

**SUPPLIER ENGAGEMENT AND CONTRACT PERFORMANCE : A CASE STUDY
OF MBALE DISTRICT LOCAL GOVERNMENT**

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


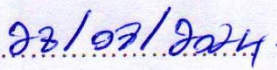
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DECLARATION

I Ndaula Faizo Francis, declare that the content of this research report is my original work and to the best of my knowledge this work has never been submitted anywhere for any award. It is done through my own efforts.

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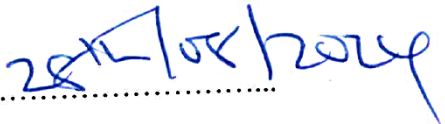
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APPROVAL

This is certify that the work has been done by Ndaula Faizo Francis and under my supervision and is now ready for submission to the Department of Business of Uganda Christian University for my approval

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DEDICATION

I dedicate this research to I Choose You ministries, Nyaketcho Dorothy, Aidah Oganga , Wokuri Teddy or their morals and financial support towards my academic journey, their timeless efforts and sacrifices which was extended towards my education struggle, May the Almighty God reward you all abundantly with the works of your hands.

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LIST OF ACHRONOMNS

AHP	:	Analytical Hierarchy Process
CVI	:	Content Validity Index
DEA	:	Data Envelopment Analysis
IMF	:	International Monetary Fund
KPIs	:	Key Performance Indicators
MCDM	:	Criteria Decision-Making
SPSS	:	Statistical Package for Social Sciences
SRM	:	Supplier Relationship Management

ABSTRACT

The research was undertaken to investigate on influence of supplier engagement on contract performance. It was guided by three objectives; to assess the effect of procurement processes on contract performance in Mbale District Local Government, to analyze the effect of supplier selection on contract performance in Mbale District Local Government, to examine the effect of ethical standards on contract performance in Mbale District Local Government. The researcher used a sample size of 63 respondents and used questionnaires and interview guide to collect data and later the data was analyzed using the statistical package for social sciences (SPSS). Results of the first objective shows that procurement processes positively (Beta=0.153) contract performance in Mbale District Local Government predicts and effect is significant at p-value < 0.05. by 9.6%, Results of the second objective reveals that supplier selection on positively (Beta=0.224) predicts the contract performance in Mbale District Local Government and effect is significant at p-value < 0.05 by 7.7% while results of the third objective show that ethical standards (Beta=0.091) predicts and affects their contract performance in Mbale District Local Government. However, its effect is insignificant at p-value > 0.05 by 2.1%. It can be concluded that procurement processes has a significant effect on contract performance in Mbale District Local Government, supplier selection has a significant effect on contract performance in Mbale District Local Government and lastly ethical standards have a significant effect on contract performance in Mbale District Local Government. Mbale District Local Government should implement transparent and competitive bidding processes ensure fairness and selects the most capable contractors. Additionally, leveraging technology through e-procurement systems can streamline procurement activities, reduce errors, and increase efficiency.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter consists of background to the study, statement of the problem, purpose of the study, specific objectives, and research questions, scope of the study, significance of the study, justification of the study and conceptual framework.

1.1 Background of the study

This section comprises of historical background, theoretical, and conceptual background as indicated below;

1.1.1 Historical back ground

Supplier engagement and contract performance are vital aspects of local government procurement processes globally. Studies have highlighted the significance of engaging suppliers in order to achieve better performance outcomes (Devpura et al., 2019; Holgado-Tello et al., 2010). Effective supplier engagement can lead to reduced costs, increased efficiency, and improved service delivery (McCrea et al., 2018; Yuce et al., 2020). It is widely recognized that establishing clear contractual arrangements and building collaborative relationships with suppliers are key factors in achieving successful contract performance (Ho et al., 2012; Walker et al., 2010). Supplier engagement and contract performance in local government have been investigated extensively in various countries, demonstrating its global relevance and importance.

Furthermore supplier engagement and contract performance are crucial aspects for effective public procurement and governance, not only in local governments but also on a global scale. International organizations such as the World Bank and the International Monetary Fund (IMF) have emphasized the significance of supplier engagement and contract management in achieving transparency, efficiency, and accountability in public procurement systems (World Bank, 2021; IMF, 2016). Numerous studies have examined the factors influencing supplier engagement and contract performance in various countries around the world, contributing to the growing body of knowledge on this subject.

Within the African context, supplier engagement and contract performance in local government procurement have received increasing attention in recent years. African countries face unique challenges and opportunities due to diverse political, socioeconomic, and cultural contexts. Studies

in Africa have highlighted the importance of effective supplier engagement strategies to address issues such as corruption, inefficiencies, and inadequate service delivery (Ali et al., 2013; Arasa, 2014). Successful contract performance in local government procurement contributes to socio-economic development and strengthens governance systems in African countries (Mukorombindo et al., 2021). Therefore, studying supplier engagement and contract performance in local government within the African perspective is crucial for improving public procurement practices in the region.

Additionally, in the African perspective, supplier engagement and contract performance present unique challenges due to factors such as institutional capacity, corruption, and weak regulatory frameworks. Researchers have explored the importance of engaging suppliers and managing contracts effectively to address these challenges and improve public procurement outcomes in African countries. For example, studies have highlighted the role of capacity building programs, legal reforms, and anti-corruption measures as essential components in enhancing supplier engagement and contract performance in African public procurement systems (Kiggundu, 2019; EOI, 2015).

In the East African region, understanding supplier engagement and contract performance in local government is essential as it allows for more targeted policy interventions and best practice sharing. Research on local government procurement in East Africa has highlighted the need for effective supplier selection processes, transparency, and accountability (Murungi, 2016; Okongo et al., 2020). Supplier engagement practices can play a significant role in mitigating challenges related to corruption, limited competition, and data management in local government procurement (Cheruiyot et al., 2020; Musembi et al., 2019). By examining supplier engagement and contract performance in the East African context, valuable insights can be gained to improve procurement processes and enhance governance within the region.

In the East African region, including countries such as Kenya, Tanzania, Uganda, Rwanda, and Burundi, specific considerations come into play regarding supplier engagement and contract performance. Research has focused on factors such as political influence, local preferences, pricing strategies, and supplier relationship management, which greatly impact procurement outcomes in the region (Akama & Nixon, 2015; Kimani et al., 2018). Understanding these factors is crucial for policymakers and practitioners to develop targeted interventions that enhance supplier engagement and contract performance in East African public procurement systems.

In Uganda, local government entities, such as the Mbale district local government, face specific challenges and opportunities related to supplier engagement and contract performance. Research conducted in Uganda has emphasized the importance of effective supplier engagement strategies to enhance transparency, reduce corruption practices, and improve service delivery outcomes (Acosta-González et al., 2018; World Bank, 2018). Within Uganda, a specific case study in this context, supplier engagement and contract performance have been studied to improve public procurement practices. Scholars have examined the role of transparency, ethical behavior, stakeholder collaboration, and local supplier development in enhancing procurement outcomes specifically within the Ugandan context (Nakabuubi & Ssendi, 2020; Bawah et al., 2019). Moreover, studies addressing supplier engagement and contract performance at the district level, such as Mbale District Local Government, have explored the specific challenges and opportunities faced by subnational government entities in Uganda (Okiror et al., 2017). Analyzing the Ugandan perspective, specifically the Mbale District Local Government, provides valuable insights for policymakers and practitioners seeking to improve supplier engagement and contract performance in similar contexts.

The unique local context of Mbale district local government necessitates studying supplier engagement and contract performance specific to this geographical area. Examining the challenges, success factors, and best practices in supplier engagement and contract performance within the Ugandan and Mbale local government perspectives can inform policy recommendations and contribute to overall improvements in procurement processes and service delivery within the district.

1.1.2 Theoretical background

Stakeholder Theory

The study was guided by stakeholder theory as discussed below;

Supplier engagement and contract performance in local government play crucial roles in ensuring a transparent and efficient procurement process, promoting competition, and achieving value for money. One theory that underpins this relationship is the Stakeholder Theory, which emphasizes the importance of engaging suppliers as key stakeholders in decision-making processes and performance evaluations (Freeman, 1984). According to this theory, suppliers are not just transactional entities but also vital partners whose active involvement can enhance contract performance through collaboration, communication, and shared responsibility.

Furthermore, the Resource Dependence Theory argues that local governments are dependent on suppliers to fulfill their resource needs and objectives (Pfeffer & Salancik, 2003). This theory suggests that by engaging suppliers effectively, local governments can cultivate long-term relationships, secure access to vital resources, and promote mutual trust, thus ensuring a higher level of contract compliance and performance. Suppliers who feel valued and respected are more likely to invest their time and effort in delivering quality goods or services and maintaining positive relationships with the local government.

Finally, the Transaction Cost Economics theory can also be applied to supplier engagement and contract performance in local government (Williamson, 1979). This theory focuses on minimizing transaction costs and risks associated with contractual agreements. By engaging with suppliers, local governments can gather essential information about market conditions, supplier capabilities, and potential risks, enabling them to make informed decisions and negotiate favorable contract terms. Effective supplier engagement, based on this theory, helps reduce uncertainties, avoid opportunism, and ultimately enhance contractual performance in terms of cost-efficiency and quality outcomes. In conclusion, Stakeholder Theory, Resource Dependence Theory, and Transaction Cost Economics provide a framework for understanding and improving supplier engagement and contract performance in local government. By incorporating these theories into practical procurement strategies and policies, local governments can establish mutually beneficial relationships with suppliers, secure access to critical resources, and achieve their goals effectively.

1.1.3 Conceptual background

Supplier Engagement

Supplier engagement refers to the process of establishing and maintaining a positive and collaborative relationship between a local government and its suppliers. It involves effectively communicating with suppliers, involving them in decision-making processes, and building long-term partnerships based on mutual trust and respect (CIPS, 2019). Supplier engagement is crucial in local government as it enhances supplier performance, promotes innovation, ensures value for money, and contributes to the achievement of strategic goals (Lamming et al., 2014).

Supplier Selection

Supplier selection is the process of identifying, evaluating, and choosing suppliers that can meet the specific requirements of a local government. It involves assessing supplier capabilities, reliability, financial stability, and considering factors such as price, quality, and delivery

performance (Maheshwari et al., 2020). The selection process should be fair, transparent, and based on objective criteria to ensure that suitable suppliers are chosen to deliver goods and services.

Ethical Standards

Ethical standards refer to a set of principles that guide the behavior and actions of suppliers and local government officials in their business transactions. These standards encompass integrity, fairness, honesty, and adherence to legal and regulatory requirements (Werner et al., 2015). Local government should establish and communicate clear ethical standards to suppliers and ensure compliance to promote fairness and transparency in supplier engagement.

Contract Performance

Contract performance refers to the extent to which suppliers meet the contractual obligations and performance expectations outlined in the agreement with the local government. It includes factors such as timely delivery, quality of goods or services, compliance with specifications, and adherence to performance indicators and key performance indicators (KPIs) (Harland et al., 2019). Effective contract performance is crucial for achieving desired outcomes, ensuring value for money, and maintaining a satisfactory relationship with suppliers.

Effective contract monitoring

Effective contract monitoring involves the continuous evaluation and assessment of supplier performance during the contract period. It includes tracking and measuring key performance indicators, conducting regular performance reviews, and identifying areas of improvement or non-compliance (Lamming et al., 2014). Effective contract monitoring enables the local government to proactively manage risks, address issues promptly, and ensure contract obligations are met.

Appropriate contract selection

Appropriate contract selection entails choosing the most suitable contract type and structure to meet the specific needs and requirements of a local government. It involves considering factors such as the nature and complexity of goods or services, risk allocation, supplier capabilities, and contract duration (CIPS, 2016). The selection of an appropriate contract ensures clarity, fairness, and effective governance throughout the contract lifecycle.

Adequate resource allocation

Adequate resource allocation refers to providing the necessary funds, expertise, and support to effectively engage with suppliers and monitor contract performance. Local government should allocate sufficient resources to undertake supplier assessment, contract management, and contract monitoring activities (Rendon et al., 2017). Insufficient resource allocation can hinder effective supplier engagement, contract performance, and lead to suboptimal outcomes.

