

**OPEN TENDERING AND PERFORMANCE OF WORLD BANK FUNDED  
PROJECTS IN UGANDA. A CASE STUDY OF AGRICULTURAL  
TECHNOLOGY AND AGRIBUSINESS ADVISORY SERVICES**

**BY**

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**OCTOBER, 2018**

**DECLARATION**

I,Denis Mulongo Maholo declare that this is my original work and has never been presented to any University for any academic award. Any material cited has been dually acknowledged.

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**APPROVAL**

This is to certify that this research dissertation entitled “Open Tendering and Performance of World Bank Funded Projects in Uganda; A case study of Agricultural Technology and Agribusiness Advisory Services(ATAAS) has been conducted by Denis Mulongo Maholo under my supervision, and is hereby approved.

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**Date:**.....

## **DEDICATION**

I dedicate this research to my Parents Hon and Mrs Asupas Isiko Mpongo, Mummy Christine Maholo, My Wife Mrs. Sarah Namukose Maholo and Children.

## **ACKNOWLEDGMENTS**

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## ABBREVIATIONS

ANOVA	Analysis of Variance
ATAAS	Agricultural Technology and Agribusiness Advisory Services
COQ	Cost of Quality
CTB	Central Tender Board
CVI	Content Validity Index
DANIDA	Danish International Development Agency
EFQM	European Foundation for Quality Management
GEO	Global Environmental Objective
ICT	Information, Communications and Technology
IDA	International Development Agency
JICA	Japan International Corporation Agency
LPOs	Local Purchase Orders
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MAAIF-PDU	Procurement and Disposal Unit for the Ministry of Agriculture, Animal Industry and Fisheries
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance Planning and Economic Development
NAADS	National Agricultural Advisory Services
NARO	National Agriculture Research Organization
NDP	National Development Plan
PDE	Procuring and Disposing Entity

PDU	Procurement and Disposal Units
PPDA	Public Procurement and Disposal of Public Assets
$R^2$	R Square
SIDA	Sweden International Development Agency
SPSS	Statistical Package of Social Sciences
TQM	Total Quality Management

## **OPERATIONAL DEFINITIONS**

### **Open tendering**

Open tendering is the procedure where prospective suppliers are invited to compete for the contract advertised in the press (Kigwana, 2004).

### **Performance**

Performance is the outcome of an individual or group contribution of development in any activity leading to results (positive / negative) (Malala, 2011).

## **ABSTRACT**

A study was conducted on the Agricultural Technology and Agribusiness Advisory Services Project (ATAAS) to assess the effect of open tendering practices on the performance of World Bank funded projects in Uganda. Open tendering is recommended as the preferred method of procurement for Government of Uganda Ministries, Departments and Agencies (MDAs) including the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) which implemented ATAAS. The ATAAS report (2017) indicated that performance of open tendering activities in terms of pre-qualification, bid invitations, evaluation and Negotiation had been declining resulting in delayed implementation, high investment costs and low value for money on investment. Qualitative and Quantitative methods using checklists, interview guide and structured questionnaires were used to collect primary data. The study findings revealed; a weak positive relationship between pre-qualification and timely implementation of ATAAS activities ( $r=0.758$ ,  $p<0.05$ ;  $r^2= 0.574$ ); a weak relationship between Bid invitation and cost effectiveness of ATAAS ( $r = 0.28$   $P<0.05$ ;  $r^2=0.078$ ); and a strong significant relationship between Negotiation and Value for money at ATAAS ( $r= 0.754$ ,  $p<0.01$ ;  $r^2= 0.563$ ). Furthermore, the procurement unit at ATAAS prepares and emphasizes a high degree of effectiveness and competitiveness among service providers. It was concluded that, a unit improvement in open tendering efficiency leads to 65% increase on performance of ATAAS meaning that, other factors contribute 35% to Performance. The study recommended that, advertisement through electronic media will help to reach a large number of suppliers. Furthermore, contractors/tenderers across board should be requested to submit their bids for the project comprising two different sealed envelopes; (1) a technical bid; and (2) a price bid. Finally, the study recommends the adoption of the theory of core competencies and suggests that further research on the effect of open tendering practices on organizational culture and organizational profitability in Uganda.



## **CHAPTER ONE**

### **INTRODUCTION**

#### **Background to the study**

The study was about open tendering and performance of World Bank funded projects in Uganda using the Agricultural Technology and Agribusiness Advisory Services as a case study. The study is very important because open tendering is recommended by the Government of Uganda to be used in all public institutions including ministry of agriculture, fisheries and animal industry where ATAAS is being implemented. The Agricultural Technology and Agribusiness Advisory Services (ATAAS) is a government of Uganda initiative commenced on December 2011 being implemented by the Ministry of Agricultural Animal Industry and Fisheries (MAAIF) through NARO and NAADS to support the National Development Plan (NDP), Uganda's strategic development framework for economic development.

The government of Uganda initiated reforms in the public procurement in 1997, following the enactment of the 1995 constitution and the introduction of several reforms and structural adjustment programs. Public procurement was governed by 1997 public finance (Tender Board) regulations under the public finance act of 1964. The system was centralized and has been in operation for over thirty years. The size of government had grown considerably and the centralized procurement system was characterized by several shortcomings which included: Heavy clogging of tender requests and attendant delays, inefficiency, lack of accountability. In 1997, the Ministry of Finance Planning and Economic Development (MoFPED) set up a task force which reviewed the old procurement system and recommended the decentralization of procurement and disposal functions to the respective Government Ministries, Departments and Agencies (MDAs). Various contracts committees in the MDAs to evaluate and award tenders;

Procurement and Disposal Units (PDUs) and Central Tender Board (CTB) as regulatory bodies were set up.

The 2000 Public Finance (Procurement) Regulations No.64 established the Reformed Central Tender Board and decentralizing procurement to MDAs including MAAIF. The CTB was formed to set standards, review tender decisions, suspend providers, draft the procurement law and generally regulates the procurement and disposal systems of the public sector. In September 2001, the CTB commenced on the development of new legislation, which put into effect, an independent regulatory body to regulate the decentralized procurement and disposal system. In 2003 the Public Procurement and Disposal of Public Assets (PPDA) Act 2003 came into effect and has since then guided Public procurement and Disposal of Assets.

According to section 51 of the PPDA Act, a procuring and disposing entity shall use open tendering as the preferred method of procurement and disposal. Section 80 of the PPDA Act again indicates that a procuring and disposing shall use the open domestic and international tendering methods for attainment of fair participation, fair competition and value for money. On the other hand, donor and funding agencies such as the World Bank, European Union, DANIDA, SIDA, and JICA have established procurement rules and guidelines that promote open tendering to be the preferred procurement method for procurement of goods, works and services for the projects they support. However, most financing agreements stipulate that donor policies take precedence whenever there are contradictions. Open tendering under ATAAS adopted both the World Bank Policy and the PPDA Act 2003 guidelines for procurement of goods, services and works.

Rakin (2006) defined open tender as a formal procedure by which quotations are invited from any source or representative on a local or worldwide basis, subject to the terms and conditions

specified in the tender invitation. In medicine procurement, the use of competitive international tendering has indisputable economic advantages and is one of the classic cost-containment mechanisms. Open tendering is considered the most competitive procurement process as it encourages fair and open competition noted by Jessop and Morrison(1994). Opening the bids to a wide audience of expert suppliers, offers the best chance of receiving high quality proposals and meeting project objectives. In APEC's case, open tendering involves placing the Request for Proposals (RFPs) on the APEC website, thus alerting all member economies to the opportunities. According to Herety, (1995), Performance refers to the ability of the organization to survive and expand. Performance refers to accomplishment or achievement of the set objectives, it is also the act, process or manner of doing, functioning or execution of the duties (Knudsen, 2003). Performance can be measured by the quality of the work done, cost reduction, reduction in variances among others (Herety, (1995).

The study embraced the Transactional Cost Theory and Theory of Core Competency. The transactional cost theory was developed in Oliver (1979) while working on concepts that were first developed by Ronald Coase (Arjan and Weele, 2000). The theory was first developed for accounting purposes but has been expanded to other fields, like procurement.

The theory of core competency is attributed to Arjan and Weele (2000). It refers to the main strengths or strategic advantages that an organization including its combination of pooled knowledge and technical capacities that enable the organization to execute its mandates or objectives. The core competencies results from a specific set of skills or production techniques that deliver additional value to the stakeholders. Among the two theories, the study was guided by the competences theory and this is because it indicates that all the items that are core activities of the organization must be outsourced through tendering to the best suppliers.

The Agricultural Technology and Agribusiness Advisory Services Project (ATAAS) in Uganda is set to increase agricultural productivity and incomes of participating households by improving the performance of agricultural research and advisory service systems in the Republic of Uganda. As part of government reforms, the agricultural extension mandate has been transferred from the original agency providing advisory services under the ATAAS project to the Ministry. Also to increase agricultural productivity and incomes of participating households by improving the performance of agricultural research and advisory service systems in the Republic of Uganda. The indicator of its progress is the percentage increase in average agricultural yields and agricultural incomes of participating households who directly benefit from NAADS support through farmer groups.

The Global Environmental Objective of ATAAS is to enhance the environmental sustainability and resilience of agricultural production to land degradation and climate risks. The indicator for the GEO is additional land area with improved land and water management practices.

The project is envisioned to realize its broad objectives through five components as outlined below:

- i. Developing Agricultural Technologies and Strengthening the National Agricultural Research System. The objectives of component 1 are to develop agricultural technologies through research, and to strengthen agricultural research institutions.
- ii. Enhancing Partnerships between Agricultural Research, Advisory Services, and other Stakeholders. The objectives are to enhance the efficiency and effectiveness of technology development and dissemination by supporting closer linkages between NARO, NAADS, and other stakeholders.

- iii. Strengthening the National Agricultural Advisory Services. The objective is to support improved delivery of demand-driven and market-oriented advisory services to farmers to promote their progression from subsistence to market-orientation.
- iv. Supporting Agribusiness Services and Market Linkages. The objective is to promote integration of smallholders in value chains by supporting collaboration between agribusiness, farmers, advisers, and researchers to create viable, sustainable market and agribusiness linkages.
- v. Program Management. The objective is to support the NARO and NAADS Secretariats to ensure: Efficient execution of administrative, financial management, and procurement functions; coordination of project activities among various stakeholders; Implementation of safeguard measures mandated by the Government of Uganda and IDA and an effective use of the joint M&E and ICT systems.

**Table1.1. Trend analysis of ATAAS (2014-2017)**

<b>Variables</b>	<b>Factors</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b><i>Open tendering</i></b>	Pre-qualification	60%	60%	60%	60%
	Bid invitations	65%	65%	65%	65%
	Negotiation	55%	55%	55%	55%
<b><i>Performance</i></b>	Timely implementation	50%	40%	39%	35%
	Cost effectiveness	50%	45%	40%	38%
	Value for money	51%	48%	39%	36%

**Source: Adopted from ATAAS Reports 2014- 2017**

The trend analysis of ATAAS indicates that its performance in relation to timely implementation, cost effectiveness, value for money and accountability has been declining over a period of four years.

## **Statement of the problem**

The World Bank funded projects in Uganda have continuously performed below standards due to a number of factors. Empirical evidence presented in various reports indicates that procurement under these projects has been characterized by; low capacity of the human resource leading to low absorption of funds, delays in delivery of services, goods and works and goods; increased investments costs and loss of funds to Government. The Agricultural Technology and Agribusiness Advisory Services has since 2011 been implemented with a view of achieving timely implementation, cost effectiveness and value for money. Mixed reports have been presented on the performance of ATAAS. The ATAAS report (2017) indicated that, open tendering activities in terms of pre-qualification , bid invitations, evaluation and Negotiation, had been declining for example, the standards of performance in regard to timely implementation had reduced from 50% to 35%, and cost effectiveness from 50% to 38%, value for money from 51% to 36% during the years 2014-2017 respectively. The poor performance was tagged on; inadequate capacity of ATAAS Procurement and Disposal Unit (PDU) and failure to budget for activities associated to open tendering. Since then, procurement specialists have been hired by the ATAAS to coordinate the project procurements and to ensure effective alignment of procurement processes to both the PPDA Act 2003 and MAAIF Policy. It is with this background that the researcher took interest in investigating the effect of open tendering to the performance of ATAAS.

