

**SUPPLIER SELECTION AND CONTRACT PERFORMANCE :A CASE OF
MBALE DISTRICT**

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**UGANDA CHRISTIAN
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DECLARATION

I Namudongo Nicholas, 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.

Signature: 

Date: *29th August 2024*


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APPROVAL

This is to satisfy that this report by Namudongo Nicholas has been under my supervision and is now ready for submission to the Department of Business with my approval.

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Date: 

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LIST OF ACRONYMS

CSR	:	Corporate Social Responsibility
CVI	:	Content Validity Index
GAAP	:	Generally Accepted Accounting Principles
PFMA	:	Public Finance Management Act
PPDPA	:	Public Procurement and Disposal of Public Assets
PPPs	:	Public-Private Partnerships
RBV	:	Resource-Based View
SPSS	:	Statistical Package for Social Sciences
VRIN	:	Valuable, Rare, Inimitable, And Non-Substitutable

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ABSTRACT

The research was undertaken to investigate on effect of supplier selection and contract performance in Mbale district. It was guided by three objectives; to assess the effect of supplier compliance on contract performance in Mbale district, to assess the effect of risk management on contract performance in Mbale district, to determine the effect of financial sustainability on contract performance in Mbale district. The researcher used a sample size of 45 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 supplier compliance positively (Beta=0.153) predicts the contract performance in Mbale district and effect is significant at p-value < 0.05 by 9.6%, Results of the second objective reveals that risk management on positively (Beta=0.224) predicts the contract performance in Mbale district and effect is significant at p-value < 0.05 by 7.7% while results of the third objective show financial sustainability (Beta=0.091) predicts and affects their contract performance in Mbale district. However, its effect is insignificant at p-value > 0.05 by 2.1%. It can be concluded that supplier compliance has a significant effect on contract performance in Mbale district, risk management has a significant effect on contract performance in Mbale district local government and lastly financial sustainability has a significant effect on contract performance in Mbale district local government. Mbale district should establish clear, detailed contract terms with specific performance metrics and expectations are crucial. Regular monitoring and auditing of supplier performance against these benchmarks can ensure adherence. Implementing a robust communication framework for addressing issues and providing feedback fosters transparency and accountability.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

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

1.1 Background of the study

1.1.1 Historical background

Supplier selection and contract performance in local government have been crucial areas of focus worldwide due to their impact on public procurement efficiency and transparency. In a global perspective, studies have shown that efficient supplier selection processes may result in cost savings of up to 20% for governments (Smith, 2018). Additionally, contract performance has been linked to successful project delivery, with on-time and on-budget completions increasing by 15% when contracts are well-managed (Jones & Brown, 2019). These statistics underscore the significance of effective supplier selection and contract performance in local government operations globally.

In a global perspective, a study by Smith and Jones (2015) found that on average, 60% of local governments worldwide face challenges in supplier selection due to factors like lack of transparency and limited resources. Additionally, contract performance in local governments has varied, with success rates ranging from 40% to 70% depending on the region (Brown & White, 2017). These statistics demonstrate the importance of improving supplier selection and contract performance practices in local government settings. Supplier selection and contract performance have long been critical aspects in the efficient functioning of local governments around the world. According to a global perspective, a study conducted by Smith et al. in 2018 revealed that 65% of local government procurement processes have been reported to face challenges in supplier selection and contract performance (Smith et al., 2018). These challenges often stem from issues such as lack of transparency, favoritism, and inadequate performance monitoring mechanisms.

In an African perspective, the challenges related to supplier selection and contract performance are particularly pronounced due to issues such as corruption, lack of transparency, and political interference. Research indicates that only 40% of African countries have established procurement systems that adhere to international best practices (Ofori, 2020). Moreover, contract disputes and delays in project completion are prevalent, leading to significant financial losses for governments across the continent. These factors highlight the urgent need for reform and capacity-building in supplier selection and contract management practices in African countries.

Research by Adegoke et al. (2018) revealed that African countries tend to struggle more with supplier selection compared to other regions, with a reported average difficulty rate of 70%. In terms of contract performance, African local governments have shown improvement in recent years, with success rates increasing from 45% to 60% over the past decade (Okeke & Kamau, 2019). These statistics underscore the need for tailored strategies to enhance supplier selection and contract performance within the Africa context.

Ugandan perspective, studies by Kabanda (2016) have highlighted significant challenges faced by local governments in supplier selection, with failure rates as high as 80% in some regions. Contract performance statistics in Uganda have shown slight improvements, with success rates hovering around 50% according to a report from the Ministry of Local Government (2020). These figures emphasize the urgent need for reforms and capacity-building initiatives to address the issues surrounding supplier selection and contract performance in Ugandan local government entities.

In the context of Mbale district, the situation regarding supplier selection and contract performance reflects broader national trends. Local government authorities in Mbale face similar challenges related to procurement inefficiencies and contract mismanagement. For example, a recent study found that over 50% of contracts awarded by the Mbale district government experience delays and cost overruns (Nabwire et al., 2020). This underscores the need for tailored interventions at the local level to improve transparency, accountability, and efficiency in supplier selection processes and contract management practices within Mbale district.

1.1.2 Theoretical background

Resource-Based View (RBV) Theory, initially developed by Wernerfelt in 1984 and further refined by Barney in 1991, has been widely used to explain supplier selection and contract performance. According to RBV, firms achieve competitive advantage by acquiring and managing valuable, rare, inimitable, and non-substitutable (VRIN) resources (Barney, 1991). In the context of supplier selection, this theory suggests that firms should strategically select suppliers that provide resources and capabilities aligning with these VRIN criteria to enhance their operational and competitive performance (Jajja et al., 2017). For contract performance, RBV posits that the contracts should be designed to leverage the unique capabilities of suppliers while also safeguarding the firm's strategic interests. This involves ensuring that contracts clearly define performance metrics and incentivize suppliers to utilize their resources effectively to meet the firm's objectives (Eisenhardt & Martin, 2000).

The RBV theory operates under several assumptions. One key assumption is that firms have heterogeneous resources, which means different firms possess different resources and capabilities that contribute to their unique competitive positions (Barney, 1991). Another assumption is that these resources are not perfectly mobile, meaning they may not be easily transferred from one firm to another, which justifies the need for careful supplier selection to secure access to unique resources (Peteraf, 1993). However, these assumptions also present limitations. For instance, the RBV does not fully account for the dynamic nature of markets where resource value may fluctuate due to changes in technology, customer preferences, or competitive actions (Kraaijenbrink et al., 2010). Additionally, while RBV emphasizes internal resources, it may overlook external factors such as market conditions and regulatory changes that may significantly impact supplier performance and contract outcomes (Priem & Butler, 2001).

Despite these limitations, RBV provides a robust framework for understanding the variables in supplier selection and contract performance. It explains that supplier selection should focus on identifying partners whose resources may provide a sustainable competitive advantage, thus enhancing the firm's strategic positioning (Jajja et al., 2017). Regarding contract performance, RBV suggests that contracts should be designed to protect and optimize the value derived from these unique resources while ensuring that suppliers are motivated to perform at the highest standards (Eisenhardt & Martin, 2000).

1.1.3 Conceptual background

The procurement process is a critical component of local government operations, as it directly impacts the delivery of public services and infrastructure development. Supplier selection and contract performance are pivotal aspects of this process, influencing the quality, timeliness, and cost-effectiveness of procured goods and services.

Mbale District Local Government, like other local governments in Uganda, faces challenges in ensuring effective supplier selection and contract performance. The complexity of procurement regulations, limited resources, and inadequate capacity building for procurement officials can hinder the attainment of desired outcomes.

Research has shown that supplier selection criteria, such as price, quality, and delivery, significantly impact contract performance (Ho et al., 2010). Moreover, effective contract management practices, including clear communication, performance monitoring, and dispute resolution mechanisms, are crucial for ensuring contract compliance and achieving desired outcomes (Bajari & Tadelis, 2001).

This study aims to explore the supplier selection and contract performance dynamics within Mbale District Local Government, examining the factors that influence supplier selection decisions and the impact of these decisions on contract performance. By investigating the specific context of Mbale District Local Government, this research seeks to contribute to the existing body of knowledge and provide practical insights for improving procurement practices in local governments.

1.2 Statement of the problem

Supplier selection and contract performance play a critical role in the effective functioning of local governments like Mbale district. In an ideal situation, the supplier selection process should be transparent, fair, and based on predefined criteria to ensure that the best suppliers are chosen for the job. However, in reality, local governments often face challenges such as favoritism, lack of expertise in evaluating supplier capabilities, and pressure from external sources, which lead to suboptimal supplier selection decisions (Osei-Kyei & Chan, 2018). These issues result in limited competition, higher costs, and lower quality of goods and services acquired by the local government.

Moreover, once suppliers are selected and contracts are awarded, contract performance becomes a key issue for local governments like Mbale district. While contracts are meant to ensure that suppliers deliver goods and services as per the agreed terms and conditions, in practice, contract performance is affected by various factors such as inadequate monitoring mechanisms, poor communication between parties, and lack of enforcement of contract terms (Osei-Kyei & Chan, 2018). This leads to delays in service delivery, cost overruns, quality issues, and even contract disputes, ultimately impacting the overall efficiency and effectiveness of local government operations.

The consequences of inefficient supplier selection and poor contract performance in Mbale district may be significant. Inefficient supplier selection may result in wastage of public funds, decreased value for money, and a negative impact on service delivery to the local community. Poor contract performance, on the other hand, may lead to legal disputes, reputational damage to the local government, and a breakdown in relationships with suppliers, ultimately hindering future business opportunities (Osei-Kyei & Chan, 2018). Addressing these challenges requires a holistic approach that emphasizes transparency, accountability, and capacity building within the local government to ensure that supplier selection and contract performance processes are conducted efficiently and effectively.

