**CONTRACT MANAGEMENT AND CONTRACTOR’S PERFORMANCE IN UGANDA’S PUBLIC SECTOR: A CASE STUDY OF MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES**

**BY**

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# DECLARATION

I **BWANDASA FRED** declare that this dissertation proposal under the topic “the relationship between contract management, government policy and contract performance in Ministry of Trade, Industry and Cooperatives in Uganda’s public sector” is my original work and is presented for approval for field study.

Signature: …………………………..

Bwandasa Fred

# APPROVAL

This research dissertation is presented with my approval

Signature: ………………………

Dr. Lutaaya Sadat (Supervisor)

Date:…………………………….

# DEDICATION

I would like to dedicate this work to my wife Mrs. Nabbanja Lydia and my children Diana Nakanyike, Ssempijja Drake, Sam Bakitte Kipanda, and Zakaria Kwabu

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I would like to extend my sincere thanks to God almighty who sustained me throughout my stay at the University.

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TABLE OF CONTENTS

[DECLARATION i](#_Toc94118521)

[APPROVAL ii](#_Toc94118522)

[DEDICATION iii](#_Toc94118523)

[ACKNOWLEDGEMENT iv](#_Toc94118524)

[LIST OF TABLES xiii](#_Toc94118525)

[LIST OF FIGURES xvi](#_Toc94118526)

[LIST OF ABBREVIATIONS xvii](#_Toc94118527)

[ABSTRACT xviii](#_Toc94118528)

[CHAPTER ONE 1](#_Toc94118529)

[INTRODUCTION 1](#_Toc94118530)

[Introduction 1](#_Toc94118531)

[Background to the study 1](#_Toc94118532)

[Statement of the problem 6](#_Toc94118533)

[Purpose of the study 6](#_Toc94118534)

[Research objectives 7](#_Toc94118535)

[Research questions 7](#_Toc94118536)

[Hypotheses of the study 7](#_Toc94118537)

[Scope of the study 8](#_Toc94118538)

[Geographical scope 8](#_Toc94118539)

[Content scope 8](#_Toc94118540)

[Time scope 8](#_Toc94118541)

[Significance of the study 9](#_Toc94118542)

[CHAPTER TWO 10](#_Toc94118543)

[LITERATURE REVIEW 10](#_Toc94118544)

[Introduction 10](#_Toc94118545)

[Literature survey 10](#_Toc94118546)

[Theoretical review 12](#_Toc94118547)

[The principal agent theory 12](#_Toc94118548)

[Institutional theory 13](#_Toc94118549)

[Contract management 13](#_Toc94118550)

[Contracts administration 15](#_Toc94118551)

[Delivery management 15](#_Toc94118552)

[Relationship management 15](#_Toc94118553)

[Contract performance 16](#_Toc94118554)

[Literature review 17](#_Toc94118555)

[Contract administration and contractors’ performance 17](#_Toc94118556)

[Delivery management and contractor’s performance 19](#_Toc94118557)

[Relationship management and contractors’ performance 21](#_Toc94118558)

[CHAPTER THREE 25](#_Toc94118560)

[RESEARCH METHODOLOGY 25](#_Toc94118561)

[Introduction 25](#_Toc94118562)

[Research design 25](#_Toc94118563)

[Study population 25](#_Toc94118564)

[Sample size and selection 26](#_Toc94118565)

[Sampling method 27](#_Toc94118567)

[Data collection sources 27](#_Toc94118568)

[Data collection methods 28](#_Toc94118569)

[Interview 28](#_Toc94118570)

[Questionnaire survey 28](#_Toc94118571)

[Document review 28](#_Toc94118572)

[Data collection instruments 29](#_Toc94118573)

[Self-administered questionnaires 29](#_Toc94118574)

[Interview guide 29](#_Toc94118575)

[Document review checklist 29](#_Toc94118576)

[Validity of instrument 30](#_Toc94118577)

[Reliability 32](#_Toc94118578)

[Data collection procedure 32](#_Toc94118579)

[Measurement of variables 33](#_Toc94118580)

[Data processing 33](#_Toc94118581)

[Data analysis 33](#_Toc94118582)

[Ethical considerations 34](#_Toc94118583)

[Limitation of the study 34](#_Toc94118584)

[CHAPTER FOUR 35](#_Toc94118585)

[DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS 35](#_Toc94118586)

[Introduction 35](#_Toc94118587)

[Gender of respondents 35](#_Toc94118588)

[Age of respondents 36](#_Toc94118590)

[Period of service at MTIC 36](#_Toc94118592)

[Highest level of education 37](#_Toc94118594)

[CHAPTER FIVE 38](#_Toc94118596)

[CONTRACT ADMINISTRATION AND CONTRACTOR’S PERFORMANCE 38](#_Toc94118597)

[Introduction 38](#_Toc94118598)

[Descriptive statistics on the relationship between contract administration and contractors’ performance in MTIC. 38](#_Toc94118599)

[A well-established contract management plan and team is put in place to reduce procurement cost overruns and enhance contractor performance 38](#_Toc94118600)

[Contract administration enables the ministry to take control of the risks that arise during contract execution together with the contractors 39](#_Toc94118602)

[Contract administration enables the contractors execute their obligations on time and at a quick rate 41](#_Toc94118604)

[Contract administration enables the contractor’s payment claims be processed faster and cleared after project completion 42](#_Toc94118606)

[Contract administration helps in protecting the reputation of the supplier and creates a good relationship with the procuring entity 43](#_Toc94118608)

[MTIC personnel have played an important role in ensuring achievement of contractual goals at lowest costs 44](#_Toc94118610)

[Testing implied hypothesis 1 45](#_Toc94118612)

[Correlation analysis 45](#_Toc94118613)

[Regression analysis 46](#_Toc94118615)

[Analysis of variance (ANOVA) results 46](#_Toc94118617)

[Standardized coefficients 47](#_Toc94118619)

[CHAPTER SIX 49](#_Toc94118621)

[DELIVERY MANAGEMENT AND CONTRACTOR’S PERFORMANCE AT MTIC 49](#_Toc94118622)

[Introduction 49](#_Toc94118623)

[Descriptive statistics on the relationship between delivery management and contractors’ performance in MTIC. 49](#_Toc94118624)

[Management effectively monitors and evaluates contractors’ performance 49](#_Toc94118625)

[Management ensures to check the nature, quantity and quality of goods supplied 50](#_Toc94118627)

[Supplier quality of goods and services has improved 51](#_Toc94118629)

[Contractor performance is done in the set amount of time to meet deadlines 52](#_Toc94118631)

[Contracts are designed to facilitate desirable procurement outcomes and minimizes actions that hurt the performance 53](#_Toc94118633)

[There is effective communication between the Ministry of Trade and contractors 54](#_Toc94118635)

[Size and complexity of project affects the resource requirement of contractors 55](#_Toc94118637)

[Testing implied hypothesis 2 56](#_Toc94118639)

[Correlation analysis 56](#_Toc94118640)

[Regression analysis 57](#_Toc94118642)

[Analysis of variance (ANOVA) results 57](#_Toc94118644)

[Standardized coefficients 58](#_Toc94118646)

[CHAPTER SEVEN 60](#_Toc94118648)

[RELATIONSHIP MANAGEMENT AND CONTRACTOR’S PERFORMANCE AT MTIC 60](#_Toc94118649)

[Introduction 60](#_Toc94118650)

[Descriptive statistics on the relationship between relationship management and contractors’ performance in MTIC. 60](#_Toc94118651)

[All the contractors of the MTIC fulfill their obligations in time 60](#_Toc94118652)

[There are cases where the products/ services delivered are of lower quality than required 61](#_Toc94118654)

[There are cases where the specifications for the required products and services respectively are not well set 62](#_Toc94118656)

[There are cases where contracts are awarded on the basis of corruption and conflict of interest 63](#_Toc94118658)

[Contractors get enough time required to execute the contracts awarded to them 64](#_Toc94118660)

[Contractor's performance is evaluated throughout the execution of the contract 65](#_Toc94118662)

[MTIC effectively pay contractors in a timely manner after delivery of work 66](#_Toc94118664)

[Testing implied hypothesis 3 68](#_Toc94118666)

[Correlation analysis 68](#_Toc94118667)

[Regression analysis 69](#_Toc94118669)

[Analysis of variance (ANOVA) results 69](#_Toc94118671)

[Standardized coefficients 70](#_Toc94118673)

[CHAPTER EIGHT 72](#_Toc94118675)

[DISCUSSION OF FINDINGS 72](#_Toc94118676)

[Introduction 72](#_Toc94118677)

[Relevance of the Principal Agent Theory to the study 72](#_Toc94118678)

[Contract administration and contractors’ performance 73](#_Toc94118679)

[Delivery management and contractors’ management 75](#_Toc94118680)

[Relationship management and contractors’ performance 77](#_Toc94118681)

[CHAPTER NINE 80](#_Toc94118682)

[SUMMARY, CONCLUSIONS AND RECOMMENDATIONS 80](#_Toc94118683)

[Introduction 80](#_Toc94118684)

[Contract administration and contractors’ performance 80](#_Toc94118685)

[Delivery management and contractors’ performance 80](#_Toc94118686)

[Relationship management and contractors’ performance 81](#_Toc94118687)

[Conclusions 81](#_Toc94118688)

[Recommendations 82](#_Toc94118689)

[Contract administration and contractors’ performance 82](#_Toc94118690)

[Delivery management and contractors’ performance 83](#_Toc94118691)

[Relationship management and contractors’ performance 84](#_Toc94118692)

[Areas for further research 85](#_Toc94118693)

[REFERENCES 86](#_Toc94118694)

[APPENDICES 91](#_Toc94118695)

[APPENDIX A: SELF ADMINISTERED QUESTIONNAIRE 91](#_Toc94118696)

[APPENDIX B: INTERVIEW GUIDE 94](#_Toc94118697)

[APPENDIX C: DOCUMENT REVIEW CHECKLIST 95](#_Toc94118698)

[TIMELINE/TABLE OF ACTIVITIES 96](#_Toc94118699)

[BUDGET 97](#_Toc94118700)

# LIST OF TABLES

[Table 3.1: Population stratification and distribution 26](#_Toc87884747)

[Table 4.1: Gender 34](#_Toc87884768)

[Table 4.2: Age (in years) 35](#_Toc87884770)

[Table 4.3: Period of service at MTIC (in years) 35](#_Toc87884772)

[Table 4.4: Highest level of education 36](#_Toc87884774)

[Table 5.1: MTIC has an established contract management plan and team to reduce on procurement cost overruns 38](#_Toc87884780)

[Table 5.2: Contract administration enables the ministry to control risks that arise during contract execution together with the contractors. 39](#_Toc87884782)

[Table 5.3: Contract administration enables the contractors execute their obligations on time and at a quick rate. 40](#_Toc87884784)

[Table 5.4: Contract administration enables the contractor’s payment claims be processed faster and cleared after project completion. 41](#_Toc87884786)

[Table 5.5: Contract administration helps in protecting the reputation of the supplier and creates a good relationship with the procuring entity. 42](#_Toc87884788)

[Table 5.6: MTIC personnel have played an important role in ensuring achievement of contractual goals at lowest costs 43](#_Toc87884790)

[Table 5.7: Correlations for contract administration and contractors’ performance 44](#_Toc87884793)

[Table 5.8: Model Summary 45](#_Toc87884795)

[Table 5.9: ANOVAa 46](#_Toc87884797)

[Table 5.10: Coefficientsa 47](#_Toc87884799)

[Table 6.1: Management effectively monitors and evaluates contractors’ performance 48](#_Toc87884805)

[Table 6.2: Management ensures to check the nature, quantity and quality of goods supplied 49](#_Toc87884807)

[Table 6.3: Supplier quality of goods and services has improved 50](#_Toc87884809)

[Table 6.4: Contractor performance is done in the set amount of time to meet deadlines 51](#_Toc87884811)

[Table 6.5: Contracts are designed to facilitate desirable procurement outcomes and minimizes actions that hurt the performance 52](#_Toc87884813)

[Table 6.6: There is effective communication between the Ministry of Trade and contractors 53](#_Toc87884815)

[Table 6.7: Size and complexity of project affects the resource requirement of contractors 54](#_Toc87884817)

[Table 6.8: Correlations for delivery management and contractor’s performance 55](#_Toc87884820)

[Table 6.9: Model Summary………………………………………………………………………56](#_Toc87884822)

[Table 6.10: ANOVAa 57](#_Toc87884824)

[Table 6.11: Coefficientsa 58](#_Toc87884826)

[Table 7.1: All the contractors of the MTIC fulfill their obligations in time. 60](#_Toc87884832)

[Table 7.2: There are cases where the products/ services delivered are of lower quality than required 61](#_Toc87884834)

[Table 7.3: There are cases where the specifications for the required products and services respectively are not well set 62](#_Toc87884836)

[Table 7.4: There are cases where contracts are awarded on the basis of corruption and conflict of interest. 63](#_Toc87884838)

[Table 7.5: Contractors get enough time required to execute the contracts awarded to them 64](#_Toc87884840)

[Table 7.6: Contractor's performance is evaluated throughout the execution of the contract 65](#_Toc87884842)

[Table 7.7: MTIC effectively pay contractors in a timely manner after delivery of work 66](#_Toc87884844)

[Table 7.8: Correlations for relationship management and contractor’s performance 67](#_Toc87884847)

[Table 7.9: Model Summary 68](#_Toc87884849)

[Table 7.10: ANOVAa 69](#_Toc87884851)

[Table 7.11: Coefficientsa 70](#_Toc87884853)

# LIST OF FIGURES

[Figure 2.1: Conceptual framework showing the relationship between contract management and contractor’s performance 24](#_Toc55730878)

# LIST OF ABBREVIATIONS

ANOVA : Analysis of Variance

CIPS : Chartered Institute of Procurement and Supply

CM : Contracts Management

CVI : Content Validity Index

Dr. : Doctor

ESCAP : Economic and Social Commission for Asia and the Pacific

HSSE : Health Security Safety and Environment

KPI : Key Performance Indicators

MTIC : Ministry of Trade, Industry and Cooperatives

OECD : Organisation for Economic Co-operation and Development

PPDA : The Public Procurement and Disposal of Public Assets

PPP : Public Private Partnership

SPPS : Statistical Package for Social Sciences

# ABSTRACT

The study is to examine the relationship between contract management and contractors’ performance in Ministry of Trade, Industry and Cooperatives in Uganda. It was guided by three objectives i)To examine the relationship between contract administration and contractors’ performance in MTIC, ii) examine the relationship between delivery management and contractors’ performance in MTIC, iii) To examine the relationship between relationship management and contractors’ performance in MTIC.

The study adopted a descriptive research design; the data was categorised under both qualitative and quantitative approaches. The study population was 191 and a sample size of 129 respondents of which only 101 participated.

Results revealed that the most effective contributor to contractor’s performance is delivery management (R Square of 71.5%), followed by relationship management (R Square of 71.3%) and the least contributor is contract administration (Adjusted R Square of 53.7%). The test also revealed that MTIC contract management has a statistically significant positive relationship with contractors’ performance since all p values were below the alpha of 0.05 and as such the null hypothesis was rejected.