## **The purpose of the study**

The purpose of the study was to find out the contribution of open tendering to the performance of ATAAS with the view of achieving timely implementation, cost effectiveness, value for money and accountability.

## **Objectives of the study**

The objectives of the study were;-

To establish how pre-qualification contributes to timely implementation of ATAAS.

To find out how bid invitation ensures cost effectiveness of ATAAS.

To establish the contribution of Negotiation to Value for money of ATAAS

## **Research questions**

- i. What is the contribution of pre-qualification to timely implementation of ATAAS?
- ii. How does bid invitation ensure cost effectiveness of ATAAS?
- iii. How does Negotiation contribute to Value for money of ATAAS?

## **Research hypotheses**

H<sub>0</sub>: There is no significant relationship between pre-qualification and timely implementation of ATAAS

H<sub>1</sub>: There is significant a relationship between pre-qualification and timely implementation of ATAAS.

H<sub>0</sub>: There is no significant relationship between bid invitation and cost effectiveness of ATAAS

H<sub>2</sub>: There is significant a relationship between bid invitation and cost effectiveness of ATAAS.

H<sub>0</sub>: There is no significant relationship between negotiations to value for money of ATAAS

H<sub>3</sub>: There is significant a relationship between negotiation to value for money of ATAAS

## **Scope of the study**

The scope of the study included the following:

### **Subject scope**

This study focused on open tendering and performance of World Bank funded projects in Uganda a case study of the 7 year old ATAAS project. The study was guided by the following

objectives; to establish the contribution of pre-qualification to timely implementation at ATAAS, to find out how bid invitation ensures cost effectiveness at ATAAS and to establish how negotiation contribute to value for money at ATAAS.

### **Time scope**

This research was carried out between April and June 2018 because this period was enough to gather relevant data. The study focused on the project period FYs 2014 – 2017 following the project implementation calendar under the MAAIF budgeting cycles.

### **Geographical scope**

The study was carried out ATAAS Entebbe and Kampala, this was because ATAAS procurements were centralized at MAAIF-PDU in Entebbe, but the ATAAS headquarters were in Kampala and most service providers and contractors had offices in Kampala.

### **Justification**

The ATAAS is one of the Public projects that have embraced procurement reforms via open tendering and ever since its inception the project has been challenged by demands from Government and other stakeholders to implement the project action plan in a manner that is effective, efficient and satisfactory. Procurement is an important function of the National Project Coordination Unit (NPCU) of ATAAS and if performed well, the Project's performance image will meet its targets in terms of outputs and funds absorptions. With the view of the above expectations the study on open tendering and performance of ATAAS shall act as a baseline for assessing advantages, gaps and key transformations within procurement policies and provide appropriate knowledge for informed decision making. The improved decision making shall result into better performance of ATAAS in terms of cost effective, timely implementation and value for money as tangible outputs.



## **Significance of the study**

The study is important to the following stakeholders;

### ***Academics and Researchers***

This study adds to the body of knowledge on open tendering and Performance. The information on the subject of open tendering and performance is scanty and many sources do not offer current information therefore this research plays a crucial role in providing current information.

### ***Policy Regulators***

Policymakers and stakeholders in the MAAIF and ATAAS other Government Agencies may use findings of this research to review and formulate appropriate policies, laws, regulations and standards that may enhance better performance. The findings may also be used in restructuring the PDUs in Government Ministries, Departments and Agencies. In regard to the MAAIF the lessons of this study may directly contribute to improved performance of the Procurement and Disposal Unit through addressing bottlenecks to procurement processes. This may not only improve the image of the PDU but Performance of MAAIF investment programs and projects.

### ***ATAAS***

The findings of the research may provide crucial information to management of the Agricultural Technology and Agribusiness Advisory Services that may be used in decision making and come up with appropriate action plans for timely implementation, cost effective and value for money.

## **Arrangement of the study**

The research dissertation was phased in eight chapters;

**Chapter one** presents the background of the study, problem statement, and purpose of the study, objectives and research questions, hypotheses, scope of the study and significance and arrangement of the study.

**Chapter two** presents a review of the literature related to the study. The literature is divided into subsections and these are the literature survey literature review and theoretical review. The literature survey looks at research work conducted locally by other researchers in Uganda under the area of study. The literature review looks at the theories and models explaining the key variables so as to set the study in line with the current practices.

**Chapter three** shows the methods and procedures of data collection and analysis. It proposes the design, population, sample, research methods and quality of instruments, and analysis, validity and reliability of instruments, data processing and the limitations to the study.

**Chapter four** presents the findings on the contribution of pre-qualification to timely implementation at ATAAS.

**Chapter five** presents findings on how bid invitation ensures cost effectiveness at ATAAS.

**Chapter six** presents findings on the contribution of Negotiation to Value for money at ATAAS.

**Chapter seven** presents the harmonization of the study variables.

**Chapter eight** presents the summary, conclusion and recommendations

**Finally**, references and Appendices

## **Conclusion**

This chapter one presented the study objectives which needed to be translated in the literature, hence leading to chapter two the study literature.

## **CHAPTER TWO**

### **STUDY LITERATURE**

#### **Introduction**

This chapter contains literature regarding the topic under investigation; it outlines different views and ideas that have been written about the area under study. This covers the literature survey, literature review, theoretical review and conceptual framework.

#### **Literature survey**

Balunywa (2005) carried out a study about supply chain and service delivery at Ministry of Health and his objectives were to find out the major types of supply chain practice, to establish the relationship between supply chain and service delivery at Ministry of health and the impact of the procurement supply chain management on delivery effectiveness. However, the study didn't look at the impact of open tendering and thus the current study intended to close this gap.

#### **Literature review**

This section presents other researchers views regarding open tendering and performance.

#### **Open Tendering**

According to Lysons (2000), open tendering is a purchasing procedure where prospective suppliers are invited to compete for the contract advertised in the press media. The lowest pricing tender being accepted, although the advertising agencies or corporations or firms usually state that they are not bound to accept the lowest price.

According to Muffumba (2002), open tendering is divided into two: open domestic and open international tendering. Open domestic tendering gives maximum possible competition and hence best value for money. This procurement method is open to participation on equal terms for all providers through advertisement of the procurement and disposal opportunity. A foreign or an

international bidder can also participate in an open domestic tendering as indicated in the Public Procurement and Disposal of Public Assets (PPDA) Act 2003 Section 80 (4). Open international tendering is used when open domestic bidding process is not expected to obtain the maximum possible competition and value for money. Therefore, tendering extended to attract foreign providers through advertisements.

### **Activities involved open tendering**

The Tata (1996), defines a procurement process as successive stages in the procurement cycle including planning, choice of procedure, measures to solicit offers from bidders, examination and evaluation of other offers, award of contract and contract management. The bidding process encompasses a variety of tasks and responsibilities, beginning with the determination of the need for a product or the service. The cycle embraces several procurement and logical operations and is the key to better understanding of the various interrelated activities in a successful procurement process (Barasa, 2014). For supplies the procurement cycle generally ends with the receipt and consumption or disposition of an item. For services, a typical bidding process ends with final payment of services rendered. The main steps in the procurement and associated activities as according to Erridge, Fee and McIlroy (2001) include the following:-

### **Recognition of need(s)**

This involves identification of the need by the user department. Once a need is identified and recognized, the user department has to consider whether there is budget availability to Agricultural Technology and Agribusiness Advisory Services has the requirements.

## **Development of specifications**

Once a need has identified and there is budget availability allocated for it the user departments together the procurement unit develop the specifications/terms of reference or scope of works for supplies, works and services respectively.

## **Preparation of requisition(s)**

Once specifications, terms of reference of scope of work have been completed, the user department, requisitions are made, reviewed and approved. The approval of requisitions leads to choice of the method of procurement depending on the items to be procured, the lead time and thresholds.

Preparation of the bidding documents requires preparing bidding or solicitation documents. These standard bidding documents are designed and standardized by the PPDA but they can be customized the procuring unit. Regulations 129, states that a procuring and disposing entity must apply to the entity using the procedures in regulation in 340, to deviate from the use of standard solicitation documents issued by the authority. After the preparation of the bidding documents the PDU advertises or issues procurement notices. This is aimed at selecting experienced and competent providers from the many applicants to be pre-qualified as providers.

The pre-qualified suppliers are invited to bid. The regulations also give the procedures for bidding. A bid notice shall be based on the standard format provided in the seventh schedule of the regulations. The bid shall be published in at least in one newspaper which must be of a wide circulation of reach sufficient prospect bidders to ensure effective competition. A bid notice shall be displayed on the authority's website and the procuring and the disposing entity's notice board not later than the date of publication of the bid notice and shall remain on display unit after the closing date for submission of bid. The advertising period shall start on the date the bid notice is

first published, and the advertising period shall not be included in the calculation of the bidding period (Erridge, Fee and McIlroy, 2001).

The whole process of bidding includes the issuing of the bidding documents, receipt and the evaluation of bids. The bidding process includes a formal bid receipt and a bid opening. And procuring and disposing entity requires all bidders participating in public procurement to meet the qualification criteria set out in the bidding documents.

### **Selection of successful bidders**

After bid opening, the bids are evaluated to get the best evaluated bidder. A method of evaluating bids shall be determined by the type, value and complexity of the procurement or disposal. All solicitation documents shall fully and comprehensively detail the evaluation methodology and criteria, which shall be taken into account. The bidders' selection presents a detailed evaluation of bids conducted to assess the commercial responsiveness of a bid to the terms and the technical quality of bids received. Evaluation of bids is carried out by an evaluation committee that is approved by a contracts committee.

### **Award of contract and placing of Purchase orders**

After evaluation of bids, evaluation report is prepared by the evaluation committee and submitted to the contracts committee for approval. When the contract committee finds the evaluation report satisfactory, the best evaluated bidder is awarded a contract, through the contract committee report.

Regulation 225 (3) the contract award shall except for an award under micro procurement, be displayed using the format specified in the seventh schedule of regulations within one working

day of the contract award on a procuring and disposing entity's notice board and authority's website.

According to regulations 225 (4), after an award of a contract to a successful bidder, the unsuccessful bidders shall be notified of the award and their bids shall be rejected by a procuring and disposing entity.; notifying of the award is done by the accounting officer of the PDE. The purchase orders are prepared by the PDE and sent to the best evaluated bidder for the supply of requirements. Alternatively a contract is drawn up and signed by both provider and the PDE.

### **Receipt and inspection of supplies**

For the case of supplies, after receipt of the purchase order, the supplier dispatches the supplies to the buyer. According to Dobler and Bart (1996), goods may be received from outside suppliers, from production departments or from the stores within the organization. The supplies must be examined looked properly when they arrive; the relevant documents needed to be checked to see whether there is a variance, by examining, weighing or counting. Receipt of supplies also involves unloading and moving the goods to the right place.

Inspection is done to check for quality (Jessop and Morrison 1994). According to regulations (277), supplies may be inspected or tested by a PDU during manufacture, prior to shipment, or on delivery prior to acceptance to verify their technical quality, quantity, packaging or any other detail.

### **Payment for goods/supplier received**

Once the goods have been inspected and accepted, they are recorded and stored. Documents relevant to the supply of goods are taken to the accounts or finance for payment. These documents include LPOs, goods received notes, delivery notes, rejection notes, inspection certificates, dispatch notes and invoices among others, these documents are cross checked and

verified and if found to be valid for the goods in question, the supplier is paid, regulation (248) provide payment structure which include advantage, stage, interim and retained payments, regulation (252) provides that no payment shall be made to a provider under a contract for works, service or supplies, without receipt of the deliverable specified in the contracts. Regulations (254) adds that, payment for any sum of money due to under a contract may only be made in the name of a provider stated in the contract though through recognized banking channels and practices.