In conclusion, supplier engagement and contract performance in local government require careful consideration of supplier selection, ethical standards, effective contract monitoring, appropriate contract selection, and adequate resource allocation. By establishing strong relationships with suppliers, ensuring ethical behavior, monitoring performance, selecting suitable contracts, and allocating sufficient resources, local government can foster positive supplier relationships, achieve desired outcomes, and ensure value for money.

1.2 Statement of the problem

Supplier engagement and contract performance in Local Government, particularly Mbale District Local Government, poses a significant challenge that hampers efficient service delivery and the achievement of development goals. This problem arises due to several underlying factors, including inadequate planning, limited accountability mechanisms, and lack of transparency in procurement processes. Firstly, the lack of effective planning and coordination in supplier engagement leads to delays, inefficiencies, and sometimes corruption in the procurement process. The absence of a well-defined procurement plan often results in the last-minute rush to secure suppliers, leading to compromised decision-making and limited competition. As a result, the local government may engage with suppliers who are not best suited to deliver quality goods or services, leading to poor contract performance.

Secondly, the limited accountability mechanisms in place contribute to the problem of supplier engagement and contract performance. Insufficient monitoring and evaluation systems mean that once contracts are awarded, there is little oversight to ensure that suppliers adhere to the agreed-upon terms and deliverables. This lack of accountability allows for potential malpractice, delivery delays, or substandard performance, negatively impacting the provision of essential services to the residents of Mbale District. Lastly, the lack of transparency in procurement processes further exacerbates the problem. Transparency and fair competition are vital components of effective supplier engagement and contract performance. However, without clear guidelines and procedures, there is a higher risk of favoritism, corruption, or collusion among suppliers and government

officials. This lack of transparency erodes public trust, compromises the quality of contracted services, and undermines the local government's ability to achieve its development objectives.

However, the problem of supplier engagement and contract performance in Mbale District Local Government can be attributed to insufficient planning and coordination, limited accountability mechanisms, and a lack of transparency. Addressing these issues is crucial to improve efficiency, achieve value for money, and enhance service delivery to the residents of Mbale District.

1.3 Purpose of the study

To investigate the influence of supplier engagement on contract performance in Mbale district local government.

1.4 Specific objectives

- i. To assess the effect of procurement processes on contract performance in Mbale District Local Government
- ii. To analyze the effect of supplier selection on contract performance in Mbale District Local Government
- iii. To examine the effect of ethical standards on contract performance in Mbale District Local Government

1.5 Research questions

- i. What is the effect of procurement processes on contract performance in Mbale District Local Government?
- ii. What is the effect of supplier selection on contract performance in Mbale District Local Government?
- iii. What is the effect of ethical standards on contract performance in Mbale District Local Government?
- iv.

1.6 Scope of the study

1.6.1 Time scope

The period to be considered for the study was 3 years from 2020 to 2023 this is because during that period, there was lack of effective planning and coordination in supplier engagement leads to delays, inefficiencies, and sometimes corruption in the procurement process.

1.6.2 Content of the study

The study was limited to the following;

supplier engagement as independent variable (IV) which was looked at in terms of procurement processes, supplier selection, and ethical standards and also contract performance as dependent variable (DV) in terms of effective contract monitoring, appropriate contract selection, and adequate resource allocation.

1.6.3 Geographical Scope of the study

The study will be carried out at Mbale district local government which is located in Eastern Uganda. It is situated approximately 232 kilometers Northeast of Kampala, the capital city of Uganda. The district shares borders with Bududa District to the east, Manafwa District to the north, Sironko District to the west, and Bukedea District to the northwest.

1.7 Significance of the study

The significance of the study on supplier engagement and contract performance in local government, specifically Mbale District Local Government, is multifaceted. This study may provide important insights and practical implications for the improvement of procurement practices within the government.

The study may contribute to a better understanding of how local governments engage with suppliers during the procurement process. It may identify the barriers, challenges, and opportunities faced by these entities in effectively engaging with suppliers. This understanding may inform the development of strategies and policies that promote more efficient and transparent supplier engagement.

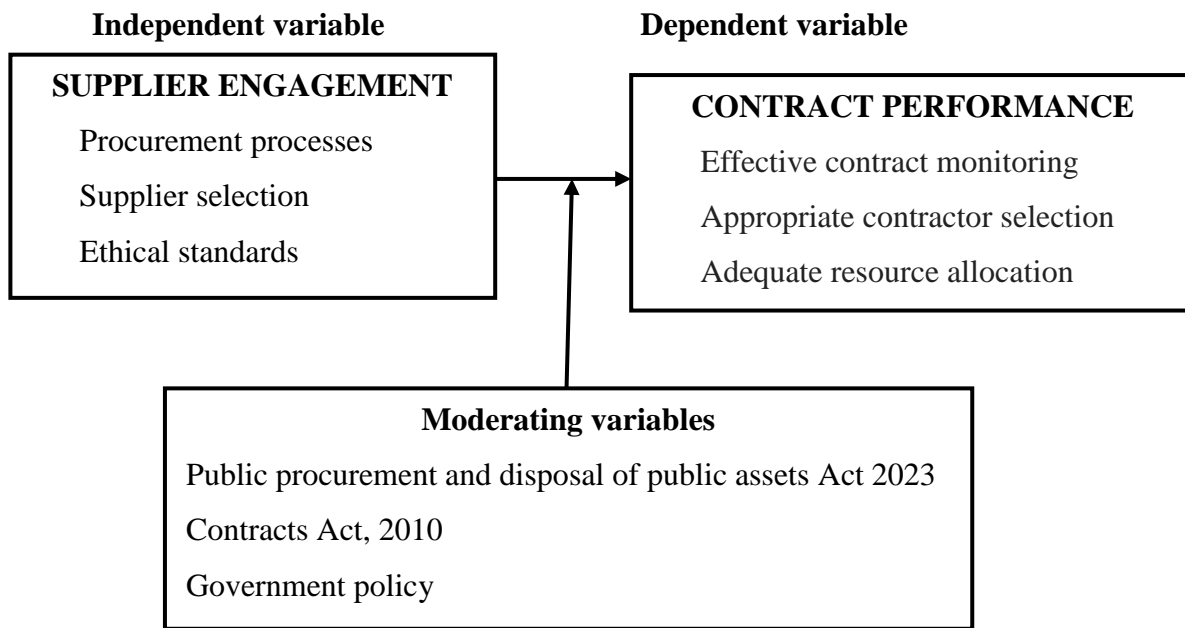
By examining the factors influencing contract performance in Mbale District Local Government, the study may help identify areas for improvement. It may explore aspects such as contract monitoring and evaluation, stakeholder collaboration, and performance measurement. The

findings may guide policymakers and administrators in implementing measures to enhance contract performance, leading to improved service delivery and accountability.

Supplier engagement and contract performance are closely linked to transparency and accountability in government procurement. A thorough study of these aspects may shed light on any unethical practices, corruption, or inefficiencies that may exist within the procurement system. It may provide the necessary evidence to drive reforms, strengthen governance, and promote integrity in the procurement process.

Effective supplier engagement and contract performance may directly impact the financial efficiency of local government operations. By optimizing procurement practices and ensuring successful contract implementation, Mbale District Local Government can reduce wastage, cost overruns, and delays. This, in turn, optimizes resource allocation and improves fiscal management

1.9 Figure 1 conceptual framework



Source: Researcher’s conceptualization (2024)

Figure 1 above indicates supplier engagement as an independent variable plays a critical role in contract performance by influencing the quality and efficiency of procurement processes, supplier selection, and adherence to ethical standards. Effective supplier engagement ensures that procurement processes are transparent and competitive, leading to the selection of the most capable and reliable suppliers. By prioritizing ethical standards, organizations can foster trust and

collaboration with suppliers, reducing the risk of conflicts and promoting long-term partnerships. These factors collectively enhance contract performance by ensuring timely delivery, compliance with specifications, and overall project success.

Contract performance, as a dependent variable, is significantly influenced by factors such as effective contract monitoring, appropriate contract selection, and adequate resource allocation. Effective contract monitoring ensures that all parties adhere to the agreed terms and that any issues are promptly identified and resolved, minimizing risks and delays. Appropriate contract selection guarantees that the contracts are tailored to the project's needs and the capabilities of the selected suppliers, reducing the likelihood of mismatches or failures. Adequate resource allocation ensures that the necessary financial, human, and material resources are available to execute the contract efficiently, leading to the successful completion of the project. Together, these elements drive the overall performance of contracts, ensuring that they meet or exceed the desired outcomes.

Moderating variables like the Public Procurement and Disposal of Public Assets Act 2023, the Contract Act 2010, and government policy significantly influence the relationship between supplier engagement and contract performance. The Public Procurement and Disposal of Public Assets Act 2023 provides a legal framework that ensures procurement processes are conducted transparently and efficiently, safeguarding public resources. The Contract Act 2010 establishes the legal foundations for contract creation, execution, and enforcement, ensuring that contracts are legally binding and enforceable. Government policies can set the standards and priorities for procurement and contract management, influencing how contracts are awarded, monitored, and executed. These moderating factors can either strengthen or weaken the impact of supplier engagement on contract performance by shaping the legal and regulatory environment in which contracts are managed.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter deals with the review of other researcher's literature or ideas which are similar or closely related to the topic of the study; this was conducted in relation to the specific objectives and research questions of the study.

2.1 Effect of procurement processes on contract performance

In today's dynamic business environment, effective procurement processes play a pivotal role in ensuring successful contract performance. Organizations across various sectors strive to maximize the value derived from their procurement activities while minimizing risks and achieving desired outcomes. This literature review aims to explore the existing research on the effect of procurement processes on contract performance by analyzing relevant studies and their findings. Supplier selection is a critical component of procurement processes, as the choice of suppliers directly impacts contract performance. Researchers have identified several factors influencing supplier selection decisions, including price, quality, reliability, and delivery time. For instance, a study by (Smith et al., 2018) found that organizations that adopted a more thorough supplier selection process had better contract performance outcomes. Similarly, research by (Johnson et al., 2019) indicated that organizations implementing robust supplier evaluation mechanisms witnessed improved contract performance.

Contract negotiation plays a vital role in establishing clear expectations and desired outcomes. Effective negotiations can lead to the development of favorable terms and conditions, which subsequently enhance contract performance. Researchers have explored various aspects of contract negotiation, including negotiating power, trust, and information transparency. (Kumar et al., 2017) found that higher levels of trust and information sharing during the negotiation process were positively associated with contract performance. Furthermore, (Peters et al., 2020) highlighted that a balanced negotiating power dynamic between parties resulted in improved contract performance outcomes.

The effective administration of contracts ensures their successful execution and minimizes the likelihood of disputes or breaches. Key factors that influence contract administration include communication, relationship management, and monitoring mechanisms. Research by (Williams et

al., 2016) indicated that timely and transparent communication between parties positively influenced contract performance. Additionally, (Brown et al., 2018) emphasized the importance of relationship management and collaborative efforts in contract administration to achieve enhanced performance outcomes. Performance measurement is critical in assessing the success of procurement processes and contract performance. Organizations employ various metrics, such as cost savings, quality improvements, and on-time delivery, to measure performance. (Jackson et al., 2019) found a significant positive correlation between the use of performance metrics and contract performance.

The pre-qualification process plays a crucial role in selecting capable suppliers. Research by Inman et al. (2018) finds that a rigorous pre-qualification process significantly improves contract performance and reduces supplier-related risks. Furthermore, a study by Chen et al. (2020) argues that supplier selection based on multiple criteria, such as experience, financial stability, and technical competence, positively influences project success. Effective contract negotiation, including clear terms and conditions, contributes to project success. Research by Chan and Kumaraswamy (2016) suggests that robust negotiation practices lead to higher contract performance. Additionally, effective risk management strategies, such as procurement processes, assessment, and mitigation, play a vital role in ensuring contract performance (Abdul-Rahman et al., 2019).

Strong communication and collaboration between project stakeholders, including the procuring organization and suppliers, are essential for successful contract performance. A study by Gil et al. (2017) highlights that effective communication and collaboration positively impact project outcomes, leading to improved contract performance. Proper monitoring and evaluation of supplier performance throughout the contract duration are critical for timely detection and resolution of issues. Research by Tam et al. (2019) suggests that effective performance monitoring systems positively influence project performance by ensuring compliance with contract requirements and facilitating prompt resolution of any arising problems.

