



Journal of Human, Earth, and Future

Vol. 1, No. 1, March, 2020



Assessing Decentralized Contract Life Cycle Management Issues and Challenges

Gracious Jean Ampumuza ^{1*}, Wilson Okaka ¹, Peter W. Obanda ¹, Titus Bitek Watmon ¹

¹ Kyambogo University, P.O.Box 1, Kyambogo, Kampala, Uganda

Received 28 December 2019; Revised 23 February 2020; Accepted 26 February 2020; Published 01 March 2020

Abstract

This article examines the influence of contract life cycle management on the procurement performance of local governments in Uganda, using Bugiri District as the case study. The three specific objectives of this study were to: examine the influence of contract creation on procurement performance; to assess the influence of contract execution on procurement performance; and lastly, to determine the influence of contract analysis on procurement performance. The researcher employed a descriptive case study research design. Using a researcher's made five point Likert scale questionnaire, data was collected from a sample of respondents. Seventy (70) respondents out of a population of eighty (80) were selected using purposive and random sampling techniques (response rate of 94.3%). The data was analyzed using means and regression analysis. Findings revealed that the extent to which contract creation predicts performance was low ($R^2 = 0.36$, Sig. Value = 0.000); the extent to which contract execution influences procurement performance was low ($R^2 = 0.34$, Sig. Value = 0.003); and lastly, the extent to which contract analysis influences procurement performance was moderate ($R^2 = 0.44$, Sig. Value = 0.001). On the other hand, findings revealed that contract management at Bugiri District local government in Uganda highly and positively influences procurement performance ($R^2 = 0.779$ Sig. Value = 0.000). This implies that where each of these variables; contract creation, execution, and analysis are handled separately, each has a low influence on procurement performance. However, if handled wholesomely, results show that high procurement performance (78%) will be achieved. In light of this, the researcher therefore concludes that practitioners, managers, and civil servants at Bugiri District should adopt a holistic approach in contract management, if procurement performance is to be maximized.

Keywords: Contract Life Cycle Management; Procurement; Contract Creation; Contract Execution; Contract Analysis; Service Delivery.

1. Introduction

In a bid to improve service delivery and enhance good governance, it is a government policy to involve contractors or suppliers in one way or another to support in providing services, products, and work to meet its intended requirements at a decentralised level in Uganda. In several African countries, few articles have rigorously analyzed and empirically tested the factors that actually affect a government agency's decision to manage contracts. Within the relatively scarce empirical evidence on contracting decisions and management [1, 2], there is little information on the effectiveness of contract management specific to public procurement. In Uganda, public procurement was centralized and carried out by Crown Agents on behalf of the government in 1964; Central Tender Board Regulations were

* Corresponding author: graciousampumuza@gmail.com

 <http://dx.doi.org/10.28991/HEF-2020-01-01-03>

➤ This is an open access article under the CC-BY license (<https://creativecommons.org/licenses/by/4.0/>).

© Authors retain all copyrights.

introduced in 1977; public procurement reforms were initiated in 1997; and the introduction of the 2000 Regulations that decentralized public procurement was in 2001. The Public Procurement and Disposal of Public Assets Act and Regulations were introduced in 2003; the creation of the Public Procurement and Disposal of Public Assets (PPDA) Authority was also in 2003 [3].

Amendment of the Local Government (LG) Act and the introduction of the LG (PPDA) Regulations were in 2006; the Institute of Procurement Professionals of Uganda was formed in 2008; and the PPDA Act was amended in 2012 and 2014. These reforms have made procurement a strategic function that has had a positive impact on the development of Uganda and created professionalism in the procurement sector, where public procurement contributes about 70% of Uganda's total budget [4].

Although several theories explain the determinants of effective contract life cycle management, among which include ethics, availability of skilled personnel, and organizational influences, among others [5], the study adopted the Principal-Agency Theory. According to Oluka and Basheka (2012), the underlying principle of the principal-agency theory is that there should be a clear understanding of the needs of the principal and the ability of the agent to meet these needs competently [6]. The principal must closely monitor agents' performance and create reward structures that reinforce desired performance [7]. According to Makabira and Waiganjo (2014), a number of studies have shown that procurement contributes about 60–70% of an organization's expenditures [8]. Following the operational nature of procurement expenditures, decisions must be taken by the organization's management (agents)/ contract managers on behalf of the company owners (principals) under the power entrusted to them through their employment contracts.

Conceptually, contract life cycle management has become a megatrend in many public entities especially as result of social accountability and increased demand of service delivery by citizens [9-11]. However, Dew (2008); Araujo et al. (2005) and Bolton et al. (2006) observe that contract life cycle management challenges in both public and private organisations are endemic in any contractual relationship due to lack of transparency, integrity and poor record keeping [12-14]. Successful contract life cycle management and completion is often defined, as procurement of the right item, in the right quantity, for the right price, at the right time, with the right quality, from the right source [13]. Prager (1994) further adds that proper and effective management and monitoring of contracts helps improve the quality of goods and services and reduces procurement cost thus achieving three broad goals: quality products and services, timely delivery of products and services and cost effectiveness (within budget) [15].

