the organization needs when it needs it. This KPI looks at the Percent of on-time supplier deliveries.

2.9.2 Supplier defect rate

Supplier defect rate can be calculated by dividing number of defective items by the total number of items purchased (or the number of shipments with defects by the total number of shipments). This KPI measures the quality of purchases made by the procurement department.

2.8.3 Customer satisfaction

Asking customers to rate their degree of satisfaction with Procurement's performance or to indicate whether or not they are satisfied can reveal valuable information. When multiple organizations use the same question, benchmarking satisfaction levels is possible. This KPI measures the procurement department's ability to satisfy its customers.

2.9.4 Procurement cycle time

The average time it takes between requisition submission and purchase order placement is one measure of procurement cycle time. Another type of procurement cycle time that can be measured is the time it takes from the beginning of a sourcing process to the time that a contract is signed. This KPI measures the procurement department's productivity.

2.9.5 Value of supplier idea implementation

Advanced procurement organizations actively solicit ideas from suppliers for cost savings, revenue growth, and the like. They track these ideas and measure the contribution to the organization's bottom line. This type of collaboration is advanced by today's standards but is becoming more common. This KPI measures how well the procurement department leverages the intellect in the supply base.

2.10 The role of contract management in improving procurement performance

Good contract management is critical for enabling public entities to fully comply with several key PPDA Act provisions and best practices including certification requirements, rules requiring

enhanced internal controls and disclosure mandates. "PPDA Act is sending a wakeup call to many accounting officers (AOs) who realize they had better get a handle on the commitments being negotiated in their organizations,".

According to Cummins (2010), "Yet even now, many are turning to the National Procurement Acts (PPDA) in the expectation this will fix the problem and provide instant answers. In some cases, it probably will; but in many it is going to lead to frustration. There is a world of difference between 'contracts' and 'contracting' one is a document, the other is an end-to-end business process."

The PPDA Act's certification requirements place tremendous responsibility on Accounting Officers and Procurement officers (POs) to guarantee the accuracy and reliability of all procurement information in their monthly and annual reports. The procurement information that appears in these reports is a snapshot of what actually happened in the previous period. This, in turn, is often driven by a set of underlying contracts that detail what should have happened.

The PPDA Act also states that Procurement officers must design and evaluate internal controls to ensure the accuracy of any information linked to the procurement performance of the entity to comply with this portion of the Act, public organizations must put in place good internal controls to ensure that contracts are written and managed according to tight internal standards. Any exceptions to these standards must go through appropriate reviews and approvals and a procurement audit trail must be maintained.

2.11 Challenges in procurement contracts management

According to (Cummins, 2010) for many, it is seen primarily as a transactional activity, focused on ensuring compliance with standards, or that 'deviations' are adequately reviewed and monitored. In some cases, 'contract management' is seen as purely a post-award activity – on the basis that until it is signed, the contract does not exist.

A growing number of public organizations have grasped that contract management is a much broader discipline that oversees the integrity of obligations, commitments and behavior with external parties.

They have presented the following challenges in procurement contracts management; Contracts govern pricing, charging and payment mechanisms.

Implicit within any contract relationship is the importance of trust and integrity. That includes ensuring the bill is correct and addressing complaints in a timely manner. If those responsible for contracts were not aware of the problem, then it points once more to a fragmented process for contract commitment and oversight. It should not have happened. Experience shows that high volumes of invoicing errors are almost inevitable when companies create high levels of granularity in their pricing structures (Farrington, 2007). The business complexity that such structures introduce means that the supposed benefits are often outweighed by the internal administrative costs – which is once more a problem that can often best be highlighted by an alert contract management function.

Finally, we come to public entities in Uganda. The story there is that majority of public entities appear to have been unable to coordinate their paperwork, resulting in growing challenges to their foreclosures on service providers. Problems range from incorrect or missing data on contractual or regulatory forms, confusion over which company actually offered a service and questionable internal controls and notarization procedures. It sounds like a system that has gone haywire, partly due to the volume of business that was being undertaken and also due to the fact that the system was not designed to cope with the financial industry meltdown and resultant volume of repossessions. The lesson here appears to be that fast-growth markets often place immense pressures on back-office systems, such as contract management. But fast-growth markets are also risky, making investment in supporting systems a high priority. It is frequently tempting to chase business and believe that the systems will catch up – but often they do not, and certainly they do not if there is no one focused on driving the catch-up. In general, modern public organizations appear not to give sufficient attention to the management of external relationships, either buy-side or sell-side.

In all these cases, the costs of poor contract management have been high. In reality, the headline figures are of course a massive understatement of the true costs – the need for investigation and review, the reputational damage, and the on-going costs of increased regulatory oversight. It would certainly have been far cheaper to have invested in the development of a holistic contract management process and related tools in the first place.

2.12 Conclusion

Lastly, Public organizations are advised to use key performance indicators (KPIs) for measuring contract management performance. These provide "more granular visibility into contract management activities" and allow organizations "to more accurately assess their performance," (Aberdeen study 2009). The KPIs should not only measure standard contracts related metrics like compliance and spend, but also delivery times, cycle times, supplier compliance to service levels and capture of rebates.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter on methodology contains sections on research design, target population, sample size, sampling techniques and data collection methods. Quantitative and qualitative methodology was used in examining the effect of effective contract management on procurement performance at the Microfinance Support Center limited.

3.1 Study Design and procedure

A cross-sectional study design was adopted for this research. This is where data was gathered at one point in time in order to answer research questions (Sekaran 2003: 135). A number of methods were used to solicit data from both staff and service providers of the Microfinance Support Center Limited. The cross-sectional survey generated both quantitative and qualitative data.

3.2 Sampling frame

A sampling frame is a complete list of all the members of the population that we wish to study. This provided the target population that comprised of service providers and staff of MSC in their various departmental categories. According to MSC staff records 2013, there are approximately 104 staff.

Table 3.1: Sampling Frame of Microfinance Support Centre Staff

Serial No.	Category	Number per category
1.	Directors	12
2.	Procurement unit	3
3.	Branch Offices Staff	55
4	Heads of Sections	8
5.	Support Staff	21
6	Top Management	5
	TOTAL	104

Source: Department of HRM and PDU, the Microfinance Support Centre Ltd (2013)

3.3 Sample Size

The target population was made up of; Senior Management, all Heads of Departments, Branch offices staff with access to procurement information, all staff of Procurement and Disposal Unit and the Board of Directors. The sample size was determined basing on Krejcie and Morgan (1970) and therefore a sample size of 82 respondents including staff of MSC will be selected for the study because procurement is a responsibility of entire entity.