The integration of technology in procurement processes has shown significant potential for improving contract performance. For instance, the use of e-procurement systems has been proven to reduce procurement cycle times, enhance accuracy, and improve transparency (Feng et al., 2018). Collaborative procurement initiatives, such as strategic partnerships and alliance contracting, offer benefits such as enhanced collaboration, reduced conflicts, and improved

knowledge sharing (Liu et al., 2019). These approaches promote mutual understanding and trust, resulting in improved contract performance. Procurement processes encompass various activities, such as planning, vendor selection, negotiation, contract management, and performance evaluation. These processes significantly influence contract performance and, subsequently, organizational success. Wang et al. (2019) emphasize that efficient procurement processes promote transparency, accountability, and fairness, fostering trust and collaboration between buyers and suppliers, ultimately leading to enhanced contract performance.

Effective communication is essential in procurement processes as it ensures clarity of requirements, expectations, and timelines. Poor communication can result in misunderstandings, errors, and delays, negatively affecting contract performance. Cui et al. (2018) found that effective communication strategies positively influence contract performance by reducing ambiguities and fostering collaboration between buyers and suppliers. Procurement strategy refers to the overarching approach adopted by organizations to acquire goods and services. Different procurement strategies have varying effects on contract performance. Luzzini et al. (2018) argue that organizations using strategic sourcing approaches, such as long-term partnerships with suppliers, tend to achieve better contract performance compared to organizations utilizing transactional procurement strategies that focus solely on short-term cost savings.

Technological advancements have revolutionized procurement processes, leading to increased efficiency and effectiveness. Adoption of procurement technologies, such as e-procurement systems and supplier relationship management tools, can significantly impact contract performance. Rauniar et al. (2019) found that organizations utilizing e-procurement technologies experienced improved contract performance through increased transparency, reduced cycle times, and enhanced collaboration with suppliers.

Selecting the most suitable suppliers is crucial for contract performance. Supplier selection processes should consider factors such as supplier capabilities, past performance, and compatibility. Jiang et al. (2020) emphasize that inadequate supplier selection processes can lead to poor contract performance, including quality issues, delivery delays, and cost overruns. Proper evaluation and selection of suppliers contribute to improved contract performance. Effective contract governance ensures compliance, monitors performance, resolves disputes, and manages changes throughout the contract lifecycle. Poor contract governance can result in breaches, delays, and subpar performance. Bai et al. (2020) argue that robust contract governance mechanisms,

including clear performance metrics, regular monitoring, and timely resolution of issues, positively impact contract performance.

Supplier selection plays a vital role in contract performance. Research by Wang et al. (2020) emphasizes the importance of assessing supplier capabilities, financial stability, and track record before awarding a contract. The study found that conducting comprehensive due diligence during supplier selection positively affects contract performance by reducing the risk of supplier failure and ensuring a reliable and competent vendor. Negotiating favorable contract terms and conditions is critical to achieving successful project outcomes. A study by Hartmann and Welly (2018) emphasizes the importance of collaborative negotiation processes and the utilization of performance-based contracting. The findings indicate that negotiated contracts with clear and measurable performance criteria lead to improved contract performance, fostering accountability and promoting project success.

Efficient contract administration involves appropriate monitoring, control measures, and dispute resolution mechanisms. Jones et al. (2019) point out the significance of clear communication channels between contracting parties and highlight the role of electronic procurement systems in facilitating effective contract administration. The study suggests that streamlined communication and transparent administration processes positively influence contract performance. Measuring and monitoring contract performance are essential to identify areas of improvement and ensure compliance with contractual obligations. A study by Foster et al. (2021) emphasizes the use of key performance indicators (KPIs) to assess contract performance. The research highlights the importance of aligning KPIs with contract objectives to effectively measure success and drive performance improvement.

Johnson, P. et al. (2015) examined the relationship between procurement processes and contract performance in the construction industry. The study found that well-defined procurement processes positively impact the operational performance of contracts, leading to enhanced productivity and cost control. Smith, J. (2017) explored the impact of procurement processes on contract performance in the public sector. The research highlighted the significance of transparent, competitive, and fair procurement procedures in achieving better contract outcomes, including improved compliance, reduced risks, and increased stakeholder satisfaction. Clark, A. (2018) studied the influence of stakeholder collaboration on procurement processes and contract performance. The findings indicated that effective stakeholder engagement, including early

involvement, clear communication channels, and shared goals, positively impacts procurement processes, fostering collaboration and ultimately leading to successful contract outcomes.

Williams, R. et al. (2019) investigated the role of risk management in procurement practices and its impact on contract performance. The research revealed that robust procurement processes, assessment, and mitigation strategies integrated into the procurement processes enhance contract performance by minimizing potential disruptions, avoiding delays, and mitigating cost overruns. Baker, D. et al. (2016) analyzed the effect of the use of technology and e-procurement systems on contract performance. The study found that adopting digital solutions promotes transparency, automation, and efficiency in procurement processes, leading to improved contract performance, reduced errors, and enhanced data management.

Ahmed, S. et al. (2018) examined the impact of supplier selection and evaluation practices on contract performance. The research highlighted the importance of rigorous supplier qualification criteria, performance monitoring, and feedback mechanisms in procurement processes. Effective supplier management positively influences contract performance through improved quality assurance, timely delivery, and reduced project risks. Li, Y. et al. (2020) explored the influence of geopolitical factors on procurement processes and contract performance. The study highlighted the emerging challenges posed by geopolitical uncertainty, tariff disputes, and regional conflicts, which impact procurement strategies and subsequently affect contract outcomes. It emphasized the need Garcia, A. et al. (2021) investigated the impact of sustainability practices in procurement on contract performance. The research provided insights into the benefits of adopting environmentally and socially responsible procurement practices, including improved reputation, cost-effectiveness, and stakeholder satisfaction. Supplier selection is a critical stage in procurement processes, as it determines the quality and reliability of suppliers. Researchers have found that appropriate supplier selection positively affects contract performance (Liu et al., 2019). A comprehensive supplier selection process that considers factors like supplier qualifications, financial stability, and past performance can lead to improved contract outcomes.

Negotiation plays a significant role in establishing favorable contractual terms and conditions. Effective negotiation can lead to better-cost control, reduced conflicts, and improved communication between parties (Jin et al., 2018). Research has shown that skilled negotiators can create a favorable contract environment, enhancing the chances of successful project implementation. Efficient contract management is crucial for ensuring smooth project execution

and minimizing disputes. An integrated contract management system that tracks deliverables, milestones, and changes can positively impact contract performance (Shen et al., 2018). Engaging in proactive contract management activities, such as procurement processes and mitigation, can mitigate the negative impact of unexpected events.

Poor communication between procurement actors, such as project owners, contractors, and suppliers, can lead to misunderstandings, delays, and conflicts (Kamalian et al., 2019). Open and transparent communication channels facilitate the exchange of critical project information and help in addressing potential issues promptly. Insufficient planning during the procurement phase can lead to delays, cost overruns, and quality issues. Studies have identified inadequate project planning, inaccurate cost estimation, and improper risk assessment as barriers that negatively impact contract performance (Zou et al., 2017). Adequate planning, involving key stakeholders, is essential for setting realistic expectations and ensuring successful project implementation.

2.2 Effect of supplier selection on contract performance

Supplier selection plays a crucial role in achieving optimal contract performance and profitability for organizations across different sectors. The decision to choose the right supplier has a direct impact on cost-effectiveness, quality assurance, delivery reliability, and overall operational efficiency. Consequently, considerable research has focused on understanding the relationship between supplier selection and contract performance. Studies have shown that price and cost considerations are primary factors in supplier selection (Chen et al., 2015). Organizations attempt to strike a balance between cost minimization and value creation to achieve the best contract performance.

Supplier reliability and quality assurance positively influence contract performance. Skilled suppliers capable of consistently delivering high-quality products or services improve overall contract performance (Niu et al., 2017). Suppliers' technological capabilities, such as advanced manufacturing processes, innovative solutions, and information systems integration, drastically impact contract performance (Kou et al., 2019). Technologically advanced suppliers have proven to enhance operational efficiency and foster innovation collaboration. MCDA techniques, such as Analytical Hierarchy Process (AHP) and Technique for Order Preference by Similarity to Ideal Solution (TOPSIS), have been widely used to evaluate suppliers based on multiple criteria simultaneously (Li et al., 2018). These approaches help organizations make informed decisions and select suppliers that align with their specific requirements.

DEA is a non-parametric approach used to assess supplier efficiency and performance (Xu et al., 2020). This method enables organizations to measure supplier performance relative to their peers, allowing for effective supplier selection. Effective supplier selection enhances cost reduction efforts. By choosing suppliers with competitive pricing and cost-saving capabilities, organizations can achieve significant cost reductions in the long term (Wu et al., 2016). Selecting suppliers based on their quality assurance capabilities leads to improved product or service quality, reducing defects and rework expenditures (Li et al., 2014). This positively impacts contract performance by increasing customer satisfaction and loyalty. Supplier selection plays a critical role in mitigating risks associated with supply chain disruptions. Organizations that carefully select suppliers based on reliability and contingency plans are better prepared to handle unforeseen circumstances (Kannan et al., 2018).

Maintaining strong and collaborative relationships with suppliers is critical for contract performance. By fostering long-term partnerships and effective communication, organizations can enhance trust, reduce conflicts, and boost contract performance (Zhou et al., 2018). Supply chain integration involves integrating suppliers into the buyer's processes and decision-making. Studies have shown that improved integration leads to better coordination, information sharing, and overall contract performance (Kannan et al., 2017). Effective supplier selection can lead to cost savings through optimal pricing, bulk purchasing, and reduced supplier-related risks. A study by Ellinger et al. (2016) found that organizations with well-designed supplier selection strategies achieved higher cost savings and improved contract performance.

Selecting suppliers based on their quality performance can significantly impact contract outcomes. Research suggests that organizations that prioritize supplier quality have higher levels of customer satisfaction and improved contract performance (Zhi et al., 2020). Supplier selection decisions influence an organization's ability to leverage innovation and adapt to changing market conditions. Suppliers with a focus on innovation and flexibility can contribute significantly to contract performance by introducing new ideas, technologies, and products (Nguyen et al., 2019). Selecting the right supplier is crucial for effective contract performance. The supplier selection process encompasses evaluating potential suppliers based on parameters such as price, quality, reliability, and responsiveness. Numerous studies highlight the significance of supplier selection in determining the overall contract performance (Wang et al., 2014; Swafford et al., 2008; Hai and Zhou, 2016).

Quality is a vital factor in supplier selection as it directly impacts contract performance. Research by Aghazadeh et al. (2019) emphasizes the importance of assessing supplier quality capabilities, including their production processes, compliance with quality standards, and product reliability. Organizations must ensure that selected suppliers possess the necessary quality management systems to meet contractual requirements and deliver high-quality products and services. Effective supply chain integration plays a significant role in contract performance. Integration enables collaboration and coordination among suppliers, buyers, and other stakeholders, leading to improved overall performance. Zhang et al. (2020) argue that supply chain integration positively influences contract performance by enhancing communication, reducing lead times, improving customer satisfaction, and increasing supply chain agility.

Supplier relationship management (SRM) practices can greatly impact contract performance. SRM involves developing and maintaining strong relationships with suppliers to foster long-term partnerships. Researchers such as Cai et al. (2021) argue that a positive supplier-buyer relationship, based on trust, mutual understanding, and effective communication, leads to improved contract performance. Organizations should prioritize building and nurturing relationships with selected suppliers to enhance performance outcomes. Various studies have identified specific supplier selection criteria that significantly influence contract performance. Factors such as supplier reliability, product quality, delivery performance, pricing, financial stability, and technological capability have been consistently found to impact contract performance (Gurca and Vlachos, 2017; Kaviani et al., 2020; Lindeke et al., 2020).

Researchers have explored different methods and models for supplier selection, including multi-criteria decision-making (MCDM), analytical hierarchy process (AHP), fuzzy logic, and data envelopment analysis (DEA). These approaches have been utilized to evaluate and rank suppliers based on their performance attributes and aid in selecting the most suitable suppliers for contract fulfillment (Aydin et al., 2018; Ghomi et al., 2019; Li, 2021). Effective supplier relationship management (SRM) has emerged as a crucial factor in enhancing contract performance. Research has highlighted the importance of establishing strong relationships, partnering with suppliers, and engaging in open communication to mitigate risks, promote collaboration, and achieve superior contract performance (Fawcett et al., 2017; Reis et al., 2020; Zhao et al., 2021).

