

**SUPPLIER SELECTION AND PERCEIVED CONTRACT PERFORMANCE IN  
GOVERNMENT MINISTRIES OF UGANDA: A CASE OF THE  
MINISTRY OF HEALTH**

**BY**

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**DECLARATION**

I, Amumpeire Annitah, do hereby declare that this dissertation is my original work and has never been submitted anywhere else for any academic award.

Signature..... Date: .....

**APPROVAL**

This is to confirm that this dissertation has been done under our supervision and guidance and has therefore met the dissertation requirements of Kyambogo University and is now ready for submission.

Sign: ..... Date: .....

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Sign: ..... Date: .....

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## **DEDICATION**

I would like to dedicate this dissertation to my daughter Nimurungi Elsie, my siblings Kirabo Kourtney, Tumwesigye Jordan, Amutuheire Innocent, Oweyesigye Jayson and my Daddy Kibuuka Ambrose Tumwesigye and everyone for having given me the courage to move on in this journey.

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## **ABBREVIATIONS**

OECD:	Organisation for Economic Co-operation and Development.
MOH:	Ministry of Health
PPDA:	Public Procurement and Disposal of Public Assets
COVID-19:	Coronavirus Disease 19
RBV:	Resource Based View
MOFPED:	Ministry of Finance, Planning and Economic Development
BMAU:	Budget Monitoring and Accountability Unit
CIPS:	Chartered Institute of Purchasing and Supply
CVI:	Content Validity Index
ICU:	Intensive Care Unit
RBT:	Resource Based Theory

## **ABSTRACT**

This study examined the effect of supplier selection on contract performance in government ministries in Uganda, with a focus on the Ministry of Health. The study was guided by the Resource-Based View (RBV) and aimed to address three objectives: to determine the effect of supplier selection objectives on the contract performance of the Ministry of Health, to assess the effect of supplier identification on the contract performance of the Ministry of Health, to analyse the impact of selection evaluation criteria on the contract performance of the Ministry of Health. The study employed a case study design and included a sample of 103 staff members from the Ministry of Health. Data collection involved both quantitative and qualitative methods. Qualitative data were analysed using descriptive analysis and inferential statistics. Descriptive statistics described the response rate, respondent characteristics, and firm characteristics. Inferential statistics, including Pearson's correlation, were used to examine the relationships between variables, while multiple regression analysis determined the effect of supplier selection on contract performance. The findings revealed that supplier evaluation criteria had the most significant impact on contract performance, followed by supplier selection objectives. Supplier identification, while still significant, had a relatively modest impact. The study concludes that a comprehensive approach to supplier management, integrating supplier selection with other procurement practices, is crucial for optimizing contract performance. The research offers valuable insights for government ministries and organizations seeking to enhance their supplier management practices and contract outcomes. The study's recommendations and suggested areas for further research aim to contribute to the development of more effective supplier management strategies in the public sector.

**Key terms:** Supplier selection objective, Supplier identification, Selection evaluation criteria

## **CHAPTER ONE: INTRODUCTION**

### **1.0 Introduction**

Government Ministries in Uganda undertake procurement activities that are reliant on the quality of supplier selection processes, there is a need to understand the resultant effect of supplier selection on the contract performance of these ministries. This study seeks to establish the effect of supplier selection on contract performance in Government Ministries of Uganda, a case of the Ministry of Health. This chapter presents the background of the study, a statement of the problem, the purpose of the study, specific objectives, research hypotheses, and the scope of the study, significance, and conceptual framework.

### **1.2 Background to the study**

One needs to draw back to the historical, theoretical, conceptual, and contextual background to understand the contribution of supplier selection towards enhancing contract performance in Government Ministries.

#### **1.2.1 Historical background**

According to Nyakoe and Muturi (2017), supplier selection is as old as procurement and can be traced way back to the 19<sup>th</sup> century when procurement function became an increasingly important function in organizations. Jelagat and Bii (2017) note that after 2<sup>nd</sup> World War, the global environment became increasingly competitive whereby organizations competed for quality and timely delivery of supplies. As a result, supplier selection became an increasingly important aspect in organizations because there was a need to identify the most potential and reliable suppliers.

Mutai (2016) noted that when the procurement function gained much popularity in the late 19<sup>th</sup> century, governments became the biggest markets for supplies. This, therefore, birth the need for supplier selection to enhance transparency and efficiency of the suppliers towards meeting the demands. Njoroge and Mwangangi (2018) point out that supplier selection began as a simple system in the 1950s that organizations used to assess the suppliers who were to be contracted to provide procurement supplies for the organization. Supplier selection became fundamental to organizations and gradually gained recognition amongst most governments across the globe. It is believed that public sector organizations paid much interest in supplier selection as a means of improving the procurement system. Supplier selection enabled the organizations to determine whether the supply met the organization's demand (Monczka et al., 2016)

In Africa, it is noted that when public procurement became a popular aspect in the 20<sup>th</sup> century, the area of concern remained on what criteria was going to be based on when selecting and evaluating the suppliers. Various governments for instance the Rwandan government in 2003 through the directive of the World Bank outlined procedures that their institutions were to follow when carrying out procurement activities and among the legal requirements was supplier selection. It was such legal establishments that led to the birth of supplier selection as observed (Kariuki et al., 2018). In addition, UNCITRAL Model Law on Public Procurement (2011) was established containing principles and procedures that were aimed at helping states achieve value for money in their procurement processes. This Model Law played a critical role in ensuring that states achieve transparency in the procurement processes by providing mechanisms through which governments can select and interact with potential suppliers who provide the best solutions to their demands (Ali, 2021).

In the Ugandan context, supplier selection became one of the key areas that the government turned focus on since 2003 when the PPDA Act 2003 was enacted to help in addressing public procurement challenges. One of the challenges noted was irrationality in the use of supplier pre-qualification lists where few suppliers won contracts often and the majority of the suppliers would never be invited to bid. As a result, the government of Uganda and its international partners sought the best mechanisms for improving the procurement system among which was the supplier selection process (PPDA, 2007).

It should be noted that supplier selection was introduced and adopted by most organizations to reduce supplier irregularities and inefficiencies in public procurement. However, despite much focus on the quality of the supply selection process, Government Ministries still face challenges in contract performance. It is therefore against this historical background that this study seeks to understand the role of supplier selection towards enhancing contract performance.

### **1.2.2 Theoretical background**

The theoretical foundation for this study is based on the Selection Theory, which emphasizes the importance of selecting partners and resources that align with an organization's objectives to achieve optimal performance outcomes. Selection Theory posits that organizations can achieve competitive advantage and improved performance by carefully selecting suppliers who align well with their operational needs and strategic goals (Johnson & Scholes, 1999). This theory underscores that the selection process is essential in creating partnerships that enhance organizational performance, focusing on factors like quality, reliability, and alignment with organizational values.

In the context of supplier selection, Selection Theory suggests that organizations should prioritize a comprehensive and methodical selection process, focusing on rigorous pre-qualification and continuous evaluation of suppliers. This approach helps organizations secure suppliers who not only meet basic contractual requirements but also contribute to the overall strategic success of the organization (Smith & Jones, 2005).

In today's highly competitive environment, many organizations are competing for quality suppliers who are often selective and may not fully meet each organization's unique requirements (Edwards, 2012). This underscores the need for a robust supplier selection system that incorporates well-defined criteria, including financial stability, past performance, and alignment with the organization's objectives, to foster long-term success (Jelagat & Bii, 2017).

The relevance of Selection Theory in this study lies in its emphasis on the importance of a well-structured supplier selection process. The theory highlights that government ministries in Uganda could achieve higher contract performance by implementing systematic supplier selection practices, such as defining selection criteria, conducting thorough supplier evaluations, and maintaining regular supplier appraisals. This study, therefore, hypothesizes that the contract performance of government ministries in Uganda may improve when the supplier selection system is optimized to align with specific performance objectives, thereby providing empirical evidence on the impact of supplier selection on contract outcomes.

### **1.2.3 Conceptual background**

This study looks at supplier selection as an independent variable and contract performance as a dependent variable.

**Supplier selection;** According to Taherdoost and Brard (2019), supplier selection refers to the process through which the organization carries out an investigative process of identifying, evaluating and making the right choice of suppliers to be contracted for a given period. It plays a crucial role in the contract performance of the organization as it helps the firm achieve value for money by contracting the most cost-effective, efficient and effective suppliers (PPDA, 2007).

Supplier selection requires procuring organizations to primarily define the supplier selection objective which should be driven by the quality of supplies to be sourced (Famiyeh & Kwarteng, 2018). It also calls upon the organization to predetermine the type of supplier that may fit into the organization's objective and develop a supplier selection criterion that satisfies the organization's processes of arriving at the final list of prequalified suppliers from whom purchases were made for a given period (Otundo, 2015). Whilst the procurement process of the organizations involves several activities such as supplier relationship management, and contractual performance management, it is imperative to note that supplier selection is very paramount and it lays a foundation for all other procurement activities. The procuring organization is therefore urged to revise and review its supplier selection processes and ensure that by the end of the entire process, the right choice suppliers are contracted (Kannan, 2002). Kariuki, Makokha and Namusonge (2018) note that supplier selection should involve conducting supplier pre-qualification and post-qualification where the organization should evaluate the supplier's preparedness and capacities to meet the procurement needs.

Onchweri (2015) notes that supplier selection in any organization is grounded on the organization's supplier selection objective, supplier identification and selection evaluation

criteria. Different organizations may have different objectives in the supplier selection process. It, therefore, requires organizations to predetermine their sourcing demands by largely focusing on the quality of goods to be outsourced, the quality of all supplies that are available in the market, the supplier's commitment, ethical consideration and sustainable procurement. Whereas studies continue to provide insights on the relevance of supplier selection, there is still limited literature hence the continuous interest to investigate the effect of supplier selection on the contract performance of government institutions. For instance, the study by De Felice, Deldoost, Faizollahi and Petrillo (2015) asserts that the supplier selection process comprised of; i) supplier selection objective, ii) supplier identification, iii) supplier selection criteria and iv) choice of prequalified suppliers have a direct contribution on procurement and contract performance of the organization.

**Supplier selection objective;** This is considered the first and primary element in the supplier selection process that has an impactful contribution to the contract performance of the organizations (Das, 2020). Supplier selection objective defines what the organization needs to procure in terms of quality and quantity of supplies to be outsourced and how it can be achieved (Njoroge & Mwangangi, 2018). Organizations which predetermine the supplier selection objective may have easily facilitated the supplier selection process especially since it fastens the supplier identification process and supplier selection criteria which influences the correct choice of supplier hence contributing to contract performance (Kannan & Tan, 2002). Supplier selection objective gives direction and focuses to the purchasing organization to match the procurement demand with the supplier's good's quality, quantity, number of suppliers to be used and outsourcing requirements that should be met by the

suppliers (Krop, 2016). This study seeks to establish the effect of supplier selection objectives on the contract performance of government ministries in Uganda.

