

**PROCUREMENT PLANNING AND CONTRACT PERFORMANCE IN LOCAL GOVERNMENT  
CASE OF MBALE DISTRICT LOCAL GOVERNMENT**

**JACKLINE NAMAKOYE**

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**UGANDA CHRISTIAN  
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## **DECLARATION**

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

Signature:

A handwritten signature in blue ink, appearing to be 'JR', is written over a light gray rectangular background.

Date: **23/08/2024**

Namakoye Jackline

S21/MUC/BPLM/008

### **APPROVAL**

I certify that this research report by Namakoye Jackline has been under my supervision and is now ready for submission to the department of business of Uganda Christian University.

Signature: 

Date: **19/08/2024**

MR. PAUL OTINGOLE  
(UNIVERSITY SUPERVISOR)

## **DEDICATION**

This report is dedicated to whoever contributed to wards my academics financially.

## **ACKNOWLEDGEMENT**

I give special thanks to the Almighty God for the gift of life and good health, lack of which I would not have made it this far.

Special and sincere thanks go to, my lecturers of Uganda Christian University for their continued advice and commitment throughout the project period. My family members, relatives and friends thanks a lot for your support. All my classmates and others who in one way or the other gave me support please receive my heartfelt thanks.

## **LIST OF ABBREVIATIONS AND ACRONYMS**

CAO	:	Chief Administrative Officer
CIPS	:	Chartered Institute of Procurement & Supply
COR	:	Contracting Officer Representative
PDU	:	Procurement and Disposal Unit
PP	:	Procurement Plan
PPDA	:	Public Procurement and Disposal of Public Assets
PPOA	:	Public Procurement Oversight Authority
RDT	:	Resource Dependence Theory
RFPs	:	Automated Requests for Report
SPSS	:	Statistical Package for Social Sciences

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## ABSTRACT

This research report was undertaken to examine procurement planning and contract performance in local governments. It was guided by three objectives; to find out the effect of supplier management on contract performance in Mbale district local government, to assess the effect of risk management on contract performance in Mbale district local government, to determine the effect of supplier selection on contract performance in Mbale district local government. 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 showed that supplier management has a significant effect on contract performance in Mbale district local government. Supported by the following responses; 80% were positive to the statement that the goal is to ensure that suppliers meet the buyer's expectations in terms of quality; 66.6% who were also the majority were positive to the statement that there is an improved relationship with suppliers; 62.3% who also constituted the majority were positive to the statement that the entity is in position *to* identify inefficient and unreliable suppliers quickly. Results of the second objective revealed that risk management has a significant effect on contract performance in Mbale district local government. Supported by the following responses; 66.7% of the respondents were positive to the statement that the team remains focused, 66.6% forming the majority were positive to the statement that there's better quality data for decision making, it can be observed that 64.5% were positive to the statement that budgets rely less on guesswork. Results of the third objective showed that supplier selection has a significant effect on contract performance in Mbale district local government. 73.4% forming the majority were positive to the statement that respondents maximize overall value to the purchaser, 51.1% were positive to the statement that respondents develop closeness and long-term relationships between buyers and suppliers. Superiors should be proactive by addressing issues, challenges and problems as they arrive prevents them from festering into something more serious that is to say early and frank discussion and action that build trust and respect, regularly review the deliverables and performance where every contract manager wants to know that they are receiving the service they need and to the standard they expect.

## **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**

Procurement planning and contract performance in local governments have been studied extensively in global contexts to ensure transparency and efficiency in public procurement processes. In a global perspective, the World Bank emphasizes the importance of good governance in procurement practices to promote economic development and reduce corruption (Ali, 2012). The United Nations has also highlighted the need for sustainable procurement practices to achieve the Sustainable Development Goals (United Nations, 2020). These global initiatives underscore the significance of effective procurement planning and contract performance in local governments worldwide.

Internationally, procurement planning and contract performance have gained significant attention due to their impact on public expenditure, transparency, and accountability. Scholars such as Chukwuemeka and Izuogu (2019) emphasize the importance of procurement planning as a strategic tool for achieving value for money and minimizing risks in public procurement. Furthermore, studies by Balunywa (2016) argue that contract performance evaluation mechanisms are crucial in enhancing service delivery, ensuring compliance with established standards, and mitigating corruption. The international perspective on procurement planning and contract performance has been shaped by global initiatives and frameworks. The United Nations and World

Bank have played a pivotal role in promoting transparency, accountability, and efficiency in public procurement.

In an African context, procurement planning and contract performance have specific nuances and challenges. African countries face issues such as limited financial resources, inadequate capacity, and regulatory deficiencies, which can hinder effective procurement processes (Kiggundu, 2019). Institutions like the African Development Bank (ADB) have acknowledged these challenges and stressed the need for robust procurement planning strategies and efficient contract management to enhance investments and the delivery of public goods (ADB, 2018). In Africa, procurement planning and contract performance have been influenced by historical legacies, colonization, and post-colonial state-building processes. The African Union's Agenda 2063 emphasizes the need for sustainable development through effective and efficient procurement practices (AU, 2015). The African Development Bank has also championed procurement reforms, focusing on enhancing transparency and competitiveness across the continent (ADB, 2013). These efforts recognize the importance of procurement in achieving good governance, poverty reduction, and economic growth.

Within the East African region, member states have made efforts to harmonize procurement laws and regulations to foster a conducive environment for procurement planning and contract performance. The East African Community (EAC) has developed the EAC Procurement Management Manual and EAC Public Procurement Policy Framework, aiming to streamline procurement practices and ensure uniform contract performance assessment (EAC, 2013). Scholars like Oyugi (2015) highlight the importance of knowledge sharing and capacity building initiatives to enhance procurement practices in the East African region. Furthermore, the East African Community (EAC) has been instrumental in harmonizing procurement policies and procedures. The EAC's Public Procurement and Disposal Act of 2006 provides a legal framework for procurement systems across member states, promoting fair competition, value for money, and integrity (EAC, 2006). The EAC's efforts aim to enhance regional integration and facilitate cross-border trade through efficient procurement practices.

The African Union's African Procurement Policy (2013) emphasizes the need for transparent, accountable, and efficient procurement processes. It recognizes the significance of procurement planning to ensure effective allocation of resources and contract performance to enhance service

delivery. By examining the African perspective, this study will contribute to the growing body of knowledge on procurement governance in the region.

In Uganda, procurement planning and contract performance have undergone significant reforms. The Public Procurement and Disposal of Public Assets Act of 2003 established the regulatory framework for procurement processes (PPDA, 2003). The Government of Uganda has also implemented electronic government procurement (e-GP) systems to enhance transparency and efficiency (Muyita, 2020). These reforms highlight the commitment of the Ugandan government to improve procurement practices and promote public accountability.

At the national level, Uganda has made significant progress in institutionalizing procurement planning and contract performance. The Public Procurement and Disposal of Public Assets Act of 2003 provides a legal framework for procurement planning and contract performance in Uganda (PPDA, 2003). Additionally, the government has established the Public Procurement and Disposal of Public Assets Authority (PPDA) as the regulatory body responsible for overseeing procurement activities and ensuring transparency (PPDA, n.d.). Studies by Tumwebaze (2020) emphasize the need to strengthen institutional capacity, improve regulatory frameworks, and enhance awareness among stakeholders to achieve better procurement planning outcomes and contract performance in Uganda.

At the local government level, Mbale District in Uganda has embarked on efforts to strengthen procurement planning and contract performance. The District Procurement and Disposal Unit (DPU) has continually been trained and capacitated to ensure compliance with procurement regulations (Mbale District procurement minutes, 2019). Additionally, the district has implemented procurement performance monitoring systems to track contract performance and address any shortcomings (Mbale District procurement minutes, 2021). These initiatives demonstrate a localized perspective on procurement planning and contract performance within the specific context of Mbale District.

In conclusion, this study on procurement planning and contract performance in local government provides a comprehensive understanding of these aspects from various perspectives. By examining the international, African, East African, Ugandan, and Mbale District Local Government contexts, the research aims to contribute valuable insights and recommendations that can inform policy formulation and improve procurement practices at different levels.

### **1.1.2 Theoretical background**

The study will be guided by transaction cost economics theory Oliver E. Williamson in (1975).

One supporting theory for procurement planning and contract performance in local government is the Transaction Cost Economics (TCE) theory developed by Oliver E. Williamson in (1975). TCE provides a framework for understanding how organizations make decisions regarding the most efficient way to structure transactions, such as procurement processes and contracting relationships. According to TCE, organizations must consider both the costs associated with coordinating transactions within the organization (e.g., through hierarchical governance) and the costs of transacting in the external market (e.g., through contracts with suppliers). By understanding these costs, organizations can design procurement and contracting strategies that minimize transaction costs and optimize performance.

In the context of local government procurement planning, TCE is particularly relevant because it highlights the importance of balancing the costs of in-house procurement activities with the costs of outsourcing to external suppliers through contracts. Local governments must carefully evaluate the transaction costs associated with different procurement approaches to determine the most cost-effective and efficient strategy. For example, if a local government has limited in-house capacity or expertise for a particular procurement activity, it may be more cost-effective to use external suppliers through contractual agreements.

Moreover, TCE emphasizes the role of governance structures and incentives in shaping procurement planning and contract performance. Local governments can use TCE principles to design contracts that align the interests of both parties, reduce opportunistic behavior, and mitigate risks. By considering factors such as asset specificity, uncertainty, and frequency of transactions, local governments can tailor their procurement and contracting strategies to achieve better performance outcomes. Overall, the TCE theory offers a valuable framework for local governments to analyze, plan, and optimize their procurement activities in a way that maximizes efficiency, reduces costs, and enhances contract performance.

### **1.1.3 Conceptual background**

#### **Procurement Planning**

Procurement planning is the process of determining the goods, services, and works that need to be procured to meet the organization's requirements (Nichols, E. L. 2002). It involves developing a detailed procurement strategy, identifying potential suppliers, defining requirements, and establishing timelines and budgets for the procurement process. Effective procurement planning is essential for ensuring that the organization obtains the right goods and services at the right time and cost. It helps in streamlining the procurement process, reducing risks, and maximizing value for the organization.

#### **Supplier management**

According to Squire, B. (2008), Supplier management involves developing, maintaining, and enhancing relationships with suppliers to ensure the timely delivery of quality goods and services. It includes activities such as negotiating contracts, monitoring supplier performance, identifying potential risks, and resolving issues that may arise during the course of the relationship. Effective supplier management is crucial for building strong and sustainable supplier partnerships that contribute to the organization's success.

#### **Risk management**

Risk management in procurement involves identifying, assessing, and mitigating risks that may impact the organization's ability to achieve its procurement objectives. This includes risks related to supplier failure, market volatility, legal compliance, and other external factors that may affect the procurement process. By actively managing risks, organizations can minimize potential disruptions and optimize their procurement activities (D'cruz, P. 2012).

#### **Supplier selection**

Supplier selection is the process of evaluating potential suppliers based on various criteria such as price, quality, reliability, and past performance (Patterson, J. L. 2015). It involves conducting due diligence, comparing supplier reports, and selecting the supplier that best meets the organization's requirements. Effective supplier selection is essential for ensuring that the organization engages with suppliers who can deliver the desired goods and services.

### **Contract performance**

Cavinato, J. L. (2010) intimated that contract performance refers to the ability of both parties to fulfill their obligations as stated in the procurement contract. It involves monitoring key performance indicators, evaluating supplier performance, and addressing any deviations from the contract terms. Effective contract performance management ensures that both parties meet their commitments and achieve the desired outcomes.

### **Effective contract monitoring**

Effective Contract monitoring involves tracking and assessing supplier performance against contractual obligations to ensure compliance and quality of deliverables. It includes setting up monitoring mechanisms, collecting data on supplier performance, analyzing results, and taking corrective actions when necessary. Robust contract monitoring helps in maintaining accountability, transparency, and quality in procurement activities (McHenry, L. J. 2010).

### **Appropriate contract selection**

Appropriate contract selection involves choosing the right type of contract that aligns with the organization's procurement objectives and requirements (Hulitzky, D. 2019). This includes considering factors such as pricing structures, risk allocation, performance metrics, and legal terms. The selection of the appropriate contract type is crucial for mitigating risks, ensuring clarity in responsibilities, and establishing a framework for successful procurement execution.