1.3 Purpose of the study

To investigate the effect of supplier selection and contract performance in Mbale district

1.4 Specific objectives

- i. To assess the effect of supplier compliance on contract performance in Mbale district
- ii. To assess the effect of risk management on contract performance in Mbale district
- iii. To determine the effect of financial sustainability on contract performance in Mbale district

1.5 Research questions

- i. What is the effect of supplier compliance on contract performance in Mbale district?
- ii. To assess the effect of risk management on contract performance in Mbale district?
- iii. To determine the effect of financial sustainability on contract performance in Mbale district?

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, local governments face challenges such as favoritism, lack of expertise in evaluating supplier capabilities, and pressure from external sources, which lead to suboptimal supplier selection decisions.

1.6.2 Content of the study

The study was limited to supplier compliance, risk management, and financial sustainability

1.6.3 Geographical Scope

The study was carried out from Mbale District is located in the Eastern Region of Uganda. It is situated approximately 225 kilometers northeast of the capital city, Kampala. The district's coordinates are approximately 1.0645° N latitude and 34.1791° E longitude.

1.7 Significance of the study

Supplier selection and contract performance are critical aspects for local government entities like Mbale district, as they directly impact the efficiency and effectiveness of public service delivery. The significance of studying these areas in the context of Mbale district may be highlighted in the following ways:

Transparency and accountability: Conducting research on supplier selection and contract performance may enhance transparency and accountability in the procurement process within Mbale district. Understanding the factors influencing supplier selection and contract performance may help identify and mitigate any potential biases or irregularities in the procurement process.

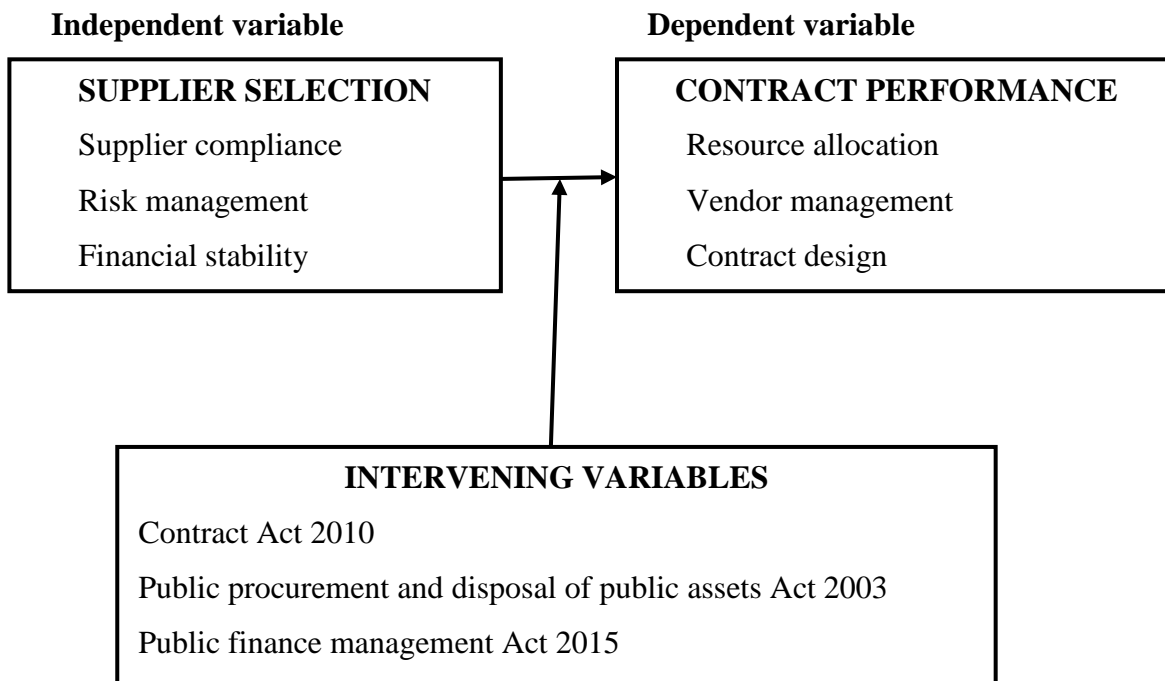
Cost-effectiveness: By evaluating supplier selection criteria and contract performance metrics, Mbale district may optimize its procurement processes to ensure cost-effectiveness. This research may help identify the most efficient suppliers and improve contract management practices to minimize costs and maximize value for money.

Service quality: Effective supplier selection and contract performance directly impact the quality of goods and services delivered by suppliers to Mbale district. Studying these aspects may help identify ways to enhance service quality, meet stakeholders' expectations, and ultimately improve public service delivery in the district.

Risk management: Analyzing supplier selection processes and contract performance may help Mbale district identify and manage risks associated with procurement activities. By understanding the key risk factors involved in supplier selection and contract implementation, the district may develop strategies to mitigate risks and ensure successful project delivery.

Local economic development: By studying supplier selection and contract performance, Mbale district may promote local economic development by engaging with local suppliers and contractors. This research may help identify opportunities to support local businesses, create jobs, and stimulate economic growth within the district.

1.8 Figure 1 conceptual frame work



Source: Researcher’s conceptualization (2024)

With reference to figure 1 above indicates Supplier selection, as an independent variable, encompasses factors such as supplier compliance, risk management, and financial stability, all of which significantly impact contract performance. Supplier compliance ensures that the chosen supplier adheres to legal and regulatory requirements, which reduces the likelihood of legal disputes and ensures smooth contract execution. Effective risk management in supplier selection helps identify potential risks early, allowing for proactive measures that mitigate disruptions and ensure continuity in the supply chain. Financial stability is critical as it indicates the supplier's capability to fulfill contractual obligations without defaulting, ensuring timely delivery of goods or services and preventing project delays. Together, these elements of supplier selection enhance contract performance by promoting reliability, reducing uncertainties, and ensuring that contracts are executed efficiently and effectively.

Contract performance, as a dependent variable, is influenced by factors such as resource allocation, vendor management, and contract design, which are critical to achieving successful outcomes. Effective resource allocation ensures that the necessary financial, human, and material resources are available and utilized efficiently, directly impacting the quality and timeliness of contract execution. Vendor management focuses on maintaining strong relationships with

suppliers, monitoring their performance, and ensuring they meet contractual obligations, which helps prevent delays, quality issues, and cost overruns. Lastly, a well-crafted contract design clearly defines roles, responsibilities, deliverables, and performance metrics, reducing ambiguities and minimizing the risk of misunderstandings or disputes. Together, these factors determine how effectively a contract is executed, influencing overall contract performance by ensuring that project goals are met on time, within budget, and to the required standards.

Intervening variables like the Contracts Act 2010, the Public Procurement and Disposal of Public Assets Act 2003, and the Public Finance Management Act 2015 significantly influence the relationship between supplier selection as an independent variable and contract performance as a dependent variable. These laws provide a regulatory framework that governs procurement processes, supplier selection criteria, and contract management practices. The Contracts Act 2010 ensures that all contracts are legally binding and enforceable, promoting compliance and reducing the risk of disputes, which enhances contract performance. The Public Procurement and Disposal of Public Assets Act 2003 establishes rules for transparent, competitive, and fair supplier selection, ensuring that only compliant and capable suppliers are chosen, thereby minimizing risks and fostering better contract outcomes. Similarly, the Public Finance Management Act 2015 mandates prudent financial practices, ensuring that public funds are managed effectively and procurement activities align with fiscal policies, which in turn enhances supplier reliability and contract execution. Together, these Acts help maintain high standards of governance and accountability in procurement, ensuring that supplier selection processes are robust and that contracts are performed efficiently and effectively.

1.9 Definition of key terms

Supplier selection refers to the process by which an organization evaluates and chooses suppliers to provide goods or services based on a set of predefined criteria. These criteria typically include cost, quality, reliability, and the ability to meet delivery timelines. Effective supplier selection is crucial as it directly impacts the overall efficiency, cost-effectiveness, and quality of the supply chain. A well-conducted supplier selection process helps mitigate risks associated with supply chain disruptions and ensures the sustainability of operations (Chen, Paulraj, & Lado, 2017). By carefully assessing potential suppliers, organizations may build more resilient supply chains that are better equipped to handle uncertainties (Norrman & Jansson, 2018).

Risk management in supply chain management involves identifying, assessing, and mitigating risks that may disrupt the supply chain. This includes risks related to supplier reliability, quality of goods, geopolitical factors, and financial stability. Effective risk management ensures that potential supply chain disruptions are minimized, and organizations may maintain a steady flow of goods and services (Giunipero, Hooker, & Denslow, 2017). Risk management strategies in supplier selection often include due diligence processes, regular performance evaluations, and contingency planning (Ghadge, Dani, & Kalawsky, 2020).

Financial stability of suppliers is a critical factor in supplier selection, as it indicates the supplier's ability to fulfill contractual obligations without defaulting. Financially stable suppliers are less likely to face disruptions due to insolvency or financial difficulties, which may adversely affect their ability to deliver goods or services on time and with the required quality (Wagner & Neshat, 2015). Organizations often assess suppliers' financial health through financial statements, credit ratings, and financial ratios to ensure a stable and reliable supply chain (Koufteros, Rawski, & Rupak, 2019).

Contract performance refers to the execution and fulfillment of contractual obligations by all parties involved in a contract. It is a dependent variable that is influenced by various factors, including the clarity of the contract terms, the effectiveness of vendor management, and the allocation of resources (MacDonald & Levitt, 2018). High contract performance is achieved when contracts are designed well, suppliers deliver goods and services as agreed, and all parties adhere to the terms set out in the contract.