In conclusion the study notes that that improving elements in under contract management can maintain and enhance improved contractors’ performance. This means that public organisations can sustain implementation process through contract management and can be used as tools to enhance service delivery.

In recommendation, it is suggested that MTIC management should also formulate a strategy frame work to control and eliminate corruption within the course of framework contract management. It is also recommended that the management of MTIC should recruit more qualified personnel to take control and full management of contracts rather than solely leaving the control to one person (project manager).

# CHAPTER ONE

# INTRODUCTION

# Introduction

This chapter presents the background to the study, statement of the problem, purpose of the study, research objectives, research questions, and hypotheses of the study, scope of the study, the significance of the study and the arrangement of the study.

# Background to the study

The study sought to examine the effectiveness of contract management on contract performance in Uganda’s public sector. It based on a case of Ministry of Trade, Industry and Cooperatives (MTIC).

Kelman (2013) defines contract management as a set of activities performed by government officials (client’s representatives) after a contract has been awarded to determine how well the government (client) and the contractor perform to meet the requirements of the contract. Ahimbisibwe et al, (2015) opined that clear administration methods guarantee that all parties to the contract understand who does what, when and how. In this manner, contract management envelops all dealings between the government and the temporary contractor from the time the contract is granted until the work has been completed and acknowledged or the contract ended, payment has been made, and debate have been settled. Whereas strategizing to guarantee that contract management effectively takes the proper course, all the parties included must pay keen attention to all arrangements within the given or existing contract (Saunders, 2017). It is famously that once the contract has been granted, the assigned procurement officer, or the requisitioner, monitors execution, collects data, and measures real contract accomplishment

Amofa (2018) asserts that performance is the capacity of an institution, organisation or company to deliver desired output with lowest expenditure of energy, time, cash, manpower, materiel. In this study performance was measured in terms of contract completion, financial management and relationship management. It is additionally noted that the concept comprises the real yield or outcomes of an association as measures against its stipulated yields objectives and goals. Blackwell (2017) clarifies that the concept of performance is based upon the thought that a company is the intentional affiliation of profitable resources, human, physical, and capital assets for the reason of accomplishing a shared reason Blackwell (2017) clarifies that the concept of execution is based upon the thought that an association is the intentional affiliation of profitable resources, counting human, physical, and capital assets for the reason of accomplishing a shared purpose.

Malta (2016) states that the relationship between contract management and contract administration is all about a commonly useful exchange in that a company that's not accepting some level of value from a contract will with no question abandon the situation at the first opportunity. Thai (2016) states that then the organisation will as it was trust that the results happen at the completion of the contract, basically leading in non-renewal of the agreement. Be that as it may, it certainly may happen within the middle of the contract’s timeframe, as one party may choose to disregard its commitments, either intentioned or incidentally. Despite of the reason a party to a contract does not perform as stipulated, and independent of the degree of the party’s non-performance, there will most likely be or maybe expensive consequence. Of course, the objective of both contract management and performance is to contain costs and dodge financial costs, so taking steps to dodge performance disturbances is key. Thai (2016) also clarifies that this may require a renegotiation of a few of the contract terms or coming to another compromise to keep things running easily.

Muhwezi (2015) revealed that while a few studies clarify contract performance by considering the complete public procurement processes, from procurement arrangements to contract closure, it may not be an ideal technique since the processes from procurement arrangements to contract awarding are controlled by the procurement and disposal unit, whereas the contract management process is to a great extent controlled by the client office and contract director. It is more reasonable in this manner to interface contract performance to processes that are specifically related. Concurring to Rendon (2016), there are turbulent and quick changing external conditions that are interpreted into a complex, multifaceted and interlinked factors that intervene the relationship between contract management and contract execution in public organisations. These factors are influencing work and organisation plan, resource assignment, frameworks and methods in a ceaseless endeavor to enhance contract performance.

Ntayi (2015) clarifies that with these intervening factors, public sector contract management has come under much pressure to enhance their operations and processes so as to decrease its dependence on national treasury financing. This implies that there is need to enhance straightforwardness in operations and utilisation of public assets and resources, enhance accountability for outcomes and to provide administrations which are more efficient and at reasonable costs, in this manner constraining governments to organize changes within public sector contract management.

Ministry of Trade, Industry and Cooperatives in Uganda having set up sound contract management processes are able to create an incredible deal that service delivery complies with concurred contract conditions and guidelines, guarantees value for money through monitoring performance of the contract worker against contract prerequisites, the potential service troubles are distinguished and elective methodologies concocted, costs are checked and kept within budget imperatives, distinguish service enhancement opportunities, meets both parties and oversee all fundamental service changes (Rendon, 2017 as cited by Nguyen, 2013).

On the other hand, incapable contract management can lead to cost overrun and this has driven to misfortune of tax payers’ money, procurement lacking value for money, disappointment to keep procurements within budget constraints and failure to identify the potential service challenges such that elective procedures are formulated in conjunction with the contract workers of the company (Gordon 2009). It is common for an organization to include contract workers or providers in one way or another to strengthen in giving service or product to meet its planned prerequisites (Kumar and Markeset, 2017). Public procurement is one of the elements where high level of risk is included amidst contractors’ performance of their legally binding commitments. Public procurement may be a fundamental obligation for working entity to ensure that contract workers perform their obligations securely and in a timely manner through suitable contract management strategies

The public sector has different utilitarian units that in different ways manage the procurement process. Cross utilitarian coordination leads to trust since it makes capacities see the short run benefits from an astute absconding as being exceeded by the long run benefits from proceeded cooperation (Montgomery, 2013). Hence, inter-functional coordination is a key measurement of procurement and leads to contract execution.

Thai (2016) attests that contract management may be a process that empowers both parties to a contract to meet their commitments in order to convey the goals and objectives required by the contract, it includes the management of all dealings between the client and contract worker from the time the contract is granted until the work has been completed and acknowledged or the contract is ended, payment has been made, and the debate have been settled. Be that as it may, Gordon (2014) clarifies that contract worker execution is characterized to grasp construction cost, construction time, construction quality and maintainable improvement, the logic being that the accomplishment of one viewpoint of performance ought to not be at the cost of another. Ministry of Trade got to come up with fitting contact management practices that will empower contact execution.

Ministry of Trade, Industry and Cooperatives is a Government Ministry responsible for promoting trade and industry and cooperatives for the development of the country. This Ministry is to ensure expansion and diversification of trade, cooperatives, environmentally sustainable industrialization, appropriate technology, conservation and preservation of other tradable national products. The ministry’s mandate is to promote internal and external trade, to formulate policies and regulations for sustainable development of, trade, industrialization and technology, and co-operative, to oversee and facilitate implementation of strategies and programmes aimed at trade, industry and cooperatives development in Uganda, to participate in negotiations and implementations of arrangements relating to international and national treaties of the diversified sector and to assess the need and where necessary, mobilize resources to support balanced industrial, co-operatives, and entrepreneurial development.

According to a 15-year performance (2005-2019) Ministry of Trade, Industry and Cooperatives is set to achieve the following objectives under contract management;

1. To enhance effectiveness contractors’ performance to ensure contract completion of procurement activities within the organisation
2. To enhance financial management through cost cutting
3. To promote collaboration between ministry and contractors

# Statement of the problem

Uganda, specifically the Ministry of Trade, Industry and Cooperatives has well documented procedures on contract management clearly stipulated in Public Procurement and Disposal of Public Assets Regulation 2006.

Contrary, there has been failure to perform as per stipulated guidelines under contract management hence leading to adverse effects on performance of contractors. For instance, PPDA Audit report (October, 2017) indicates that contractors at the ministry have been exposed to delay in the implementation of performance plans, this was evidenced by the alterations in contractors’ performance which were below approved standard by 27% thus exposing the ministry’s performance to the risk of poor planning by at least 35%.

This has led to overrun of the contract period hence breach of public contracts. As a result, Ministry of Trade has had to cancel contracts due to unfinished projects, delivery of goods and work which did not meet the required needs, in other situations, the ministries were forced to provide extension of contract completion dates hence affecting performance.

Furthermore, the entity has had lower compliance levels from contractors in the execution of roles, for instance on several occasions’ contractors have failed to submit contract performance records to the procurement and disposal unit as per regulations. This poor performance could be attributed to poor contract management within the Ministry of Trade, Industry and Cooperatives. This study seeks to examine this phenomenon

# Purpose of the study

The study established the relationship between contract management and contractors’ performance in Ministry of Trade, Industry and Cooperatives in Uganda.

# Research objectives

The study was guided by the following research objectives:

1. To establish the relationship between contract administration and contractors’ performance in Ministry of Trade, Industry and Cooperatives.
2. To establish the relationship between delivery management and contractors’ performance in Ministry of Trade, Industry and Cooperatives.
3. To establish the relationship between relationship management and contractors’ performance in Ministry of Trade, Industry and Cooperatives.

# Research questions

The study was guided by the following research questions:

1. What is the relationship between contract administration and contractors’ performance in Ministry of Trade, Industry and Cooperatives?
2. What is the relationship between delivery management and contractors’ performance in Ministry of Trade, Industry and Cooperatives?
3. What is the relationship between relationship management and contractors’ performance in Ministry of Trade, Industry and Cooperatives?

# Hypotheses of the study

The study tested the following hypothesis:

Ho1: There is no significant relationship between contract administration and contractor’s performance.

Ho2: There is no significant relationship between delivery management and contractors’ performance.

Ho3: There is no significant relationship between relationship management and contractors’ performance.

# Scope of the study

The scope of the study is divided into three sections as follows;

# Geographical scope

The study was carried out at Ministry of Trade, Industry and Cooperatives which is located in Kampala, Farmers House along Parliament Avenue. The geographical coordinates of the ministry are 00°18'48.0"N, 32°35'07.0"E (Latitude:0.313327; Longitude:32.585275).

# Content scope

The study focused on contract management as the independent variable and contract performance as the dependent variable. Contract management was discussed in terms of its elements of contract administration, delivery management and relationship management and how these elements affect the outcome of the dependent variable of contract performance.

# Time scope

The study explored data from 2017-2019 because this was the time when the Ministry of Trade faced problems of poor performance of contractors. According to Oyaka (2017), the ministry was reported to losing huge sums of money in poorly managed contracts that cost tax payer a lot of money, corruption and brides are also widespread in government contracts.

# Significance of the study

The study findings are likely to benefit a number of stakeholders in the following ways:

**To Ministry of Trade:** This study is expected to provide information to management about the role and impact of contract management ensuring improved contractor’s performance. This may enable the management to not only understand the aspect but also appreciate the importance of implementing contract management in attainment of the institution’s objectives and be able to succeed. It may inform policies towards setting up of proper administration of contract management.

**To other public ministries:** This study intends to provide relevant information to other public organisations/ ministries in Uganda in understanding how contract management can be effectively implemented in ensuring improved profitability and achievement of overall ministry objectives.

**The donor community:** The study findings might help donors by providing an insight about all aspects of contract management under MTIC and other public agencies and the extent to which these agencies have been able to lead to successful contractors’ performance.

**To policy makers:** The research findings may further suggest alternative ways through which contract management can be framed, made, and altered to ensure improved contractors’ performance and completion.

**To future academicians:** This study might contribute to the body of knowledge, the findings of which can be used as a reference material by future researchers and also a basis for further research.

# CHAPTER TWO

# LITERATURE REVIEW

# Introduction

This chapter is divided in four key sections. Section one deals with the literature survey which is concerned with local studies that have been conducted in the area of contract management and performance. Section two deals with the review of relevant theories that underpin the study; section three reviews relevant empirical literature in line with the study objectives and section four presents the conceptual framework.

# Literature survey

The purpose of literature survey is to analyse what has been covered of the problem under study within Uganda, the key findings, and gaps left and propose how the current study intends to fill that important void in research.Below is a review of the major studies.

Ssejemba (2015) conducted a study about institutional factors affecting contract management in Uganda and based on a case study of Uganda National Roads Authority. His study sought to: find out how Institutional financing affects contract management in Uganda National Roads Authority; establish how the institutional structure affects contract management in Uganda National Roads Authority and; examine the extent to which institutional staff competence affects contract management in Uganda National Roads Authority. The study used a cross-sectional survey research design, adopting both quantitative and qualitative approaches. Ssejemba’s study revealed that that institutional financing, institutional structure and institutional staff competence affect contract management in Uganda National Roads Authority. The researcher therefore concluded that institutional financing, institutional structure and institutional staff competence had a positive relationship with contract management in Uganda National Roads Authority. However, the study did not provide clear empirical evidence on the relationship between contract management and contractor’s performance in a public organisation business environment, it is the aim of this current study to fill the identified gap.

Muhwezi and Ahimbisibwe (2015) carried out a study about contract management, inter functional coordination, trust and contract performance of works contracts in Ugandan public procuring and disposing entities. Their paper aimed at improving upon the highly make works contract performance research, by examining the relationships between contract management, inter-functional coordination, trust and works contract performance and whether these variables have an effect on the contract performance. Muhwezi’s study revealed that delivery management is relatively more important than relation management and contract management and that in a rules-based system, the importance of inter-functional coordination to contract performance is minimal, further expounding on the critical difference between private and public procurement systems. From the results, practitioners appreciate the need to pay for certified completed works in reasonable time, and to effectively manage the relationship between the functions in a procuring and disposing entity and contractors. However, the study failed to provide an explanation about the relationship between contract administration and contract completion in an organisation.

Atim (2017) carried out a study about challenges facing contract management in the public procurement focusing on a case study of Gulu Municipality. Specifically, the study assessed the awareness on procedures involved in Procurement contract management, examined factors affecting contract management performance in Gulu Municipality and identified area of improvement concerning contract management in Gulu Municipality. Atim’s study used quantitative approach to gather quantitative data which was through closed questions in questionnaire instrument. The results from the analysis revealed that proper strategic decisions and drafting of the right contract influence contract management. Also, availability of competent staff ensures good contract management. Moreover, study findings revealed that improve contract management the company need to recruit staff with relevant skills. However, the study did not mention the relationship between delivery management and contract financial management.

# Theoretical review

This section presents the review of relevant theories about contract management and contractor’s performance. The theoretical review demonstrated a clear understanding of theories and concepts that are relevant to the study

# The principal agent theory

As an independent variable, contract management was guided by the principal agent theory which was advanced by Donahue (1989). Concurring to the Theory of Principal-Agent, a contract between the government and a contract worker can be analyzed as a principal-agent relationship. The principal (government) contracts with the operator (contract worker) to perform an assigned task, such as creating a weapon framework. The principal-agent issue happens due to clashing objectives and destinations between the two parties. In this relationship, the government’s aims involve getting the item or service at the proper quality, right amount, right source, right time, and right cost (Lee and Dobler, 1971). Governments too have the extra objective of guaranteeing the item or service is procured in understanding with public approach and statutory prerequisites (FAR, 2011).

Contractors, on the other hand, pursue the objectives of earning profit, ensuring company growth, maintaining or increasing market share, and improving cash flow, just to name a few. Because of the different and conflicting objectives between the principal and agent, each party is motivated and incentivized to behave in a manner consistent with its objectives.