**Supplier identification;** Once an organization's supplier selection objective is clear, there is a need for an organization to develop a list of available suppliers. It is often paramount for an organization to have a list of prequalified suppliers from which they can often evaluate and select the right choices depending on the selection objective which may often vary from time to time (Chung, 2016). Supplier identification is an important element of supplier selection that organizations must pay attention to if there is a need to improve contract performance (Chartered Institute of Purchasing & Supply Report, 2013). Supplier identification involves embracing the supplier's expertise, capability and position which is often not an easy process. For organizations to accomplish the task of identifying potential suppliers, they ought to conduct activities such as market research, develop a sourcing strategy and carry out production pre-specification (Odhiambo, 2018). Chartered Institute of Purchasing and Supply Report (2013) contends that an organization's contract performance depends on the quality of suppliers identified.

**Selection Evaluation Criteria;** According to Kannan (2002) selection evaluation criteria play a pivotal role in determining contract performance, competitiveness and growth of the organization. Organizations have to transform from the traditional approach in which supplier evaluation was purely based on the prices of given suppliers. There is a need to consider the complexity of today's business environment where several factors determine the selection evaluation criteria (Hald & Ellegaard, 2011). There are several factors to consider in the selection evaluation criteria of the organization among which include; the overall cost, quality, capacity and financial ability of the suppliers to meet the procurement demands of

an organization. In some cases, the purchasing organizations should ensure that the selection evaluation criteria allow the use of multiple suppliers especially where there is diversification of purchasing requirements (Prahinski & Benton, 2004) All in all, studies have urged organizations to consider setting up effective supplier selection evaluation criteria because of its impactful contribution on perceived contract performance. However, more is required to establish whether selection evaluation criteria affect the contract performance of government ministries in Uganda.

**Contract Performance;** Srivastava and Teo (2012) define procurement contract performance as the measure of achievement of intended goals at the level at which the contracted party meets all the needs of the procuring organization. It is known that public sector organizations spend huge sums of money on procurement today accounting for over 70% of public expenditures (Sasmal & Sasmal, 2016). For instance, In Europe, it is estimated that almost €2 trillion is spent on public procurement on an annual basis on health (Rechel et al., 2013). Globally, 40-90% of the public budget is spent on the procurement of goods, services, and works (Flynn, 2018). Therefore, procurement contract performance is the ultimate goal of every government institution (OECD, 2016). Organizations ought to improve the process of awarding procurement contracts to suppliers. Consideration should be put on only those suppliers who meet the procurement standards of the organization. For the Government Ministries to ensure proper contract performance, there is a need for more emphasis to consider suppliers to ensure timely delivery of quality and cost-effective supplies (Estache & Iimi, 2008). As a result, in this study, contract performance is measured in terms of; Delivery time, Procurement cost and Procurement Quality

Famiyeh and Kwarteng (2018) note that there is a strong directional relationship between supplier selection and the contract performance of an organization. They urge that due to the dynamics in the business environment, the supplier selection process becomes a very crucial factor in ensuring success in procurement contract performance. This provides a reference point for government ministries such as MOH to upscale their processes of supplier selection if there is a strong desire to solve contract performance challenges. However, little has been done to test whether supplier selection affects contract performance in the context of government ministries in Uganda. This provides a foundational background for this study. The study seeks to test whether supplier selection objective, supplier identification and supplier evaluation criteria have a significant effect on the contract performance of the Ministry of Health of Uganda.

#### **1.2.4 Contextual background**

The study context is the Government Ministries of Uganda with a specific focus on the Ministry of Health. The MOH is a government ministry of Uganda which is mandated to carry out planning, delivering and maintaining an efficient and effective health care delivery system. To achieve its mandated objective, the MOH carries out a variety of activities including a procurement function where supplier selection is expected to have a contributory role in enhancing contract performance. The Ministry of Health spends a lot of money on procurement expenditures. For instance, Budget Monitoring and Accountability Unit Report (2020), indicates that MOH spent over 2.2 trillion shillings on procurement expenditures during the first four months of the Covid-19 pandemic period. It is also indicated that as a result of the heavy number of procurements, the MOH has over 50 different suppliers to meet different procurement demands (MOFPED, 2020). The Ministry experiences

difficulties linked to the selection of suppliers and hence affecting an overall contract performance where some suppliers have failed to satisfy contractual demands as is the case with the Ministry which has also failed to meet all its obligations to the suppliers.

According to Budget Monitoring and Accountability Unit Report (2020), the supplier selection process in the Ministry of Health is becoming a growing concern. For instance, there seems to be an unclear supplier selection objective before commencing the selection processes, there is no clear list of pre-qualified suppliers and the selection evaluation criteria are not satisfactory. Evidence from the Budget Monitoring and Accountability Unit Report (2020) shows that MOH was given an overall score of only 40% in managing procurement contract performance for the financial year 2019-2020. This was because despite spending over 2.2 trillion on procurement in the first four months of the COVID-19 pandemic period, a lot of purchases were not yet delivered or were overly priced by organizations with poor track records. BMAU Report (2020) also indicated that some Ambulances that had been procured were yet to be delivered. MOH was also facing late delivery of beds, mattresses, blankets and ICU facilities.

The cited scenarios, therefore, highlight a lot of inconsistencies in the contract performance of MOH that may be attributed to the challenge of supplier selection. It has raised so many questions on whether there is something not done right with the supplier selection process or whether supplier selection does not have any significant effect on contract performance in government ministries of Uganda. This gap ought to be addressed hence this study seeks to establish the effect of supplier selection on the contract performance of the Ministry of Health of Uganda.

### **1.3 Statement of the problem**

The procurement function in Uganda's Government Ministries is critical, as it involves significant government expenditures (Office of the Auditor General Report, 2019). In particular, the Ministry of Health relies heavily on effective procurement to ensure timely and quality delivery of essential goods and services. Despite efforts to enhance supplier selection, perceived contract performance in the Ministry of Health remains below expectations, as evidenced by frequent delays, high stockout rates, and financial inefficiencies.

For instance, a 90% stockout rate was reported in 2019, with over 35% of subcontracted suppliers opting out due to challenges within the supplier selection process (Ministry of Health Report, 2018). These opt-outs were attributed to inadequate vetting, which led to selecting suppliers who lacked the necessary capacity or failed to comply with Ministry requirements. Additionally, during the COVID-19 pandemic, the Ministry allocated 2.2 trillion shillings for procuring critical medical equipment. However, by the end of 2020, over 65% of the planned purchases remained undelivered (Budget Monitoring and Audit Unit Report, 2020). The Office of the Auditor General (2020) further highlighted delays in delivering ambulances, ICU beds, and other essential equipment, citing insufficient supplier capacity and weaknesses in the supplier selection process.

These procurement challenges indicate that deficiencies in the Ministry's supplier selection system may be a root cause of poor procurement outcomes, impacting the timely access to essential healthcare resources and leading to financial inefficiencies. Observed challenges, such as ineffective supplier vetting, limited supplier capacity, and insufficient

communication, continue to undermine perceived contract performance and prevent the Ministry from meeting critical healthcare demands.

While prior studies, such as Basheka, Oluka, and Mugurusi (2012), suggest that improvements in supplier selection processes can enhance procurement effectiveness, there is limited empirical evidence on this relationship within Uganda's Government Ministries. This study, therefore, aims to investigate the effect of supplier selection on perceived contract performance, focusing on identifying key supplier selection challenges and how addressing these challenges could improve contract performance within Uganda's Ministry of Health. The findings will provide valuable insights for improving procurement practices to ensure higher performance and efficient use of public resource

#### **1.4 The purpose of the study**

The objective of this study was to establish the effect of supplier selection on the contract performance of Government Ministries in Uganda

#### **1.5 Specific Objectives**

- i. To establish the effect of supplier selection objectives on the contract performance of the Ministry of Health of Uganda
- ii. To establish the effect of supplier identification on contract performance of the Ministry of Health of Uganda
- iii. To analyse the effect of selection evaluation criteria on the contract performance of the Ministry of Health of Uganda.

## **1.6 Research questions**

- i. What is the effect of supplier selection objective on the contract performance of the Ministry of Health of Uganda?
- ii. What is the effect of supplier identification on the contract performance of the Ministry of Health of Uganda?
- iii. What is the effect of selection evaluation criteria on the contract performance of the Ministry of Health of Uganda?

## **1.7 Study hypotheses**

- i. Supplier selection objective has a statistically significant effect on contract performance of the Ministry of Health of Uganda
- ii. Supplier identification has a statistically significant effect on the contract performance of the Ministry of Health of Uganda
- iii. Selection evaluation criteria has a statistically significant effect on the contract performance of the Ministry of Health of Uganda

## **1.8 Scope of the Study**

This section comprises content scope, geographical and time scope, details are below:

### **1.8.1 Content Scope**

The study examined the effect of supplier selection on the contract performance of Government Ministries in Uganda. The content was built as per the chosen elements of the supplier selection process that include; supplier selection objective, supplier identification and selection evaluation criteria that are presumed to have a likely effect on the contract performance of organizations.

### **1.8.2 Geographical Scope**

The study was conducted at the Ministry of Health headquarters offices located at Plot 6 Lourdel Road in Kampala central division. The area was an ideal for the study because it is where all procurement budgets from branches are consolidated, planned and implemented and yet contract performance gaps have been observed over the years.

### **1.8.3 Time Scope**

The study was conducted for a period of 8 months from June to January 2021 to enable the study to obtain all the necessary data and review the related literature developed by previous scholars in the past 5 years since 2016.