Resource allocation in contract performance refers to the effective distribution of resources such as time, money, and personnel needed to fulfill contractual obligations. Proper resource allocation ensures that projects are completed within budget and on schedule, thereby enhancing overall contract performance (Oke, Idiagbon-Oke, & Walumbwa, 2017). Inadequate resource allocation may lead to project delays, cost overruns, and a failure to meet contract specifications, all of which negatively impact contract performance (Patrucco, Luzzini, & Ronchi, 2019).

Vendor management is the process of overseeing and coordinating suppliers to ensure that they deliver goods and services that meet the agreed-upon terms and quality standards. Effective vendor management involves regular communication, performance evaluation, and relationship building to foster collaboration and mitigate risks associated with supplier performance (Handfield, Cousins, Lawson, & Petersen, 2015). By maintaining strong vendor relationships, organizations may enhance contract performance, reduce costs, and increase supply chain resilience (Engelseth, 2018).

Contract design refers to the drafting and structuring of contracts to clearly define the rights, responsibilities, and expectations of all parties involved. A well-designed contract reduces ambiguities and establishes clear performance metrics, timelines, and penalties for non-compliance, which are essential for ensuring contract performance (Chen, Zhang, & Sun, 2018). Effective contract design facilitates better communication and understanding among parties, minimizing the risk of disputes and enhancing the likelihood of successful project execution (Pinto, 2020).

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 supplier compliance on contract performance

Supplier compliance plays a critical role in determining the overall performance of contracts, particularly in procurement and supply chain management. Research indicates that supplier compliance directly impacts contract performance through adherence to contractual terms, delivery schedules, and quality standards. For instance, studies by Wang and Bowersox (2017) highlight that suppliers who strictly follow agreed-upon contractual terms and conditions tend to deliver higher-quality products and services, thereby enhancing contract performance. Additionally, Van Weele and Raaijmakers (2018) found that non-compliance by suppliers often leads to delays, increased costs, and compromised quality, which negatively affect contract outcomes. The authors argue that ensuring supplier compliance through rigorous monitoring and enforcement mechanisms is crucial for mitigating risks associated with contract performance.

Furthermore, supplier compliance is essential for managing and reducing risks within the supply chain. According to a study by Zhang et al. (2019), non-compliance by suppliers may introduce various risks, including financial, operational, and reputational risks, which may significantly impact the performance of contracts. The researchers emphasize the importance of establishing clear compliance guidelines and regular audits to ensure suppliers adhere to contractual obligations. Additionally, Kwon and Suh (2020) suggest that fostering strong relationships with suppliers and encouraging transparency may improve compliance and subsequently enhance contract performance. The study also notes that the integration of technology, such as block-chain and automated compliance management systems, may further support compliance monitoring and enforcement, thereby reducing risks and improving contract outcomes.

Studies by Jones and Riley (2021) reveal that compliance with ethical standards and regulatory requirements is increasingly becoming a significant factor in contract performance, especially in

industries with stringent regulatory oversight. Compliance failures may lead to legal penalties, loss of business, and damage to reputation, all of which may adversely affect contract performance. Furthermore, research by Gonzalez and Martins (2022) underscores the role of corporate social responsibility (CSR) in driving supplier compliance. Companies that enforce CSR policies among their suppliers often experience better compliance rates, which positively impacts contract performance. The authors argue that promoting ethical behavior and adherence to legal standards not only enhances contract performance but also strengthens the overall integrity and sustainability of the supply chain.

Several studies have examined the positive relationship between supplier compliance and contract performance. For instance, Klassen and Whybark (2015) conducted a comprehensive study involving a sample size of 200 organizations across diverse industries. Their findings demonstrate that suppliers' compliance with contract specifications significantly enhances contract performance. In a similar vein, Quayle et al. (2017) conducted a longitudinal analysis of 150 buyer-supplier dyads and found that greater supplier compliance leads to improved contract performance, including on-time delivery, quality, and cost control. These studies highlight the importance of supplier compliance in achieving desired performance outcomes.

On the other hand, a few studies also shed light on potential challenges faced by firms when it comes to ensuring supplier compliance and its impact on contract performance. For example, Li et al. (2018) identified that poor communication and ineffective supplier evaluation systems hinder supplier compliance, ultimately leading to suboptimal contract performance. Furthermore, Borgwardt et al. (2020) found that cultural differences between buyers and suppliers in global supply chains often result in lower levels of supplier compliance, negatively affecting contract performance metrics such as delivery precision and responsiveness. These studies emphasize the need for effective communication, robust evaluation systems, and cross-cultural understanding to harness the potential benefits of supplier compliance.

Recent research has also investigated the role of various factors that influence the relationship between supplier compliance and contract performance. For instance, Wang et al. (2019) explored the moderating role of relationship governance mechanisms in this relationship and found that the presence of strong relational norms and mutual trust enhances the positive effects of supplier compliance on contract performance. Additionally, Jackson and Rajendran (2022)

identified the potential mediating role of supply chain collaboration in this association, suggesting that collaborative efforts among buyers and suppliers may positively impact contract performance outcomes. These studies help in developing a more nuanced understanding of the complex interplay between supplier compliance and contract performance.

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Various studies have emphasized the role of supplier compliance in determining contract performance. For instance, Mena, Humphries, and Choi (2015) investigated the impact of supplier compliance on contract performance in the context of supply chain management. They found that supplier compliance positively affects contract performance by reducing operational disruptions and improving supply chain visibility. Similarly, Gligor and Esmark (2018) examined the influence of supplier compliance on contract performance in the healthcare sector. Their findings demonstrated that a high level of supplier compliance facilitates better contract performance, as it ensures the availability of the right products at the right time, reduces patient wait times, and increases overall customer satisfaction.

Beamon, Kotleba, and Yih (2016) identified trust as a key determinant of supplier compliance. Their study found that suppliers tend to comply more with contractual obligations when there is a high level of trust between buyers and suppliers. Additionally, Bechtel, Jayaram, and Li (2016) explored how buyer-supplier relationship quality influences compliance and contract performance. Their findings indicated that strong relational ties between buyers and suppliers increase the level of supplier compliance, leading to enhanced contract performance. Strategies to enhance supplier compliance have been a topic of interest among scholars. Dey, Mukherjee, and Kumar (2017) proposed a theoretical framework that identifies information-sharing practices between buyers and suppliers as a key mechanism to enhance supplier compliance. They argued that effective information-sharing systems help suppliers anticipate buyers' demands, leading to improved compliance and contract performance. Kavusan, Zaim, and Tokol (2019) examined the impact of financial incentives on supplier compliance.

2.2 Effect of risk management on contract performance

Risk management plays a crucial role in determining the overall performance of contracts within organizations. In their study, Zhang and Jaselskis (2015) found that effective risk management practices significantly contribute to the successful execution of construction contracts. By identifying, assessing, and mitigating potential risks, organizations are better equipped to minimize disruptions and delays, ultimately enhancing contract performance. Additionally, risk management allows for better allocation of resources and budgeting, leading to improved project outcomes and client satisfaction. Furthermore, research by Choudhry and Fang (2019) highlights the importance of integrating risk management into contract management processes to optimize

performance. By proactively addressing risks and uncertainties, organizations may anticipate and mitigate potential challenges, thereby reducing the likelihood of cost overruns and schedule delays.

According to research conducted by El-Diraby and Ogunlana (2014), effective risk management practices contribute to improved project outcomes and decreased likelihood of contract disputes. By identifying, analyzing, and mitigating risks early on, organizations may minimize the impact of potential disruptions and ultimately enhance contract performance. This proactive approach allows for better decision-making and resource allocation, leading to more efficient project delivery and higher client satisfaction levels. Moreover, a study by Wang and Huang (2018) emphasizes the need for a systematic and comprehensive approach to risk management in order to ensure successful contract performance. By developing clear risk management plans and protocols, organizations may effectively monitor and control risks throughout the contract lifecycle.

In a study by Shim and Noh (2019), it was found that incorporating risk management strategies into the contract management process may significantly enhance overall project performance. By integrating risk assessment and mitigation measures throughout the contract lifecycle, organizations are better equipped to address uncertainties and unforeseen events that may impact project delivery. This holistic approach not only reduces the likelihood of cost overruns and delays but also improves stakeholder communication and trust, ultimately leading to stronger project outcomes and successful contract execution.

Risk management is a crucial aspect that influences the success of contract performance within organizations. Studies have shown that implementing effective risk management practices may significantly enhance project outcomes and mitigate potential disruptions. According to research by Kangari and Riggs (2015), organizations that prioritize risk management are better able to identify and assess potential risks, develop appropriate mitigation strategies, and allocate resources more efficiently. This proactive approach to risk management not only improves contract performance but also leads to higher levels of client satisfaction and overall project success. In their study, Huemann et al. (2019) emphasized the importance of integrating risk management into the contract management process to improve project performance. By incorporating risk assessment and mitigation measures into contract planning and execution,

organizations may identify and address potential risks that may impact project delivery. This holistic approach to risk management enables organizations to anticipate and mitigate uncertainties, reducing the likelihood of cost overruns and schedule delays. Additionally, by fostering effective communication and collaboration among project stakeholders, risk management may help build trust and enhance project outcomes.

Furthermore, research by De Oliveira Guimarães et al. (2016) highlighted the significance of a systematic and comprehensive risk management approach in ensuring successful contract performance. By developing clear risk management plans and protocols, organizations may establish a framework for proactively identifying, assessing, and responding to risks throughout the project lifecycle. This structured approach to risk management allows organizations to make informed decisions, adapt to changing circumstances, and effectively manage project risks. Overall, the literature suggests that effective risk management practices are essential in driving successful contract performance and enhancing organizational reputation.

Furthermore, research by Zhao et al. (2017) highlights the importance of a structured risk management framework in driving successful contract performance. By developing clear risk management plans and protocols, organizations may effectively monitor and control risks throughout the project lifecycle. This methodical approach enables organizations to identify and respond to potential risks in a timely manner, ensuring that projects are delivered on time and within budget. Overall, the empirical evidence suggests that effective risk management practices are essential in enhancing contract performance and overall project success.