Agency theory is concerned with the clashing objectives between the principal and the operator in accomplishing their individual destinations and is centered on instruments related to getting data (for example, about the marketplace, the supply or service, or the contractor), selecting the operator (to to counter the effects of moral hazard), and checking the agent’s execution (to counter the impacts of ethical danger) (Eisenhardt, 1989). Hence, the contract management process (how contracts are arranged, organized, granted, and managed) has its premise agency theory (Rendon, 2010).

# Institutional theory

The Institutional Theory was developed by Scott (2004). Agreeing to the theory, institutions are composed of cultural-cognitive and regulative components that, along with related activities and assets provide meaning to life. The author clarifies the three pillars of institutions as administrative, normative and cultural cognitive. The administrative pillar emphasizes the utilisation of rules, laws and sanctions as requirement component, with convenience as a premise for compliance. The normative pillar alludes to standards (how things ought to be done) and values (the preferred or alluring), social commitment being the premise of compliance. The cultural-cognitive pillar rests on shared understanding (common convictions and images).

# Contract management

Contract management is a process that enables both parties to a contract to meet their obligation in order to deliver the objectives required by the contract, it encompasses the management of all dealings between the client and contractor from the time the contract is awarded until the work has been completed and accepted or the contract is terminated, payment has been made, and the disputes have been resolved. (Thai, 2008). Contract management also involves building a good working relationship between the client and provider. It continues throughout the life of the contract and involves managing proactively to anticipate future needs as well as reacting to situations that arise (Gordon 2009).

Williamson (2012) asserts that all complex contracts are unavoidably incomplete, on which account the parties will be confronted with the need to adapt to unanticipated disturbances that arise by reason of gaps, errors, and omissions in the original contract and realized at the time of implementation. Ruchiu (2018) argues that despite the fact that contracts are made in good spirit, many contracts are not supervised. This casts doubt whether contract management process is really taken seriously. If the likely determinants and constraints are ignored, public organisations are more likely to suffer shocks that may even bring the institutions to their ‘bended knees’. Inevitably organizations will eventually encounter poor service delivery, resulting in loss of clients and market share, declining profitability; erosion of capital, high borrowing costs from banks or public debt, and deteriorating institutional reputation.

Rotich (2011) admits that contract management has always been a vexing problem for procurement professionals. He asserts that traditionally, firms concentrate on analyzing their own internal trends, which does not portray the true picture on how well they compare with competitors. Such an approach ignores what the competitors are doing. Lenders (2013) reveals that a firm does not wish to make known to its competitors how or what it is doing for obvious competitive reasons. This has also been the case in the public sector were procuring public organisations have not been availing their procurement data due its perceived sensitive nature.

# Contracts administration

Contract administration is very critical in-service delivery. Kelman (2010) defines contract administration as a set of activities performed by government officials (client’s representatives) after a contract has been awarded to determine how well the government (client) and the contractor perform to meet the requirements of the contract. Ahimbisibwe, et al (2016) opined that clear administrative procedures ensure that all parties to the contract understand who does what, when and how. Contract administration encompasses all dealings between the government and the contractor from the time the contract is awarded until the work has been completed and accepted or the contract terminated, payment has been made, and disputes have been resolved.

# Delivery management

Wright (2010) study revealed that delivery management includes checking the nature, quantity and quality of: goods supplied, works carried out and services performed. In delivery management, each contract problem always threatens the success of the project by impacting on any or all of the 5 “R’s” in an adverse manner (such as delivery of incorrect product, incorrect quantity, an increase in project costs, a delay in delivery, poor quality or the ultimate unsuccessful result or contract termination). In order to establish the relationship between delivery management and service delivery, there is need to monitor supplier performance throughout a contract term while ensuring that departments receive the goods and services they purchase, according to the required standard, within the required time frames and achieve value for money

# Relationship management

Relationship management commences after contract signature and all precedence conditions of the contract such as performance security or bond are finalized. The process enables both parties to the contract to meet their obligations in order to deliver the objectives required in the contract. Contracts are in most cases complex, involves multiple actors, may last long and may consume a lot of resources if not properly managed (OECD, 2011). It is concerned with the mechanics of the relationships between the buying agency and supplier for development and implementation of procurement contract. This corresponds to the requirement of the law (Regulations 97 of 2015) which recognize the entry of force of the contract when written letter of acceptance has been issued to the supplier or contractor, or written procurement contract has been sign between parties.

# Contract performance

According to business dictionary, Performance is the accomplishment of a given task measured against present known standards of accuracy, completeness, cost, and speed. In contract, performance is deemed to be the fulfilment of an obligation in a manner that releases the performer from all liabilities under the contract. It refers the conformance of contractor or supplier with contract terms, specifications, service level agreements or Key Performance Indicators (KPI) and other elements of the commercial agreement (CIPS, 2012a).

According to BG Group (2014b) Contractor performance management include the following areas: Health Security Safety and Environment (HSSE); Operations; Quality; Delivery; Payment; Receipt; Expediting and inspection. Nasser (n.d) refers contractor’s performance can be measured in main three categories; schedule, cost and safety. In this study, the term ‘contractor’s performance’ means the accomplishment of contractors’ contractual obligations in terms of compliance to contract’s requirements, cost effectiveness and healthy, safety and Environment performance. The contract’s requirements include, delivery schedule, quality specifications, regulations and standards.

A range of performance indicators can be developed to monitor a supplier’s performance, and the exact indicators used will vary according to the contract specifications, the level of risk associated with contract failure by the supplier, and the value of the procurement (Path n.d). This has been supported by (Miller 2015) who observes that, just because everything can be measured doesn’t mean that everything has to be measured. Performance measurement is all about measuring the right things at the right time for the right people. It’s about measuring what’s important to the business. It’s about the quality of the measures and not the quantity (Miller, 2015)

# Literature review

# Contract administration and contractors’ performance

According to George N. Roots III, one of the effects of contract management on contractor’s performance is the ability to execute contract obligations and avoidance of breach of Contract Terms as agreed in the special conditions of the contract since the Contractor's performance is evaluated throughout the execution of the contract thus allowing for actions to be taken to increase the performance and effectiveness of the contractor. This in turn makes each side of an agreement to execute their obligations in the contract that is the procuring Entity has to pay the amount as agreed with the contractor since the delivered products, services or works satisfy the intended use as it is stated that by Sharma and Kashiyani, (2015) that “Companies that fail to deliver as required in the contact loose on the future business because of a set trail of contract delivery failure and thus chances of contract renewals would be missed

Effective contract management has been proven that it may bring about: decisions being taken at the proper time thus allowing potential risks to be managed properly, the Contractor executes the Project based on what is formulated in the contract documents and in consultation with the contract management team that is put in place regarding the contract requirements, while realizing the actual goals and results expected from the execution of the project or contract, the Project implementation described in the contract is well estimated by the contractor both in terms of time and human resources required, leading to reduction in the deviations from the initial planning and possibly reducing cost over-runs to keep the project in the budgetary limits (Thai, 2018).

According to Breedon (2013), effective contract management can lead to the Project being implemented at a high preferable rate, the opportunities to improve value for money are achieved, the variations in the contract are realized in accordance with a specific and agreed ways thus reducing the possibility of new risks to appear during the implementation of the project/contract, the products, services and public works are delivered/ accepted after meeting the acceptance criteria that had been set for them during the drafting of the contract and in the specifications, scope of works or terms of reference, the payments are made and the amounts paid correspond to the works that have been fully or adequately implemented and the problems that arise during the execution of the Contract are handled timely and effectively, which usually reduces the tension between the Contracting Authority and the Contractor hence enhancing the contractor’s performance in execution of its functions/ contractual obligations.

According to Salanie (2013) the major effect of contract management to contractor’s performance is enabling to adhere to the principle of “principal-agency theory” which states that there should be a clear understanding of the needs of the principal and ability of the agent to meet these needs competently. Principal must closely monitor agents’ performance; create reward structures that reinforce desired performance (Ketchen and Hult, 2016). Indeed, when procurement contract is well defined and planned, the principal and agents find it easy to meet needs of each other in an efficient way resulting into timely execution of the contract. When contract requirements, contract management (CM) team roles and responsibilities and KPIs are well defined, the agents will find it easy to meet needs of the principal in an efficient and effective way resulting into timely execution of the contract in predetermined performance level. However, when there is no a proper contract management frame work, the contractor will not be able to execute his contractual obligations hence undermining this principle.

# Delivery management and contractor’s performance

Contract management is the active monitoring and control of the contract between the procuring and disposing entity and the contractor, to ensure delivery of a cost effective and reliable service at an agreed standard and price (2014). Contract management is the final stage in the bidding process and marks the beginning of a contractual relationship between the procuring and disposing entity and contractor. According to Muhwezi and Ahimbisibwe (2015) delivery management is relatively more important than relation management and contract management.

Davison & Wright (2014) study revealed that delivery management includes checking the nature, quantity and quality of: goods supplied, works carried out and services performed. In delivery management, each contract problem always threatens the success of the project by impacting on any or all of the 5 “R’s” in an adverse manner (such as delivery of incorrect product, incorrect quantity, an increase in project costs, a delay in delivery, poor quality or the ultimate unsuccessful result or contract termination).

Oluka (2012) asserts that in order to establish the relationship between delivery management and contract financial management, there is need to monitor supplier performance throughout a contract term while ensuring that departments receive the goods and services they purchase, according to the required standard, within the required time frames and achieve value for money. Jackson, (2012) rightly observed that donor agencies, governments, tax payers, partner country governments and citizens all want aid to work as well as it can and agree that limited aid budgets need to be well targeted and managed to achieve greater service delivery.

In addition, Oluka (2012) agrees that proper and effective management and monitoring of contracts helps improve the quality of goods and services and reduces procurement cost thus achieving quality products and services, timely delivery of products and services, and cost effectiveness. In relation to delivery management, Oluka (2012) states that contracts should be designed to facilitate desirable procurement outcomes and minimizes actions that hurt the performance. The author adds that the contract manager should always aim at ensuring that the contract designed can easily benefit the company or organization. This study will therefore find out the relationship between delivery management and service delivery. Furthermore, Davison & Wright (2014) points out that delivery management can also be affected by the Proposal designed. He author adds that the proposal which is the legal document should define the item or service procured (the right item), the mutual areas of agreement, and how risks will be allocated and rewarded.

United Nations Economic and Social Commission for Asia, ESCAP (2014) notes that relationship management between the private provider and the government implementing agency over the long contract tenure of a PPP project is vital for its success. Building an effective relationship that is mutually beneficial does not imply that either party has to compromise its contractual rights and obligations. The key factors to a successful relationship are mutual understanding, open communication and information sharing, and recognition of mutual objectives. Appropriate lines of communication at strategic, business and operational levels between the implementing agency and the private party are necessary to build a successful relationship. The clear lines of communication at the appropriate levels help to ensure a prompt resolution of disputes that may arise.

Komakech (2020) explains that usually a team comprising officials from the implementing agency and other concerned departments of the government supported by a range of specialists and technical advisors with varying levels of involvement is required for contract management. The resource requirement of the team is affected by the overall size and complexity of the project and its implementation stage in the overall project cycle. In some cases, it may be possible for the contract management function to be carried out by a single individual. But for large projects it would normally require a team work. The contract management team in effect may evolve from the project team in the inception, feasibility and procurement phases, taking on different technical skills and experience as needed throughout the project cycle.

# Relationship management and contractors’ performance

Contract administration is very critical in-service delivery Kelman (2014) defines contract management as a set of activities performed by government officials (client’s representatives) after a contract has been awarded to determine how well the government (client) and the contractor perform to meet the requirements of the contract. Ahimbisibwe, et al (2015) opined that clear administrative procedures ensure that all parties to the contract understand who does what, when and how.

While strategizing to ensure that contract management successfully takes the right course, all the parties involved must pay keen attention to all provisions in the given or existing contract (Basheka, 2013). Successful and efficient contract management practices are those that meet the needs of the company’s (client’s) stakeholders, achieve optimum conditions and value in regard to the allocation of scarce tax payers’ resources, ensure rational and efficient use of funds available, stimulate valuable competition and manage the risk and potential liabilities to the buyer, thereby improving service delivery. Thus, enforcement of existing regulatory measures must be enforced to avoid pitfalls of inefficient contract management process and eventual poor service delivery (contractor’s performance).

The people in charge of the contracts need to play an important and meaningful role in ensuring that the client’s contractual goals are fully achieved at the minimum cost, timely, and to the required specifications. Therefore, consideration should be given to address the questions in the procurement contract literature as to how the supplier can provide the buyer with sufficient flexibility while not assuming all the risk due to demand uncertainty (Oluka & Basheka, 2013). Cleland and Bidanda (2014) have stated that in a highly connected and competitive world, most projects must function in an environment that interacts with joint ventures, alliances, multinational sourcing, sub-contractors, and intricate vendor relations. Relationships with external organisations are managed through contracts. In general, companies provide services or products based on the results of direct contract negotiations with the client. One of the most important factors in preparing a proposal and estimating the cost and profit of a project is the type of contract expected.

The confidence by which a bid is prepared is usually dependent on how much risk the contractor will incur through the contract. Certain types of contracts provide relief for the contractor since onerous risks exist (Kerzner, 2012). He further states that the size and experience of staff, urgency of completion, availability of qualified contractors, and other factors must be evaluated carefully during contract negotiations. The advantages and disadvantages of all basic contractual arrangements must be recognized to select the optimum arrangement for a particular project.

According to Project Management Institute (2013), all legal contractual relationships generally fall into one of two broad families: either fixed-price or cost reimbursable. There is a third hybrid type commonly in use called time and materials contract. The fixed-price contract type is recommended, although some projects also prepare team contracts to define ground rules for the project. However, in practice it is not unusual to combine one or more types into a single contract document. Once the contract has been signed, both parties must meet their obligations under the contract. The contract administrator is responsible for compliance by the contractor to the buyer’s contractual terms and conditions and to make sure that the final product of the project meets requirements.

Project Management Institute (2013) further states that under fixed-price arrangement, buyers need to precisely specify the product or service being procured since changes in scope may only be accepted with an increase in contract price. Kerzner (2009) argues that although a contract administrator is a member of the project team for reporting purposes, the contractor administrator could report to a line function such as legal department and may even be an attorney. In later stages of the project, a contract administrator is responsible for verification that all the work performed and deliverables produced are acceptable to the buyer.

# Figure 2.1: Conceptual framework showing the relationship between contract management and contractor’s performance

**Independent variable** **Dependent variable**

**Contract performance**

* Contract completion
* Financial management
* Dispute management

**Contract management**

* Contract administration
* Delivery management
* Relationship management
* Government policy
* Contractors’ experience
* Project policy

*Source: Adopted from Kashiyani, (2015) and modified by the researcher 2021*

The conceptual framework reflects two variables namely contract management as the independent variable and contractor’s performance as the dependent variable. In other words, it’s conceptualized that contractor’s performance depends on contract management. In the current study, the dimensions of contract management include contract administration, delivery management and relationships management can lead to a direct impact on contractor’s performance by affecting dimensions such as contract completion, financial management and dispute management.

Despite the relationship between the independent variable and dependent variable, other intervening variables exist and can affect both variable outcomes. All the above elements of the independent variable were assessed and their relationship with contractor’s performance.

