

**CONTRACT MANAGEMENT AND SERVICE DELIVERY
IN PUBLIC ENTITIES: A CASE OF KABALE MUNICIPALITY**

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DECLARATION

I, **Clare Nkamuhebwa** hereby declare that the work herein is original with the exception of the sources of information which are duly acknowledged and referenced and I declare that it has never been presented to any institution of higher learning for any award.

Signed.....

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DEDICATION

This dissertation is dedicated to my parents Mr. and Mrs. Mujunante for allowing me to be away from home all the times I was in lectures attending to my studies even as I worked on my proposal. May the Lord indeed bless you for selflessly dedicating yourselves to working together in my absence to ensure that this work is brought to one piece in Jesus' name.

I cannot forget my course mates for their daily encouragement and moral support without which this work would not have come to a completion.

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TABLE OF CONTENTS

Declaration	i
Approval	ii
Dedication	iii
Acknowledgements.....	iv
Table of contents.....	v
List of tables.....	viii
List of figures.....	ix
List of abbreviations	x
Abstract.....	xi

CHAPTER ONE: INTRODUCTION

1.0 Introduction	1
1.1 Background of the study	1
1.1.1 Historical perspective.....	1
1.1.2 Theoretical perspective	1
1.1.3 Conceptual perspective	2
1.1.4 Contextual perspective.....	2
1.2 Statement of the Problem.....	3
1.3 Purpose of the study.....	3
1.4 Specific Objectives	3
1.5 Research questions.....	4
1.6 Scope of the study	4
1.6.1 Area scope.....	4
1.6.2 Time scope	4
1.6.3 Content scope	4
1.7 Significance of the study.....	4
1.8 Operational definitions of key words.....	5

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction.....	8
2.1 Theoretical review	8
2.3 Conceptual Review	10

2.3.0 Contract management	10
2.3.1 Contract strategy development	10
2.3.2 Contract risk assessment	10
2.3.3 Contract monitoring	11
2.3.4 Service delivery	12
2.4.1 Contract strategy development and service delivery	13
2.4.2 Contract risk assessment and service delivery.....	13
2.4.3 Contract monitoring and service delivery	14
CHAPTER THREE: METHODOLOGY	
3.0 Introduction	17
3.1 Research design	17
3.2 Study area.....	18
3.2.1. Location.....	18
3.2.2 Ethnic composition	18
3.2.3 Climate.	18
3.2.4 Populations and area.	18
3.3 Study population	18
3.4 Sample size	19
3.5 Sampling Procedure	19
3.6 Research instruments	20
3.6.1 Structured questionnaires	20
3.6.2 Interview guide	20
3.6.3 Validity and reliability of the research instrument.....	20
3.6.3.1 Validity of the instrument.....	20
3.7 Data gathering procedures	21
3.8 Data analysis	22
3.8.1 Qualitative Data Analysis.....	22
3.8.2 Quantitative Data Analysis.....	22
3.9 Ethical considerations	23
3.10 Limitations of the study	23
3.11 Measurement of variables.....	23

LIST OF TABLES

Table 1: Target population.....	18
Table 2: Sample size calculated for each category of respondents in Kabale municipality	19
Table 3: Reliability coefficients for the variables.....	21
Table 4: Workers' responses on how contract strategies are developed in Kabale Municipality	28
Table 5: Workers' responses on how contract risks are assessed in Kabale Municipality.....	29
Table 6: Responses of workers on how contracts are monitored and supervised in Kabale Municipality	30
Table 7: Workers' response on whether contractors comply with time in delivering services in Kabale Municipality.....	31
Table 8: Workers' responses on quality of services by contractors in Kabale Municipality	32
Table 9: Response of the workers on the cost effectiveness of the contracts awarded to contractors in providing services in Kabale Municipality	33
Table 10: the relationship between contract strategy development and service delivery in Kabale Municipality	34
Table 11: the relationship between risk assessment and service delivery in Kabale Municipality... ..	35
Table 12: The relationship between contract monitoring and service delivery in Kabale Municipality	36

LIST OF FIGURES

Figure 1: Conceptual Framework	9
Figure 2: Gender distributions of the respondents	24
Figure 3: Age distributions of the respondents	25
Figure 4: Respondents' designation	26
Figure 5: Workers' experiences	27

LIST OF ABBREVIATIONS

AO	Accounting Officer
CC	Contracts Committee
CVI	Content Validity Index
FY	Financial Year
LG	Local Government
MOFPED	Ministry of Finance Planning and Economic Development
MOLG	Ministry of Local Government
PDA	Procurement and Disposal Audit
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets
PU	Procurement Unit
SPSS	Statistical Package for Social Scientists

ABSTRACT

The study examined the influence of contract management on service delivery in the public entities with specific reference to Kabale Municipality. To achieve the purpose of the study, three research objectives were set and these included: to assess the influence of contract strategy development on service delivery in Kabale Municipality, to examine the influence of contract risk assessment on service delivery in Kabale Municipality and to assess the influence of contract monitoring on service delivery in Kabale Municipality.

Simple random sampling and purposive sampling were used. Validity content index was 0.85 and reliability coefficient was 0.81. Binomial regression analysis was used to establish the relationship between contract management and service delivery. Descriptive statistics; mean, frequencies and standard deviation were used to analyze the descriptive data.

Results: contracts, whose strategies were not developed, were less likely to be completed in time, contracts whose risks were not assessed were less likely to be completed in time and the monitoring process was proved to have a strong influence on cost effectiveness of contracts.

The study concluded that: contracts whose strategies were well developed were more likely to be completed in time; they were likely to deliver good quality services and were less cost effective compared to those contracts whose strategies were not well developed.

On contract risk assessment, the study concluded that the contracts whose risks were not well assessed were less likely to be completed in time; they were less likely to deliver good quality services and they were more cost effective compared to the contracts whose risks were assessed.

Considering contract monitoring and supervision, the study concludes that the contracts which were not monitored were less likely to be completed in time; they were less likely to deliver good quality services and they were more cost effective compared to the contracts that were monitored.

CHAPTER ONE: INTRODUCTION

1.0 Introduction

This chapter gives an overview of the research problem and its setting. It shows the background of the study, statement of the problem, objectives of the study, scope of the study, significance of the study and operational definition of key terms.

1.1 Background of the study

1.1.1 Historical perspective

According to Handfield (2006), contracts have been around a long time and form some of the most fundamental relationships between people. He defines a contract as a tool to achieve a specific outcome and encapsulates the requirements of all parties to achieve their goals.

According to Thai (2004), governments undertook the practice so that they could be accountable to all stakeholders in the delivery of services to the people. The objectives of contracting in the public sector were supposed to meet the needs of the people.

According to Odhiambo and Kamau (2003), delivery of services to the people by the government during the colonial rule was done through the Crown Agents who acted on behalf of the British Colonialists until the 1960s and 70s when they handed over to the independent governments.

1.1.2 Theoretical perspective

This study was underpinned by the Agency Theory and theory R for public service delivery. Theory R was coined by John (2008) the theory states that good public service delivery depends on the three Rs, the three Rs are; Right things, in the Right place with Right attitude. The agency theory was first written about in the 1970s by Michael Jensen and William Meckling and published in 1976. An agency is the relationship between two parties, where one is the principal and the other is the agent who represents the principal in transaction with a third party (Cooper, 2003). The services are delivered from the government to the community by using the Agent model. The agent is contracted by the principal to provide a good or service and the agent know more than the principal about the desired good or service required (Lane, 2003).

1.1.3 Conceptual perspective

Barrette (2000) defines contracts as the building blocks of businesses. They are living documents that need to be carefully constructed, stored, managed and maintained and as a company grows and changes, the number of contracts, complexity within those contracts and overall contract processes tend to morph as well.

Contract management consists of the following steps; contract strategy development, contract risk assessment, contract monitoring, contract administration and contract review and termination (Walton, 2009). In this study contract management will be confined to contract strategy development, contract risk assessment and contract monitoring.

Contract monitoring is an on-going process that takes place throughout the year and consists of several elements that complement and inform each other ensuring that services are achieving outcomes for service users, identifying gaps in service delivery for the people, assessing the demand for services and ensuring providers are continually improving their services (Walton, 2009, Gibbons, 2004).

According to Rekkedal (2001) service delivery refers to the provision of services like clean water, good educational facilities, good road networks and provision of agricultural inputs and advisory service to the expectation of the people. In this study service delivery will be defined as the provision of health services, education services and works services with emphasis on timeliness, quality and cost effectiveness to the expectation of the public.

1.1.4 Contextual perspective

Most government/public institutions in Uganda are characterized by mismanagement of funds, corruption, misappropriation of public funds/embezzlements and general abuse of public offices. These acts compromise the quality of services delivered to the citizens (DPMD, 2003). Internal auditing helps in ensuring that the government fulfils its objective of delivering quality services to its citizens. Internal audits in the Local Governments of Uganda, The Local Government Financial and Accounting Regulations, 2007, Reg.104 and the Local Government Act, 1997 sec. 90, has mandated districts, municipalities and town councils to establish the internal audit department in their structure to ensure efficient service delivery, value for money and check against risk of loss of organization's financial resources. In Kabale Municipality, there are

indicators of irregularities in service delivery despite budgetary allocations from the central and local government. These indicators include; dilapidated schools such as Rutooma Primary School, Nyabikoni Primary School, and Mugabe Primary School, health centers, poor roads full of potholes such as Nyabikoni, Kirigime, Kabira and incomplete work despite full funding (IGG, 2012). In the context of this study, service delivery as the dependent variable was confined to health, education, works and roads and it was measured in terms of timeliness, quality of services and cost effectiveness (IGG, 2012, PPDA, 2007, DPMD, 2003).