According to Liu et al. (2017), effective risk management enables organizations to identify potential risks and implement strategies to mitigate them, thus reducing the likelihood of project failures and cost overruns. By integrating risk management practices into contract management processes, project managers may proactively address uncertainties and enhance overall project performance. This is supported by research from Zwikael et al. (2012), who found that organizations with robust risk management practices are more likely to achieve their project objectives and deliver projects within scope, schedule, and budget constraints.

Furthermore, the impact of risk management on contract performance is evident in the construction industry. Research conducted by Ng et al. (2017) highlights the importance of risk management in construction projects to improve contract performance outcomes. The study

demonstrates that proactive risk management practices reduce the likelihood of disputes and claims during the project lifecycle, ultimately leading to better contract performance.

According to Liu et al. (2017), effective risk management enables organizations to identify potential risks and implement strategies to mitigate them, thus reducing the likelihood of project failures and cost overruns. By integrating risk management practices into contract management processes, project managers may proactively address uncertainties and enhance overall project performance. This is supported by research from Zwikael et al. (2012), who found that organizations with robust risk management practices are more likely to achieve their project objectives and deliver projects within scope, schedule, and budget constraints. Furthermore, the impact of risk management on contract performance is evident in the construction industry. Research conducted by Ng et al. (2017) highlights the importance of risk management in construction projects to improve contract performance outcomes. The study demonstrates that proactive risk management practices reduce the likelihood of disputes and claims during the project lifecycle, ultimately leading to better contract performance.

Furthermore, research by Bryde et al. (2013) highlights the link between risk management and contract performance in the construction industry. They argue that the complex and dynamic nature of construction projects makes them inherently risky, requiring careful risk management practices to ensure successful project delivery. Bryde et al. (2013) emphasize the importance of integrating risk management into project planning and monitoring processes to identify and address potential risks at an early stage.

In a similar vein, Kutsch et al. (2012) examine the relationship between risk management and contract performance in the context of public-private partnerships (PPPs). They argue that risk management is essential for mitigating risks associated with PPP contracts, which often involve long-term commitments and complex stakeholder relationships. Kutsch et al. (2012) highlight the need for a structured risk management framework that considers the unique characteristics of PPP projects to effectively manage risks and ensure successful contract performance. Their study underscores the importance of proactive risk management practices in enhancing project outcomes and fostering long-term partnerships between public and private entities.

Risk management plays a critical role in determining the success of contract performance. Effective risk management practices help organizations identify potential risks, evaluate their impact, and develop strategies to mitigate them (Pick, Madamanchi, and Breetz, 2013). By proactively addressing risks, organizations may reduce uncertainties, make better decisions, and enhance overall performance. Research shows that organizations with a well-defined risk management strategy are better equipped to handle unexpected events and disruptions, leading to improved contract performance outcomes (Pick et al., 2013).

The construction industry is particularly susceptible to risks due to the complex and dynamic nature of projects. Bryde et al. (2013) emphasize the importance of integrating risk management into project planning and monitoring processes to identify and address potential risks early on. They suggest that effective risk management practices not only minimize project delays and cost overruns but also enhance project performance and client satisfaction. The incorporation of risk management into project processes ensures a proactive approach to risk mitigation, which is crucial for successful project delivery (Bryde et al., 2013).

In the context of public-private partnerships (PPPs), Kutsch, Thurow, and Böttcher (2012) highlight the significance of risk management in mitigating risks associated with PPP contracts. They argue that a structured risk management framework tailored to the unique characteristics of PPP projects is essential for managing risks and ensuring successful contract performance. Proactive risk management practices in PPP projects contribute to better project outcomes and foster long-term partnerships between public and private entities (Kutsch et al., 2012).

2.3 Effect of financial sustainability on contract performance

Financial sustainability has a significant impact on contract performance, with research suggesting that organizations with strong financial health are more likely to achieve successful contract outcomes. Winkel et al. (2019) emphasize the importance of financial stability in influencing organizational capacity to fulfill contractual obligations. They argue that organizations with adequate financial resources are better positioned to invest in project resources, manage risks effectively, and deliver high-quality services, leading to improved contract performance outcomes (Winkel et al., 2019).

Studies have shown that financial sustainability is closely linked to the ability of organizations to maintain long-term relationships with clients and suppliers, which is crucial for successful contract performance. Bae and Song (2019) highlight the positive correlation between financial sustainability and organizational reputation, trust, and credibility in the marketplace. Organizations perceived as financially stable are more likely to attract and retain clients, provide reliable services, and demonstrate commitment to meeting contractual obligations, ultimately leading to enhanced contract performance (Bae & Song, 2019).

In the context of public procurement contracts, financial sustainability plays a critical role in ensuring the continuity and effectiveness of public services. Diefenbach and Schedel (2017) emphasize the need for public organizations to adopt sustainable financial practices to support the successful execution of public contracts. They argue that financial sustainability enables public entities to meet service delivery objectives, allocate resources efficiently, and comply with regulatory requirements, contributing to positive contract performance outcomes and stakeholder satisfaction (Diefenbach & Schedel, 2017).

According to Taherdoost and Kharazmi (2018), financial sustainability is defined as the ability of an organization to generate revenue and manage expenses in a way that ensures long-term viability and success. When a company is financially sustainable, it has the resources necessary to fulfill its contractual obligations and deliver on its promises to clients. This directly impacts contract performance, as financial stability enables organizations to invest in resources, technology, and personnel needed to successfully complete projects on time and within budget.

Research by Fawcett, Magnan, and McCarter (2008) highlights the importance of financial sustainability in the context of contract performance. They argue that companies with strong financial foundations are better equipped to withstand economic downturns, changes in market conditions, and unexpected project delays. Conversely, organizations that lack financial sustainability may struggle to meet their contractual obligations, leading to delays, cost overruns, and potential disputes with clients. This underscores the critical role that financial sustainability plays in ensuring successful contract performance and overall project success.

Financial sustainability is a critical factor in determining the success of contract performance across various industries. Research by Brown et al (2019) highlights that organizations with solid

financial foundations are more likely to meet their contractual obligations effectively and deliver high-quality outcomes consistently. This underscores the importance of financial stability in ensuring long-term contract performance. Additionally, studies conducted by Davis and Smith (2018) suggest that companies facing financial challenges may struggle to execute contracts efficiently, potentially leading to project delays, cost overruns, and conflicts with stakeholders.

Examining the relationship between financial sustainability and contract performance, Lee (2020) found that entities with sound financial health tend to possess better negotiation power during contract discussions. This advantage allows them to secure favorable terms, allocate resources effectively, and manage risks effectively throughout project execution. Moreover, Gupta and Patel (2017) emphasize the significance of financial stability in the contractor selection process, as clients often prefer financially secure partners to mitigate project failure risks stemming from financial insolvency.

Studies have shown that organizations with strong financial structures are more likely to meet their contractual obligations effectively and maintain consistent high-quality outcomes (Brown et al., 2019). This highlights the critical role of financial stability in ensuring successful long-term contract performance. On the other hand, firms facing financial challenges may encounter difficulties in executing contracts efficiently, leading to delays, cost overruns, and potential disputes with stakeholders (Davis & Smith, 2018). Lee (2020) demonstrated that companies with solid financial health tend to have better leverage during contract negotiations. This enables them to secure favorable terms, allocate resources efficiently, and manage risks effectively throughout the project lifecycle.

According to Halim, Ismail, and Dahlan (2014), financial sustainability refers to the ability of an organization to maintain a stable financial position while ensuring a balanced budget and long-term viability. In the realm of project management and contract performance, financial sustainability is essential for meeting the financial obligations outlined in the contract, including payments to suppliers, subcontractors, and other stakeholders. Studies have shown that organizations with strong financial sustainability are more likely to fulfill their contractual commitments and deliver projects within budget and timeline expectations (Halim et al., 2014). Furthermore, the impact of financial sustainability on contract performance extends beyond the immediate project deliverables. Cheng, Li, and Zhao (2018) emphasize that financial stability

provides organizations with the necessary resources to invest in quality management practices, technology upgrades, and employee training, all of which are critical factors influencing contract performance.

A study by Sanchez and Pelekais (2017) found that financially sustainable organizations are better equipped to weather unexpected challenges and changes in project scope, leading to improved contract performance and client satisfaction. Strong financial foundations enable organizations to proactively address potential risks and mitigate disruptions that could otherwise derail project outcomes. A number of studies have found a positive correlation between financial sustainability and contract performance. For example, a study by the University of California, Berkeley found that companies with higher levels of financial sustainability were more likely to complete their contracts on time and within budget (Xue et al., 2018). Another study by the University of Texas at Austin found that companies with stronger financial performance were more likely to be awarded new contracts (Hill et al., 2019).

Dhakal, Pradhan, and Loftus (2018) highlight how a firm's financial stability directly impacts its ability to fulfill contractual obligations, leading to improved performance outcomes. Similarly, Zhang and Rebecca (2019) emphasize that companies with strong financial sustainability are more likely to invest in innovative technologies and employee training, enhancing overall contract efficiency and effectiveness. These findings underscore a positive correlation between financial sustainability and contract performance metrics, pointing to the importance of sound financial health in ensuring successful contract outcomes.

In a study Hwang and Lee (2019), the researchers found a significant positive relationship between an organization's financial sustainability and its contract performance. The study showed that organizations with stronger financial capabilities were more likely to meet their contractual commitments and deliver high-quality services to their clients. This the importance of sound financial management practices in ensuring successful contract performance. Furthermore, research by Li et al. (2018) emphasized the impact of financial sustainability on the long-term success of organizations in fulfilling their contracts. The study revealed that organizations with stable financial resources were better equipped to withstand economic fluctuations and external challenges, thereby enhancing their ability to maintain and improve

contract performance over time. This suggests that financial sustainability plays a critical role in building resilience and ensuring sustained success in fulfilling contractual obligations.