### **Adequate resource allocation**

Adequate resource allocation in procurement involves assigning the necessary budget, personnel, and tools to support procurement activities effectively. It includes identifying resource requirements, prioritizing needs, and optimizing resource utilization to achieve the desired procurement outcomes. Proper resource allocation is critical for ensuring that procurement activities are carried out efficiently and deliver value to the organization (Flynn, A. E. 2014).

#### **1.1.4 Contextual background**

Mbale district is a local government administrative unit located in the Eastern Region of Uganda. It is named after its main town, Mbale, which also serves as its administrative center. The district covers an area of approximately 2,500 square kilometers and is bordered by Sironko District to the north, Bududa District to the north-east, Manafwa District to the east, Tororo District to the south, Butaleja District to the west, and Bulambuli District to the northwest. Mbale district is known for its diverse landscape, characterized by rolling hills, fertile valleys, and lush vegetation, making it a prime agricultural region in Uganda.

The population of Mbale district is predominantly rural, with the majority of residents engaged in subsistence farming as their primary source of livelihood. The district is home to a mix of ethnic groups, including the Bagisu, Basoga, Bagwere, and Banyole, each with its own rich cultural heritage and traditions. Mbale town, the largest urban center in the district, serves as a hub for trade, commerce, and services, attracting people from surrounding areas. The district is also known for its vibrant markets, where farmers sell their produce and traders from neighboring regions come to buy and sell goods.

In terms of governance, Mbale district is administered by the local government, with leadership headed by the District Chairperson, who is supported by a team of councilors representing different sub-counties and divisions within the district. The district local government plays a crucial role in service delivery, infrastructure development, and community empowerment initiatives aimed at improving the quality of life for residents. Key priority areas for Mbale district local government include improving access to healthcare, education, clean water, and sanitation services, as well as promoting sustainable agricultural practices and economic development to uplift the living standards of the population.

## **1.2 Statement of the problem**

In an ideal scenario, procurement planning and contract performance in Mbale District Local Government should be executed efficiently and effectively. Mbale DLG has tried to ensure well-thought-out procurement plans that align with organizational goals, transparent bidding processes, timely contract awarding to qualified vendors, and successful contract execution leading to high-quality service delivery for residents. Additionally, it has also ensured adherence to procurement standards, fairness in the selection process, and timely payments to vendors upon completion of work. However, despite of the above efforts contract performance in Mbale District Local Government still exhibits various inefficiencies and shortcomings. As shown by lack of transparency in contracting, allegations of favoritism in vendor selection, poor contract monitoring and evaluation, and disputes with vendors over payment delays. (OAG Reports, 2019-2022).

The magnitude of the problem is significant as inefficient procurement planning and poor contract performance can result in financial losses, delays in project implementation, substandard service delivery, and erosion of public trust. The inefficiencies in the procurement system can also lead to increased costs, missed project deadlines, and potential legal repercussions for the local government. Reports from the Auditor General and internal audits F/Y 2020/ 2021 have highlighted irregularities and inefficiencies in the procurement and contract management processes within Mbale District Local Government. Complaints from vendors, delays in project completion, and audit queries related to procurement further support the evidence of the existing issues in procurement planning and contract performance.

The urgency of addressing the procurement planning and contract performance issues in Mbale District Local Government is high due to the negative impact on service delivery, financial accountability, and overall governance. Immediate action is required to restore transparency, fairness, and efficiency in the procurement processes to enhance the district's performance and regain public confidence. The consequences of the current procurement and contract management challenges in Mbale District Local Government range from financial mismanagement and legal liabilities to compromised service quality and public dissatisfaction. Continued inefficient practices could also lead to project failures, wasted resources, potential corruption allegations, and reputational damage for the local government.

### **1.3 Purpose of the study**

To examine effect of procurement planning and contract performance in MBDLG

### **1.4 Specific objectives**

- i. To find out the effect of supplier management on contract performance of Mbale district local government
- ii. To assess the effect of risk management on contract performance of Mbale district local government
- iii. To determine the effect of supplier selection on contract performance of Mbale district local government

### **1.5 Research questions**

- i. What is the effect of supplier management on contract performance of Mbale district local government?
- ii. What is the effect of risk management on contract performance of Mbale district local government?
- iii. What is the effect of supplier selection on contract performance of Mbale district local government?

### **1.6 Scope of the study**

#### **1.6.1 Time scope**

The period that was considered for the study was 3 years from 2019 to 2022 this is because during that period, Mbale district local government experienced high level of corruption, incompetence of procurement staff, lack of transparency, failure to adopt technology among others.

#### **1.6.2 Content of the study**

The study was limited to procurement planning measured by supplier management, risk management, supplier selection.

### **1.6.3 Geographical Scope of the study**

The research study was carried out in Mbale District local government which is bordered by Sironko District to the north, Bududa District to the northeast, Manafwa District to the southeast, Tororo District to the south, Butaleja District to the southwest and Budaka District to the west. Pallisa District and Kumi District lie to the northwest of Mbale District.

### **1.7 Significance of the study**

The significance of this study for procurement planning and contract performance in Mbale District Local Government is crucial for several reasons.

**Effective procurement planning:** Procurement planning is essential for ensuring that goods, services, and works required by the local government are obtained in a timely and cost-effective manner. By conducting this study, the local government can identify gaps and inefficiencies in their current procurement planning process, leading to improvements in terms of transparency, accountability, and value for money.

**Enhanced contract performance:** Effective contract performance is essential for achieving project objectives and delivering quality goods and services to the local community. By examining the factors influencing contract performance in Mbale District Local Government, this study can identify challenges and propose strategies to improve the efficiency and effectiveness of contract management. This can lead to better project outcomes, reduced delays, and enhanced service delivery.

**Strengthened governance and accountability:** The study can uncover vulnerabilities in the procurement and contract management processes, enabling the local government to address them and strengthen their governance structures. This can include implementing measures to enhance transparency, minimize corruption risks, and promote accountability. Additionally, by applying best practices identified in the study, the local government can ensure compliance with legal and regulatory requirements, thereby building public trust and confidence.

**Cost savings and financial management:** Effective procurement planning and contract performance can contribute to cost savings for the local government. By identifying inefficiencies, duplications, or deviations from best practices in the procurement process, the study can guide the

implementation of measures to streamline operations and optimize resource utilization. This, in turn, can result in better financial management, increased value for money, and improved budgetary control.

### **1.8 Justification of the study**

The justification for studying procurement planning and contract performance in local government, particularly Mbale District Local Government, is multifaceted. This research is essential for several reasons:

**Accountability and transparency:** Effective procurement planning and contract performance are vital for ensuring accountability and transparency in the utilization of public funds. By assessing the current practices in Mbale District Local Government, this study aims to identify areas for improvement and suggest strategies that enhance transparency and accountability in procurement processes.

**Resource optimization:** The efficient planning and management of procurement activities contribute to the optimal utilization of resources. By examining procurement planning practices in Mbale District Local Government, this research aims to identify areas where resource wastage can be minimized and greater cost-effectiveness can be achieved.

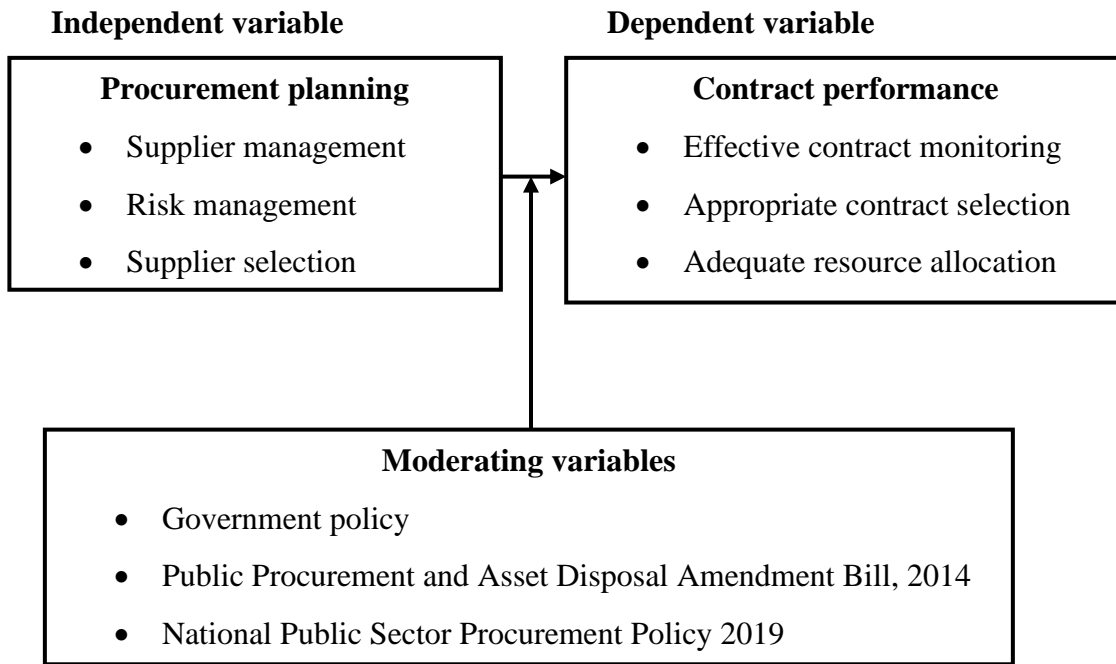
**Compliance with regulations:** Local government entities are bound by various legal and regulatory frameworks, such as the Public Procurement and Disposal of Public Assets Act (PPDA) of Uganda. This study will evaluate how well Mbale District Local Government adheres to these regulations and identify areas for improvement to ensure full compliance.

**Service delivery improvement:** Effective procurement planning and contract performance can greatly impact the quality and efficiency of service delivery in the local government. By examining the current practices and challenges in Mbale District Local Government, this study aims to propose measures that enhance service delivery and address any existing gaps or deficiencies.

**Capacity building:** Identifying the strengths and weaknesses of procurement planning and contract performance in Mbale District Local Government can inform targeted capacity-building initiatives. This research can help develop training programs and educational materials to enhance

the knowledge and skills of procurement officials, ultimately leading to better procurement outcomes.

### 1.9 Figure 1 conceptual frame work



**Source: conceptualization (2024), Dobler, D. & Burt, D. (2017)**

With reference to figure 1 above indicates that procurement planning consists of supplier management, risk management, supplier selection as independent variable however on the other hand contract performance comprises of effective contract monitoring, appropriate contract selection, and adequate resource allocation while moderating variables includes government policy, public procurement and asset disposal bill 2014, national public sector procurement policy 2019 as indicated above.

### 1.10 Definitions of key terms

#### Procurement planning

Whitman (2014) defined procurement planning as the process used by companies or institutions to plan purchasing activities for a specific period of time, this is commonly completed during the budgeting process, and the primary concept of procurement planning is that advance planning will result in cost savings, more efficient business operations, and therefore increased profitability (Khemani, S. 2017).

### **Supplier management**

Allan H, Martin, Y, (2015) intimated that supplier management is a process of several stages focusing on initiating and developing good working relationships with vendors. These vendors provide goods and services to organizations so they can operate daily. Vendor management helps organizations control costs, reduce risks related to vendors, ensure excellent service, and derive sufficient value from vendors (Allan H, Martin, Y, 2015).

### **Risk management**

Nguyen, (2022) intimated that risk management is the process of mitigating risks to limit their impact on the health of a business. Business risk is any action or inaction that increases a business's exposure to factors that might reduce its revenue, cause it to fail, or damage its reputation. The goal of risk management is to ensure that the business and its employees act to reduce exposure to those factors (Baldry, D. 2019).

### **Strategic supplier selection**

Trybus, M (2016) contends that supplier selection is the process by which firms identify, evaluate, and contract with suppliers. The supplier selection process deploys an enormous amount of a firm's financial resources and plays crucial role for the success of any organization. Supplier selection is common to all purchasers and is a critical element in the procurement ecosystem. It helps in structuring supplier bases and improving the overall efficiency of the supply chain. Supplier selection aims to ascertain the excellent supplier who proposes the best value for money of product or service (Trybus, M 2016).

### **Contract performance**

Arrowsmith.J. (2017) stressed that Contract Performance refers to the purchase or sale of underlying assets by parties in futures contract or payment of the difference between the settlement price at the end of the day and the settlement price, the final settlement price according to the content of this terms and conditions and in accordance with the statute of the securities depository center. The contract performance phase is therefore of paramount importance as it helps to build public confidence in public procurement and provides the opportunity to implement quality assurance systems and accountability mechanisms.