Contract life cycle management is the management of contracts including, but not limited to, performance and compliance with the terms and conditions of the awarded contract by the provider and the procuring and disposing entity [16]. Contract life cycle management includes negotiating the terms and conditions in contracts and ensuring compliance with the technical specifications, terms and conditions as well as documenting and agreeing on any changes or amendments that may arise during its implementation or execution. It can be summarized as the process of systematically and efficiently managing a contract (contract creation, execution and contract performance analysis) for the purpose of maximizing the achievement of the procurement objectives as well as minimizing the financial and operational risks of procurement.

On the other hand, Procurement is the business management function that ensures identification, sourcing, access and management of the external resources that an organization needs or may need to fulfil its strategic objectives [17]. When the Sustainable Development Goals (SDGs) were adopted by the United Nations General Assembly with the 2030 Agenda for Sustainable Development, the world gathered behind a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Procurement is a vital component to achieving these goals because it connects goods and services to the people who need them most. It's an area where improved efficiency and innovation can have a long-term impact on development. And, it can open the doors of opportunity to traditionally disadvantaged groups. Procurement performance has been attracting great attention from practitioners, academicians and researchers due to poor performance resulting from non-adherence to proper processes and procedures [18]. They further argue that procurement performance is not usually measured in most Public Entities as compared with the human resource and finance functions. They therefore conclude in their findings that failure to establish performance of the procurement function can lead to irregular and biased decisions that have costly consequences to any public procuring entity. This research therefore focused on the Contract Life Cycle Management activities which have direct influence on the procurement performance outcome - value for money. These are; contract creation, contract execution and contract analysis.

Bugiri District Procurement Performance Measurement System Report (PPMS), reveals that the procurement records with the lowest level of compliance are those that relate to contract life cycle management, and, in particular, the Contract Implementation Plan where compliance levels were at 26%, while compliance levels for records relating to contract completion was assessed at 54%. Furthermore, the Auditor General's findings in the Audit Report for year ending June 2011, established that the key issues affecting procurement of works at Local Government level include: the lack of adequate supervision by engineers, and poor quality output and payment for no work undertaken or less work done than specified under the contracts. A Green Point Global Report (2013) reveals that 60-80% of business

transactions are governed by agreements or contracts and more than 10% of all executed contracts are lost. Furthermore, in Bugiri district, procurement performance was rated unsatisfactory due to failure to achieve best value for money through the contract life cycle management process. Procurement objectives were not achieved within defined time, budget and quality and hence resulted into a potential to make the whole procurement void and resulted in a potential loss of tax payers funds in Bugiri Local Government [19]. It was against this background that the researcher was compelled to undertake a study on contract management and procurement performance, using Bugiri Local Government as a case study.

1.1. Statement of the Problem

Despite the enactment of the PPDA Act and operationalization of various regulations to improve performance of the procurement function in Uganda, Bugiri District has persistently exhibited highly unsatisfactory procurement performance for the last three years [3, 20]. The reports on Bugiri District revealed that; contract managers for a sample of projects worth UGX.490, 392,030 did not have implementation plans on file, contract extensions were made without approval of the Accounting officer, records on appointment of contract managers, payment documents, progress and completion reports were also missing. Consequently, if the key elements involved in contract creation, execution and analysis are ignored, Bugiri district is more likely to suffer shocks that may eventually pose an increasing risk to Government of Uganda in terms of having contract deliverables not delivered on time or failing to be delivered, incurring expenditure that is not commensurate to the delivered outputs and perpetuating mismanagement of funds [19, 21, 22]. This study therefore sought to make a contribution by conducting an exploratory study on the influence of contract life cycle management on procurement performance of Bugiri District.

1.2. Purpose of the Study

The purpose of the study was to assess the influence of contract life cycle management on procurement performance among Local Governments in Uganda. The specific objectives of the study were;

- i) To examine the influence of contract creation on procurement performance of Bugiri District;
- ii) To assess the influence of contract execution on procurement performance at Bugiri District;
- iii) To determine the influence of contract analysis on procurement performance in Bugiri District.

2. Literature Review

2.1. Contract Creation and Procurement Performance

Contract creation is where two or more parties choose to enter a legally binding agreement for the acquisition of goods, works or services. The ultimate goal of contract creation is coordinated and integrated action to fulfil a need for goods, services or works in a timely manner and at a reasonable cost. Mullins (2002) noted that contract creation is the process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in an efficient way [23]. Early and accurate planning is essential to avoid last minute, emergency or ill-planned procurement, which is contrary to open, efficient and effective and consequently transparent procurement. In addition, most potential savings in the procurement process are achieved by improvements in the planning stages. Contract creation clarifies what is needed and when it is needed to both user and buyer. Contract creation enables the procurement entity and its staff to work smoothly to achieve the organization's goals with the right quality and quantity of inputs in place; ineffective contract creation may result in failure to achieve those goals and procurement principles and causing damage to the credibility of the organization [24]. Adequate contract creation and prioritization of needs by each procurement entity is an essential prerequisite to effective purchasing for the following reasons; Funding for procurement is unlikely to be sufficient to meet all requirements, and scarce financial resources must be channelled that the priority aims of procurement entity are adequately met before spending on less essential procurements.