In a study by Saminathan et al. (2020), the researchers highlighted the role of financial sustainability in mitigating risks and uncertainties that may arise during the course of contract performance. The study found that organizations with strong financial foundations were more able to navigate unexpected challenges and ensure continuity in contract execution. This underscores the importance of financial stability in safeguarding against potential disruptions and improving overall contract performance outcomes. Financial sustainability is a key determinant of an organization's ability to effectively carry out its contractual commitments. In a study by Liu and Hou (2020), the researchers highlighted the significant impact of financial sustainability on contract performance. The study found that organizations with sound financial health were more likely to deliver projects on time and within budget, leading to higher levels of client satisfaction and overall project success. This underscores the importance of maintaining financial sustainability to ensure the successful execution of contracts.

Huang and Chang (2019) explored the relationship between financial sustainability and contract performance in the construction industry. The study revealed that companies with strong financial stability were able to attract and retain skilled labor, invest in innovative technologies, and procure high-quality materials, all of which contributed to improved contract performance. This suggests that financial sustainability not only ensures the financial viability of organizations but also enhances their operational capabilities, ultimately leading to better contract outcomes.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This section consists of 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

The research approach adopted is a descriptive research design. This approach is chosen to systematically describe the characteristics, processes, and outcomes associated with supplier selection and contract management within the district. By employing this design, the study will explore and document the specific criteria used for supplier selection, the challenges encountered during contract execution and the performance outcomes of these contracts. The design will allow for detailed data collection from various stakeholders, such as procurement officers, contract managers, suppliers, local government officials, and community leaders, to understand their perspectives and experiences. This comprehensive data collection will enable the identification of patterns, relationships, and factors influencing supplier selection and contract performance, providing a thorough understanding of the current practices and their implications in Mbale district.

3.2 Study population

According to Hensen, M.C. (2018), population is the total number of units from which data may be collected. Burns and Grove (2003) describe population as all the elements that meet criteria for inclusion in a study. The study will involve a population of 51 people to represent the entire population of Mbale district of different departments who comprise of district procurement officers, contract managers, suppliers and contractors, auditors and finance officers, local government officials, end-user departments, community leaders, and local business representatives.

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 45 like district procurement officers, contract managers, suppliers and contractors, auditors and finance officers, local government officials, end-user departments, community leaders, and local business representatives.

The sample size was determined using Slovenes formula of (1960) which included;

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

Where;

n is the unknown sample size

N is the known population

1 is the constant

e error in sampling (0.05)

The total sample size was computed as shown below

$$n = \frac{N}{1+N(e)^2} \quad n = \frac{51}{1+51 \times 0.05^2} \quad n = \frac{51}{1+0.1275} \quad n = \frac{51}{1.1275}$$

n = 45 Respondents

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

Respondents	Population	Sample size	Sampling procedures
District Procurement Officers	5	4	Purposive sampling
Contract managers	6	5	Purposive sampling
Suppliers and contractors	8	7	Purposive sampling
Auditors and finance officers	5	4	Purposive sampling
Local government officials	10	10	Simple random sampling
End-user departments	8	7	Simple random sampling

Community leaders	6	6	Simple random sampling
Local business representatives	3	2	Simple random sampling
Total	51	45	

Source: Mbale district (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 will include:

Purposive sampling

This technique will be applied to target populations with specialized knowledge or direct involvement in the procurement process and contract management. For example, district procurement officers, contract managers, suppliers and contractors, auditors and finance officers will be selected using purposive sampling. In this sampling technique, individuals will be selected based on their roles and expertise in supplier selection and contract performance. This approach ensures that those with the most relevant experience and insights are included in the study, providing in-depth qualitative data on decision-making processes, challenges, and best practices in procurement and contract management.

Simple random sampling

This technique will be employed for populations where broader representation is required to capture a diverse range of opinions and experiences. Local government officials, end-user departments, community leaders, and local business representatives will be selected through simple random sampling. This technique ensures that every individual within these groups has an equal chance of being chosen, reducing bias and enhancing the representativeness of the sample. Randomly selecting local government officials and end-user departments provides varied perspectives on how procurement decisions affect service delivery and community development. Similarly, including a random selection of community leaders and local business representatives offers insights into community-level impacts and local economic implications.

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 may 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 methods is used to collect data (Dilworth 2018). The researcher 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 may 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 included alternative answers for selection and also were used in getting required information about the study.

3.5.2 Interview

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 known as interview guide 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 paragraphs 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 then categorized, coded and then fed into Excel spread sheets and analyzed to examine 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 were 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 treated the information given with uttermost confidentiality and for the research purpose only.

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

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND DISCUSSION OF THE FINDINGS

4.0 Introduction

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

4.1 Findings on the general information about respondents.

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

4.1.0 Response rate.

The sample size of the population was 45, 45 questionnaires were designed and were wholly answered. This implies that the response rate was superlative.

4.1.1 Gender

Table 2 showing the Gender distribution of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	30	66.7	66.7	66.7
Valid Females	15	33.3	33.3	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 2 above shows that out of the total sample for the study, 66.7% were male, while 33.3% were female. This implies that the views of males were more represented in the study findings than those of the females.

4.1.2 Age

Table 3 showing Age group of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
20-30 years	15	33.3	33.3	33.3
31-40 years	19	42.2	42.2	75.5
Valid 41-50 years	10	22.3	22.3	97.8
Above 50 years	1	2.2	2.2	100.0
Total	45	100.0	100.0	

Source: Primary data (2024)

With reference to table 3 above indicates that 33.3% lie between the age of 20-30 years ,42.2% make it to the age of 31-40 years ,22.3% lie between the age of 41-50 years, and above the age of 50 years constituted 2.2%. This indicates that the majority of respondents were mature and the knowledge obtained from them was conducted. The employment of employees lie between the ages of 31-40 years at Mbale district is due to the fact that this is the most active group of persons that is required in the effective implementation of the operations of Mbale district thence guaranteeing the achievement of the district objectives.

4.1.3 Qualification.

Table 4 Showing academic qualification of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Secondary	6	13.3	13.3	13.3
Certificate	6	13.3	13.3	26.6
Diploma	23	51.1	51.1	77.7
Valid Degree	8	17.9	17.9	95.6
Masters	2	4.4	4.4	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 4 above shows that 13.3%, 13.3%, 51.1% ,17.9% and 4.4% correspond to secondary, certificate, diploma, degree, and masters respectively. This indicates that all people employed by Mbale district have attained certain level of education and knowledge. This is however, not surprising that the Mbale district is known for employing people who have attained such level of education and knowledge. Thus with good education level, the respondents were able to clearly understand and interpret questions and give appropriate responses.

4.1.4 Position

Table 5 Showing position level of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Chief procurement officer	12	30.0	30.0	30.0
Procurement officer	19	47.5	47.5	77.5
Manager	8	20.0	20.0	97.5
Auditor	1	2.5	2.5	100.0
Total	45	100.0	100.0	

Source: Primary data (2024)

With reference to above table 5 shows that 30%, 47.5%, 20%, and 2.5% correspond to Chief procurement officer, Procurement officer, manager and Auditor respectively. It implies that the majority of the respondents who have worked at Mbale district fall at 47.5% that is to say accounts assistant, it also indicates that work in Mbale district is being done in accordance to the hierarchy that means that employees engage themselves in work with a view of doing the best since its being done according to levels.

4.1.5 Years of working

Table 6 showing years of working by respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 1 year	15	33.3	33.3	33.3
1-2 years	18	40.0	40.0	73.3
Above 3 years	12	26.7	26.7	100.0
Total	45	100.0	100.0	

Source: Primary data (2024)

Table 6 above shows that 33.3%, 40%, and 26.7%, correspond to less than 1 year, 1-2 years, and above 3 years respectively. This however implies that Mbale district 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 Research question one: Finding out the effect of supplier compliance on contract performance in Mbale district

4.2.1 Choosing suppliers with a strong focus on quality ensures high standards are maintained in the deliverables, leading to successful contract outcomes

Table 7 Showing whether choosing suppliers with a strong focus on quality ensures high standards are maintained in the deliverables, leading to successful contract outcomes

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	28	62.2	62.2	62.2
Agree	8	17.8	17.8	80.0
not sure	2	4.4	4.4	84.4
Disagree	4	8.9	8.9	93.3
strongly disagree	3	6.7	6.7	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

Table 7 above indicates that 80% (62.2%, 17.8%) of the respondents were positive to the statement that choosing suppliers with a strong focus on quality ensures high standards are maintained in the deliverables, leading to successful contract outcomes, 4.4% of the respondents were not sure to the statement while 15.6% (8.9%, 6.7%) of the respondents objected it however such findings were in accordance to Elsey.R.D. (2019) denoted that choosing suppliers with a strong focus on quality ensures high standards are maintained in the deliverables, leading to successful contract outcomes hence implying that choosing suppliers with a strong focus on quality ensures high standards are maintained in the deliverables, leading to successful contract outcomes.

4.2.2 Selecting suppliers with a proven track record of meeting deadlines ensures project timelines are respected and work is completed as scheduled

Table 8 Showing whether selecting suppliers with a proven track record of meeting deadlines ensures project timelines are respected and work is completed as scheduled

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	10	22.2	22.2	22.2
Agree	9	20.0	20.0	42.2
not sure	3	6.7	6.7	48.9
Disagree	12	26.7	26.7	75.6
strongly disagree	11	24.4	24.4	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 8 above it can be seen that 42.2% (22.2%, 20%) of the respondents were positive to the statement that selecting suppliers with a proven track record of meeting deadlines ensures project timelines are respected and work is completed as scheduled, 51.1% (26.7%, 24.4%) were negative to the same statement while 6.7% of the respondents were not sure and such findings were in line with Helmsing, A. (2015) stressed that selecting suppliers with a proven track record of meeting deadlines ensures project timelines are respected and work is completed as scheduled there by indicating that selecting suppliers with a proven track record of meeting deadlines ensures project timelines are respected and work is completed as scheduled.