## **1.9 Significance of the Study**

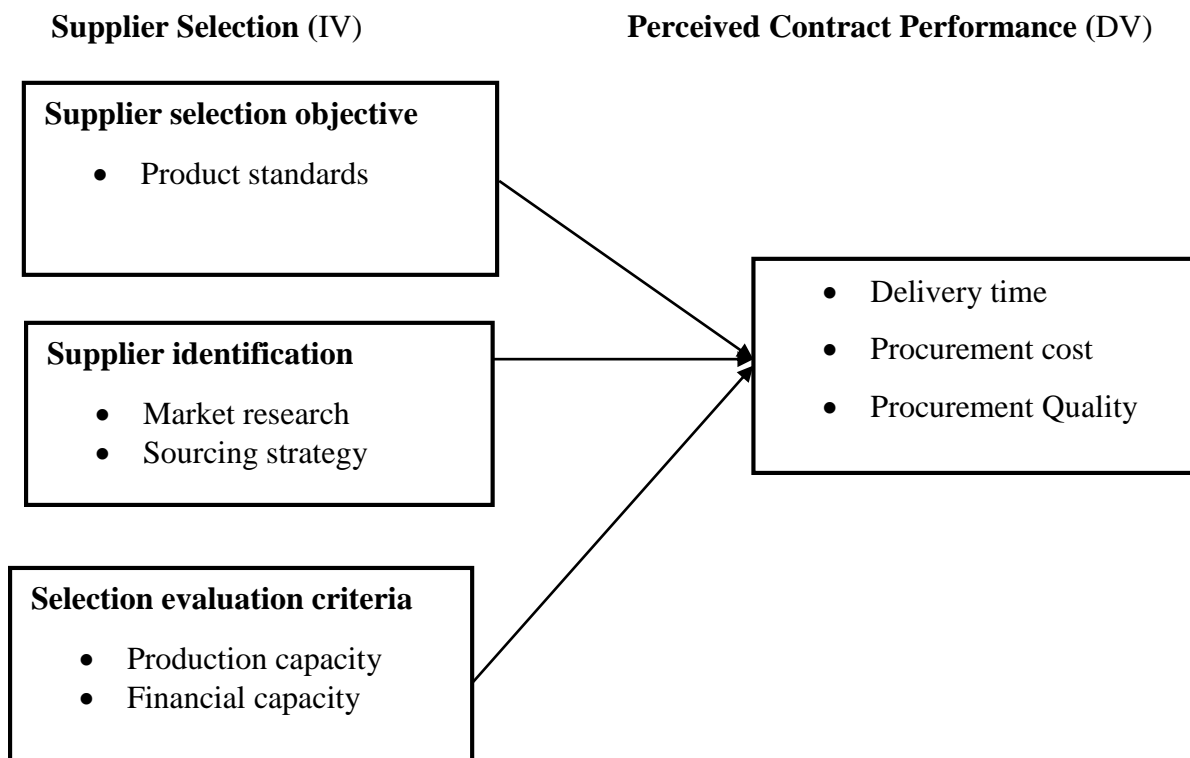
The study will provide opportunities to policymakers of Government Ministries such as the Ministry of Health to make effective decisions related to supplier selection systems that may be directed towards enhancing contract Performance within the Ministry. Policymakers in the procuring entities can use the findings of this study to identify their areas of weakness and improve on future supplier selection processes and awarding of tenders.

The study will also enrich more knowledge that will help to address supplier selection gaps. With most organizations unsure whether careful handling of the supplier selection process will address contract performance gaps, this study's findings will help to enlighten the extent to which supplier selection can contribute to effective contract management and performance, especially in the context of Uganda where there are limited studies on supplier selection and contract performance.

The study will help future researchers who may wish to carry out further studies in the related fields especially supplier selection, evaluation and appraisal. These researchers may enrich their literature with this body of knowledge from this study.

### 1.10 The Conceptual Framework

A conceptual framework is a brief description of the phenomenon under study with a visual depiction of the relationship between variables of the study (Bhattacharjee, 2012). This conceptual framework below hypothesizes that supplier selection affects contract performance as illustrated in the diagram



**Figure 1. 1: A conceptual framework illustrating the relationship between study variables**

Source: Adapted from Gichure and Obinda (2017); Odhiambo (2018)

The figure 1.1 above illustrates that supplier selection may have a direct contribution to the contract performance of an organization. In this case, supplier selection is considered an

independent variable that predicts the variations in contract performance when manipulated. Supplier selection is therefore conceptualized as supplier selection objective, supplier identification and selection evaluation criteria. On the other hand, contract performance is a dependent variable whose variations are presumed to be driven by supplier selection. It is measured in terms of delivery time, contract quality and procurement cost.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.0 Introduction**

This chapter presents the reviewed literature from journals, periodicals, reports, referenced books, dissertations and thesis that were based on related concepts adopted in this study. The literature review is guided by the study objectives. The study presents literature that examined the effect of supplier selection objective, supplier identification and selection evaluation criteria on contract performance in various contexts of study. The chapter begins by reviewing various theories that guide the study. After which, the conceptual review will be done and finally empirical review based on objectives will be done.

### **2.1 Theoretical Review**

Several theories have been applied by various studies to draw an understanding of how supplier selection may be relevant to an organization's procurement and contract management. Among the theories that have been utilized include; the Stakeholder's Theory, and Resource Based Theory.

#### **The Stakeholder's Theory**

Stakeholder Theory, as developed by Freeman (1984), emphasizes that organizations should integrate the interests of all relevant stakeholders into their processes and decisions to achieve long-term success. According to this theory, stakeholders—such as investors, shareholders, customers, government, and suppliers—are integral to an organization's functioning and performance. Specifically, suppliers are critical stakeholders in the procurement process, as they provide essential inputs like raw materials, which directly influence the quality and overall success of procurement outcomes (Freeman & Phillips, 2002).

In the context of supplier selection and perceived contract performance, Stakeholder Theory highlights the importance of aligning organizational needs with supplier interests to foster a mutually beneficial relationship. This alignment includes defining procurement needs clearly, establishing fair and transparent supplier selection criteria, and conducting regular supplier evaluations. By incorporating supplier interests within the selection process, organizations can build stronger partnerships that enhance the reliability and quality of inputs, ultimately improving perceived contract performance (Kivits & Sawang, 2021).

Applying Stakeholder Theory to this study suggests that effective supplier selection—rooted in recognizing and integrating supplier interests—may positively impact contract performance. By considering suppliers' perspectives, organizations can promote better cooperation and alignment, leading to timely and high-quality contract fulfillment. This study, therefore, aims to provide empirical evidence on whether taking supplier interests into account during the selection process can indeed drive improved perceived contract performance, as Stakeholder Theory proposes

### **The Selection Theory**

Selection theory, advanced by economists such as Alchian (1950) and later developed by Winter (1971), suggests that organizations succeed when they effectively adapt to and align with external environmental conditions. This theory operates under the assumption that organizations must continuously select and refine their resources, practices, and partnerships to survive and excel in competitive markets. Selection theory emphasizes the need for rigorous choice processes, especially in areas like supplier selection, to ensure that

organizations acquire resources and partnerships aligned with their strategic goals and operational demands.

A key strength of selection theory lies in its focus on adaptability and its alignment with competitive advantage. By selecting suppliers based on criteria like reliability, capacity, and cost-effectiveness, organizations can position themselves to avoid supply chain disruptions and gain a competitive edge in procurement efficiency and quality. For instance, selection theory suggests that an organization's perceived contract performance improves when it applies a well-defined supplier selection process, emphasizing pre-qualification and post-qualification to continuously assess supplier performance (Prahinski & Benton, 2004). This focus on adaptability and continuous refinement allows organizations to respond effectively to evolving market demands, enhancing contract performance and ensuring a steady supply of essential goods and services.

Selection theory, however, is not without limitations. One major critique is its assumption that external environments are entirely objective and that organizations can reliably predict supplier performance solely through the selection process. In reality, external factors, such as sudden economic shifts or unforeseen supplier issues, can impact procurement outcomes regardless of the thoroughness of the selection process. Furthermore, selection theory does not fully account for the dynamic and sometimes unpredictable nature of supplier relationships, which may evolve over time based on trust, collaboration, or changing supplier capabilities.

In the context of this study, selection theory provides a valuable framework for understanding supplier selection and its influence on perceived contract performance. It

suggests that Government Ministries in Uganda can achieve higher perceived contract performance if they implement rigorous supplier selection systems, defining specific selection criteria, conducting thorough supplier appraisals, and adapting their selection processes as necessary. However, recognizing the limitations of this theory highlights the need for continuous assessment and adaptability within the supplier selection framework to manage unforeseen supplier challenges and improve contract performance over time. Consequently, this study aims to investigate the effect of supplier selection on contract performance in Uganda's Government Ministries, assessing how selection processes contribute to procurement effectiveness and identifying areas for improvement within public sector procurement practices.

## **2.2 Conceptual Review**

### **Supplier selection in Government Ministries**

Supplier selection has become an interesting concept for study in recent periods. It has drawn interest from different researchers because most organizations seem not to have a clear understanding of its contribution to the contract performance of an institution. Huge sums of money are spent on procurement of supplies especially in government ministries (Office of the Auditor General Report, 2020). As a result, there is a need to conduct a thorough supplier selection process to reduce the risks associated with contracting wrong-choice suppliers. The purchasing organization ought to have a proper supplier selection process that evaluates the capacity, technicality and financial stand of a given supplier. Supplier selection should help the organization have the right choice of the supplier before the contractual engagements (Kariuki, Makokha & Namusonge, 2018). There are several elements in the supplier selection process that organizations should take into consideration which when handled

appropriately may lead to improvement in contract performance. The supplier selection process comprises; i) supplier selection objective, ii) supplier identification, iii) selection evaluation criteria and iv) choice.

**Supplier Selection Objective;** Supplier selection objective is the first and fundamental element in the supplier selection process that organizations should pay keen interest on. It sets the standard that the organization will base on to assess and select the right choice of suppliers according to the procurement needs (Rotich et al., 2018). Organizations that develop the supplier selection objective can pre-specify the quality of goods to be outsourced and thereby ensure that the organization enters into a contract with suppliers that offer the best supplies that met the organization's purchasing requirements (Krop, 2016). For an organization to successfully meets its overall objective, it ought to understand that its success is highly determined by the choice of its suppliers. There should be interdependence between the supplier selection objective of the procurement department with the overall objective and strategy of the organization (Das, 2020). The supplier selection objective of the organization is directly aimed at defining the procurement demand according to quality, quantity, number of suppliers to be used and outsourcing requirements that should be met by the suppliers (Njeru et al., 2014). It determines the success of the entire supplier selection cycle and if properly executed may have a direct contribution on procurement contract performance.

**Supplier Identification;** CIPS (2013) notes that one of the important steps in the supplier selection process is spotting all the potential suppliers. Rodriguez (2017) asserts that effective supplier selection should ensure that the right suppliers get chosen and it often happens that when an organization chooses the wrong choice of suppliers it is likely to be

disastrous to contract performance. This explains why supplier identification is an important element of supplier selection and contributes to procurement contract performance. Xu (2017) suggests that organizations that identify all potential suppliers reduce risks associated with contracting wrong-choice suppliers who may fail to meet the organization's demands. Liu and Kang, (2011) provide some of the approaches for supplier identification which include peer recommendation, procurement consultants, and market research. Organizations should ensure to develop prequalification requirements that all potential suppliers should meet. Data should be collected on the considerable factors that suppliers should meet for them to be included in the supplier's list (Somjai, Chandarasorn & Vasuvanich, 2019)

**Selection Evaluation Criteria;** According to Kabutura, Mulyungi and Mulyungi (2018) supplier evaluation criteria play a pivotal role in ensuring that the organization narrows down the supplier field. There is a need for organizations to transform from the traditional approach in which supplier evaluation was purely based on the prices of given suppliers. There is much more beyond just the price, purchasing organizations should develop a list of evaluation factors considering the complexity of today's business environment where factors such as the overall cost, quality, capacity and financial ability of the suppliers play a key role (Wu & Weng, 2010). Supplier evaluation criteria have to be designed to accommodate situations where the organization may need to use multiple suppliers and consider only suppliers who adhere to the organization's policies, sustainable development and diversities (Mutai, 2016). According to Braun (2018), supplier evaluation reduces the pressure of selecting the right suppliers because it enables the organization to prepare well on time by developing a weighted scorecard against which suppliers will be compared. It is therefore

imperative to note that supplier evaluation criteria ensure that the organization connects with the right suppliers which may keep contract performance smoothly running over time.