### **Contract monitoring, evaluation and reporting**

After payment of suppliers all the parties are expected to perform as per the contract terms. The contract committee together with the PDU monitors, and evaluates the contract after which a report on the contract in question is prepared. As noted by Dobler and Bart (1996) contract evaluation includes supplier performance evaluation. After a major supplier has been selected and the buyer-supplier relationship has begun to develop, it is important to monitor and assess the supplier's overall performance to enhance the relationship and thereby control performance. Performance factors to consider may include delivery schedule, delivery at quoted prices, delivery service, good packaging and high quality materials.

### **Open Tendering Conditions**

Dobler and Bart (1996) identified five criteria for successful open tendering. When all the five criteria prevail, open tendering is an efficient method of resources selection. Fuller (2000) adds that if any of these is missing, then the method will not necessarily achieve the best price and may be necessary to use the alternative methods such as negotiation. The five criteria include the following:-



The dollar value of the specific purchase must be large enough to justify the expense, to both buyer and seller, the specifications of the items or service to be purchase must be clear to both the buyer and the seller.

In addition, the seller must know from actual previous experience, or be able to estimate accurately from similar past experience, the cost of producing the item or rendering the service, the market must consist of an adequate number of sellers to produce enough competition, the sellers that make up the market must be technically qualified and actively want the contract and therefore, must be willing to price competitively to get it and the time available must be sufficient for using this method of bidding. Suppliers competing for large contracts must be allowed time to obtain and evaluate bids from their sub-contractors before they can calculate their best price. Bidders must also have time to perform their necessary cost analysis within the organization and to assure themselves of reliable of materials. However, the procurement PPDA Act (2003) differs from the above. As provided in forth schedule (1) open domestic bidding shall be open to all bidders following a public advertisement of a bid notice. Bidding documents may be issue at a free and public opening shall be held in accordance with procedures prescribed by the regulations.

Regulation 107 (1) provides that a foreign bidder who participate in open domestic bidding shall be bound to the same extent as a national or resident provider, by the conditions set out in the solicitation documents.

Regulations 107 (2) provides that a PDE may request permission from the PPDA to use a procurement methods other than open tendering where prevailing circumstances are not provided under these regulations. Dobler and Bart (1996) argue that in addition to satisfying the five prerequisites, four other conditions should not be present when employing competitive bidding

as the means of resources selection. These are; -(i) Situations in which it is impossible to estimate costs with a high degree of certainty; (ii) Situations in which price is not the only important variable. For example, quality, schedule and service may well be negotiable variable of equal importance ;(iii) Situation in which special pricing or costs are major factors. The location of such costs and title to the special tooling are issues best resolved through negotiation.

### **Effects of open tendering on performance**

As noted by Dobler and Bart (1996), every purchasing manager wants to achieve a high degree of buying effectiveness and at the same time, utilize the organization's resources as effectively as possible. A number of measurements can be used only as guides in controlling procurement efficiency. Too much emphasis on efficiency can easily decrease buying effectiveness. The challenge is to determine the optimal level of operating efficiency that still permits personnel to do a thorough and proficient job of buying, purchasing and supply management. Customarily compares trends of effective measurement with frauds in an attempt to determine the optimum combination which yields a maximum net purchasing profit.

Dobler and Bart (1991), further argue that buying efficiently can be measured in work load, social responsibility and operating cost measurements. In social responsibility measurement i.e. amount spent on to small business per period and amount spent on minority business per period. Some buying firms have made commitments of social responsibility to place certain volumes of business with small and minority owned firms.

Operating cost measurements include operating cost per period, number of employees, and employees' turnover rate per period. In operating cost per period the operating budget can be categorized by nature of its expenditure (services, travel, telephone and so on)

and work group. According to Walter (1984) efficiency is defined as a relationship between planned and actual sacrifices made in order to be able to rely a goal previously agreed upon. Therefore performance is the extent to which the function is able to release its predetermined goals at the sacrifice of a minimum of the company's resources.

The efficiency of any PDU depends on achieving the basic procurement principles. These basic procurement principles can be achieved by use of open tendering then any other procurement method. In Uganda, the government and tax payers want to see value obtained for funds spent on supplies, services and works in the public sector. According to the PPDA Act, the world at large put up some basic principles for public procurement (Act Sections 43-45) and the regulations (sections 85-88). One of the basic procurement principles is competition. According to Uganda's PPDA Act 2003, competition is one the main objectives of public procurement and is obtained using open bidding as the preferred method of procurement. Competition ensures that, there is a good number of bidders of which the best evaluated bidder meeting the minimum cost and the desirable quality standards is selected through and elaborated open tendering process. This ensures performance and value for money.

Regulations (86) again states that all procurements should be conducted to ensure that, "best value for money is obtained in regulations 86(3)" , the term Best value for money is defined as the optimum combination of whole life costs and the appropriate total quality, appropriate to meet the PDE's requirement. This is best achieved in open tendering process for procurements exceeding a certain threshold. According to Faulks (2003), value for money is concerned with obtaining the best possible combination of service from the least resources. It is therefore the pursuit of economy, efficiency and effectiveness of often referred to as the 3Es. Economy means least cost i.e. accomplishing of objectives and goals at a cost commensurate with the risk

efficiency means best use of resources i.e. Accomplishing goals and objectives in an accurate and timely fashion with minimum use of resources and effectiveness is all about best results i.e. providing assurance that the organization objectives will be achieved. Therefore value for money in procurement can be achieved by using indicators that measure economy, efficiency, and effectiveness which are best achieved in open tendering process for procurement above certain thresholds.

As indicated regulations 86, efficient procurement implies that the system operate in a timely manner with minimum of bureaucracy. At the same time, it should responsive to the needs of the users of the supplies, services or works.

As published in EAPN Vol.1 issue 5, World Bank considers the importance of open tendering and transparency. The bank is of the view that transparency can be realized through international competitive bidding. World Bank encourages its borrowers to obtain supplies, works and services through international competitive for eligible suppliers for efficiency, transparency and fairness. The bank however gives an option that where international competitive bidding is not the most economic and efficient method of procurement, other methods can be used.

According to World Bank (2008), the procurement process starts at the time of needs establishment by the end user on which budgets or project proposal are drafted. It is therefore the role of a procurement practitioner to ensure that the needs which will trigger procurement action have been correctly established.

The procurement practitioner uses his/her professional judgment to consider the needs established by the end users to avoid misuse of limited funds. Therefore the needs have to be identified and assessed to avoid carrying out procurement based on "wish costs" or "weekend shopping lists"<sup>1</sup> this enhances procurement efficiency. The needs established need to be

identified. This is done through attributes like shape, size, functions, usage, purpose, capacity etc. needs identification is very important in open tendering process to enable the buyer to buy the correct item needed with the particular purpose to avoid buying something that later may not be used because it's not needed or not suitable for the job intended to be accomplished. This avoids misallocation of scarce resources and promotes procurement efficiency. After successful needs identification, then one should carry out a needs assessment. The needs assessment addresses such questions as;- (i) Is the required item(s) budgeted for? (ii) How much of it can we procure? (iii) Are the quantities requested of economic value? (iv) It is locally available or do we expect it from abroad? (v) Are the items or services required accountable in the existing, commercial, legal, political or social environment? (vi) When are the items or services are required? Once the answers to the above questions have been obtained then the needs assessment is concluded and summarized in a document known as the schedule of requirements. The establishment of needs therefore yields complete description of the requirements, ensure standardization, confirms availability of funding and context of timeliness. This creates a good beginning for efficient procurement. World Forum (2012) further notice that the next procurement stage after needs establishment is sourcing. Sourcing refers to the activity of obtaining proposals, bids, quotations, or offers for consideration to supply, provide, or execute the requirements that were identified in the first stage. There are various methods of sourcing such as single/direct method that allows competition. According to the PPDA regulations, procurement practitioners are advised that much as possible, they should encourage the application of competitive methods of Sourcing and only resort to single or direct procurement in exceptional circumstances. Different documentation include use of request for quotation, request for proposal, invitation for bids and invitation for proposal for

provision of services. All these are used to allow a large number of providers to participate in bidding. This creates competition when efficient and cost effective providers are selected. This not only ensures value for money but also enhances procurement efficiency.

Having received the bids or offer, the next stage is evaluation according to World Forum (2012). This involves the examination comparison and assessment of the offers to arrive at recommendations for award. After the evaluation has been carried out and recommendation for the award arrived at, it is imperative that these recommendations obtained necessary approvals before any purchase orders are issued or supply contracts are entered into. This ensures that the correct procedures used, the right suppliers are selected and that there is value for money spent on procurement according to Byaruhanga (2004) who adds that the evaluation process will consist of any of the following stages as listed below in order they are usually executed:(a) The preliminary evaluation, (b) The technical evaluation, (c) The price evaluation and (d) The post qualification.

Recommended evaluation system ensures that all bidders that are evaluated for technical and financial capacity to execute the contract. If the recommended bidder does not execute the contract form, the next best evaluation bidder is already known and can be contacted immediately, this ensures that competent and efficient providers are selected resulting in efficient procurement and value for money. This is largely attained through the open tendering process.

Fuller (2000) adds that once the evaluation of the proposals is completed and the recommendation is presented to the contracts committee or the district Tender Board, the members are required to review the analysis and recommendation of the proposal before they accept or reject the recommendations of the evaluation committee. If the recommendation of the evaluation committee is adopted, the successful bidder is sent a notification of award, which

affect constitutes abiding contract between the bidder and client. All these ensure that the correct decision is made to avoid mistakes in carrying out procurement operations. This is mostly achieved through open tendering rather than in any other method of procurement.

### **Pre-qualification and timely implementation**

Transparency is commonly used to denote the total disclosure of financial and non-financial information regarding governments' decision-making procedures and transactions, the roles of various. State bodies, the terms used in the budget law in a timely and systematic way (Kigwana, 2004). Albeit it is a well-known and used term, definition of transparency is not so straightforward: not only because of the difficulty in defining difference between expenditure side and revenue side, but also between transparency and process transparency (Lyson and Farrington, 2006).

The majority of works on fiscal transparency, as part of the budgetary institutions, belongs to the political economy domain<sup>4</sup> using a class of models known as political agency models, which were created by Bell (2001). These models are developed in an incomplete contract framework where transparency acts as a commitment device to "tie the hands" of policymakers tempted by deviations from socially optimal choices. The main empirical conclusions of this literature are that increasing transparency reduces debt accumulation and the scope for generating political budget cycles.

Transparency is generally defined as the open flow of information Thai, (2005), and the literature on transparency in the relationship between governments and citizens has strongly emphasized this concept of openness. Oliver argues that „transparency in an organization is not only about what's communicated externally, but about what's right on the inside, in the

guts of its operations“ (2004), and introduces the concept of „new transparency“ to describe the trend for organizations to face more active demands for disclosure of information. In the past many governments passively provided information only on request, and could do so at their own discretion, now they are being required to engage in more active disclosure. Borg and Crall(1959) states that „governmental transparency equates to open government.“ The oft-cited definition of transparency by the Asian Development Bank (1995) is „the availability of information to the general public and clarity about government rules, regulations and decisions.“ Transparency has become an important agenda in nearly every organization, public and private, large or small, with Faulks (2003) suggesting it has „attained quasi-religious significance in debate over governance and institutional design.“ Ball (2009) suggests transparency is starting to subsume accountability in public discourse about good governance. This sharply growing demand for transparency is based on many factors. First, transparency is one of the fundamental moral claims in democratic societies, with the people’s right to have access to government information being widely accepted in representative democracies (Burt, 2015). Second, transparency is one of the practical measures taken to curtail corruption, acting as a deterrent against corrupt behavior by promoting citizens’ vigilance, thus deterring public officials from misusing public service to attain private gain (Gordon, 1996).

According to John (2003), „transparency is linked with the values of accountability,“ as it allows citizens to monitor the quality of public services and encourages public employees to satisfy citizens. The literature on transparency advises that organizations should be transparent to increase the degree of trust, though some scholars urge caution, citing the



negative aspects of transparency, such as violation of privacy, direct cost of disclosure, and revelation of sensitive information (Knudsen,2003). Cristopher (2004) reminds us that although publicity is an important principle in deliberative democracy, secrecy rather than publicity is often what is needed to ensure a high quality of deliberation. Kerlinger (1983) stresses that „transparency is expected to contribute positively to trust by building credibility,“ and it is to a consideration of the role of trust that we now turn.