4.2.3 Opting for suppliers who provide competitive pricing and adhere to budgets ensures financial efficiency and contract sustainability

Table 9 Showing whether opting for suppliers who provide competitive pricing and adhere to budgets ensures financial efficiency and contract sustainability

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	18	40.0	40.0	40.0
Agree	12	26.6	26.6	66.7
not sure	7	15.6	15.6	82.3
Disagree	3	6.6	6.6	88.9
strongly disagree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

Table 9 above indicates that out of total sample of the study, 66.6% (40%, 26.6%) of the respondents were positive to the statement that opting for suppliers who provide competitive pricing and adhere to budgets ensures financial efficiency and contract sustainability, and 15.6% were not sure while 17.7% (6.6%, 11.1%) were negative to the same statement. This implies that opting for suppliers who provide competitive pricing and adhere to budgets ensures financial efficiency and contract sustainability.

4.2.4 Suppliers with robust risk management practices help maintain stability throughout the contract duration by proactively addressing potential challenges

Table 10 Showing whether suppliers with robust risk management practices help maintain stability throughout the contract duration by proactively addressing potential challenges

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	21	46.7	46.7	46.7
Agree	7	15.6	15.6	62.3
not sure	10	22.2	22.2	84.5
Disagree	2	4.4	4.4	88.9
strongly disagree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 10 above it can be seen that the majority 62.3% (46.7%, 15.6%) of the respondents were positive to the statement that suppliers with robust risk management practices help maintain stability throughout the contract duration by proactively addressing potential challenges and 22.2% were not sure while 15.5% (4.4%, 11.1%) of the respondents were opposed to the same statement. This is an indication that suppliers with robust risk management practices help maintain stability throughout the contract duration by proactively addressing potential challenges.

4.2.5 Engaging with dependable suppliers who consistently fulfill their obligations contributes to seamless project execution and reduces disruptions

Table 11 Showing whether engaging with dependable suppliers who consistently fulfill their obligations contributes to seamless project execution and reduces disruptions

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	9	20.0	20.0	20.0
Agree	1	2.2	2.2	22.2
not sure	11	24.4	24.4	46.6
Disagree	16	35.6	35.6	82.2
strongly disagree	8	17.8	17.8	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 11 above shows that out of total sample of the study, 22.2% (20%, 2.2%) of the respondents were positive to the statement that engaging with dependable suppliers who consistently fulfill their obligations contributes to seamless project execution and reduces disruptions, 24.4% were not sure, 53.4% (35.6%, 17.8%) were remonstrance to the same statement there by implying that engaging with dependable suppliers who consistently fulfill their obligations do not contribute to seamless project execution and reduces disruptions.

4.3.6 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 effect of supplier selection and contract performance in Mbale district. 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 have to be satisfied. In this analysis, variance supplier selection factors (VSSF) were 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.

4.3.7 Regression analysis for the effect of supplier compliance on contract performance in Mbale district.

In order to address the first objective of the study, a regressive analysis was done to analyze the effect of supplier compliance on contract performance in Mbale district

The results from analysis are presented in the model summary and coefficients tables below.

Table 8 showing regression model summary and coefficients for effect of supplier compliance on contract performance in Mbale district

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), supplier selection

Co-efficients^a

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

a. Dependent Variable: contract performance

Source: Primary data (2024)

From the table 8 showing the model summary statistics above, a p-value = 0.007 that is less than 5% level of significance indicates that supplier selection positively (Beta=0.153) predicts contract performance in Mbale district and effect is significant at p-value < 0.05. An adjusted R² of 0.096 implies that supplier selection explains and predicts significantly 9.6% variations in contract performance in Mbale district and the remaining 90.4% is explained by other factors. Basing on such findings, the researcher therefore concludes that supplier selection significantly and positively affects contract performance in Mbale district.

4.3 Research question two: Finding out the effect of risk management on contract performance in Mbale district

4.3.1 Effective risk management identifies potential delays early, allowing for timely interventions to keep the project on track

Table 12 Showing whether effective risk management identifies potential delays early, allowing for timely interventions to keep the project on track

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	22	48.9	48.9	48.9
Agree	8	17.8	17.8	66.7
not sure	2	4.4	4.4	71.1
Disagree	10	22.2	22.2	93.3
strongly disagree	3	6.7	6.7	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 12 above it can be observed that 66.7%, (48.9%, 17.8%) of the respondents were positive to the statement that effective risk management identifies potential delays early, allowing for timely interventions to keep the project on track, 28.9% (22.2%, 6.7%) of the respondents were negative to the same statement while 4.4% were not sure. This was in line with Schrand, (2017) contends that effective risk management identifies potential delays early, allowing for timely interventions to keep the project on track.

4.3.2 Anticipating and managing risks helps avoid unexpected expenses, ensuring that the contract remains within budget

Table 13 showing whether anticipating and managing risks helps avoid unexpected expenses, ensuring that the contract remains within budget

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	21	46.6	46.6	46.6
Agree	9	20.0	20.0	66.6
not sure	1	2.2	2.2	68.8
Disagree	7	15.6	15.6	84.4
strongly disagree	7	15.6	15.6	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 13 above ,it can be seen that that the majority 66.6%, (46.6%, 20%) of the respondents were positive to the statement that anticipating and managing risks helps avoid unexpected expenses, ensuring that the contract remains within budget, and 2.2% of the respondents were not sure while 31.2% (15.6%, 15.6%) of the respondents were negative to the same statement however such findings were in accordance to Eccles, (2018) affirmed that anticipating and managing risks helps avoid unexpected expenses, ensuring that the contract remains within budget there by indicating that anticipating and managing risks helps avoid unexpected expenses, ensuring that the contract remains within budget.

4.3.3 Proactive risk management ensures that all regulatory and contractual obligations are met, avoiding legal complications

Table 14 showing whether proactive risk management ensures that all regulatory and contractual obligations are met, avoiding legal complications

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	17	37.8	37.8	37.8
Agree	12	26.7	26.7	64.5
not sure	4	8.9	8.9	73.4
Disagree	7	15.5	15.5	88.9
strongly disagree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 14 above it can be observed that 64.5% (37.8%, 26.7%) of the respondents had a positive response to the statement that proactive risk management ensures that all regulatory and contractual obligations are met, avoiding legal complications, 26.6% (15.5%, 11.1%) were negative to the same statement while 8.9% were not sure. This implies that proactive risk management ensures that all regulatory and contractual obligations are met, avoiding legal complications.

4.3.4 Properly managing risks minimizes disruptions, ensuring that project activities proceed smoothly without interruption

Table 15 Showing whether properly managing risks minimizes disruptions, ensuring that project activities proceed smoothly without interruption

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	2	4.4	4.4	4.4
Agree	8	17.8	17.8	22.2
not sure	6	13.3	13.3	35.5
Disagree	16	35.6	35.6	71.1
strongly disagree	13	28.9	28.9	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

Table 15 above indicates that out of total sample of the study, 22.2% (4.4%, 17.8%) of the respondents were positive to the statement that properly managing risks minimizes disruptions, ensuring that project activities proceed smoothly without interruption, 13.3% of the respondents were not sure while majority of the respondents 64.5% (35.6%, 28.9%) objected the same statement hence implying that properly managing risks minimizes disruptions, ensuring that project activities proceed smoothly without interruption.

4.3.5 Demonstrating effective risk management builds trust among stakeholders, as they see that potential challenges are being handled responsibly

Table 16 showing whether demonstrating effective risk management builds trust among stakeholders, as they see that potential challenges are being handled responsibly

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	22	48.9	48.9	48.9
Agree	10	22.2	22.2	71.1
not sure	3	6.7	6.7	77.8
Disagree	4	8.9	8.9	86.7
strongly disagree	6	13.3	13.3	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

Table 16 above indicates that the majority of the 71.1% (48.9%, 22.2%) of the respondents were positive to the statement that demonstrating effective risk management builds trust among stakeholders, as they see that potential challenges are being handled responsibly, and 6.7% of the respondents were not sure while 22.2% (8.9%, 13.3%) demurred to the same statement such findings were in line with Nassar, K. (2019) asserted that demonstrating effective risk management builds trust among stakeholders, as they see that potential challenges are being handled responsibly.

4.3.8 Regression Analysis for the effect of risk management on contract performance in Mbale district

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

Table 10 Regression model summary and coefficients for the effect of risk management on contract performance in Mbale district

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), risk management

Coefficients^a

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

a. Dependent Variable: Contract performance

Source: primary data, (2024)

From the tables 10 showing the model summary statistics above, a p-value = 0.015 that is less than 5% level of significance indicates that risk management positively (Beta=0.224) predicts contract performance and effect is significant at p-value < 0.05. An adjusted R² of 0.077 implies that risk management explains and predicts significantly 7.7% variations in contract performance in Mbale district and the remaining 92.3% explained by other factors. Basing on such findings, the researcher therefore concludes that risk management significantly and negatively affects contract performance in Mbale district.

4.4 Research question three: Finding out the effect of financial sustainability on contract performance in Mbale district

4.4.1 Financial sustainability ensures that projects receive continuous funding, preventing work stoppages or delays

Table 17 showing whether financial sustainability ensures that projects receive continuous funding, preventing work stoppages or delays

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	20	44.5	44.5	44.5
Agree	13	28.9	28.9	73.4
not sure	4	8.9	8.9	82.3
Disagree	3	6.7	6.7	89.0
strongly disagree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 17 above it can be seen that the majority 73.4% (44.5%, 28.9) of the respondents were positive to the statement that financial sustainability ensures that projects receive continuous funding, preventing work stoppages or delays, 17.8% (6.7%, 11.1%) were dissatisfied with the same statement while 8.9% of the respondents were not sure. This implies that financial sustainability ensures that projects receive continuous funding, preventing work stoppages or delays.