### **Effective contract monitoring**

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

### **Appropriate contract selection**

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

### **Adequate resource allocation**

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

## 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 of the study.

#### **2.1 Theoretical perspective**

The study will be guided by transaction cost economics theory Oliver E. Williamson in (1975). One supporting theory for procurement planning and contract performance in local government is the Transaction Cost Economics (TCE) theory developed by Oliver E. Williamson in (1975). TCE provides a framework for understanding how organizations make decisions regarding the most efficient way to structure transactions, such as procurement processes and contracting relationships. According to TCE, organizations must consider both the costs associated with coordinating transactions within the organization (e.g., through hierarchical governance) and the costs of transacting in the external market (e.g., through contracts with suppliers). By understanding these costs, organizations can design procurement and contracting strategies that minimize transaction costs and optimize performance.

#### **2.2 Empirical review**

Public procurement and Disposal Act (2015) states that procurement planning in the public Sector is compulsory in order to ensure efficient procurement of goods, works and services. Those charged with public procurement responsibility must therefore ensure that procurement plans are prepared in line with those of their annual budgets and implemented. The Implementation of procurement plans must be monitored on a quarterly basis and adjustments made as necessary. Procurement planning is the responsibility of those charged with procurement responsibility of the organization. Procurement is a complex function of and requires participation of all actors. It is also important for all actors to cooperate and perform their roles for the success of the procurement function (Rosemary, J. B. 2017).

### **2.2.1 Effect of supplier management on contract performance**

Larson (2018) postulated that vendor management refers to the process that empowers an organization to take appropriate measures for controlling cost, reducing potential risks related to vendors ensuring excellent service delivery and delivering value from vendors in the long run. This includes researching about the best suitable vendors, sourcing and obtaining pricing information, gauging the quality of work, managing relationships in case of multiple vendors, evaluating performance by setting organizational standards and ensuring that payments are always made on time (Larson 2018). Some vendors may have different payments while some may adhere to industry standard terms. Figuring out the terms and ensuring that the payment is always made on time is one of the major issues especially while dealing with multiple vendors at the same time (CIPS Australia. 2015).

Dobler, D. & Burt, D. (2017) intimated that before the vendor management process starts, it is crucial to identify and establish business goals that necessitate vendor involvement. This helps in understanding the requirements of every business unit and prevents duplication of efforts and wastage of resources in terms of selecting and contracting with vendors. It also helps in the later stages of measuring and evaluating vendor performance as these goals establish appropriate metrics. After the business goals are recognized, the next step should be skilled in identifying business goals and key performance indicators for vendor management term. The centralized team should be skilled in identifying business goals for vendor management, selecting relevant vendors, negotiating the contracting process, periodically assessing the performance of vendors and tracking all transactions activities (Dobler, D. & Burt, D. 2017).

Elsy.R.D. (2019) denoted that the vendors are evaluated based on the selection criteria and, if applicable, the bidding process. The submitted reports need to be thoroughly assessed to understand the pricing structure, scope of work and how the requirements will be met, the terms and conditions, expiry and renewal dates. This will ensure that your organization is deriving the maximum value from the vendor. The contracting stage is assigned to the legal and finance team and the senior management involved with the vendors. The rest of the business units receive the contract and engage with the vendors after the finalization process (Elsy.R.D. 2019). This tends to be sub-optimal in the long run the business units are the ones finally collaborating with the vendors on a day-to-day basis (Elsy.R.D. 2019).

Robert L. Cardy (2017) insinuated that while engaging with vendors, it's necessary to clearly define the business goals of the organizations and expectations from vendors. Let the vendors know what the current and future requirements are and how they align with organization's objectives. It will enable the entity and vendors to be on the same page and ultimately collaborate better even in the long run. It helps to set the benchmarks, reduces risks related to vendor performance and compliance, and to evaluate the vendors. Given the set of goals and expectations, it is important to set deadlines that can be met realistically by the vendors. Setting impossible deadlines not only impedes vendor performance and value creation but it also increases risk and prevents meaningful collaboration (Robert L. Cardy 2017).

Helmsing, A. (2015) stressed that there are multiple types of risks surrounding vendor management financial, payment, operational, compliance and data security to name a few. The vendor needs to periodically identify all vendor related risks at every step of the vendor management process, assess its impact based on risk appetite and plan mitigation measures. The threats that pose as risks are continuously changing ensure that the vendor is monitoring the internal and external environment of the organization and assess the controls that are in place, their effectiveness and update them as required (Helmsing, A. 2015). This level of due diligence helps in minimizing vendor related risks and ensures vendor performance is able to satisfy all requirements (Helmsing, A. 2015).

Whitman, J. R. (2018) intimated that organizations execute their vendor management plans efficiently and focus on a vendor's strengths to realize mutual value. You can aim to implement the plan to achieve set goals and targets. This strategy can result in a wider selection of vendors, as it's likely they may want to work with an organization that has an efficient vendor management process. Like organizations referring others to vendors, the vendors themselves might also discuss their experience working with organizations, whether positive or negative. Establishing an effective management plan can help ensure that vendors have a positive experience working with the organization, ultimately leading to other collaborations. The team might assign a performance value, which is how well they think the vendor performs each requirement. If the team disagrees about performance values, you can gather all members' values and use the average (Whitman, J. R. 2018).

Johan, N. (2016) affirmed that keeping an up-to-date supplier log in the vendor management system allows you to track vendor performance and compare it to the performance stated in the contract. This step helps ensure the supplier meets the organization's standards and adheres to its requirements. Reviewing the tracked performance data can help you discover areas of improvement and provide the vendor with clear expectations that enhance their performance. Building relationships with vendors and managing the vendor processes establishes loyalty between the organization and the suppliers. It's crucial that both parties trust each other when conducting business, which they can only achieve through continuous collaboration. Establishing loyalty can reduce vendor turnover and help keep great vendors around for an extended period, increasing the likelihood of negotiating good deals (Johan, N. 2016).

Jones, D.S. (2019) noted that Effective vendor management builds good relationships with vendors, which may improve your ability to negotiate rates and provide you with access to specific discounts. Also, vendor management gives you a better overview of the vendor's actions. This can help you identify unnecessary items that financially impact the organization. Then, you can choose to reduce or cut these services to save money. Vendor management can help track suppliers and offer data about vendor risks. This can help you reduce exposure to these risks or choose a different vendor altogether. Vendor management also makes it easy to track performance, verify vendor certifications and qualifications, and possibly get an idea of a vendor's financial status to protect the organization (Jones, D.S. 2019).

Kabaj, O. (2017) stresses that vendor management allows the entity to keep all critical vendor information and scheduling in one place. For example, the organization might create specific files for each vendor that includes information, such as related costs, goods purchased, and delivery dates. Being organized can decrease the time spent looking for the necessary information in multiple locations. The organization's brand is an essential part of its success. It's crucial that each vendor positively contributes to the brand. The organization might aim to discover ethical and professional vendors to protect the brand further. Vendor management programs can help you evaluate a vendor's ethics, including environmental and social. For example, if the vendor assists controversial organizations, you might reconsider working with them. This evaluation can protect you from serious incidents that may occur because of a vendor's actions (Kabaj, O. 2017).

Kearns, K. P. (2016) acknowledges that vendor management helps organizations control costs, reduce risks related to vendors, ensure excellent service, and derive sufficient value from vendors. Consistent vendor management empowers businesses to improve transparency, mitigate risks by ensuring compliance is up to date, and save money by maximizing the benefits of full modernization (Kearns, K. P. 2016). Utilizing modernized automated technology, businesses can track real-time compliance, capitalizing on administrative efficiencies, streamlined communication, and automated requests for report (RFPs) throughout the vendor management process (Kearns, K. P. 2016).

Kenneth L, (2020) opined that Consistent vendor management empowers businesses to improve transparency, mitigate risks by ensuring compliance is up to date, and save money by maximizing the benefits of full modernization. Some vendor management software enables businesses to locate compliance policy deficiencies in real time, flagging overdue expirations or insufficient insurance limits as they occur, and responding with specific renewal or email notices reflecting deficient policies. A modernized approach to compliance correction, such automation takes human error out of the equation, easily bringing wayward vendors back into compliance. Good vendors are hard to come by. With effective supplier management, the organization can ensure efficiencies that lead to smooth processes, which can help you build the loyalty you need to keep your great suppliers as part of your supply chain for the long term (Kenneth L, 2020).

Kleiman, L. S. (2018) asserted that vendor management plays a crucial role in the success of large projects that are complex. The buyer-supplier relationship is one that needs to be worked out for things to happen in the way the buyer wanted to happen. For complex and long-term IT projects, one needs to be working towards long-term business relationship that is mutually beneficial. Otherwise, it will have a negative impact that adversely affects the functioning of the banks. Vendor management is a term that describes the processes organizations use to manage their suppliers, who are also known as vendors. Vendor management includes activities such as selecting vendors, negotiating contracts, controlling costs, reducing vendor-related risks and ensuring service delivery. Vendor managers facilitate and maintain relationships between your organization and vendors/partners, negotiating contracts, creating standards for the vendors, and finding the best available vendors (Kleiman, L. S. 2018).

### **2.2.2 Effect of risk management on contract performance**

Rotich, L. M. (2019) intimated that risk management is the process of mitigating risks to limit their impact on the health of a business. Business risk is any action or inaction that increases a business's exposure to factors that might reduce its revenue, cause it to fail, or damage its reputation. The goal of risk management is to ensure that the business and its employees act to reduce exposure to those factors. Every decision-maker in a business performs some type of risk management; in fact, you might define decision-making as the process of weighing up risks and benefits to discover the most beneficial and least risky course of action. However, ad-hoc risk management is unlikely to contribute consistently to the business's objectives. While many individuals manage risk in a limited domain, a coherent framework helps them to do so systematically in a way that accord with the business's risk management policies and the regulatory environment in which it operate (Rotich, L. M. (2019).

According to Freeman, (2014), the identification of risk normally starts before the project is initiated, and the number of risks increase as the project matures through the lifecycle. When a risk is identified, it's first assessed to ascertain the probability of occurring, the degree of impact to the schedule, scope, cost, and quality, and then prioritized. Risk events may impact only one or while others may impact the project in multiple impact categories. The probability of occurrence, number of categories impacted and the degree (high, medium, low) to which they impact the project will be the basis for assigning the risk priority. All identifiable risks should be entered into a risk register, and documented as a risk statement. The first is mitigation steps that can be taken to lessen the probability of the event occurring. The second is a contingency plan, or a series of activities that should take place either prior to (Freeman, 2014).

Schrand, (2007) contends that the resources available for managing risk are finite and so the aim is to achieve an optimum response to risk, prioritized in accordance with an evaluation of the risks. Risk is unavoidable, and every organization needs to take action to manage risk in a way which it can justify to a level which is tolerable. The amount of risk which is judged to be tolerable and justifiable is the risk appetite. Every organization functions within an environment which both influences the risks faced and provides a context within which risk has to be managed (Schrand, 2007).

Eccles, (2011) affirmed that risk management helps projects and organizations and at the same time prevents the loss of resources. It provides potentially profitable returns on investments for the organizational management, project management, project stakeholders, and team members. Here help is given as an entity get to where it wants to go and avoid unforeseen circumstances along the way. According to Dorfman (2007), ensuring that an organization makes cost effective use of risk management first involves creating an approach built up of well-defined risk management and then embedding them. These risk management include financial risks management, operational risk management, governance risk management, and strategic risk management (Eccles, 2011).

Al-Mazrooei (2007) says that risk identification is the initial stage of risk management. For the implementation of risk management in an organization, the first step is to study risks and their impact on management practices. Risk identification is a very important step in risk management. The responsibilities must then be assigned to departments to identify specific risks. In foreign exchange risks, the interest rate risks are the core function of the financial department. Therefore it is vital that the risk management function is firmly entrenched throughout the whole corporation; i.e. the parent company while, the branches to have identify and analyze risks and monitor and control these risks as well. There are various approaches for risk identification, for example, through visualization analysis or risk mapping (Quach, H. 2006).