1.2 Statement of the Problem

Contract management in Local Government is paramount if the tax payers are to receive desired services to their satisfaction. In Kabale Municipality, there are indicators of poor service delivery evident in terms of undocumented official records and agreements, dilapidated facilities in the hospitals and schools, poor record keeping for example according to the reports of the audit carried out by the PPDA for the FY2013/2014, the audit revealed that some files lacked evaluation reports, contract strategy development plans, contract implementation plans, contract risk assessment documents, contract monitoring plans and tools, contract documents and procurement requisitions, incompetent works on roads and some school facilities for example at Ndurwa Primary School and Kabale Preparatory School works were not yet complete (IGG, 2012). This showed that there is fraud and corruption, contracts did not comply with the law, contracts were awarded to the wrong people, lack of fairness and transparency, poor planning, lack of accountability, monitoring and supervision, limited capacity of contractors and political influence. This therefore, called for a study to examine the influence of contract management on service delivery in Kabale Municipality.

1.3 Purpose of the study

To examine the influence of contract management on service delivery in the public entities with specific reference to Kabale Municipality.

1.4 Specific Objectives

- i) To assess influence of contract strategy development on service delivery in Kabale Municipality.

- ii) To examine influence of contract risk assessment on service delivery in Kabale Municipality.
- iii) To assess the influence of contract monitoring on service delivery in Kabale Municipality.

1.5 Research questions

- i) How does contract strategy development influence service delivery in Kabale Municipality?
- ii) What is the influence of contract risk assessment on service delivery in Kabale Municipality?
- iii) How does contract monitoring influence service delivery in Kabale Municipality?

1.6 Scope of the study

1.6.1 Area scope

The research study was carried out at Kabale Municipality located in the South Western part of Uganda.

1.6.2 Time scope

This research study examined contract management for the period 2011- 2015, in that period Kabale Municipality was reported to have experienced challenges in service delivery and a number of cases were investigated by the Inspectorate of Government (IGG, 2014).

1.6.3 Content scope

The study focused on contract management (as the independent variable) and its dimensions of contract strategy development, contract risk assessment and contract monitoring and service delivery (as the dependent variable) and its indicators of timeliness, quality of services and cost effectiveness. The depth of the research of the variables was limited to the objectives of the study.

1.7 Significance of the study

The study is of importance to procurement officers, town clerks, chief administrative officers district chair persons, clients, policy makers and ministry of finance in that it high lights opportunities and problems in contract management and service delivery.

Furthermore, knowing the problems faced in contract management also helps town clerks, procurement officers, district chair persons and chief administrative officers of municipalities learn how to manage contracts better hence enhancement in service delivery.

The findings of the study will help Kabale Municipality to revisit her ways of managing contracts if it is to improve on the service delivery.

The study will also help in that it will add to the body by stimulating new areas of further research in the field of contract management and Service delivery in Uganda.

The study will also help policy makers to formulate ways on how to improve service delivery in the economy basing on contract management.

The researcher will also benefit from the research in that his knowledge and skills in research will widen and broaden. She will also come to understand how contract management influences service delivery.

1.8 Operational definitions of key words

Bid: an offer to provide or to acquire work or service or supplies or any combination thereof.

Bid notice: means any advertisement by which eligible providers are invited to submit written offers to provide or acquire works, services and supplies.

Contract awarding means the method used during a procurement in order to evaluate the proposals (tender offers) taking part and award the relevant contract.

Contract Management means the management of contract including, but not limited to, performance and compliance with the terms and conditions of the awarded contract by the provider and the procuring and disposing entity.

Contract means the agreement entered into between the procuring and disposing entity and the supplier, renderer or consultant signed by the parties including all attachments and appendices thereto and all documents incorporated by reference therein.

Contractor: the party engaged to provide the specified goods or services

Corrupt practice: means offering, giving, receiving or soliciting of anything of value to influence the action of a public official in the procurement or disposal process.

Disposal : means divestiture of public assets, including intellectual or proprietary rights of a procuring and disposal entity by any means, including sale, rental, lease ,auction or any combination however, classified other than those regulated by the public enterprise reform and divestiture statute 1993.

Diversion of funds: use of public funds on items other than which is budgeted or approved eg money for repair of roads used in paying allowances

Embezzlement: theft of resources by persons entrusted with authority and control over those valuable resources.

Nepotism: ensuring that family members receive contracts from state resources./ tax payers money

Procurement contract means an agreement in which a buyer agrees to acquire goods or services from a seller in exchange for consideration.

Procurement means acquisition by purchase, rental, lease, hire purchase, license, tenancy, franchise, or any type of works, services or supplies or any combination' up to the time a user consumes or utilizes a service as per his requirement and in line with the procurement Act and regulations of the country.

Public sector entities: all organizations subject to the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Acts 1997

Public funds: means monitory resources appropriated to procuring and disposing entities through budgetary processes including the consolidated funds, grants and credits put at the disposal of the procuring and disposing entities by the relevant authority.

Service delivery is the management of the delivery of the products by the vendor. It ensures that they meet the service performance and quality that is required. Service delivery is managed by

adherence to several Service Level Agreements (SLAs) that are defined during contract negotiation.

Services means any object of procurement or disposal other than works and supplies that is intangible and includes professional, nonprofessional and commercial types of services as well as supplies and works which are incidental to, but not exceeding the value of those services.

Stakeholders: the parties that have a legitimate interest in the procurement process. These can include ministers, senior management of the acquiring entity and of other entities affected by a contract and end-users of the goods or services to be provided.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed literature related to the research problem. It first reviewed the theories on which this study was based and the key concepts of the study. It then showed how this research is related to the existing body of knowledge with regard to the influence of contract management on service delivery in Kabale Municipality and lastly identified the gaps existing in the current body of knowledge.

2.1 Theoretical review

The agency theory is relevant in a situation where one party (principal) delegates authority in terms of control and decision making about certain tasks to another party (agent) (Eisenhardt, 1989, Mitnick, 1973 and Ross, 1973).

Other scholars have employed agency theory to explain the relationships in different disciplines such as economics and finance (Sappington 1991), information systems (Mahoney and Lederer, 2003) and management (Eisenhardt, 1988).

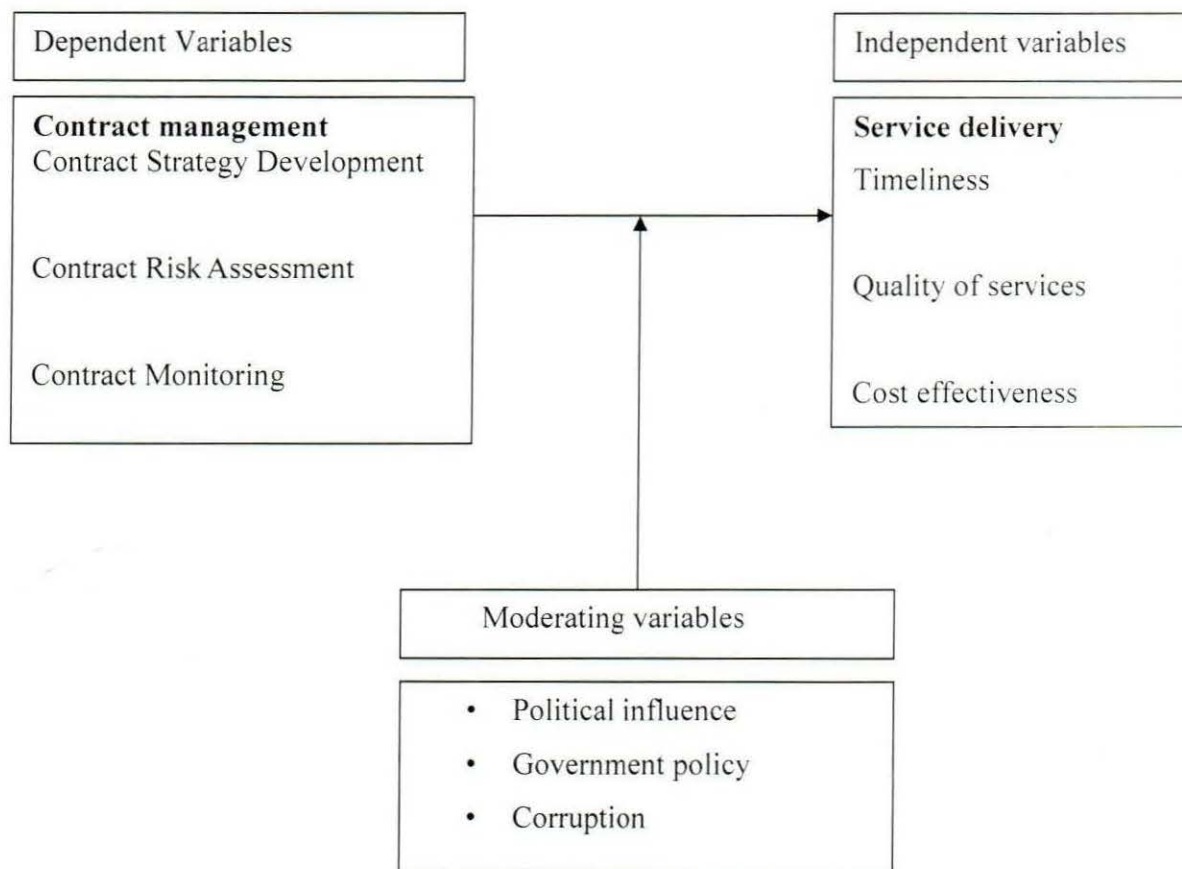
In agency relationships one party the principal delegates works to another party the agent (Jensen and Meckling, 1979, Ross 1973, Eisenhardt, 1989). When the agent is acting for the principal or acting as the principal's resembles behaviours such as performing for the benefit of the principal or acting as the principal's representative or employee (Mitnick, 1973). The focus of the agency theory centers on determining the most efficient contract governing the principal –agent relationship. In this study, the agency theory is relevant in that the principal in this case the local government of Kabale Municipality sought to minimize the agency costs of service providers by specifying, rewarding, monitoring and policing the agent behaviours.

Theory R for public service delivery: Theory R was coined by John (2008), the theory states that good public service delivery depends on the three Rs, the three Rs are; Right things, in the Right place with Right attitude. In this context doing the right things, in the right and with the right attitude (3Rs) is relevant both to the contractors, service providers and the Local Government officials directly concerned with contract affairs.