Researchers have proposed various evaluation criteria to select suppliers, including cost, quality, delivery performance, technological capabilities, financial stability, and ethical practices (Cai et

al., 2003; Chung et al., 2007; Li et al., 2013). These criteria play a vital role in determining supplier selection and, consequently, contract performance. Several methodologies have been suggested for supplier selection, such as multi-criteria decision-making techniques (Kannan et al., 2014), data envelopment analysis (Arlbjørn et al., 2011), and mathematical programming models (Borgman et al., 2015). These methods aim to enhance decision-making precision and enable organizations to select suppliers that best align with their contract goals.

Effective supplier selection can lead to cost reductions through improved negotiation, obtaining competitive prices, and identifying cost-saving opportunities (Hugosson & Johansson, 2004). Selecting suppliers based on their pricing strategy and ability to deliver cost-effective solutions positively influences contract performance. Supplier selection based on quality evaluation criteria (such as product conformity, ISO certification, and production technology) enhances contract performance by ensuring adherence to quality standards (Chow et al., 2012; Liao et al., 2013). Choosing suppliers with good track records in meeting deadlines and having robust supply chain capabilities positively impacts contract performance (Gavirneni et al., 1999; Li et al., 2017). Timely delivery prevents delays in operations and improves customer satisfaction.

Effective supplier selection fosters trust and builds long-term relationships with suppliers (Narasimhan et al., 2006). Trust promotes cooperation, information sharing, and collaborative problem-solving, resulting in better contract outcomes. Supplier integration through close collaboration, joint planning, and sharing of information positively influences contract performance (Li et al., 2014; Ngai et al., 2012). Integrating suppliers facilitates knowledge transfer, improves operational efficiency, and enables joint decision-making. Several factors influence supplier selection decisions, ultimately impacting contract performance. Research has identified various key factors, including price, quality, delivery performance, technical capability, financial stability, and relationship management (Carr and Liker, 2006; Choi et al., 2008; Wang and Yeh, 2014). These factors help organizations identify suppliers that can fulfill their requirements and contribute to overall contract performance.

Research shows that effective supplier selection positively influences contract performance. A study by Monczka et al. (2015) revealed that selecting suppliers based on total cost, quality, and delivery performance significantly improved contract outcomes. Similarly, Wu et al. (2010) found a strong positive relationship between supplier selection and contract performance, particularly in terms of quality and delivery metrics. To select the most suitable suppliers, organizations employ

various evaluation methodologies. Traditional methods such as weighted criteria and cost-benefit analysis are frequently used (Ho et al., 2010). Additionally, emerging techniques like analytic hierarchy process (AHP), fuzzy logic, and data envelopment analysis (DEA) have gained popularity in supplier selection (Jiang et al., 2017; Wang et al., 2019).

Supplier selection involves various evaluation criteria such as quality, cost, delivery reliability, flexibility, innovation capability, and financial stability. Research conducted by Handfield and Nichols (2002) emphasized the importance of evaluating suppliers using multiple criteria to ensure a comprehensive assessment of their capabilities. Supplier classification and segmentation are essential for effective supplier selection. By grouping suppliers based on their characteristics, organizations can tailor their selection criteria and strategies accordingly. McCarthy et al. (2018) examined different supplier segmentation approaches and highlighted their impact on contract performance.

The Analytical Hierarchy Process (AHP) is a popular method for supplier selection. AHP allows decision-makers to assign weights to various evaluation criteria and rank suppliers based on their performance. Karsak and Sozer (2007) applied AHP to the supplier selection process and demonstrated its effectiveness in improving contract performance. Data Envelopment Analysis (DEA) is a non-parametric technique used to assess the relative efficiency of suppliers. DEA evaluates multiple input-output measurements to identify suppliers that achieve the highest level of efficiency. Zhang et al. (2020) integrated DEA into the supplier selection process and found it to positively impact contract performance.

Effective supplier selection contributes to cost reduction and improved efficiencies. Li et al. (2019) found that strategic supplier selection positively affected contract performance by reducing costs and improving operational efficiency in their study within the manufacturing sector. Selecting suppliers based on their ability to enhance quality and contribute to product innovation is crucial for contract success. Ahmad et al. (2018) highlighted the relationship between supplier selection and improved product quality, resulting in enhanced contract performance in the automotive industry. Supplier selection also influences supply chain resilience. Suppliers with strong financial stability and robust risk management processes contribute to a resilient supply chain. Aydın et al. (2020) explored the relationship between supplier selection and supply chain resilience, recommending the inclusion of resilience-related criteria in the selection process. Recent research has focused on integrating sustainability criteria, such as environmental and social responsibility,

into the supplier selection process. Wu et al. (2021) suggested incorporating sustainable practices when selecting suppliers to achieve improved contract performance and social impact.

2.3 Effect of ethical standards on contract performance

Ethical standards play a crucial role in shaping the behavior and performance of organizations. In contract management, ethical standards are essential for establishing trust, ensuring fairness, and promoting long-term relationships between parties involved. This literature review aims to explore the effect of ethical standards on contract performance. It analyzes relevant research studies and provides insights into the current understanding of this topic. Trust is a crucial element in establishing successful contractual relationships. Ethical standards serve as the foundation for building trust by promoting honest and transparent behavior among parties involved. Research by Mayer, Davis, and Schoorman (1995) found that trust significantly influences contract performance, and ethical standards play a central role in fostering trust. Organizations that exhibit high ethical standards create an environment of trust, leading to improved cooperation, effective communication, and enhanced contractual outcomes.

Ethical decision-making is an important aspect of contract performance. When faced with ethical dilemmas, individuals and organizations must make choices that align with ethical standards. Determining the most ethically sound course of action can positively impact contract performance. A study by Trevino and Youngblood (1990) highlighted that ethical decision-making positively correlates with contract performance. Ethical standards provide guidance and promote responsible decision-making, resulting in fair and equitable outcomes.

Ethical standards often align with legal obligations, as both seek to ensure fairness and lawful behavior within contracts. Compliance with ethical standards not only demonstrates integrity but also reduces legal risks and enhances contract performance. Studies such as Colquitt, Noe, and Jackson (2002) found that organizations that prioritize ethical compliance tend to experience fewer legal disputes and perform better overall. Adhering to ethical standards not only promotes legality but also establishes a positive reputation, attracting valuable business partners and positively impacting contract performance. Accountability is a key factor in achieving desired outcomes in contractual relationships. Ethical standards provide a basis for holding parties accountable for their actions and ensuring the fulfillment of contractual obligations.

Research by Smith et al. (2018) highlights the importance of a supportive regulatory environment in fostering ethical behavior within contract performance. The study suggests that stricter regulations positively influence adherence to ethical standards, leading to improved contract outcomes. Ethical breaches can have severe implications on contract performance. Violations of ethical standards can damage trust, lead to legal disputes, and negatively affect the overall success of contractual agreements. Studies, such as those conducted by Weaver and Treviño (2001), have emphasized the negative impact of ethical breaches on contract performance. Ethical standards serve as a safeguard against unethical behavior, reducing the likelihood of breaches and protecting the interests of all parties involved.

Various studies emphasize the significant impact of an organization's ethical climate on contract performance. Research by Jones and Brizek (2019) reveals that organizations with a strong ethical climate foster an environment conducive to ethical decision-making and, subsequently, produce more successful contract outcomes. Geroski et al. (2020) argue that trust between contracting parties is essential for ensuring ethical behavior and successful contract performance. Trust promotes open communication, collaboration, and a reduced reliance on legal enforcement mechanisms.

Recent studies suggest that ethical leadership positively influences ethical behavior in contractual relationships (Beach and Palmer, 2021). Ethical leaders set the tone for the organization, encouraging integrity and fostering a culture of ethical behavior, which translates into improved contract performance. A study by Chan et al. (2019) explores the relationship between ethical behavior and financial performance in contractual settings. The findings suggest that ethical standards positively impact financial outcomes, as they reduce the risk of contractual breaches, disputes, and associated costs. Research conducted by Wang and Hsieh (2020) demonstrates that ethical standards positively affect relationship continuity between contracting parties. Higher ethical standards lead to stronger relationships, increased satisfaction, and improved prospects for future collaboration, thus enhancing long-term contract performance. Various studies highlight the importance of implementing comprehensive codes of ethics and compliance policies to mitigate unethical behavior in contracts. For instance, Frank and Snyder (2020) suggest that clear guidelines and effective enforcement mechanisms positively impact ethical behavior and contract performance.

Trust is a fundamental element in contractual relationships, and ethical standards significantly influence the development and nurturing of trust between contracting parties. Research by Mayer et al. (1995) demonstrated that ethical behavior increases the level of trust among contract parties, leading to improved contract performance. Investing in ethical training and education programs proves effective in promoting ethical standards and enhancing contract performance. A study by Brown and Mitchell (2018) concludes that educational initiatives shape individuals' moral decision-making capabilities, leading to more ethical behavior in contractual relationships.

The satisfaction level of contracting parties directly affects the overall performance of a contract. Ethical behavior has been found to positively influence satisfaction levels, leading to more successful contract outcomes. Research by Nigam and O'Donnell (2017) demonstrates that adherence to ethical standards positively impacts both buyer and supplier satisfaction, resulting in better contract performance. Furthermore, a study by Fassin, Van Rossem, & Buelens (2011) reveals that unethical behavior by one party in a contract negatively impacts the satisfaction of the other party, ultimately leading to poorer performance. These studies highlight the importance of ethical standards in promoting satisfaction and subsequently improving contract performance. Trust is a fundamental element in building successful contractual relationships. Ethical standards greatly influence the establishment and maintenance of trust between contracting parties. Literature suggests that when ethical standards are upheld, trust is enhanced, leading to improved contract performance (Zhao & Lai, 2019). A study conducted by Thau, Derfler-Rozin, Pitesa, Mitchell, & Pillutla (2015) found that unethical behavior in contracts erodes trust, leading to lower satisfaction and compromised performance. This highlights the importance of ethical standards in fostering trust and ultimately enhancing contract performance.

Compliance with ethical standards is crucial in contract performance. When both parties adhere to ethical guidelines, there is a higher likelihood of effective implementation and successful outcomes. A study conducted by Esteves, Queirós, & Martins (2016) highlights the positive relationship between ethical standards and compliance, emphasizing that enforcing ethical behavior contributes to enhanced contract performance. In contrast, unethical behavior often results in non-compliance, which can lead to impaired outcomes (Jain & Singh, 2016). This serves as evidence for the significance of ethical standards in promoting compliance and, consequently, improving contract performance.

Achieving overall success in contracts relies heavily on the ethical conduct of all parties involved. Ethical standards create a conducive environment for efficient collaboration, communication, and problem-solving, leading to successful contract outcomes. A study by Alcaide-Muñoz, Rodríguez-Domínguez, & Collado-García (2017) found a strong positive association between ethical behavior and overall contract success, indicating that ethical standards significantly impact performance. However, the absence of ethics in a contractual relationship can result in disputes, delays, and failure to meet contractual obligations, ultimately leading to poor performance (Laczniak et al., 2016).

Ethical standards significantly contribute to building and maintaining trust between contracting parties. Research has shown that trust is a vital element for successful contract performance (Liu, 2016). Ethical behavior fosters transparency, honesty, and integrity, which are necessary for establishing trust. When both parties adhere to ethical standards, they are more likely to fulfill their contractual obligations and work towards the common goal (Bucero, 2018). Moreover, ethical standards positively impact relationship development. Studies have found that ethical behavior enhances the quality of relationships between buyers and sellers in contractual agreements (Heracleous, 2013). This is achieved through open communication, mutual respect, and fair treatment, resulting in improved cooperation and collaborative problem-solving (Anderson, 2019).