**Contract Performance;** OECD (2013) notes that contract performance is the ultimate goal of every organization. Organizations ought to improve the process of awarding procurement contracts to suppliers. There is a need to select suppliers that are capable of meeting the contract provisions and those that are ready to commit themselves to a contract for a long period. Government Ministries offer a large number of contracts to suppliers with no intention of registering failure. Contracts are monitored and evaluated over time to identify any potential risks that may jeopardize the success of contractual agreements. According to Estache and Iimi (2008), procurement contract performance can be measured based on a series of actions such as delivery time, payment frequencies and quality of the arrangement that benefits both contract partners. Skoumpopoulou, Dewaele, and Vlachos (2014) highlight the key contract performance metrics that organizations may have to consider when measuring their contract performance among which include; costs, delivery time, quality and consistency.

## **2.3 Empirical Review**

### **2.3.1 Supplier Selection Objective and Contract Performance**

The supplier selection objective is the first element in the supplier selection process that plays a pivotal role towards the achievement of contract performance of procuring organizations (PPDA Annual Report, 2018). Supplier selection is a process by which an organization identifies, evaluates and contracts suppliers, it is paramount that organizations have clear selection objective that guides the process to have the right choice of suppliers. According to Krop (2016) due to the dynamics in the business environment, supplier

selection is very crucial in ensuring success in procurement contract performance. However, organizations face both intangible and tangible dilemmas in decision making which require them to put considerable focus into developing a supplier selection objective that focuses on reducing purchase risks and maximizing the overall value for the organization (Njeru et al., 2014)

Supplier selection objectives may vary from organization to organization depending on the purchasing requirements and demands of the organization. It involves recognizing the need for procurement quality, quantity that meets the organization's pre-specifications so that the selection process identifies the most appropriate supplier. Each purchasing entity may have preliminary specifications on what quality and quantity of supplies it requires after which suppliers are identified and contracted (Taherdoost & Brard, 2019). Several studies have been conducted from different contexts and they seem to note that supplier selection objective has an impactful contribution to the contract performance of the organization.

The study by Das (2020) that was conducted to analyze the process of supplier selection criteria and method established that problem identification in the supplier selection process enables the organization to have a clear understanding of the right choice supplier to improve contract performance. It further asserts that the supplier selection objective should be aimed at finding the most appropriate suppliers who may offer supplies that achieve the overall objective of the organization. Similarly, Abbasi, Sheikh and Hassan (2015) also conducted a study on determinants of supplier selection in the Automotive Industry of Pakistan. The study established that problem definition was among the most crucial elements that companies should consider in supplier selection because it contributes significantly to perceived contract performance.

Gichure and Obinda (2009) conducted a study on the effect of supplier selection on supply chain performance in Nairobi City that considered a study population of 237 employees. The study depicted that supplier selection objective has a significant effect on perceived contract performance. Firms that may clearly state their selection objective are likely to have an improvement in perceived contract performance because there is clarity on what quality of supplies are required and from whom to acquire them. The supplier selection process is therefore heavily reliant on selection objectives and if considerable effort is put towards assessing the procurement needs and developing preliminary specifications then such organizations may have effective contract performance over time (Weigel & Ruecker, 2017).

According to Krop (2016), supplier selection objectives can assist firms gain a better understanding of the notion of supplier selection to boost their success and overall contract performance. The findings demonstrate that using a structured decision-making technique to define the supplier selection objective is critical, especially when there are multiple qualitative and quantitative criteria to consider. Felice et. al. (2015) conducted a study on the performance measurements model for supplier selection and noted that supplier selection is a critical component for any firm in an era of global sourcing. Supplier selection is a strategic activity, and developing sensible and effective supplier selection objectives aids in the organization of cost and quality functions which affect contract performance.

It is imperative to note that despite highlighting that the supplier selection objective of the purchasing organization has a direct contribution to perceived contract performance, it should be noted that the above-reviewed studies were conducted in different contexts with some being in manufacturing firms, banking firms. There is still limited scholarly evidence in the context of Uganda and most importantly how supplier selection objectives may affect

the contract performance of government Ministries in Uganda with a specific focus on the Ministry of Health. Therefore, the study sought to address this gap

**H1:** Supplier selection objective has a statistically significant effect on contract performance of the Ministry of Health of Uganda

### **2.3.2 Supplier Identification and Contract Performance**

Supplier appraisal determines the choice of suppliers that an organization is likely to engage in procurement contracts. The purchasing department must engage with a variety of suppliers as part of the procurement process Felice et. al. (2015). One of the most important steps in the selection process is to figure out what criteria will be used to evaluate and rank the supplier. Supplier selection has to be based on a thorough evaluation of potential suppliers who have a likely impact on the contract performance of the organization (Munyaneza and Mulyungi, 2017).

Studies urge that supplier identification is one of the major elements of the selection process that affects perceived contract performance and enables the suppliers of a given organization to fulfil contract requirements in the supply chain. As procurement becomes an increasingly fundamental aspect of the organization, the focus should be directed towards awarding contracts to suppliers who meet the procurement demands of the purchasing organization. Supplier identification provides an everlasting solution to procurement challenges faced by organizations especially those linked to selecting the wrong choice supplier (Kannan & Tan, 2002).

Ho, Nguyen and Shu, (2007) urge organizations to consider conducting market research to identify all the potential suppliers. This enables the organizations to develop a list of

suppliers that are likely to satisfy their contractual requirements which helps the purchasing organization to cut down costs and risks associated with procurements such as delayed delivery and inability to achieve contract performance. The CIPS (2013) report guides supplier identification procedures that may be adopted by the organization. For instance, peer engagement, and procurement consultants in consideration of supplier's technical, financial and production capacity. These are considered the pivotal aspects that drive perceived contract performance.

Abbasi, Sheikh and Hassan (2015) conducted on determinants of supplier selection amongst Pakistan Telecom firms. The study established that supplier identification has a significant contribution to perceived contract performance. It enables the organization to have a ready list from which the prequalified suppliers may be chosen which increases the capacity of suppliers honoring the contractual requirements. Supplier identification gives the organization confidence in selecting the most appropriate supplier from the provisional list of suppliers who will meet the procurement demands of the organization. Muli, Bwisa and Kihoro (2016) also conducted an empirical study on the role of supplier selection on the performance of Projects in Kenya. The study adopted a cross-sectional survey design in which a sample size of 450 projects was used and it was established that over 85% of the firms that conduct supplier identification are likely to succeed.

Furthermore, Mutethia (2018) reveals that supplier identification is very important for procuring organizations. The entities that are purchasing have a responsibility of carrying out supplier pre-and post-qualification which should be based on the list of identified potential suppliers. It enables the procuring entity to ascertain the suppliers that have a likely possibility of meeting the procurement demands of an organization. It is not necessary to

engage a supplier in a contract without ascertaining the qualifications, capability and production capacity. Supplier identification widens the organization's selection choice which is likely to reduce risks of procurement delays, and loss of value for money and hinders contract performance.

Qiang and Liu (2020) also encourage organizations to conduct supplier identification since it helps in identifying the weaknesses of a given supplier before any contractual engagements are implemented. Organizations need to develop a list of suppliers from which comparisons will be made before taking a choice on which supplier to contract. Kavinya (2018) is also in support of organizations conducting supplier identification before selection is done. This is based on the study findings on the influence of supplier appraisal criteria on the perceived contract performance of petroleum companies in Kenya which depicted that supplier identification has a significant influence on perceived contract performance.

Whilst the studies indicate that supplier identification has a direct effect on contract performance where organizations that raise their efforts on supplier identification are likely to have an improvement in contract performance, such evidence is still limited in the context of Uganda. Very few studies have been done to establish the effect of supplier identification in Government ministries. This study, therefore, seeks to address add to the scholarly knowledge by addressing the effect of supplier identification on the contract performance of the Ministry of Health of Uganda.

**H2:** Supplier identification has a statistically significant effect on the contract performance of the Ministry of Health of Uganda

### **2.3.3 Selection Evaluation Criteria and Contract Performance**

Empirical studies have been conducted to establish the contribution of selection evaluation criteria on contract performance such as; Taherdoost and Brard (2019); Jelagat and Bii (2017); Kavinya (2018); Naibor, Moronge and Moronge (2018); Odhimabo (2018); Felice et al. (2015). The studies depict the relevance of selection evaluation criteria in enabling the organization to make choices on the suppliers to contract to meet the procurement needs. It is therefore a requirement for procuring organizations to develop an effective selection evaluation criterion that achieves value for money for the organization (Jun Li, 2008). The supplier selection evaluation criteria help the organization to avoid risks associated with selecting the wrong choice supplier such as delayed deliveries, and costly supplies which in return improves on contract performance of the organization.

The study by Taherdoost (2019) notes that organizations find it challenging to develop the right supplier selection criterion, especially in this competitive environment. However, the study guides the three steps that organizations may have to pay keen interest while coming up with the supplier selection criteria. First, organizations need to identify the various selection criteria regarding the quality of supplies, capacity of suppliers, delivery performance and costs. This step is purported to be the most important when it comes to developing the right selection criteria and plays a significant contribution to the perceived contract performance of a purchasing organization. The second step involves carrying out a questionnaire survey which is structured and sent to suppliers to gather the information required for analysis of the ability of suppliers to meet purchasing organization's demands (Jelagat & Bii, 2017). The questionnaire will capture information on various determinants of the right selection criteria which when analyzed will help the organization take the right

choice. The last considerable step in developing the supplier selection criteria is multi-criteria decision-making. This involves the final stage of choosing the final method to be implemented which meets the needs of the organization. The organization has to choose the method that meets the preliminary specifications of the purchasing organization (Kavinya, 2018).

In support, Odhiambo (2018) asserts that supplier selection requires an organization to have appropriate selection evaluation criteria because it plays a fundamental role in ensuring that the organization achieves value for money, avoids purchasing risks, minimizes possibilities of procurement delays and achieves overall contract performance. According to, Naibor, Moronge and Moronge (2018) supplier selection evaluation criteria play a pivotal role in determining contract performance, competitiveness and growth of the organization. He notes that organizations should transform from the traditional approach in which supplier selection was purely based on the prices of given suppliers. There is much more beyond just the price, there is a need to consider the complexity of today's business environment where several factors determine the selection criteria formulation such as the overall cost, quality, capacity and financial ability of the suppliers to meet procurement demands of an organization. Purchasing organizations may also have to consider selection evaluation criteria that allow the use of multiple suppliers especially due to diversification of purchasing requirements.

Felice et al. (2015) conducted a study to evaluate the 15 key considerable factors that should be considered by supplier selection evaluation criteria. The study established that quality ranked the highest followed by delivery time as provided in the table below.