2.2 Conceptual Framework

The researcher's conceptual framework of the relationship between contract management as independent variable, service delivery as dependent variable and government policy, political influence and corruption as the moderating variables is shown in figure 1 below. It is assumed that the relationship between the independent variable and dependent variable is linear. According to the model, if the variables of contract management activities are combined with support from politicians, adherence to government policy and zero tolerance for corruption as the moderating variables, quality and effective service delivery would be realized.

Figure 1- Conceptual Framework



Source: Adapted from Mukose (2012) and modified by the Researcher

Economic development in any society depends on the productive and work skills of her people. The quality of services offered in the local government of any district or municipality depends on the contract management practices. Provision of better services leads to quality livelihoods (Ministry of Local Government, 2013). The model shows that service delivery depends on contract management. The dimensions of contract management are: contract strategy development, contract risk assessment and contract monitoring. Service delivery has indicators of timeliness, quality of services and cost effectiveness and these are moderated by government policy, political influence and corruption (Agaba, 2009).

2.3 Conceptual Review

2.3.0 Contract management

2.3.1 Contract strategy development

Contract strategy means selecting organizational and contractual policies required for the execution of a specific project. The development strategy comprises a complete assessment of the choices available for the management of design and construction to maximize the likelihood of achieving project objectives. A proper contract strategy for a project involves five key decisions namely setting project objectives and constraints, selecting a proper project delivery method, selecting a proper contract type and contract administration practices. Contract strategy development determines ideal contract type, identifies potential risks and suggests contract structure (Bhardwaj, 2011). A competent team should be put in place to help prepare a good contract strategy which stipulates all the details of the specifications, which leads to less contract variations hence cost effectiveness since no budget over-run can be caused (Nguyen, 2013).

2.3.2 Contract risk assessment

There are many circumstances in which an institution contracts another party including service contracts, sales agreements, leases, practicum placement and affiliatory agreements. A contract is an agreement that is enforceable at law. It's the primary tool through which institutions govern relationships and understanding with the other party. There are five components of a contract all of which must exist in order for the contract to be legally binding on the parties. These components are legal capacity, offer and acceptance, consideration, legal purpose and conditions (PPDA, 2010).

Contracting has the potential to create many risks; care in managing these risks can protect the institution from loss. It's important for all institutions to have a written policy in regard to risk management in contracts. Identification of risks involves allocation of risks between the contractor and the company, level of impact and its mitigation measures. Identification of risks enables contractors to include provisional cost of risk cover in their bid and provide assurance on good performance (CIPS, 2012).

The policy should address all risk issues related to the contracts including; requirements that all contracts must be written, designated authority level to negotiate and sign contracts, all contracts be reviewed for risk managements, indemnities granted by the institution are approved pursuant to the requirements of the financial institutions Act and public procurement and disposal Act (PPDA, 2010). Anybody dealing with contracts must know if they have the authority to negotiate and sign the contract and if they do not, who does. Institutions employees must understand the obligation under the contract and the risks associated with those obligations. Employees responsible for contract negotiation should be trained on how to effectively review contracts (PPDA, 2010).

2.3.3 Contract monitoring

A well defined contract monitoring plan agreed upon by both the company and contractor establishes a good working relationship which eventually leads to quality services. It also helps to score the performance and evaluate if contractors are achieving the agreed upon targets in terms of compliance to contract requirements. Contract monitoring is a process of ensuring that a service provider adequately performs a contracted service. Deficiencies in contract monitoring are related to violation of good management principles (Oluca and Basheka, 2012).

The purpose of conducting monitoring is to determine the relevance and accomplishment of objectives in terms of effectiveness, efficiency, influence, sustainability and participation. Inadequate monitoring often results from; poorly established criteria for evaluating contractors' performance, focus on rules and regulations rather than outcomes, perception of oversight as a responsibility to develop partnership rather than enforce rules, regulations and failure to conduct follow up reviews to ensure that corrective actions have been taken and failure to identify the risk and level of review necessary for each contractor (Brown and Potoski, 2006).

Therefore, for a contract monitoring system to be effective it should have the following components; training in contract monitoring, written policies and procedures, contingency plans, communicating clearly expectations of the contractors, contract administration plan, organized contract files, onsite – monitoring, access to records, formal close up procedures and post contract review. The use of checklists in each of the stages listed above helps to ensure that all actions have been completed as planned; incase of irregularities they can be exposed and addressed before the closure of the contract (PPDA, 2006).

2.3.4 Service delivery

Globalization, localization and institutionalization revolutions are empowering citizens to demand accountability from their governments. Measuring performance for local government at various levels as well as important individual sectors such as health, education and works is vital in enhancing efficiency. The level of delivery of services in local governments enables the Chief Administrative Officer and his staff to carry out self-evaluation and also provides a framework for judging government performance in service delivery. In Uganda's local government system, service delivery approaches include: direct provision by local government, public – private partnerships and privatization (getting individuals or companies to provide services) (PPDA, 2010).

MOLG (2013) refers to service delivery as the relationship between policy makers, service providers and consumers of those services. It should be noted that at the center of service delivery is accountability, value for money, efficient and effective use of resources, improved communication and decision making processes. Effective service delivery is about providing the services that meet the needs of the users in the most efficient and effective ways.

In this study, service delivery in Kabale Municipality was determined through examining cost effectiveness, timeliness and quality of services.

2.4 Review of related literature

2.4.1 Contract strategy development and service delivery

According to Allen (2012), contract strategy development should determine ideal contract type, identify potential risks and suggest contract structure that promotes risk mitigation and establish procurement plans of action and milestones.

Emad (2011) established that the development of a contract strategy comprises of a complete assessment of the choices available for the management of design and construction to maximize the likelihood of project objectives. He further adds that, a proper contract strategy for a project involves five key decisions; setting project objectives and constraints, selecting project delivery method, selecting a proper contract type and contract administration practices. According to Emad (2011), selecting key personnel and organizations that will participate in a project is a major step for the owner and can mean the success or failure of a project.

2.4.2 Contract risk assessment and service delivery

According to Hickstead (2010), a reliable internal audit does the following; timely dealing with risk - in every company there are undesirable situations and outcomes. A reliable internal audit can help companies identify and understand the risk. Through their research of the company and market as a whole, they are able to analyze trends and understand whether the current processes can deal with the risk (Hickstead, 2010).

Timely reporting on the operations of the company – dependable internal audits often has the objective of reporting on the processes and operations of a company in a timely manner. Internal auditors are often experts in knowing how companies can be run more efficiently and effectively. With their overall view of the company, they should be able to identify duplication of work and responsibility, as well as highlighting needlessly difficult procedures. In their reports an internal auditor would present their findings to help the business or organization work better (Hickstead, 2010).

Uncovering Fraud and Malpractice without fear or favor - most companies would hope their employees are neither carrying out fraud nor acting unprofessionally. However, the investigations of an internal audit can often discover such behavior. An effective auditor can act

as a safety net for the organization, helping them to root out such behavior before it potentially damages the company (Hickstead, 2010).

According to Hotterbeekx (2013), creating and ensuring appropriate controls are in place - most efficient companies have effective business controls in place, such as cheques requiring sign off by a suitably senior member of staff. An efficient internal audit explores these controls and assess whether they are suitable. Making valuable recommendations for the future - the most significant responsibility for an internal auditor is to make suggestions for future strategy; an efficient internal auditor makes valuable recommendations.

An effective contracts and procurement committee should be guided by a qualified department head. Not only should the chief audit executive possess the necessary internal audit technical skills, but he or she should also be able to gain respect from both management and the audit committee. Good communication skills, objectivity and strong moral character are also desirable characteristics. Adequate staffing of the contracts department with experienced, qualified, certified and non-corrupt staff provides for better performance of the organization (Hugh, 2006).

High staff competencies increase efficiency and minimize supply risks which would otherwise lead to poor service performance. Therefore, organizations should recruit people with the right skills or train those already there in order to sharpen technical stakeholders' abilities to perform, work diligently and efficiently and through this performance and service delivery management can be realized (Okanya, 2008).

Corruption in procurement and contract management engenders choices, affects the efficiency of public spending and donors' resources, creates waste and ultimately affects the quality of health and educational services and opportunities they present to improve life (PPDA, 2010).

2.4.3 Contract monitoring and service delivery

The goal of public procurement is to provide the required goods, services and works to the public (Errigde and McIlroy, 2002). This ought to be complimented by effective contract management in public procurement. Contract management can improve service delivery or it can be a disaster depending on the underlying management efficiency. Contract management involves aiming for continuous improvement in performance over the life of the contract (Oluka and Basheka, 2014).

However, existing experiences and literature alludes to several challenges in contract management. Indeed, Ntayi (2009) observes that millions of dollars get wasted in Uganda due to the obstacles and challenges in the procurement process of which contract management is a part.

In several countries, few articles have rigorously analyzed and empirically tested the factors that actually affect a government agency's decision to manage contracts thus making contract management to become a mega trend in many public entities especially as result of social accountability and increased demand of service delivery by the citizens (World Bank Institute, 2011).

Prager (1994) contends that proper and effective management of contracts helps improve the quality of goods and services and reduces procurement costs thus achieving the three broad goals: quality products and services, timely delivery of products and services and cost effectiveness within the budget. Therefore, if the contracts are not well managed, then service delivery will be affected making contract management very essential in the provision of services in the government entities.

According to Gibbons (2004), contract monitoring is an on-going process that takes place throughout the year and consists of several elements that complement and inform each other ensuring that services are achieving outcomes for service users, identifying gaps in service delivery for the people, assessing the demand for services and ensuring providers are continually improving their services. Contract monitoring is mainly done by checking outputs through scrutinizing the records and reports against outputs (Brown and Potoski, 2006).

Prager (1994) contends that proper and effective monitoring of contracts helps improve the quality of goods and services and reduces procurement cost thus achieving the set goals of delivering services to the people.