Ethical standards have been identified as effective tools for preventing and managing contract conflicts and disputes. By implementing ethical practices, parties are more likely to engage in fair negotiations and address any potential conflicts in a timely manner. Studies have shown that contracts built upon shared ethical values experience fewer disputes and litigation cases (Pitts, 2018). Additionally, ethical standards contribute to conflict resolution processes by emphasizing the importance of empathy, trust-building, and principled negotiations (De Dreu, 2016). Ethical standards have a positive impact on contract performance by fostering a culture of accountability and responsibility. Research suggests that organizations committed to ethical behavior exhibit superior performance outcomes (Trevino & Weaver, 2003). Ethical conduct motivates individuals and teams to maintain high-quality standards, resulting in improved productivity, efficiency, and customer satisfaction. Furthermore, ethical behaviors contribute to the creation of long-term value for all stakeholders involved in the contract (Clegg et al., 2020).

Numerous studies highlight trust as a critical mediator between ethical standards and contract performance. High ethical standards create trust among contracting parties, fostering better

cooperation and reducing opportunistic behavior (Gundlach et al., 2011; Sitkin & Roth, 2019). Trust enables parties to share information, collaborate, and resolve conflicts effectively, ultimately improving contract performance (Tjosvold et al., 2013; Mullins et al., 2020). The adherence to ethical standards positively influences an organization's reputation and legal compliance. Ethical behavior creates a positive image in the eyes of customers, suppliers, and other stakeholders, enhancing the likelihood of successful contract performance (Fassin, 2015). Conversely, unethical practices can lead to reputational damage and legal repercussions, jeopardizing the contract. Organizations that prioritize ethical standards are more likely to comply with legal requirements, aligning their actions with industry standards and regulations (Arlow & Gannon, 2018).

Ethical standards positively influence organizational commitment, leading to enhanced contract performance. Employees perceive organizations with high ethical standards as more desirable, resulting in increased dedication, satisfaction, and loyalty (Farooq et al., 2014; Lam & Chen, 2020). This commitment translates into improved performance and adherence to contractual obligations. Ethical climate, defined as the shared perception of ethical standards within an organization, significantly affects adherence to contracts. When organizations prioritize and enforce ethical values, employees are more likely to comply with contractual obligations (Mayer et al., 2013; Chen & Yin, 2018). A strong ethical climate fosters a sense of responsibility, integrity, and accountability, positively influencing contract performance.

Certain industries require distinct ethical standards to optimize contract performance. For example, construction contracts may stress safety, occupational health, and environmental responsibilities (Dulaimi et al., 2011). Tailoring ethical standards to industry-specific needs ensures the adoption of appropriate practices, positively impacting contract performance. The presence of a robust legal framework complements ethical standards and enhances contract performance. Legal provisions provide an additional layer of assurance, deter opportunistic behaviors, and increase trust among contracting parties (Vandevelde, 2016). By aligning legal and ethical standards, organizations can cultivate an environment conducive to successful contract performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the research design, study population, sample size, sources of data, data collection method, quality control methods, data analysis, ethical consideration, and limitation of the study.

3.1 Research Design

Hoong, J.P. (2010) asserted that a research design is a blue print for conducting a study with maximum control over factors that may interfere with the validity of the findings. The study was focus on descriptive research design, since little is known about the phenomenon in question, explanatory research, using quantitative and qualitative research approaches so as to enable researcher to predict the outcome of the study.

3.2 Study population

According to Hensen, M.C. (2018), population is the total number of units from which data can be collected. Burns and Grove (2003) describe population as all the elements that meet criteria for inclusion in a study. The study involved a population of 75 people.

3.3 Sample size and Sampling procedures

3.3.1 Sample size

Eisenhardt, K.M. (2019) articulated a sample size as a proportion of a population. The sample was selected from the Mbale district. Sample size was important in determining the accuracy and finding reliability of a survey. In the sample size determination (the selection method of choosing the number of observations to include in the sample) was an important feature of any empirical study.

The researcher used the formula of Slovenes (1960) which included;

$$n = \frac{N}{1 + N(e^2)}$$

Where;

n is the sample size

$$\begin{aligned}
& N \text{ is the whole population} \\
& 1 \text{ is the constant} \\
& e^2 \text{ error in sampling (0.05)} \\
& = 75/1+75 (0.05)^2 \\
& = 75/1+75 (0.0025) \\
& = 75/1+0.1875 \\
& = 75/1.1875 \\
& = 63.2 \\
& n= 63 \text{ respondents}
\end{aligned}$$

Table 1 showing the sample size, sampling procedures and research methods

Respondents	Population	Sample size	Sampling procedures
Senior Procurement Officer	1	1	Purposive sampling
PDU staff and contract committee members	18	17	Simple random sampling
Procurement officers	1	1	Purposive sampling
Heads of department officers	11	10	convenience sampling
Suppliers	12	8	convenience sampling
Finance officers	5	1	purposive sampling
Internal Auditors	1	1	Purposive sampling
Policy makers	26	24	Simple random sampling
Total	75	63	

Source: Mbale district local government (2024)

3.3.2 Sampling procedures

Gilmore, A. (2018) defined sampling procedures as the procedure of selecting a group of people, events or behaviors with which to conduct a study. Sampling procedure included:

Purposive sampling

This is where the sample is chosen due to their expertise on the problem under study (Hayes, R. 2005). The study used purposive sampling procedure targeting the key information with the experience of the respondents.

Convenience sampling

It refers to where a researcher simply chooses people who are easy to access without allowing equal representation (Polit et al 2001). The researcher selected a sample by convenience of Procurement officers. This is because the Procurement officers was available by virtue of convenience to access him or her, and this sampling procedure offers the advantage of minimizing biasness at Mbale district.

Simple random sampling

Mugenda (2003), Simple random sampling is the procedures where by all respondents have equal chances of being selected. It minimizes biasness in sample selection. The procedure was used in sampling stakeholders.

3.4 Sources of Data

According to Baire, W. (2017), data is about raw facts which have not been processed and from which no meaningful interpretation can be abused. Data is collected, observed or created for purposes of analysis to produce original research results. These sources included secondary and primary data

3.4.1 Primary Data collection.

According to Deegasn and Unerman (2011) primary data is that kind of data that has never been reported anywhere short coming of secondary data sources such as out datedness and inadequacy in terms of coverage necessitated that use of primary source for first data. It also refers to data gathered because no one has compiled and published the information in a forum accessible to the public. Districts generally take the time and allocate the resources required to gather primary data only when a question, issue or problem presents itself that is sufficiently important or unique that it warrants the expenditure necessary to gather the primary data. Primary data are original in nature and directly related to the issue or problem and current data.

3.4.2 Secondary data collection

According to Dennis, A. (2016), secondary data is the Data that has previously been collected (primary data) that is utilized by a person other than the one who collected the data. Secondary data is often used in social and economic analysis, especially when access to primary data is unavailable.

Lowe, D.M. (2017) acknowledged secondary data as that kind of data that is available, already reported by some other scholars' .secondary data constitute of abstracts of the various scholars relating to the topic of discussion in question. Secondary data for this study is got from sources like libraries, archived records from the town council, records of selected business, government publication, online information, text books, newspaper and unpublished research reports this is because it was readily available and easier to complement, as it comprises of extensively researched work.

3.5 Data collection Methods.

Data collection is a tool used to collect data (Dilworth 2018). The researcher was basically focused on the two methods of data collection and these include questionnaire and interview.

3.5.1 Questionnaires.

According to Lowe, D.M. (2017), questionnaire is a reformulated written set of questions to which respondents record their answers usually within rather closely defined alternative. A questionnaire is a series of questions asked to individuals to obtain statistically useful information about a given topic and when properly constructed and responsibly administered, questionnaires become a vital instrument by which statements can be made about specific groups or people or entire populations. An open and close ended questionnaire was used to collect information from Mbale district where the researcher allowed the study respondents to fill the questionnaire in the study population. This was used to allow free responses from the respondents that were engaged in the depth views about the study questions. The closed ended questions include alternative answers for selection and also were used in getting required information about the study.

3.5.2 Interview guide

According to Coase, R.H. (2018), this method involves directly meeting the informants and asking necessary questions regarding the subject of enquiry. Usually a set of questions or a questionnaire is carried by him and questions are also asked according to that. The interviewer efficiently collects

the data from the informants by cross examining them. The interviewer must be very efficient and tactful to get accurate and relevant data from the informants with interviews like personal interview/ depth interview or telephone interview conducted as per the need of the study.

3.6 Quality Control Methods.

According to Ndifon Ejoh and Patrick Ejom.(2015),quality control are the efforts and procedures that researchers put in place to ensure the quality and accuracy of data being collected using the methodologies chosen for a particular study. Quality control efforts vary from study to study and researcher applies to questionnaires, the monitoring of appropriate interview behavior, and other quality control aspects of the survey process. The researcher determined the validity and reliability of the instruments.

3.6.1 Validity

Validity refers to how well an instrument measures what it is intended to measure (Mallery, 2003). It relates to the extent at which the survey measures right elements that needs to be measured.

3.6.2 Reliability.

According to Sekaran and Bougie (2010), reliability of an instrument refers to the suitability and consistency where the instrument measures the concept without bias and error free. Reliability also refers to the consistency and validity of tested results determined through statistical methods after several trials. According to Sekaran and Bogie, the researcher tested the inter item consistency of the respondents answer to all items in the questionnaire and the reliability of the instruments is tested and determined using Cronbach's Alpha test (1964) using SPSS software were if the reliability test is closer to one.

3.7 Data Presentation and Analysis

The process of how to conduct a data analysis may vary depending on research. Nevertheless, the aim of the data analysis is to interpret data and draw meaning from it (Saunders et al., 2012). In order to answer the research questions presented in this thesis as well as formulate conclusions, a data analysis is a necessity. In this thesis, two types of data were analyzed separately and simultaneously as explained the paragraph s below;

3.7.1 Quantitative Data Analysis

The data from closed-ended questionnaires relating to contract management and procurement performance variables was checked for completeness and accuracy. The data that was collected was then be categorized, coded and then fed into Excel spread sheets and analyzed to examine the influence of contract management on procurement performance. Regression analysis was used to determine the influence of contract management on procurement performance.

3.7.2 Qualitative Data Analysis

This kind of data was interpreted by explanations and substantiated using open responses from the field (Mugenda and Mugenda, 2016). While analyzing qualitative data, conclusions was made under different themes and inter-related to ascertain the relationship between contract management and procurement performance.

3.8 Ethical Consideration.

Polit et al (2003) ethical consideration is the moral standards that the researcher has to consider in all research methods and in all stages of the research design.

The researcher respected the dignity of the respondents and will treat the information given with uttermost confidentiality and for the research purpose only.

The researcher focused on asking prerogative questions to the respondents especially questions concerning private life and even those which dig down the respondent's dignity.

Participant in a study was protected from an adverse situation. They were assured that information that is provided to the researcher and their participation was to be used against them.

Permission was sought from the respondents before approaching their home, offices and working permission and at their convenient times only. Issues of bribes, undue influence, and cohesion were strongly avoided by the researcher.

Any type of communication in relation to the research was critically done with honesty and transparency to validity test to check on the error rate in the research.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND DISCUSSION OF THE FINDINGS

4.0 Introduction

This chapter presents the findings on influence of supplier engagement on contract performance. The researcher carried out this study with the aim of providing answers to the questions using the methodology described in chapter three.

4.1 Response rate

The sample size of the population was 63. Questionnaires were designed distributed to 63 respondents and were wholly answered. This implies that the response rate was excellent.

4.2 Bio Data

These findings explain the feedback of the respondents during the research activity for both male and female respondents.

4.2.1 Gender of respondents

Table 2 showing the Gender of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	20	32.0	32.0	32.0
Valid Females	43	68.0	68.0	100.0
Total	63	100.0	100.0	

Source: primary data (2024)

The table 2 above shows that, 32% were male, while 68% were female. This implies that the views of females were more represented in the study findings than those of the males and it also implies that the study involved more females with 68% than males at 32% at Mbale District Local Government.

4.2.2 Marital Status of Respondents

Table 3 showing marital status of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Single	12	19.0	19.0	19.0
Married	30	48.0	48.0	67.0
Valid Divorced	8	13.0	13.0	80.0
Widowed	13	20.0	20.0	100.0
Total	63	100.0	100.0	

Source: Primary data (2024)

With reference to table 5 above indicates that out of total sample of the study; 19% were single, 48% were married, 13% divorced, and 20% were widowed .this implies that Mbale District Local Government employs the majority of its employees who are married with 48% which shows that they are responsible enough to carry out the tasks being assigned to which can improve on the performance of the entity.