# CHAPTER THREE

# RESEARCH METHODOLOGY

# Introduction

This chapter presents issues relating to the research design that shall be adapted for the study; highlighting the study population, sample size as well as the sampling procedure or techniques. The methods and tools that used for data collection, procedures to be followed during the collection of data and data analysis techniques are also discussed in this chapter.

# Research design

This research adopted the descriptive and correlational research designs. The choice of this design was because descriptive designs are compatible with explorative studies which are not covering a very large area. The correlational research design was used test the hypothesis between the study variables. In addition, given the limited duration within which the study is to be conducted, the researcher found the cross-sectional design more suitable. The study also used quantitative and qualitative techniques. Quantitative data involves collecting and converting data into numerical form hence use of statistical calculations in computing the responses from respondents under the questionnaire instrument and also computing the hypothesis where conclusions were drawn.

# Study population

Study population is defined as all the members of a real or hypothetical set of people, events or objects to which a researcher wishes to generalize the results of the research study (Kothari, 2004). The target population for this study consisted of selected managers, department heads, procurement, human resource department and finance department. Therefore, the study targeted a total population of 191 individuals.

# Sample size and selection

The study used the Yamane formula of sample determination (1967:886) to determine the sample size as shown below.

n = N

**Where**

n = Sample size

N= Population size

e = margin of error at 95% confidence level

e = Margin of error/0.05

1 + N (e2)

n= 191

1 + 191 (0.052)

n= 191

1 + 191 (0.0025)

n= 129

# Table 3.1: Population stratification and distribution

|  |  |  |  |
| --- | --- | --- | --- |
| **Respondents’ department** | **Population** | **Stratification** | **Sampling method** |
| Directors | 7 | 4 | Purposive sampling |
| Managers | 26 | 10 | Purposive sampling |
| Consultants | 18 | 10 | Purposive sampling |
| Officers | 60 | 52 | Simple random sampling |
| Assistant officers | 34 | 28 | Simple random sampling |
| Other employees | 42 | 36 | Simple random sampling |
| **Total** | **191** | **118** |  |

**Source: Primary data (2021)**

# Sampling method

According to McCabe (2005), sampling methods are important in identifying the population of interest. In this study, the following are the sampling methods that were employed. The researcher used purposive method of sampling to select respondents from directors, managers and consultants; these are expected to have firsthand information about the study variables. This method is important because it is dictated by the nature of the study which aims at getting information from specific respondents.

Simple random sampling was also used to select respondents from officers, assistant officers and other employees. This method is important because it gives respondents equal chances of participating in the study and as such eliminating elements of bias.

# Data collection sources

**Primary data**

Primary data is data that is collected by a researcher from first-hand sources. In this study, primary data was collected directly from primary sources with the aim of gathering richness of information from most reliable and informed respondents about the current situation of the study problem.

**Secondary data**

Secondary data is data gathered from studies, surveys, or experiments that have been run by other people or for another research. The current study gathered information from secondary sources because it has a pre-established degree of validity and reliability which need not be re-examined by the researcher.

# Data collection methods

# Interview

An interview guides with open ended questions will be administered to Directors, Manager and Consultants in Ministry of Trade headquarters because they were assumed to be quite knowledgeable about contract management in the organisation. These were designed according to the themes of the study. It was advantageous to use interview method because it allowed probing which leads to generating of crucial results on the subject as observed by (Mugenda and Mugenda, 1999). In this study, the directors, managers and consultants participated in an oral interview to enable a deeper analysis based on their role and experience about contract management in the various Ministry of Trade, Industry and Cooperatives.

# Questionnaire survey

This method was used to collect data from Officers, Assistant officers and other employees in the general staff category. This method is preferred because, considering the large sample size, it was suitable as it saved time and responses generated were easy to quantify and analyze as recommended by Amin, (2005). The researcher designed closed ended questionnaires which were sent out to the Officers and other general employees for completion because they were quite many in number (Mugenda & Mugenda, 1999).

# Document review

According to Brent (2016), document review involves systematic data collection from existing records. This method was used to gather information about the study variables that is logistics management and performance. This method was used because a lot of information was reviewed to provide the most reliable and relevant information. The researcher reviewed contract management to find out how required contractors’ performance level is being achieved. The researcher reviewed contract management performance reports, cost management reports, contract strategic planning reports and contract management quality reports.

# Data collection instruments

# Self-administered questionnaires

A Self- Administered Questionnaire with close-ended questions using Likert scale of measurement will be used to collect data from respondents. The Likert scale range from SD for strongly disagree, D for disagree, NS for not sure, ‘A’ for agree and SA for strongly agree. This instrument was used because it is easy to administer, and it allows literate respondents to give their views without fear. The researcher physically delivered the questionnaires to the selected respondents.

# Interview guide

The interview guide is a list of questions a researcher asks participants during the interview (Angus, 2000). The researcher designed structured interview guide where each respondent was asked the same question in the same order. Respondents from management team were the most emphasised to answer questions from the interview guide. The researcher clearly expressed the purpose of the interview and started with the neutral questions to facilitate free flow of information.

# Document review checklist

Document review is a systematic collection, documentation, analysis and interpretation, and organization of data as a data collection method in research. The document review was used to collect secondary data because the process can be done independently without needing to solicit extensive input from other sources.

# Validity of instrument

a) Quantitative tool

Validity refers to the appropriateness of an instrument in measuring whatever it is intended to measure (Amin, 2005). To ensure validity the researcher consulted the supervisor (Nkumba University), construct data collection instruments and made sure that each item has a link to the objectives of the study and ensured all items covered full range of issues that were measured. Face validity was established where tools and questions were chosen rationally, which was the appropriate way to find out what was being measured, content validity focused on the extent to which the contents of an instrument corresponded to contents of the theoretical concept designed to measure (Amin, 2005). The instruments were discussed with the supervisors and later pre-tested using a sample of 5 respondents within the study population but outside the sample who were asked to fill them and later give comments on their accuracy and clarity, and after pre-testing, ambiguous questions were polished. Their content validity index (CVI) was determined at a CVI of 0.7 which acted as acceptable validity for the tool.

b) Qualitative tool

Validity in qualitative research means “appropriateness” of the tools, processes, and data. The researcher determined whether the research instrument is valid for the desired outcome. The study ensured validity of the instrument by choosing a well-trained and skilled facilitator from outside the study respondents who checked personal bias and expectations. Also, the instrument’s validity be checked through respondent validation technique. In this method, the researcher tested the initial results with participants to check if they still ring true. In doing this, the researcher aimed at recognizing the authenticity of the results from what was already interpreted and condensed.

**Content relevance scale**

1: Irrelevant item, 2: Somewhat relevant, 3: Mostly relevant, 4: Extremely relevant

**For item 1 (contract administration and contractors’ performance): Three experts rated the item “2” and seven experts rated it “4”**

CVR= Proportion of experts who rated item as content valid (a rating of 3 or 4)/ Total number of experts who rated it.

CVR= 5/6, this means that the content validity ratio is 0.83

**For item 2 (Delivery management and contractors’ performance): Two experts rated the item “2” and six experts rated it “3” and two experts rated it “4”**

CVR= Proportion of experts who rated item as content valid (a rating of 3 or 4)/ Total number of experts who rated it

CVR= 6/7, this means that the content validity ratio is 0.85

**For item 3 (Relationship management and contractors’ performance): Three experts rated the item “1” and nine experts rated it “4”**

CVR= Proportion of experts who rated item as content valid (a rating of 3 or 4)/ Total number of experts who rated it

CVR= 7/8, this means that the content validity ratio is 0.80

Overall CVR= (0.83+1.0+0.80)/3= 0.87

It can be concluded that, basing on the content validity ratio results of the variables above, the overall CVR is equal to 0.80 thus all items were considered valid for this current study.

# Reliability

a) Quantitative tool

Reliability of the instruments was established through examining the Cronbach Alpha Coefficient. The researcher carried out a pilot study of about 5 questionnaires to Officers, assistant officers and other employees. It was from this data that Cronbach Alpha was computed and a minimum Cronbach Alpha value of 0.7 was considered as acceptable reliability for the instrument (Amin, 2005).

b) Qualitative tool

The reliability of the interview guide was established using peer review and member checking. The reliability test value was analysed using pilot or member checking procedures which sought objective opinion as to how questions were made easier to understand, avoid bias or any potential ambiguity. All this was done to ascertain the qualitative trustworthiness of the interview.

# Data collection procedure

Before going to the field, the researcher submitted the research proposal to the School of Business Administration for approval. After defense of the proposal, the researcher received a cover letter from Nkumba University and an authorisation letter from respective Ministry of Trade offices for researcher identification before the respondents. The researcher then reported to field for a baseline survey to ascertain the kind or respondents, information, and conditions under which the study was carried out. Questionnaires were delivered to the respondents after assuring them of their voluntary participation, confidentiality of information given and anonymity. Completed questionnaires were collected after three days. The researcher contacted key informants and provided them with the necessary details of the study seeking their consent to participate in the study and requested for dates on which the interviews were conducted.

# Measurement of variables

Contract management was measured in terms of contract administration, delivery management and relationships management according to the works ofKashiyani (2015) It had items such as “managing service delivery, managing relations and managing change”

Contract performance was measured in terms of contract completion, financial management and dispute management according to the works of Basheka (2013). It had items such as “quality improvement, achievement of organisation goals.”

Government policy was measured in terms of compliance to policies and procedures, design and implementation and information management according to the works of Daniel (2014). It had items such as “effectiveness and efficiency of legal system and responsibility and authority of government agency.

# Data processing

The collected data was edited, coded and cross checked for completeness using Ms Excel and exported to Statistical Package for Social Sciences version 25 for analysis.

# Data analysis

After processing, the cleaned data was analysed using both descriptive and inferential statistics with the help of the SPSS software version 25 Will (2018) defines descriptive statistics as brief descriptive coefficients that summarise a given data set, which can be either a representation of the entire or a sample of a population. Demographic characteristics were presented in form of tables of frequency and percentages; descriptive statistics were presented in form of means and standard deviations; relationships were presented in form of correlations and regression analyses.

# Ethical considerations

The researcher ensured voluntary participation of the respondents and avoided the use of offensive, discriminatory, or other unacceptable language in the formulation of data collection instruments. In addition, the researcher maintained the highest level of objectivity in discussions and analysis throughout the research.

# Limitation of the study

Low-response: The researcher faced a problem of non-response from the respondents about particular questions especially through interview sessions probably because they may be too busy. The researcher overcame this limitation by administering many questionnaires as possible so as to eliminate higher likelihood of low response.

# CHAPTER FOUR

# DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

# Introduction

In this chapter, respondents were asked to provide their background information and their Results are summarised in Tables below:

Out of the 129 questionnaires distributed, 101 respondents filled and returned the questionnaires representing 78.3% response rate which is acceptable in making conclusions since it is above .70 or 70%. The 101 filled questionnaires are the basis of reporting in this chapter and the subsequent chapters

# Gender of respondents

The respondents were asked to identify the gender in which they belonged to, responses to the question are summarized in table 4.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 4.1: Gender | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Male | 48 | 47.5 | 47.5 | 47.5 |
| Female | 53 | 52.5 | 52.5 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

According to results in table 4.1, it is revealed that 52.5% of the respondents were females while 47.5% were males. This means that most of the duties and activities at MTIC are performed by females. The results also imply to mean that all respondents were well represented in terms of gender and hence the study did not suffer from gender bias.

# Age of respondents

Respondents were asked to identify the age group that they belonged to, results to the question are summarised in table 4.2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 4.2: Age (in years) | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | 20-30 Years | 33 | 32.7 | 32.7 | 32.7 |
| 31-40 Years | 37 | 36.6 | 36.6 | 69.3 |
| 41-50 Years | 24 | 23.8 | 23.8 | 93.1 |
| Above 50 Years | 7 | 6.9 | 6.9 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

As seen in table 4.2, results show that 32.7% were aged between 20-30 years, 36.6% were aged between 31-40 years, and 23.8% were aged between 41-50 years while 6.9% were aged above 50 years. The results imply that all respondents were adults and mature to understand both concept of contract management and contractors’ performance hence provided valid information.

# Period of service at MTIC

Respondents were also asked to clarify on the period (in years) that they had served in Isimba dam. Responses to the question are presented in table 4.3

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 4.3: Period of service at MTIC (in years) | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Below 2 years | 46 | 45.5 | 45.5 | 45.5 |
| 2-5 years | 55 | 54.5 | 54.5 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

Results in table 4.3 revealed that 26.7% had served for a period below 2 years while 29.7% had served for a period between 2-5 years. This means that respondents had served for a recognizable period of time to be conversant about the study variables, hence provided reliable and relevant information for the study.

# Highest level of education

Respondents were also asked to identify their highest level of education, responses to this question are highlighted in table 4.4

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 4.4: Highest level of education | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Certificate | 12 | 11.9 | 11.9 | 11.9 |
| Diploma | 21 | 20.8 | 20.8 | 32.7 |
| Bachelor’s degree | 38 | 37.6 | 37.6 | 70.3 |
| Master’s degree | 19 | 18.8 | 18.8 | 89.1 |
| If others, specify | 11 | 10.9 | 10.9 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 4.4 indicate that 11.9% of the respondents had certificate qualification, 20.8% had diploma, 37.6% had bachelor’s degree, and 18.8% had master’s degree while 10.9% specified they had qualifications such as doctorates. The results are implied to mean that a higher combined percentage of respondents had attained a recognizable and acceptable level of education in various fields; this means that they were assumed to have prior knowledge and understanding how to interpret or comprehend statements in the study instruments, hence provided reliable information for analysis.

# CHAPTER FIVE

# CONTRACT ADMINISTRATION AND CONTRACTOR’S PERFORMANCE

# Introduction

This chapter presents the findings on contract administration and contractors’ performance in Ministry of Trade, Industry and Cooperatives in Uganda. The chapter begins with the descriptive statistical results and ends with inferential statistics testing for the hypothesis.

# Descriptive statistics on the relationship between contract administration and contractors’ performance in MTIC.

Descriptive statistics is a term given to the analysis of data with the intention of helping to describe or summarise data in a meaningful way such that desired patterns might emerge from the data. In relation to objective one, the descriptive data was presented in form of frequencies and percentages of the collected data.

# A well-established contract management plan and team is put in place to reduce procurement cost overruns and enhance contractor performance

Respondents were asked whether the ministry has an established contract management plan and team to reduce on procurement cost overruns. The responses to the question are summarised in table 5.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 5.1: MTIC has an established contract management plan and team to reduce on procurement cost overruns | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 7 | 6.9 | 6.9 | 6.9 |
| Disagree | 8 | 7.9 | 7.9 | 14.9 |
| Neutral | 12 | 11.9 | 11.9 | 26.7 |
| Agree | 31 | 30.7 | 30.7 | 57.4 |
| Strongly agree | 43 | 42.6 | 42.6 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 5.1 indicate a combined percentage of 73.3% who generally agreed to the statement while minority of the respondents 6.9% and 7.9^ strongly disagreed and disagreed respectively; however, despite the difference in respondents’ responses, it can be concluded that MTIC has procurement plan and team which details how the procurement process is managed. Respondents revealed that the ministry has a team of professionals who ensure cost reduction through re-negotiations of contract terms and conditions, administrative and operational process improvements. This means that MTIC ensures proper procurement planning to help save huge sums of government money and also ensuring that it is put to the best use of administrative resources.