Walton (2009) says that contract monitoring focuses on collecting and analyzing information to provide assurance to the customer that progress is being made in line with agreed timeframes and towards providing the contract deliverables. Information provided by the service provider for monitoring purposes should be reviewed and audited, as necessary, to ensure its accuracy and reliability. It can also often be tested through consulting end-users regarding the goods and

services they have received. Therefore, when an organization has awarded a contract, it must monitor whether the service is being delivered to specification. This means being able to check two things: the service does what it was required to do that is, the service is being delivered well, to the agreed standards and price and the costs of the service are no higher than expected.

When a procurement contract is well defined, planned and monitored, the Procuring and Disposing Entities and agents (suppliers) find it easy to meet needs of each other in an efficient way resulting into timely execution of the contract. The main challenge for the government in contract management is to properly appreciate its importance. Often procuring entities give full attention to the contract selection process but then walk away from the procurement once the contractor is in place instead of following up and see whether the contractor is really doing what is expected of him/her (Oluka and Basheka, 2014).

When the contracts are monitored, then it becomes easy to know whether the services are being delivered to the people on time, in the right quality and at a low cost or not. Contract monitoring involves the procurement officials who monitor the contractors' jobs in relation to quality, schedules, acceptance and payments based on the dynamic of suppliers (Thai, 2004).

The PPDA Act and Regulations require that the suppliers should be checked on regularly so that the work given to them can be completed on time (Prager, 1994, Walton, 2009, Oluka and Basheka, 2014).

On the other hand, service delivery is the provision of the requirement needs usually by a public entity. Service delivery is said to be effectively and efficiently provided when it is given on time, in the right quality and at a low cost (MOLG, 2013). Therefore, if the contracts are well managed, the services are provided to the people well. In Uganda, the contract management function is clearly documented under the PPDA Act (2010) where every public entity follows it as a mechanism of promoting effective service provision.

CHAPTER THREE

METHODOLOGY

2.0 Introduction

This chapter presented the general methodology of the study on contract management and service delivery in Kabale Municipality. It described the research design, study area, study population, sample selection and techniques, data collection methods, procedure of data collection, data collection instruments, validity and reliability, data analysis, ethical considerations and limitations of the study.

3.1 Research design

Enon (1998) defined research design as a plan of how the researcher carries out an investigation. The researcher employed the case study design in order to establish the influence of contract management on service delivery in Kabale Municipality. The case study design was chosen because there was need to understand in depth the real life phenomena by analyzing the contextual condition. It also narrows down a very broad field of research into an easily researchable event (Yin and Davis, 2007).

Both qualitative and quantitative approaches of data collection and analysis were employed in this study. Qualitative approach was adopted for this study because the researcher employed in-depth interviews and questionnaires as a major means of data collection which were qualitative in nature (Trochim, 2006). This was because the researcher intended to collect the respondents' opinions and views regarding the influence of contract management on service delivery.

Qualitative approach made it easy to enter into the respondent's personal world through articulation in order to gain deeper and clear understanding of opinions, ideas and feelings of the respondents.

Quantitative approach was used on the other hand so as to collect qualitative information by using questionnaires. Given that judgment that questionnaires required numerical representation and in data analysis quantitative methods were used.

3.2 Study area

3.2.1. Location: It is located in south western Uganda; it is the only urban municipality in the district. It is made up of three divisions namely; Northern division, Southern division and Central division. It boards Kitumba Sub County in the south, Bubare to the north and Kyanamira to the east.

3.2.2 Ethnic composition: The population living in Kabale Municipality was predominantly the Bakiga which form the majority, Bafumbira, Banyankole, Banyarwanda and others who included Baganda, Luo and Batoro.

3.2.3 Climate: Kabale exhibits a cool climate with temperature ranges between 10.9 – 24.4 degrees centigrade and a mean annual rain fall of between 1000- 1250mm.

3.2.4 Populations and area: Kabale Municipality covers an area of approximately 33 square kilometers. The population density is approximately 22,167 per square kilometer. According to the findings of 2014 census, the total population of Kabale Municipality is 73,000 out of this 36,200 (49.6%) are male and 36,800 (50.41%) are female.

3.3 Study population

The population of research is the largest group of unit that has one or more characteristics in common on which a research study is focused (Kothari 2004). The study population is presented in the table 1 below;

Table 1: Target population

Category of respondent	Population
District councilors	16
Heads of departments	9
Contract committees	14
Accounting office staff	8
Senior municipality clerks	12
Service providers	30
TOTAL	89

SOURCE: Kabale Municipality statistics department, 2015

The study population comprised of 9 heads of departments (health, education, works and technical services, management), 16 district councilors, 14 members of contract committees, 12 senior municipality clerks, 8 accounting office staff and 30 service providers.

3.4 Sample size

According to Cohen et al (2000), a sample is a representative drawn from a population in such a way that the findings from the sample could be generalized on the population. The Krejcie and Morgan 1970 formula was used to calculate the sample size.

The sample sizes in Table 2 below were obtained using Krejcie and Morgan 1970.

Table 2: Sample size calculated for each category of respondents in Kabale municipality

Category of respondent	Sample size
District councilors	14
Heads of departments	4
Contract committees	12
Accounting office staff	8
Senior municipality clerks	10
Service providers	28
Total	76

Source: Krejcie and Morgan (1970)

3.5 Sampling Procedure

The study employed simple random sampling and purposive sampling. Simple random sampling involved selecting subjects of the study at random being guided by the sampling theory that all subjects of the study population have equal chances of being selected in the sample. This was applied for service providers and heads of departments who were interviewed. The subjects were selected from a wider population. The selection was done randomly and repeatedly until the required sample size was achieved.

Purposive sampling was applied to district councilors, contract committees, accounting office staff and senior town council managers. It involved hand picking cases from desired groups district councilors, contract committees, accounting office staff and senior town council managers who were given questionnaires.

3.6 Research instruments

The researcher used researcher made questionnaires and an interview guide.

3.6.1 Structured questionnaires

The researcher constructed a questionnaire with closed ended questions. The questionnaire was designed so as to obtain data and information from the respondents. Questionnaires were preferred by the researcher because of advantages like; easy to administer on a large population which was largely literate. All the categories of respondents involved in the study were largely literate. However, because questionnaires do not allow probing, prompting and clarification (Amin 2005; 270), the researcher also employed interviews in order to obtain additional data that may have been left out by the questionnaires whose items were fixed.

3.6.2 Interview guide

The researcher designed questions about contract management and service delivery in Kabale Municipality as a guide to the interviewer and to ensure that all relevant aspects are covered. The instrument attempted to tap extra and detailed information on opinions and beliefs on the topic.

3.6.3 Validity and reliability of the research instrument

In order to collect reliable and valid data, the researcher ensured that credible instruments are used. Credible research instruments are required to be reliable and valid (Amin, 2005).

3.6.3.1 Validity of the instrument

Validity of the research instrument is the extent to which the instrument measures what it is supposed to measure. According to Amin (2005), the research instrument should be appropriate for the objectives to be achieved. To establish the validity, the researcher discussed the instrument with the supervisor and two other experts in research instrumentation.

The researcher then computed the content validity index after the recommendation from the experts. The estimated coefficient for the instrument is 0.7. In this regard if the CVI is less than the estimated coefficient, the instrument is regarded as invalid.

Content Validity Index (CVI) = $\frac{\text{Number of items rated relevant}}{\text{Total number of items in the instrument}}$

$$\text{Content Validity Index (CVI)} = \frac{31}{36} = 0.85$$

3.6.3.2 Reliability of the research instrument

Reliability of the instrument is the degree to which the instrument consistently measures what it is supposed to measure (Amin, 2005). In order to establish the reliability of the items in the questionnaire, the researcher determined cronbach's alpha coefficient for each of the variables in the questionnaire. Coding was done and the data per variable was entered into SPSS.

The reliability of the study data was tested using SPSS to calculate the cronbach's alpha coefficient of internal consistency of the six (6) variables which were in the questionnaire. These included; contract strategy development, contract risk assessment, contract monitoring, timeliness, quality of services and cost effectiveness. The coefficient of reliability gives the true score percentage of the associated particular variable which can be derived from the composite score of the items in the variable.

All variables on contract management activities and service delivery outcomes had a coefficient above 0.70 hence they were all reliable. However, the average alpha coefficient of the whole questionnaire was 0.81.

Table 3: Reliability coefficients for the variables

The reliability coefficients the variables are presented in table 3 below;

S/N	Variable	Number of items	Reliability coefficient
1	Contract strategy development	6	0.83
2	Contract risk assessment	7	0.84
3	Contract monitoring	7	0.78
4	Timeliness	5	0.79
5	Quality of services	5	0.82
6	Cost effectiveness	6	0.81

Source: Pilot data

3.7 Data gathering procedures

Upon validation and testing the reliability of the research instrument, the researcher got a letter of introduction from the graduate school of Kyambogo University. This was first presented to the Chief Administrative Officer Kabale district and the Town Clerk Kabale Municipality. The aim was to seek permission to allow the researcher meet the target respondents.

Questionnaires were administered within two weeks. Administration of the questionnaires was done by the researcher so that where issues were not clear to the respondents; they would seek clarity from the researcher and also to recover all questionnaires that were given out. Interviews were conducted in places that were convenient to the individual respondents to avoid interruptions from other people. Information obtained from questionnaires was then compiled for statistical analysis.

3.8 Data analysis

Data analysis involved making meaning out of masses of data (Mugenda and Mugenda, 2003). After field research, data was collected, edited, coded then later grouped into the quantitative and qualitative data.

3.8.1 Qualitative Data Analysis

Qualitative responses were analyzed using interpretational and structural analysis. Using the procedure recommended by Trochim (2006), interview data was examined and classified in terms of themes derived from the objectives. Then the relationships among data structures were explored. Data was broken down into component parts, examined, compared and categorized.