Rusell (2003) points out that trust, along with transparency, is an important indicator of a satisfactory relationship between a government and the public. Corruption, real or perceived, reduces citizens’ perception of government performance in public services, negatively influencing citizens’ trust. It frustrates the public, leading to reduced trust in governments. Note however that the observed decline in trust may not be simply caused by corruption but rather by a growth in cynicism. Whilst a government which is seen as corrupt will not be respected, it may still retain a sufficient level of trust to be able to function, for reasons such as „soundness of the democratic system and a respect for technocracy and expertise“ Seloba, (2006). By contrast, even when a government is seen as clean (not corrupt), citizens may not trust it due to cynicism arising from differences of political views, alienation, etc.

### **Specification and invitation of bids and cost effectiveness**

A number of scholars have studied performance-based accountability policies in a wide variety of public organizations at the state and federal level and have identified a number of problems with these types of policies. Musembi (2005) presents a detailed and thorough discussion of the problems embedded in many performance/accountability discussions and identifies many of these issues that have been faced in higher education. She argues that many

performance-accountability efforts are billed as a panacea for ailing organizations, but they often produce many negative consequences. Other work by scholars of open tendering raises a host of other concerns, chief among them, the lack of evidence that performance budgeting/funding actually produces results Dobler (1996). Additionally, the use of performance data is often viewed as a more objective way to evaluate institutions, when, in fact, performance data often introduces considerable ambiguity, as individuals may often perceive performance indicators, or the determinants of these indicators, in different ways Mizra (2008).

Additionally, the introduction of many of these policies fails to consider the critical differences among public institutions, especially with respect to mission and clientele, and these policies are often quite critical – to the point of being threatening – to leaders of public organizations (McKay (2001). The critical nature of these policies often establishes a culture of mistrust among elected officials and public administrators and can lead to a wide range of dysfunctional and counterproductive behaviors. Additionally, we may be most likely to see these unintended consequences in more disadvantaged institutions (Lathan, 1994).

The existing work in public administration can substantially inform our discussions on accountability policies in higher education. While we have many reasons to expect the findings in work on other public agencies would also apply to public universities, there are some differences that are important to note. First, university presidents are rarely thought of as bureaucrats or even public managers, in a traditional sense. Second, public universities have traditionally enjoyed a high level of autonomy from government influence, and they are often highly regarded by citizens and policymakers alike. Yet, as public confidence in higher education has begun to erode and state budgets tighten, leaders of public universities have

faced more scrutiny than they have in the past. Some may question whether "what we know" about traditional bureaucratic agencies can be applied to public universities, but the parallels are strong. The following section reviews the literature on performance funding in higher education, in which many of the themes discussed in the public administration literature come to the forefront in the higher education literature as well.

### **Bidders' selection and monitoring and value for money**

According to Kotler (2003), quality is the ability of a product or service to meet customer/user needs. Quality can mean excellence, meeting customer requirement, quality as value, customer perception and adoption to expectation. Egbu et al (2003) lamented that it is unfortunate that until today the concept of quality appear fragmented and ambiguous in literature as in practice. The term quality management has different meaning within many business sectors. It is considered to have four main components: quality planning, quality control, quality assurance and quality improvement. Quality management is focused not only on product/service quality, but also the means to achieve it. Quality management theory focus on continuous improvement therefore uses quality assurance and control of processes as well as products to achieve more consistent quality.

Walter (2001) made a major step in the evolution towards quality management by creating a method for quality control for production, using statistical methods, first proposed in 1924. This became the foundation for his ongoing work on statistical quality control. W. Edwards Deming later applied statistical process control methods in the United States during World War II, thereby successfully improving quality in the manufacture of munitions and other strategically important products.

Quality management has become such an influential element of doing business that companies have adopted the cost of quality (COQ) model to predict the possible financial burdens of selling a product that is flawed. The COQ recognizes prevention costs, appraisal costs, internal failure, and external costs as foreseeable quality management issues that could not fulfill the needs of the customer.

Furthermore, an international body has come forward to create a unifying single quality standard known as the ISO 9000, which published a series of quality assurance standards. For a company to become a member of ISO 9000, they must be observed for 9 to 18 months and must meet rigorous quality standards on their goods and services. However, quality control cannot just focus on individual function in order for a procurement manager to be successful they need to implement total quality management (TQM). TQM embodies the entire organization, from supplier to consumer, to follow a stringent quality management emphasis. TQM incorporates a wide range of methods from the plan, do, check, act circular flow model which provides a company a template to have continuous improvement to the six sigma process. Quality in its most basic sense is making the consumer/user content with their good/service and it is the obligation of the procurement manager to ensure that quality awareness is involved with each decision areas. The European Foundation for Quality Management (EFQM) proposes a model of excellence leading to improved business results. The model is based on the concept that an organization will achieve better results by involving all people in the continuous improvement of their processes. Investors in people have drawn attention to the importance of employees' engagement for building effective relationship between an organization and its people. Cascading the vision and direction of the

organization is one of the strongest levers for generating improved performance (Lyson, 2000).

When the purchasing department is looking at the procurement of materials from suppliers they will have been given some guidance by the manufacturing department, research and development or the quality department. This should include a variety of information about the item to be sourced, such as physical description, dimensional measurements, chemical composition, performance specifications, and standards to conform to, or even the brand name of the product Ahmed, Irfan and Parasuraman, (1994). The purchasing department must know the physical attributes of the part they are required to source. For example, if the required material must be made of a certain shade of a blue, then the purchasing department must be able to communicate that requirement to the potential suppliers to ensure that the specification can be met. Sometimes the quality department or development team will inform the purchasing department to only source a particular brand name. This may be due to the specific nature of the part made by one company or the level of quality it has over competitors.

The interaction of the procurement legal framework and the quality of the procurement workforce in public procurement entities is in some cases indirect and direct. According to Armstrong (2004), by stipulating the procurement standards and procedures to be complied with, the legal framework indirectly influences the types of competencies of the staff to be put in charge of procurement operations. In some cases, however, such as some procurement legal frameworks in the US, see Illinois Public Higher Education Procurement Bulletin, (2005), the staff competencies are explicitly suggested and by implication the type and quality of staff. According to Thai (2001), ordinarily, the public procurement function should be handled by a professional workforce equipped with needed skills and knowledge through training (Thai,

2001). However, it is also suggested that generally, higher education institutions and educators have not recognized the educational needs of public procurement professionals. Because of this, where a procurement legal framework explicitly provides for public procurement training, it can substantially impact on the quality of procurement professionals manning the procurement operations of public procurement entities.

The quality of procurement and procurement related workforce influences the efficiency of the procurement process and the degree of compliance to procurement laws, regulations and policies. In the end, this influences the quality of procurement outcomes and the achievement of the objects of the procurement law. According to Thai (2001), procurement professionals and personnel have dual responsibilities. They make sure that operational agencies comply with procurement regulations and they are directly involved in procuring goods, services, and capital assets as authorized and funded. As already indicated, procurement professionals through their experience with procurement regulation system are a major source of Negotiation for procurement adjustment, improvement or reform. In order to do their work effectively, however, procurement professionals have to be well equipped with a set of skills and competencies. In particular, they need to be equipped with procurement techniques and methods and process management skills which are pertinent to their work.

Malala (2001), suggests that the core procurement methods and techniques required by procurement professionals include: negotiation skills, price analysis, cost analysis, and procurement cycles. While the procurement cycles vary by the type of procurement, it is always necessary that procurement professionals are conversant with the procurement cycles of the range of goods and services their organization is likely to handle.

Finally, according to Thai (2001), the number of staff in the procurement function in an organization should be sufficient for the procurement task in a specific procurement entity. Although no specific formula is provided, organizations are expected to achieve a balance between the size of the procurement task, probably by the volume and frequency of procurement transactions and the procurement values involved. Thai (2001) alludes to the fact that higher value transactions require more care and time in executing them. This may require more staff where such transactions are relatively frequent.

### **Theoretical Review**

The theoretical review of this study was based on the transactional cost theory and theory of core competency.

### **Transactional Cost Theory**

The transactional cost theory was developed in 1979 by Oliver Williamson while working on concepts that were first developed by Mark(2004). The theory was first developed for accounting purposes but has been expanded to other fields. The basis of the transactional cost theory is the concept of transactional cost. A transactional cost has been defined as the cost incurred in making an economic exchange of some sort or the cost of participating in the market. This cost is divided into three components; search and information costs, bargaining costs, and policing and enforcement costs (Mark, 2004). The search and information costs relates to the costs of examining on whether the required goods and services availability in the market as well as their prices. On the other hand, the bargaining costs involve the costs incurred in reaching an agreement between the seller and buyer such as legal costs of drawing contracts. Finally, the policing and enforcement costs are costs of ensuring that the terms of the contract are adhered to by both parties (Mark, 2004).

The theory indicates that firms seek to minimize transactional costs of individual transactions that would take place between a buyer and seller in an open market. The theory seeks to explain the context in which it is beneficial to undertake a particular process within the firm and circumstances making it ideal to outsource a given process to outside firms. The theory of transaction cost economics also examines the boundaries between what is better performed within the firm and what should be outsourced. Within the context of transactional cost theory, procurement occurs as a result of need to acquire services and goods from external suppliers in the context that it is not economically viable to produce those goods in house. However, in the procurement of the services from external suppliers it is in the interest of the energy sector parastatals to reduce the transactional costs associated with the procurement.

The transactional cost theory is critical in context of operational performance and efficiency. The Transactional cost theory indicates that firms should endeavour to produce the goods through external suppliers in contexts where they it is not viable to produce them in house. This enables the energy sector parastatals to save on the lead times of procuring critical services and equipment that are required for the work to progress. The services procured from outside the energy sector parastatals were also likely to be of higher quality especially where the organizations lack competent in house capacity.

### **Theory of Core Competency**

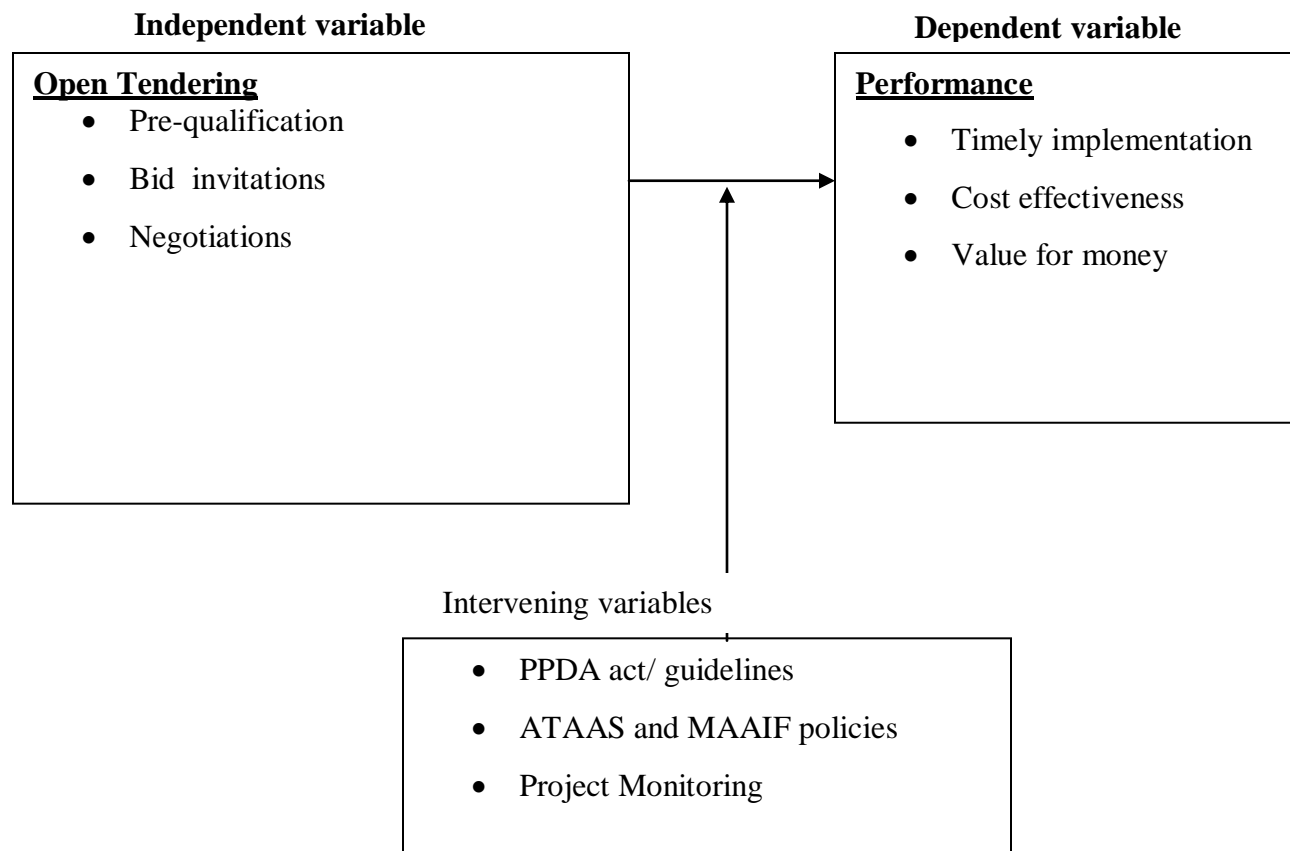
The theory of core competency is qualified by Kibera and Waruingi (2005). The core competencies refer to the main strengths or strategic advantages that an organization including its combination of pooled knowledge and technical capacities that enable the organization to execute its mandates or objectives. The core competencies results from a specific set of skills or production techniques that deliver additional value to the customer. The theory indicates that all the items that are non-core activities of the organization must be outsourced to the best suppliers