In Bugiri district, Contract creation is used to provide information about the purchase of goods and services, how vendors will be chosen, what kind(s) of contract(s) will be used, how vendors will be managed, and who will be involved at each stage of the process. This is done using a standard bid document that should be approved by the contracts committee before the actual procurement process begins. According to Camillus and Rosenthal (2010) [25], contracts like any other agreements can be entered into after a series of activities. In Bugiri, before formal steps of a contract are made, the contractor and potential bidders are involved in a series of activities. In the view of Afolabi et al. (2020) [26], these are considered as pre-contracts obligations or activities. These activities include; Identifying the need for a contract, Specification / Statement of Works, decisions on entering into a single or multiple – supplier contracts, Sourcing, Selection of a Procurement Strategy, preparing necessary bid documents, Issuance of Solicitation Documents, Receipt and Opening of Offers, Evaluation of Tenders and drafting a Contract Management Plan.

2.2. Contract Execution and Procurement Performance

Contract execution refers to the activities involved in implementing the terms of a contract. In the view of Nyongesa and Waynoka (2014) [27], execution and the whole process of attaining successful contracts depends on the terms and conditions specified to be fulfilled. The contracting firm and the supplying firm have to live to fulfil the terms and conditions if the contract is to remain valid and binding. According to Adams et al. (2012) [28], conditions specified in the notice and the terms under which the works, services, or goods involved in the contract are to be supplied determine how it is implemented. When the terms specify providing on quarterly basis, this determines how much of the resources are invested and how the contract is implemented. According to Xu & Qin (2015) [29], nearly 45.9 percent of the contracts become less successful because the parties involved do not heed to the terms set and involved. Any violation of the terms and conditions contrary to the agreed ones at the time of signing and awarding the makes it a null dealing, at times at a cost. Reflecting on the process and ways in which contracts are implemented, Racca & Albano (2013) [30] cites that proper delivery of the required services as spelt out in the contract is an automatic factor that one can address as the key indicator of successful contracting.

The rationale for entering into a contract is to secure reliable, timely, and quality services, which the entity may not with competence offer to itself and its user departments [26]. This view makes the quality and way in which the firm offers the required services under the contract, is a core indication factor that a firm can base on to evaluate the effectiveness of the contract underhand. According to Mlinga (2009) [31] contracts are documents-backed contracts and hence the factor of proper documentation before, during after giving due consent to the contract by involved parties is critical. Preparation of the right and clearly consented to documents involved is very important for successful execution of the contract [32]. In the view of Wales et al. (2012) [32] documentation involved help to clearly define, clear start and finish dates, present the contract file, containing all details and correspondence, which should be held by the person responsible for setting up and managing the contract, payments, ways in which payments are effected and other terms and conditions attached. Any alteration or inconsistency in documentation makes the contract hard to implement and defend.

In Bugiri, the user department initiates, supports and ensures a smooth binding process, and on the other hand the bidders are expected to meet the bidding requirements before and later one fulfil the terms of reference and actual performance of the contract. During contract execution, it is essential that actual performance be compared with planned performance in all of these areas and action taken to remedy any indicated deficiencies. The responsibility is termed as monitoring and control [33]. The purpose is to determine whether the various activities that were planned to be active during the previous period were actually active, the extent of their progress and especially the anticipated completion date based on progress to date. During the contract execution phase, the contractor is usually required by the contract to furnish and abide by a quality plan.

2.3. Contract Analysis and Procurement Performance

According to Russell (2003) [34], Contract monitoring is a process of ensuring that a vendor adequately performs a contracted service. The level and type of monitoring conducted by state agencies is primarily at their discretion. Deficiencies in contract monitoring are related to violations of good management principles. Inadequate monitoring is often the result of the following: Poorly established criteria for evaluating vendor performance; Perception of oversight as a responsibility to develop a partnership rather than enforce rules, regulations, or contract provisions; Focus on rules and regulations rather than outcomes; Failure to conduct follow-up reviews to ensure that corrective action was taken; and, Failure to identify the risk and level of review necessary for each vendor. Camillus and Rosenthal (2010) [25], state that contract monitoring may be viewed as: A preventive function, an opportunity to determine the contractor's need for technical assistance and a valuable source of information concerning the effectiveness and quality of services being provided.

According to the PPDA Act, (2003) it is important for procurement practitioners to evaluate the procurement process to see how efficient and effective the procurement processes have been. There is the need to identify weaknesses and problems for corrective measures and evaluation may include a formal procurement audit. In Bugiri, a formal procurement audit is done to give assurance to management; to see if objectives are being achieved; it highlights deficiencies; ensures compliance with the law; ensures if the regulations are being followed to the latter and helps in the discovery of irregularities, fraud, and corruption. Nyeko (2014) [18], revealed that effective supplier performance monitoring and management requires the contract manager to: regularly check the supplier's progress to ensure that contractual obligations are being met, conduct regular random inspections of the supplied goods and/or services during the, contract period to ensure that they meet specification and are of a suitable standard check that all conditions and clauses in the contract are acted upon; the contract manager, should be aware of any breaches of contract and be prepared to take action (after seeking legal advice). This practice is actually ignored by many Public Entities as revealed by an analysis in Musisi (2013) [35] that showed poor contract management for example, contracts for revenue collection were awarded to companies which would draw from KCCA resources including staff,

and in other cases there was a complete neglect of the supervisory function which resulted in loss of funds. Furthermore, the report also reveals that contracts were not supervised, engineers did not attend site meetings, monitor quality or value of works, contracts continue after expiry. There were also cases where payments were approved with little or no work done for example the leaking roof at City Hall.