3.8.2 Quantitative Data Analysis

Raw data from the questionnaires was edited to eliminate all irregularities and all open ended responses were coded. Data was entered in the computer, cleaned and exported to Statistical Package for Social Scientists (SPSS) program for analysis. Logical checks and frequency runs were made on all variables in order to ensure accuracy and consistency of the data outputs. Descriptively statistics, means, standard deviations, percentages, frequency tables were used to present and analyze the descriptive data to describe the study phenomenon and their influence and then numerical values were devised to interpret the data.

Regression analysis was used to establish the effect of the independent variables on the dependent and the study was purely to measure the influence by establishing the cause effect of the independent variable (contract management) onto the dependent variable (service delivery) (Gupta, 2002).

3.9 Ethical considerations

The issue of ethics is an important consideration in research that involves human subjects (Cooper & Schindler, 2010). Research ethics is appropriate behaviour of a researcher relative to the norms of society (Zikmund, 2010). To ensure confidentiality of the information provided by the respondents and to ascertain the practice of ethics in this study, the researcher implemented the following activities: All questionnaires coded provided anonymity of the respondents, the respondents were required to sign in the informed consent form, the authors quoted in this study were acknowledged through citation and referencing, presentation of findings was done in a generalized way.

3.10 Limitations of the study

Inadequate funding and constraint of time this explains why only Kabale Municipality was chosen in the whole district.

Suspicious civil servants who thought that weaknesses in contract management and service delivery would be identified hence lead to their termination or prosecution in courts of law.

Meeting the various respondents involved in this study was difficult as some of them were busy in the field for example service providers, councilors, members of contract committees among others.

3.11 Measurement of variables

Measurement is a process of mapping aspects of domain on other aspects of the range according to some rules of correspondence (Kothari 2004). The most widely used classification of measurement scales are; nominal, ordinal, interval and ratio scale. In this study nominal and ordinal scales were used. Nominal scale is the system of assigning numbers to the events in order to label them while ordinal scale places events in order. The contract management variables were measured using the 5-likered scale to establish the level of variable phenomena as per the respondents' opinions.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND DISCUSSION OF THE FINDINGS

4.0 Introduction

This chapter presents the findings of the study. It includes background characteristics of respondents and the influence of contract management on service delivery in the public entities with specific reference to Kabale Municipality. The chapter was guided by the research objectives and statistics were generated with the aim of generating responses that address research objectives.

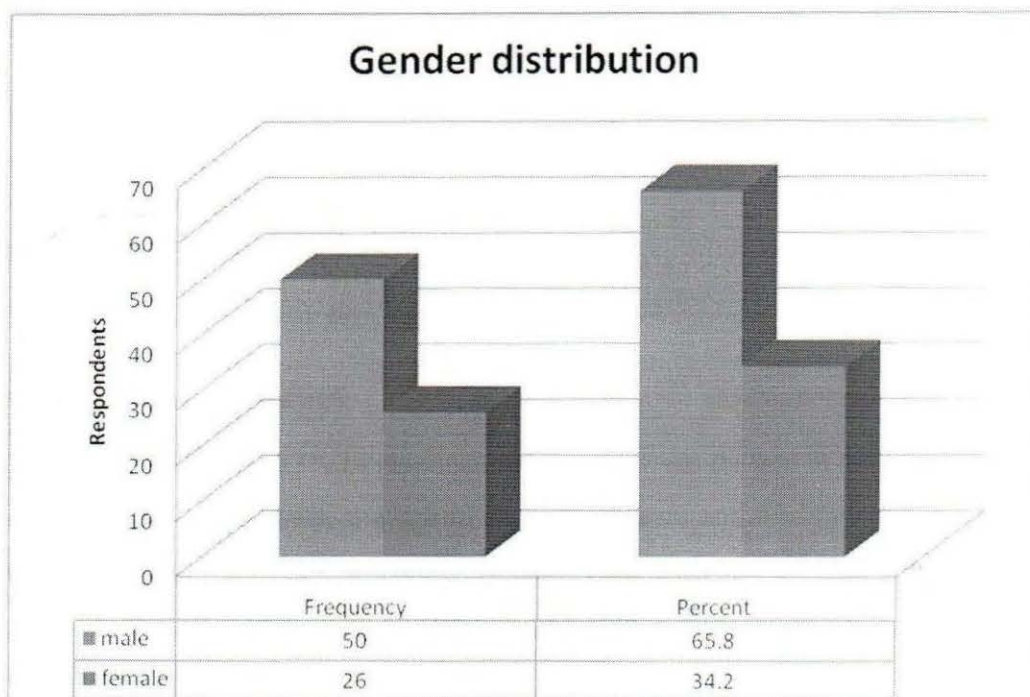
4.1 Profile of respondents

In the study, the researcher collected the demographic aspects of the respondents namely; sex, age, designation and experience of the respondents.

4.1.1 Gender

The respondents indicated their gender. The findings are presented in the graph below;

Figure 2: gender distributions of the respondents



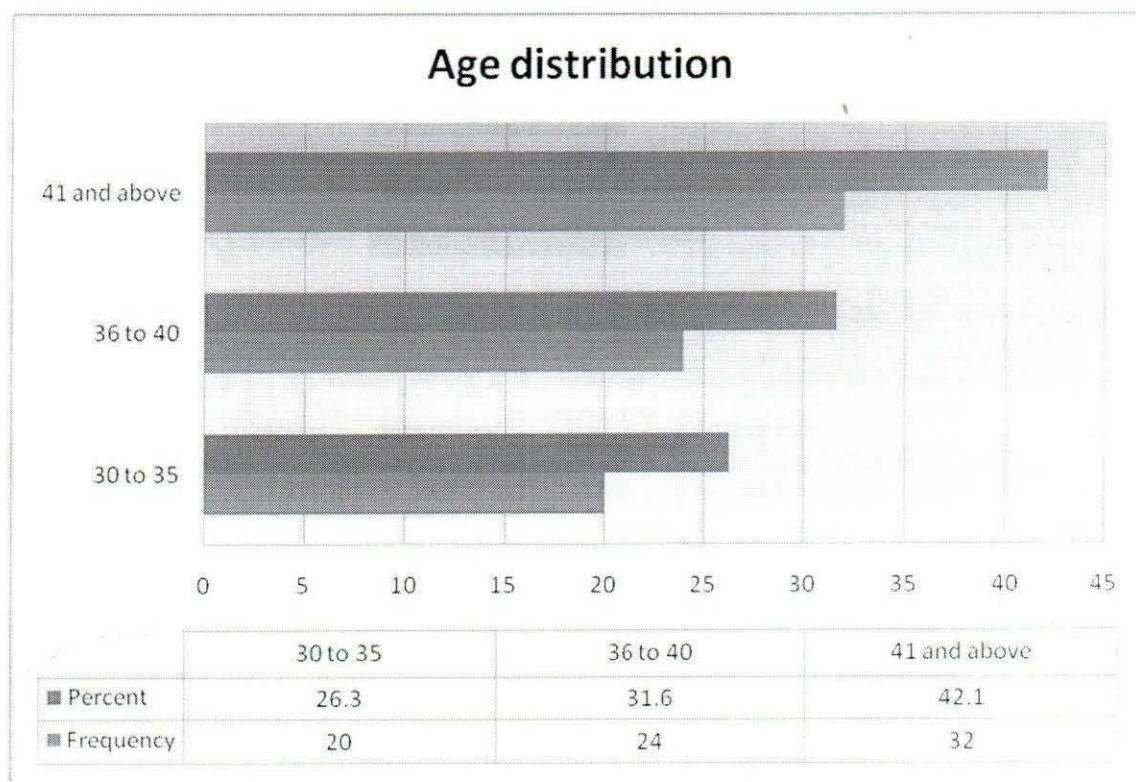
Source: Primary data

Figure 2 shows that 65.8% of the total numbers of respondents were males and only 34.2% were females. This implies that most of the respondents were males. This was due to the fact that more males are employed at Kabale Municipality as compared to the female counterparts and for this reason in most cases males are more involved in labor force participation than female ones.

4.1.2 Age

The respondents indicated their age. The findings are presented in the graph below;

Figure 3: Age distributions of the respondents



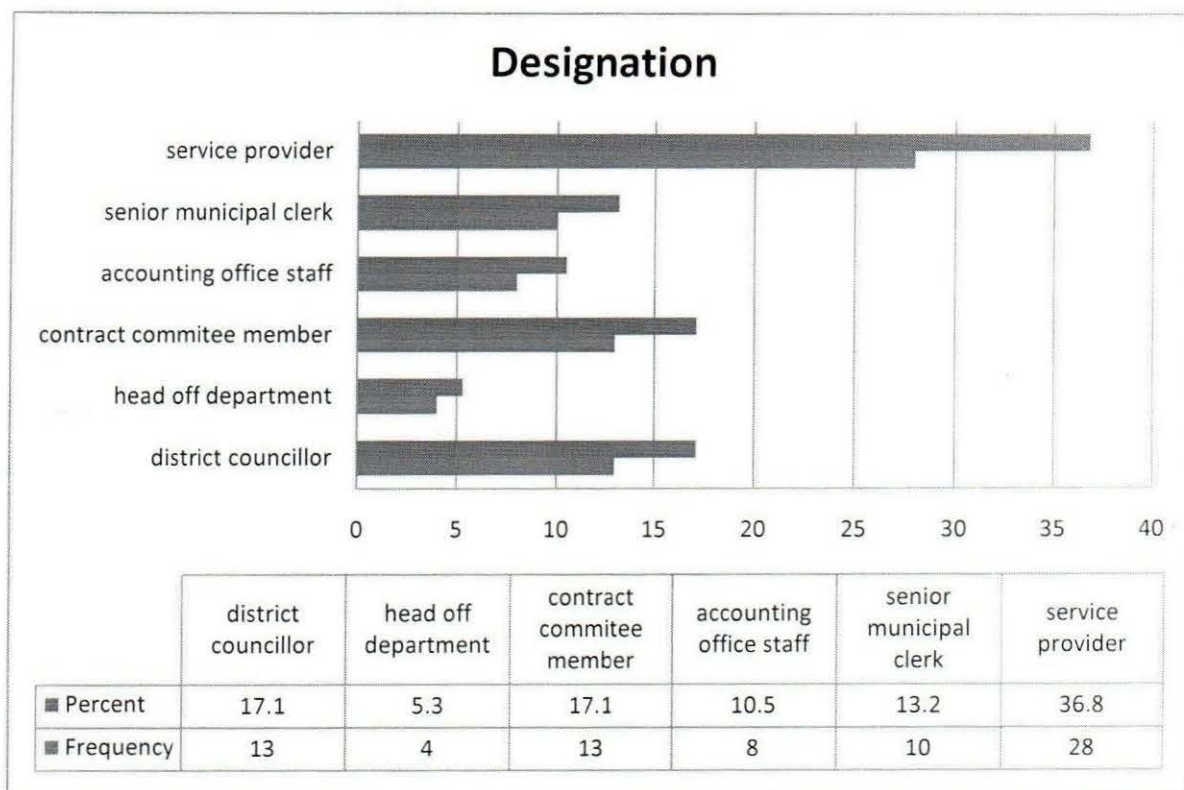
Source: Primary Data

Figure 3 shows that 26.3% of respondents were between the age of 30 and 35 years, 31.6% of the respondents were between the age of 36 and 40 years and 42.1% were above the age 41 years which accounted for the biggest percentage of our interviewed respondents. This signifies that this age bracket has gained experience and they are involved in the contract planning and implementation.