3.4 Sampling Techniques

A stratified random sampling technique was used to select the respondents from MSC, who responded to the questionnaire. The stratified random sampling was preferred because there were several categories of respondents in the strata of staff of MSC. In this case, the De Vaus (2002) stratified random sampling technique was used to determine the numbers of respondents from each stratum: the formula used was;

$$r = \frac{c \times s}{p}$$

Where
r = respondents desired from a stratum
c = category (stratum) of population

s = desired sample

p = population of all staff

For instance, the number of respondents from the professional staff category was determined as follows:

$$\text{Professional staff } r = \frac{55 \times 82}{104}$$

r = 44 (respondents)

The same formula was applied to other categories of staff providers.

Table 3.2: Sample size

Serial No.	Category	Number per category	Number of respondents
1.	Directors	12	8
2.	Procurement Unit	3	1
3.	Branch Offices Staff	55	44
4.	Heads of Sections	8	14
5.	Support Staff	21	13
6.	Top Management	5	2
	TOTAL	104	82

Source: Department of HRM, the Microfinance Support Centre Ltd (2013)

After having determined the number of respondents from each stratum, the individual respondents were selected using purposive sampling technique. This technique allows a researcher to use cases that have the required information with respect to the objectives of the study. Cases of subjects were therefore be handpicked because they are informative or they possess the required characteristics (Mugenda et al 2003), hence its application in this study.

3.5 Methods of Data Collection

The study based itself on both primary and secondary data sources. In order to support the reliability of the data collected, both quantitative and qualitative research tools were used. To obtain quantitative and qualitative data, the instruments used comprised of questionnaire, interview guide, and documentary analysis. The procedure of administering is presented in the following sub-sections:

3.5.1 The Questionnaires

The quantitative data was collected using a standardized questionnaire as the primary research instrument. The questionnaires are techniques of data collection in which each person is asked to respond to the same set of questions in a predetermined order (de Vaus, 2002).

3.5.2 Interviews

Interviews were conducted with the various categories of staff of MSC. These included board of directors, procurement and disposal unit staff, professional staff, heads of departments and units, branch offices/external staff with access to procurement information and top management. The purpose of these interviews was to gather the perceptions and experience of the different categories regarding the subject and how it affects the procurement performance. The interview guide was developed for this purpose.

3.5.3 Document Review

The researcher collected and reviewed relevant documents from the Microfinance Support Center Limited to elicit related secondary data. Information from these sources was used to supplement data obtained from the primary sources.

3.6 Data Collection Procedures

The procedures of data collection followed the research objectives and questions. A review of related literature was also done. A pilot testing of the questionnaire was conducted and the outcome was used to review the questions. This pilot testing was carried out in MSC. The researcher identified and built a team of research assistants who were trained for data collection purposes. They were also trained on key protocol and ethical issues to be observed.

3.7 Validity and Reliability of Research Tools

Prior to using the questionnaire to collect data, it was pre-tested. The purpose was to refine the questionnaire so that respondents would have no problem in answering the questions. There was no problem in recording the data. The issues of validity and reliability were taken into account by this study. This is because the data collected had to be reliable and valid (Saunders et al 1997) if accurate conclusions are to be drawn. Validity was concerned with the idea that the research design fully addresses the research objectives and research questions that had to be answered and achieved. Reliability is about consistency of the research scales (White, 2002). The reliability of the instruments was established using the Cronbach's coefficient Alpha test.

3.8 Measurement of Research Variables

The research constitutes of both independent and dependent variables. The independent variable being effective contract management and dependent variable being procurement performance in public sector entity. Effective contract management was measured using Howat et al (1980) procurement performance instrument, with a rating scale of: strongly disagree, disagree, not sure, agree and strongly agree.

Procurement contract management constitutes of three constructs, contract management procedures, challenges of contract management and improving performance through effective contract management. Procurement performance in public sector was measured using Likert Scale (1932) using a rating scale of: strongly disagree, disagree, not sure, agree, strongly agree.

3.9 Data Processing and Analysis

The raw data collected using the structured questionnaire was sorted, edited, coded and reviewed so as to have the required quality, accuracy, consistency and completeness. It was then analyzed using the Statistical Package for Social Scientists (SPSS) computer package to test the relationships among contract management and procurement performance in public sector.

The study used descriptive statistical analysis using frequency, mean and standard deviation to determine the relationship between variables. The presentation was in form of frequency tables which were interpreted.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF RESEARCH FINDINGS

4.1 Introduction

This chapter presents and discusses the empirical findings of the study in line with the objectives stated in chapter one. Empirical findings and discussion include but not limited to results of the effective contract management and how it contributes to procurement performance in MSC.

4.2 Personal information of the respondents

This section gives personal information of the respondents; relating to department/unit, sex/gender, level of education so far attained, and period spent as an employee or service provider of the Microfinance Support Center limited.

4.2.1 Department/Unit of respondents

Respondents were asked to identify the department or unit where they render services in MSC and the results are presented in the table below;

Table 4.1 : The department/unit of respondents

Department/Unit	Department/Unit			Cumulative Percent
	Frequency	Percent	Valid Percent	
Directors	2	2.6	2.6	2.6
Operations	10	12.99	12.99	15.59
Procurement & Disposal	3	3.9	3.9	19.49
Human Resource & Admin	4	5.2	5.2	24.69
Legal	3	3.9	3.9	28.59
Internal Audit	3	3.9	3.9	32.49
Finance	10	12.99	12.99	45.48
Marketing	3	3.9	3.9	49.38
Information Systems	3	3.9	3.9	53.28
Branch Offices	36	46.76	46.76	100.00
Total	77	100.00	100.00	

Source: Primary Data.

The results in table above indicate that majority of the respondents were from the branch offices with 46.76 percent of all the respondents. These were followed by those of operations and finance that had 12.99 percent of the respondents each. These were followed by those of Human Resource and Administration department with 5.2 percent. Procurement & Disposal Unit, Legal, Internal Audit, Marketing and Information Systems each had 3.9 percent. The least was Director’s department that had 2.6 percent. This implies that all the departments and units in MSC were proportionately catered for in the study.

4.2.2 The sex/gender of the respondents

The sex/gender distribution of respondents is presented in the table below;

Table 4.2: Sex/gender of the respondents

Sex/Gender	Frequency	Sex/Gender		Cumulative Percent
		Percent	Valid Percent	
Male	40	51.94	51.94	51.94
Female	37	48.06	48.06	100.00
Total	77	100.00	100.00	

Source: Primary Data

The male were the majority in the study with 40 respondents (51.94 percent) while female respondents were 37 (48.06 percent). This implies gender issues were catered for in this study.