2.4. The Influence of Contract Life Cycle Management on Procurement Performance

Author's Perspective;

Value for money is a concept generally used to assess an organization's capacity to obtain the maximum benefit from the goods, services or work it acquires or provides, in close relation to the resources available to it. This assessment does not only measure the cost of goods, services but also works. It equally takes into account a complex mix of factors, such as quality, cost, use of resources, and fitness for the organization's purposes, timeliness and opportunity. Once these factors have been comprehensively taken into consideration, an assessment can be made as to whether the highest value has indeed been achieved for the money paid. However, some of these factors can be subjectively measured, making them more difficult to quantify or harder to understand. Following the awarding of the contract, it is imperative to ensure efficient management of the contract to make sure that the supplier meets the deadlines, does not exceed the budget and meets the requirements and specifications set out by the purchaser. Sabiiti in December 2012 confirms that lapses in contract life cycle management are affecting the delivery of social amenities to Ugandans. Further research shows that often, donor and Government aided projects that are implemented through public contracts do not yield the intended value due to many factors including; corruption, conflict, non-existent (ghost) contracts, inflated costs, diversion of funds, unnecessary contracts, secrecy, cost overruns and budget revisions. Conclusively, contract life cycle management if clearly understood and appropriately embraced in an organisation may lead to; cost reduction, timeliness and quality improvement.

3. Research Methodology

3.1. Research Approach and Design

The researcher adopted a case study design which focused on a single entity. The case study approach was applicable because only civil servants of Bugiri Local Government were selected for the study, in order to place more emphasis on a full and in depth contextual analysis of fewer events and their interrelationship. Both qualitative and quantitative approaches were applied.

3.2. Data Collection

Data was collected from a population of 80 respondents. These were mainly tactical and senior management employees. Using the Krejcie and Morgan (1970) sample size determination formula, a total sample size of 70 respondents was considered for the study. Senior managers were sampled using purposive techniques while tactical managers were sampled using simple random techniques. A researcher's made five point Likert scale questionnaire was then used to collect data from the targeted sampled groups as indicated in Table 1.

Table 1. Population, Sample size and Sampling technique

Category	Population	Sample size	Sampling technique
Employees (User Department members)	70	59	Simple Random sampling
PDU staff and Contract Committee Members	10	10	Purposive sampling
Bugiri Local Government Accounting officer	01	01	Purposive sampling
Total	80	70	

Source: Primary Data Sampled using the Krejcie & Morgan Sampling Technique (1970).

3.3. Data Analysis

The data collected was categorized, coded and then fed into Excel spread sheets and analyzed to examine the influence of contract life cycle management on procurement performance. Regression analysis was used to determine the influence of contract life cycle management on procurement performance. Excel Solver was used to provide a quick snap shot at the current situation of the district by presenting the cost reduction (savings), quality improvements and level of competitive advantage attained through timely delivery. Table 2 shows numerical values and response modes used to interpret the means used in the analysis of data collected.

Table 2. Numerical values and response modes used to interpret the means [36]

Response Mode	Interpretation
4.30 – 5.00 Strongly Agree	Very High
3.50 – 4.20 Agree	High
2.70 – 3.40 Not Sure	Undecided
1.90 – 2.60 Disagree	Low
1.10 – 1.80 Strongly Disagree	Very Low

4. Results

4.1. Contract Creation at Bugiri District Local Government

Findings showed that the extent of contract creation at Bugiri District was low with an average mean of 2.65 and standard deviation of 1.117. This was attributed to negligible responses in the following: Pre- contractual activities at Bugiri Local Government involve identifying the various needs that ought to be supplied (mean = 4.70, S.D = 0.744); Planning before entering into a contract allows consistency between design and supplier's process capabilities at Bugiri District (mean =4.61, S.D = 0.857); Before entering into a contract, the Procurement and Disposal Unit of Bugiri Local Government prepares necessary bid documents (mean =2.24, S.D = 1.348); Bugiri Local Government engages in selecting the most suitable tenderer and awards him/her a contract (mean =1.91, S.D= 1.576), Bugiri Local Government makes decision on whether to have a single supplier or multiple supplier before signing a contract (mean =1.74, S.D =1.316); Upon creation of a contract at Bugiri District Local Government, the contract manager prepares a contract management plan (mean=1.70, S.D = 1.189); User departments nominate contract managers for each contract created at Bugiri District local government (mean=1.65, S.D = 1.209).