4.1.3 Designation

The respondents indicated their designation. The findings are presented in the graph below;

Figure 4: Respondents' designation



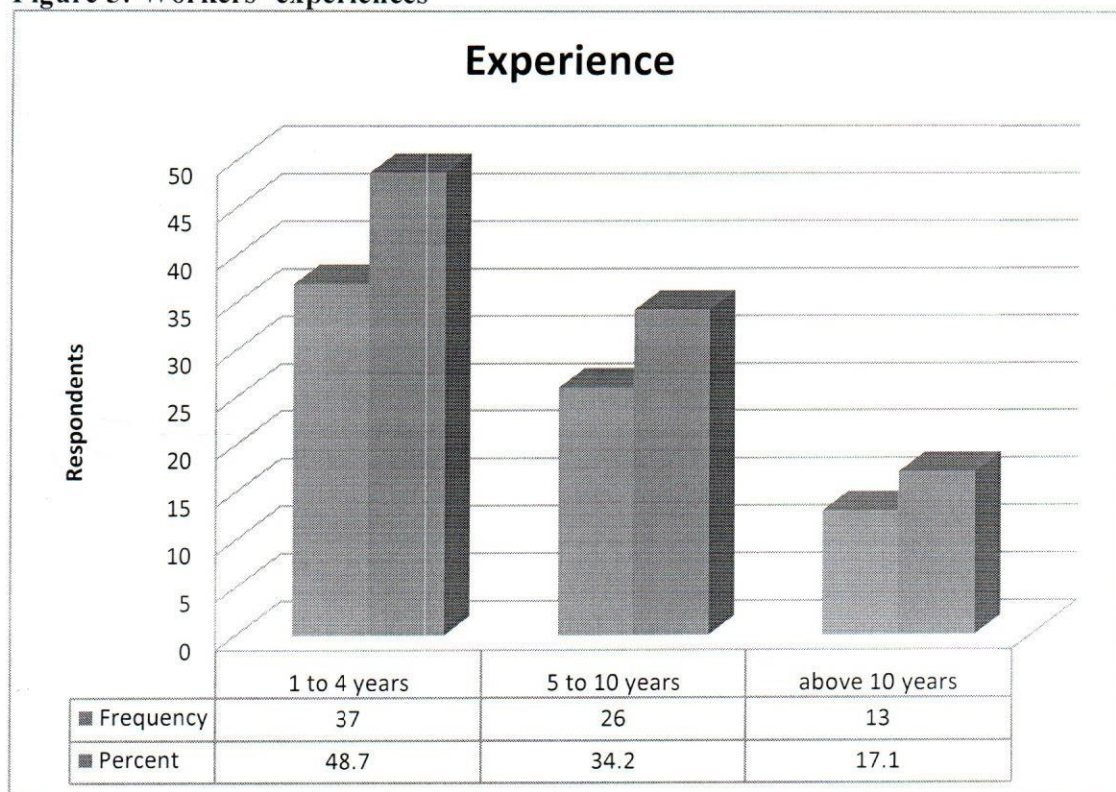
Source: Primary Data

Figure 4 shows that 17.1% of the respondents who were interviewed were district councillors, 5.3% of the respondents were the heads of departments, 17.1% were also contract committee members which presented the same percentage as district councillors in our study, 10% of them were accounting officers, 13.2% were senior municipal clerks and 36.8% of the respondents were service providers. This implies that most respondents who were involved in our study were service providers which highlights that most employment offers in Kabale Municipality is in providing services

4.1.4 Experience

The respondents indicated their experiences. The findings are presented in the graph below;

Figure 5: Workers' experiences



Source: Primary Data

Figure 5 shows that most of the workers in Kabale Municipality had experience that is between 1 and 4 years reported by 48.7% of respondents interviewed in our study, 34.2% of the respondents interviewed in our study had working experience ranging from 5 years to 10 years and only 17.1 % of the respondents had working experience of 10 years and above. This signifies that most of the workers at Kabale Municipality are less experienced.

4.2 Contract strategy development

Presented in the tables are the findings on contract management from the respondents on how contract strategies are developed, how contract risks are assessed and how contracts are monitored and supervised in Kabale Municipality.

Table 4: the mean of workers' responses on how contract strategies are developed in Kabale Municipality (n= 76).

S/N	Item on contract strategy development	Mean responses
1	The contract specifies administrative practices involved in the project	2.96
2	The contract prohibits assignment of tasks to another party without the approval from the local government	2.83
3	Contracts set project objectives clearly	2.87
4	Project constraints are well documented in the contract	2.65
5	The contracts promote risk mitigation	2.59
6	The contract specifies project delivery method	2.58
Average mean		2.74

Source: Primary Data

The findings in the table 4 above, show that under contract strategy development the mean response of respondents who reported that contracts set project objectives clearly was 2.87, that of those who reported that the contract specifies administrative practice involved in the project was 2.96, that of those who reported that the contract prohibits assignment to another party without the written approval of the local government was 2.83, that of those who indicated that project constraints are well documented in the contract was 2.65, that of those who reported that the contracts promote risk mitigation was 2.59 and that of those who reported that the contract specifies project delivery method was 2.58 during the study. This signifies that the contract does not specify projects delivery methods in Kabale Municipality.

4.2.1 Contract risk assessment

Table 5: the mean workers' responses on how contract risks are assessed in Kabale Municipality (n= 76).

S/N	Item on contract risk assessment	Mean responses
1	All parties to the contract are identified	3.09
2	All parties to the contracts are legal entities	3.00
3	Contracts are awarded to the best bidders	2.99
4	The length of the contract is specified	2.68
5	Contract termination provisions are specified	2.99
6	The local government has the ability to terminate contracts with notice	2.78
7	There is full description of each parties obligations and responsibility	2.74
Average mean		2.89

Source: Primary Data

The findings in the table 5 above show that under contract risk assessment the mean response of the respondents who indicated that contracts are awarded to the best bidders was 2.99, that of those who indicated that Kabale Municipality specifies the length of the contract was 2.68, that of those who indicated that contract termination provisions are specified was 2.99, that of those who indicated that the local government has the ability to terminate contracts with notice 2.78, that of those who indicated that all parties to the contract are legal entities was 3.00, that of those who indicated that there is full description of each party's obligation and responsibility was 2.74 and that of those who indicated that all parties to the contract are identified was 3.09. This implies that all the parties to the contract are well known and in case of anything they can be easily found.

4.2.2 Contract monitoring

Table 6: the mean of workers' responses on how contracts are monitored in Kabale Municipality (n = 76).

S/N	Item on contract monitoring and supervision	Mean
1	Service providers' are paid in time	3.08
2	Administrators prepare monitoring and supervision reports	3.00
3	The municipality has monitoring and evaluation plans	2.98
4	Municipality demands schedule of work activities from contractors	2.99
5	The contract committee has tools for monitoring and supervision	2.79
6	Service providers report to their clients in time	2.67
7	Management plans contracts	2.59
Mean average		2.87

Source: Primary Data

The findings in the table 6 above show that under contract monitoring the mean of the respondents who reported that administrators prepare monitoring and supervision reports was 3.00, that of those who reported that Kabale Municipality has monitoring and evaluation plans was 2.98, that of those who reported that the contract committee has tools for monitoring and supervision was 2.79, that of those who reported that service providers are paid in time was 3.08, that of those who reported that Kabale Municipality demands schedule of work activities from contractors was 2.99, that of those who reported that service providers report to their clients in time was 2.67 and that of those who reported that Kabale Municipality management plans contracts was 2.59. This implies that administrators prepare monitoring and supervision reports.

4.3 Service delivery

The findings on service delivery from the respondents on whether contractors comply with time in delivering services, quality of services by contractors and the cost effectiveness of the contracts awarded to contractors in providing services in Kabale Municipality.

Table 7: The mean of workers' responses on whether contractors comply with time in delivering services in Kabale Municipality (n = 76).

S/N	Item on timeliness	Mean
1	Services are delivered in time	3.20
2	Payment of service providers is consistent and in time	3.09
3	Reports on job performance are submitted in time	2.89
4	Communication between the service providers, community and local government officials is effective.	2.65
Average mean		2.84

Source: Primary Data

The findings in the table 7 above show that the mean response of the respondents who reported that reports on job performance are submitted in time was 2.89, that of those who reported that services are delivered in time was 3.20, that of those who reported that payments of service providers are consistent and on time was 3.09 and that of those who reported that communication between service providers, residents and local government officials is effective was 2.65. this implies that the services are delivered in time.

Table 8: the mean of workers' responses on quality of services by contractors in Kabale Municipality (n = 76).