# Contract administration enables the ministry to take control of the risks that arise during contract execution together with the contractors

Respondents were also asked whether contract administration enables the ministry to control risks that arise during contract execution together with the contractors. The responses to the question are presented in table 5.2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 5.2: Contract administration enables the ministry to control risks that arise during contract execution together with the contractors. | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 11 | 10.9 | 10.9 | 10.9 |
| Disagree | 10 | 9.9 | 9.9 | 20.8 |
| Neutral | 7 | 6.9 | 6.9 | 27.7 |
| Agree | 27 | 26.7 | 26.7 | 54.5 |
| Strongly agree | 46 | 45.5 | 45.5 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

According to results in table 5.2, it is indicated that majority of the respondents 72.2% generally agreed while minority 10.9% of strongly disagreed and 9.9% disagreed; however, despite the difference in respondents’ responses, it can be concluded that the ministry has ways of mitigating the likelihood of risks and their related impact. During an interview session, one technical respondent stated that;

*“Most business transactions, including the execution of a contract with contractors, subject an organisation to risk. With contracts in particular, there is always the risk that one side to the agreement will not perform as stipulated, causing a great deal of harm or loss to the other side. So, MTIC through contract administration will ensure to incorporate and monitor appropriate contract clauses, mandate rigorous reviews and also obtain pertinent insurance, all this will be done in agreement of the contractors”.*

This means that MTIC has been able to reduce chances of risks and their associated impact.

# Contract administration enables the contractors execute their obligations on time and at a quick rate

The respondents were also asked whether contract administration has enabled MTIC contractors to execute their obligations on time and at a quick rate. The responses to the question are summarised in table 5.3

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 5.3: Contract administration enables the contractors execute their obligations on time and at a quick rate. | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 22 | 21.8 | 21.8 | 21.8 |
| Disagree | 29 | 28.7 | 28.7 | 50.5 |
| Neutral | 9 | 8.9 | 8.9 | 59.4 |
| Agree | 15 | 14.9 | 14.9 | 74.3 |
| Strongly agree | 26 | 25.7 | 25.7 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 5.3 indicate that majority of the respondents 50.5% generally disagreed while minority of respondents 14.9% agreed and 25.7% strongly agreed; however, despite the difference in respondents’ responses, it can be concluded that despite contract administration in MTIC, contractors have not been able to fully execute as stipulated in the contract, hence the level of service delivery from MTIC is still low. Respondents revealed that MTIC contract administration has not yet fully taken a proactive stance to ensure that its contractors deliver on time, this is due to its negligence in adopting some internal methods of coping with contractors that run late or use other methods to compact the cycle time on the front end.

# Contract administration enables the contractor’s payment claims be processed faster and cleared after project completion

The respondents were asked whether contract administration enables the contractors’ payment claims to be processed faster and cleared after project completion. The results are presented in table 5.4

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 5.4: Contract administration enables the contractor’s payment claims be processed faster and cleared after project completion. | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 30 | 29.7 | 29.7 | 29.7 |
| Disagree | 39 | 38.6 | 38.6 | 68.3 |
| Neutral | 11 | 10.9 | 10.9 | 79.2 |
| Agree | 14 | 13.9 | 13.9 | 93.1 |
| Strongly agree | 7 | 6.9 | 6.9 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 5.4 indicate that 29.7% strongly disagreed, 38.6% disagreed, 10.9% were not sure, 13.9% agreed while 6.9% strongly agreed respectively. The results also indicate that there was a combined percentage of 68.3% who generally disagreed to the statement. This can be used to conclude that there are delays in contractors’ payment which have jeopardized project completion. During an interview session, a key respondent expressed that;

*“There are various factors ranging from internal or external which lead to delay in contractor’s payment, however, we also recognise that delay in contractor’s payment is a primary cause for poor contractors’ performance, deteriorating relationships and disruptions. For a public organisation such as MTIC, some of the major causes of delay are red tape in the payment process where approval has to go through various channels and offices”.*

# Contract administration helps in protecting the reputation of the supplier and creates a good relationship with the procuring entity

The respondents were also asked whether the reputation of the suppliers and good relationships with procuring entity have been established through contract administration. The results to the question are indicated in table 5.5

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 5.5: Contract administration helps in protecting the reputation of the supplier and creates a good relationship with the procuring entity. | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 29 | 28.7 | 28.7 | 28.7 |
| Disagree | 33 | 32.7 | 32.7 | 61.4 |
| Neutral | 8 | 7.9 | 7.9 | 69.3 |
| Agree | 12 | 11.9 | 11.9 | 81.2 |
| Strongly agree | 19 | 18.8 | 18.8 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

According to results in table 5.5, it is seen that 28.7% of the respondents strongly disagreed, 32.7% disagreed, 7.9% were not sure, 11.9% agreed while 18.8% strongly agreed respectively. A combined percentage of 61.4% generally disagreed to the statement. This can be interpreted to mean that there is lack of an open flow of communication between MTIC and its contractors about many issues within the contract execution. Respondents revealed that one of the major factors hindering successful relationships with procuring entity is communication, it was reported that on several occasions MTIC’s management has been reluctant on emphasizing physical interactions, harmonizing functional requirements or information exchange with contractors, which led to situations of bias and conflict, thus affecting the reputation of suppliers.

# MTIC personnel have played an important role in ensuring achievement of contractual goals at lowest costs

The respondents were also asked whether the ministry’s personnel have played an important role in ensuring achievement of contractual goals at the lowest costs. The results are presented in table 5.6

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 5.6: MTIC personnel have played an important role in ensuring achievement of contractual goals at lowest costs | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Neutral | 11 | 10.9 | 10.9 | 10.9 |
| Agree | 36 | 35.6 | 35.6 | 46.5 |
| Strongly agree | 54 | 53.5 | 53.5 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 5.6 show that 10.9% of the respondents were not sure to the statement, 35.6% agreed while 53.5% strongly agreed respectively. The results show a combined percentage of 89.1% generally agreed to the statement respectively, which can be concluded that MTIC has qualified personnel who ensure to make rational procurement decisions, contract negotiating and interacts with many people outside the immedi­ate chain of command to ensure that organisational goals are achieved.

# Testing implied hypothesis 1

There is no significant relationship between contract administration and contractors’ performance.

# Correlation analysis

In an attempt of determining the relationship between contract administration and contractors’ performance at MTIC, the study was subjected to Pearson’s correlation analysis and results presented in table 5.7

|  |  |  |  |
| --- | --- | --- | --- |
| Table 5.7: Correlations for contract administration and contractors’ performance | | | |
|  | | Contract administration | Contractors’ Performance |
| Contract administration | Pearson Correlation | 1 | .733\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 101 | 101 |
| Contractors’ Performance | Pearson Correlation | .733\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 101 | 101 |
| \*\*. Correlation is significant at the 0.01 level (2-tailed). | | | |

As shown in table 5.7, the test revealed that there is a significant relationship between contract administration and contractors’ performance at MTIC, this was represented by (r (101) = .733, P<0.05). This can be interpreted to mean that there is a statistically strong significant positive correlation between the two variables, meaning that if contract administration at MTIC is held at a constant zero, contractors’ performance would increase by a mean value of .733. This means that in order to improve on contractors’ performance, the ministry should enhance the administration of the contracts.

# Regression analysis

A linear regression analysis was performed so as to assess the strength of the relationship between contract administration and contractors’ performance. The result obtained is presented in the model summary table 5.8

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table 5.8: Model Summary | | | | |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .704a | .695 | .469 | .673 |
| a. Predictors: (Constant), Contract administration. | | | | |

From table 5.7, it can be drawn that the correlation coefficient (R) using all contract administration as a predictor, is 0.733 and R square is 0.537. This implies a strong positive relationship between contract administration and contractors’ performance given r = 0.733 and that, a 53.7% variance or change in contract performance at MTIC can be predicted by a value change in the one predictor variable. This means that there is an average relationship between contract administration and contractors’ performance. The remaining 46.3% variance in contractors’ management of MTIC is explained by other factors which were not the focus of this study.

# Analysis of variance (ANOVA) results

ANOVA analysis was performed to test the equivalent hypothesis that there is a significant relationship between contract administration and contractors’ performance at MTIC. The results are summarized in table 5.9

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Table 5.9: ANOVAa | | | | | | |
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 102.028 | 1 | 102.028 | 114.740 | .000b |
| Residual | 88.031 | 99 | .889 |  |  |
| Total | 190.059 | 100 |  |  |  |
| a. Dependent Variable: Contractors’ performance. | | | | | | |
| b. Predictors: (Constant), Contract administration | | | | | | |

The ANOVA table 5.9 shows that F = 7114.740 and the value of sig is 0.000 i.e., **p** = 0.000 < 0.05. This means that the contract administration gives a strong and positive statistical prediction of contractors’ performance at MTIC.

# Standardized coefficients

Multiple regression to establish standardized regression coefficients by the study were necessary to compare the effect that different predictor variable of: contract administration have on the response variable- contractors’ performance at MTIC. This facilitated the determination of which predictor variable of contract administration has the greatest effect on contractors’ performance at MTIC. Results were as indicated in table 5.9.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Table 5.10: Coefficientsa | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 1.974 | .200 |  | 9.887 | .000 |
| Contract administration | .822 | .077 | .733 | 10.712 | .000 |
| a. Dependent Variable: Contractors’ performance. | | | | | | |

Table 5.10 further indicates a positive influence of the predictor variable on contractors’ performance at MTIC. In other words, contractors’ performance at MTIC is positively influenced by contract administration with β =.733, t = 10.712, p=.000<0.05. This factor positively affects contractors’ performance at MTIC.

# CHAPTER SIX

# DELIVERY MANAGEMENT AND CONTRACTOR’S PERFORMANCE AT MTIC

# Introduction

This chapter presents the findings on delivery management and contractors’ performance in Ministry of Trade, Industry and Cooperatives in Uganda. The chapter begins with the descriptive statistical results and ends with inferential statistics testing for the hypothesis.

# Descriptive statistics on the relationship between delivery management and contractors’ performance in MTIC.

Descriptive statistics is a term given to the analysis of data with the intention of helping to describe or summarise data in a meaningful way such that desired patterns might emerge from the data. In relation to objective one, the descriptive data was presented in form of frequencies and percentages of the collected data.

# Management effectively monitors and evaluates contractors’ performance

Respondents were also asked whether management effectively monitors and evaluates contractors’ performance. The results to the statement are presented in table 6.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 6.1: Management effectively monitors and evaluates contractors’ performance | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 17 | 16.8 | 16.8 | 16.8 |
| Disagree | 13 | 12.9 | 12.9 | 29.7 |
| Neutral | 11 | 10.9 | 10.9 | 40.6 |
| Agree | 29 | 28.7 | 28.7 | 69.3 |
| Strongly agree | 31 | 30.7 | 30.7 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 6.1 indicate that 16.8% of the respondents strongly disagreed, 12.9% disagreed, 10.9% were not sure, 28.7% agreed while 30.7% strongly agreed respectively. Since majority of the respondents generally agreed, it can be implied to mean that MTIC management has powerful lever for persuading a contractor to management the contract effectively. It was revealed that MTIC contracts have a clause which requires submission of progress or status reports which assist during the monitoring and evaluation processes. It was also revealed that through monitoring and evaluation, management is able to identify the technical progress and problems encountered, upcoming challenges and plans to address these challenges. It is also the responsibility of the MTIC has an approved procedure which calls for contractors to make document review the progress and status of the work through an email or memo to the management of the ministry.

# Management ensures to check the nature, quantity and quality of goods supplied

The respondents were also asked whether management ensures to check the nature, quality and quantity of the supplied goods. The results to the question are summarised in table 6.2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 6.2: Management ensures to check the nature, quantity and quality of goods supplied | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 20 | 19.8 | 19.8 | 19.8 |
| Disagree | 16 | 15.8 | 15.8 | 35.6 |
| Neutral | 12 | 11.9 | 11.9 | 47.5 |
| Agree | 24 | 23.8 | 23.8 | 71.3 |
| Strongly agree | 29 | 28.7 | 28.7 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

As seen in table 6.2 it is revealed that 19.8% strongly disagreed, 15.8% disagreed, 11.9% were not sure, and 23.8% agreed while 28.7% strongly agreed respectively. The results show that there is a combined percentage of 52.5% who generally agreed, this means that both MTIC management and that of the contractors follow the regulations and law as prescribed under the contract. It was revealed that the quality of the products/services delivered by contractors is consistent with the quality requirement standards stipulated in the bidding document, this was said to be achieved through proactive and collaborative approaches between MTICS and its contractors through quality management system. This means that MTIC ensures that its products/services conform to pre-established requirements.

# Supplier quality of goods and services has improved

The respondents were asked whether supplier quality of goods and services has improved. The results to the question are summarised in table 6.3

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 6.3: Supplier quality of goods and services has improved | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 26 | 25.7 | 25.7 | 25.7 |
| Disagree | 34 | 33.7 | 33.7 | 59.4 |
| Neutral | 7 | 6.9 | 6.9 | 66.3 |
| Agree | 14 | 13.9 | 13.9 | 80.2 |
| Strongly agree | 20 | 19.8 | 19.8 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 6.3 show that 25.7% strongly disagreed, 33.7% disagreed, 6.9% were not sure, 13.9% agreed while 19.8% strongly agreed respectively. The results show that there is a combined percentage of 59.4% of the respondents who generally disagreed to the statement. Since this was the majority, it can be interpreted to mean that though MTIC ensures to check the nature, quantity and quality of goods supplied, the ministry is yet to achieve customer satisfaction through the products/services provided. During an interview session, a key respondent mentioned that;

*“MTIC always ensure regular checks on the nature and quality of the products/ services provided, however, the biggest challenge is that contractors often do not comply with the regulations and law as prescribed under the contract for product quality. We have had products and services whose standards are off; this has greatly hindered our service delivery because our stakeholders expect the best”.*

This means that MTIC is not successfully achieving enhanced service delivery.

# Contractor performance is done in the set amount of time to meet deadlines

The respondents were also asked whether contractor performance is done in the set amount of time to meet deadlines. The results are summarised in table 6.4

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 6.4: Contractor performance is done in the set amount of time to meet deadlines | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 13 | 12.9 | 12.9 | 12.9 |
| Disagree | 14 | 13.9 | 13.9 | 26.7 |
| Neutral | 10 | 9.9 | 9.9 | 36.6 |
| Agree | 31 | 30.7 | 30.7 | 67.3 |
| Strongly agree | 33 | 32.7 | 32.7 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

As seen in table 6.4, results indicate that 12.9% of respondents strongly disagreed, 13.9% disagreed, 9.9% were not sure, 30.7% agreed while 32.7% strongly agreed respectively. The results also show that there is a combined percentage of 63.4% who generally agreed to the statement, this can be interpreted to mean that the contractorsreduce on organisations inventory carrying costs and also enables MTIC to meet its customer demand in a timely manner. Respondents revealed that MTIC takes a proactive stance to ensure that its contractorsdeliver on time, by adopting some internal method of coping with contractorsthat run late or using other methods to compact the cycle time on the front end. This means that MTIC has established strategic relationships with contractors.