4.2.3 Respondents education level so far attained

The respondents were asked to provide the level of education each one has so far attained. The results of respondents’ level of education are as in the table below;

Table 4.3 : Respondents education level so far attained

Education Level	Education Level			
	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	8	10.39	10.39	10.39
Bachelor's Degree	48	62.34	62.34	72.73
Post Graduate	12	15.58	15.58	88.31
Professional Certification	9	11.69	11.69	100.00
Total	77	100.01	100.00	

Source: Primary data

Respondents with bachelor's degree (graduate) formed the majority (48) with 62.34 percent. These were followed by those with post graduate qualification with 15.59% percent. Those with professional certifications were 9 with 11.69 percent while those with diploma were 8 equal to 10.39 percent.

4.2.5 Respondents level of experience with MSC

The level of experience of respondents measured in terms period employed/served at the Microfinance Support Center Limited reveals; other factor being constant, how much a respondent is knowledgeable about the institution. The results are;

Table 4.4 : Respondents level of experience with MSC

Level of Experience	Level of experience with MSC			
	Frequency	Percent	Valid Percent	Cumulative Percent
<1 Year	9	11.69	11.69	11.69
1-5 Years	28	36.36	36.36	48.05
6 – 10 Years	34	44.15	44.15	92.20
> 10 Years	6	7.8	7.8	100.00
Total	77	100.00	100.00	

Source: Primary data.

The table above shows that most of the respondents (44.15 percent) had spent between five and ten years with MSC. Those who had spent more than one year but less than five years were 28 with 36.36

percent followed by those of less than one year with 11.69 percent and the least were those who have spent more than 10 years with 7.8 percent. Therefore, respondents had knowledge and experience regarding the way contracts are managed and procurement performance at MSC.

4.3: General understanding of contract management and procurement performance

The respondents were asked generally, their understanding of contract management and procurement performance. The results of respondents' understanding of contract management and procurement performance are shown in the table below;

Table 4.5 : General understanding of contract management and procurement performance

Indicator	Agree		Disagree		Total Total
	Frequency	Percent	Frequency	Percent	
Have ever heard about contract management	61	79.22	16	20.78	77
Have ever heard about procurement performance	58	75.32	19	24.68	77
Every employee plays a role in contract management	45	58.44	22	41.56	77
Every employee plays a role in procurement performance	53	68.83	24	31.17	77

Source: Primary data.

The table above shows that most of the respondents (79.22 percent) had ever heard about contract management in MSC while 20.78 percent had never heard about contract management. 75.32 percent of the respondents had ever heard about procurement performance in MSC while 24.68 percent had never heard about it. Those who believed that every employee plays a role in contract management and procurement performance were 58.44 and 68.83 percent respectively while those who did not believe that every employee plays a role in contract management and procurement performance were 41.56 and 31.17 percent respectively. Therefore, the majority of respondents had knowledge and understanding of contract management and procurement performance in MSC.

4.4 The roles undertaken by the different stakeholders during contract management at the Microfinance Support Center Limited.

Using indicators of the roles undertaken by different stakeholders during contract management at the MSC, respondents were to weigh the extent to which the indicators are satisfied and such satisfaction contributes to procurement performance. The results are presented in tables below;

Table 4.6 : Roles undertaken by the different stakeholders during contract management at MSC

Indicator	N	Minimum	Maximum	Mean	Std. Deviation
Each user department prepares a multi annual work plan based on the approved budget.	77	1	5	4.4156	0.5132
Each user department entity defines its procurement requirements for their contracts.	77	1	5	3.8961	0.4294
The PDU brings about integration of the diverse decision and activities during planning.	77	1	5	3.9481	0.4367
The accounting officer ensures availability of sufficient funds to run the plans and that it is budgeted for.	77	1	5	4.0259	0.4481
The public assist in deciding on which services to expand and provide services that affect them.	75	1	5	4.0667	0.4604
The public through representatives also play a great role in the monitoring of contract by service providers.	77	1	5	3.9870	0.4423
Each user department monitors the respective contracts in consultation with Accounting Officer and other stake holders.	77	1	5	3.7792	0.4142
Procurement orders are followed up and delivered fully.	76	1	5	4.1316	0.4561
Order is placed to suppliers are delivered on time and certified by internal audit.	77	1	5	3.5844	0.3925

Source: Primary data.

The table above shows that the minimum response was 1.00 and the maximum response was 5.00. The mean for the indicator that each user department prepares a multi annual work plan based on the approved budget was 4.4156 while the standard deviation was 0.5132. On the issue of each user

department entity defining its procurement requirements for their contracts, the mean was 3.8961 while standard deviation was 0.4294. The mean for the PDU bringing about integration of the diverse decision and activities during planning was 3.9481 and the standard deviation was 0.4367. For the case of the Accounting Officer ensuring availability of sufficient funds to run the plans and that it is budgeted for, the mean was 4.0259 with a standard deviation of 0.4481. Respondents also believed that the public assist in deciding on which services to expand and provide services that affect them with a mean and standard deviation of 4.0667 and 0.4604 respectively. For the public through representatives also playing a great role in the monitoring of contract by service providers, the mean was 3.9870 and standard deviation of 0.4423. For the indicator that each user department monitors the respective contracts in consultation with Accounting Officer and other stake holders the mean was 3.7792 and standard deviation of 0.4142. For the indicators of Procurement orders are followed up and delivered fully and Order is placed to suppliers are delivered on time and certified by internal audit the means were 4.1316 and 3.5844 while the standard deviations were found to be 0.4561 and 0.3925 respectively.

The results imply that the roles played by different stake holders in contract management are very important for effective procurement performance. Continuous improvement of all activities initiated to reduce costs is a structured way associated with purchased materials and services. Continuous improvement especially in cost reduction may be the result of searches for new suppliers or substitute materials, value analysis and or coordination of purchasing requirements among business units. (Van Weele, 2000).

4.4 Contract management challenges faced by MSC.

Respondents were asked to highlight challenges faced by the Microfinance Support Center Limited regarding to contract management and procurement performance. The results were as shown in the table below;

Table 4.7 : Contract management challenges faced by MSC

Indicator	N	Minim um	Maxim um	Mean	Std. Deviation
Suppliers do not provide correct invoices	77	1	5	3.6883	0.4008
Errors in invoices not corrected on time	77	1	5	3.8571	0.4214
Regulatory PP Form 20 not used to place orders	77	1	5	4.0909	0.4551
When buying a product for the first time, it first invests in supporting systems	77	1	5	3.5194	0.3839
No proper communication in progress of contract	77	1	5	3.8182	0.4163
Errors and Missing Data in Local Purchase Orders	77	1	5	3.8442	0.4197
Service providers not paid on time stated in the procurement contract	77	1	5	3.7792	0.4114
When goods ordered are not delivered on time, MSC investigates the causes.	77	1	5	4.0779	0.4531
Service providers that fail their contractual obligations are not contracted or used again.	77	1	5	3.5844	0.3899
Procurement contract review is an ongoing process for on-going contracts.	77	1	5	3.9481	0.4339
Changes in environmental variables such as inflation are properly handled and do not fail contract execution.	76	1	5	3.9211	0.4329
There are expertise to develop clear contract terms and conditions	77	1	5	4.0779	0.4531

Source: Primary data.