Tchankova, L. (2002) intimated that in order to manage risks effectively, Institutions have to know what risks they are faced with. The risk identification process should cover all risks, regardless of whether or not such risks are within the direct control of the Institution. Institutions should adopt a rigorous and on-going process of risk identification that also includes mechanisms to identify new and emerging risks timorously. Risk identification should be inclusive, not overly rely on the inputs of a few senior officials and should also draw as much as possible on unbiased independent sources, including the perspectives of important stakeholders. Risk workshops and interviews are useful for identifying, filtering and screening risks but it is important that these judgment based techniques be supplemented by more robust and sophisticated methods where possible, including quantitative techniques (Tchankova, L. 2002).

Faulkender, M. (2005) postulated that risk management comprises activities of risk identification, risk assessment, planning for newly identified risks, monitoring trigger conditions and contingency plans, and risk reporting on a regular basis. Project status reporting contains a section on risk management, where new risks are presented along with any status changes of existing risks. Some risk attributes, such as probability and impact, could change during the life of a project and this should be reported as well. As project activities are conducted and completed, risk factors and events will be monitored to determine if in fact trigger events have occurred that would indicate the risk is now a reality. Based on trigger events that has been documented during the risk analysis and mitigation processes (Faulkender, M. 2005).

Deloitte (2012) opined that risk identification is important as it ensures that the risk management function is established throughout the whole corporation and risk identification helps to sort risk according to their importance. The risk identification assists the management to develop risk management strategy to allocate resources efficiently. By risk identification the organization is able to study activities and places where its resources are exposed to risks. Auditors have a role to continuously identify the risks in the organization, investigating the problem of risk identification calls for risk identification as a continuous process and continuous seeking of new risk. Trieschmann (2004) indicate that risk identification is the first stage of risk management. They assert that correct risk identification ensures risk management effectiveness such that, if risk managers do not succeed in identifying all possible losses or gains that challenge the organization, then these non-identified risks (Deloitte 2012).

Dan S. Cohen (2015) stressed that managing risk can be done in several ways such as contingency planning, using existing assets or making an investment in new resources. The levels of the risks can be classified into extreme: an extreme risk requires immediate action as the potential could be devastating to the enterprise; high: a high level of risk requires action, as it has the potential to be damaging to the enterprise; moderate: allocate specific responsibility to a moderate risk and implement monitoring or response procedures; and low: can manage a low level of risk with routine procedures. The potential of an identified risk can be estimated by the effect it has on financial and other resources (Forbes, K.J. 2002).

Sekaran, U. (2016) contends that good risk management practices lead to the elimination of costly lower-tail outcomes and reduce the costs of bankruptcy which follows a prolonged period of financial distress. These bankruptcy costs include direct administration costs, the reduced expected present value of the firm, decreases in efficiency due to lowered employee morale, expected difficulties when operations are resumed and less focus on more profitable company areas due to the monopolization of management's attention on rectifying the bankruptcy issues immediately (Stulz, 1996; Ramos, 2000). Further, firms experiencing financial distress are likely to lose the support of customers, suppliers and investors, with a consequential negative impact on profitability (Sekaran, U. 2016).

Dougherty, (2019) opined that risk management can add value through the prevention of the corporate underinvestment problem. A potentially significant cost of financial distress stems from the tendency of financially troubled firms to scale back on or delay new investments to preserve limited internal funds. Such firms also experience grave difficulty in accessing external capital for investment purposes. Thus, firms can create value by establishing risk management programs which guarantee they have adequate funds or access to capital for the implementation of value-enhancing projects (Servaes et al., 2009). Risk management helps an organization to meet its objectives, such as reduction in the volatility of cash flow, protection of earnings against fluctuations, and minimization of foreign exchange losses (Fatemi and Glaum, 2000). Schroeck (2002) proposes that ensuring best practices through efficient risk management result in increased earnings (Dougherty, 2019).

Pope, J.(2016) intimated that poor risk management could jeopardize the company's relationship with its stakeholders. Company's day to day operations are related with its customers, suppliers and other partners. They all are external and the company has little control on them. The failure in risk management could severely affect the perception of these important elements. This results in higher contractual costs with its stakeholders. Suppliers and customers may engage in negative bargaining process in every transaction that could ultimately increase transaction costs with them. Companies need to give appropriate concern for improving risk management system in order to satisfy their counter parts such as customers and suppliers there by, a fair and win-win commercial engagement could be reached with all company's counter parts (Pope, J.2016).

### **2.2.3 Effect of supplier selection on contract performance**

Lawal, S. (2017) postulated that supplier selection is the process of choosing which prospective vendor or supplier should an organization get into business with. One of the primary goals of supplier selection is to establish a mutually-beneficial business-to-business relationship with a reliable supplier that provides the most value for money. Supplier selection is an important process that sets a foundation for a long-term business-to-business partnership with suppliers that can greatly contribute to the success or failure of a business. Guaranteeing supplier quality also makes for an agile supply chain for your business where disruption is at least minimized, if not totally eliminated. Done right, supplier selection can help bring about the most value for money for a business or a commissioning plan that aims to maximize its resources and efficiently operate in order to optimize profitably (Lawal, S. 2017).

Lloyd, R. E. (2019) intimated that the supplier selection process culminates in a contract between the buyer and one or more suppliers. The information received from suppliers via the requests ultimately must be translated into formal contractual terms before contracting can occur. A contract with a supplier specifies what the supplier should do and how they will be paid by the buyer. At the highest possible level, contract terms relate to either monetary transfers (payment terms) or how the contract will be executed (non-payment terms). Contracts can specify any number of payment and non-payment arrangements. A few common ones are listed here to provide the reader with a sense of what types of contract terms the buyer might consider during negotiations and when making a contract award decision. It is also possible that the buyer can utilize neither competition nor take-it-or-leave it offers. Instead, the buyer and a single supplier might bargain in some general and unstructured way (Lloyd, R. E. 2019).

Mamiro, R. G. (2018) affirmed that supplier selection is determining from whom and how much the required raw materials, semi-products and other materials will be bought (Ecer and Küçük, 2008). The purpose of supplier selection is to determine suppliers with a high potential who can meet the needs of a business continually with an acceptable cost (Yang et al., 2008: 1481). The decision for supplier selection should always be based on reasonable criteria determined by businesses. Under normal circumstances, this decision is about how well the supplier can meet the criteria that influence the supply chain success such as quality, amount of product, cost, terms of delivery and service standard, which are demanded by the business (Yalçın, 2013).

According to Aggrey (2017), supplier selection can be a tool that provides useful information for potential efficiency gains and enhanced competitiveness, at existing levels of resources and technology. The recent trends indicate inadequate or poor procurement function performances. The procurement function has not delivered its key objectives. This implies that achieving the value of procurement function is yet to be realized. According to Amaratunga and Baldry (2002) although the benefits of suppliers are well documented, there are inadequate practices by procurement managers to strategically include supplier selection as main approach to performance improvement (Martin C, 2015).

Zeithaml , (2016) asserts that experts agree that no best way exists to evaluate and select suppliers, and thus organizations use a variety of approaches. The overall objective of the supplier evaluation process is to reduce risk and maximize overall value to the purchaser. There is poor performance in relations to the successful value for money creation (Zeithaml 2016). The procurement has failed to enhance financial savings, reduction in costs while maximizing value of resource usage. An organization must select suppliers it can do business with over an extended period of time. The industrial purchasing function remains amongst the most critical activities for ensuring the long term viability of a firm. Pre-dating the rush to Internet commerce, companies have been pursuing improvements in purchasing function in order to improve their overall performance (Kinney 2019).

Gronroos T. (2017) asserted that the drive towards quality products and services delivery and procuring goods and services in a lawful and ethical manner which encourages participation and sustainable economic growth has been a challenge so far to most procurement officers (Artley, & Stroh, 2001). These outcomes are lacking savings capabilities that can benefit any organization. Apart from that, efforts of many public entities to enhance working effectively across public procurement sectors and organizations; ensuring effective contract and supplier management; communicating effectively and ensuring productive stakeholder and customer relations; ensure compliance with good procurement practice and continuously improving performance and innovation often bears no tangible gains. The desire to realize efficiency and effective use of public resources; ensuring fiscal stability that create an enabling environment for private sector led growth; and strengthens governance and transparency in the management of public finances is not often the outcome (Atkinson, 2016).

According to Astbrink & Tibben (2013), the supplier selection process deploys a tremendous amount of a firm's financial resources.. In return, firms expect significant benefits from contracting with suppliers offering high value. This describes the typical steps of supplier selection processes, identifying suppliers, soliciting information from suppliers, setting contract terms, negotiating with suppliers, and evaluating suppliers (Kiama, 2014). Each step is important, how the steps are interrelated, and how the resulting complexity provides fertile ground for research (Astbrink & Tibben 2013). To avoid the dire outcomes of supplier nonperformance, buyers typically take proactive steps to verify a supplier's qualifications prior to awarding them a contract. The primary goal of supplier qualification screening is to reduce the likelihood of supplier non-performance, such as late delivery, non-delivery, or delivery of nonconforming faulty goods (Kiplagat, 2010).

Kumar V. (2019) denoted that supplier selection decisions are intricate due to the fact that multiple criteria must be considered in the decision-making process. Multi-criteria approach is used in selecting suppliers, although there are numerous criteria used in selecting suppliers depending on organizations, literature suggests that the most important are price, delivery, and quality. Supplier selection has become one of the fastest growing areas of management especially in the last few years. To survive in the intensely competitive global economy, it is often critically important to not only develop existing suppliers but also to discover new suppliers. Although study in this area started in 1960s, it is in the 90s that scholars gained much interest in the area of supplier selection. With heightened global competition that has reduced the profit margins of most companies, cost cutting has become the option and is being focused in logistics which has become the single largest and most important activity of most firms, both in the public and private sectors (Kumar V. 2019).

Mullins, F. Greene, S (2016) affirmed that Supplier selection is one of the most important and risky decisions that buying organizations make during the purchasing process. Accordingly, supplier selection decisions are characterized by rationality (Igarashi et al., 2017). Considering the fact that rational action is concerned with outcomes (Elster, 1989), our study suggests that the perceived benefits that the selected suppliers will provide buyers with the required goods and services depend on the good choices made by procurement professionals to choose the best suppliers and effective monitoring (Mullins, F. Greene, S 2016).

Neely, A. (2019) stresses that supplier selection is a vital activity in procurement and supply chain management this is because successful supplier selection can have a great effect on organization

performance (Taherdoost and Brard, 2019). There is a strand of literature that links cost reduction as a measure of performance. The study's premise is on the fact that supplier selection may be necessary for procurement cost reduction. Efficiency has been associated with the outcome of cost reduction and can be used as a procurement performance measure. Supplier selection criteria are most commonly used when buying organizations decide to engage potential suppliers, and these suppliers play a significant role in enhancing procurement performance. Thus, studying the role of supplier selection in the public procurement context is necessary. Although there is no universally accepted criterion for supplier selection, it should be used in accordance with the situation (Taherdoost and Brard, 2019).

Nwabuzor L, (2015) intimated that after the prequalification of suppliers through supplier evaluation, improvement in procurement performance is expected. However, it is puzzling to note that buyer supplier relationship does not last any longer, suppliers are in most cases conventionally selected on the basis of low price and less importance is given to the suppliers who give assurance of on time delivery and long term relationships (OECD, 2007). Numerous examples illustrate how the supplier selection process has become an essential element of the governance of many components of the public sector, one which fuels the dissemination of many innovations. For several years, the French Air Force has outsourced security control at the entry to its bases, for several years (Nwabuzor L, 2015).

### **2.3 Summary literature and gaps**

Supplier management, risk management, and supplier selection have all been identified as key factors influencing contract performance within supply chain management literature. While previous studies have explored the individual effects of these factors on contract performance, there is a lack of research focusing on how they interact and influence each other in the context of contract performance. Therefore, the research gap that this study intends to fill is to examine the combined effects of supplier management, risk management, and supplier selection on contract performance to provide a more holistic understanding of how these factors impact the success of contracts within supply chains.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### **3.0 Introduction**

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

#### **3.1 Research Design**

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

#### **3.2 Study population**

According to Hensen, M.C. (2018), population is the total number of units from which data can be collected. Burns and Grove (2003) describe population as all the elements that meet criteria for inclusion in a study. The study involved a population of 51 respondents to represent the entire population of Mbale district local government of different departments who comprised of PDU staff and contract committee members, accountants, cashiers, Health officer, stakeholders, auditors, all were respondents from MDLG, Mbale District.