**Table 2.1: Vendor selection criteria**

<b>Rank</b>	<b>Factor</b>	<b>Mean Rating</b>
1	Quality	3.508
2	Delivery time	3.417
3	History of supplier	2.998
4	Warranties and claim policies	2.849
5	Production capacity	2.775
6	Price	2.758
7	Technical capability	2.545
8	Financial position	2.514
9	Procedure Compliance	2.488
10	Communication system	2.426
11	Reputation	2.412
12	Desire of business	2.256
13	Management and organization	2.216
14	Operating cycle	2.211
15	Repair services	2.187

Source: Felice et al. (2015)

Supplier selection evaluation criteria are a very important element of supplier selection (Nong & Ho, 2019). Odhiambo (201B) in the study of supplier selection practices and perceived contract performance in Nairobi City collected data from a sample of 150 respondents. The study established that supplier selection evaluation criteria have a significant relationship with perceived contract performance. However, the study established that cost was the most important factor to consider when selecting the right criteria.

Conclusively, procurement functions of the organization have to note that selection evaluation criteria are very fundamental in ensuring the right choice of suppliers is considered. They should base on the list of potential suppliers to make comparisons between the suppliers in terms of their technical, production and financial capacities. However, it is good to note that whereas studies have depicted the contribution of selection evaluation criteria on contract performance, there are still limited findings in government ministries of

Uganda. This study, therefore, seeks to address the effect of supplier selection evaluation criteria on the contract performance of the Ministry of Health of Uganda.

**H3:** Selection evaluation criteria has a statistically significant effect on the contract performance of the Ministry of Health of Uganda

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.0. Introduction**

This chapter presents the methodology for the study which includes the research design, target population, sample size and selection, sampling techniques, data collection methods and instruments, data quality control (validity and reliability), procedure of data collection, data analysis, measurement of research variables, diagnostic tests, ethical considerations and limitations.

### **3.1 Research Design**

A research design specifies the choice of research strategy, data collection techniques and analysis procedures (Shona, 2020). This study adopted a cross-sectional design which follows a mixed method approach for data collection where both quantitative and qualitative data was collected using a questionnaire, and structured interviews to allow triangulation. This design was chosen to enable the study to carry out an in-depth investigation into the Ministry of Health to obtain the necessary evidence to draw study conclusion over a single period as supported by (Ridder, 2017)

### **3.2 Study Population**

The study population comprised of staff members of the Ministry of Health who belong to 5 departments of Procurement division, Inspection and Compliance division, Finance division Private sector coordination division and Internal Audit division. The estimated study population is 140 staff members as per the Human Resource Manual (2020). This study population presumed to be enough to provide the necessary data required to achieve the objectives of this study. The study population was chosen because these divisions have a direct interest in the procurement process as guided by Basheka and Sabiiti (2011).

### 3.3 Sample Size

A sample of 103 staff members of MOH were selected randomly with the help of Krejcie and Morgan Table (1970) which indicates that from a study population of 140, a sample size was estimated at 103.

**Table 3.1: Population and sample size distribution**

<b>Division</b>	<b>Population</b>	<b>Sample</b>	<b>Sampling technique</b>
Procurement division	33	25	Systematic Simple random
Inspection and Compliance	28	20	Systematic Simple random
Finance	25	19	Simple random
Private sector coordination	26	19	Simple random
Internal Audit	28	20	Simple random
<b>Total</b>	<b>140</b>	<b>103</b>	

### 3.3 Sampling technique

The study employed purposive sampling to select the divisions from which respondents were drawn due to their relevance to the study. This is because only those departments that are either mandated to manage or have a direct influence in the procurement process of the ministry were considered. However, to avoid prejudice in the selection of respondents from selected divisions, the study then employed a simple random sampling technique to select respondents. Furthermore, the purposive sampling technique was considered for conducting interviews, especially for the selection of the key informants as supported by Saunders et al. (2015).

### 3.4 Data Collection Methods and Instruments

The following data collection methods and instruments were adopted.

### **3.4.1 Questionnaire Approach**

This was used for collecting quantitative data. The study developed a questionnaire that contains close-ended questions on a five-point Likert scale to allow the respondents to rank their opinion on the extent to which they either agree or disagree with the item in the questionnaire. This is considered appropriate for this study because it enables the collection of quantitative data from a variety of respondents within a short time as supported by Ikart (2019).

### **3.4.2 Interview Guide**

The study used an interview guide to support the collection of qualitative data. This was specifically be used to collect data from key informants who provided detailed explanations and opinions regarding the phenomenon under study as applied in the organization. It helped to supplement the quantitative data as supported by Valenzuela and Shrivastava (2002).

### **3.5 Data Collection Procedure**

After approval of the research proposal, the researcher obtained an introductory letter from the university as proof that the researcher is a student of Kyambogo University. The researcher then sought permission from the MOH to allow data collection to proceed. Once consent is obtained, the researcher presented it to the respondents before administering the questionnaire or interviewing the respondents. The researcher assured the respondents of utmost confidentiality during the entire process of the research study.

### **3.6 Measurement of Variables**

The questionnaire was designed using a five-point Likert scale with the following response options: 5 – Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, and 1 – Strongly Disagree.

The use of this scale is justified as it allows respondents to express varying degrees of agreement or disagreement, providing more nuanced insights into their attitudes and perceptions. Each point on the scale carries a distinct numerical value, enabling quantitative analysis that can reveal trends and patterns in social attitudes relevant to the study's objectives.

The Likert scale is especially suitable for assessing subjective variables, such as attitudes toward contract performance criteria, because it captures subtle distinctions in respondents' views. According to Mugenda and Mugenda (1999), nominal scales only serve for identification purposes and lack the capacity for measuring comparative differences in responses. In contrast, the Likert scale's ordinal nature permits meaningful comparison and statistical analysis. In this study, contract performance was measured using specific indicators: delivery time (whether within the contract period), quality, quantity, and cost of procurement requirements (in line with the procurement threshold). These criteria, measured through the Likert scale, allow for a comprehensive assessment of contract performance from the respondents' perspective.

### **3.7 Unit of analysis**

The study's unit of analysis was at the organizational level and that was Ministry of Health

### **3.8 Unit of inquiry**

The unit of inquiry were procurement officers, inspection and compliance officers, finance officers, private sector coordination officers and internal audit division officers (Majama et al., 2017)

### 3.9 Data Quality Control

The study ensured both the validity and reliability of the research instruments before actual data collection to assure and maintain quality.

#### 3.9.1 Validity of Research Instruments

The validity of a research instrument is when the research instrument contains questions that are in line with both theoretical and conceptual aspects of the study variables (Cairós-Ventura et al., 2019). Therefore, all research instruments in this study were first validated by experienced supervisors. It was then be pretested on a few respondents to identify the irregularities for the omission. Content validity was measured to obtain the Content Validity Index (CVI) that must be above the 0.7 threshold as supported by Rodríguez-Rubio et al. (2020) using the formula below:

$$CVI = \frac{n}{N}$$

Where  $n$ = Number of items rated as relevant, and  $N$ = Total no. of items in the instrument.

**Table 3.2: Summary of reliability tests**

Variable	Reliability Statistics	
	Cronbach's Alpha	N of Items
Supplier Selection	.837	6
Supplier Identification	.780	6
Supplier Evaluation	.779	5
Contract Performance	.835	5

#### 3.9.2 Reliability of Research Instruments

Reliability of a research instrument as defined by Kothari (2011) is the extent to which research findings can be replicated if another study was undertaken using the same research

tools. This was ensured through pretesting the questionnaires on a few respondents from the procurement department of Kyambogo University with their responses captured in Statistical Package for Social Scientists (SPSS) version 23

R.0 and tested for Cronbach's reliability test to determine the levels of reliability that ought to be equal or above the threshold of 0.7 as suggested by (Noble & Smith, 2015).

The interview guide was vetted through a protest to make sure that its content measures all the variables involved in the study.

### **3.10 Data processing, analysis, and presentation**

#### **3.10.1 Data processing**

After the collection of data, it was entered and organized with the help of EpiData software to ensure the quality and accuracy of the findings.

#### **3.10.2 Data analysis**

Quantitative data collected was analysed using SPSS data analysis package 23.0. SPSS was used to generate descriptive statistics as well as carry out regression analysis to establish the effect of supplier selection on contract performance. This data analysis tool is considered ideal for the study because of its ability to handle large amounts of data.

Data collected from interviews was transcribed and edited to ensure completeness and accuracy of results. The qualitative data was presented in themes to supplement on quantitative findings of the study.

### **3.10.3 Presentation**

The output of the data was presented in frequency distribution tables with percentages, frequencies, mean and standard deviation. Regression results were presented in tables which were then described in text form.

### **3.11 Ethical considerations**

The study was conducted upon appropriate scrutiny by the research supervisor to qualify it ethically, introduction letter to be presented to MOH authorities was obtained from the research coordinator at Kyambogo University. Informal and written consent with an official stamp that was obtained from the authorities where the study was conducted before the collection of data. This was done to obtain permission and to show respondents that the data collection exercise is known by the MOH authorities. Data collected was kept confidential and the anonymity of the respondents was guaranteed to them and the data they provided was only used for the purpose collected, the identity of individuals and culture were not revealed for confidentiality.

## **CHAPTER FOUR: PRESENTATION OF DATA, ANALYSIS AND INTERPRETATION OF FINDINGS**

### **4.0 Introduction**

The study established the effect of supplier selection on the contract performance of government ministries in Uganda. This chapter therefore presents the analysis and interpretations of the study findings following the specific objectives.

### **4.1 Response rate**

The study sampled 104 staff of the ministry, 104 questionnaires were therefore distributed to the staff and a total of 97 valid questionnaires were collected back leading to a 93.2% response rate. This is above 50% which is considered sufficient according to Baruch and Holtom (2008)

### **4.2 Background characteristics of respondents**

The study also established the different background characteristics of respondents and the results are indicated in the table below

**Table 4.1: Background characteristics of respondents**

<b>Sex</b>	<b>Frequency</b>	<b>Per cent</b>
Male	49	50.5
Female	48	49.5
<b>Age</b>		
21-30yrs	30	30.9
31-40yrs	50	51.5
41-50yrs	20	17.6
<b>Education Level</b>		
Certificate	6	6.2
Diploma	21	21.6
Bachelors	50	51.5
Masters	7	7.2
Others	13	13.4
<b>Period spent</b>		
1-2yrs	26	26.8
3-4yrs	37	38.1
5 and above years	34	35.1
<b>Category of respondent</b>		
Procurement	23	23.7
Internal Audit	19	19.6
Inspection and compliance	19	19.6
Finance	18	18.6
Private Sector Coordination	18	18.6

The study's gender distribution was nearly even, with 50.5% of respondents being male and 49.5% being female. In terms of age, the majority of participants were staff aged between 31-40 years, representing 51.5% of the respondents. This was followed by those aged between 21-30 years, who comprised 30.9% of the sample, while 17.6% of the respondents were aged 41-50 years. Regarding educational qualifications, the majority of respondents held a bachelor's degree (51.5%), followed by those with diplomas (21.6%) and certificates (6.2%). A smaller proportion of respondents held master's degrees (7.2%), and 13.4% had other qualifications. The study also investigated the length of time respondents had been employed at the ministry. Results indicated that 38.1% had worked for 3-4 years, 35.1% had been with the ministry for 5 years or more, and 26.8% had worked for 1-2 years. This

distribution suggests that the data were collected from individuals with substantial experience within the ministry.