The table above shows contract management challenges faced by the Microfinance Support Center Limited. The minimum response was 1.00 and the maximum response was 5.00 for all indicators. The results show that; the means for the contract management challenges faced by MSC were 3.6883, 3.8571, 4.0909, 3.5194, 3.8182, 3.8442, 3.7792, 4.0779, 3.5844, 3.9481, 3.9211, and 4.0779 for indicators of suppliers not providing correct invoices, errors in invoices not corrected on time, regulatory PP Form 20 used to place orders, investing in supporting systems, no proper communication in progress of contract, errors and missing data in LPOs, service providers not being paid on time stated in the procurement contract, MSC investigating the causes of goods ordered not delivered on time, service providers that fail their contractual obligations are not contracted or used again, procurement contract review as an ongoing process for on-going contracts, changes in environmental variables such as inflation are properly handled and do not fail contract execution and there are expertise to develop clear contract terms and conditions respectively.

The standard deviations were 0.4008, 0.4214, 0.4551, 0.3839, 0.4163, 0.4197, 0.4114, 0.4531, 0.3899, 0.4339, 0.4329, and 0.4531 for indicators of suppliers not providing correct invoices, errors in invoices not corrected on time, regulatory PP Form 20 used to place orders, investing in supporting systems, no proper communication in progress of contract, errors and missing data in LPOs, service providers not being paid on time stated in the procurement contract, MSC investigating the causes of goods ordered not delivered on time, service providers that fail their contractual obligations are not contracted or used again, procurement contract review as an ongoing process for on-going contracts, changes in environmental variables such as inflation are properly handled and do not fail contract execution and there are expertise to develop clear contract terms and conditions respectively.

The major challenge cited was that related to invoices having errors. Lyson (2006) asserts that administrative paperwork often serves merely to document a chain of events or provide a logical trail. Leading-edge purchasing organizations need to transform this administrative function of invoicing into value-added process by reducing, eliminating or combining steps when-ever possible. The above findings supports Tegen (2007) views that successful and efficient procurement practices are those that meet the needs of customers achieve optimum conditions and value even when they are amendments in original invoices.

The above findings concur with Cummins (2010), Procurement Acts (PPDA) in the expectation this will fix the problem and provide instant answers. In some cases, it probably will; but in many it is going to lead to frustration. There is a world of difference between 'contracts' and 'contracting' one is a document, the other is an end-to-end business process. However, the practice of MSC is contrary to Simchi-Levi (2008).

4.5 Strategic interventions that can be undertaken to improve procurement performance through effective contract management at the Microfinance Support Center Limited

Respondents were asked to highlight challenges Strategic interventions that can be undertaken to improve procurement performance through effective contract management at the Microfinance Support Center Limited. The results were as shown in the table below;

Table 4.8: Strategic interventions that can be undertaken to improve procurement performance through effective contract management at MSC

Indicator	N	Minimum	Maximum	Mean	Std. Deviation
Every procurement is authorized by Accounting Officer	77	1	5	3.8571	0.4214
Poor suppliers are dropped	77	1	5	4.2597	0.4826
Environmental variables such as inflation are handled well	77	1	5	4.2467	0.4804
Suppliers be paid on time	77	1	5	4.1429	0.4633
Investigations of cause for poor delivery	77	1	5	4.2597	0.4826
Hire expertise to develop clear contract terms and conditions	77	1	5	4.0909	0.4551
Continuous procurement contract reviews	77	1	5	3.9870	0.4531
Controls provided to suppliers during bidding	77	1	5	4.0779	0.4531
Exceptions go through appropriate approvals	77	1	5	4.0260	0.4452
High value procurement should be insured	75	1	5	4.0667	0.4574
Price variation clauses should be included in contract	77	1	5	3.9870	0.4395
Qualified contract manager always appointed	77	1	5	3.7792	0.4115
Observance of contract terms during contract life	76	1	5	4.1184	0.4625
PDU provides accurate information to regulatory PPDA	77	1	5	4.0519	0.4531

Source: Primary data.

From the above table the minimum response was 1.00 and the maximum response was 5.00 for all indicators. Respondents were asked on the strategic interventions that can be undertaken to improve procurement performance through effective contract management at the Microfinance Support Center Limited and the results reveal that;

The indicator of every procurement to be authorized by Accounting Officer had a mean of 3.8571 and standard deviation of 0.4214. For the poor suppliers are dropped it has a mean of 4.2597 and standard deviation of 0.4826. Environmental variables such as inflation being handled well, suppliers paid on time, investigation of cause for poor delivery, hire expertise to develop clear contract terms

and conditions, continuous procurement contract reviews, controls provided to suppliers during bidding, exceptions go through appropriate approvals, high value procurement should be insured, price variation clauses should be included in contract, qualified contract manager always appointed, observance of contract terms during contract life, and PDU provides accurate information to regulatory PPDA had means of 4.2467, 4.1429, 4.2597, 4.0909, 3.9870, 4.0779, 4.0260, 4.0667, 3.9870, 3.7792, 4.1184, 4.0519 and standard deviations of 0.4804, 0.4633, 0.4826, 0.4551, 0.4531, 0.4531, 0.4452, 0.4574, 0.4395, 0.4115, 0.4625, 0.4531 respectively.

This implies that if the strategic interventions are undertaken by MSC they can help improve procurement performance through effective contract management. These interventions are; Every procurement is authorized by Accounting Officer, Poor suppliers are dropped, Environmental variables such as inflation are handled well, Suppliers paid on time, Investigation of cause for poor delivery, Hire expertise to develop clear contract terms and conditions, Continuous procurement contract reviews, Controls provided to suppliers during bidding, Exceptions go through appropriate approvals, High value procurement should be insured, Price variation clauses should be included in contract, Qualified contract manager always appointed, Observance of contract terms during contract life, PDU provides accurate information to regulatory PPDA.