unless such activities give the institution a competitive advantage (Kiage, 2013). Therefore, the firms should only retain in-house those set of activities that are core to their organization (Kiage, 2013).

After reviewing the above theories, it was discovered that, they were all relevant to the study, however the theory of core competency was more applicable to the current study and thus chosen to guide the study.

### Conceptual framework



Source: Modified by Researcher from Erridge et al (2001)

**Figure 2.1: Conceptual framework**

As a matter of relationship, the conceptual framework above indicates that the factors that influence open tendering (independent variable) are pre-qualification, bid invitations, negotiation.

The indicators of performance (dependent variable) include timely implementation, cost effectiveness, value for money and accountability. These are connected to the intervening variable which includes: PPDA act/ guidelines, ATAAS and MAAIF policies and project monitoring.

## **Conclusion**

This chapter describes the study literature e which includes the literature survey and literature review as well as conceptual framework based on the study objectives. Thus there is a need for methods on how these objectives are to be achieved hence connecting the researcher to chapter three which discusses the study methodology.

## **CHAPTER THREE**

### **STUDY METHODOLOGY**

#### **Introduction**

This chapter explains the methods and procedures that were used to conduct the study, including the research design, study population, sample size, sampling techniques, sampling method, data collection procedures, data collection methods, data collection instruments.

#### **Research design**

Research design is a plan used by researchers to collect data to fill gaps or to answer research questions. The research design for the study was divided into four sections that are; research approach, research strategy, and research duration, research classification and research limitations.

#### **Research approach**

A descriptive approach was used to explain the way people experience social phenomena regarding the work of ATAAS. It further focused on understanding why something is happening rather than being able to describe what is happening. This approach was further used because it yielded valuable data. The phenomenological research approach was also used to generate critical information on stakeholder responsiveness to social phenomena related to procurement and performance of the ATAAS and how the phenomenological factors affect the performance outcomes of the project, while descriptive scientific research approaches were used to describe trends in performance of ATAAS as a result of tendering policies.

### **Research strategy**

The study focused on the case study strategy. The case study provided detailed and intensive knowledge on tendering policy implications to performance of ATAAS which provided useful and rich information. According to Kathuri and Pal (1993), a cases study is particularly useful when the phenomenon of interest is of a broad and complex nature and, hence, is best studied within the context in which it occurs. This study therefore follows Kathuri and Pal (1993) by relying on a case study to generate rich and useful knowledge on open tendering and performance of ATAAS.

### **Research classification**

The researcher used both qualitative and quantitative methods of data collection and analysis so as to capture the details and adequate information. The use of both methods ensured that the data is effectively interpreted using the numbers, figures as well as the narrative.

### **Study population**

The targeted population was 50 respondents comprising 25 ATAAS and MAAIF staff5 World Bank staff and ATAAS coordination Office staff and 20 beneficiaries (including; service providers, suppliers and contractors).

### **Sample size**

According to Sekaran (2003), Sample size is the act of choosing the number of observations or replicates to include in a statistical sample. The sample size is an important feature of any empirical study in which the goal was to make inferences about a population from a sample. The sample size for this study was44 respondents selected basing on the criteria set according to Roscoe's rule of thumb cited in Sekaran, 2003. He states that a sample size larger than 30 and

less than 500 is appropriate for most research. In addition, the sample size was computed using Yamane's formula (1967) as noted by Kothari, (2004).

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

Where n= sample size

N= population size

e= level of precision (0.05)

$$n = \frac{50}{1+50(0.05)^2}$$

$$\frac{50}{1.125}$$

$$n = 44$$

The distribution of the population and sample size is indicated in table 3.1

**Table3.1: Population, Sample Size and Sampling Techniques**

Category	Population	Sample Size	Percentage (%)	Sampling Techniques
Project Coordinators	10	9	20	Simple Random
World Bank coordinators	2	2	5	Census sampling
Supervisors	3	3	7	Census sampling
District project Coordinators	6	5	11	Purposive sampling
MAAIF staff	14	12	27	Simple Random
Beneficiaries	15	13	30	Simple Random
<b>Total</b>	<b>50</b>	<b>44</b>	<b>100</b>	

*Source: Primary data (2018)*

### Sampling techniques

Sampling methods are classified as either probability or non-probability. The study used census, random and purposive sampling techniques.

### ***Census Sampling***

A census according to Joshua (2008) refers to complete enumeration in which all respondents in the category enumerated for interviews in the study. This method was used because it provided a true measure of the population (no sampling error). Collecting data by census from the two 2 World Bank staff and 2 MAAIF supervisors attached to the project provided detailed benchmark data and information about policy, procurement and project performance.

### ***Simple Random Sampling***

Simple random sampling was adopted in selecting the study sample from Managers of the ATAAS, the clients who provide services and supplies to ATAAS and personnel from the Procurement and Disposal Unit of MAAIF. These respondents were selected randomly with equal chance of being represented.

### ***Purposive sampling***

According to Kothari, (2004), purposive sampling involves selecting a certain number of respondents based on their experience and knowledge about open tendering and performance policies (including, World Bank policies), Procurement, and Public project implementation and performance. In the study, 5 district project coordinators from districts around Kampala purposively selected as respondents for interviews. The respondents provided vital data that was comprehensive enough to allow gaining a better insight into the problem.

### **Background information**

The background information focused on gender, number of years in the organization, age group, and departments in which the respondents work, and the qualifications of the departments. 44

questionnaires were distributed to respondents. However only 40 were filled in and returned making 91% response rate. According to Amin (2005), ten percent of the targeted population is enough for any research study and therefore, these response return rates of 91% are good and thus, have helped increase the reliability of the study.

## Gender

**Table3.2: Gender**

	Frequency	Percent
Male	21	52.5%
Female	19	47.5%
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: primary data (2018)**

From table 3.2, majority of the respondents 21(52.5%) were male and 19(47.5%) were female. Majority of the respondents were males and this implies that ATAAS employs more males than female employee and this means that males are more qualified than females and they were willing to work with ATAAS.

## Age of the respondents

**Table3.3: Age group**

	Frequency	Percent
< 25 Years	5	12.5%
26 - 35 Years	26	65%
36 – 45 years	9	22.5%
> 45	0	0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: primary data (2018)**

From table 3.3 5(12.5%) were between the age brackets of 18-25 years, 26(65%) were between 26-35 years, 9(22.5%) were of 36-45 years. Majority of the respondents were above 26 year and

this implies that ATAAS employs mature people and at the same time young and energetic people who performs better since the majority were below 46 years.

### Marital Status

**Table3.4: Marital status**

	Frequency	Percent
Married	32	80%
Single	8	20%
Divorced Separated	0	0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: primary data (2018)**

From table3.4, 32(80%) were married, 8(20%) were single. Majority of the respondents were married and this implies that ATAAS employs people with responsibilities and thus they work better to protect their status quo.

### Highest Academic Qualification

Respondents were asked to state their highest academic qualification and the results are indicated in the table 3.5 below.

**Table3.5: Education Level attended**

	Frequency	Percent
Valid Diploma	8	20%
Degree	30	75%
Master	2	5
PhD	0	0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

According to table 3.5, 8(20%) were diploma holders, 30(75%) were degree holders, and 2(5%) were master holders. Majority of the respondents had attained the required education levels and this implies that respondents understood and interpreted the questions that were sent to them and thus gave reliable data.



### Duration of employment

Respondents were asked to state the time they have spent in ATAAS and their responses are presented in table 3.6.

**Table3.6: Duration of employment**

	Frequency	Percent
1 year	8	20
1 – 4 years	19	47.5
5 – 9 years	13	32.5
Above 10 yrs	0	0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

According to table 3.6, 8(20%) had worked in ATAAS for 1 years, 19(47.5%) 1-4 years, 13(32.5%) for 5-9 years. Majority of the respondents had worked at the Aviation for more than one year and this implies that ATAAS maintains experienced staff. In addition, these respondents had gathered enough information about the topic under study and thus they gave reliable data.

### Data Collection Methods

Data collection methods are integral part of research methodology. This study focused on survey methods to assess thoughts, opinions, and feelings of respondents about open tendering and its implications on performance of ATAAS. The methods adopted to collect data for this study included; questionnaires, interviewing and document reviews.

## **Questionnaire**

According to Robson (2003), a questionnaire is a research method consisting of a series of questions and other prompts for the purpose of gathering a lot of data from respondents in a short time. The researcher used questionnaires to collect data from respondents. This method was used to collect data from all valid respondents and it captured socio demographic characteristics of respondents, and their responses towards open tendering and performance.

## **Interview**

Structured interviews were used to collect data from key informants from MAAIF, ATAAS coordination offices and Clientele. Face to face interviews was conducted to enable the researcher establish what the respondents think about the open tendering and project performance.

## **Documentary Review**

Document review is a way of collecting data by reviewing existing documents. Documents were hard copy or electronic and they included reports, performance ratings, minutes of meetings and newsletters. Reviewing existing documents helped the researcher to understand the history, philosophy, and operation of the project.

## **Data Collection Instruments**

Data for this study was collected and analyzed using the following instruments.

### **Self-Administered Questionnaires**

A self-administered questionnaire consists of a set of questions for submission to a number of persons or respondents in order to gather specific data about a given phenomenon or subject. This technique helped to collect primary data through a number of questions, which are given to a cross section of respondents and it constituted of closed ended questions. The close ended

questions provided specific options for the respondent concerning open tendering and performance of Agricultural Technology and Agribusiness Advisory Services. This instrument, large number of respondents was covered in a short period of time, at relatively lower cost and the result of the questionnaires is easily quantified by the researcher and was designed on Likert scale.

### **Interview Guide**

According to Kathuri and Pal (1993) in interview information was obtained through inquiries and this was done after the researcher has made an appointment with respondents. The researcher used the assistants especially those who are well conversant with the local language and who are so influential in the area to arrange and conduct these interviews. At the end of the day, the researcher was obtained not only verbal but also nonverbal information.

### **Documentary Review Checklist**

The document checklist helped the research to collect data from various reports, Journals pertaining open tendering and Performance of ATAAS.