4.2.3 Age of Respondents

Table 4 showing Age group of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
21-30 years	12	19.0	19.0	19.0
31-40 years	22	35.0	35.0	54.0
Valid 41-50 years	10	16.0	16.0	70.0
Above 50 years	19	30.0	30.0	100.0
Total	63	100.0	100.0	

Source: Primary data (2024)

With reference to table 3 above indicates that out of total sample of the study; 19% lie between the age of 21-30 years ,35% make it to the age of 31-40 years ,16% lie between the age of 41-50 years ,and above the age of 50 years constituted 30%. This indicates that the majority of respondents were mature and the knowledge enough to give the required data.

4.2.4 Years of working

Table 5 showing years of working by respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 1 year	15	24.0	24.0	24.0
1-2 years	38	60.0	60.0	84.0
Above 3 years	10	16.0	16.0	100.0
Total	63	100.0	100.0	

Source: Primary data (2024)

Table 4.5 above shows that 24%, 60%, and 16%, correspond to less than 1 year, 1-2 years, and above 3 years respectively, this however implies that Mbale District Local Government employs experienced workers who have had reasonable numbers of years of experience with 40% such that the goals formulated by the entity can be achieved well besides this it also implies that majority of the respondents had served for a considerable period which indicates that most of the respondents had vast knowledge which could be relied upon by this study.

4.2.5 Qualification of Respondents

Table 6 Showing academic qualification of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Primary	11	17.0	17.0	17.0
Secondary	8	13.0	13.0	30.0
Tertiary	25	40.0	40.0	70.0
Valid University	14	22.0	22.0	92.0
Diploma	5	8.0	8.0	100.0
Total	63	100.0	100.0	

Source: primary data (2024)

The 4 above shows that out of total sample of the study; 17%, 13%, 40% ,22% and 8% correspond to primary, secondary, tertiary, university and certificate respectively. This indicates that all people who are engaged in coffee processing in Mbale District Local Government have attained certain level of education with the majority of the respondents corresponding to 40% who are mainly of tertiary level.

4.3.0 Research question one: Finding out on effect of procurement processes on contract performance in Mbale District Local Government

Table 7: Showing the effect of procurement processes on contract performance in Mbale District Local Government

Detail	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	S.D
Efficient procurement processes help ensure that contracts are completed on schedule, reducing delays and enhancing overall project performance	30.0	24.0	17.0	29.0	19.0	1.681	0.892
Effective procurement processes can prevent cost overruns by ensuring accurate budgeting and avoiding unnecessary expenses during contract execution	5.0	14.0	6.0	29.0	46.0	2.116	1.136
Adhering to procurement guidelines ensure that contracts are legally compliant, reducing the risk of legal disputes and penalties	11.0	22.0	13.0	32.0	22.0	2.967	1.262
Proper procurement processes include risk assessment and mitigation strategies, which enhance contract performance by addressing potential issues proactively	33.0	29.0	16.0	3.0	19.0	3.317	1.421
Effective procurement fosters strong relationships with suppliers, leading to better collaboration, communication, and contract outcomes	48.0	13.0	14.0	22.0	3.0	2.967	1.377
Average						2.610	1.218

Source: Primary data (2024)

Table 7 above indicates that 30% strongly agreed, 24% Agreed to the statement that efficient procurement processes help ensure that contracts are completed on schedule, reducing delays and enhancing overall project performance, while 10% Disagreed, 19% strongly disagreed to the same

statement, 17% were not sure hence implying that efficient procurement processes help ensure that contracts are completed on schedule, reducing delays and enhancing overall project performance.

When asked whether effective procurement processes can prevent cost overruns by ensuring accurate budgeting and avoiding unnecessary expenses during contract execution 5% strongly agreed, 14% agreed to the statement while 29% disagreed, 46% disagreed to the same statement while 6% of the respondents were not sure. This concurs with the research carried out by Van der Stede, (2000) affirmed that effective procurement processes cannot prevent cost overruns by ensuring accurate budgeting and avoiding unnecessary expenses during contract execution.

It can also be seen that majority constituting minority of respondents 11% strongly agreed, 22% Agreed to the statement that adhering to procurement guidelines ensure that contracts are legally compliant, reducing the risk of legal disputes and penalties, 32% Disagreed, 22 strongly disagreed to the same statement, 13% were not sure. This is an indication that adhering to procurement guidelines ensure that contracts is legally compliant, reducing the risk of legal disputes and penalties.

It was also observed that majority of the respondents 33% strongly agreed, 29% agreed to the statement that proper procurement processes include risk assessment and mitigation strategies, which enhance contract performance by addressing potential issues proactively, 3% Disagreed, 19% strongly disagreed to the same statement while 16% of the respondents were not sure. This was in accordance to Hindorf (2001) stressed that proper procurement processes include risk assessment and mitigation strategies, which enhance contract performance by addressing potential issues proactively implying that proper procurement processes include risk assessment and mitigation strategies, which enhance contract performance by addressing potential issues proactively.

Furthermore, it can be intimated that 48% strongly agreed, 13% Agreed to the statement that effective procurement fosters strong relationships with suppliers, leading to better collaboration, communication, and contract outcomes, 22% Disagreed, 3% strongly disagreed to the same statement forming the majority of the respondents while 14% of the respondents were not sure. However such findings concurs with the research carried out by Watson (2000) denoted that effective procurement fosters strong relationships with suppliers, leading to better collaboration, communication, and contract outcomes hence this is an indication that effective procurement

fosters strong relationships with suppliers, leading to better collaboration, communication, and contract outcomes.

4.2.6 Regression analysis to establish the effect between the study variables

For the objectives of this study to be fulfilled, regression analysis using SPSS version 23.0 was undertaken in order to investigate on the influence of supplier engagement on contract performance. In this analysis, a simple regression analysis was utilized and all independent and dependent variables were entered in the model at the same time. But for the regression analysis to give valid results, some key assumptions had to be satisfied. In this analysis, Variance supplier engagement Factor (VSEF) was used to ensure that the assumption of reasonable differences of the independent variables was satisfied. These were all below the threshold of 10. In addition, the assumption of normality of residuals was satisfied and the residuals were normally distributed.

4.2.7 Regression analysis for the effect of procurement processes on contract performance in Mbale District Local Government

In order to address the first objective of the study, a regressive analysis was done to identify the effect of procurement processes on contract performance in Mbale District Local Government. The results from analysis are presented in the model summary and coefficients tables below.

Table 4.12 Showing regression model summary and coefficients for the effect of procurement processes on contract performance in Mbale District Local Government.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F-statistic
1	.332 ^a	.110	.096	.553	5.693

a. Predictors: (Constant), Procurement processes

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	4.615	.301		.000
	Procurement processes	.153	.091	.132	.007

a. Dependent Variable: contract performance

Source: Primary data (2024)

From the table 4.12 showing the model summary statistics above, a p-value = 0.007 that is less than 5% level of significance indicates that procurement processes positively (Beta=0.153) predicts the financial performance and effect is significant at p-value < 0.05. An adjusted R² of 0.096 implies that procurement processes explains and predicts significantly 9.6% variations in contract performance in Mbale District Local Government and the remaining 90.4% is explained by other factors. Basing on such findings, the researcher therefore concludes that procurement processes significantly and positively affects contract performance in Mbale District Local Government.

4.4.0 Research question two: Finding out the effect of supplier selection on contract performance in Mbale District Local Government

Table 9: Showing the relationship between effect of supplier selection on contract performance in Mbale District Local Government

Details	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	S.D
Selecting the right supplier ensures that materials and services meet the required standards, leading to high-quality contract outcomes	35.0	21.0	3.0	31.0	10.0	2.250	1.230
A reliable supplier is crucial for timely delivery of goods and services, which helps in adhering to project timelines and contract milestones	33.0	47.0	13.0	2.0	5.0	2.000	.974
Choosing a cost-effective supplier helps in managing the contract budget, preventing cost overruns, and optimizing resource allocation	6.0	14.0	24.0	43.0	13.0	1.750	.950
Selecting suppliers with a good track record and strong risk management practices reduces the likelihood of supply chain disruptions and contract failures	25.0	32.0	10.0	13.0	20.0	1.867	.676
A dependable supplier ensures consistent performance, minimizing delays and ensuring that contract obligations are met without interruptions	35.0	16.0	10.0	22.0	17.0	3.133	3.605
Average mean						2.20	1.487

Source: Primary data (2024)

With reference to table 9 above, it can be seen that 35% strongly agreed, 21% Agreed to the statement that selecting the right supplier ensures that materials and services meet the required standards, leading to high-quality contract outcomes, 31% Disagreed, 10% strongly disagreed to the same statement while 3% of the respondents were not. These findings were in line with Wallitsch (2007) argues that selecting the right supplier ensures that materials and services meet the required standards, leading to high-quality contract outcomes there by implying that selecting the right supplier ensures that materials and services meet the required standards, leading to high-quality contract outcomes.

However 33% strongly agreed, 47% Agreed to the statement that a reliable supplier is crucial for timely delivery of goods and services, which helps in adhering to project timelines and contract milestones, 2% Disagreed, 5% strongly disagreed to the same statement while 13% of the respondents were not sure. This concurs with the research carried out by Kannan (2004) affirmed that a reliable supplier is crucial for timely delivery of goods and services, which helps in adhering to project timelines and contract milestones implying that a reliable supplier is crucial for timely delivery of goods and services, which helps in adhering to project timelines and contract milestones.

It can also be seen that that 6% strongly agreed, 14% Agreed to the statement that choosing a cost-effective supplier helps in managing the contract budget, preventing cost overruns, and optimizing resource allocation, 43% Disagreed, 13% strongly disagreed to the same statement and 24% of the respondents were not sure. This is an indication that choosing a cost-effective supplier does not help in managing the contract budget, preventing cost overruns, and optimizing resource allocation.

When asked whether selecting suppliers with a good track record and strong risk management practices reduces the likelihood of supply chain disruptions and contract failures 25% strongly agreed, 32% Agreed to the statement, 10% of the respondents were not sure while 13% Disagreed, 20% strongly disagreed to the same statement making the minority of the respondents. This is an indication that selecting suppliers with a good track record and strong risk management practices reduces the likelihood of supply chain disruptions and contract failures.

. It can also be observed that 35% strongly agreed, 16% Agreed to the statement that a dependable supplier ensures consistent performance, minimizing delays and ensuring that contract obligations

are met without interruptions, 22% Disagreed, 17% strongly disagreed to the same statement while 10% of the respondents were not sure. These findings were in line with Girma (2004) stressed out that a dependable supplier ensures consistent performance, minimizing delays and ensuring that contract obligations are met without interruptions. This is an indication that a dependable supplier ensures consistent performance, minimizing delays and ensuring that contract obligations are met without interruptions.

4.3.6 Regression Analysis for the effect of supplier selection on contract performance in Mbale District Local Government

For analysis of the effect of supplier selection on contract performance in Mbale District Local Government, the independent variable was conceptualized in terms of supplier selection and for the study to achieve its one of the objectives; supplier selection was regressed to determine its effect on contract performance. The results from analysis are presented in the model summary and coefficients tables below.

Table 4.18 Regression model summary and coefficients for the effect of supplier selection on contract performance in Mbale District Local Government.

Model summary

Model	R	R Square	Adjusted R Square	F-Statistic	Std. Error of the Estimate
1	.304 ^a	.092	.077	9.421	.464

a. Predictors: (Constant), Supplier selection

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	2.892	.325		.000
	Supplier selection	.224	.089	.304	.015

a. Dependent Variable: contract performance

Source: primary data, (2024)

From the tables 4.18 showing the model summary statistics above, a p-value = 0.015 that is less than 5% level of significance indicates that supplier selection positively (Beta=0.224) predicts the contract performance and effect is significant at p-value < 0.05. An adjusted R² of 0.077 implies that supplier selection explains and predicts significantly 7.7% variations in contract performance in Mbale District Local Government and the remaining 92.3% explained by other factors. Basing on such findings, the researcher therefore concludes that supplier selection significantly and positively affects contract performance in Mbale District Local Government.