4.2. Contract Execution at Bugiri District

Findings showed that the extent of contract execution at Bugiri District was moderate with an average mean of 2.784 and standard deviation of 1.157. This was attributed to moderate responses in the following: Preparation of rightly and clearly consented documents involved facilitate successful execution of a contract at Bugiri Local Government (mean =4.59, S.D =0.784); Corrective action taken to remedy any indicated deficiencies during contract execution at Bugiri District (mean =4.15, S.D =0.949); The execution of a contract depends on the terms and conditions specified by the management of Bugiri District Local Government (mean = 1.82, S.D = 1.446); During contract execution, actual performance is compared with planned performance at Bugiri District (mean = 1.68, S.D = 1.303); Execution and completion of contracts lies within the contract price at Bugiri Local Government (mean = 1.68, S.D = 1.303).

4.3. Contract Analysis at Bugiri District

Findings showed that the extent of contract execution at Bugiri District was moderate with an average mean of 3.07 and standard deviation of 1.1175. This was attributed to the moderate level of responses in the following: Deficiencies in contract monitoring are related to violations of good management principles at Bugiri District (mean= 4.61, S.D= 0.875); inadequate monitoring of contracts at Bugiri District is often the result of the poorly established criteria for evaluating supplier performance (mean=4.55, S.D=0.995); Contract Analysis requires follow-up, feedback, and enough awareness of what is occurring to eliminate surprise (mean=4.39, S.D= 1.276); The management of Bugiri District local government appoints on-site monitoring officials to conduct random inspections of vendor records and the delivery of services to ensure all terms of the contract are being fulfilled (mean= 1.64, S.D=1.211); The contract manager regularly checks the supplier's progress to ensure that contractual obligations are being met at Bugiri District (mean= 1.61, S.D=1.214); Bugiri District Local Government has contingency plans, as a way of risk management in the event that a contract is not successfully completed (mean=1.62, S.D= 1.134).

4.4. Procurement Performance at Bugiri District

Findings showed that the performance of procurement at Bugiri District was low with an average mean of 2.2544 and standard deviation of 1.28244. This was attributed to the low level of responses in the following: Costs of procurements in Bugiri District Local Government reflect market prices (mean =1.55, S.D = 1.098); Market survey is conducted and a price list is frequently updated at Bugiri District Local Government (mean = 1.56, S.D = 1.125); Procurements are done in line with the approved budgets at Bugiri District Local Government (mean =1.77, S.D = 1.434); Contracts are awarded to the best evaluated bidder (mean =1.74, S.D = 1.439); Goods and Services delivered at Bugiri District Local Government are in line with expectations and specifications of the user departments (mean = 1.74, S.D =1.339); Inadequate use of contracts has increased complaints associated with poor quality of goods and services at Bugiri District Local Government (mean =4.39, S.D = 1.248); Deliveries of supplies, work, and services at Bugiri District Local Government are made within the stipulated time and user departments are informed timely (mean

=1.45, S.D = 1.398); Contract award at Bugiri District Local Government is communicated to a successful bidder in time (mean =1.79, S.D = 1.398); Most of the Contracts awarded at Bugiri District Local Government do not result into value for money (mean =4.30, S.D =1.277).

4.5. Inferential Statistical Analysis

Inferential analysis was conducted to generate analysis of the variance and regression coefficients. The purpose of regression analysis was to understand the influence among variables; contract life cycle management and procurement performance. Regression analysis is used to predict the value of one variable based on the value of the other.

Table 3 shows regression results on the major purpose of the study, which was to assess the influence of contract life cycle management on procurement performance in Bugiri District. Findings revealed that, contract life cycle management positively and significantly predicts procurement performance of Bugiri District Local Government with R² value 78%, and Sig. value 0.000. This implies that, 78% variability in procurement performance is explained by contract life cycle management, while the remaining 22% is the unexplained variables. The researcher therefore, concludes that, contract life cycle management highly predicts procurement performance.

Table 3. Regression model summary showing influence of contract management on procurement performance in Bugiri District

Model Summary					
Regressed Variables	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
Contract life cycle management and procurement performance	0.882(a)	0.779	0.768	0.33155	0.000(a)

From Table 4, results indicated that, contract creation positively and significantly predicts procurement performance of Bugiri District by an R² value of 36% and Sig. 0.000. To digest this further, one would say that, 36% change in procurement performance at Bugiri District is due to contract creation. Secondly, findings also showed that, contract execution positively and significantly predicts procurement performance of Bugiri District with R² value 34% and Sig. value 0.003. This implies that, 34% of the variations in procurement performance can be explained by contract execution. Thirdly, findings showed that, contract analysis positively and significantly predicts procurement performance of Bugiri District with R² value 44% and Sig. value 0.001. This implies that, 44% of the variations in procurement performance can be explained by contract analysis. That notwithstanding, the influence of contract management on procurement performance in Bugiri District is 77.9% with a perfect sig. of 0.000. An indication that on the whole, contract creation, contract execution and contract analysis have a high combined influence on procurement performance.