### **Validity and reliability of the instruments**

#### **Validity**

According to Gronross (2007), the validity of a measure refers to whether it actually measures what it claims to measure. Validity of instruments was ascertained by discussing the questionnaire draft with the supervisor. To ensure that, these questionnaires as data collection instruments were valid, they were pre-tested in ATAAS using a reasonable number of respondents (23) who had knowledge about Logistic management and Service delivery. The supervisor and other experts in the field were consulted about the content validity of instruments, ambiguity of question items and their relevancy. Omogor, (2000) states that validity is the

appropriateness of the instrument. Okeetch (2000) in support to Amin holds that validity of an instrument is the ability of the instrument to collect justifiable and truthful data; that is, measuring what it is developed to measure. The instruments were given to few respondents who rated the relevancy of each item and a content validity index (CVI) was computed using the following formula:

$$CVI = \frac{R}{R+N+IR}$$

Where

CVI = content validity index; R= Total number of items rated as relevantly N = Total number of items rated as Neutral; and IR= Total number of questions rated as irrelevant

So using the formula above, the researcher calculated the content validity index for the questionnaire as follows; the results of the CVI are shown in table 3.7.

**Table3.7: Showing the Content Validity Index of the study variables**

Variable	Number of items judged relevant (R)	Number of Neutral items (N)	Number of irrelevant Items (IR)	CVI
Pre-qualification	4	1	1	0.67
Bid invitation	4	-	2	0.67
Negotiation	6	1	-	0.86
<b>Average</b>				<b>0.733</b>

**Source: Primary data (2018)**

The computed CVIs were above the 0.5 or 50% threshold postulated by Okeetch (2000) and an average of 0.733 is also above 0.5 and this implies that the tools that were used in data collection

### **Reliability**

Reliability as the consistence of the measurement where by the results were not changed every time when testing is done in the same way with the same object. Therefore a measure will be considered reliable when a person's score on the same test is similar. On the reliability issue,

10% of the questionnaires were selected randomly and pre-tested to the few respondents in order to evaluate the data collected, and then any possible amendments was made. Cronbach's alpha coefficient was used to test for the reliability of the questionnaire using formula;

$$\alpha = \frac{k}{k-1} \left( 1 - \frac{\sum \sigma_k^2}{\sigma^2} \right)$$

**Where**

$\sum \sigma_k^2$  = the sum of the variances of the k parts (usually items) of the test.

$\sigma$  = standard deviation of the test (items in the instrument).

$\alpha$  = Cronbach's alpha coefficient.

**The results obtained were as follows;**

**Table3.8: Reliability analysis**

<b>Variable</b>	<b>Number of questions tested</b>	<b>Cronbach's alpha coefficient</b>
Pre-qualification	6	0.88
Bid invitation	5	0.74
Negotiation	7	0.85

**Sources: From primary data reliability test (2018)**

Table 3.8 shows the alpha values of 0.88 for pre-qualification, 0.74 for bid invitation and 0.85 for negotiation which were higher than 0.60 recommended for social research by Oketch (2000), thus suggesting that all the items used to measure each variable were consistent in measuring the reliability. Table 3.8 reveals that, all the variables have Alpha Values which are above 0.6 marks, and therefore all the variables in the instrument are deemed reliable.

## **Data Processing and Analysis**

This section presents the methods that were used to process and analyse data.

### **Data Processing**

According to Kathuri and Pal (1993), data processing is the collection and manipulation of items of data to produce meaningful information. For case of reporting and interpretation, the data obtained were checked, edited, coded and arranged into frequency tables and figures for validation before processing for the presentation of the findings. The questionnaire data was converted into numbers for each of value and the analysis that only accepts numerical data was used. Frequencies, percentages and correlation analysis were also used to determine the relationship between open tendering and performance of ATAAS.

### **Data analysis**

The data was analyzed using the descriptive statistics, with the aid of the statistical package of social science (SPSS) which besides being user friendly, was appropriate for handling standard deviation, inferential statistics like correlations which was used to measure the relationships.

### **Ethical considerations**

The nature of this research study indicates the existence of some potential ethical problems in the areas that was related to the confidentiality, disclosures, avoidance of false or deceptive statements, institutional approval, informed consent to research inducements for research participation and reporting of research results. All responsible precautions were taken regarding the collection of primary data and reporting of the results. In addition, the study focused on the limits of the confidentiality pursuant to an ethical code of conduct that made every attempt to keep private and confidential the identities of all the respondents. As a result, the researcher stated in all its instruments (questionnaire and interview guide) that all information that was

provided by the respondents was for research purposes only, and was treated with strict confidence. Clearance was sought from the university where a letter was provided from the Dean of School of Business Administration, and the ethical form (Appendix III), while consent of the respondents was also sought from them before administering to them the questionnaires and interview guide.

### **Limitations to the study**

#### *Secrecy*

The study area was perceived as sensitive by many respondents because it involved matters of secret information that could not be revealed. This was overcome by assuring the respondents of their anonymity and proving to them that the study is strictly for academic purposes.

#### *Non responsiveness*

Some respondents may return unanswered questionnaires while others may delay to return them which may make it hard to analyse data in time that is why a minimal sample size of 44 was selected.

### **Conclusion**

Having finalized with the study literature and methodology, there is a need to go to the field to conduct field research and analyze data for the final dissertation, to be presented in the subsequent chapters as per university's guidelines.

## CHAPTER FOUR

### PRE-QUALIFICATION ANDTIMELY IMPLEMENTATION Of ATAAS

#### Introduction

ATAAS as any other project, have an enormous task to provide adequate quality services as expected from its beneficiaries in a timely manner, therefore, this chapter presented the results about the contribution of pre-qualification on timely implementation at ATAAS. Many questions were administered to respondents regarding Pre-qualification and quality services and results are presented in the proceeding tables:

#### There is identification of procurement needs for advertisements

Open tendering is a purchasing procedure where prospective suppliers are invited to compete for the contract advertised in the press media, websites and notes boards. Respondents were asked to state whether there is identification of procurement needs for advertisements and the results are indicated in table 4.1.

**Table4.1: There is identification of procurement needs for advertisements**

	Frequency	Percent
Strongly Disagree	5	12.5
Disagree	1	2.5
Not Sure	2	5
Agree	10	25
Strongly Agree	22	55
<b>Total</b>	<b>40</b>	<b>100.0</b>

Source: Primary data (2018)



According to table 4.1, 27(55%) strongly agreed, 10(25%) agreed, 5(12.5%) disagreed and 2(5%) were not sure. Majority of the respondents agreed with the statement and this implies that there is identification of procurement needs for advertisements. This is supported by Lysons (2000) who argues that, information relating to procurement is always placed in the media and potential suppliers are encouraged to visit such media.

### **There is procurement planning in by all departments**

The respondents were asked to state there is procurement planning in by all departments in the ministry and the results are indicated in table 4.2.

**Table4.2: There is procurement planning in by all departments in the ministry.**

	Frequency	Percent
Strongly Disagree	1	2.5
Disagree	2	5
Not Sure	-	0
Agree	18	45
Strongly Agree	19	47.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: primary data (2018)**

The table 4.2 indicates that, majority of the total respondents 19(47.5%) Strongly Agreed, 18(45%) agreed, 2(5%) disagreed and 1(2.5%) strongly disagreed. Majority of the respondents agreed with the statement and this implies that there is use of domestic bidding.

*The study through interviews with respondents revealed that planning helps management to carry out procurement activities efficiently. The procurement office of ATAAS “told the researcher that, planning provides a systematic procedure of selecting the best suppliers for the cheapest price”.*

### **There is use of domestic bidding**

Respondents were asked to state whether there is use of domestic bidding. The results are indicated in table 4.3.

**Table4.3: There is use of domestic bidding**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	3	7.5
Disagree	7	17.5
Not Sure	4	10
Agree	13	32.5
Strongly Agree	13	32.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

According to table 4.3, majority of the respondents 13(32.5%) agreed, 13(32.5%), 7(17.5%) Disagree and 4(10%) were not sure. Majority of the respondents agreed with the statement and this implies there is use of domestic bidding. The study found out that, that the domestic suppliers provide better services which enhance good performance and this is because services are known and sometimes tested.

*The chairperson of the Tender board of ATAAS told the researcher that, “tendering is open to everybody, however, local tendering leads to good supplier, good prices, good quality, and quick delivery of goods” thus improving its performance.*

### **The qualified suppliers compete for contracts.**

The respondents were asked to state whether the qualified suppliers compete for contracts. The results are presented in table 4.4:

**Table4.4: The qualified suppliers compete for contracts.**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	1	2.5
Disagree	2	5
Not Sure	1	2.5
Agree	9	22.5
Strongly Agree	27	67.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From table 4.4, majority of the respondents, 27(37%) strongly agreed, 9(22.5%) agreed, 2(5%) disagreed and 1(2.5%) were not sure. Majority of the respondents agreed with the statement and this implies that the qualified suppliers compete for contracts. The study found out that, open tendering means open competition, meaning that qualified suppliers are all given equal chance and this gives maximum possible competition and hence timely implementation.

#### **Information on the tendering process is availed to the public for transparency**

The respondents were asked to state whether Information on the tendering process is availed to the public for transparency. The results are indicated in table 4.5:

**Table4.5: Information on the tendering process is availed to the public for transparency**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	-	0
Disagree	4	10
Not Sure	-	0
Agree	12	30
Strongly Agree	24	60
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From table 4.5, majority of the respondents 24(60%) strongly agreed, 12(10%) agreed and 4(10%) disagreed. Majority of the respondents agreed with the statement and this implies that information on the tendering process is availed to the public for transparency.

*The public relations’ officer of ATAAS told the researcher that, “all participation on equal terms for all providers through advertisement of the procurement and disposal opportunity”.*

**The tenders are advertised for bidders to take on**

The respondents were asked to state whether the tenders are advertised for bidders to take on and the results are indicated in table 4.6.

**Table4.6: The tenders are advertised for bidders to take on**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	1	2.5
Disagree	1	2.5
Not Sure	1	2.5
Agree	10	25
Strongly Agree	27	67.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: primary data (2018)**

According to table 4.6, majority of the respondents 27(67.5%) strongly agreed, 10(25%) agreed, 1(2.5%) disagreed and 1(2.5%) were not sure. Majority of the respondents agreed with the statement and this implies that the tenders are advertised for bidders to take on. The study found out that, advertising eases the identification of high performers and poor performers as well as the identification of strengths and development areas and this helps to determine where much effort is needed in terms of capacity building.

*The suppliers of ATAAS told the researcher that, bid notices are always displayed on the its website and notice board not later than the date of publication of the bid notice and remains on display until the closing date for submission of bid. They said that, the advertising period starts on the date the bid notice is first published in order to ensure fairness.*

### **Hypotheses Testing**

The study tested whether there is a significant relationship between pre-qualification and timely implementation. The reviewed literature on objective one suggested a positive relationship between Pre-qualification and timely implementation. In order to confirm the nature of relationship a correlation, regression, ANOVA and coefficients analyses were performed. The results are summarized in table 4.10 through 4.13:

**Table4.10: Correlation Analysis matrix**

		Pre-qualification	Timely Implementation
Pre-qualification	Pearson Correlation	1	.227*
	Sig. (2-tailed)		.026
	N	40	40
Timely Implementation	Pearson Correlation	.758*	1
	Sig. (2-tailed)	.026	
	N	40	40

\*. Correlation is significant at the  $p < 0.05$  level (2-tailed).

The correlation coefficient result revealed a positive significant relationship between Pre-qualification and timely implementation ( $r = 0.574^*$ ,  $p < 0.05$ ). This result supports the hypotheses

raised in line with objective one that there is a strong positive significant relationship between Pre-qualification and Timely Implementation.

### Regression Analysis

Regression analysis result was generated to establish the extent to which Pre-qualification ensures timely implementation at ATAAS. A linear regression analysis was performed on the two variables and the results are presented in the summary model below:

**Table4.11: Regression Analysis Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.758	.574	.632	.38888

**a. Predictors: (Constant), Timely Implementation**

Findings in the regression model summarized in table 4.11 indicate that Pre-qualification explained up to 63% of the variance at Timely Implementation. (Adjusted R Square= 0.632). This implies that Pre-qualification if effectively designed and implemented has the capacity to strongly influence Timely Implementation at ATAAS.

**Table4.12: ANOVA Test Result**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.328	5	2.109	23.466	.000b
	Residual	8.270	35	.090		
	Total	14.599	40			

a. Dependent Variable: Pre-qualification

b. Predictors: (Constant), Timely Implementation.