4.4.0 Research question three: Finding out the effect of ethical standards on contract performance in Mbale District Local Government

Table 11: Showing the effect of ethical standards on contract performance in Mbale District Local Government

Detail	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	S.D
High ethical standards foster trust between contracting parties, leading to better collaboration and smoother contract execution	8.0	21.0	11.0	29.0	31.0	2.350	1.448
Maintaining ethical standards enhances the reputation of both parties, which can lead to more opportunities and better performance in future contracts	38.0	24.0	17.0	6.0	15.0	2.383	1.993
Adhering to ethical standards minimizes the risk of fraud, corruption, and legal issues, which can otherwise disrupt contract performance	22.0	29.0	16.0	14.0	19.0	2.267	1.260
Ethical behavior promotes transparency in all contract dealings, ensuring that all parties have a clear understanding of expectations, reducing conflicts, and improving performance	54.0	21.0	2.0	17.0	6.0	2.667	1.130

Upholding ethical standards ensures compliance with legal and regulatory requirements, reducing the risk of penalties and contract termination	43.0	25.0	13.0	16.0	3.0	2.367	1.823
Average mean						2.407	1.1308

Source: Primary data 2024

With reference to table 11 above, it can be seen that 8% strongly agreed, 21% to the statement that high ethical standards foster trust between contracting parties, leading to better collaboration and smoother contract execution while 11% of the respondents were not sure, 29% Disagreed, 31% strongly disagreed . This concurs with the research carried out by Mureithi (2008) who stated that high ethical standards foster trust between contracting parties, leading to better collaboration and smoother contract execution. This implies that high ethical standards foster trust between contracting parties, leading to better collaboration and smoother contract execution. It can be observed that the majority of the respondents 38% strongly agreed, 24% agreed to the statement that maintaining ethical standards enhances the reputation of both parties, which can lead to more opportunities and better performance in future contracts, 6% Disagreed, 15% strongly disagreed to same while 17% of the respondents were not sure. This agrees with the research carried out by Wrigley (2008) stressed that maintaining ethical standards enhances the reputation of both parties, which can lead to more opportunities and better performance in future contracts hence implying that maintaining ethical standards enhances the reputation of both parties, which can lead to more opportunities and better performance in future contracts.

When asked whether adhering to ethical standards minimizes the risk of fraud, corruption, and legal issues, which can otherwise disrupt contract performance, 22% strongly agreed, 29% strongly agreed to the statement, 14% Disagreed, 19% strongly disagreed to the same statement mean while 16% of the respondents were not sure. These findings were in line with Danida, (2012) who articulated that adhering to ethical standards minimizes the risk of fraud, corruption, and legal issues, which can otherwise disrupt contract performance. This is an indication that adhering to ethical standards minimizes the risk of fraud, corruption, and legal issues, which can otherwise disrupt contract performance.

It can also be observed that the majority of the respondents 54% strongly agreed, 21% Agreed to the statement that ethical behavior promotes transparency in all contract dealings, ensuring that all

parties have a clear understanding of expectations, reducing conflicts, and improving performance, 17% Disagreed, 6% strongly disagreed to the same statement while 2% of the respondents were not sure. This was in accordance to Várzea (2005) pointed out that ethical behavior promotes transparency in all contract dealings, ensuring that all parties have a clear understanding of expectations, reducing conflicts, and improving performance. This is a manifestation that ethical behavior promotes transparency in all contract dealings, ensuring that all parties have a clear understanding of expectations, reducing conflicts, and improving performance.

It can be observed that the majority of the responds 43% strongly agreed ,25% agreed to the statement that upholding ethical standards ensures compliance with legal and regulatory requirements, reducing the risk of penalties and contract termination, 16% Disagreed, 3% strongly disagreed to the same statement while 13% of the respondents were not sure hence implying that upholding ethical standards ensures compliance with legal and regulatory requirements, reducing the risk of penalties and contract termination.

4.4.6 Regression Analysis for the effect of ethical standards on contract performance in Mbale District Local Government

In order to analyze the effect of ethical standards on contract performance in Mbale District Local Government, the independent variable was conceptualized in terms of ethical standards and for the study to achieve its objectives; regression analysis to assess its effect on contract performance was performed using SPSS. The results from analysis were presented in the model summary and coefficients tables below.

Table 4.24 Showing regression model summary and Coefficients for the effect of ethical standards on contract performance in Mbale District Local Government

Model Summary

Model	R	R Square	Adjusted R Square	F-Statistic	Std. Error of the Estimate
1	.194 ^a	.037	.021	8.642	.588

a. Predictors: (Constant), Ethical standards

Coefficients^a

Model	Un standardized Coefficients		Standardized Coefficients	Sig.
	B	Std. Error	Beta	
1 (Constant)	3.356	.374		.000
Ethical standards	.091	.100	.114	.169

a. Dependent Variable: contract performance

Source: primary data, (2024)

From the table 4.24 showing the model summary statistics above, a p-value = 0.169 that is more than 5% level of significance indicates that ethical standards (Beta=0.091) predicts and affects their contract performance. However, its effect is insignificant at p-value > 0.05. An adjusted R² of 0.021 implies that ethical standards explain 2.1% variations in contract performance in Mbale District Local Government. However, these variations are not significant in affecting contract performance.

4.5 Contract performance

Table 13: Showing the contract performance

Detail	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	S.D
Effective contract performance enhances the quality and timeliness of service delivery, leading to improved public satisfaction in Mbale district	35.0	21.0	3.0	31.0	10.0	2.350	1.448
Proper contract performance ensures that projects are completed within budget,	33.0	47.0	13.0	2.0	5.0	2.383	1.993

reducing instances of overspending and financial wastage in the district							
High standards in contract performance result in better quality infrastructure and public services, contributing to the long-term development of Mbale.	6.0	14.0	24.0	43.0	13.0	2.267	1.260
Strong contract performance promotes accountability and transparency, reducing corruption and fostering trust in local government processes	25.0	32.0	10.0	13.0	20.0	2.667	1.130
Successful contract execution supports local businesses and workers, boosting economic activities and job creation in Mbale district	35.0	16.0	10.0	22.0	17.0	2.367	1.823
Average mean						2.407	1.1308

Source: Primary data 2024

With reference to table 13 above, it can be seen that 35% strongly agreed, 21 Agreed to the statement that effective contract performance enhances the quality and timeliness of service delivery, leading to improved public satisfaction in Mbale district, 31% Disagreed, 10% strongly disagreed to the same statement while 3% of the respondents were not. This is an indication that effective contract performance enhances the quality and timeliness of service delivery, leading to improved public satisfaction in Mbale district.

It can be observed that the majority of the respondents 33% strongly agreed, 47% Agreed to the statement that proper contract performance ensures that projects are completed within budget, reducing instances of overspending and financial wastage in the district, 2% Disagreed, 5% strongly disagreed to the same statement while 13% of the respondents were not sure. These findings concur with the research carried out by Schein, (2011) opined that proper contract performance ensures that projects are completed within budget, reducing instances of overspending and financial wastage in the district

When asked whether high standards in contract performance result in better quality infrastructure and public services, contributing to the long-term development of Mbale 6% strongly agreed, 14%

Agreed to the statement 43% Disagreed, 13% strongly disagreed to the same statement and 24% of the respondents were not sure. This is an indication that high standards in contract performance result in better quality infrastructure and public services, contributing to the long-term development of Mbale.

It can also be observed that the majority of the respondents 25% strongly agreed, 32% Agreed to the statement that strong contract performance promotes accountability and transparency, reducing corruption and fostering trust in local government processes, 10% of the respondents were not sure while 13% Disagreed, 20% strongly disagreed to the same statement making the minority of the respondents. This implies that strong contract performance promotes accountability and transparency, reducing corruption and fostering trust in local government processes.

It can be seen that 35% strongly agreed, 16% Agreed to the statement that successful contract execution supports local businesses and workers, boosting economic activities and job creation in Mbale district, 22% Disagreed, 17% strongly disagreed to the same statement while 10% of the respondents were not sure. This is an indication that successful contract execution supports local businesses and workers, boosting economic activities and job creation in Mbale district.

4.3.1 Model summary

Table 14 Model Summary showing the regression analysis of contract performance in Mbale District Local Government

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.007 ^a	.000	-.008	1.252

Source: primary data 2024

a. Predictors: (Constant), contract performance in Mbale District Local Government

Table 14 above provides for R and R² values. The R value represents the simple correlation and is 0.000049 which indicates a lower degree of regression. The R² indicates how much of the total variation in the dependent variable (contract performance in Mbale District Local Government), can be explained by contract performance in Mbale District Local Government, 0.8% can be explained, which is very small.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction.

In this chapter the researcher gives a summary of findings, conclusions and recommendation in line with the research questions and objectives.

5.1 Summary of findings.

The researcher provided a summary of findings in line with the objectives as follows;

5.1.1 Research Question one: Findings on the effect of procurement processes on contract performance in Mbale District Local Government

The study investigated into the effect of procurement processes on contract performance in Mbale District Local Government. Results according to descriptive statistics showed that most respondents were positive to the statements that they were asked. For example; majority of respondents constituting 30% strongly agreed, 24% Agreed to the statement that efficient procurement processes help ensure that contracts are completed on schedule, reducing delays and enhancing overall project performance; 33% strongly agreed, 29% agreed to the statement that proper procurement processes include risk assessment and mitigation strategies, which enhance contract performance by addressing potential issues proactively; 48% strongly agreed, 13% Agreed to the statement that effective procurement fosters strong relationships with suppliers, leading to better collaboration, communication, and contract outcomes. The results indicate that procurement processes positively (Beta=0.153) contract performance in Mbale District Local Government predicts the and effect is significant at p-value < 0.05.

On the other hand, while 29% disagreed, 46% disagreed to the two statement that effective procurement processes can prevent cost overruns by ensuring accurate budgeting and avoiding unnecessary expenses during contract execution, besides 32% Disagreed, 22 strongly disagreed to the to the statement that adhering to procurement guidelines ensure that contracts are legally compliant, reducing the risk of legal disputes and penalties.

Most responses were positive indicating that procurement processes has a significant effect on contract performance in Mbale District Local Government.

5.1.2 Research Question two: Findings on the effect of supplier selection on contract performance in Mbale District Local Government

The study investigated into the effect of supplier selection on contract performance in Mbale District Local Government

Results according to descriptive statistics indicated that majority of the respondents 35% strongly agreed, 21% Agreed to the statement that selecting the right supplier ensures that materials and services meet the required standards, leading to high-quality contract outcomes, 33% strongly agreed, 47% Agreed to the statement that a reliable supplier is crucial for timely delivery of goods and services, which helps in adhering to project timelines and contract milestones, it can be observed that 25% strongly agreed, 32% Agreed to the statement that selecting suppliers with a good track record and strong risk management practices reduces the likelihood of supply chain disruptions and contract failures, and 35% strongly agreed, 16% Agreed to the statement that a dependable supplier ensures consistent performance, minimizing delays and ensuring that contract obligations are met without interruptions while 43% Disagreed, 13% strongly disagreed to the same statement that choosing a cost-effective supplier helps in managing the contract budget, preventing cost overruns, and optimizing resource allocation. The results showed that supplier selection on positively (Beta=0.224) predicts the contract performance in Mbale District Local Government and effect is significant at p-value < 0.05.

Most responses were positive indicating that supplier selection has a significant effect on contract performance in Mbale District Local Government.

5.1.3 Question three: Findings on the effect of ethical standards on contract performance in Mbale District Local Government.

Results according to elucidation statistics revealed that 22% strongly agreed, 29% strongly agreed to the statement that adhering to ethical standards minimizes the risk of fraud, corruption, and legal issues, which can otherwise disrupt contract performance, 54% strongly agreed, 21% Agreed to the statement that ethical behavior promotes transparency in all contract dealings, ensuring that all parties have a clear understanding of expectations, reducing conflicts, and improving performance, 43% strongly agreed ,25% agreed to the statement that upholding ethical standards ensures compliance with legal and regulatory requirements, reducing the risk of penalties and contract termination, and 38% strongly agreed, 24% agreed to the statement that maintaining ethical

standards enhances the reputation of both parties, which can lead to more opportunities and better performance in future contracts. It was indicated that ethical standards (Beta=0.091) predicts and affects their contract performance in Mbale District Local Government. However, its effect is insignificant at p-value > 0.05 On the other hand, 29% Disagreed, 31% strongly disagreed to the same statement to the statement that high ethical standards foster trust between contracting parties, leading to better collaboration and smoother contract execution. Most responses were positive indicating that ethical standards have a significant effect on contract performance in Mbale District Local Government.