This is in line with recommended best procurement practices. For example the indicator that the PDU of MSC provides accurate information to PPDA is in agreement with PPDA Act which states that Good contract management is critical for enabling public entities to fully comply with several key PPDA Act provisions and best practices including certification requirements, rules requiring enhanced internal controls and disclosure mandates. "PPDA Act is sending a wakeup call to many Accounting Officers (AOs) who realize they had better get a handle on the commitments being negotiated in their organizations". In addition Van Weele (2005) noted that, experiences with individual suppliers should be documented carefully. It is recommended that buyers keep track of the suppliers' quality and delivery record, his competitiveness and innovativeness, since these data can lead to an adjustment of the so-called vendor rating.

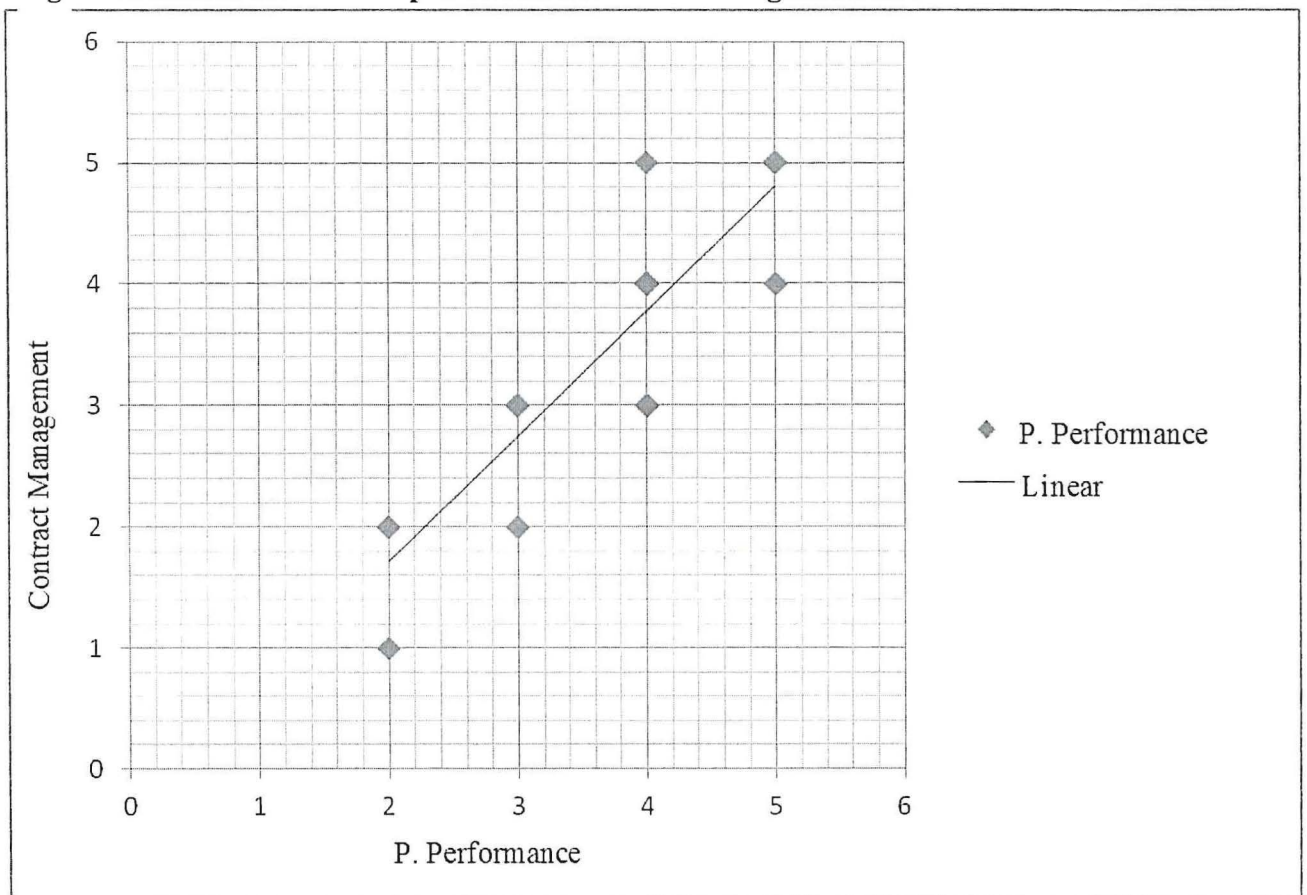
The above findings are contrary to Arrowsmith (2006) assertion that, use of professionals such as professional contract manager is important in adding value to areas of 'trouble shooting' when it

arises. It is also important that a purchaser must be all-rounder with sufficient technical knowledge, a feeling for the commercial side of the process, and be familiar with the basics of logistics and administration. He asserts that good contract procedures preserve commercial and other interests involved and thus procedures should be completed and followed in a timely fashion.

4.6 Relationship between Contract Management and Procurement Performance

This section tested the relationship between Contract Management and Procurement Performance in MSC. In order to test the relationship between the variables, it was important to first make a pre-condition test for linearity as shown in the figure below.

Figure 2: Linear Relationship between Contract Management and Procurement Performance



From the above figure 2, the study revealed that there is a strong positive linear relationship between contract management and procurement performance. This is demonstrated by the closeness of the points on the line of best fit. This led the study to determine the correlation of the variables of study. The study used Pearson product moment correlation and the results are as shown in the table XI below:

Table 4.9 : Pearson Product Moment Correlation

Correlations

		Contract Management	Procurement Performance
Contract Management	Pearson Correlation	1	.875(**)
	Sig. (2-tailed)	.	.000
	N	77	77
Procurement Performance	Pearson Correlation	.875(**)	1
	Sig. (2-tailed)	.000	.
	N	77	77

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

Source: Primary data.

The findings in above table XI reveal that there is a strong and positive correlation ($r = .875$) since the $p = .000 < 0.001$ at 99% confidence interval. This implies that effective contract management leads to better procurement performances in public sector entities in Uganda.

CHAPTER FIVE

DISCUSSION, SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of major findings, conclusion and recommendations that can aid the Microfinance Support Center Limited to improve procurement performance through effective contract management. It also gives areas for further research. All these were done in light of the research objectives stated in Chapter one.

5.2 Discussion of Findings

The study was intended to examine how procurement performance can be improved through effective contract management in public sector entities, taking a case study of the Microfinance Support Center Limited. This was done through examining the roles undertaken by the different stakeholders during contract management at the Microfinance Support Center Ltd, examining the contract management challenges faced by the Microfinance Support Center Ltd, and evaluating the strategic interventions that can be undertaken to improve procurement performance through effective contract management at the Microfinance Support Center Limited.