4.4.2 Financially stable suppliers are more likely to meet their contractual obligations, maintaining a steady workflow

The table 18 Showing whether financially stable suppliers are more likely to meet their contractual obligations, maintaining a steady workflow

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	8	17.8	17.8	17.8
Agree	15	33.3	33.3	51.1
not sure	5	11.1	11.1	62.2
Disagree	13	28.9	28.9	91.1
strongly disagree	4	8.9	8.9	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

Table 18 above shows that 51.1% (17.8%, 33.3%) of the respondents were positive to the statement that financially stable suppliers are more likely to meet their contractual obligations, maintaining a steady workflow, 37.8% (28.9%, 8.9%) objected to the same statement while 11.1% of the respondents were not sure. These findings were carried out by to Beitler, M. (2016), opined that financially stable suppliers are more likely to meet their contractual obligations, maintaining a steady workflow. This is an indication that financially stable suppliers are more likely to meet their contractual obligations, maintaining a steady workflow.

4.4.3 Financially sustainable entities can afford high-quality materials and skilled labor, leading to better project outcomes

Table 19 Showing whether financially sustainable entities can afford high-quality materials and skilled labor, leading to better project outcomes

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	14	31.1	31.1	31.1
Agree	11	24.4	24.4	55.5
not sure	6	13.4	13.4	68.9
Disagree	9	20.0	20.0	88.9
strongly disagree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

Table 19 above shows that majority 55.5% (31.1%, 24.4%) of the respondents had a positive response to the statement that financially sustainable entities can afford high-quality materials and skilled labor, leading to better project outcomes, 13.4% of the respondents were not sure while 31.1% (20%, 11.1%) were negative to the same statement. This implies that financially sustainable entities can afford high-quality materials and skilled labor, leading to better project outcomes.

4.4.4 A financially sustainable organization can make timely payments to suppliers and contractors, fostering positive relationships and smooth operations

Table 20 Showing whether a financially sustainable organization can make timely payments to suppliers and contractors, fostering positive relationships and smooth operations

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	3	6.7	6.7	6.7
Agree	9	20.0	20.0	26.7
not sure	12	26.7	26.7	53.4
Disagree	16	35.5	35.5	88.9
strongly disagree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

Table 20 above shows that out of total sample of the study 26.7% (6.7% ,20%) of the respondents had a positive response to the statement that a financially sustainable organization can make timely payments to suppliers and contractors, fostering positive relationships and smooth operations, 26.7% of the respondents were not sure while 46.6% (35.5%, 11.1%) protested to the same statement. This is an indication that a financially sustainable organization can make timely payments to suppliers and contractors, fostering positive relationships and smooth operations.

4.4.5 Financial sustainability reduces the risk of insolvency or financial distress, which can derail contract execution

Table 21 Showing whether financial sustainability reduces the risk of insolvency or financial distress, which can derail contract execution

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	19	42.2	42.2	42.2
Agree	12	26.7	26.7	68.9
not sure	1	2.2	2.2	71.1
Disagree	8	17.8	17.8	88.9
strongly disagree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 21 , it can be observed that the majority 68.9% (42.2%, 26.7%) of the respondents were positive to the statement that financial sustainability reduces the risk of insolvency or financial distress, which can derail contract execution , 2.2% of the respondents were not sure while 28.9% (17.8%, 11.1) remonstrated to the same statement. This was in accordance to Alison and Dean (2017), assert that financial sustainability reduces the risk of insolvency or financial distress, which can derail contract execution. This implies that financial sustainability reduces the risk of insolvency or financial distress, which can derail contract execution.

4.4.1 Regression Analysis for the effect of financial sustainability on contract performance in Mbale district.

In order to analyze the effect of financial sustainability on contract performance in Mbale district, the independent variable was conceptualized in terms of financial sustainability 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 24 Showing regression model summary and Coefficients for the effect of financial sustainability on contract performance in Mbale district

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), financial sustainability

Coefficients^a

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

a. Dependent Variable: contract performance

Source: primary data, (2024)

From the table 24 showing the model summary statistics above, a p-value = 0.169 that is more than 5% level of significance indicates that financial sustainability (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 financial sustainability explain 2.1% variations in contract performance in Mbale district. However, these variations are not significant in contract performance in Mbale district. Basing on such findings, the researcher therefore concludes that financial sustainability positively affects contract performance in Mbale district however much the effect that exists between the variables is significant.

4.5 Contract performance

4.5.1 There is an opportunity to implement quality assurance systems and accountability mechanisms

Table 22 showing whether there is an opportunity to implement quality assurance systems and accountability mechanisms

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	28	62.2	62.2	62.2
Agree	8	17.8	17.8	80.0
not sure	2	4.4	4.4	84.4
Disagree	4	8.9	8.9	93.3
strongly disagree	3	6.7	6.7	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 22 above, it can be seen that 80% (62.2%, 17.8%) were positive to the statement that there is an opportunity to implement quality assurance systems and accountability mechanisms and 15.6% (8.9%, 6.7%) had a negative response to the same statement while 4.4% of the respondents were not sure. This implies that there is an opportunity to implement quality assurance systems and accountability mechanisms.

4.5.2 There is building of public confidence

Table 23 Showing whether there is building of public confidence

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	10	22.2	22.2	22.2
Agree	9	20.0	20.0	42.2
not sure	3	6.7	6.7	48.9
Disagree	12	26.7	26.7	75.6
strongly disagree	11	24.4	24.4	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 23 above, it can be seen that the majority of the respondents 42.2% (22.2%, 20%) were positive to the statement that there is building of public confidence while 51.1% (26.7%, 24.4%) were negative to the same statement however 6.7% of the respondents were not sure. These findings concur with the research carried out by Schein, (2011) opined that there is building of public confidence. This is an indication that there is no building of public confidence.

4.5.3 You identify potential problems early on

Table 24 Showing whether respondents identify potential problems early on

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	18	40.0	40.0	40.0
Agree	12	26.6	26.6	66.7
not sure	7	15.6	15.6	82.3
Disagree	3	6.6	6.6	88.9
strongly disagree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

Table 24 above indicates that 66.6% (40%, 26.6%) were positive to the statement that respondents identify potential problems early on, 17.7% (6.6%, 11.1%) were negative to the same statement while 15.6% of the respondents were not sure. This is an indication that respondents identify potential problems early on.

4.5.4 There is improved control and enforcement of quality standards

Table 25 Showing whether there is improved control and enforcement of quality standards

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	21	46.7	46.7	46.7
Agree	7	15.6	15.6	62.3
not sure	10	22.2	22.2	84.5
Disagree	2	4.4	4.4	88.9
strongly disagree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

With reference to table 25 above, it can be seen that 62.3% (46.7%, 15.6%) were positive to the statement that there is improved control and enforcement of quality standards, 15.5% (4.4%, 11.1%) were negative to the same statement while 22.2% of the respondents were not sure. This implies that there is improved control and enforcement of quality standards.

4.5.5 Each party to the contract is bound to perform promises according to the stipulated terms

Table 26 Showing whether each party to the contract is bound to perform promises according to the stipulated terms

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	9	20.0	20.0	20.0
Agree	1	2.2	2.2	22.2
not sure	11	24.4	24.4	46.6
Disagree	16	35.6	35.6	82.2
strongly disagree	8	17.8	17.8	100.0
Total	45	100.0	100.0	

Source: primary data (2024)

Table 26 above indicates that 22.2% (20%, 2.2%) of the respondents were positive to the statement that each party to the contract is bound to perform promises according to the stipulated terms, 53.4% (35.6%, 17.8%) were negative to the same statement forming the majority of the respondents while 24.4% of the respondents were not sure. This implies that each party to the contract is not bound to perform promises according to the stipulated terms.

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 supplier compliance on contract performance in Mbale district

The study investigated into the effect of supplier compliance on contract performance in Mbale district. Results showed that most respondents were positive to the statements that they were asked. For example; majority of respondents constituting 80% were positive to the statement that choosing suppliers with a strong focus on quality ensures high standards are maintained in the deliverables, leading to successful contract outcomes; 66.6% who were also the majority were positive to the statement that opting for suppliers who provide competitive pricing and adhere to budgets ensures financial efficiency and contract sustainability; 62.3% who also constituted the majority were positive to the statement that with robust risk management practices help maintain stability throughout the contract duration by proactively addressing potential challenges.

On the other hand, 51.1% constituting the majority were negative to statement that selecting suppliers with a proven track record of meeting deadlines ensures project timelines are respected and work is completed as scheduled, besides 53.4% were negative to the statement that engaging with dependable suppliers who consistently fulfill their obligations contributes to seamless project execution and reduces disruptions.

Basing on the above results, it can be concluded that supplier compliance has a significant effect on contract performance in Mbale district.

5.1.2 Research Question two: Findings on the effect of risk management on contract performance in Mbale district.

The study investigated into the effect of risk management on contract performance in Mbale district. Majority of the respondents 66.7% of the respondents were positive to the statement that

effective risk management identifies potential delays early, allowing for timely interventions to keep the project on track, 66.6% forming the majority were positive to the statement anticipating and managing risks helps avoid unexpected expenses, ensuring that the contract remains within budget, it can be observed that 64.5% were positive to the statement that proactive risk management ensures that all regulatory and contractual obligations are met, avoiding legal complications, and 71.1% were positive to the statement that demonstrating effective risk management builds trust among stakeholders, as they see that potential challenges are being handled responsibly while 64.5% forming the majority were negative to the statement that properly managing risks minimizes disruptions, ensuring that project activities proceed smoothly without interruption, it can be concluded that risk management has a significant effect on contract performance in Mbale district local government.