# Contracts are designed to facilitate desirable procurement outcomes and minimizes actions that hurt the performance

The respondents were also asked whether contracts are designed to facilitate desirable procurement outcomes and minimize actions that hurt the performance. The results to the question are presented in table 6.5

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 6.5: Contracts are designed to facilitate desirable procurement outcomes and minimizes actions that hurt the performance | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 11 | 10.9 | 10.9 | 10.9 |
| Disagree | 13 | 12.9 | 12.9 | 23.8 |
| Neutral | 15 | 14.9 | 14.9 | 38.6 |
| Agree | 25 | 24.8 | 24.8 | 63.4 |
| Strongly agree | 37 | 36.6 | 36.6 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 6.5 show that 10.9% of the respondent strongly disagreed, 12.9% disagreed, while 14.9% were not sure, 24.8% agreed while 36.6% strongly agreed respectively. Since majority of the respondents generally agreed, it can be implied to mean that MTIC is has been able to reduce on costs under its procurement activities. Respondents stated that history of failure to identify the best contractors for meeting various business requirements has over the years made the organisation to incur extra costs in evaluating better options because the entire process is repeated. Therefore, measures were taken especially during contract execution, where issues such as unathourised purchases are prevented because they are outside the agreed contract.

# There is effective communication between the Ministry of Trade and contractors

On this question, the respondents were asked whether there is effective communication between the MTIC and contractors. The results to the question are highlighted in table 6.6

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 6.6: There is effective communication between the Ministry of Trade and contractors | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 17 | 16.8 | 16.8 | 16.8 |
| Disagree | 20 | 19.8 | 19.8 | 36.6 |
| Neutral | 9 | 8.9 | 8.9 | 45.5 |
| Agree | 28 | 27.7 | 27.7 | 73.3 |
| Strongly agree | 27 | 26.7 | 26.7 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

As seen in table 6.6, it is revealed that majority of the respondents generally agreed to the statement, this was presented by 26.7% who agreed and strongly agreed respectively. It was also seen that 16.8% strongly disagreed, and 19.8% disagreed to the statement. One key respondent, who agreed, mentioned that;

*“MTIC has an established systematic approach to streamline communications. The organisation’s communication system applies a vigorous reporting system which involves identifying critical interactions between contractors and also monitoring the progress of the work. Communication between contractors and MTIC usually entails physical interactions, harmonising functional requirements, information exchange and also coordinating implementation schedules”.*

# Size and complexity of project affects the resource requirement of contractors

The respondents were asked whether the resource requirement of the contractors is affected by the size and complexity of the project. The results are presented in table 6.7

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 6.7: Size and complexity of project affects the resource requirement of contractors | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 28 | 27.7 | 27.7 | 27.7 |
| Disagree | 32 | 31.7 | 31.7 | 59.4 |
| Neutral | 10 | 9.9 | 9.9 | 69.3 |
| Agree | 13 | 12.9 | 12.9 | 82.2 |
| Strongly agree | 18 | 17.8 | 17.8 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

According to results in table 6.7, it is indicated that 27.7% of the respondents strongly disagreed, 31.7% disagreed, 9.9% were not sure, 12.9% agreed while 17.8% strongly agreed respectively. The results show that there was a combined percentage of 59.4% of respondents who generally disagreed; since this is the majority response it can be interpreted to mean that despite the size or complexity of the project, MTIC management has the capacity to understand the differences associated with decision-making and goal attainment that are related to complexity. Respondents revealed that management ensures that regardless of the complexities or size of the project, that there is project planning and control, so as to ensure clear identification of goals and objectives and also select appropriate project organisation forms.

# Testing implied hypothesis 2

There is no significant relationship between delivery management and contractors’ performance.

# Correlation analysis

In an attempt of determining the relationship between delivery management and contractors’ performance at MTIC, the study was subjected to Pearson’s correlation analysis and results presented in table 6.8

|  |  |  |  |
| --- | --- | --- | --- |
| Table 6.8: Correlations for delivery management and contractor’s performance | | | |
|  | | Delivery management | Contractors’ performance |
| Delivery management | Pearson Correlation | 1 | .845\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 101 | 101 |
| Contractors’ performance | Pearson Correlation | .845\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 101 | 101 |
| \*\*. Correlation is significant at the 0.01 level (2-tailed). | | | |

As shown in table 6.8 the test revealed that there is a significant relationship delivery management and contractors’ performance at MTIC, this was represented by (r (101) = -.845, P<0.05). This can be interpreted to mean that there is a statistically significant positive correlation between the two variables, meaning that if delivery management at MTIC is held at a constant zero, contractors’ performance would increase by a mean value of .845. This means that in order to improve on contractors’ performance at MTIC, delivery management should be increased or improved.

# Regression analysis

A linear regression analysis was performed so as to assess the strength of the relationship between delivery management and contractors’ performance. The result obtained is presented in the model summary table 6.9.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table 6.9: Model Summary | | | | |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .845a | .715 | .712 | .72152 |
| a. Predictors: (Constant), Delivery management | | | | |

From table 6.9, it can be drawn that the correlation coefficient (R) using all delivery management as a predictor, is 0.845 and R square is 0.715. This implies a strong positive relationship between delivery management and contractors’ performance given r = 0.845 and that, a 71.5% variance or change in contract performance at MTIC can be predicted by a value change in the one predictor variable. The remaining 28.5% variance in contractors’ performance of MTIC is explained by other factors which were not the focus of this study.

# Analysis of variance (ANOVA) results

ANOVA analysis was performed to test the equivalent hypothesis that there is a significant relationship between delivery management and contractors’ performance at MTIC. The results are summarized in table 6.10.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Table 6.10: ANOVAa | | | | | | |
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 129.016 | 1 | 129.016 | 247.825 | .000b |
| Residual | 51.539 | 99 | .521 |  |  |
| Total | 180.554 | 100 |  |  |  |
| a. Dependent Variable: Contractors’ performance | | | | | | |
| b. Predictors: (Constant), Delivery management | | | | | | |

Analysis of variance (ANOVA) was used to test the null hypothesis in Table 6.9 and results indicated F= 247.825, p<0.05, in addition, the processed data, which is the population parameters, had a significance level of 0.001 which shows that the data is ideal for making a conclusion on the population’s parameter as the value of significance (p-value) is less than 5%. The results indicate that delivery management significantly influences contractors’ performance at MTIC, this is because the significance value was less than 0.05, an indication that the model was statistically significant.

# Standardized coefficients

Multiple regression to establish standardized regression coefficients by the study were necessary to compare the effect that different predictor variable of: delivery management have on the response variable- contractors’ performance at MTIC. This facilitated the determination of which predictor variable of delivery management has the greatest effect on contractors’ performance at MTIC. Results were as indicated in table 6.11

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Table 6.11: Coefficientsa | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 6.263 | .180 |  | 34.781 | .000 |
| Delivery management | .766 | .049 | .845 | 15.742 | .000 |
| a. Dependent Variable: Contractors’ performance | | | | | | |

Table 6.11 further indicates a positive influence of the predictor variable on contractors’ performance at MTIC. In other words, contractors’ performance at MTIC is positively influenced by delivery management with β =.845, t = 15.742, p=.000<0.05. This factor positively affects contractors’ performance at MTIC.

# CHAPTER SEVEN

# RELATIONSHIP MANAGEMENT AND CONTRACTOR’S PERFORMANCE AT MTIC

# Introduction

This chapter presents the findings on relationship management and contractors’ performance in Ministry of Trade, Industry and Cooperatives in Uganda. The chapter begins with the descriptive statistical results and ends with inferential statistics testing for the hypothesis.

# Descriptive statistics on the relationship between relationship management and contractors’ performance in MTIC.

Descriptive statistics is a term given to the analysis of data with the intention of helping to describe or summarise data in a meaningful way such that desired patterns might emerge from the data. In relation to objective one, the descriptive data was presented in form of frequencies and percentages of the collected data.

# All the contractors of the MTIC fulfill their obligations in time

The respondents were asked whether all contractors fulfill their obligation in time. The results to the question are presented in table 7.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 7.1: All the contractors of the MTIC fulfill their obligations in time. | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 10 | 9.9 | 9.9 | 9.9 |
| Disagree | 13 | 12.9 | 12.9 | 22.8 |
| Neutral | 5 | 5.0 | 5.0 | 27.7 |
| Agree | 33 | 32.7 | 32.7 | 60.4 |
| Strongly agree | 40 | 39.6 | 39.6 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 7.1 indicate that 9.9% of the respondents strongly disagreed, 12.9% disagreed, 5.0% were not sure, 32.7% agreed while 39.6% strongly agreed respectively. It is seen that majority of the respondents generally agreed to the statement, this could mean that the contractorsreduce on organisations inventory carrying costs and also enables MTIC to meet its service delivery obligations in a timely manner. Respondents revealed that MTIC takes a proactive stance to ensure that its contractorsdeliver on time, by adopting some internal method of coping with contractorsthat run late or using other methods to compact the cycle time on the front end. This means that MTIC has established strategic relationships with contractors.

# There are cases where the products/ services delivered are of lower quality than required

The respondents were asked whether there are cases where the products/services are of lower quality than the standard required at MTIC. The responses are presented in table 7.2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 7.2: There are cases where the products/ services delivered are of lower quality than required | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 14 | 13.9 | 13.9 | 13.9 |
| Disagree | 13 | 12.9 | 12.9 | 26.7 |
| Neutral | 16 | 15.8 | 15.8 | 42.6 |
| Agree | 27 | 26.7 | 26.7 | 69.3 |
| Strongly agree | 31 | 30.7 | 30.7 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

According to results in table 7.2 it is seen that 13.9% of the respondents strongly disagreed, 12.9% disagreed, 15.8% were not sure, and 26.7% agreed while 30.7% strongly agreed respectively. There was a combined percentage of 57.4% of respondents who generally agreed, this can be implied to mean that MTIC is at times not able to achieve stakeholder satisfaction because of the low quality of products/service delivered by contractors. During an interview session, a key respondent revealed that;

“*the quality of the products/services delivered by contractors is not consistent with the quality requirement standards of MTIC, this is due to lack of a proactive and collaborative approach between management of MTIC and that of the contractors through miscommunication”.*

# There are cases where the specifications for the required products and services respectively are not well set

The respondents were asked whether there are cases where the specifications for the required products and services are not well set. The responses to the question are summarised in table 7.3

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 7.3: There are cases where the specifications for the required products and services respectively are not well set | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 17 | 16.8 | 16.8 | 16.8 |
| Disagree | 14 | 13.9 | 13.9 | 30.7 |
| Neutral | 15 | 14.9 | 14.9 | 45.5 |
| Agree | 22 | 21.8 | 21.8 | 67.3 |
| Strongly agree | 33 | 32.7 | 32.7 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 7.3 show that majority of the respondents generally agreed to the statement, this was presented by 32.7% who strongly agreed and 21.8% who agreed respectively. Also 16.8% strongly disagreed, 13.9% disagreed, while 14.9% were not sure. Since majority of the respondents generally agreed, it can be implied that there are legal duties of contractors relating specifically to product and service specifications. Respondents revealed that the management of MTIC has an in-house inspection team of experts who is responsible for examining or testing all products and services to ensure that they conform to the contract requirements, this also includes verifying that the correct number of products/ items has been delivered. It was however noted that besides the inspection team, the ministry at times hires inspection agents in cases of specialised services such as information technology services. This means the ministry has various inspection methods in regards to ensuring product and service specifications.

# There are cases where contracts are awarded on the basis of corruption and conflict of interest

The respondents were asked whether there are cases where contracts are awarded on the basis of corruption and conflict of interest. The results are summarised in table 7.4

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 7.4: There are cases where contracts are awarded on the basis of corruption and conflict of interest. | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Neutral | 17 | 16.8 | 16.8 | 16.8 |
| Agree | 28 | 27.7 | 27.7 | 44.6 |
| Strongly agree | 56 | 55.4 | 55.4 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

As seen in table 7.4, results indicate that 16.8% of the respondents were not sure, these mentioned that their connection to the dam does not ensure them with access to such information. 27.7% agreed while 55.4% strongly agreed respectively. Since this is the majority response it can be interpreted to mean that there are loopholes in the bid solicitation process. Respondents revealed that some of the loopholes have been exposed by not leaking the bidding price to contractors before finalisation stage, this has on several occasions led to unfairness in selecting the most qualified contractors and also led to situations where bidders unnecessarily intervened the evaluation process. This means that MTIC does not always assure confidentiality of financial information which leads to influence of such information on technical evaluation.

# Contractors get enough time required to execute the contracts awarded to them

The respondents were further asked whether contractors get enough time required to execute the contracts awarded to them. The responses are provided in table 7.5

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 7.5: Contractors get enough time required to execute the contracts awarded to them | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 24 | 23.8 | 23.8 | 23.8 |
| Disagree | 40 | 39.6 | 39.6 | 63.4 |
| Neutral | 11 | 10.9 | 10.9 | 74.3 |
| Agree | 14 | 13.9 | 13.9 | 88.2 |
| Strongly agree | 12 | 11.8 | 11.8 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 7.5 show that 13.9% of the respondents agreed, 11.8% strongly agreed, 10.9% were not sure, 23.8% strongly disagreed while 39.6% disagreed respectively. The results show that majority of the respondents generally agreed and this can be used to conclude that that MTIC has oversights during the evaluation process which leads to delays in contractor’s delivery. Respondents stated that contractors are faced with various challenges such as delay in preparation of technical specifications, scope of work, extension of bid submission date and majorly delays in contract negotiations, all these affect the timely performance and delivery of contractor’s especially in situations of more complex products and work requirements.

# Contractor's performance is evaluated throughout the execution of the contract

The respondents were asked whether contractor’s performance is evaluated throughout the execution of the contract. The responses to the question are presented in table 7.6

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 7.6: Contractor's performance is evaluated throughout the execution of the contract | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 26 | 25.7 | 25.7 | 25.7 |
| Disagree | 36 | 35.6 | 35.6 | 61.3 |
| Neutral | 20 | 19.8 | 19.8 | 81.1 |
| Agree | 12 | 11.9 | 11.9 | 93.0 |
| Strongly agree | 7 | 7.0 | 7.0 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 7.6 show that 11.9% of the respondents agreed, 6.9% strongly agreed, 19.8% were not sure, 25.7% strongly disagreed while 35.6% disagreed. The results show that majority of the respondents generally agreed, this can be interpreted to mean that MTIC is not effective at identifying problems and maybe finding solutions together with its contracting. During an interview session, a key respondent mentioned that;

*“Upon signing of the contract, several steps should be taken to ensure that roles, responsibilities and obligations are clearly allocated among the parties and proper systems and procedures are put in place to monitor performance and keep efforts well focused, however, MTIC management has been unsuccessful in attaining this objective thus exhibiting poor evaluation of contractors”.*

This means that MTIC does not regularly conduct contract performance and progress review meetings at the appropriate intervals.