The findings were as follows;

There are various roles undertaken by the different stakeholders during contract management at the Microfinance Support Center Limited as shown by the majority (63%) of respondents who strongly agreed that at the Microfinance Support Center Limited; each user department prepares a multi annual work plan based on the approved budget, each user department entity defines its procurement requirements for their contracts, the PDU brings about integration of the diverse decision and activities during planning, the accounting officer ensures availability of sufficient funds to run the plans and that it is budgeted for, the public assist in deciding on which services to expand and provide services that affect them, the public through representatives also play a great role in the monitoring of

contract by service providers, each user department monitors the respective contracts in consultation with Accounting Officer and other stake holders, Procurement orders are followed up and delivered fully and orders placed to suppliers are delivered on time and certified by internal audit.

However a 16% of the total respondents strongly disagreed with the above. This could have been the respondents especially employees from branch offices who may not be aware of the roles undertaken by different stakeholders during contract management at the Microfinance Support Center Limited.

This finding is in line with PPDA regulations and World Bank Procurement Guidelines which clearly defines stake holders' roles during the procurement contract management. The guidelines also calls for the periodic evaluation of qualifications, experience, reputation, reliability and professional and managerial competence of the supplier or contractor and of the personnel to be involved in providing services (Arrowsmith et al, 2000).

The study found a number of challenges ranging from suppliers not providing correct invoices, errors in invoices not corrected on time, placing orders without use of regulatory forms, absence of effective communication between service providers, errors and missing data in Local Purchase Orders, service providers not paid on time stated in the procurement contract, goods ordered are not delivered on time, investigating the causes and lack of expertise to develop clear contract terms and conditions to absence of investment in the supporting systems when buying a product for the first time in The Microfinance Support Center Limited.

This implies that the Microfinance Support Center Limited buys from suppliers where there is no prior buyer-supplier relationship and the procurement practices lack supplier rationalization resulting into poor order fulfillment which is agreement with Van weele (2005). The practice by MSC allowing providers to increase price is a sign of poor procurement practices. Simchi et al (2008) asserts that although the price may not be the only factor a customer considers, there may be a narrow price range that is acceptable for certain products. Therefore, service providers achieve cost advantages through innovations in their supply chains. According to simichi-Levi etal (2008), the ability to offer what the buying organization wants and needs is a basic requirement to which supply chain management

contributes by creating availability and selection. Thus MSC service providers have not excelled in procurement performance since quotations contain errors that finally affect contract implementation.

On the service providers not paid on time stated in the procurement contract, it can also cause delays by the supplier to deliver goods and services on time. Mbabazi et al (2009) asserted that failure to deliver on time is due to delay in release of funds from central government that makes suppliers financially incapacitated. This means that supplies cannot be delivered on time. However, it is contrary to Hill (1995)'s view which states that, as you certify suppliers, you will be able to reduce and eventually eliminate receiving inspection and pass incoming material directly to stock. The level of receiving inspection will be based on the importance of the item and the suppliers' control methods and performance.

The possible strategic interventions that can be undertaken to improve procurement performance through effective contract management at the Microfinance Support Center Limited were; every procurement should be authorized by Accounting Officer, poor suppliers should be dropped, handling well the environmental variables such as inflation, paying suppliers on time, investigation of cause for poor delivery, hire expertise to develop clear contract terms and conditions, continuous procurement contract reviews, providing controls to suppliers during bidding, taking exceptions through appropriate approvals, insuring high value procurement, including price variation in contract, appointing qualified contract manager, strict observance of contract terms during contract life and PDU providing accurate information to regulatory PPDA with 63% of the total respondents strongly agreeing.

These findings re-affirm the important role of the Accounting Officer in authorizing all the procurements through approvals of the procurement plans and procurement requisition PP Form 20 by confirming availability of funds. This is in line with PPDA act 2003. Lysons (2006) views that; suppliers that consistently meet or exceed the prescribed standards over a period of, say, three years may be upgraded from 'approved' to 'preferred'. Conversely, suppliers that fail to meet performance standards should be removed from short list of approved suppliers. However, It should be noted that above findings are in line with views of Walker & Sidwell (2006), who asserted that performance quality should not be measured on basis of time and cost only, but also service quality as well plus

other relevant measures, which include; timely payment of suppliers and commitment to contractual obligations.

However, the research established that possible strategic interventions has the potential to improve procurement performance through effective contract management in the Microfinance Support Center Limited through; making PDU to provide accurate information to PPDA relating to the nature of procurement handled (mean of 4.0519), writing and providing internal controls for managing service providers for every service during the bidding process (mean of 4.0779, including price variation clauses in the procurement contract (mean of 3.9870), being transparent when making any exceptions to the standards so that they go through appropriate reviews and approvals (4.0260 mean), insuring implementation of high value procurements (4.0667 mean) and leading to employment of qualified procurement personnel (mean of 3.7792) and sticking to contract terms (4.1184 mean). This is in agreement with Van Weele (2005) who noted that supplier performance evaluation can lead to better decision making regarding procurement contract management since it identifies variances from planned results; these variances can be analyzed to determine their causes and action can be taken to prevent their occurrence in future.

5.4 Limitations of the study

The study was limited to the impact of effective contract management procedures to procurement performance at MSC, yet there are other variables that influence procurement performance. Among the limitations encountered included the following;

The population of the experimental group was small. Only 82 (eighty two) respondents were interviewed and this might not represent the majority of the stakeholders of the public entity.

Since the questionnaire was designed to measure the employees and suppliers' attitude towards what effective contract management might give useful information about the impacts of procurement performance it seems not to provide enough evidence overall procurement contract management.

In addition, since the assessment of the pretest and post test was conducted by the author himself, it is unavoidable that in this study, certain degree of subjectivity can be found. In fact, it would have been sort of objective if it had been decided by two or three examiners.

5.5 Conclusion

The study established that effective contract management can improve procurement performance at the Microfinance Support Center Limited. At MSC different stake holders play different roles during contract management. However, this alone is not enough which has made it not to significantly contribute to procurement performance of the entity alone.

The Microfinance Support Center Ltd is faced with a number of contract management challenges ranging from suppliers not providing correct invoices, errors in invoices not corrected on time, placing orders without use of regulatory forms, absence of effective communication between service providers, errors and missing data in Local Purchase Orders, service providers not paid on time stated in the procurement contract, goods ordered are not delivered on time, investigating the causes and lack of expertise to develop clear contract terms and conditions to absence of investment in the supporting systems when buying a product for the first time in.

The possible strategic interventions that can be undertaken to improve procurement performance through effective contract management at the Microfinance Support Center Limited include timely payments to service providers, dropping of service providers that fail their contractual obligations, it is important to appreciate that procurement contract review is an ongoing process and consider changes in environmental variables such as inflation that need to be properly handed so that they do not fail contract execution.