Table 4. The coefficients of the study and how they predict procurement performance in Bugiri District

Coefficients					
Constructs of contact management	Unstandardized Coefficients		Standardized Coefficients	Sig.	Interpretation
	B	Std. Error	Beta	Std. Error	
(Constant)	-1.008	0.332		0.003	Significantly predicts
Contract Creation and procurement performance of Bugiri District	0.364	0.098	0.412	0.000	Significantly predicts
Contract Execution and procurement performance of Bugiri District	0.341	0.109	0.318	0.003	Significantly predicts
Contract Analysis and procurement performance of Bugiri District	0.439	0.128	0.264	0.001	Significantly predicts

5. Discussion

5.1. Contract Creation on Procurement Performance at Bugiri District

A low level of contract creation in Bugiri District was indicated with an average mean of 2.65. This was then regressed against procurement performance, and it was revealed that, the extent to which contract creation predicts procurement performance was low (R² value 36%, and Sig. value 0.000). This implies that the extent to which pre-contractual activities are done appropriately at Bugiri District is low. These pre-contractual activities include; need identification, specification, selection of a procurement strategy, preparation and issuance of bid documents, evaluation of bids, and award of contract, appointment of contract managers and implementation of a contract management plan. This is in contrast with Camillus and Rosenthal (2010) and Afolabi et al. (2020) [25, 26] who are of the view that, before formal steps of contracts, the contractor and potential bidders are involved in a series of activities. These activities include identifying a need for a contract, specifications/ statement of works, decisions on entering into a single or multiple suppliers contract, preparing necessary bid documents and preparation of a contract management plan. Furthermore results shows non-compliance to the PPDA Regulations 2014, Part V section 51-53 that states that that “upon receipt of a contract, the contract manager shall prepare a contract management plan using Form 49 in Schedule 2 and forward a copy to the procurement and disposal unit for purposes of monitoring.” In

addition, “Where a contract manager or user department has any reservation or difficulty with the terms or conditions of the contract, the contract manager shall discuss and resolve the reservation or difficulty with the procurement and disposal unit.” The PPDA Regulations 2014 further reveal that the contract manager should be one with appropriate skills and is nominated by user department to the accounting officer. Where the pre-contractual activities are not undertaken in the entity, the organization may fail to achieve its targeted goals and procurement principles thus causing damage to the credibility of the organization [24].

5.2. Contract Execution on Procurement Performance at Bugiri District

A low level of contract execution in Bugiri District was indicated with an average mean of 2.784. This was then regressed against procurement performance, and it was revealed that, the extent to which contract execution predicts procurement performance was weak (R^2 value 34%, and Sig. value 0.003). This implies that the extent to which actual performance is compared with planned performance and that corrective action taken to remedy and indicated deficiencies during contract execution at Bugiri District is low. Results from the study were in contrast with Bolton (2007) [33] who noted that during contract execution, it is essential that actual performance be compared with planned performance in all areas and action taken to remedy any indicated deficiencies. This ensures that cost effectiveness is applied throughout the procurement process. According to Adams et al. (2012) [28], conditions specified in the notice and the terms under which the works, services, or goods involved in the contract are to be supplied determine how it is implemented. When the terms specify providing on quarterly basis, this determines how much of the resources are invested and how the contract is implemented. This therefore reveals a weakness in contract execution at Bugiri District Local Government, according to Xu and Qin (2015) [29], who state that nearly 45.9% of the contracts become less successful because the parties involved do not heed to the terms set and involved.

5.3. Contract Analysis on Procurement Performance of Bugiri District

A moderate level of contract analysis in Bugiri District was indicated with an average mean of 3.07. This was then regressed against procurement performance, and it was revealed that the extent to which contract execution predicts procurement performance was weak (R^2 value of 44%, and Sig. value 0.001). This implies that the extent to which contracts are monitored and evaluated is moderate. Camillus & Rosenthal (2010) [25], in agreement, further add that good management and supervision require follow-up, feedback, and enough awareness of what is occurring to eliminate surprises. More still, Nyeko (2014) [18], advises that effective supplier performance monitoring and management requires the contract manager to: regularly check the supplier’s progress to ensure that contractual obligations are being met; conduct regular random inspections of the supplied goods and/or services during the contract period to ensure that they meet specification and are of a suitable standard; check that all conditions and clauses in the contract are acted upon; the contract manager should be aware of any breaches of contract and be prepared to take action (after seeking legal advice). Findings from the interviews also revealed that the area of risk management has not been extensively explored. However, Lysons & Farrington (2013) [37] caution that agencies without contingency plans risk interruption of services when vendors default on their obligations and may pay additional costs for taking back services.

6. Conclusion and Recommendations

From the findings, the researcher concluded as follows: contract life cycle management highly predicts procurement performance in Bugiri District; contract creation lowly predicts procurement performance; contract execution weakly predicts procurement performance; and lastly, contract analysis moderately predicts procurement performance. In this regard, managers, decision makers, and practitioners in Bugiri District need to offer considerable attention to contract life cycle management in its entirety and, in particular, ensure there is a combined effort on contract creation, execution, and analysis. A holistic approach is therefore recommended in order to enhance good governance and facilitate effective service delivery. This will help the entity achieve set targets with an expenditure that is commensurate to the delivered outputs while ensuring transparency and integrity.