5.2 Conclusion

Basing on the results of the first objective, it can be concluded that procurement processes has a significant effect on contract performance in Mbale District Local Government. Therefore, should be enhanced by; implementing transparent and competitive bidding processes ensures fairness and selects the most capable contractors. Additionally, leveraging technology through e-procurement systems can streamline procurement activities, reduce errors, and increase efficiency. Establishing clear evaluation criteria and comprehensive contract terms helps in setting precise expectations and minimizing disputes. Regular monitoring and performance evaluations during the contract period can help identify and address issues early, ensuring that projects remain on track. Furthermore, fostering strong communication and collaboration between stakeholders, including suppliers and project management teams, can enhance mutual understanding and commitment to achieving project goals. Finally, investing in training and capacity building for procurement personnel ensures they are equipped with the necessary skills and knowledge to manage procurement effectively.

Basing on the results of the second objective, it can be concluded that supplier selection has a significant effect on contract performance in Mbale District Local Government. This can be enhanced by adopting a strategic approach that focuses on identifying suppliers who can meet quality, cost, and delivery expectations. Firstly, establishing clear, comprehensive selection criteria that prioritize not only price but also quality, reliability, financial stability, and previous performance is crucial. Utilizing robust evaluation methods, such as multi-criteria analysis and scorecards, can help objectively assess potential suppliers against these criteria. Engaging in due diligence, including supplier audits and reference checks, ensures a thorough understanding of the supplier's capabilities and risks. Additionally, fostering long-term relationships with suppliers

through regular communication and performance feedback can encourage continuous improvement and commitment to contract success. Incorporating technology, such as supplier management software, can streamline the selection process and provide valuable insights into supplier performance, further supporting informed decision-making.

It can also be concluded basing on objective three that ethical standards have a significant effect on contract performance in Mbale District Local Government. This can be enhanced by establishing a strong ethical framework and culture within the procurement process. This can be achieved by developing and enforcing a clear code of conduct that outlines acceptable behaviors, anti-corruption policies, and conflict-of-interest guidelines for all stakeholders involved. Providing regular training on ethics and compliance to procurement staff and suppliers helps reinforce the importance of ethical behavior. Additionally, implementing transparent procurement procedures, such as open and fair bidding processes, reduces opportunities for unethical practices. Encouraging a culture of accountability, where unethical actions are reported and addressed promptly through a secure whistleblower system, can deter misconduct. By maintaining high ethical standards, organizations can build trust with suppliers, reduce the risk of fraud and corruption, and ensure that contracts are executed fairly and effectively, leading to improved contract performance.

5.3 Recommendations

Mbale District Local Government should implement transparent and competitive bidding processes ensure fairness and selects the most capable contractors. Additionally, leveraging technology through e-procurement systems can streamline procurement activities, reduce errors, and increase efficiency. Establishing clear evaluation criteria and comprehensive contract terms helps in setting precise expectations and minimizing disputes. Regular monitoring and performance evaluations during the contract period can help identify and address issues early, ensuring that projects remain on track. Furthermore, fostering strong communication and collaboration between stakeholders, including suppliers and project management teams, can enhance mutual understanding and commitment to achieving project goals. Finally, investing in training and capacity building for procurement personnel ensures they are equipped with the necessary skills and knowledge to manage procurement effectively.

There is need to for the district to adopt a strategic approach that focuses on identifying suppliers who can meet quality, cost, and delivery expectations. Firstly, establishing clear, comprehensive selection criteria that prioritize not only price but also quality, reliability, financial stability, and

previous performance is crucial. Utilizing robust evaluation methods, such as multi-criteria analysis and scorecards, can help objectively assess potential suppliers against these criteria. Engaging in due diligence, including supplier audits and reference checks, ensures a thorough understanding of the supplier's capabilities and risks. Additionally, fostering long-term relationships with suppliers through regular communication and performance feedback can encourage continuous improvement and commitment to contract success. Incorporating technology, such as supplier management software, can streamline the selection process and provide valuable insights into supplier performance, further supporting informed decision-making

There is need to establish a strong ethical framework and culture within the procurement process. This can be achieved by developing and enforcing a clear code of conduct that outlines acceptable behaviors, anti-corruption policies, and conflict-of-interest guidelines for all stakeholders involved. Providing regular training on ethics and compliance to procurement staff and suppliers helps reinforce the importance of ethical behavior. Additionally, implementing transparent procurement procedures, such as open and fair bidding processes, reduces opportunities for unethical practices. Encouraging a culture of accountability, where unethical actions are reported and addressed promptly through a secure whistleblower system, can deter misconduct. By maintaining high ethical standards, organizations can build trust with suppliers, reduce the risk of fraud and corruption, and ensure that contracts are executed fairly and effectively, leading to improved contract performance.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Dear respondent;

I am Ndaula Faizo Francis carrying out research on the topic “Influence of supplier engagement on contract performance.” as a partial fulfillment for the award of bachelors of procurement management at Uganda Christian University .The questionnaire is designed to help me collect relevant information and therefore I kindly request you to participate in responding to the questions that was asked .However the information given was treated confidential and will only be used for academic purpose.

SECTION 1: DEMOGRAPHIC DATA

(Tick in the box provided)

1. Gender distribution of the respondent

a) Male b) Female

2. Marital status of the respondent

a) Single b) Married Divorced Widowed

3. Age bracket of the respondent (years)

a) 20-30 b) 31-40 c) 41-50 C) 60 and above

4. Academic qualification of respondent

a) Secondary b) Certificate c) Diploma d) Bachelors' Masters

5. Years of working by the respondents.

a) Less than 1 year b) 1-2 years c) 3 years and above

Section A: To assess the effect of procurement processes on contract performance in Mbale District Local Government

. This section aims at assessing the effect of procurement processes on contract performance in Mbale District Local Government. Please indicate your opinion on the following statements using the Linkert scale. Key: **1= agreed, 2= strongly agreed; 3= not sure; 4= disagreed; 5= strongly disagreed.**

No		1	2	3	4	5
1	Efficient procurement processes help ensure that contracts are completed on schedule, reducing delays and enhancing overall project performance.					
2	Effective procurement processes can prevent cost overruns by ensuring accurate budgeting and avoiding unnecessary expenses during contract execution.					
3	Adhering to procurement guidelines ensure that contracts are legally compliant, reducing the risk of legal disputes and penalties.					
4	Proper procurement processes include risk assessment and mitigation strategies, which enhance contract performance by addressing potential issues proactively.					
5	Effective procurement fosters strong relationships with suppliers, leading to better collaboration, communication, and contract outcomes.					

Section B: To analyze the effect of supplier selection on contract performance in Mbale District Local Government

This section aims at analyzing effect of supplier selection on contract performance in Mbale District Local Government. Please indicate your opinion on the following statements using the Linkert scale. Key: **1= agreed, 2= strongly agreed; 3= not sure; 4= disagreed; 5= strongly disagreed.**

No		1	2	3	4	5
1	Selecting the right supplier ensures that materials and services meet the required standards, leading to high-quality contract outcomes.					
2	A reliable supplier is crucial for timely delivery of goods and services, which helps in adhering to project timelines and contract milestones.					
3	Choosing a cost-effective supplier helps in managing the contract budget, preventing cost overruns, and optimizing resource allocation.					
4	Selecting suppliers with a good track record and strong risk management practices reduces the likelihood of supply chain disruptions and contract failures.					
5	A dependable supplier ensures consistent performance, minimizing delays and ensuring that contract obligations are met without interruptions.					
6	Selecting a supplier with expertise and innovative capabilities can enhance the overall performance of the contract by introducing better solutions and technologies.					

Section C: To examine the effect of ethical standards on contract performance in Mbale District Local Government

This section aims at examining the effect of ethical standards on contract performance in Mbale District Local Government. Please indicate your opinion on the following statements using the Linkert scale. Key: **1= agreed, 2= strongly agreed; 3= not sure; 4= disagreed; 5= strongly disagreed.**

No		1	2	3	4	5
1	High ethical standards foster trust between contracting parties, leading to better collaboration and smoother contract execution					
2	Maintaining ethical standards enhances the reputation of both parties, which can lead to more opportunities and better performance in future contracts.					
3	Adhering to ethical standards minimizes the risk of fraud, corruption, and legal issues, which can otherwise disrupt contract performance.					
4	Ethical behavior promotes transparency in all contract dealings, ensuring that all parties have a clear understanding of expectations, reducing conflicts, and improving performance.					
5	Upholding ethical standards ensures compliance with legal and regulatory requirements, reducing the risk of penalties and contract termination.					

Section D: Contract performance

This section aims at establishing the indicators of contract performance in Mbale District Local Government. Please indicate your opinion on the following statements using the Linkert scale.

Key: strongly agreed=1, Agreed=2, Neutral=3, Disagreed=4, strongly disagreed=5

No	Statements	1	2	3	4	5
1	Effective contract performance enhances the quality and timeliness of service delivery, leading to improved public satisfaction in Mbale district.					
2	Proper contract performance ensures that projects are completed within budget, reducing instances of overspending and financial wastage in the district.					
3	High standards in contract performance result in better quality infrastructure and public services, contributing to the long-term development of Mbale.					
4	Strong contract performance promotes accountability and transparency, reducing corruption and fostering trust in local government processes.					
5	Successful contract execution supports local businesses and workers, boosting economic activities and job creation in Mbale district.					

APPENDIX II: INTERVIEW GUIDE

How do you perceive the impact of procurement planning on the overall performance of contracts?

In what ways do procurement procedures affect the timeliness of contract execution?

How does the transparency of the procurement process influence the quality of deliverables in your contracts?

Can you share your experience with how procurement processes have impacted cost management during contract implementation?

What challenges have you faced in the procurement process that directly affected contract performance, and how were they addressed?

How does the process of supplier selection influence the quality and reliability of contract deliverables?

What criteria do you consider most important in selecting suppliers, and how do these criteria impact contract outcomes?

Can you describe a situation where the choice of supplier positively or negatively affected the timeliness of contract completion?

How do the past performance and reputation of a supplier influence their selection and, subsequently, the contract performance?

What role does supplier financial stability play in your selection process, and how does it impact contract execution?

How do you ensure that ethical standards are maintained throughout the contract lifecycle, and how does this affect performance?

Can you describe an instance where adherence to ethical standards positively influenced the outcome of a contract?

In your experience, how does the enforcement of ethical standards impact relationships with suppliers and overall contract performance?

How does the commitment to ethical behavior by all parties involved in the contract affect the risk management process?

What challenges have you encountered in maintaining ethical standards during contract execution, and how were they mitigated to ensure successful performance?



UGANDA CHRISTIAN UNIVERSITY, MBALE UNIVERSITY COLLEGE.

A Centre of Excellence in the Heart of Africa

BUSINESS DEPARTMENT

To CHIEF ADMINISTRATIVE OFFICER

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss NSAYILA FARO FRANCIS
Of Registration Number; 5221MUC1BPLM/013 pursuing a Masters' Degree/Postgraduate Diploma / Bachelor's Degree

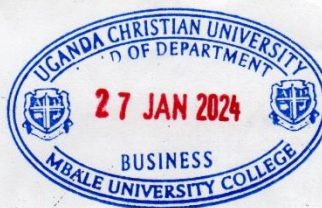
BACHELOR'S DEGREE IN PROCUREMENT & LOGISTICS MGT

He/ she is required to carry out an academic research on the topic CONTRACT PERFORMANCE & SUPPLIER ENGAGEMENT IN LOCAL GOVERNMENTS (MBALE DISTRICT LOCAL GOVT)

and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate and three (BLACK) copies for Postgraduate students as a University requirement for the award of a degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.
Thank you.
Yours faithfully,

Henry Omache
Head of Business Department UCU-MUC



*Senior In-charge
Please Release him
to our
Office.
Committee
Research in
Mbaale
23/8/24*