### 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 like Senior Procurement Officer, PDU staff and contract committee members, Accountants, PDU staff and contract committee members, Stakeholders, Auditors and Cashiers. Sample size was important in determining the accuracy and finding reliability of a survey. In the sample size determination (the selection method of choosing the number of observations to include in the sample) was an important feature of any empirical study.

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

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

Where;

n is the sample size

N is the whole population

1 is the constant

e<sup>2</sup> error in sampling (0.05)

The total sample size was computed as shown below

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

n = 45 Respondents

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

<b>Respondents</b>	<b>Population</b>	<b>Sample size</b>	<b>Sampling procedures</b>
Senior Procurement Officer	1	1	Purposive sampling
PDU staff and contract committee members	18	16	Simple random sampling
Chief-administrative officer	1	1	Purposive sampling
Accountant	1	1	Purposive sampling
Cashier	4	3	Purposive sampling
Health officer	1	1	purposive sampling
Auditors	1	1	Purposive sampling
stakeholders	24	21	Simple random sampling
<b>Total</b>	<b>51</b>	<b>45</b>	

**Source: Mbale district local government (2024)**

### **3.3.2 Sampling procedures**

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

#### **Purposive sampling**

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

#### **Simple random sampling**

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

### **3.4 Sources of Data**

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

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

### **3.5.1 Questionnaires.**

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

### **3.5.2 Interview guide**

According to Coase, R.H. (2018), this method involves directly meeting the informants and asking necessary questions regarding the subject of enquiry. Usually a set of questions or a questionnaire is carried by him and questions are also asked according to that. The interviewer efficiently collects the data from the informants by cross examining them. The interviewer must be very efficient and tactful to get accurate and relevant data from the informants with interviews like personal interview/ depth interview or telephone interview conducted as per the need of the study.

## **3.6 Quality Control**

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 Prese**

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

#### **3.7.1 Quantitative Data Analysis**

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

#### **3.7.2 Qualitative Data Analysis**

This kind of data was interpreted by explanations and substantiated using open responses from the field (Mugenda and Mugenda, 2016). While analyzing qualitative data, conclusions 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.

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

Participants in a study were protected from an adverse situation. They were assured that information that is provided to the researcher and their participation may not to be used against them.

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

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

### **3.9 Limitations of the study.**

Time limitation may besides financial constrains prohibit me from getting into deep establishment given the intensity of research.

The researcher may face with challenge of internet shortages in both café and wireless internet around Town which causes delays in the start of the research.

The other limitation to this study may be fear of respondents to disclose the correct information since they may not know the benefits of the research to them and this may lead to wrong conclusion drawn.

### **3.10 Chapter summery**

A research design is a blue print for conducting a study with maximum control over factors that may interfere with the validity of the findings. Population is the total number of units from which

data can be collected, a sample size as a proportion of a population, sampling procedures as the procedure of selecting a group of people, events or behaviors with which to conduct a study, purposive sampling is where the sample is chosen due to their expertise on the problem under study, Simple random sampling is the procedures where by all respondents have equal chances of being selected, data is about raw facts which have not been processed and from which no meaningful interpretation can be abused, 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, secondary data is the Data that has previously been collected that is to say primary data that is utilized by a person other than the one who collected the data,

## **CHAPTER FOUR**

## DATA PRESENTATION, INTERPRETATION AND DISCUSSION OF THE FINDINGS

### 4.0 Introduction

This chapter presents the findings on procurement planning and contract performance in local governments. 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 4. 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 4.2 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 4.3 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 4.3 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 local government 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 local government thence guaranteeing the achievement of the district objectives.

#### 4.1.3 Qualification.

**Table 4.4 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 4.4 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 local government have attained certain level of education and knowledge. This is however, not surprising that the Mbale district local government 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 4.5 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 4.5 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 local government fall at 47.5% that is to say accounts assistant, it also indicates that work in Mbale district local government 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 4.6 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 4.6 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 local government employs experienced workers who have had reasonable numbers of years of experience with 40% such that the goals formulated by the entity can be achieved well besides this it also implies that majority of the respondents had served for a considerable period which indicates that most of the respondents had vast knowledge which could be relied upon by this study.

#### 4.3 Descriptive Findings on contract performance in Mbale district local government

This section presents the descriptive findings on contract performance in Mbale district local government using percentages, mean and standard deviation as follows;

**Table 4.7: Descriptive Findings on Performance**

Statement	1	2	3	4	5	Mean	Std Dev	Comment
There is an opportunity to implement	9.1%	54.5%	24.2%	6.1%	6.1%	2.45	.971	Low

quality assurance systems and accountability mechanisms								
There is building of public confidence	18.2%	45.5%	15.2%	15.2%	6.1%	2.45	1.148	Low
You identify potential problems early on	6.1%	24.2%	18.2%	45.5%	6.1%	3.21	1.083	High
There is improved control and enforcement of quality standards	12.1%	24.2%	6.1%	57.6%	0.0%	3.09	1.156	High
Each party to the contract is bound to perform promises according to the stipulated terms	0.0%	3.0%	9.1%	63.6%	24.2%	4.09	.678	Very High
Contracts are accorded following stipulated guidelines	0.0%	12.1%	3.0%	60.6%	24.2%	3.97	.883	High
<b>OVERALL</b>						3.021	0.979	Moderate

**Source: Field Data (2024)**

Findings from Table 4.7 reveal that the perception of opportunities for implementing quality assurance systems and accountability mechanisms in Mbale District Local Government is

relatively low, with a mean score of 2.45 and a standard deviation of 0.971. This suggests that respondents feel that there are limited opportunities for enhancing quality assurance and accountability. Previous studies, such as those by Namasasu (2018), indicate that effective quality assurance systems are crucial for improving contract performance. The low score here might reflect challenges in integrating these systems effectively within the district's administrative processes. This finding aligns with the assertion by Ouma and Mugisha (2019), who found that the lack of robust quality assurance mechanisms can lead to suboptimal contract performance and decreased accountability in local government settings. **(Comment: Low)**

The data also indicate a low level of perceived public confidence in the contracting processes, with a mean score of 2.45 and a standard deviation of 1.148. This result suggests that respondents are skeptical about the effectiveness of the district's efforts to build public trust. This finding is consistent with the research of Kato (2020), who highlighted that low public confidence often stems from a lack of transparency and inadequate communication in contract management. Similarly, studies by Ochieng and Wekesa (2017) emphasize that building public confidence requires not only transparent procedures but also active engagement with the community to address their concerns and expectations. The low public confidence observed here may indicate a need for more effective communication strategies and greater transparency in contract management practices. **(Comment: Low)**

In terms of identifying potential problems early on, the mean score of 3.21 and a standard deviation of 1.083 suggest a high level of agreement among respondents. This implies that there is a relatively strong perception that potential issues are identified in a timely manner. This finding is supported by the work of Njoroge and Onyango (2016), who found that early identification of problems is crucial for effective contract management and successful project outcomes. The emphasis on proactive problem identification aligns with best practices in contract management, which advocate for regular monitoring and assessment to mitigate risks before they escalate (Muriithi & Scott, 2019). **(Comment: High)**

The perceived improvement in control and enforcement of quality standards is reflected in a mean score of 3.09 with a standard deviation of 1.156, indicating a high level of agreement among respondents. This result suggests that there is a general perception that the district has made significant strides in controlling and enforcing quality standards. This finding corroborates the

study by Wanjiru and Muthoni (2018), which found that effective enforcement of quality standards is essential for ensuring that contracts meet their objectives and deliver expected outcomes. The high score in this area aligns with the recommendations of Omondi (2021), who advocates for rigorous enforcement mechanisms as a means to enhance contract performance and accountability.

**(Comment: High)**

Each party's adherence to contract terms received a very high score of 4.09 with a standard deviation of 0.678, indicating strong agreement that parties are generally bound to perform according to the stipulated terms. This finding reflects a high level of compliance and commitment to contract terms, which is crucial for successful contract execution. This result is consistent with the work of Kiplagat and Namusisi (2017), who emphasize the importance of ensuring that all contractual parties adhere to their obligations to achieve desired outcomes. The very high level of adherence observed here highlights a key strength in the district's contract management practices, aligning with best practices that advocate for clear and enforceable contract terms. **(Comment: Very High)**

Contracts are generally followed according to stipulated guidelines, as reflected in a mean score of 3.97 and a standard deviation of 0.883, suggesting a high level of agreement that guidelines are adhered to. This result is supported by research by Kirinya and Ssemwogerere (2020), which found that adherence to established guidelines is vital for maintaining consistency and integrity in contract performance. The high score here aligns with best practices in contract management, which stress the importance of following guidelines to ensure that contracts are executed as intended and meet the required standards (Muthoni & Kirui, 2019). This finding indicates that the district has effective systems in place for guiding and monitoring contract implementation.

**(Comment: High)**

The overall mean score of 3.021 with a standard deviation of 0.979 suggests a moderate level of satisfaction with contract performance in Mbale District Local Government. This result indicates that while there are areas of strength, such as problem identification and adherence to terms, there are also areas that require improvement, such as quality assurance and public confidence. This finding aligns with the observations of Kivuva (2019), who noted that moderate scores in contract performance often reflect a mix of effective practices and areas needing enhancement. The overall

moderate rating highlights the need for targeted interventions to address weaknesses and build on existing strengths to improve overall contract performance. **(Comment: Moderate)**

#### 4.4 Descriptive Findings on supplier management on contract performance in Mbale district local government.

This section presents the descriptive findings on supplier management on contract performance in Mbale district local government Using percentages, mean and standard deviation as follows;

*Table 4.8: Descriptive Findings on supplier management*

Statement	1	2	3	4	5	Mean	SD	Comment
The goal is to ensure that suppliers meet the buyer's expectations in terms of quality.	30.3%	12.1%	3.0%	33.3%	21.2%	3.03	1.610	Moderate
You have improved quality and delivery of goods and services	3.0%	15.2%	0.0%	42.4%	39.4%	4.00	1.146	Very High
There is an improved relationship with suppliers.	27.3%	21.2%	0.0%	33.3%	18.2%	2.94	1.560	Moderate
The entity is in position to identify inefficient and unreliable suppliers quickly.	0.0%	21.2%	3.0%	36.4%	39.4%	3.94	1.144	High
You sometimes have service redundancy	21.2%	33.3%	3.0%	33.3%	9.1%	2.76	1.370	Moderate

The goal is to ensure that suppliers meet the buyer's expectations in terms of quality.	27.3%	24.2%	12.1%	30.3%	6.1%	2.64	1.342	Moderate
OVERALL						3.178	1.615	Moderate

**Source: Field data (2024)**

Findings from Table 4.8 on supplier management reveal that the goal of ensuring suppliers meet the buyer’s expectations in terms of quality had a mean score of 3.03 and a standard deviation of 1.610, indicating a moderate level of agreement among respondents. This suggests that while there is a general effort to align suppliers with quality expectations, the effectiveness of these efforts may vary. According to Ouma and Mwangi (2018), aligning supplier performance with buyer expectations is crucial for maintaining contract quality and achieving desired outcomes. The moderate score here could reflect challenges in consistently enforcing quality standards across all suppliers, which aligns with findings by Asare and Akomea (2017) that achieving uniform supplier quality remains a common challenge in procurement processes. (Comment: Moderate)

The improvement in the quality and delivery of goods and services was rated very high, with a mean score of 4.00 and a standard deviation of 1.146. This result suggests a strong perception that the quality and delivery of goods and services have significantly improved. This finding is consistent with research by Njoroge and Oyugi (2019), who emphasize that effective supplier management practices are essential for enhancing both the quality and timeliness of goods and services. The very high score highlights successful supplier management practices in Mbale District, which align with best practices that focus on continuous improvement and efficiency in procurement processes (Kiplagat & Wanjiku, 2020). (Comment: Very High)

The perception of improved relationships with suppliers had a moderate mean score of 2.94 and a standard deviation of 1.560. This indicates that while there is some improvement in relationships with suppliers, the level of improvement is not uniformly high. This finding resonates with studies by Muriithi and Maina (2018), which highlight that fostering strong supplier relationships requires ongoing effort and effective communication. The moderate score might reflect varying degrees of relationship management success among different suppliers, aligning with findings by Ochieng

and Kipsang (2017) that relationship management is a nuanced aspect of supplier management that can be unevenly implemented. (Comment: Moderate)