Lastly, the study explored the departmental affiliations of respondents. The majority were from the procurement department (23.7%), followed by those from both the inspection and compliance and finance departments (each 19.6%). The private sector coordination and internal audit departments each constituted 18.6% of the respondents.

### 4.3 Descriptive statistics

The study variables that were adopted by the study included; supplier selection, supplier identification, and selection evaluation criteria and the respondents were required to indicate the degree to which these are practiced at the Ministry of Health.

**Table 4.2: Descriptive statistics for Supplier selection**

	<b>Mean</b>	<b>Std. Deviation</b>
Standardizing products has significantly reduced procurement costs for the Ministry.	2.46	1.465
The Ministry's supplier selection objectives ensure consistent acquisition of standardized products.	3.04	1.266
Standard products acquired by the Ministry lead to measurable reductions in procurement costs.	3.20	1.196
Supplier selection based on standards results in the consistent selection of competent and reliable suppliers.	3.31	1.176
Selected suppliers consistently deliver high-quality products that meet Ministry standards.	3.69	1.121
Suppliers selected through the Ministry's objectives reliably deliver products within agreed-upon timelines.	3.55	1.173
<b>Grand mean</b>	<b>3.21</b>	

Results from the analysis indicate a general agreement with the statements regarding supplier selection, as evidenced by the mean scores being above 3.0. The study revealed that suppliers selected by the Ministry consistently deliver high-quality products that meet the required

standards (M = 3.69, SD = 1.12). Additionally, responses indicated that these suppliers reliably deliver products within the agreed-upon timeline (M = 3.55, SD = 1.17).

The findings also show that selecting suppliers based on established standards leads to the consistent selection of competent and reliable suppliers (M = 3.1, SD = 1.18). Furthermore, it was observed that acquiring standardized products through the Ministry's supplier selection process results in measurable reductions in procurement costs (M = 3.20, SD = 1.20). The Ministry's objectives in supplier selection ensure the consistent acquisition of standardized products (M = 3.04, SD = 1.3).

However, respondents disagreed with the notion that product standardization has significantly reduced procurement costs for the Ministry (M = 2.46, SD = 1.47).

#### 4.4 Supplier identification

**Table 4.3: Descriptive statistics on Supplier identification in Ministry of Health**

	Mean	Std. Deviation
Through market research, the ministry can minimize procurement costs	3.07	1.285
Market research is instrumental in minimizing procurement costs and maximizing value for the Ministry.	3.06	1.206
Sourcing strategies prioritize suppliers known for their efficiency and reliability in product delivery.	3.39	1.186
The Ministry's sourcing strategies emphasize selecting suppliers with a proven track record of on-time delivery.	3.39	1.056
Sourcing strategies are designed to optimize procurement costs without compromising quality or reliability.	3.33	1.170
Supplier identification practices focus on identifying sustainable suppliers who align with the Ministry's environmental goals.	3.52	1.179
<b>Grand mean</b>	<b>3.29</b>	

The results presented in Table 4.3 indicate that respondents identified several key practices and strategies related to supplier identification and sourcing within the Ministry.

Respondents highlighted that supplier identification practices were focused on identifying sustainable suppliers who align with the Ministry's environmental goals (M = 3.52, SD = 1.18). Additionally, sourcing strategies were found to be designed to optimize procurement costs without compromising on quality or reliability (M = 3.33, SD = 1.17).

The study also revealed that the Ministry's sourcing strategies emphasized selecting suppliers with a proven track record of on-time delivery (M = 3.39, SD = 1.06) and prioritizing suppliers known for their efficiency (M = 3.39, SD = 1.186). Through comprehensive market research, the Ministry was able to minimize procurement costs while maximizing value (M = 3.06, SD = 1.206). Furthermore, the results underscored that market research plays an instrumental role in minimizing procurement costs (M = 3.07, SD = 1.285). Overall, these findings suggest that the Ministry's procurement practices are strategically oriented toward achieving cost efficiency, reliability, and alignment with environmental goals.

#### 4.5 Selection Evaluation Criteria and Contract Performance

**Table 4.4: Descriptive statistics on Selection evaluation criteria**

	<b>Mean</b>	<b>Std. Deviation</b>
The Ministry prioritizes suppliers with strong financial stability and capability to fulfil contractual obligations.	3.76	1.240
Financial criteria are effectively used to ensure suppliers have the capacity to produce goods at competitive costs.	2.74	1.453
Supplier selection criteria include assessing suppliers' financial health and ability to manage economic fluctuations.	3.30	1.251
The Ministry evaluates suppliers based on their track record of financial reliability and creditworthiness.	3.48	1.119
Production capability criteria focus on suppliers' ability to consistently meet volume and quality requirements.	3.54	1.164
<b>Grand mean</b>	<b>3.36</b>	

The results presented in Table 4.4 indicate that the Ministry places significant emphasis on selecting suppliers with strong financial stability and the capability to fulfill contractual

obligations, as reflected by a mean score of 3.76 (SD = 1.240). Additionally, the criteria for production capability, which focus on a supplier's ability to consistently meet volume and other requirements, scored a mean of 3.54 (SD = 1.12). The study also revealed that the Ministry evaluates suppliers based on their track record of financial reliability and creditworthiness, with a mean score of 3.48 (SD = 1.12). Furthermore, it was established that the supplier selection process includes assessing the financial health of suppliers and their ability to manage economic fluctuations, as indicated by a mean score of 3.30 (SD = 1.25). Finally, financial criteria were also utilized to ensure that suppliers possess the capacity to produce goods at competitive costs, though this criterion had a lower mean score of 2.74 (SD = 1.453).

#### 4.6 Contract performance

**Table 4. 5: Descriptive statistics on Contract Performance**

	<b>Mean</b>	<b>Std. Deviation</b>
The Ministry has achieved significant cost savings in procurement due to efficient contract management with suppliers.	3.56	1.450
Quality of goods and services delivered by suppliers has improved over time, meeting or exceeding Ministry standards	3.74	1.083
The Ministry has experienced reduced lead times in procurement activities as a result of effective contract negotiations.	3.77	1.104
Suppliers' adherence to financial commitments outlined in contracts has been reliable and consistent.	3.34	1.180
The Ministry has implemented performance-based metrics that incentivize suppliers to improve their service levels.	3.66	1.089
<b>Grand mean</b>	<b>3.61</b>	

The results presented in Table 4.5 indicate several key outcomes from effective contract management in procurement activities. Firstly, it was observed that lead times in procurement have significantly reduced as a result of successful contract negotiations ( $M = 3.77$ ,  $SD = 1.11$ ). Additionally, the quality of goods and services delivered by suppliers has shown improvement over time, consistently meeting or exceeding ministry standards ( $M = 3.74$ ,  $SD = 1.083$ ). Furthermore, the ministry has implemented performance-based metrics that incentivize suppliers to enhance their service levels ( $M = 3.66$ ,  $SD = 1.11$ ). Finally, the ministry has achieved significant cost savings in procurement, attributed to the efficient management of contracts with suppliers ( $M = 3.56$ ,  $SD = 1.450$ ).

#### **4.7 The findings on the relationship between supplier selection and contract performance**

To investigate the relationships between the study variables, a bivariate analysis was conducted. Pearson's correlation coefficient was employed to examine the associations between supplier selection and its related sub-variables, namely: supplier selection objectives, supplier identification, and selection evaluation criteria. For variables comprising multiple dimensions, composite mean scores were calculated. The findings from the correlation analysis are presented below

**Table 4.6: Relationship between supplier selection and contract performance**

Correlations		Supplier selection	Supplier identification	Supplier evaluation	Contract performance
Supplier selection objective	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	97			
Supplier identification	Pearson Correlation	.572**	1		
	Sig. (2-tailed)	.000			
	N	97	97		
Supplier evaluation criteria	Pearson Correlation	.679**	.517**	1	
	Sig. (2-tailed)	.000	.000		
	N	97	97	97	
Contract performance	Pearson Correlation	.544**	.285**	.610**	1
	Sig. (2-tailed)	.000	.005	.000	
	N	97	97	97	97

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

From the findings, the correlation coefficient of 0.544\*\* between Supplier selection objective and contract performance shows that there is a moderate positive correlation between Supplier selection objective and Contract Performance. This implies that Supplier selection objective contributes positively to better contract performance. The correlation is significant at the 0.01 level, highlighting its statistical significance.

Similarly, the correlation coefficient of 0.285\*\* between Supplier Identification and Contract Performance indicates that there is a weak positive correlation between Supplier Identification and Contract Performance. While this indicates that better identification of suppliers is somewhat associated with improved contract performance, the relationship is relatively weak. However, it is still statistically significant at the 0.01 level.

Lastly, the correlation coefficient of 0.610\*\* between supplier evaluation criteria and contract performance shows that there is a strong positive correlation between supplier evaluation criteria and contract Performance. This suggests that thorough and supplier

evaluation criteria are strongly associated with better contract performance. The correlation is significant at the 0.01 level, indicating a reliable and significant relationship.

Therefore, generally, the findings indicate that all the variables (Supplier selection objective, Supplier identification, and Supplier evaluation criteria) are positively correlated with Contract Performance, with varying degrees of strength. Supplier evaluation criteria have the strongest correlation with Contract Performance, followed by Supplier selection objective and Supplier Identification.

#### 4.8 Regression results

To address the research objectives, a regression analysis was conducted to examine the predictive influence of supplier selection on the perceived contract performance of the Ministry of Health. The analysis aimed to quantify the impact of three key supplier selection factors - objectives, identification, and evaluation criteria - on perceived contract performance. The results of the regression analysis are presented in the following tables

**Table 4.7: Regression results for supplier selection objective and contract performance**

<b>Coefficients</b>						
Model		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.862	.288		6.455	.000
	Supplier selection objective	.546	.086	.544	6.316	.000
		R=.544	R square =.296	Adjusted R Square =.288	F-statistic =39.891	Sig=.000 <sup>b</sup>

a. Dependent Variable: Contract performance

From the results in Table 4.7 above, the F-statistic (39.891) and Sig. (.000) shows that the regression model is a good fit for the data implying that that Supplier selection objective

significantly affects contract performance. The adjusted R square of (.288) shows that 28.8% of the variance in contract performance can be explained by Supplier selection objective. However, while findings show that Supplier selection objective is an important factor, a significant portion (70.4%) of the variance in contract performance is due to other factors. The regression coefficient of (B = .546, p = .000) indicates that a one-unit increase in Supplier selection objective is associated with a .546-unit increase in contract performance. The p-value (.000) shows that this relationship is highly significant, making supplier selection a strong predictor of contract performance.

Therefore, generally, it is observed that Supplier selection objective plays a significant role in determining contract performance. Specifically, the model suggests that nearly 30% of the variability in contract performance can be attributed to how well suppliers are selected.