According to ANOVA test results in table 4.12, it was revealed that Pre-qualification is significant in enhancing timely implementation ( $F=23.466$ ,  $P=0.05$ ).

**Table 4.13: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.043	.983		2.078	.040
Pre-qualification	.628	.234	.335	3.259	.026

**a. Dependent Variable: Timely Implementation**

According to table 4.13, it is proved that Pre-qualification significantly influence timely implementation which is established as (Beta value=0.335,  $t=3.259$ ,  $P<0.05$ ). Pre-qualification is believed to cause positive change that improves the overall timely implementation at ATAAS.

Based on multiple linear regression model, the study sought to establish the effect of Pre-qualification on timely implementation. The following hypotheses were therefore tested:

H0: Pre-qualification does not affect Timely Implementation at ATAAS.

H1: Pre-qualification affects timely implementation at ATAAS.

The study found that Pre-qualification explained a significant proportion of variance in Timely Implementation,  $R^2 = .632$ ,  $F(23, 466) = 23.5$ ,  $p < 0.01$ .

## CHAPTER FIVE

### BID INVITATION ENSURES COST EFFECTIVENESS OF ATAAS

#### Introduction

Open tendering refers to a process of submission made by a prospective supplier in response to an invitation to make an offer for the supply of goods or services, according to Jessop and Morrison (1994) indicates that open tendering is a formal and competitive process initiated by the procurement function of an organization to put a contract or piece of work out to market. This chapter presents data regarding bid invitation and cost effectiveness at ATAAS. Many questions were put forward to respondents and the results are presented in the proceeding tables.

#### The procurement department at ATAAS prepares for the tendering process

Once specifications, terms of reference of scope of work have been completed, the user department, requisitions are made, reviewed and approved. Respondents were asked whether the procurement department in the ATAAS prepares for the tendering process. The results are indicated in table 5.1:

**Table 5.1: The procurement department in the ATAAS prepares for the tendering process**

	Frequency	Percent
Strongly Disagree	-	0
Disagree	7	17.5
Not Sure	5	12.5
Agree	14	35
Strongly Agree	14	35
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**



From table 5.1, majority of the respondents 14(35%) strongly agreed, 14(35%) agreed, 7(17.5%) disagreed and 5(12.5%) were not sure. Majority of the respondents agreed and this implies that the procurement department in the ATAAS prepares for the tendering process. The study found out that, the preparation and approval of requisitions leads to choice of the method of procurement depending on the items to be procured, the lead time and thresholds which reduces the costs of the whole process.

*The procurement officer of ATAAS told the researcher that, “once a need has identified and there is budget availability allocated for it the procurement unit develops the specifications/terms of reference or scope of works for supplies, works and services respectively”.*

### **Central government supports in preparing to tender**

Respondents were asked to state whether the procurement department of the central government supports ATAAS to prepare for the tendering process and the results are presented in tables 5.2:

**Table5.2: Central government supports in preparing to tender**

		<b>Frequency</b>	<b>Percent</b>
Valid	Strongly Disagree	3	7.5
	Disagree	9	22.5
	Not Sure	6	15
	Agree	12	30
	Strongly Agree	10	25
<b>Total</b>		<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From table 4.16, majority of the respondents 10(25%) strongly agreed, 12(30%) agreed, 3(7.5%) strongly disagree, 9(22.5%) disagreed and 6(15%) were not sure. Majority of the

respondents agreed and this implies the procurement department of the central government supports ATAAS to prepare for the tendering process.

*The procurement office Ministry of Agriculture told the researcher that, “ATAAS follows the PPDA Act guidelines which stipulates that, all procuring agencies should use open tendering for attainment of fair participation, fair competition and value for money”*

**There is letter of invitation and instructions to tender**

Respondents were asked to state whether there is letter of invitation and instructions to tender.

The results are indicated in table 5.3:

**Table5.3: There is letter of invitation and instructions to tender.**

		Frequency	Percent
Valid	Strongly Disagree	5	12.5
	Disagree	6	15
	Not Sure	2	5
	Agree	16	40
	Strongly Agree	11	27.5
<b>Total</b>		<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

According to table 5.3, 11(27.5%) strongly agreed, 16(40%) agreed, 6(15%) disagreed and 2(5%) were not sure. Majority of the respondents agreed and this implies that there is letter of invitation and instructions to tender.

*Findings from documentary reviews discovered that, ATAAS issues an invitation letter which specifies the documents that should be included in the bid submission and some include a valid social security clearance certificate, a valid tax clearance certificate, a valid company registration certificate, a valid certificate of financial classification from*

*the government Ministry of Works and Housing, a valid labour certificate, a bid summary page, a form of tender; a confidential contract report; an outline programme of works, current bank statement and any other information deemed relevant to the bidder (signed and stamped).*

*However, the discussion with respondents through interviews revealed that ATAAS does not issue specific invitation letters to individuals. This is because issuing specific is expensive compared to advertise through media.*

**There is pricing document or form of tender.**

The respondents were asked to state whether there is pricing document or form of tender and the results are indicated in table 5.4.

**Table5.4: There is pricing document or form of tender.**

		<b>Frequency</b>	<b>Percent</b>
Valid	Strongly Disagree	4	10
	Disagree	5	12.5
	Not Sure	3	7.5
	Agree	19	47.5
	Strongly Agree	9	22.5
<b>Total</b>		<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From table 5.4, majority of the respondents 9(22.5%) strongly agreed, 19(47.5%) agreed, 5(12.5%), 4(10%) strongly agreed and 3(7.5%) were not sure. Majority of the respondents agreed and this implies that there is pricing document or form of tender. The study discovered that, the tender documentation always issued to the contractors comprises a blank bill of

quantities, working drawings, and schedule of basic prices and preliminary items of work to enable them carry out cost analysis.

**There is tendering and procurement scheduling**

Respondents were asked to state whether there is tendering and procurement scheduling and the results are indicated in table 5.5:

**Table5.5: There is tendering and procurement scheduling**

		<b>Frequency</b>	<b>Percent</b>
Valid	Strongly Disagree	14	35
	Disagree	14	35
	Not Sure	-	0
	Agree	7	17.5
	Strongly Agree	5	12.5
	<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From table 5.5, majority of the respondents 12.5% strongly agreed, 7(17.5%) agreed, 14(35%) strongly disagree and 14(35%) disagreed. Majority of the respondents disagreed with the statement and this implies there is tendering and procurement scheduling.

**The department sets up contract conditions to contractors**

Respondents were asked to state whether the department sets up contract conditions to contractors and the results are indicated in table 5.6.

**Table 5.6: The department sets up contract conditions to contractors**

	<b>Frequency</b>	<b>Percent</b>
Valid Strongly Disagree	3	7.5
Disagree	9	22.5
Not Sure	6	15
Agree	12	30
Strongly Agree	10	25
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From table 5.6, majority of the respondents 10(25%) strongly agreed, 12(30%) agreed, 6(15%) were not sure and 10(25%) strongly agreed and 3(7.5%). Majority of the respondent agreed and this implies that the department sets up contract conditions to contractors.

The study through documentary reviews discovered that, the suppliers of ATAAS are issued the bill of quantities contained the instructions to bidders, sample form of bid security, form of tender, sample form of performance bank guarantee, sample form of bank guarantee to advance payment, articles of agreement, conditions of contract, and specifications.

### **Hypotheses testing**

The study tested whether there was significant relationship between Bid invitation and cost effectiveness of ATAAS. In order to establish the nature of relationship between Bid invitation and cost effectiveness of ATAAS, inferential statistical analyses were performed to establish the correlation, regression, ANOVA and Coefficients. The results are presented in the tables 5.8 through 11.

## Correlation Analysis

**Table 5.8 Correlation Analysis Matrix**

		Bid invitation	Cost effectiveness
<b>Bid invitation</b>	Pearson Correlation	1	0.280**
	Sig. (2-tailed)		.000
	N	40	40
<b>Cost effectiveness</b>	Pearson Correlation	0.280**	1
	Sig. (2-tailed)	.000	
	N	40	40

**\*\*.** Correlation is significant at the 0.01 level (2-tailed).

The correlation results in table 5.8 revealed a positive significant relationship between Bid invitation and cost effectiveness ( $r = 0.280$ ,  $p < 0.05$ ). The correlation of ( $r = 0.280$ ) is an indication that once bid invitations improved will automatically improve on the cost effectiveness.

## Regression Analysis

The regression analysis test was performed to establish the degree of bid invitation have on cost effectiveness at ATAAS. The findings are summarized in the model summary under table 5.9.

**Table 5.9 Regression Analysis Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.280	.078	.074	.53705

**a. Predictors: (Constant), Bid invitation**

The results in table 5.9 showed that Bid invitation contributes 7.4% to cost effectiveness (Adjusted R Square=0.074) and this means that, the remaining percentage is contributed by other

factors. This finding suggests that well designed and implemented Bid invitation have the capacity to improve cost effectiveness at ATAAS.

**Table5.10 ANOVA Test**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	5.603	6	5.603	19.427	.000b
Residual	66.049	34	.288		
Total	71.653	40			

**a. Dependent Variable: cost effectiveness**

**b. Predictors: (Constant), Bid invitation**

According to the ANOVA test results in the table 5.11, it was revealed that Bid invitation is significant in enhancing cost effectiveness (F=19.427, P<0.05). This implies that there is a significant relationship between Bid invitation and cost effectiveness at ATAAS.

**Table5.11 Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.112	.389		18.291	.000
Bid invitation	.430	.098	.280	4.408	.000

**a. Dependent Variable: Cost effectiveness**

According to table 5.11, it is confirmed that Bid invitation significantly influence Cost effectiveness which is established as (Beta value=0.280, t=4.408, P<0.05). Bid invitation is believed to cause positive change in reducing costs at ATAAS.

## CHAPTER SIX

### NEGOTIATION AND VALUE FOR MONEY AT ATAAS

#### **Introduction**

The objective three was set to establish the contribution of negotiation and value for money at ATAAS. To negotiate means “to confer with another so as to arrive at the settlement of some matter (Christopher, 2004).” In procurement, negotiation is indeed about arriving at settlements between buyers and sellers, taking the form of binding contracts. The VFM is seen as the main objective for every procurement activity in both private and public sectors hence the assumption in this research. In recent times, there has been intense debate about what actually constitute best value for money procurement. Such debate is being driven by the shift from hitherto focus on achievement of price reduction as the main factor for VFM procurement, to factors such as prompt delivery and quality. Thus, it can be argued that negotiations at the post tender stage for instance, should consider discussing factors such as the supplier’s responsiveness, flexibility, dependability, capability, lowest evaluated prices or competitive value, delivery on - time, reduced operating cost and quality. The fieldwork explores whether participants identify these same variables as constituting VFM.

#### **The procurement officers emphasize high degree of effectiveness.**

Respondents were asked to state whether the procurement officers emphasize high degree of effectiveness. The results are indicated in table 6.1:



**Table6.1: The procurement officers emphasize high degree of effectiveness.**

		<b>Frequency</b>	<b>Percent</b>
Valid	Strongly Disagree	-	0
	Disagree	4	10
	Not Sure	-	0
	Agree	12	30
	Strongly agree	24	60
	<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From table 6.1, 24(60%) strongly agreed, 12(30%) agreed, 4(10%) disagreed. Majority of the respondents agreed with the statement and this implies that the procurement officers in the procurement department emphasize high degree of buying effectiveness.

It was also confirmed from the fieldwork findings that the negotiation procedure is used mainly for the purpose of achieving value for money. VFM variables were identified in the exploratory framework for maximizing negotiation and also from the literature including flexibility, capabilities, reduced prices, and on-time delivery were confirmed.