# MTIC effectively pay contractors in a timely manner after delivery of work

The respondents were asked whether MTIC effectively pays contractors in a timely manner after delivery of work. The responses to the question are summarised in table 7.7

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 7.7: MTIC effectively pay contractors in a timely manner after delivery of work | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 29 | 28.7 | 28.7 | 28.7 |
| Disagree | 30 | 29.7 | 29.7 | 58.4 |
| Neutral | 14 | 13.9 | 13.9 | 72.3 |
| Agree | 18 | 17.8 | 17.8 | 90.1 |
| Strongly agree | 10 | 9.9 | 9.9 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

**Source: Primary data (2021)**

The results in table 7.7 highlight that 28.9% of the respondents strongly disagreed, 29.7% disagreed, 13.9% were not sure, 17.8% agreed while 9.9% strongly agreed respectively. Since a combined majority percentage of 58.4% generally disagreed to the statement, this means that delay in contractorspayment jeopardizes contractorrelationships. During an interview session, a key respondent mentioned that;

*“There are various factors ranging from internal or external which lead to delay in supplier payment, however, we also recognise that delay in supplier payment is a primary cause for poor supplier performance, deteriorating relationships and disruptions. For a public organisation such as MTIC, some of the major causes of delay are red tape in the payment process where approval has to go through various channels and offices”.*

# Testing implied hypothesis 3

There is no significant relationship between relationship management and contractors’ performance.

# Correlation analysis

In an attempt of determining the relationship between relationship management and contractors’ performance at MTIC, the study was subjected to Pearson’s correlation analysis and results presented in table 7.8

|  |  |  |  |
| --- | --- | --- | --- |
| Table 7.8: Correlations for relationship management and contractor’s performance | | | |
|  | | Relationship management | Contractors’ performance |
| Relationship management | Pearson Correlation | 1 | .844\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 101 | 101 |
| Contractors’ performance | Pearson Correlation | .844\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 101 | 101 |
| \*\*. Correlation is significant at the 0.01 level (2-tailed). | | | |

As shown in table 7.8, the test revealed that there is a significant relationship between relationship management and contractors’ performance at MTIC, this was represented by (r (101) = .844, P<0.05). This can be interpreted to mean that there is a statistically strong significant positive correlation between the two variables, meaning that if relationship management at MTIC is held at a constant zero, community relations would increase by a mean value of .844. This means that in order to improve on contractors’ performance at MTIC, the ministry should always adhere to enhance better relationships with its contractors.

# Regression analysis

A linear regression analysis was performed so as to assess the strength of the relationship between relationship management and contractors’ performance. The result obtained is presented in the model summary table 7.9

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table 7.9: Model Summary | | | | |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .844a | .713 | .710 | .79604 |
| a. Predictors: (Constant), Relationship management | | | | |

From table 7.9, it can be drawn that the correlation coefficient (R) using all relationship management as a predictor, is 0.844 and R square is 0.713. This implies a strong positive relationship between relationship management and contractors’ performance given r = 0.844 and that, a 71.3% variance or change in contract performance at MTIC can be predicted by a value change in the one predictor variable. The remaining 28.7% variance in contractors’ performance of MTIC is explained by other factors which were not the focus of this study.

# Analysis of variance (ANOVA) results

ANOVA analysis was performed to test the equivalent hypothesis that there is a significant relationship between relationship management and contractors’ performance at MTIC. The results are summarized in table 7.10

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Table 7.10: ANOVAa | | | | | | |
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 155.562 | 1 | 155.562 | 245.489 | .000b |
| Residual | 62.735 | 99 | .634 |  |  |
| Total | 218.297 | 100 |  |  |  |
| a. Dependent Variable: Contractors’s performance | | | | | | |
| b. Predictors: (Constant), Relationship management | | | | | | |

Analysis of variance (ANOVA) was used to test the null hypothesis in Table 7.9 and results indicated F= 245.489, p<0.05, in addition, the processed data, which is the population parameters, had a significance level of 0.001 which shows that the data is ideal for making a conclusion on the population’s parameter as the value of significance (p-value) is less than 5%. The results indicate that relationship management significantly influences contractors’ performance at MTIC, this is because the significance value was less than 0.05, an indication that the model was statistically significant.

# Standardized coefficients

Multiple regression to establish standardized regression coefficients by the study were necessary to compare the effect that different predictor variable of: relationship management have on the response variable- contractors’ performance at MTIC. This facilitated the determination of which predictor variable of relationship management has the greatest effect on contractors’ performance at MTIC. Results were as indicated in table 7.10

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Table 7.11: Coefficientsa | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 7.255 | .268 |  | 27.034 | .000 |
| Relationship management | 1.020 | .065 | .844 | 15.668 | .000 |
| a. Dependent Variable: Contractors’ performance | | | | | | |

Table 7.11 further indicates a positive influence of the predictor variable on contractors’ performance at MTIC. In other words, contractors’ performance at MTIC is positively influenced by relationship management with β =.844, t = 15.668, p=.000<0.05. This factor positively affects contractors’ performance at MTIC.

# CHAPTER EIGHT

# DISCUSSION OF FINDINGS

# Introduction

This chapter sets out to link study findings to the literature review by discussing the findings in relationship with literature review, and then suggest a way forward. Implications are, deduced, from the findings, discussed and interpreted basing on the research hypotheses of the study.

# Relevance of the Principal Agent Theory to the study

The current study was guided by the Principal-Agent Theory which roots from describing and analysing public governance. According to the study findings, it can be concluded that the theory is relevant as it brings out the relationship between a principal who has objectives that are specific and an agent who is mandated with the implementation of activities geared towards achieving those objectives. Principal-agent theory is dependent on flow of information between the principal and the agent as well as power positions. In regards to the study, contract management is practiced under various dimensions that include contract administration, delivery management and relationship management, this is supported by the Principal Agent theory which has an assumption that the first task entails the selection of best agents (contractors) as well as creating incentives in order to get the desired results from them (performance of contractors) while the second task demands that the principal monitors whether the performance of the agent (contract management) meets the standards of the signed and agreed contract. Thus, the assumptions of the Principal-Agent Theory are relevant to the study of contract management and contractor’s performance.

# Contract administration and contractors’ performance

On the question of determining the relationship between contract management and contractors’ performance, the results revealed a combined percentage of 73.3% who generally agreed to the statement that MTIC has an established contract management plan and team to reduce on procurement cost overruns, majority of the respondents 72.2% generally agreed to the statement that contract administration enables the ministry to control risks that arise during contract execution together with the contractors, majority of the respondents 50.5% generally disagreed to the statement that contract administration enables the contractors execute their obligations on time and at a quick rate, a combined percentage of 68.3% who generally disagreed to the statement that Contract administration enables the contractor’s payment claims be processed faster and cleared after project completion, a combined percentage of 61.4% generally disagreed to the statement that contract administration helps in protecting the reputation of the supplier and creates a good relationship with the procuring entity.

The study findings can be linked to Kenneth (2014) who realised that the major contract administration challenges and how it affects service delivery in the study area. Furthermore, several weaknesses have been identified in contract administration practices used by civilian agencies. The principal problem is that contracting officials often allocate more time to awarding contracts rather than administering existing contracts. This often leads to problems in contractor performance, cost overruns, and delays in receiving goods and services.

Several other deficiencies have been noted such as unclear roles and responsibilities of the Contracting Officer's Technical Representatives (COTR), excessive backlog in contract closeout and incurred costs audits, improperly trained officials performing contract oversight, unclear statements of work that hinder contractor performance, and inadequate guidance on voucher processing and contract closeout. Oluka (2014) expressed that the best practices for contact administration is using an integrated performance evaluation method and establishing a contract change control process and efficient two-way communication between both parties.

This notwithstanding, the contribution of contractors to public procurement cannot be overemphasized. Contractors rank among the most essential and important stakeholders needed in the delivery of the required goods, works and services. The contractor is the expert of the procurement requirement and as such must be capable of delivering the Goods, Works and services without the risk being placed on the client/ the procuring entity who is saddled with the ownership and occupation risks. Industry reports such as Latham (2009) and Egan (2010) have indicated the need for improvement in productivity/project delivery through the use of performance improvement measures.

Therefore, if the performance of Ugandan contractors in project delivery must be improved, it is pertinent to seek for ways and factors to improve their performance in project delivery. Identifying ways and factors of improving contractor`s performance in project delivery, the client/ the procuring entity will benefit most as contractors will deliver projects without a risk being placed on the client who is saddled with the ownership and occupation risks. Following the above revelation and in response to non-performance of contractors in project delivery, the reasons for the underperformance of contractors in Uganda in particular for ministry of trade, Industry and Cooperatives.

According to Mkose (2012), some of the causes of poor contractors’ performance originate from the Procuring and Disposing Entity side, that is some members of the contract management team especially the end users, have not been taking ownership of the contract, improper specification that is under specification or over specification of the procurement requirement, bureaucracy in decision making in the procuring and disposing entity, delayed payments especially for procurements requiring periodic payments for each completed level of for example works, failure to put in place the contract management staff and enough resources to manage the contract.

# Delivery management and contractors’ management

On the question of determining the relationship between delivery management and contractors’ performance, results revealed that majority of the respondents generally agreed to the statement that management effectively monitors and evaluates contractors’ performance, a combined percentage of 52.5% who generally agreed to the statement that management ensures to check the nature, quantity and quality of goods supplied, a combined percentage of 59.4% generally disagreed to the statement that supplier quality of goods and services has improved, a combined percentage of 63.4% generally agreed to the statement that contractor performance is done in the set amount of time to meet deadlines, majority of the respondents generally agreed to the statement that contracts are designed to facilitate desirable procurement outcomes and minimizes actions that hurt the performance and a combined percentage of 59.4% of respondents generally disagreed to the statement that size and complexity of project affects the resource requirement of contractors.

The study findings can be supported by George (2015) who indicated that one of the effects of contract management on contractor’s performance is the ability to execute contract obligations and avoidance of breach of Contract Terms as agreed in the special conditions of the contract since the Contractor's performance is evaluated throughout the execution of the contract thus allowing for actions to be taken to increase the performance and effectiveness of the contractor. This in turn makes each side of an agreement to execute their obligations in the contract that is the procuring Entity has to pay the amount as agreed with the contractor since the delivered products, services or works satisfy the intended use as it is stated that by Sharma and Kashiyani, (2015) that “Companies that fail to deliver as required in the contact loose on the future business because of a set trail of contract delivery failure and thus chances of contract renewals would be missed.

Effective delivery management has been proven that it may bring about: Decisions being taken at the proper time thus allowing potential risks to be managed properly, The Contractor executes the Project based on what is formulated in the contract documents and in consultation with the contract management team that is put in place regarding the contract requirements, while realizing the actual goals and results expected from the execution of the Project or Contract, The Project implementation described in the contract is well estimated by the Contractor both in terms of time and human resources required, leading to reduction in the deviations from the initial planning and possibly reducing cost over-runs to keep the project in the budgetary limits (Thai, 2008).

According to Breedon (2013),effective delivery management can lead to the Project being implemented at a high preferable rate, the opportunities to improve value for money are achieved, the variations in the contract are realized in accordance with a specific and agreed ways thus reducing the possibility of new risks to appear during the implementation of the project/contract, the products, services and public works are delivered/ accepted after meeting the acceptance criteria that had been set for them during the drafting of the contract and in the specifications, scope of works or terms of reference, the payments are made and the amounts paid correspond to the works that have been fully or adequately implemented and the problems that arise during the execution of the Contract are handled timely and effectively, which usually reduces the tension between the Contracting Authority and the Contractor hence enhancing the contractor’s performance in execution of its functions/ contractual obligations.

According to Chiappori and Salanie (2003) as cited by Salim (2013); and Oluka and Basheka (2012), the major effect of contract management to contractor’s performance is enabling to adhere to the principle of “principal-agency theory” which states that there should be a clear understanding of the needs of the principal and ability of the agent to meet these needs competently. Principal must closely monitor agents’ performance; create reward structures that reinforce desired performance (Ketchen and Hult, 2006). Indeed, when procurement contract is well defined and planned, the principal and agents find it easy to meet needs of each other in an efficient way resulting into timely execution of the contract (Oluka and Basheka, 2012). When contract requirements, Contract management (CM) team roles and responsibilities and KPIs are well defined, the agents will find it easy to meet needs of the principal in an efficient and effective way resulting into timely execution of the contract in predetermined performance level. However, when there is no a proper Contract Management frame work, the contractor will not be able to execute his contractual obligations hence undermining this principle.

# Relationship management and contractors’ performance

On the question of determining the relationship between relationship management and contractors’ performance, results revealed that majority of the respondents generally agreed to the statement that All the contractors of the MTIC fulfill their obligations in time, a combined percentage of 57.4% of respondents generally agreed to the statement that there are cases where the products/ services delivered are of lower quality than required, majority of the respondents generally agreed to the statement that there are cases where the specifications for the required products and services respectively are not well set, majority of the respondents generally agreed to the statement that contractors get enough time required to execute the contracts awarded to them, majority of the respondents generally agreed to the statement that contractor's performance is evaluated throughout the execution of the contract, a combined majority percentage of 58.4% generally disagreed to the statement that MTIC effectively pay contractors in a timely manner after delivery of work.

The study findings can be supported by Barret’s (2014) study which indicated that Application of the most appropriate contractual relationship can deliver significant performance improvement and savings in the underlying costs of contract administration. Some organisations in the private and public sector have demonstrated the benefits of taking a fresh look at contractual relationships to achieve the most efficient and effective method of service delivery. Following the strategic decision to use an external service provider, there is a number of choices to be made, particularly relating to the best approach to manage the contract relationship. The contract relationship adopted depends on the organisation’s business objectives, internal constraints and the willingness of staff to try alternative approaches.

In addition, Provision of services and projects using contracted services involves many people. Efficient coordination of each of their time and skills is often a complex undertaking. The choice of an effective contractual relationship is crucial to establishing a good working relationship between the contracting parties and ultimately to a successful outcome. In the current budgetary environment, public sector entities in many countries have often found it difficult to provide dedicated funding for large projects out of annual budgets, thus resulting in lengthy delays before projects can proceed, or projects proceeding only incrementally over a number of years. Delayed access to needed infrastructure can be costly to the community while budget constraints can lead to sub-optimal project outcomes. The encouragement of private sector investment in public infrastructure by governments is one response to these fiscal pressures. It has also given rise to additional challenges and demands for public accountability and transparency because the parameters of risk are far different from those involved in traditional approaches to funding public infrastructure. Indeed, the potential liabilities accruing to governments may be significant.

# CHAPTER NINE

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

# Introduction

This chapter comprises of the summary of findings, conclusion and recommendation of the study according to the study objectives. The study is about contract management and contractors’ performance. The recommendations are on a basis of the findings and relates to advice and the interventions that the researcher feels should be brought to the attention of MTIC to improve service delivery. The study ends by presenting the areas that the researcher considers vital for further studies.

# Contract administration and contractors’ performance

The results revealed that MTIC a procurement plan and team which details how the procurement process is managed, the ministry has ways of mitigating the likelihood of risks and their related impact, despite contract administration in MTIC, contractors have not been able to fully execute as stipulated in the contract, hence the level of service delivery from MTIC is still low, there are delays in contractors’ payment which have jeopardized project completion, there is lack of an open flow of communication between MTIC and its contractors about many issues within the contract execution, MTIC has qualified personnel who ensure to make rational procurement decisions and contract negotiating and interacts with many people outside the immedi­ate chain of command to ensure that organisational goals are achieved.