**Table 4.8: Regression results for supplier identification and Contract performance**

<b>Coefficients</b>		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.562	.375		6.840	.000
	Supplier identification	.325	.112	.285	2.897	.005
		R=.285	R square =.081	Adjusted R Square =.071	F-statistic =8.390	Sig=.000 <sup>b</sup>

a. Dependent Variable: Contract performance

From the findings, it is observed that the F-statistic (8.390) and Sig. (.005) show that the regression model is a good fit for the data which means that that supplier identification has a statistically significant, albeit small, impact on contract performance. The Adjusted R Square (.071) indicates 7.1% of the variance in contract performance can be explained by supplier identification. This low percentage suggests that supplier identification has a limited

impact on contract performance, and the majority of the variation in performance is due to other factors. Furthermore, the positive B coefficient (.325) suggests that a one-unit increase in supplier identification is associated with a .325-unit increase in contract performance. The p-value (.005) indicates that this relationship is statistically significant.

All in all, the findings indicate that supplier identification has a statistically significant but weak impact on contract performance. Given the low explanatory power, it is clear that supplier identification, while important, should not be the sole focus when seeking to improve contract performance. Organizations should consider integrating supplier identification with other processes, such as supplier selection and evaluation, to achieve better results.

**Table 4.9: Regression results for supplier evaluation criteria and contract performance Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.536	.287		5.351	.000
	SuppLier evaluation criteria	.618	.082	.610	7.495	.000
		R=.610	R square =.372	Adjusted R Square =.365	F-statistic =56.181	Sig=.000 <sup>b</sup>

a. Dependent Variable: Contract performance

From the findings, the F-statistic (56.181) and Sig. (.000) shows that regression model is a good fit for the data. This means that the model is statistically significant hence, Suplier evaluation criteria significantly impacts contract performance. The Adjusted R Square (.365) indicates that approximately 36.5% of the variance in contract performance can be explained by Suplier evaluation criteria alone. This suggests that a Suplier evaluation criterion is a

significant factor in predicting contract performance, but other factors not included in this model also play a role. The regression coefficient, supplier Evaluation ( $B = .618$ ,  $p = .000$ ) suggests that for every unit increase in Supplier evaluation criteria, contract performance increases by .618 units. The p-value (.000) is highly significant, indicating that Supplier evaluation criteria is a strong predictor of contract performance.

Therefore, the analysis indicates that supplier evaluation alone accounts for 37.2% of the variance. This suggests that organizations that rigorously evaluate their suppliers are likely to experience better contract performance. The strength and significance of the Supplier evaluation criteria coefficient underscore the importance of this practice in ensuring successful contractual outcomes. However, while supplier evaluation is important, the model also indicates that a significant portion (62.8%) of the variance in contract performance is explained by other factors not included in this model. This implies that while supplier evaluation is a critical factor, it should be complemented with other practices or considerations to fully optimize contract performance.

## **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Summary of findings**

The study examined the effect of supplier selection on contract performance of government ministries in Uganda. From the findings, it was revealed that supplier selection objective and supplier evaluation criteria are significant predictors of contract performance, with supplier evaluation criteria having a stronger impact. This highlights the importance of rigorous evaluation and careful selection objective to enhance contract performance. The findings also show that non-significant impact of supplier identification suggests that simply identifying potential suppliers is insufficient for improving contract outcomes. More focus should be placed on evaluating and selecting suppliers to achieve better performance. Therefore, to improve contract performance, organizations should prioritize thorough supplier evaluation criteria and supplier selection objective. While supplier identification is necessary, it alone has very minimal effect on contract performance, emphasizing the need for a comprehensive approach to supplier selection.

### **5.2 Discussion of findings**

#### **5.2.1 Supplier selection objective and contract performance**

The findings from the study align well with the existing literature on the impact of supplier selection objectives on contract performance. The results indicate that the supplier selection objective significantly affects contract performance, as evidenced from the findings. This is consistent with the literature, which underscores the importance of having clear and structured supplier selection objectives to enhance procurement outcomes.

The literature highlights that the supplier selection objective is a fundamental element in the procurement process, pivotal in achieving contract performance (PPDA Annual Report, 2018). It suggests that organizations need well-defined selection objectives to guide the process of identifying and contracting the right suppliers. The findings from this study reinforce this view, demonstrating that effective supplier selection can account for nearly 30% of the variability in contract performance. This aligns with the assertions by Krop (2016) and Njeru et al. (2014), who argue that supplier selection is crucial for ensuring success in procurement, especially in dynamic business environments where both tangible and intangible factors influence decision-making.

Furthermore, the study's finding echoes the conclusions drawn by Das (2020) and Abbasi, Sheikh, and Hassan (2015). These studies emphasize the importance of problem identification and clear objective setting in the supplier selection process to improve procurement outcomes. The significant impact of supplier selection on contract performance, as observed in this study, supports the idea that organizations must develop strategic and well-considered supplier selection objectives to enhance overall performance, as noted by Gichure and Obinda (2009) and Felice et al. (2015).

However, it is also important to recognize that while the supplier selection objective is a significant predictor, a substantial portion (70.4%) of the variance in contract performance remains unexplained by this factor alone. This suggests that other variables, perhaps related to internal processes, supplier relationship management, or external market conditions, also play a significant role in determining contract performance. The literature review acknowledges that supplier selection objectives vary across organizations and contexts,

influencing how effectively they can achieve desired procurement outcomes (Taherdoost & Brard, 2019).

Despite the strong alignment between the study's findings and the existing literature, there is a noted gap in research specifically within the context of Uganda, particularly concerning how supplier selection objectives impact contract performance in government ministries such as the Ministry of Health. Most of the reviewed studies were conducted in different contexts, such as manufacturing and banking. In conclusion, the study affirms the critical role of supplier selection objectives in driving contract performance, as supported by both the findings and the literature. However, it also highlights the need for further research to explore the additional factors that influence contract performance, particularly within the specific context of Ugandan government ministries.

### **5.2.2 Supplier identification and contract performance**

The findings from this study indicate that supplier identification, while statistically significant, has a relatively modest impact on contract performance. These results align with the broader literature, which underscores the importance of supplier identification but also suggests that it should not be viewed in isolation.

The literature review highlights that supplier identification is a critical step in the supplier selection process, as it helps organizations create a pool of potential suppliers who are capable of meeting contractual requirements (Munyaneza & Mulyungi, 2017; Kannan & Tan, 2002). However, the modest explanatory power observed in this study suggests that supplier identification alone may not be sufficient to drive substantial improvements in contract performance. This echoes the arguments presented by Felice et al. (2015) and

Mutethia (2018), who emphasize that supplier identification must be complemented by other procurement processes such as supplier appraisal, selection, and evaluation to optimize contract outcomes.

The significance of supplier identification, as suggested by the findings, aligns with prior research by Abbasi, Sheikh, and Hassan (2015), who found that a well-executed supplier identification process can enhance perceived contract performance by enabling organizations to prequalify suppliers who are likely to meet their procurement demands. This process reduces the risks associated with engaging unqualified suppliers and increases the likelihood of successful contract execution. However, the relatively low impact observed in this study suggests that organizations should not overly rely on supplier identification alone but should integrate it with other key procurement practices.

Studies such as those by Ho, Nguyen, and Shu (2007), and the CIPS (2013) report, stress the importance of a comprehensive approach to supplier identification, including market research and peer engagement. This approach ensures that organizations can identify suppliers with the technical, financial, and production capacities required to fulfill contract obligations. While the findings of this study affirm the significance of supplier identification, the limited variance explained suggests that these processes must be part of a broader procurement strategy that includes rigorous supplier evaluation and selection.

Moreover, the literature suggests that supplier identification is a foundational step that sets the stage for subsequent supplier selection and evaluation processes. For instance, Muli, Bwisa, and Kihoro (2016) found that organizations that invest in thorough supplier identification processes are more likely to succeed in their procurement activities. This

study's findings support this view but also highlight that supplier identification is just one piece of the puzzle. To significantly improve contract performance, organizations must ensure that the identified suppliers are rigorously evaluated and selected based on their ability to meet specific contract requirements.

Given the limited impact of supplier identification observed in this study, it is important for organizations, particularly in contexts such as Uganda's Ministry of Health, to adopt a holistic approach to procurement. This approach should integrate supplier identification with other critical processes such as supplier appraisal, selection, and evaluation to maximize contract performance. The literature suggests that such an integrated approach can help organizations mitigate procurement risks, reduce costs, and enhance overall contract outcomes (Qiang & Liu, 2020; Kavinya, 2018).

In conclusion, while supplier identification is a significant predictor of contract performance, its impact is limited when considered in isolation. Organizations should therefore view supplier identification as a crucial but preliminary step in the procurement process that must be complemented by thorough supplier selection and evaluation practices. By doing so, organizations can enhance their ability to achieve successful contract performance, particularly in complex and resource-constrained environments like those found in government ministries in Uganda.

### **5.2.3 Supplier evaluation and contract performance**

The findings of this study demonstrate the significant role that supplier evaluation criteria play in determining contract performance. This finding suggests that while supplier evaluation is a crucial factor, it is not the only determinant of contract performance,

highlighting the need for a more comprehensive approach. This aligns with the literature that underscores the importance of developing and implementing effective supplier evaluation criteria.

According to Taherdoost and Brard (2019), one of the key challenges organizations face is formulating the right criteria in an increasingly competitive environment. Their study suggests a structured approach involving the identification of relevant criteria, such as quality, capacity, delivery performance, and costs. These criteria are essential for ensuring that suppliers can meet the procurement demands of the organization. The findings of this study align with these insights, indicating that improvements in supplier evaluation criteria lead to corresponding improvements in contract performance.

Odhiambo (2018) and Naibor, Moronge, and Moronge (2018) also emphasize the pivotal role that supplier evaluation plays in achieving value for money, reducing procurement risks, and enhancing overall contract performance. These studies advocate for a shift from traditional approaches that focus solely on price to more comprehensive criteria that account for the complexities of today's business environment. The findings from this study reinforce this perspective, demonstrating that organizations that rigorously evaluate their suppliers are likely to experience better contract outcomes. The strong significance of the supplier evaluation coefficient underscores the importance of this practice in ensuring successful contractual outcomes.

However, the findings also reveal that 62.8% of the variance in contract performance is explained by factors not included in this model. This suggests that while supplier evaluation is a critical factor, it should be viewed as part of a broader procurement strategy. The

literature supports this notion, with studies such as those by Kavinya (2018) and Odhimabo (2018) highlighting the need for organizations to integrate supplier evaluation with other procurement processes, such as supplier identification, selection, and ongoing performance monitoring. By doing so, organizations can better address the multifaceted challenges of procurement and optimize contract performance.

The importance of a multi-criteria approach to supplier evaluation is further supported by the study of Jelagat and Bii (2017), which recommends the use of questionnaire surveys to gather detailed information on suppliers' capabilities. This information is crucial for making informed decisions that align with the organization's procurement needs. The positive and significant impact of supplier evaluation criteria observed in this study indicates that organizations that adopt such comprehensive evaluation practices are better positioned to achieve their contractual objectives.