S/N	Item on quality of services	Mean
1	Facilities in hospitals are adequate for all patients	2.48
2	Buildings newly contracted have no cracks on the walls	2.92
3	Most of the essential drugs are available in the hospitals	2.65
4	Performance in PLE and UCE is satisfactory	2.55
5	Roads in the municipality are well designed and light	3.60
Average mean		2.84

Source: Primary Data

The findings in the table 8 above under quality of services by contractors show that the mean of the respondents who reported that buildings newly constructed have no cracks on the walls was 2.92, that of those who reported that roads in Kabale Municipality are well designed and well light was 3.60, that of those who showed that facilities in hospitals and schools are adequate for patients and pupils respectively was 2.48, that of those who reported that most of the essential drugs are available in hospitals was 2.65 and that of those who reported that the performance in PLE and USE is satisfactory was 2.55. This implies that there is need for improvement on the performance in UPE and USE schools and also there should be need to address the issue of improving on the facilities in hospitals.

Table 9: the mean of workers' responses on the cost effectiveness of the contracts awarded to contractors in providing services in Kabale Municipality (n = 76).

S/N	Item on cost effectiveness	Mean
1	Budgets are made departmentally and defended	2.62
2	Surpluses of Construction materials remain un used	2.51
3	Service providers do not attend regularly	2.43
4	Costs of some projects have gone above the budget	3.30
5	Some of the road works in the municipality are sub standard	3.02
6	Some buildings have developed cracks just after completion of construction	2.45
Average mean		2.72

Source: Primary Data

From the table 9 above, under cost effectiveness of contracts the mean of the respondents who reported that costs of some projects have gone above the budgeted cost in Kabale Municipality was 3.30, that of those who reported that some of the road works in Kabale Municipality are substandard was 3.02, that of those who reported that some buildings developed cracks just after completion of the construction was 2.45, that of those who reported that service providers do not attend regularly was 2.43, that of those who reported that surpluses of construction materials remain unused was 2.51 and that of those who reported that the budgets are made departmentally and defended was 2.62. This implies that the work the contractors are doing is not of good quality since one finds some buildings have developed cracks just after completion of construction.

4.3 Binomial regressions on the effects of contract management on service delivery

This section gives the clear details, direction and the strength of contract management on service delivery in the municipality in terms of quality of services provided, time compliance and cost effectiveness when providing services in Kabale Municipality.

Table 10: the relationship between contract strategy development and service delivery in Kabale Municipality

SERVICE DELIVERY		B	Std. Error	Wald	df	Sig.	Exp(B)
timeliness	Intercept	.383	.335	1.308	1	.253	
	[DSTRATEGYNO=.00]	-.383	1.453	.069	1	.792	.682
	[DSTRATEGYYES=1.00]	0 ^b	.	.	0	.	.
good quality services	Intercept	-.916	.483	3.598	1	.058	
	[DSTRATEGYNO=.00]	4.350	1.125	14.953	1	.000	77.500
	[DSTRATEGYYES=1.00]	0 ^b	.	.	0	.	.

a. The reference category is: cost effectiveness.

b. This parameter is set to zero because it is redundant.

The negative coefficient for DSTRATEGYNO (-.383) on timelines shows that on average the contracts whose strategies were not well developed were less likely to be completed in time than contracts whose strategies were well developed, however those contracts whose strategies were not well developed were more cost effective compared to timeliness. This was statistically insignificant at 5% level of significance since the probability value (0.792) was found to be greater than 0.05.

The positive coefficient of DSTRATEGYNO (4.350) on good quality services shows that on average the contracts whose strategies were not well developed were more likely to produce good quality services than contracts whose strategies were well developed, however those contracts whose strategies were not well developed were less cost effective compared to timeliness. This was statistically significant at 5% level of significance since the probability value (0.001) was found to be less than 0.05. This signifies that once contracts strategies are not well developed irrespective of whether they produce good quality services they take a lot of funds to be completed. Sometimes this comes with corruption because these contracts budgets are altered to complete the ongoing work.

Another respondent mentioned that *“contract strategy development at the municipality is hindered by political interference, corrupt practices, nepotism and double standards among municipality administrators.”*

Table 11: the relationship between risk assessment and service delivery in Kabale Municipality

SERVICE DELIVERY		B	Std. Error	Wald	df	Sig.	Exp(B)
timeliness	Intercept	.348	.377	.853	1	.356	
	[DRISKNO=.00]	.057	.748	.006	1	.939	1.059
	[DRISKYES=1.00]	0 ^b	.	.	0	.	.
good quality services	Intercept	-.182	.428	.181	1	.670	
	[DRISKNO=.00]	2.092	.686	9.303	1	.002	8.100
	[DRISKYES=1.00]	0 ^b	.	.	0	.	.

a. The reference category is: cost effectiveness.

b. This parameter is set to zero because it is redundant.

From the table above, the positive coefficient on DRISKNO , 0.057 shows that the contracts whose risks were not assessed very well were more likely to be completed in time, however they were on average not cost effective compared to the contracts whose risks were assessed very well. This was found to be statistically insignificant at 0.939 since this probability value is greater than 0.05. This implies that risks needs to be assessed very well for better delivery of services and for cost effectiveness in delivering such services

The positive coefficient on DRISKNO (2.092) on good quality services shows that the contracts whose risks were not assessed very well were more likely to produce good quality services, however they were on average not cost effective compared to the contracts whose risks were assessed very well. This was found to be statistically significant at 0.002 since this probability value is less than 0.05.

One of the respondents lamented, *“Most buildings in health centers and schools are incomplete in their Division but when they contacted their councilor in a Division meeting, the response was that the budgeted amount of money was not enough and the service providers did not make accurate quotations during the awarding of the contract.”*

Table 12: the relationship between contract monitoring and service delivery in Kabale Municipality

SERVICE DELIVERY		B	Std. Error	Wald	df	Sig.	Exp(B)
timeliness	Intercept	.336	.586	.330	1	.566	
	[DNO=.00]	.038	.704	.003	1	.957	1.039
	[DYES=1.00]	0 ^b	.	.	0	.	.
good quality services	Intercept	1.917	.479	16.017	1	.000	
	[DNO=.00]	-3.216	.808	15.825	1	.000	.040
	[DYES=1.00]	0 ^b	.	.	0	.	.

a. The reference category is: cost effectiveness.

b. This parameter is set to zero because it is redundant.

From the table above, the coefficient for DNO (0.38) on timeliness shows that the contracts which were not monitored were on average more likely to be completed in time than the contracts that were monitored. However, the monitoring process had a strong influence on cost effectiveness in the Municipality which means contracts that were not monitored were not cost effective. This was not statistically significant at 5% level of significance since the probability value (0.957) is greater than 0.05. The insignificance of monitoring on cost effectiveness implied that the less time contracts take to be completed, the less costs they incur. This could be due to the reasons that when contracts are completed in time, no extra budgeting compared to prolonged contracts.

The negative coefficient for DNO (-3.216) on good quality services shows that on average the contracts which were not monitored were less likely to produce quality services than those which were monitored. This was statistically significant at 5% level of significance since the probability value was found to be less than 0.05. This implies that good management of contracts through extensive monitoring and supervision leads to delivery of good quality services and more cost effectiveness in Kabale Municipality.

One of the respondents interviewed was quoted saying, *“some contractors do not attend to their sites, they leave the trainees at the sites yet the work to be done requires high skills and experience. The contractors spend most of their time searching for new contracts which results into substandard work at the sites that they have already secured.”*

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter discusses the findings and gives the general conclusion and recommendations of the study.

5.1 Discussion of Key Research Findings

5.1.1 Contract strategy development and service delivery in Kabale Municipality

The researcher found out that under contract strategy development the mean of respondents who reported that contracts set project objectives clearly was 2.87, that of those who reported that the contract specifies administrative practice involved in the project was 2.96, that of those who reported that the contract prohibits assignment to another party without the written approval of the local government was 2.83, that of those who indicated that project constraints are well documented in the contract was 2.65, that of those who reported that the contracts promote risk mitigation was 2.59 and that of those who reported that the contract specifies project delivery methods was 2.58.

The study revealed that the contracts whose strategies were well developed were more likely to be completed in time than contracts whose strategies were not developed. This was statistically insignificant at 5% level of significance. Contracts which were put on a table and laid strategies for, had high chances of being completed in time and were cost compared to those without developed strategies. This is because the less time taken to complete the contracts, the less costs incurred since it does not require extra funding

These findings are consistent with the findings of Emad (2011), who established that the development of a contract strategy comprises a complete assessment of the choices available for the management of design and construction to maximize the likelihood of project objectives. The scope of the contract is very wide, the size and complexity of the contract matter vary accordingly. He further adds that a proper contract strategy for a project involves five key decisions; setting project objectives and constraints, selecting project delivery method, selecting a proper contract type and contract administration practices and proper identification all these lead to cost effectiveness and complying with time.

Allen (2012) said that adherence to regulations, this means not crossing the boundaries of inherently governmental functions which supports our clients. Adherence will also serve as a foundation for our comprehensive contracting support. The author further urges that contract strategy development should determine ideal contract type, identify potential risks and suggest contract structure that promotes risk mitigation and establish procurement plans of action and milestones.

According to Emad (2011), selecting key personnel and organizations that will participate in a project is a major step and strategy for the owner and can mean the success or failure of a project. By large, the competitive bidding process has been the main vehicle for contractors to obtain jobs. The process is required by law for public projects; this has been the largest percentage of all projects.

5.1.2 Contract risk assessment and service delivery in Kabale Municipality

The researcher found out that under contract risk assessment, the mean of the respondents who indicated that contracts are awarded to the best bidders was 2.99, that of those who indicated that Kabale Municipality specifies the length of the contract was 2.68, that of those who indicated that contract termination provisions are specified was 2.99, that of those who indicated that the local government has the ability to terminate contracts with notice was 2.78, that of those who indicated that all parties to the contract are legal entities was 3.00, that of those who indicated that there is full description of each party's obligation and responsibility was 2.74 and that of those who indicated that all parties to the contract are identified was 3.09.