There is need for the PDE management of Bugiri District to review the procurement environment in the entity to ascertain linkages between effective contract life cycle management and other critical stages of the procurement cycle, for example, the appointment of contract managers and the preparation of contract implementation plans. This also includes training of staff in light of the roles of contract managers and how to prepare a contract management plan. This will help all the civil servants at Bugiri District to understand their role and contribution in contract management.

The practices of Bugiri District Local Government should ensure proper performance of contracts by ensuring: (a) timely delivery of goods, services, or work as per contract; and (b) delivery of goods, services, or work in accordance with the specifications and standards required in the contracts. This is because contracts performed in contrast with specifications could lead to reworks, which may be costly for Bugiri District Local Government. Lastly, there is a need for adequacy of reporting on contract management by Bugiri District Local Government and specifically preparing reports in a systematic and timely manner to ensure that PDE management is abreast with the status of contracts in the PDE. Such reporting ensures that timely actions can be taken to address any implementation challenges as and when they arise. The reporting on contract life cycle management ensures that sufficient information is available on supplier performance to improve future procurement.

7. Declarations

7.1. Author Contributions

Conceptualization, G.J.A., and W.O.; methodology, G.J.A.; writing—original draft preparation, G.J.A., W.O., P.W.O., and T.B.W.; writing—review and editing, G.J.A., W.O., P.W.O., and T.B.W. All authors have read and agreed to the published version of the manuscript.

7.2. Data Availability Statement

The data presented in this study are available in article.

7.3. Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

7.4. Institutional Review Board Statement

Not applicable.

7.5. Informed Consent Statement

Not applicable.

7.6. Declaration of Competing Interest

The authors declares that there is no conflict of interests regarding the publication of this manuscript. In addition, the ethical issues, including plagiarism, informed consent, misconduct, data fabrication and/or falsification, double publication and/or submission, and redundancies have been completely observed by the authors.

8. References

- [1] Boyne, G. A. (1998). Bureaucratic Theory Meets Reality: Public Choice and Service Contracting in U. S. Local Government. *Public Administration Review*, 58(6), 474. doi:10.2307/977575.
- [2] Ferris, J., & Graddy, E. (1986). Contracting out: For What? With Whom? *Public Administration Review*, 46(4), 332. doi:10.2307/976307.
- [3] PPDA (2014). Disposal of Public Assets Act (2003). Printed by UPPC, Entebbe, by Order of the Government.
- [4] Tumutegereize, M. (2013, May). Public Procurement Reforms: Issues and Challenges: The case of Uganda. In CIPS Pan African Conference Public Procurement & Disposal of Assets Ministry, Uganda.
- [5] Alexander, J., Ackermann, F., & Love, P. E. D. (2019). Taking a Holistic Exploration of the Project Life Cycle in Public–Private Partnerships. *Project Management Journal*, 50(6), 673–685. doi:10.1177/8756972819848226.
- [6] Oluka, P. N., & Basheka, B. C. (2014). Determinants and constraints to effective procurement contract management in Uganda: A practitioner’s perspective. *International Journal of Logistics Systems and Management*, 17(1), 104-124. doi:10.1504/IJLSM.2014.057983.
- [7] Ketchen, D. J., & Hult, G. T. M. (2006). Bridging organization theory and supply chain management: The case of best value supply chains. *Journal of Operations Management*, 25(2), 573–580. doi:10.1016/j.jom.2006.05.010.
- [8] Makabira, D. K., & Waiganjo, E. (2014). Role of Procurement Practices on the Performance of Corporate Organizations in Kenya: A Case Study of Kenya National Police Service. *International Journal of Academic Research in Business and Social Sciences*, 4(10), 369. doi:10.6007/ijarbss/v4-i10/1233.
- [9] Schiele, J. J. (2007). The role of public purchasing departments in acquisition processes for consulting services. *International Journal of Procurement Management*, 1(1/2), 144. doi:10.1504/ijpm.2007.015359.
- [10] Odhiambo, W. & Kamau, P. (2003) Public Procurement: Lessons from Kenya, Tanzania and Uganda. OECD Development Centre Working Papers. No. 208. doi:10.1787/18151949.
- [11] Wittig, W. (1999). Building value through public procurement: a focus on Africa. International Trade Centre., Paper Presented to the 9th international Anti-Corruption Conference, Durban, South Africa.
- [12] Dew, N. (2008). Cookies for the real world: assessing the potential of RFID for contractor monitoring. *Journal of Public Procurement*, 8(1), 98–129. doi:10.1108/jopp-08-01-2008-b004.
- [13] Araujo, A., Carter, R. Y., Callender, G., Drabkin, D., Grimm, R., Jensen, K., ... & Telgen, J. (2005). Challenges in public procurement: An international perspective. K. V. Thai (Ed.). PR Academics Press, Florida, United States.
- [14] Bolton, R. N., Lemon, K. N., & Bramlett, M. D. (2006). The Effect of Service Experiences over Time on a Supplier’s Retention of Business Customers. *Management Science*, 52(12), 1811–1823. doi:10.1287/mnsc.1060.0594.