Results showed that undertaking the above mentioned strategic interventions lead to better procurement performance. This is because, it makes PDU to provide accurate information to PPDA relating to the nature of procurement handled; internal controls for managing service providers are written and provided to every service provider during the bidding process, any exceptions to these standards go through appropriate approvals, implementation of high value procurements are usually

insured, inclusion of price variation clauses in the procurement contract, a contract manager appointed possesses adequate skills to perform and exercise the responsibility, sticking to contract terms and authorization of every procurement by the accounting officer. Therefore, a conclusion is made that effective contract management procedures improve procurement performance.

5.6 Policy recommendations

The study found out that procurement performance in the Microfinance Support Center Limited is faced with a number of challenges. Thus, it is paramount that contract management requirements are keenly looked at so as to improve procurement performance.

The Microfinance Support Center Limited should clearly understand that poor-quality reporting is an area of frustration in many contracts and should work on it. Poor-quality reporting includes reporting that is verbose, difficult to analyze and not targeted to the organizational needs. The organization should therefore ensure that its reporting is accurate, delivered on time and easy to read. In addition to that more time should be spent with suppliers' concerned personnel to understand what data/information requires and how it can use it. If this is well done company reporting will be tailored accordingly.

The Microfinance Support Center Limited should invest in good relationship management since this is focused on keeping the relationship between the two parties' open and constructive, resolving or easing tensions and identifying contract problems early. From the agency's perspective, one of the key elements in relationship management is deciding on the appropriate type of relationship based on where the category and the contract sit in its Portfolio Analysis and where it sits in the Supplier Positioning Analysis.

The Microfinance Support Center Limited contract managers should ensure consistency with contract, it is important to ensure the processes that are consistent with the contractual terms for instance only in writing, approved at a certain level, and only agreed once they have been captured in a contract variation. While this is important for all contract management activities, it is particularly

applicable to the management of change control and contract variations, and particularly in development projects, where there are frequently a large number of changes.

There should be improvement in supplier performance and capability processes. Processes should be put in place that clearly set out how supplier development activities will be planned, managed and governed. In addition to that clear processes for benefits measurement and capture should also be in place to ensure that supplier development is focused on continuous improvement and achieving value for the customer organization.

The Microfinance Support Center Limited should develop the Contract Management Plan. A contract management plan is an important tool for ensuring that the client identifies and addresses all relevant issues through the life of the contract. It is a dynamic document which is created during the contract formation stage and modified throughout the life of the contract. MSC should ensure that the contract is fundamental to the operation of the authority, the contract has a significant public profile, the consequences of contract failure are serious or extreme, and the contract contains.

5.7 Areas for further research

This study was limited to effective contract management and procurement performance in the public sector with specific reference to the Microfinance Support Center Limited. The operation of the public sector is not synonymous with that private sector therefore, in future; further research needs to be carried out about contract management procedures and procurement performance in the private sector with reference to a private entity or company.

Further research can also be carried out on the other explanatory variables that influence procurement performance since in this study; only contract management was the only independent variable considered. Such factors could be; amount of time available for all the procedures to be followed exhaustively, money and goodwill of management.

ANNEX 1: REFERENCES

- Arjan J. Weele (2005). *Purchasing and Supply Chain Management*, Thomson Learning, Torquay, Croatia
- Banes. (2005). *Purchasing management*, Prentice Hall, London
- Bravo Solution and independent research consultancy Loudhouse of USA, 2007
- Cummins. (2010). *Purchasing and Supply Chain Management*, Longman, London
- Doney, Patricia M. and Cannon, Joseph P. (1997) “An Examination of the Nature of Trust in Buyer-Seller Relationships”, *Journal of Marketing*, Vol. 61
- Earned Value Management Systems Maturity Model (EVMS-MM),”Version 1.5, Defense Contract Management Agency (2000)
- Hills, M. J. (1995), *Building Contract Procedures in Hong Kong*, Longman, Hong Kong
- Hollis A, (2006), “*Measuring consumer satisfaction*” *Journal of Marketing Research*, (20).
- Agaba and N. Shipman (2007), 'Procurement Systems in Uganda'
- Kennery (1999) “A Guide to Smart Procurement: Faster, Cheaper, Better,” Edition 3, British
- Keneth Lysons and Brian Farrington (2006), *Purchasing and Supply Chain Management*, Prentice Hall, London.
- Edgar Agaba and Nigel Shipman, “Public Procurement Reform in Developing Countries: The Ugandan Experience” in Gustavo Piga and Khi V. Thai (Eds.)
- Kennery (1999) “A Guide to Smart Procurement: Faster, Cheaper, Better,” Edition 3, British MoD.

Advisory Group, KPMG International.

Robert M. Monczka, Robert B, (2002) Purchasing and Supply Chain Management, Fifth Edition.

Public Accounts Committee (PAC) of parliament report on alleged mismanagement of the contracts for CHOGM Uganda (2009).

Basheka (2008) Procurement planning and local governance in Uganda: A factor analysis approach.

Rendon R. G. & Garrett, G. A. (2005) "Managing Contracts in Turbulent Times," Contract Management, Prentice-Hall, London.

Simchi-Levi David, Philip Kaminsky, Edith Simchi-Levi (2008), Designing and Managing the Supply Chain: Concepts, Strategies and Case Studies, McGraw-Hill Irwin, Boston.

Annex 2: Questionnaire for MSC Employees

Dear respondent,

I am Mwebesa Joseph, a student of Kyambogo University, pursuing a Master of Business Administration Degree of Kyambogo University. I am carrying out a study on *Contract management and procurement performance in Public Sector entity in Uganda: A Case of the Microfinance Support Center Limited (MSC)*.

You have been chosen as a respondent because the information you will provide is very vital for this study. The information provided will be treated with utmost confidentiality, and will be used exclusively for academic research purposes. Thank you for your time and co-operation.

SECTION A: PERSONAL INFORMATION

(Please tick what is most appropriate to you)

DEPARTMENT/UNIT: (Optional)

Direct ors	Operat ions	PDU	HR & Admin	Legal	PDU	Internal Audit	Fina nce	Mark eting	Info. Systems	Branch Office

SEX/GENDER

	Male	Female
Tick		

EDUCATIONAL LEVEL SO FAR ATTAINED

Level	Diploma	Bachelor's Degree	Post Graduate	Professional Certification
Tick				

PERIOD SPENT AS AN EMPLOYEE OF MSC

Years	Less than one year	1 – 5 years	6 – 10 years	11 + years
Tick				

SECTION B: GENERAL UNDERSTANDING OF CONTRACT MANAGEMENT AND PROCUREMENT PERFORMANCE AT MSC

#	Questions (Tick)	Agree	Disagree
1	I have ever heard about contract management at MSC?		
2	I have ever heard about procurement performance at MSC?		
3	At MSC every employee plays a role in contract management?		
4	At MSC every employee plays a role in procurement performance?		