# Delivery management and contractors’ performance

The results showed that MTIC management has powerful lever for persuading a contractor to management the contract effectively, both MTIC management and that of the contractors follow the regulations and law as prescribed under the contract, though MTIC ensures to check the nature, quantity and quality of goods supplied, the ministry is yet to achieve customer satisfaction through the products/services provided, the contractorsreduce on organisations inventory carrying costs and also enables MTIC to meet its customer demand in a timely manner, MTIC is has been able to reduce on costs under its procurement activities.

# Relationship management and contractors’ performance

The results under this question revealed that contractorsreduce on organisations inventory carrying costs and also enables MTIC to meet its service delivery obligations in a timely manner, MTIC is at times not able to achieve stakeholder satisfaction because of the low quality of products/service delivered by contractors, there are legal duties of contractors relating specifically to product and service specifications, MTIC does not always assure confidentiality of financial information which leads to influence of such information on technical evaluation, MTIC has oversights during the evaluation process which leads to delays in contractor’s delivery, MTIC is not effective at identifying problems and maybe finding solutions together with its contracting and delay in contractorspayment jeopardizes contractorrelationships.

# Conclusions

This study endeavored to answer three questions: (1) What is the relationship between contract administration and contractors’ performance in Ministry of Trade, Industry and Cooperatives? (2) What is the relationship between delivery management and contractors’ performance in Ministry of Trade, Industry and Cooperatives? (3) What is the relationship between relationship management and contractors’ performance in Ministry of Trade, Industry and Cooperatives? Based on the finding of the study, there are a few key points that can be used to conclude this research paper; First, the most effective contributor to contractors’ performance is delivery management (Adjusted R Square of 71.2%), followed by relationship management (Adjusted R Square of 71.0%) and the least contributor is contract administration (Adjusted R Square of 53.2%).

Based on the findings, it is evident that improving elements in under contract management can maintain and enhance improved contractors’ performance. This means that public organisations can sustain implementation process through contract management and can be used as tools to enhance service delivery.

# Recommendations

# Contract administration and contractors’ performance

The public sector should also formulate a strategy frame work to control and eliminate corruption within the course of framework contract management. Thus, help to avoid any deviation with the management process.

The public sector should endeavor to fulfill all the requirements and obligations of a bidding contract. These involve clauses, conditions, commitments and milestones that need to be tracked and managed to maximize business benefits, reduce associated risks and costs.

The public sector should have tracking and monitoring system which can signal if the organisation is on track to achieve the set procurement objectives of flag the need for course of action.

The public sector should design a risk management policy and conduct risk assessment in order to be ready for any risk that might be encountered during the transaction process

The public sector should endeavor to give the contractors enough time to execute the contracts and plan the procurement n time and also include the contract management plan in the preliminary planning of the procurements such that contractors’ performance can be enhanced.

Contract managers should discuss knowledge and skill requirements with their respective subordinates and seek further training where needed, so as to improve their level of competence.

Contract managers must be trained in new MTIC procedures when these are being implemented. MTIC should get committed to ensuring that those involved in contract management have the knowledge, competencies and skills necessary to perform their duties competently and to be able to deal fairly and ethically with suppliers.

Contract managers should be encouraged to undertake continuous professional development in order to continually update their skills and knowledge in order to remain professionally competent and achieve their true potential.

# Delivery management and contractors’ performance

Basing on the above findings, individuals should be assessed against established role profiles and capability gaps should be understood and addressed. Once individuals have been assessed, MTIC should ensure that contract management staffing is periodically reviewed in order to ensure that there is always sufficient and adequate competency.

The public sector should endeavor to give the suppliers enough time to execute the contracts and plan the procurement in time such that suppliers’ performance can be enhanced.

The public sector should engage qualified personnel during the evaluation process to ensure that there is organised examining and comparing of bids in order to select the best supplier/offer.

The public sector and other public organisations should develop and share the key performance indicators of contracts by all stakeholders to ensure enhanced contractors’ performance.

The management of the public sector should recruit more qualified personnel to take control and full management of contracts rather than solely leaving the control to one person (project manager).

# Relationship management and contractors’ performance

The Regulatory Authority (PPDA) and the public entities should also work together to improve the function of contract management through capacity building. This will inevitably reinforce the capacity of institutions to managing contracts.

There is also need to engage all the stakeholders such as the Treasury, local banks and others with a view of making them appreciate the need to have timely financing for contracts. When this is done, it will possibly lead to reduced delays in funding during contract implementation.

The study recommends that the user department develop and share the key performance indicators of the contract by all stakeholders and interpret so as to ease monitoring and early identification of deviation other than sharing only agreement with the end user.

The public sector should develop a standard contractors’ evaluation process which can help in ensuring that contractors are evaluated fairly, this will reduce on some subjectivity or human error and enhance on communication between the two parties.

# Areas for further research

* How contract management plays a critical role in regulatory compliance.
* Institutional Factors Affecting Contract Management in Uganda.
* Issues in contract management in the public sector.

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# APPENDICES

# APPENDIX A: SELF ADMINISTERED QUESTIONNAIRE

Dear respondent,

You are kindly requested to fill in the following questions to enable the researcher accomplish the study about **“the relationship between contract management, government policy and contractor’s performance in Ministry of Trade, Industry and Cooperatives in Uganda,** leading to the award of a Degree of Master of Business Administration of Nkumba University. Therefore, the study is an academic work and thus the information given will confidentially be used for that purpose. You are kindly requested to give your own views, as no response is wrong, you may not disclose your name**.**

**SECTION A**

**BACKGROUND INFORMATION**

1. Gender

|  |  |
| --- | --- |
| Male | Female |
|  |  |

2. Age (in years)

|  |  |  |  |
| --- | --- | --- | --- |
| 20-30 | 31-40 | 41-50 | Above 50 |
|  |  |  |  |

3. Period of service at Ministry of Trade (in years)

|  |  |  |  |
| --- | --- | --- | --- |
| Below 2 years | 2 - 5 | 6-10 | Above 10 |
|  |  |  |  |

4. Highest level of education

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Certificate | Diploma | Bachelor’s degree | Master’s degree | If others, specify |
|  |  |  |  |  |

For section B, C, D, and E read the statement provided and indicate your most honest level of agreement to the statement using the scale of 1-5 where;

1=Strongly Disagree

2=Disagree

3= Neutral

4= Agree

5= Strongly Agree

**SECTION B: Contract administration and contractors’ performance at MTIC**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No.** | **Statement** | **Scale** | | | | |
| 1 | A well-established contract management plan and team is put in place to reduce procurement cost overruns and enhance contractor performance. | 1 | 2 | 3 | 4 | 5 |
| 2 | Contract administration enables the ministry to take control of the risks that arise during contract execution together with the contractors. | 1 | 2 | 3 | 4 | 5 |
| 3 | Contract administration enables the contractors execute their obligations on time and at a quick rate. | 1 | 2 | 3 | 4 | 5 |
| 4 | Contract administration enables the contractor’s payment claims be processed faster and cleared after project completion. | 1 | 2 | 3 | 4 | 5 |
| 5 | Contract administration helps in protecting the reputation of the supplier and creates a good relationship with the procuring entity. | 1 | 2 | 3 | 4 | 5 |
| 6 | MTIC personnel have played an important role in ensuring achievement of contractual goals at lowest costs | 1 | 2 | 3 | 4 | 5 |

**SECTION C: Delivery management and contractors’ performance at MTIC**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No.** | **Statement** | **Scale** | | | | |
| 1 | Management effectively monitors and evaluates contractors’ performance | 1 | 2 | 3 | 4 | 5 |
| 2 | Management ensures to check the nature, quantity and quality of: goods supplied | 1 | 2 | 3 | 4 | 5 |
| 3 | Supplier quality of goods and services has improved | 1 | 2 | 3 | 4 | 5 |
| 4 | Supplier performance is done in the set amount of time to meet deadlines | 1 | 2 | 3 | 4 | 5 |
| 5 | Contracts are designed to facilitate desirable procurement outcomes and minimizes actions that hurt the performance | 1 | 2 | 3 | 4 | 5 |
| 6 | There is effective communication between the Ministry of Trade and suppliers | 1 | 2 | 3 | 4 | 5 |
| 7 | Size and complexity of project affects the resource requirement of suppliers | 1 | 2 | 3 | 4 | 5 |

**SECTION D: Relationship management and contractors’ performance at MTIC**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No.** | **Statement** | **Scale** | | | | |
| 1 | All the suppliers/contractors of the MTIC fulfill their obligations in time. | 1 | 2 | 3 | 4 | 5 |
| 2 | There are cases where the products/ services delivered are of lower quality than required | 1 | 2 | 3 | 4 | 5 |
| 3 | There are cases where the specifications for the required products and services respectively are not well set | 1 | 2 | 3 | 4 | 5 |
| 4 | There are cases where contracts are awarded on the basis of corruption and conflict of interest. | 1 | 2 | 3 | 4 | 5 |
| 5 | Contractors get enough time required to execute the contracts awarded to them | 1 | 2 | 3 | 4 | 5 |
| 6 | Contractor's performance is evaluated throughout the execution of the contract | 1 | 2 | 3 | 4 | 5 |
| 7 | MTIC effectively pay contractors in a timely manner after delivery of work | 1 | 2 | 3 | 4 | 5 |
| 8 | Effective contract management manages potential risks | 1 | 2 | 3 | 4 | 5 |

# APPENDIX B: INTERVIEW GUIDE

**Section A: The relationship between contract management and contractors’ performance**

1. Do all contractors in Ministry of Trade, Industry and Cooperatives fulfill their obligations in time?
2. Does management of Ministry of Trade give enough time to contractors to execute their tasks?
3. Is there evaluation on the performance of contractors? If yes, Explain the process

**Section B: The relationship between contract administration and contractors’ performance**

1. Is there a contract management team put in place for every procurement contract?
2. Has management been able to mitigate risks through contract administration?
3. Is there effective attention to the provisions of contracts by all parties involved?

**Section C: The relationship between relationship management and contractors’ performance**

1. Is the effective monitoring and evaluation of contractor’s performance?
2. Has there been an improvement in quality of good and serviced by contractors?
3. Is there effective communication between the management of Ministry of Trade and the contractors?

# APPENDIX C: DOCUMENT REVIEW CHECKLIST

* Contract performance reports.
* Contract performance evaluation reports.
* Farmers’ sales records.
* PPDA Audit reports

# TIMELINE/TABLE OF ACTIVITIES

|  |
| --- |
|  |
|  | **2020** | | | | | | | | | | | |
|  | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **Jul** | **Aug** | **Sep** | **Oct** | **Nov** | **Dec** |
| Finish proposal preparation |  |  |  |  |  |  |  |  |  |  |  |  |
| Approval of the proposal |  |  |  |  |  |  |  |  |  |  |  |  |
| Ethical clearance & approvals |  |  |  |  |  |  |  |  |  |  |  |  |
| Administrative approvals in study sites |  |  |  |  |  |  |  |  |  |  |  |  |
| Reconnaissance visits to the study sites |  |  |  |  |  |  |  |  |  |  | 1 |  |
| Development of research study protocols |  |  |  |  |  |  |  |  |  |  |  |  |
| Develop (adopt), pre-test & modify research tools |  |  |  |  |  |  |  |  |  |  |  |  |
| Hiring and training of Research Assistants |  |  |  |  |  |  |  |  |  |  |  |  |
| Data Collection |  |  |  |  |  |  |  |  |  |  |  |  |
| Data management and analysis |  |  |  |  |  |  |  |  |  |  |  |  |
| Dissertation writing |  |  |  |  |  |  |  |  |  |  |  |  |

# BUDGET

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Institutional Review Board PRESENTATION | | | | | | | | | | | | | |
| **Activity** | **Item** | | | | | | **Pages** | **Copies** | | | **Rate** | | **Total** |
| Printing | Proposal, Summary, Application form | | | | | | 50 | 1 | | | 200 | | 10,000 |
| Photocopy | Proposal, Minutes, Summary | | | | | | 50 | 12 | | | 100 | | 60,000 |
| Binding | Proposal | | | | | | 50 | 12 | | | 15,000 | | 180,000 |
| **Sub-total** | | | | | | | | | | | | | **250,000** |
| QUESTIONNAIRES | | | | | | | | | | | | | |
| Printing | Questionnaires | | | | | | 4 | 1 | | | 200 | | 800 |
| Photocopy |  | | | | | | 4 | 400 | | | 100 | | 160,000 |
| **Sub-total** |  | | | | | | | | | | | | **160,800** |
| CONSENT FORMS | | | | | | | | | | | | | |
| Printing | Consent & Assent forms | | | | | | 4 | 1 | | | 200 | | 800 |
| Photocopy |  | | | | | | 4 | 400 | | | 100 | | 160,000 |
| **Sub-total** |  | | | | | | | | | | | | **160,800** |
| PERSONNEL | | | | | | | | | | | | | |
| Item | | | Personnel | | | Quantity | | | | Rate | | Total | |
| Data collection | | | Research Assistants | | | 1 | | | | 1,000,000 | | 1,000,000 | |
| Data analysis | | | Statistician | | | 1 | | | | 1,000,000 | | 1,000,000 | |
| **Sub-total** | | |  | | | | | | | | | **2,000,000** | |
| TRAINING OF RESEARCH ASSISTANTS AND DATA PRETEST | | | | | | | | | | | | | |
| Personnel/Item | | Quantity | | | Person day | | | | | Rate | | Total | |
| Research Assistants | | 2 | | | 2 | | | | | 40,000 | | 160,000 | |
| Markers | | 1 pack | | |  | | | | | 25,000 | | 25,000 | |
| Flip charts | | 1 | | |  | | | | | 25,000 | | 25,000 | |
| Note books | | 3 | | |  | | | | | 2,000 | | 6,000 | |
| Photocopy | | 40 | | |  | | | | | 100 | | 4,000 | |
| Masking tape | | 2 | | |  | | | | | 5,000 | | 10,000 | |
| **Sub-total** | |  | | |  | | | | |  | | **230,000** | |
|  | |  | | |  | | | | |  | |  | |
| DATA COLLECTION SUMMARY | | | | | | | | | | | | | |
| Stationary | | Quantity | | |  | | | | | Rate | | Total | |
| Notebooks | | 6 | | |  | | | | | 2,000 | | 12,000 | |
| Box files | | 8 | | |  | | | | | 10,000 | | 80,000 | |
| Sticker notes | | 400 | | |  | | | | | 200 | | 80,000 | |
| Memory stick | | 1 | | |  | | | | | 360,000 | | 360,000 | |
| Reams | | 2 | | |  | | | | | 25,000 | | 50,000 | |
| **Sub-total** | |  | | | | | | | | | | **582,000** | |
| PRESENTATION OF RESULTS | | | | | | | | | | | | | |
| Activity | | | | Pages | Copies | | | | Rate | | | Total | |
| Printing book draft | | | | 80 | 1 | | | | 200 | | | 16,000 | |
| Photocopying draft | | | | 80 | 3 | | | | 100 | | | 24,000 | |
| Binding draft | | | | 80 | 3 | | | | 15,000 | | | 45,000 | |
| **Sub-total** | | | |  | | | | | | | | **85,000** | |
|  | | | |  |  | | | |  | | |  | |
| **GRAND TOTAL** | | | |  |  | | | |  | | | **3,307,800** | |