- [15] Prager, J. (1994). Contracting out Government Services: Lessons from the Private Sector. *Public Administration Review*, 54(2), 176. doi:10.2307/976527.
- [16] Adriko, M., Standley, C. J., Tinkitina, B., Tukahebwa, E. M., Fenwick, A., Fleming, F. M., ... & Kabatereine, N. B. (2014). Evaluation of circulating cathodic antigen (CCA) urine-cassette assay as a survey tool for *Schistosoma Mansoni* in different transmission settings within Bugiri District, Uganda. *Acta Tropica*, 136, 50-57. doi:10.1016/j.actatropica.2014.04.001.
- [17] CIPS, (2012). *Managing contracts and relationships in procurement and supply*. Profex Publishing Limited, Lincolnshire, United Kingdom.
- [18] Nyeko, P. K. (2014). Procurement Processes and Performance: Efficiency and Effectiveness of the Procurement Function. *International Journal of Social Sciences Management and Entrepreneurship* 3(1): 172 -182,
- [19] Office of the Auditor General (OAG, 2015). "A report of the Auditor General on the Financial Statements of the Uganda National Roads Authority for the year ended 30th June 2015. Kampala, Uganda.
- [20] Natamba, E. F., Nimpamya, E., & Asiimirwe, I. (2014). Local Government Councils' Performance and Public Service Delivery in Uganda: Ntungamo District Council Score-Card Report 2012/13.
- [21] Bainomujuni, R. (2014). Career Development and Employee Performance in the Inspectorate of Government in Uganda, Doctoral dissertation, Uganda Management Institute, Kampala, Uganda.
- [22] Kutosi, A. M., Eya, S., & Moses, M. (2015), Contracting and Procurement Performance of State Owned Enterprises in Uganda, Department of Procurement and Logistics Management, Makerere University Business School, Kampala, Uganda.
- [23] Mullins, D. (2002). Theme: Local Government: Redefining 'Competition' as 'Competitiveness'—The Best Value Activities of Registered Social Landlords, *Public Money & Management*, 22:2, 25-30. doi:10.1111/1467-9302.00304.
- [24] Thai, K. V. (2001). Public procurement re-examined. *Journal of Public Procurement*, 1(1), 9–50. doi:10.1108/jopp-01-01-2001-b001.
- [25] Camillus and Rosenthal (2010). "Guidance on Agreements/Regulations 33, 34 and 35 of SI No. 329 of 2006 implement Article 32 of Directive 2004/18/EC.
- [26] Afolabi, A., Ibem, E., Aduwo, E., & Tunji-Olayeni, P. (2020). Digitizing the grey areas in the Nigerian public procurement system using e-Procurement technologies. *International Journal of Construction Management*, 1-10. doi:10.1080/15623599.2020.1774836.
- [27] Nyongesa, W. V., & Wagoki, J. (2014). Influence of Framework Contracting on Procurement Performance of Geothermal Development Company, Kenya. *International Journal of Science and Research (IJSR)*, 4(10), 2097-2111.
- [28] Adams, J. H., Khoja, F. M., & Kauffman, R. (2011). An Empirical Study of Buyer-Supplier Relationships within Small Business Organizations. *Journal of Small Business Management*, 50(1), 20–40. doi:10.1111/j.1540-627x.2011.00342.x.
- [29] Xu, R., & Qin, L. (2015). Civil engineering quality monitor framework based on information theory. *Proceedings of the 5th International Conference on Civil Engineering and Transportation*, 592-595. doi:10.2991/iccet-15.2015.110.
- [30] Racca, G. M., & Albano, G. L. (2013). *Collaborative Public Procurement hand supply chain: the European Union Experience*. SAGE Publications, California, United States.
- [31] Mlinga, R. S. (2006). Procurement aspects in creating an enabling environment for construction industry. In *Proceedings of the CRB Annual Consultative Meeting: on An Enabling Environment for the development of a Vibrant, Efficient and Sustainable Construction Industry*, 15-16.
- [32] Wales, W. J., Parida, V., & Patel, P. C. (2012). Too much of a good thing? Absorptive capacity, firm performance, and the moderating role of entrepreneurial orientation. *Strategic Management Journal*, 34(5), 622–633. doi:10.1002/smj.2026.
- [33] Bolton, R. N., Grewal, D., & Levy, M. (2007). Six strategies for competing through service: An agenda for future research. *Journal of Retailing*, 83(1), 1–4. doi:10.1016/j.jretai.2006.11.001.
- [34] Russell W. Hinton (2003). *Best Practices in Government Components of an Effective Contract Monitoring System*, July 2003; Department of Audits and Accounts Performance Audit Operations Division 254 Washington Street, SW – Suite 214 Atlanta, GA 30334.
- [35] Musisi, J. (2013). Statement on the Issues of Kampala Capital City Authority (KCCA). A Submission addressed to Chairperson of The Parliament Sectoral Committee on Public Service and Local Government of the Parliament of Uganda on 6th February, Uganda.
- [36] Mabonga, E. (2012). "Working capital management and competitiveness of small and medium Enterprises", PhD Thesis, Kampala International University, Dar ES Salaam, Tanzania.
- [37] Lysons, K., & Farrington, B. (2013). *Purchasing and supply chain management 7th Edition*. McGraw-Hall, New York, United States.