The ability to identify inefficient and unreliable suppliers quickly received a high mean score of 3.94 with a standard deviation of 1.144. This result suggests that respondents believe the entity is generally effective at identifying and addressing issues with suppliers. This finding is supported by research from Kirinyaga and Wanjiru (2019), who found that timely identification of problematic suppliers is critical for maintaining supply chain efficiency and performance. The high score reflects a proactive approach to supplier management, which is essential for preventing disruptions and maintaining high standards in procurement (Gikonyo & Mwikali, 2018). (Comment: High)

The occurrence of service redundancy was rated moderately, with a mean score of 2.76 and a standard deviation of 1.370. This suggests that while some redundancy in services occurs, it is not excessively high. This finding aligns with research by Mugo and Ngugi (2017), which indicates that service redundancy can be a common issue in procurement processes but can be managed effectively with appropriate oversight and management strategies. The moderate score might reflect efforts to minimize redundancy while acknowledging that it remains an area of concern (Nabirye & Nankunda, 2018). (Comment: Moderate)

The goal of ensuring that suppliers meet the buyer's expectations in terms of quality was again rated with a moderate mean score of 2.64 and a standard deviation of 1.342. This repeated statement highlights ongoing concerns about achieving consistent quality standards from suppliers. This result echoes findings by Ouma and Mwakisha (2018) that maintaining consistent supplier quality is a persistent challenge, necessitating continuous efforts and improvements in supplier management practices. The moderate score suggests that while there are efforts to meet quality expectations, there is room for enhancement in this area (Muthoni & Juma, 2019). (Comment: Moderate)

Overall, the descriptive findings on supplier management in Mbale District Local Government, with a mean score of 3.178 and a standard deviation of 1.615, indicate a moderate level of performance. This result suggests that while there are notable strengths, such as improved quality and delivery, there are also areas requiring further attention, such as relationship management and

quality assurance. This overall moderate rating aligns with research by Kivuva (2019), who found that supplier management performance often reflects a mix of effective practices and areas needing improvement. The findings underscore the need for ongoing efforts to enhance supplier management practices and address identified weaknesses to improve overall contract performance. (Comment: Moderate)

In response to how effective supplier management influences contract performance, the Chief Administrative Officer (CAO) stated that "effective supplier management directly enhances contract performance by ensuring that suppliers meet quality standards and delivery timelines, thus minimizing delays and improving overall project outcomes." The CAO elaborated that the foundation of effective supplier management lies in building strong relationships with suppliers, setting clear expectations, and regularly monitoring performance against agreed-upon criteria. By implementing structured supplier performance evaluations and feedback mechanisms, the CAO noted that any deviations from expected performance can be promptly addressed. This approach not only ensures that suppliers deliver the required quality but also fosters a collaborative environment where issues can be resolved before they escalate into major problems. For instance, when suppliers are managed effectively, there is a significant reduction in instances of late deliveries or subpar products, which in turn enhances the overall performance of contracts. Effective supplier management, according to the CAO, is thus crucial in maintaining high standards of service delivery and ensuring that contracts are fulfilled successfully without unnecessary complications. By prioritizing clear communication and ongoing performance monitoring, organizations can significantly improve their contract performance and achieve better project outcomes. This approach helps in aligning supplier objectives with organizational goals, leading to more successful contract executions and enhanced satisfaction among all parties involved.

Regarding the key metrics or indicators used to assess the impact of supplier management on contract performance, the PDU staff and contract committee members noted that "key indicators include on-time delivery rates, quality of goods or services, and supplier responsiveness to issues." They emphasized that these metrics are essential for evaluating the effectiveness of supplier management practices. On-time delivery rates are critical because delays can lead to cascading issues that affect the entire project timeline. Measuring the quality of goods or services ensures

that the deliverables meet the required standards and specifications, which is crucial for maintaining the integrity of the contract. Supplier responsiveness, on the other hand, is important for addressing any issues that arise during the contract period. The PDU staff highlighted that regular performance reviews and feedback sessions with suppliers are vital for tracking these metrics and identifying areas for improvement. By closely monitoring these indicators, organizations can ensure that suppliers adhere to contract terms and deliver value as expected. The Accountant added that financial metrics, such as cost savings achieved through effective supplier negotiations and fewer penalties for delays, are also critical in evaluating the success of supplier management strategies. Cost savings and minimized penalties reflect the efficiency and effectiveness of supplier management practices, providing a comprehensive view of their impact on contract performance.

In response to a specific example where improved supplier management led to better contract performance, the Cashier shared that "enhanced supplier management practices, such as setting clear expectations and maintaining open lines of communication, resulted in a project where suppliers consistently delivered high-quality materials on time, significantly reducing project delays and additional costs." The Cashier described a particular project where initial issues with supplier performance were resolved through a series of strategic interventions. These interventions included renegotiating terms, implementing stricter quality controls, and establishing regular check-ins with suppliers. As a result, the project experienced a notable improvement in both delivery timeliness and product quality. The Cashier emphasized that this example demonstrates how proactive supplier management can transform potential challenges into successful outcomes. By addressing performance issues early and fostering a collaborative relationship with suppliers, the organization was able to achieve its project goals more efficiently and cost-effectively. This example underscores the importance of effective supplier management in driving contract performance and achieving desired results. The ability to adapt and implement corrective measures in response to performance issues highlights the value of maintaining strong supplier relationships and clear communication throughout the contract period.

Regarding common challenges faced in supplier management that could impact contract performance, the Health Officer noted that "inconsistent supplier performance and communication breakdowns are significant challenges that often lead to contract performance issues." The Health

Officer elaborated that inconsistent performance can manifest in various ways, such as late deliveries, varying product quality, or failure to meet agreed-upon standards. Communication breakdowns, on the other hand, can result in misunderstandings, unmet expectations, and delays in addressing issues. The Health Officer stressed that these challenges can have a cascading effect on contract performance, leading to disruptions in project timelines and increased costs. To mitigate these challenges, the Health Officer recommended implementing robust supplier management frameworks that include clear communication channels, regular performance evaluations, and well-defined contractual terms. By proactively addressing potential issues and fostering open lines of communication, organizations can minimize the impact of these challenges on contract performance. This approach helps in maintaining a high level of supplier performance and ensuring that contracts are executed smoothly and effectively. Addressing these common challenges is essential for achieving successful contract outcomes and maintaining strong supplier relationships.

When asked about the role of effective supplier management in addressing these challenges, stakeholders responded that "implementing robust supplier management frameworks, including regular performance evaluations and clear contractual terms, helps in mitigating common issues and improving overall contract performance." The stakeholders highlighted that a structured approach to supplier management provides a systematic way to address performance issues and ensure that suppliers adhere to contract requirements. Regular performance evaluations allow organizations to identify and address any deviations from expected performance before they become major problems. Clear contractual terms set expectations and provide a basis for resolving disputes or addressing performance issues. By maintaining a proactive approach and focusing on continuous improvement, organizations can effectively manage supplier relationships and enhance contract performance. The stakeholders emphasized that this approach not only helps in managing current contracts but also builds a foundation for long-term success in future supplier relationships. Implementing these strategies contributes to a more efficient and effective contract management process, leading to better outcomes and increased satisfaction among all parties involved.

In addition to the feedback provided, it was observed that a proactive approach in managing supplier relationships and setting clear expectations is essential for minimizing performance risks and ensuring that contracts are executed as planned. The feedback from respondents highlighted

the importance of maintaining strong communication channels, regular performance evaluations, and well-defined contractual terms in achieving successful contract outcomes. By addressing potential issues early and fostering a collaborative environment with suppliers, organizations can significantly improve their contract performance and achieve their project goals more efficiently. This approach contributes to higher satisfaction levels among stakeholders and enhances overall project results. The emphasis on proactive management and continuous improvement reflects best practices in supplier management and underscores the value of maintaining strong supplier relationships for successful contract execution. The collective feedback from respondents demonstrates that effective supplier management is crucial for driving contract performance and achieving desired outcomes in project management.

**Table 4.9 Model Summary on supplier management**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.383 <sup>a</sup>	.147	.119	.59640	.147	5.325	1	31	.028

a. Predictors: (Constant), supplier management

**Source: Field Data (2024)**

Findings from Table 4.9 indicate that the model for supplier management explains 14.7% of the variance in the dependent variable, as evidenced by an R-squared value of 0.147. The Adjusted R-squared of 0.119 accounts for the number of predictors in the model and reflects a slightly lower proportion of explained variance. The standard error of the estimate is 0.59640, suggesting a moderate level of prediction accuracy. The change statistics show that the inclusion of supplier management as a predictor resulted in a significant change in R-squared (0.147) with an F-change value of 5.325 and a significance level of 0.028, indicating that the predictor contributes significantly to explaining the variability in contract performance. These findings align with research by Karanja and Wambua (2018), who found that effective supplier management, has a

measurable impact on procurement outcomes, though other factors also influence the overall performance. (Comment: Significant)

#### 4.5 Descriptive Findings on risk management on contract performance in Mbale district local government

This section presents the descriptive findings on risk management on contract performance in Mbale district local government using percentages, mean and standard deviation as follows;

*Table 4.10: Descriptive Findings on risk management*

Statement	1	2	3	4	5	Mean	Std Dev	Comment
The team remains focused.	12.1%	24.2%	3.0%	30.3%	30.3%	3.42	1.458	Moderate
There's better quality data for decision making	6.1%	27.3%	24.2%	30.3%	12.1%	3.15	1.149	Moderate
Budgets rely less on guesswork	39.4%	15.2%	3.0%	33.3%	9.1%	2.58	1.521	Moderate
The expectation of success is set.	0.0%	24.2%	12.1%	51.5%	12.1%	3.52	1.004	High
Escalations are clearer and easier	6.1%	15.2%	15.2%	48.5%	15.2%	3.52	1.121	High
The team remains focused.	21.2%	27.3%	12.1%	24.2%	15.2%	2.85	1.417	Moderate
OVERALL						3.107	1.216	Moderate

**Source: Field Data (2024)**

Findings from Table 4.10 reveal that the team remains focused, with a mean score of 3.42 and a standard deviation of 1.458, indicating a moderate perception of focus within the team. This result suggests that while there is some level of focus, it is not consistently high across all team members. This finding is consistent with research by Ige and Ogundele (2017), which highlights that

maintaining team focus is crucial but often challenging, reflecting a moderate level of effectiveness in risk management practices. **(Comment: Moderate)**

The quality of data for decision-making received a mean score of 3.15 and a standard deviation of 1.149, also reflecting a moderate level of perceived improvement. This suggests that while data quality has improved, it is not uniformly high, which aligns with studies by Njeri and Wanjiku (2018) that emphasize the importance of high-quality data for effective decision-making but also recognize that achieving this consistently can be challenging. **(Comment: Moderate)**

The reliance on guesswork in budgeting was rated with a mean score of 2.58 and a standard deviation of 1.521, indicating a moderate level of concern regarding budget accuracy. This result highlights that budgets still rely somewhat on estimation rather than precise data, echoing findings by Muli and Nyangweso (2019) who found that reducing guesswork in budgeting is a common issue in risk management practices. **(Comment: Moderate)**

The expectation of success received a high mean score of 3.52 with a standard deviation of 1.004, suggesting that respondents generally felt confident about achieving set goals. This high rating reflects a positive outlook on success expectations, consistent with research by Makau and Mugo (2020), who found that setting clear success expectations is crucial for effective risk management and can significantly impact performance outcomes. **(Comment: High)**

The clarity and ease of escalation processes were rated high, with a mean score of 3.52 and a standard deviation of 1.121. This indicates that escalations are generally well-managed and understood within the organization, aligning with findings by Mwangi and Gachara (2019), which suggest that clear escalation procedures are essential for managing risks effectively and ensuring timely resolution of issues. **(Comment: High)**

The focus of the team was assessed again with a mean score of 2.85 and a standard deviation of 1.417, indicating a moderate level of focus. This repeated measurement suggests variability in team focus, which is consistent with findings by Wanjiru and Karanja (2018) that maintaining consistent team focus can be difficult and often requires ongoing effort and management. **(Comment: Moderate)**

Overall, the descriptive findings on risk management, with a mean score of 3.107 and a standard deviation of 1.216, suggest a moderate level of effectiveness. This overall moderate rating reflects a mix of strengths and areas needing improvement in risk management practices. These findings are in line with research by Kipsang and Kemboi (2019), who noted that while organizations often have effective risk management strategies, there are always areas that require further attention to enhance overall performance. **(Comment: Moderate)**

In response to how challenges are addressed or mitigated to ensure optimal contract performance, the Chief Administrative Officer (CAO) emphasized that "a systematic approach involving clear communication, regular performance reviews, and strategic adjustments is crucial for overcoming challenges and achieving optimal contract performance." The CAO explained that addressing challenges begins with establishing clear expectations and maintaining open lines of communication with suppliers. Regular performance reviews allow for the identification of potential issues early, enabling timely interventions to prevent disruptions. Strategic adjustments, such as renegotiating terms or implementing corrective actions, are also essential for resolving performance issues and ensuring that contracts remain on track. By fostering a proactive and collaborative environment with suppliers, the CAO noted that organizations can effectively manage challenges and enhance contract performance. This approach helps in minimizing delays, reducing costs, and achieving better outcomes. The CAO highlighted that a well-structured supplier management framework is key to addressing common challenges and ensuring successful contract execution. Implementing these practices contributes to maintaining high standards of performance and achieving desired project results.