In conclusion, the findings of this study confirm the significant impact of supplier evaluation criteria on contract performance. The substantial portion of variance explained by this factor highlights its importance in the procurement process. However, the fact that a considerable portion of the variance is influenced by other factors suggests that organizations should not rely solely on supplier evaluation. Instead, they should adopt a holistic approach that integrates supplier evaluation with other key procurement practices to fully optimize contract performance. This approach will enable organizations to navigate the complexities of procurement in today's competitive environment and achieve sustainable contractual success.

### **5.3 Conclusion**

The study explored the impact of supplier selection on contract performance. The findings indicate that all three factors (supplier selection objective, supplier identification and selection evaluation criteria) contribute to contract performance. Selection evaluation criteria emerged as the most critical factor, demonstrating a strong and statistically significant relationship with contract performance. The study concludes that while supplier selection dimensions are important, they are not the sole determinants of contract success. A holistic approach to supplier management is necessary to fully optimize contract performance. Organizations should therefore focus on their supplier selection objective; enhance supplier identification processes and selection evaluation criteria, while also considering other influential factors to drive better contract performance. The study therefore, underscores the importance of integrated and well-rounded supplier management practices as a key driver of contract success. By adopting a comprehensive approach that prioritizes rigorous supplier identification and evaluation, organizations can significantly enhance their contract performance and overall business success.

### **5.4 Recommendations**

Based on the findings from the study, the following practical recommendations are suggested:

#### **Refine Supplier Selection Objectives to Align with Strategic Goals**

Based on the findings, it is recommended that government ministries and other organizations refine their supplier selection processes by setting specific selection objectives that align closely with organizational goals. This may include conducting thorough background checks, reference evaluations, and ensuring suppliers' values align with the organization's

strategic mission. By clarifying selection objectives, organizations can improve supplier compatibility with contract requirements and foster long-term success.

### **Develop and Enhance Supplier Evaluation Criteria**

Since supplier evaluation criteria were found to be a significant predictor of contract performance, organizations should invest in establishing rigorous and detailed evaluation criteria. These should focus on essential factors such as supplier reliability, financial stability, compliance history, and performance track record. Additionally, regular updates and reviews of evaluation criteria can help adapt to industry changes and ensure they remain effective in promoting contract performance.

### **Integrate Supplier Identification with a Robust Evaluation and Selection Framework**

The study found that supplier identification alone has minimal impact on contract performance. Thus, organizations should focus on integrating supplier identification with a robust evaluation and selection framework to ensure that identified suppliers are thoroughly vetted. This integration will ensure that potential suppliers not only meet basic requirements but also possess the capacity and capability to fulfill contract obligations effectively.

### **Implement Continuous Monitoring and Improvement Mechanisms**

Continuous improvement is essential for sustaining high contract performance. Organizations should implement mechanisms to regularly monitor and assess supplier performance through structured feedback loops, periodic performance evaluations, and supplier scorecards. By identifying improvement areas and applying lessons from previous contracts, organizations can adjust their supplier selection practices and maintain high standards.

## **Leverage Technology for Efficient Supplier Management**

Organizations should consider using technology, such as supplier management software, data analytics, and automation tools, to streamline supplier identification, selection, and evaluation processes. These tools can provide valuable insights, automate repetitive tasks, and help decision-makers assess suppliers based on performance metrics, thereby contributing to enhanced contract performance.

### **5.5 Areas of further research**

Based on the findings and limitations of the current study, here are some suggested areas for further research:

Future studies should investigate the influence of additional supplier management practices, such as supplier development, relationship management, and performance monitoring, on contract performance. Understanding these practices can provide a more comprehensive view of what contributes to successful contracts.

Secondly, future studies may also explore how external factors such as market conditions, regulatory changes, and economic fluctuations affect contract performance. This can help in understanding how external variables interact with supplier management practices to influence outcomes.

These suggested areas of further research can provide deeper insights into supplier management and contract performance, helping organizations refine their strategies and improve their overall effectiveness in managing contracts.

Future researchers would still carry out a similar study but include a mediating variable in this study, for instance using Trust and Communication Quality so as to help in identifying additional factors that influence the relationships in those study variables

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## APPENDICES

### Appendix I: Survey Questionnaire

Dear respondent,

The researcher is pursuing a Master of Science in Procurement and Supply Chain Management at Kyambogo University. The study is on “Supplier selection and contract performance of the Ministry of Health”. You have been identified as a respondent and therefore requested to kindly spare a few minutes of your busy schedule to complete this questionnaire. This study is purely for academic purposes. Your honest and sincere answers are highly appreciated and shall be treated with utmost confidentiality.

#### SECTION A: DEMOGRAPHIC DATA

In this section, you are requested to tick the option that best suits you

##### 1. Gender of respondents

Male  Female

##### 2. Age group

21-30yrs  31-40yrs  41-50yrs  Over 50yrs

##### 3. Level of Education

Certificate  Diploma  Bachelor's Degree  Master's Degree

Others (specify).....

##### 4. Number of years spent in this Ministry

1-2 years  2-4 years  5 years and above

##### 5. Category of Respondents

Procurement Division  Inspection and compliance division  Finance

Division Private sector coordination division  Internal Audit Division

**SECTION B-E: SUPPLIER SELECTION AND CONTRACT PERFORMANCE**

For the statements in section B to section E, tick in the spaces provided the extent to which you agree or disagree with them using the scale below: 1-Strongly disagree (SD), 2-Disagree (D), 3-Neutral (N), 4-Agree (A) and 5-Strongly agree (SA).

**KEY:**

<b>Strongly Disagree-SD</b>	<b>Disagree-D</b>	<b>Not sure-NS</b>	<b>Agree-A</b>	<b>Strongly Agree-SA</b>
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**SECTION B: SUPPLIER SELECTION**

**(1) Supplier selection objectives**

Please indicate the extent to which you agree or disagree with whether the ministry considers its supplier selection objective when conducting supplier selection.

<b>SN</b>	<b>Supplier selection objective</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
B1	Standardizing products has significantly reduced procurement costs for the Ministry.					
B2	The Ministry's supplier selection objectives ensure consistent acquisition of standardized products.					
B3	Standard products acquired by the Ministry lead to measurable reductions in procurement costs.					
B4	Supplier selection based on standards results in the consistent selection of competent and reliable suppliers.					
B5	Selected suppliers consistently deliver high-quality products that meet Ministry standards.					
B6	Suppliers selected through the Ministry's objectives reliably deliver products within agreed-upon timelines.					
B7	Standard products improve supplier selection by facilitating careful identification of suppliers who consistently deliver quality.					
B8	Delivery of quality products by selected suppliers contributes to minimizing overall procurement costs.					
B9	The Ministry's supplier selection objectives are aligned with its overarching cost-saving strategies.					
B10	The Ministry's supplier selection process effectively balances cost, quality, and timeliness of product delivery.					

## SECTION C: SUPPLIER IDENTIFICATION

Please indicate the extent to which you agree or disagree with whether the ministry considers supplier identification in the supplier selection.

S/N	Statements on supplier identification	SD	D	NS	A	SA
	<b>Supplier research</b>					
C1	The Ministry conducts comprehensive market research before initiating procurement activities.					
C2	Market research efforts effectively assess the quality levels of products available in the market.					
C3	The Ministry systematically identifies various suppliers and evaluates their capabilities through thorough market research.					
C4	Through market research, the ministry is able to minimize procurement costs					
C5	Market research is instrumental in minimizing procurement costs and maximizing value for the Ministry.					
C6	Sourcing strategies prioritize suppliers known for their efficiency and reliability in product delivery.					
C7	The Ministry's sourcing strategies emphasize selecting suppliers with a proven track record of on-time delivery.					
C8	Sourcing strategies are designed to optimize procurement costs without compromising quality or reliability.					
C9	Supplier identification practices focus on identifying sustainable suppliers who align with the Ministry's environmental goals.					
C10	The Ministry's supplier identification practices have evolved to include digital tools and analytics for enhanced supplier insights.					

## SECTION D: SUPPLIER EVALUATION CRITERIA

Please indicate the extent to which you agree or disagree with whether the ministry considers supplier evaluation criteria in supplier selection.

S/N	Statements on supplier evaluation criteria	SD	D	NS	A	SA
D1	The Ministry prioritizes suppliers with strong financial stability and capability to fulfil contractual obligations.					
D2	Financial criteria are effectively used to ensure suppliers have the capacity to produce goods at competitive costs.					
D3	Supplier selection criteria include assessing suppliers' financial health and ability to manage economic fluctuations.					
D4	The Ministry evaluates suppliers based on their track record of financial reliability and creditworthiness.					
D5	Production capability criteria focus on suppliers' ability to consistently meet volume and quality requirements.					
D6	Supplier evaluation includes assessing production facilities and technological capabilities to ensure consistency and quality.					
D7	Quality capability criteria prioritize suppliers with proven records of delivering high-quality goods and services.					
D8	The Ministry evaluates suppliers based on their adherence to quality management standards and certifications.					
D9	Supplier evaluation criteria emphasize suppliers' ability to innovate and improve product quality over time.					
D10	Criteria for evaluating suppliers include their ability to maintain consistent quality and reduce defects in delivered goods.					

**SECTION E: CONTRACT PERFORMANCE**

Please indicate the extent to which you agree or disagree with whether the Ministry has achieved contract performance over the past 5 years.

<b>S/N</b>	<b>Statements on contract performance</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
E1	Suppliers have consistently met agreed-upon delivery timelines as per their contracts with the Ministry.					
E2	The Ministry has achieved significant cost savings in procurement due to efficient contract management with suppliers.					
E3	Quality of goods and services delivered by suppliers has improved over time, meeting or exceeding Ministry standards					
E4	The Ministry has experienced reduced lead times in procurement activities as a result of effective contract negotiations.					
E5	Suppliers' adherence to financial commitments outlined in contracts has been reliable and consistent.					
E6	Contractual agreements have been flexible enough to accommodate changes and emerging needs of the Ministry					
E7	Supplier performance evaluations have led to improved contract terms that benefit the Ministry.					
E8	The Ministry has implemented performance-based metrics that incentivize suppliers to improve their service levels.					
E9	Contract disputes and issues have been resolved promptly and fairly between the Ministry and its suppliers.					
E10	Overall, the Ministry's contract management practices have effectively supported its operational objectives and goals.					

**THANK YOU**

## **Appendix II: Interview Guide for Respondents**

### **Supplier selection objective and contract performance**

- i. What does the Ministry consider when developing a supplier selection objective?
- ii. To what extent does the ministry consider suppliers' ability to deliver standard products as desired by the ministry during supplier selection?
- iii. To what extent does the ministry value suppliers' partnerships during their selection?
- iv. In your own opinion do you think the ministry's consideration of selection objective has affected the contract performance?

### **Market research and contract performance**

- i. What does the ministry consider when conducting market research in the supplier selection process?
- ii. To what extent does conducting market research before the selection of suppliers affect contract performance in this ministry?

### **Supplier capability and contract performance**

- i. What supplier strength does the Ministry of Health consider during the selection of suppliers?
- ii. Do you think the consideration of supplier capability affects the contract performance of the Ministry of Health?

## **Appendix III: Introductory Letter**

## **Appendix IV: Plagiarism Index Test Results**