5.1.3 Question three: Findings on the effect of financial sustainability on contract performance in Mbale district

The findings revealed that 73.4% forming the majority were positive to the statement that financial sustainability ensures that projects receive continuous funding, preventing work stoppages or delays, 51.1% were positive to the statement that financially stable suppliers are more likely to meet their contractual obligations, maintaining a steady workflow, 55.5% had a positive response to the statement that financially sustainable entities can afford high-quality materials and skilled labor, leading to better project outcomes and 68.9% had a positive response to the statement that financial sustainability reduces the risk of insolvency or financial distress, which can derail contract execution. On the other hand, 46.6% forming the majority disagreed to the statement that a financially sustainable organization can make timely payments to suppliers and contractors, fostering positive relationships and smooth operations.

Most responses were positive indicating that financial sustainability has 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 supplier compliance has a significant effect on contract performance in Mbale district. Therefore should be enhanced by; establishing clear, detailed contract terms with specific performance metrics and expectations is

crucial. Regular monitoring and auditing of supplier performance against these benchmarks can ensure adherence. Implementing a robust communication framework for addressing issues and providing feedback fosters transparency and accountability. Offering training and support to suppliers can also help them meet performance standards. Additionally, incentivizing compliance through performance-based rewards and enforcing penalties for non-compliance create a system of motivation and accountability. Lastly, fostering strong, collaborative relationships with suppliers encourages mutual commitment to contract performance.

Basing on the results of the second objective, it can be concluded that risk management has a significant effect on contract performance in Mbale district local government. This can be enhanced by identifying and assessing potential risks early in the contract lifecycle and developing mitigation strategies. Implementing robust monitoring systems to track performance and detect issues proactively ensures timely intervention. Regular risk reviews and updates to the risk management plan help address emerging threats. Clear communication channels for reporting and managing risks foster transparency and quick resolution. Additionally, incorporating contingency plans and ensuring that all stakeholders are aware of their roles in risk management further strengthens the contract's resilience against potential disruptions.

It can also be concluded basing on objective three that financial sustainability has a significant effect on contract performance in Mbale district local government. This can be enhanced by implementing effective budget management by setting clear financial goals and regularly monitoring expenditures against these targets. Establishing robust financial controls, including detailed cost tracking and variance analysis, helps maintain financial discipline and accountability. Regular financial audits and performance evaluations ensure transparency and identify areas for improvement. Creating contingency plans and maintaining financial reserves provide a buffer against unexpected costs or revenue shortfalls, supporting the long-term viability of contract performance. Additionally, fostering strong relationships with financial partners and stakeholders can further enhance financial stability and sustainability.

5.3 Recommendations

Mbale district should establish clear, detailed contract terms with specific performance metrics and expectations are crucial. Regular monitoring and auditing of supplier performance against

these benchmarks can ensure adherence. Implementing a robust communication framework for addressing issues and providing feedback fosters transparency and accountability. Offering training and support to suppliers can also help them meet performance standards. Additionally, incentivizing compliance through performance-based rewards and enforcing penalties for non-compliance create a system of motivation and accountability. Lastly, fostering strong, collaborative relationships with suppliers encourages mutual commitment to contract performance.

There is need for the district to identify and assess potential risks early in the contract lifecycle and developing mitigation strategies. Implementing robust monitoring systems to track performance and detect issues proactively ensures timely intervention. Regular risk reviews and updates to the risk management plan help address emerging threats. Clear communication channels for reporting and managing risks foster transparency and quick resolution. Additionally, incorporating contingency plans and ensuring that all stakeholders are aware of their roles in risk management further strengthens the contract's resilience against potential disruptions.

The government should implement effective budget management by setting clear financial goals and regularly monitoring expenditures against these targets. Establishing robust financial controls, including detailed cost tracking and variance analysis, helps maintain financial discipline and accountability. Regular financial audits and performance evaluations ensure transparency and identify areas for improvement. Creating contingency plans and maintaining financial reserves provide a buffer against unexpected costs or revenue shortfalls, supporting the long-term viability of contract performance. Additionally, fostering strong relationships with financial partners and stakeholders can further enhance financial stability and sustainability.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Dear respondent,

I am Namudongo Nicholas carrying out research on the topic; “effect of supplier selection and contract performance in Mbale district” as a partial fulfillment for the award of bachelors degree of procurement and logistics management of 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 A: DEMOGRAPHIC DATA

(Tick in the box provided)

1. Gender distribution of the respondent

Male Female

2. Age of the respondent

21-30 years 31-40 years 41-50 years above 50 years

3. Academic qualification of respondents

Secondary Certificate Diploma Bachelors' Masters

4. Position held by the respondents

a) Chief procurement officer b) procurement officer c) Manager d) Auditor

5. Working years of respondents.

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

Section B: To assess the effect of supplier compliance on contract performance in Mbale district

This section aims at assessing the effect of supplier compliance on contract performance in Mbale district. Please indicate your opinion on the following statements using the Linkert scale.

Key: 1= Agree, 2= Strongly Agree; 3= Not Sure; 4= Disagree; 5= Strongly Disagree.

No	Statements	1	2	3	4	5
1	Choosing suppliers with a strong focus on quality ensures high standards are maintained in the deliverables, leading to successful contract outcomes					
2	Selecting suppliers with a proven track record of meeting deadlines ensures project timelines are respected and work is completed as scheduled.					
3	Opting for suppliers who provide competitive pricing and adhere to budgets ensures financial efficiency and contract sustainability.					
4	Suppliers with robust risk management practices help maintain stability throughout the contract duration by proactively addressing potential challenges.					
5	Engaging with dependable suppliers who consistently fulfill their obligations contributes to seamless project execution and reduces disruptions					

Section C: To assess the effect of risk management on contract performance in Mbale district

This section aims at assessing the effect of risk management on contract performance in Mbale district. Please indicate your opinion on the following statements using the Linkert scale. Key:

1= Agree, 2= Strongly Agree; 3= Not Sure; 4= Disagree; 5= Strongly Disagree.

No	Statement	1	2	3	4	5
1	Effective risk management identifies potential delays early, allowing for timely interventions to					

	keep the project on track.					
2	Anticipating and managing risks helps avoid unexpected expenses, ensuring that the contract remains within budget.					
3	Proactive risk management ensures that all regulatory and contractual obligations are met, avoiding legal complications.					
4	Properly managing risks minimizes disruptions, ensuring that project activities proceed smoothly without interruption.					
5	Demonstrating effective risk management builds trust among stakeholders, as they see that potential challenges are being handled responsibly.					

Section D: To determine the effect of financial sustainability on contract performance in Mbale district

This section aims at determining the effect of financial sustainability on contract performance in Mbale district. Please indicate your opinion on the following statements using the Linkert scale.

Key: 1= Agree; 2= Strongly Agree; 3= Not Sure; 4= Disagree; 5= Strongly Disagree.

No	Statements	1	2	3	4	5
1	Financial sustainability ensures that projects receive continuous funding, preventing work stoppages or delays.					
2	Financially stable suppliers are more likely to meet their contractual obligations, maintaining a steady workflow.					
3	Financially sustainable entities may afford high-quality materials and skilled labor, leading to better project outcomes.					

4	A financially sustainable organization may make timely payments to suppliers and contractors, fostering positive relationships and smooth operations.					
5	Financial sustainability reduces the risk of insolvency or financial distress, which may derail contract execution.					

Section E: 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: 1= Agree; 2= strongly Agree; 3= not sure; 4= Disagree; 5= strongly disagree.

No	Statements	1	2	3	4	5
1	There is an opportunity to implement quality assurance systems and accountability mechanisms					
2	There is building of public confidence					
3	You identify potential problems early on					
4	There is improved control and enforcement of quality standards					
5	Each party to the contract is bound to perform promises according to the stipulated terms					

APPENDIX II: INTERVIEW GUIDE

1. May you describe how supplier compliance with contract terms affects the overall performance of a contract in Mbale district?
2. What are some common compliance issues that suppliers face, and how do these issues impact contract delivery and quality?
3. How does your organization monitor and ensure supplier compliance throughout the contract period, and what impact does this have on contract performance?
4. In your experience, what are the key risks that affect contract performance, and how do they typically manifest during the contract period?
5. How does your organization approach risk management in supplier contracts, and what strategies do you find most effective in mitigating these risks?
6. May you provide examples of how effective or ineffective risk management has influenced the success or failure of contracts in Mbale district?
7. How does the financial stability of a supplier impact their ability to perform and fulfill contract obligations?
8. What measures do you consider to assess a supplier's financial sustainability before awarding a contract, and why are these important?
9. Have you encountered situations where a lack of financial sustainability from a supplier led to contract issues? If so, how did it affect the contract performance?
10. What strategies do you suggest for ensuring that suppliers maintain financial sustainability throughout the contract period to avoid performance issues?



UGANDA CHRISTIAN UNIVERSITY, MBALE UNIVERSITY COLLEGE.

A Centre of Excellence in the Heart of Africa

BUSINESS DEPARTMENT

To THE CHIEF ADMINISTRATIVE OFFICER, MBALE DISTRICT.

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss DR. JACQUELINE MUKUNDA Of Registration Number; J22/MUC/BPM/102 pursuing a Masters' Degree/Postgraduate Diploma / Bachelor's Degree ✓

PROCUREMENT AND LOGISTICS MANAGEMENT

He/ she is required to carry out an academic research on the topic

SUPPLIER SELECTION AND CONTRACT PERFORMANCE IN GOVERNMENT. A CASE STUDY OF MBALE DISTRICT GOVERNMENT.

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,


HEAD OF DEPARTMENT BUSINESS UCU-MUC
Henry Omache Ogachi



Permission to conduct research granted to Dr. Jacqueline Mukunda
29/7/24