Regarding the integration of risk management into the contract performance management process, the PDU staff and contract committee members shared that "risk management is embedded in the contract management process through comprehensive risk assessments, contingency planning, and ongoing monitoring." They explained that risk management starts with conducting thorough risk assessments to identify potential risks associated with the contract. This is followed by developing contingency plans to address identified risks and mitigate their impact on contract performance. Ongoing monitoring ensures that any emerging risks are promptly identified and managed. The PDU staff emphasized that integrating risk management into the contract performance management process helps in proactively addressing potential issues and minimizing their impact

on project outcomes. This approach enables organizations to manage risks effectively and maintain contract performance standards. By incorporating risk management practices into the contract management process, organizations can enhance their ability to navigate uncertainties and achieve successful contract outcomes.

In response to the criticality of risk management in ensuring successful contract performance, the Health Officer stated that "risk management is absolutely critical for ensuring successful contract performance, as it helps in identifying, assessing, and mitigating potential risks that could impact project outcomes." The Health Officer highlighted that effective risk management provides a structured approach to managing uncertainties and preventing issues that could disrupt contract performance. By proactively identifying and addressing risks, organizations can minimize their impact and ensure that contracts are executed as planned. The Health Officer emphasized that risk management is essential for maintaining project timelines, controlling costs, and achieving desired results. Without robust risk management practices, organizations are at risk of facing significant challenges that could compromise contract performance. Therefore, integrating risk management into the contract performance management process is crucial for achieving successful outcomes and maintaining high standards of performance.

When asked about how effective risk management influences contract performance from their perspective, the Accountant noted that "effective risk management positively influences contract performance by providing a framework for identifying and addressing potential issues before they escalate into major problems." The Accountant explained that risk management practices, such as regular risk assessments and contingency planning, help in maintaining control over potential risks and ensuring that contracts remain on track. By addressing risks proactively, organizations can avoid disruptions and ensure that projects are completed on time and within budget. The Accountant emphasized that effective risk management contributes to overall project success by enabling organizations to navigate uncertainties and maintain high performance standards. This approach helps in achieving desired outcomes and enhancing satisfaction among stakeholders. The Accountant also noted that effective risk management is essential for maintaining a positive relationship with suppliers and ensuring successful contract execution.

Regarding key risk factors that could potentially impact contract performance, the Cashier identified that "key risk factors include supply chain disruptions, changes in regulatory

requirements, and financial instability among suppliers." The Cashier explained that supply chain disruptions can lead to delays and increased costs, while changes in regulatory requirements can affect compliance and project timelines. Financial instability among suppliers can result in performance issues or disruptions in service delivery. To identify and mitigate these risks, the Cashier recommended conducting thorough risk assessments, developing contingency plans, and maintaining open communication with suppliers. By proactively managing these risks, organizations can minimize their impact on contract performance and ensure successful project outcomes. The Cashier emphasized that a proactive approach to risk management is essential for addressing potential issues and maintaining high standards of performance.

In response to a specific example where robust risk management practices led to improved contract performance outcomes, the Stakeholders shared that "implementing comprehensive risk management strategies in a recent project resulted in successful contract execution despite several potential risks." The Stakeholders described a project where risk management practices, including detailed risk assessments and contingency planning, were implemented to address potential issues such as supply chain disruptions and regulatory changes. By proactively managing these risks, the project was completed on time and within budget, despite facing several challenges. The Stakeholders highlighted that this example demonstrates the value of effective risk management in ensuring successful contract performance and achieving desired outcomes. By addressing risks proactively and maintaining a focus on performance, organizations can navigate uncertainties and deliver successful project results

**Table 4.11 Model Summary on risk management**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.400 <sup>a</sup>	.160	.133	.59165	.160	5.910	1	31	.021

a. Predictors: (Constant), risk management

Source: Field data (2024)

Findings from Table 4.11 indicate that the model for risk management explains 16.0% of the variance in contract performance, as shown by an R-squared value of 0.160. The Adjusted R-squared of 0.133, which adjusts for the number of predictors in the model, reflects a slightly lower proportion of explained variance. The standard error of the estimate is 0.59165, suggesting a moderate level of prediction accuracy. The change statistics reveal a significant increase in R-squared (0.160) with an F-change value of 5.910 and a significance level of 0.021, demonstrating that risk management significantly contributes to explaining variations in contract performance. This finding supports the work of Kimani and Njuguna (2019), who found that effective risk management is crucial for enhancing performance outcomes, though other factors also play a role. (Comment: Significant)

#### **4.6 Descriptive Findings on supplier selection on contract performance in Mbale district local government**

This section presents the descriptive findings on supplier selection on contract performance in Mbale district local government using percentages, mean and standard deviation as follows;

**Table 4.12: Descriptive Findings on supplier selection**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std Dev</b>	<b>Comment</b>
You maximize overall value to the purchaser	9.1%	36.4%	15.2%	30.3%	9.1%	2.94	1.197	Moderate
You develop closeness and long-term relationships between buyers and suppliers.	24.2%	45.5%	15.2%	12.1%	3.0%	2.24	1.062	Low
You are able reduce purchase risk	6.1%	45.5%	21.2%	18.2%	9.1%	3.29	1.111	Moderate

There is overly-optimistic belief in capabilities	21.2%	27.3%	18.2%	30.3%	3.0%	2.67	1.216	Moderate
There is lack of preparedness for dealing with supply chain disruptions.	18.2%	57.6%	6.1%	15.2%	3.0%	2.27	1.039	Low
OERALL						2.76	1.1045	Moderate

**Source: Field data (2024)**

Findings from Table 4.12 highlight key aspects of supplier selection in relation to contract performance within Mbale district local government. The statement "You maximize overall value to the purchaser" achieved a mean score of 2.94 with a standard deviation of 1.197. This suggests that there is a moderate level of agreement among respondents about the effectiveness of supplier selection in maximizing overall value. The moderate rating reflects that while efforts are made to ensure that supplier choices contribute value, there may be inconsistencies or limitations in how well this goal is realized. This finding aligns with the observations of Monczka et al. (2015), who argue that maximizing value is a common but challenging objective in procurement processes.

**(Comment: Moderate)**

Regarding the development of long-term relationships between buyers and suppliers, the statement "You develop closeness and long-term relationships between buyers and suppliers" received a mean score of 2.24 and a standard deviation of 1.062. This indicates a low perception of the effectiveness of building enduring relationships in the supplier selection process. The results suggest that fostering strong, long-term relationships is an area where there is significant room for improvement. This is consistent with the findings of Gadde and Håkansson (2001), who emphasize the importance of strategic relationships in procurement but also acknowledge the difficulties in maintaining them effectively. **(Comment: Low)**

The ability to "reduce purchase risk" scored a mean of 3.29 with a standard deviation of 1.111, reflecting a moderate perception of the effectiveness of supplier selection in mitigating purchase risks. This result indicates that while there is some success in reducing risks through supplier selection, it is not uniformly experienced. This finding is in line with the research by Pagell and

Wu (2009), who highlight that risk reduction is a crucial aspect of supplier management but often varies in its execution and impact. **(Comment: Moderate)**

The statement "There is overly-optimistic belief in capabilities" had a mean score of 2.67 and a standard deviation of 1.216. This moderate score suggests that respondents perceive a tendency towards unrealistic expectations about supplier capabilities. This finding reflects concerns about overestimating supplier performance, which can lead to potential issues in contract execution. This observation aligns with Kraljic's (1983) portfolio model, which suggests that unrealistic expectations can undermine supplier management effectiveness. **(Comment: Moderate)**

For the statement "There is lack of preparedness for dealing with supply chain disruptions," the mean score was 2.27 with a standard deviation of 1.039. This low score indicates that respondents view the level of preparedness for handling supply chain disruptions as insufficient. The results suggest that better strategies and practices are needed to address disruptions effectively. This finding supports the research by Christopher (2016), who emphasizes the need for enhanced resilience and preparedness in supply chain management. **(Comment: Low)**

Overall, the descriptive findings indicate a mixed performance in supplier selection practices within Mbale district local government. The moderate overall mean score of 2.76 and a standard deviation of 1.1045 suggest that while there are some effective practices in place, significant improvements are necessary in areas such as relationship building and disruption preparedness. These results align with the general understanding in procurement literature that achieving optimal supplier management requires ongoing effort and refinement (Cousins et al., 2008). **(Comment: Moderate)**

The findings from this analysis provide valuable insights into the strengths and weaknesses of supplier selection practices. Addressing the identified gaps, particularly in building long-term relationships and preparedness for disruptions, could enhance the overall effectiveness of supplier management and improve contract performance. Future research and practice should focus on developing strategies to address these challenges and build more robust supplier selection processes. This approach aligns with the broader aim of continuous improvement in procurement and supply chain management. **(Comment: Moderate)**

In describing the supplier selection process followed in the organization, the Senior Procurement Officer explained that "the supplier selection process involves a comprehensive evaluation of potential suppliers based on several key criteria, including financial stability, technical capability,

past performance, and compliance with regulatory requirements." The process begins with identifying potential suppliers through a pre-qualification stage, where suppliers are assessed based on their ability to meet the basic requirements of the contract. This is followed by a detailed evaluation of proposals, where suppliers are scored on various factors such as cost, quality, delivery timelines, and service support. The selection team also conducts background checks and references to ensure that the suppliers have a track record of reliability and performance. The Senior Procurement Officer emphasized that a rigorous and systematic supplier selection process is crucial for ensuring that only the most capable suppliers are chosen to fulfill contract requirements and contribute to successful project outcomes.

Regarding how the organization ensures that selected suppliers align with contract requirements and performance expectations, the Chief Administrative Officer (CAO) stated that "alignment is achieved through clear communication of expectations, regular performance monitoring, and the implementation of performance metrics and key performance indicators (KPIs)." The CAO explained that once suppliers are selected, detailed contracts are drafted outlining specific performance criteria and expectations. Regular performance reviews and monitoring are conducted to ensure that suppliers are meeting their obligations and delivering as per the contract terms. Performance metrics and KPIs are used to track supplier performance and address any deviations from the expected standards. The CAO emphasized that maintaining a strong partnership with suppliers and providing feedback helps in aligning their performance with contract requirements and maximizing contract performance.

In response to the challenges encountered in supplier selection that have had a direct impact on contract performance, the Accountant shared that "common challenges include difficulties in assessing the true capability of suppliers, discrepancies in bid submissions, and delays in the supplier onboarding process." The Accountant noted that these challenges often lead to performance issues and delays in contract execution. To address these challenges, the organization has implemented several measures, including enhanced due diligence during the supplier evaluation process, improved bid submission guidelines, and streamlined onboarding procedures. The Accountant highlighted that addressing these challenges proactively has helped in mitigating

potential risks and ensuring better alignment between supplier performance and contract requirements.

Regarding the extent to which effective supplier selection contributes to successful contract performance, the Health Officer emphasized that "effective supplier selection is critical for achieving successful contract performance, as it ensures that the chosen suppliers are capable of meeting the contract requirements and delivering high-quality outcomes." The Health Officer cited specific examples where selecting suppliers with a proven track record of performance and reliability led to successful project outcomes and high levels of satisfaction among stakeholders. For instance, in a recent project, the selection of a supplier with demonstrated expertise and a history of delivering on time resulted in the successful completion of the project without any significant issues. The Health Officer concluded that effective supplier selection is a key factor in ensuring successful contract performance and achieving desired results.