SECTION C: THE ROLES UNDERTAKEN BY THE DIFFERENT STAKEHOLDERS DURING CONTRACT MANAGEMENT AT MSC.

Please tick what is most appropriate to you.

I strongly disagree	Disagree	not sure	Agree	I strongly agree
1	2	3	4	5

5	Each user department prepares a multi annual work plan based on the approved budget.	1	2	3	4	5
6	Each user department entity defines its procurement requirements for their contracts.	1	2	3	4	5
7	The procuring unit brings about integration of the diverse decision and activities during planning.	1	2	3	4	5
8	The accounting officer ensures availability of sufficient funds to run the plans and that it is budgeted for.	1	2	3	4	5
9	The public assist the MSC to accurately decide on which services to expand and provide to services that affect them.	1	2	3	4	5
10	The public through representatives also play a great role in the monitoring of contract by service providers.	1	2	3	4	5
11	Each user department monitors the respective contracts in consultation with Accounting Officer and other stake holders.	1	2	3	4	5
12	In MSC procurement orders are followed up and delivered fully.	1	2	3	4	5
13	When an order is placed to suppliers it is delivered on time and certified by internal audit.	1	2	3	4	5
14	In MSC service providers deliver quality (audit certify).	1	2	3	4	5
15	In MSC there are annual reporting evaluations of suppliers by senior management team.	1	2	3	4	5
16	When reporting is done by a supplier, it is summarized and easy to read.	1	2	3	4	5

17	In MSC, user department or section is availed performance report of suppliers.	1	2	3	4	5
18	There is no feedback on results after delivery of products or offer of a service.	1	2	3	4	5
19	Service providers are supervised and continuously improve their technology to match new trends.	1	2	3	4	5
20	Service providers are flexible and can increase their capacity to serve the MSC better.	1	2	3	4	5
21	Old service providers continuously add value on their services and products.	1	2	3	4	5
22	In MSC service providers use professionals in delivering value.	1	2	3	4	5
27	In MSC, a contract manager is involved at specification stage.	1	2	3	4	5
23	At MSC, there is an agreed evaluation criteria for contract performance before a contract is awarded.	1	2	3	4	5
24	Services or goods supplied by the contractor are in accordance with the requirement of the contract and its terms and conditions.	1	2	3	4	5
25	There is Inspection of completed work or random sample checks on service providers.	1	2	3	4	5

SECTION D: CONTRACT MANAGEMENT CHALLENGES FACED BY MSC.

I strongly disagree	Disagree	not sure	Agree	I strongly agree
1	2	3	4	5

26	Service providers at MSC provide incorrect invoices when delivering goods or offering a service.	1	2	3	4	5
27	When a wrong invoice is presented, it is not timely corrected and acted upon.	1	2	3	4	5
28	When MSC is placing an order it does not use regulatory form PP Form 20	1	2	3	4	5
29	When buying a product for the first time, MSC first invests in supporting systems	1	2	3	4	5
30	Service providers are not always committed to the contract terms and conditions.	1	2	3	4	5
31	Service providers are not paid on time stated in the procurement contract.	1	2	3	4	5
32	Service providers that fail their contractual obligations are not contracted or used again.	1	2	3	4	5
33	When a local purchase order is placed, it is free from errors or missing data.	1	2	3	4	5
34	When MSC is buying a product for the first time, it first invests in supporting systems.	1	2	3	4	5
35	There is proper communication initiated by MSC about the	1	2	3	4	5

	progress of the contract to the service providers					
36	When less quantity of goods ordered is not delivered on time, MSC investigates the causes.	1	2	3	4	5
37	Service providers that fail their contractual obligations are not contracted or used again.	1	2	3	4	5
38	Procurement contract review is an ongoing process at MSC for an on-going contract.	1	2	3	4	5
39	Changes in environmental variables such as inflation are properly handled and do not fail contract execution.	1	2	3	4	5
40	MSC have expertise to develop clear contract terms and conditions	1	2	3	4	5
41	Numerous stake holders with varying interests in the contract during contract are catered for during contract execution	1	2	3	4	5

SECTION D: STRATEGIC INTERVENTIONS THAT CAN BE UNDERTAKEN TO IMPROVE PROCUREMENT PERFORMANCE AT MSC

Please tick what is most appropriate to you.

I strongly disagree	Disagree	not sure	agree	I strongly agree
1	2	3	4	5

42	Every procurement is authorized by Accounting Officer	1	2	3	4	5
43	At MSC poor suppliers are dropped	1	2	3	4	5
44	At MSC environmental variables such as inflation are handled well	1	2	3	4	5
45	At MSC suppliers are paid on time	1	2	3	4	5
46	At MSC investigation of cause for poor delivery are done.	1	2	3	4	5
47	MSC hires expertise to develop clear contract terms and conditions	1	2	3	4	5
48	Continuous procurement contract reviews	1	2	3	4	5
49	Controls provided to suppliers during bidding	1	2	3	4	5
50	Exceptions go through appropriate approvals	1	2	3	4	5
51	High value procurement should be insured	1	2	3	4	5
52	Price variation clauses should be included in contract	1	2	3	4	5
53	Qualified contract manager with adequate skills in contract management always appointed.	1	2	3	4	5
54	Observance of contract terms during contract life	1	2	3	4	5
55	PDU provides accurate information to regulatory PPDA	1	2	3	4	5
56	MSC certifies service providers who exhibit good procurement performance.	1	2	3	4	5
57	MSC always certifies work done by a service provider during contract implementation.	1	2	3	4	5

Thank you once again.

Annex 3: Interview Guide for MSC Employees

Dear respondent,

I am Mwebesa Joseph, a student of Kyambogo University, pursuing a Master of Business Administration Degree of Kyambogo University. I am carrying out a study on *Contract management and procurement performance in Public Sector entity in Uganda: A Case of the Microfinance Support Center Limited (MSC)*.

You have been chosen as a respondent because the information you will provide is very vital for this study. The information provided will be treated with utmost confidentiality, and will be used exclusively for academic research purposes. Thank you for your time and co-operation.

Therefore, you are required to answer the following questions: -

1. Are you familiar with the procurement operations of MSC?
2. Are you familiar with the contract management operations of MSC?
3. How do you consider the importance of various phases of contract management?
4. Are you aware of the challenges that affect procurement performance of MSC?
5. Give suggestion on how can such challenges be overcome at MSC to enhance procurement performance of the entity?
6. What suggestions can you put forwards to enhance procurement performance through effective contract management at MSC?

Thank you once again.