The study revealed that contracts whose risks were not assessed were less likely to be completed in time and they were less cost effective compared to the contracts whose risks were assessed. This was found to be statistically insignificant at 0.939 since this probability value is greater than 0.05. This implies that risks need to be assessed very well for better delivery of services and for cost effectiveness in delivering such services.

The study further revealed that contracts whose risks were not assessed very well were less likely to produce good quality services, however they were on average not cost effective compared to the contracts whose risks were assessed very well. This was found to be statistically significant at 0.002 since this probability value is less than 0.05.

The findings are in agreement with the findings of PPDA report (2010) that showed that Corruption risks in procurement and contract management engenders bad choices, affects the efficiency of public spending and donors resources, creates waste and ultimately, affects the quality of health and educational services and opportunities they present to improve life.

5.1.3 Contract monitoring and service delivery in Kabale Municipality

The researcher found out that under contract monitoring the mean of the respondents who reported that administrators prepare monitoring and supervision reports was 3.00, that of those who reported that Kabale Municipality has monitoring and evaluation plans was 2.98, that of those who reported that the contract committee has tools for monitoring and supervision was 2.79, that of those who reported that service providers are paid in time was 3.08, that of those who reported that Kabale Municipality demands schedule of work activities from contractors was 2.99, that of those who reported that service providers report to their clients in time was 2.67 and that of those who reported that Kabale Municipality management plans contracts was 2.59.

The study also revealed that the contracts which were not monitored were on average less likely to be completed in time than the contracts that were monitored. However, the monitoring process had a strong impact on cost effectiveness in Kabale Municipality which means contracts that were not monitored were not cost effective. This was statistically significant at 5% level of significance since the probability value (0.957) is greater than 0.05. The insignificance of monitoring on cost effectiveness implied that the less time contracts take to be completed, the less costs they incur. This could be due to the reason that when contracts are completed in time, there is no extra budgeting compared to prolonged contracts.

The study also revealed that on average, the contracts which were not monitored were less likely to produce quality services than those which were monitored. This was statistically significant at 5% level of significance since the probability value was found to be less than 0.05. Good management of contracts through extensive monitoring and supervision leads to production of good quality services and more cost effective in Kabale Municipality.

The study revealed that there is consistence with the IGG report (2012) that showed indicators like dilapidated schools, hospitals, poor roads full of potholes and incomplete work despite full funding. In the context of this study, service delivery as the dependent variable was confined to

health, education, works and roads though it was measured in terms of timeliness, quality of services and cost effectiveness.

The study is also in agreement with the study that was carried out by Prager (1994) which contends that proper and effective management of contracts helps improve the quality of goods and services and reduces procurement costs thus achieving the three broad goals: quality products and services, timely delivery of products and services and cost effectiveness within the budget. Therefore, if the contracts are not well managed, service delivery will be affected making contract management very essential in the provision of services in the government entities.

Walton (2009) says that contract monitoring focuses on collecting and analyzing information to provide assurance to the customer that progress is being made in line with agreed time frames and towards providing the contract deliverables. Information provided by the service provider for monitoring purposes should be reviewed and audited as necessary to ensure its accuracy and reliability. It can also often be tested through consulting end-users regarding the goods and services they have received. Therefore, when an organization has awarded a contract, it must monitor whether the service is being delivered to specification. This means being able to check two things: the service does what it was required to do that is, the service is being delivered well, to the agreed standards and price and the costs of the service are not higher than expected. Thai (2004) reported that when contracts are monitored, then it will be easy to know whether the services are being delivered to the people on time, in the right quality and at a low cost or not.

5.2 Conclusions

Basing on the research objectives, the following conclusions were drawn;

On contract strategy development, this study concluded that the contracts whose strategies were well developed were more likely to be completed in time than contracts whose strategies were not well developed. Contracts which were put on the table and laid strategies for, had high chances of being completed in time and would be cost effective compared to those without well developed strategies. It further concluded that the contracts, whose strategies were not well developed, were less likely to produce good quality services than contracts whose strategies were well developed and were less cost effective. Therefore, contracts whose strategies were well developed were more likely to be completed in time; they were more likely to produce good

quality services and were less cost effective compared to those whose strategies were not well developed.

Then on contract risk assessment, the study concluded that the contracts whose risks were not assessed were less likely to be completed in time and they were not cost effective compared to the contracts whose risks were assessed very well. Conclusion can also be drawn that the contracts whose risks were not assessed very well were less likely to produce good quality services, and they were not cost effective compared to the contracts whose risks were assessed very well. Therefore, contracts whose risks were not assessed were less likely to be completed on time, were less likely to produce good quality services and were more cost effective compared to those that were assessed.

Considering contract monitoring, the study concluded that the contracts which were not monitored were less likely to be completed in time than the contracts that were monitored and were not cost effective. Further conclusion can be drawn that the contracts which were not monitored were less likely to produce quality services than those which were monitored. Therefore, contracts which were not monitored were less likely to be completed on time, were less likely to produce good quality services and were more cost effective compared to those that were monitored.

5.3 Recommendations

From the findings of the study, the researcher recommends the following;

Kabale Municipality should develop contract strategies first before awarding contracts to the contractors. These strategies must involve the way the contracted work will be done, setting contracts' objectives, specifying how the service will be delivered and who should be answerable in case the contract objectives are not achieved.

The Kabale Municipality should first assess the risks while awarding contracts to the bidders to make sure that the contract budget is not exceeded. This must involve identifying the potentials of different contractors to be awarded contracts basing on financial standings, human resource capacity, the expertise, skills and experience of the human resource of different contractor companies or individual contractors.

The government should assign contracts to the contractors with good financial standings and government workers should be assigned to supervise these contracts especially in the mode of delivery and it must be well documented that there will be no extra funding of the government in case of externalities. This will reduce costs incurred by the government in managing the contracts

4 Areas for further research

This research was aimed at examining the influence of Contract Management on Service delivery in the public entities therefore, the following areas are recommended for further research;

- A study should be carried out on the methods and procedures used to award the contracts to the contractors in Kabale Municipality.
- A study should be carried out to examine various monitoring techniques used in monitoring the contracts in Kabale Municipality.

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Appendix I: Questionnaire to assess the influence of contract management on service delivery in Kabale Municipality

Please help me clarify your response by supplying the following facts about yourself and your opinions on the issues raised by ticking the appropriate box. There is no right or wrong answer therefore any response is a target.

SECTION A: PROFILE OF RESPONDENTS

Gender: Female ☐ male ☐

Age: 30 – 35 years ☐ 36- 40 years ☐ Above 40 years ☐

Designation:

District councilor ☐ Head of department ☐ Contract committee member ☐

Accounting office staff ☐ Senior municipal clerk ☐ Service provider ☐

Experience:

1- 4 years ☐ 5- 10 years ☐ 10 years and above ☐

Section B: QUESTIONNAIRE TO DETERMINE CONTRACT MANAGEMENT

Direction 1: Please write your rating on the space at the end of each option which corresponds to your best choice in terms of contract management in Kabale Municipality. Kindly use the scoring system below;

Score	Response mode
5	Strongly agree
4	Agree
3	Neutral
2	Disagree
1	Strongly disagree

Numerical values and response that will be used to interpret the mean

Mean range	Response mode
4.30- 5.00	Strongly Agree
3.5 0 – 4.20	Agree
2.70 - 3.40	Neutral
1.9 0 - 2.6 0	Disagree
1.10 -1.80	Strongly Disagree

SOURCE: Mabonga (2002) as cited by Pule (2014)

I. Contract Strategy Development

Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The contract specifies administrative practice involved in the project					
The contract prohibits assignment to another party without the written approval of the local government					
Contracts set project objectives clearly					
Project constraints are well documented in the contract					
The contracts promote risk mitigation					
The contract specifies project delivery method					

II. Contract Risk Assessment

Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
All parties to the contract are identified					
All parties to the contract are legal entities					
Contracts are awarded to the best bidders					
The length of the contract is specified					
Are contract termination provisions specified					
The local government has the ability to terminate contracts with notice					
There is full description of each party's obligation and responsibility					

III. Contract Monitoring and Supervision

Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Service providers are paid in time					
Municipality administrators prepare monitoring and supervision reports					
The municipality has monitoring and evaluation plans					
Municipality demands schedule of work activities from contractors					
The contracts committee has tools for monitoring and supervision					
Service providers report to their client periodically and in time					
Management plans contracts					

SECTION C: Questionnaire to determine service delivery in Kabale Municipality

Direction 1: Please write your rating on the space at the end of each option which corresponds to your best choice in terms of service delivery at Kabale Municipality.

I. Timeliness of services

Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Services are delivered in time					
Payments of service providers if consistent and on time					
Reports on job performance are submitted in time					
Communication between service providers, community and local government officials is effective					

II. Quality of services

Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Facilities in hospitals and schools are adequate for patients					
Buildings newly constructed have no cracks on the walls					
Most of the essential drugs are available in hospitals					
Performance in PLE and UCE is satisfactory					
Roads in the municipality are well designed and well light.					

III. Cost effectiveness

Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Budgets are made departmentally and defended					
Surpluses of construction materials remain un used					
Service providers do not attend regularly					
Costs of some projects have gone above the budgeted cost					
Some of the road works in the municipality are substandard					
Some buildings have developed cracks just after completion of the construction					

Thank you for your participation

**Appendix II: Interview guide for the study on contract management and service delivery in
Kabale Municipality**

1. Please mention the main type of activities that you normally open up for contracts.
2. Who are the main supervisors of contracts in the municipality?
3. What makes some contractors delay to finish the assignments?
4. Some high ranking officers in the municipality influence contract award. If yes explain.
5. It's evident that some patients are referred to private pharmacies to buy basic drugs, why?
6. Explain why Contractors at times do not attend to their sites
7. Could you please explain why most buildings in health centers and schools are incomplete yet facilities are not enough for patients and pupils?
8. Could you please explain in detail how contract management has affected the quality of services in education, works and health?
9. What factors can hinder contract management in public entities?

Thank you so much for your time

Appendix III: Table for determining sample size from a given population

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

Note: "N" is population size

"S" is sample size