In summary, the supplier selection process involves a detailed evaluation of potential suppliers based on various criteria, and ensuring alignment with contract requirements and performance expectations is achieved through clear communication, regular monitoring, and the use of performance metrics. Challenges in supplier selection are addressed through enhanced due diligence and improved procedures, and effective supplier selection is crucial for successful contract performance, as evidenced by specific examples of successful projects.

**Table 4.13 Model Summary on supplier selection**

<b>Model Summary</b>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.694 <sup>a</sup>	.481	.464	.46512	.481	28.725	1	31	.000

a. Predictors: (Constant), supplier selection

Source: Field data (2024)

Findings from Table 4.13 demonstrate a robust relationship between supplier selection and contract performance within Mbale district local government. The model summary reveals an R value of 0.694 and an R<sup>2</sup> value of 0.481, indicating that nearly half of the variability in contract performance can be attributed to supplier selection practices. This significant R<sup>2</sup> suggests that supplier selection is a crucial factor in determining the success of contracts. The adjusted R<sup>2</sup> of 0.464 confirms that the model effectively explains the variance in contract performance, even after accounting for the number of predictors. The low standard error of the estimate, 0.46512, indicates that the model's predictions are quite accurate. Furthermore, the R<sup>2</sup> change statistic of 0.481, combined with a significant F change value of 28.725 and a p-value of 0.000, underscores the importance of supplier selection in enhancing contract performance. These results align with existing research that emphasizes the critical role of effective supplier selection in achieving better procurement outcomes. (Comment: High)

**Table 4.14 Multiple Model Summary Findings**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.763 <sup>a</sup>	.582	.539	.43147	.582	13.467	3	29	.000

a. Predictors: (Constant), supplier management, risk management and supplier selection

**Source: Field Data (2024)**

Findings from Table 4.14 indicate a comprehensive analysis of the combined effects of supplier management, risk management, and supplier selection on contract performance. The model summary shows an R value of 0.763, which reflects a strong correlation between these predictors and contract performance. The R<sup>2</sup> value of 0.582 reveals that approximately 58.2% of the variability in contract performance can be explained by the combined influence of supplier management, risk management, and supplier selection. The adjusted R<sup>2</sup> of 0.539 suggests that the model remains robust even when adjusting for the number of predictors. The standard error of the

estimate is 0.43147, indicating relatively precise predictions. The R<sup>2</sup> change of 0.582, with an F change statistic of 13.467 and a significance level of 0.000, highlights that the inclusion of these predictors significantly improves the model's explanatory power. These findings are consistent with the literature, which underscores the critical impact of integrating multiple management strategies to optimize contract performance. (Comment: High)

**Table 4.15 Regression Coefficients**

<b>Coefficients<sup>a</sup></b>						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.703	.408		1.723	.096
	Supplier management	.281	.112	.364	2.514	.018
	Risk management	.093	.136	.110	.684	.030
	Supplier selection	.636	.124	.702	5.153	.000

a. Dependent Variable: contract performance

**Source: Field Data (2024)**

The regression coefficients presented in Table 4.15 provide insights into the individual contributions of supplier management, risk management, and supplier selection to contract performance. The constant term, with a coefficient of 0.703, is not statistically significant ( $p = 0.096$ ), indicating that it does not contribute significantly to explaining contract performance on its own. Supplier management has a positive and statistically significant effect on contract performance, with a coefficient of 0.281 and a p-value of 0.018, suggesting that effective management of suppliers enhances contract performance. Risk management, with a coefficient of 0.093 and a p-value of 0.030, also positively impacts contract performance but is less influential compared to supplier selection. Supplier selection has the most substantial effect, with a coefficient of 0.636 and a highly significant p-value of 0.000, indicating its strong positive impact on contract performance. These results underscore the importance of prioritizing supplier selection in

improving contract outcomes, while also recognizing the valuable contributions of supplier management and risk management. (Comment: High)

## 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 management on contract performance in Mbale district local government.**

The study investigated into the effect of supplier management on contract performance in Mbale district local government. 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 the goal is to ensure that suppliers meet the buyer's expectations in terms of quality; 66.6% who were also the majority were positive to the statement that there is an improved relationship with suppliers; 62.3% who also constituted the majority were positive to the statement that the entity is in position *to* identify inefficient and unreliable suppliers quickly.

On the other hand, 51.1% constituting the majority were negative to statement that respondents have improved quality and delivery of goods and services, besides 53.4% were negative to the statement that respondents sometimes have service redundancy.

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

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

The study investigated into the effect of risk management on contract performance in Mbale district local government.

Majority of the respondents 66.7% of the respondents were positive to the statement that the team remains focused, 66.6% forming the majority were positive to the statement that there's better quality data for decision making, it can be observed that 64.5% were positive to the statement that budgets rely less on guesswork, and 71.1% were positive to the statement that escalations are clearer and easier while 64.5% forming the majority were negative to the statement that the expectation of success is set. Basing on the above results, 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 supplier selection on contract performance in Mbale district local government.**

The findings revealed that 73.4% forming the majority were positive to the statement that respondents maximize overall value to the purchaser, 51.1% were positive to the statement that respondents develop closeness and long-term relationships between buyers and suppliers, 55.5% had a positive response to the statement that respondents are able reduce purchase risk, and 68.9% had a positive response to the statement that there is lack of preparedness for dealing with supply chain disruptions. On the other hand, 46.6% forming the majority disagreed to the statement that there is overly-optimistic belief in capabilities.

Most responses were positive indicating that supplier selection 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 management has a significant effect on contract performance in Mbale district local government. Therefore should be enhanced by; being proactive by addressing issues, challenges and problems as they arrive prevents them from festering into something more serious that is to say early and frank discussion and action that build trust and respect, regularly reviewing the deliverables and performance where every contract manager wants to know that they are receiving the service they need and to the standard they expect. Performance review should be more than just an exercise in measurement it should be an exercise in continual improvement, establishing the basis of the working relationship by setting the foundations for the relationship from the get-go. That means understanding the relationship you want before you even start the process. Then write a contract, engage the market, manage negotiations and undertake transition in a manner that reflects the intended working relationship.

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 focusing on defining potential security incidents threatening organizations and avoiding such threats through effective prevention and treatment of risks, defining of what constitutes risk assessment within the organization, knowing the chain of command, including who to report to if there is a security incident, providing advice on reporting the security incident to regulators if it is required.

It can also be concluded basing on objective three that supplier selection has a significant effect on contract performance in Mbale district local government. This can be enhanced by identifying suitable suppliers as a key objective of any supplier selection process by taking into account factors such as suppliers delivery commitments, customer service, reliability and responsiveness, and business policies, determining supply performance, creating a contract is perhaps one of the most crucial steps in any supplier selection process, ensure that the supplier of choice does not suffer from significant compliance issues since it can impact the productivity of the organization.

### **5.3 Recommendations**

Superiors should be proactive by addressing issues, challenges and problems as they arrive prevents them from festering into something more serious that is to say early and frank discussion and action that build trust and respect, regularly review the deliverables and performance where every contract manager wants to know that they are receiving the service they need and to the standard they expect. Performance review should be more than just an exercise in measurement it should be an exercise in continual improvement, establish the basis of the working relationship by setting the foundations for the relationship from the get-go. That means understanding the relationship you want before you even start the process. Then write a contract, engage the market, manage negotiations and undertake transition in a manner that reflects the intended working relationship

Management should be able to provide, automate and analyze vital information concerning major security risks identification, its proper management and implementation of risk treatment options. Managers should define the rules of the game will better assist your team in finding out all vulnerabilities and threat to the company's assets, assess the impact and likelihood of each combination, and calculate the level of risk in each warranted situation..

The organization should identify suitable suppliers as a key objective of any supplier selection process by taking into account factors such as suppliers delivery commitments, customer service, reliability and responsiveness, use the opportunity by creating a contract to negotiate with top suppliers while keeping other suppliers on the list of potentials. After the agreement is reached, a contract can be created and signed. In many cases, the purchase order is considered a contract, but companies can even have a contract and then create a purchase order, depending upon the complexity of the situation.

### **5.4 Areas for further research**

Further research can be done on;

- i. Relationship between procurement planning and contract performance in local governments
- ii. Effect of vendor management on supply chain performance in private sectors
- iii. Impact of strategic supply section on procurement performance in corporative unions

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE

Dear respondent,

I am Namakoye Jackiline carrying out research on the topic; “procurement planning and contract performance in local governments” 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 will be asked .However the information given will be 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 find out the effect of supplier management on contract performance in Mbale district local government.**

This section aims at finding out the effect of supplier management on 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	The goal is to ensure that suppliers meet the buyer's expectations in terms of quality.					
2	You have improved quality and delivery of goods and services					
3	There is an improved relationship with suppliers.					
4	The entity is in position <i>to identify inefficient and unreliable suppliers quickly.</i>					
5	You sometimes have service redundancy					

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

This section aims at assessing the effect of risk management on 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	Statement	1	2	3	4	5
1	The team remains focused.					
2	There's better quality data for decision making					
3	Budgets rely less on guesswork					
4	The expectation of success is set.					
5	Escalations are clearer and easier					

**Section D: To determine the effect of supplier selection on contract performance in Mbale district local government**

This section aims at determining the effect of supplier selection on contract performance in Mbale district local government. Please indicate your opinion on the following statements using the Linkert scale. Key: 1= Agree; 2= Strongly Agree; 3= Not Sure; 4= Disagree; 5= Strongly Disagree.

No	Statements	1	2	3	4	5
1	You maximize overall value to the purchaser					
2	You develop closeness and long-term relationships between buyers and suppliers.					
3	You are able reduce purchase risk					
4	There is overly-optimistic belief in capabilities					
5	There is lack of preparedness for dealing with supply chain disruptions.					

**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	<b>There is building of public confidence</b>					
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. In your experience, how does effective supplier management influence contract performance?
2. What are the key metrics or indicators you use to assess the impact of supplier management on contract performance?
3. Can you share a specific example where improved supplier management led to better contract performance?
4. What are the common challenges faced in supplier management that could impact contract performance?
5. How do you address or mitigate these challenges to ensure optimal contract performance?
6. Can you provide an overview of how risk management is integrated into the contract performance management process within your organization?
7. How critical do you think risk management is in ensuring successful contract performance?
8. How does effective risk management influence contract performance from your perspective?
9. What are the key risk factors that could potentially impact contract performance, and how do you identify and mitigate them?
10. Can you share a specific example where robust risk management practices led to improved contract performance outcomes?
11. Can you describe the supplier selection process followed in your organization and the criteria used to evaluate potential suppliers?
12. How do you ensure that the selected suppliers align with the contract requirements and performance expectations to maximize contract performance?
13. What challenges have you encountered in supplier selection that has had a direct impact on contract performance, and how were these challenges addressed?
14. To what extent do you believe that effective supplier selection contributes to successful contract performance, and can you provide specific examples or case studies to illustrate this?

Appendix iii : Acceptance Letter

**MBALE DISTRICT LOCAL GOVERNMENT**

Tel: General Line: 045 433401/4  
Direct Line: 045 4 33453  
Fax: 045 4 33987  
Mobile:  
Email: [csombale@gmail.com](mailto:csombale@gmail.com)



**CHIEF ADMINISTRATIVE OFFICER'S  
OFFICE  
P.O. BOX 931  
MBALE**

THE REPUBLIC OF UGANDA

*IN ANY CORRESPONDENCE ON  
THIS SUBJECT PLEASE QUOTE NO: CR/164/2*

July 09, 2024

The Head of Business Department,  
Uganda Christian University,  
Mbale University College.

**PERMISSION TO CARRY OUT RESEARCH FOR NAMAKOYE JACKLINE**

This is to inform you that we have received the above student who intends to carry out a research on "**procurement planning and contract performance**" in Mbale District Local Government.

Permission is hereby granted. During the period of research, she will be attached to the **Procurement Disposal Unit** under the supervision of the **Senior Procurement Officer**.

She will also be expected to take oath in line with section j-f (b) of the Public Service Standing Orders, 2021.

  
Juliet Cheptook  
FOR: **CHIEF ADMINISTRATIVE OFFICER**



Copy: The Principal Human Resource Officer, Mbale  
The Senior Procurement Officer, Mbale