*However, the procurement officer in the ministry of agriculture also suggests that ATAAS should focus on additional VFM variables such as green procurements and local business participation. A supplier suggested the following quotes: “We have in recent times been encouraged during negotiation to offer sub-contracting services as a way of improving accountability.*

### The procurement department emphasizes competition

Respondents were asked to state whether the procurement department emphasizes competition as one of the main objectives of procurement. The results are indicated in table 6.2:

**Table 6.2: The procurement department emphasizes competition**

	Frequency	Percent
Valid Strongly Disagree	5	12.5
Disagree	6	15
Not Sure	2	5
Agree	16	40
Strongly Agree	11	27.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

According to table 6.2, 11(27%) strongly agreed, 16(40%) agreed, 6(15%) disagreed and 2(5%) were not sure. Majority of the respondents agreed and this implies that the procurement department emphasizes competition as one of the main objectives of procurement. The findings from the field confirms that Value for money is achieved only when key success factors in negotiations such as cooperation, interdependence, communications are present. The findings from the fieldwork suggest that staff of ATAAS enjoy significant cooperation with their suppliers.

*One supplier said that, “Over the years “I have developed relationship with ATAAS officials and anytime we are in negotiations we cooperate with each other to achieve common goal of achieving value for money”.*

**The procurement department goes for the least cost supplier.**

Respondents were asked to state whether the procurement department goes for the least cost for accomplishing objectives and goals at accost commensurate with the risk efficiency and the results are presented in table 6.3.

**Table6.3: The procurement department goes for the least cost supplier**

	<b>Frequency</b>	<b>Percent</b>
Valid Strongly Disagree	7	17.5
Disagree	5	12.5
Not Sure	-	0
Agree	14	35
Strongly Agree	14	35
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From table 6.3, 14(35%) strongly agreed, 14(35%) agreed, 7(17.5%) strongly disagree and 5(12.5%) disagreed, majority of the respondents agreed and this implies that the procurement department goes for the least cost for accomplishing objectives and goals at accost commensurate with the risk efficiency.

**There is emphasis on value for money in procurement process**

Respondents were asked to state whether there is emphasis on value for money in procurement process that can be achieved by being efficient and effective and the results are indicated in table 6.4:

**Table 6.4: There is emphasis on value for money in procurement process**

	Frequency	Percent
Valid Strongly Disagree	3	7.5
Disagree	9	22.5
Not Sure	6	15
Agree	12	30
Strongly Agree	10	25
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From the table 6.4, 10(25%) strongly agreed, 12(30%) agreed, 6(15%) were not sure, 9(22.5%) disagreed and 3(7.5%) strongly disagreed. Majority of the respondents agreed and this implies that there is emphasis on value for money in procurement process that can be achieved by being efficient and effective.

*An interviewee from ATAAS suggested the following regarding value for money in procurement process; “As a staff, I enter into negotiation with the aim of getting a deal which offer the best outcome for my organization and I can only achieve this if I receive the support of my negotiating partner. At the same time the suppliers also depend on us for their business and therefore we both need each other”.*

It can thus be arguably concluded from the above that one can predict an outcome of a negotiation if there is a history of existing relationship between a staff and a supplier and this in turn helps to predict an eventual outcome of VFM contract award.

### **The procurement department develops budgets or proposals**

Respondents were asked to state whether the procurement department develops budgets or proposals the results are indicated in table 6.5.

**Table6.5: The procurement department develops budgets or proposals**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	-	-
Disagree	4	10
Not Sure	-	-
Agree	12	30
Strongly agree	24	60
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From table 6.5, majority of the respondents 24(60%) strongly agreed, 12(30%) agreed, 4(10%) disagreed. Majority of the respondents agreed and this implies the procurement department develops budgets or proposals.

#### **The preliminary evaluation for the tendering process**

Respondents were asked to state whether the preliminary evaluation for the tendering process and the results are indicated in table 6.6.

**Table6.6: The preliminary evaluation for the tendering process**

	<b>Frequency</b>	<b>Percent</b>
Valid Strongly Disagree	14	35
Disagree	12	30
Not Sure	2	5
Agree	6	15
Strongly Agree	4	10
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

According to table 6.6, majority of the respondents 4(10%) strongly agreed, 6(15%) agreed, 14(35%) strongly disagreed, 12(30%) disagreed and 2(5%) were not sure. Majority of the

respondents disagreed and this implies that there is preliminary evaluation for the tendering process. The study revealed that after payment of suppliers all the parties are expected to perform as per the contract terms. The contract committee together with the procurement department Unit monitors, and evaluates the contract after which a report on the contract in question is prepared. This is supported by Dobler (1996) who noted that, contract evaluation includes supplier performance evaluation. After a major supplier has been selected, it is important to monitor and assess the supplier's overall performance to enhance the relationship and thereby improving the value for money.

*Respondents told the researcher that, factors they consider include delivery schedule, delivery at quoted prices, delivery service, good packaging and high quality materials.*

**There is a definite criteria for awarding and monitoring of contracts**

Respondents were asked to state whether there is a definite criteria for awarding and monitoring of contracts and the results are indicated in table 6.7:

**Table6.7: There is a definite criteria for awarding and monitoring of contracts**

	Frequency	Percent
Strongly Disagree	-	0
Disagree	4	10
Not Sure	-	0
Agree	12	30
Strongly agree	24	60
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Source: Primary data (2018)**

From table 6.7, majority of the respondents 24(60%) strongly agreed, 12(30%) agreed, 4(10%) disagreed. Majority of the respondents agreed with the statement and this implies there is a definite criteria for awarding and monitoring of contracts. The study discovered that, after evaluation of bids, evaluation report is prepared by the evaluation committee and submitted to

the contracts committee for approval. When the contract committee finds the evaluation report satisfactory, the best evaluated bidder is awarded a contract, through the contract committee report.

**Hypotheses Testing**

The study tested whether there is a significant relationship between Negotiation and Value for money at ATAAS. In order to examine the nature of relationship between Negotiations and Value for money, correlation, regression, Anova and coefficients tests were performed. The results are summarized in tables 6.8 through 6.11.

**Table 6.8 Correlation Analysis Matrix**

		Negotiation	Value for money
Negotiation	Pearson Correlation	1	0.754**
	Sig. (2-tailed)		0.000
	N	40	40
Value for money	Pearson Correlation	0.754**	1
	Sig. (2-tailed)	0.000	
	N	40	40

**\*\*.** Correlation is significant at the 0.01 level (2-tailed).

The correlation results in table 6.8 revealed a positive significant relationship between Negotiation and Value for money ( $r = 0.754^{**}$ ,  $p < 0.05$ ). This implies that via negotiation and contract award, staff members of MAAIF have the capacity to improve service delivery at ATAAS. The study through interviews with respondents revealed that staff members are allowed to talk to each and discuss matters that may affect decision making. It should be noted that Negotiation is part of effective communication which is a tool for Value for money in any organization. Therefore, it can be suggested that utilizing Negotiation results into Value for money.

### Regression Analysis

Regression analysis was performed in order to establish the extent to which Negotiation explains the degree of variance in Value for money. The result obtained is presented in the model summary table 6.9:

**Table 6.9 Regression Analysis Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.754	0.568	0.563	0.47784

**a. Predictors: (Constant), Negotiations**

The regression analysis result in table 6.9 revealed that Negotiation contributes up to 56.3% towards Value for money in ATAAS (Adjusted R square= 0.563, SEE = 0.47784). This means the remaining percentage (43.7%) is contributed by other factors. It also implies that when Negotiation is utilized, Value for money will also be achieved.

### ANOVA Analysis

ANOVA analysis was performed to test the hypotheses that Negotiations significantly relate with Value for money. The results are summarized in table 6.10.

**Table 6.10: Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.499	3	28.499	124.812	0.000b
	Residual	21.691	37	0.228		
	Total	50.190	40			

**a. Dependent Variable: Value for money**

**b. Predictors: (Constant), Negotiation**



According to the ANOVA test results in the table 6.10, it is revealed that Negotiations significantly enhances Value for money ( $F=124.81$ ,  $P<0.05$ ). This implies that best practices towards Negotiations have the capacity of influencing Value for money in ATAAS.

**Table 6.11 Coefficient Test Result**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.190	0.287		0.663	0.509
Negotiations	0.838	0.075	0.754	11.172	0.000

**a. Dependent Variable: Value for money**

In table 6.11, the coefficient test result show that Negotiations significantly influences Value for money as reflected with beta value=0.754,  $t=0.663$ ,  $P<0.05$ ). This implies that the implementation of Negotiation will have a positive impact on the nature service delivery of ATAAS.

**Qualitative Results**

The study basing on the interviews found out that, ATAAS has followed the government’s PPDA guidelines where prospective suppliers are invited to compete for the contract advertised through MAAIF notes board and ATAAS websites and the lowest tender is always accepted, however the marketing personal of ATAAS told the researcher that:

“ATAAS usually state that they are not bound to accept the lowest price”.

**Pre-qualification contribute to timely implementation**

The findings from the documentary reviews revealed that, ATAAS uses two open tendering which include open domestic and open international tendering. It was discovered that,

open domestic tendering gives maximum possible competition and hence best value for money.

**Bid Invitation ensures Cost Effectiveness**

The procurement officer of ATAAS told the researcher that “open domestic is open to participate on equal terms for all provides through advertisement of the procurement and disposal opportunity, thus cost effective.

**Negotiation ensures Value for money**

Respondents also told the researcher that, open international tendering is used when open domestic bidding process is not expected obtain the maximum possible competition and best value for money. Therefore it is extended for Foreign Service providers for the reason of cost effectiveness.

## CHAPTER SEVEN

### TOWARDS HARMONIZING OPEN TENDERING AND PERFORMANCE OF ATAAS

#### **Introduction**

This chapter presents the harmonization of open tendering and performance of ATAAS. Open tendering has been treated as independent and Performance as a dependent variable. Open tendering has been considered as a purchasing procedure where prospective suppliers are invited to compete for the contract advertised by an organization.

#### **Pre-qualification contribute to timely implementation of ATAAS**

The study sought to establish how pre-qualification influences timely implementation of ATAAS. The study revealed that, pre-qualification ATAAS is carried out through display of tendering information in media and ATAAS notice board and potential tenders/suppliers are always encouraged to visit ATAAS is project website. Gordon, (1996), points out that tendering process objective may be broad and specific. A classic definition is the competitive and systematic procedure of selecting the best suppliers for the cheapest price. Also Charles&Martin, (2004), in their study on factors affecting tendering process found out those factors like pre-qualification is among the key factors that affect project implementation. Therefore, it is with this perception that the suppliers also should provide better services to enhance the performance of the tendering process by better displaying these services, having good prices, quality, and quick delivery. Most organizations are sensitive to quality than quantity and that is the reason as to why ATAAS should focus on the most competitive and reliable sources of supply with quality goods/services.

The study found out that, pre-qualification has been considered as an organization's call about its requirements from suppliers. Radin (2006) posits that pre-qualification is the conformance of what a supplier intends to deliver

Pre-qualification explained up to 63% of the variance at Timely Implementation. (Adjusted R Square= 0.632). This implies that Pre-qualification if effectively designed and implemented has the capacity to strongly influence Timely Implementation at ATAAS. It was proved that Pre-qualification significantly influence timely implementation which is established as (Beta value=0.335,  $t=3.259$ ,  $P<0.05$ ). Pre-qualification is believed to cause positive change that improves the overall timely implementation at ATAAS. The study findings also were corroborated by Arjanand Weele (2000) who states that pre-qualification was related with timely implementation in the case of service organizations. The study results for ANOVA indicated that pre-qualification was significantly related to timely implementation ATAAS. The results for multiple linear regression revealed that pre-qualification significantly predicted timely implementation and a unit improvement in pre-qualification led to 0.632 unit increase in timely implementation.

### **Bid invitation ensures cost effectiveness of ATAAS**

The study investigated the contribution of Bid invitation on cost effectiveness ATAAS. Findings indicated that, ATAAS issues an invitation letter which specifies the documents that should be included in the bid submission and some include a valid social security clearance certificate, a valid tax clearance certificate, a valid company registration certificate, a valid certificate of financial classification from the government, a valid labour certificate, a bid summary page, a form of tender; a confidential contract report; an outline programme of works, current bank statement and any other information deemed relevant to the bidder. However, it was also

revealed that, the achievement of cost effectiveness is dependent on the availability of key equipment, resources and technologies within the required timelines and quality. This is affected by the public tendering practices that ATAAS adopt in the tendering of given services or goods. This is in agreement with Barasa (2014) who argues that, cost effectiveness is attained through selecting suppliers at a lowest cost which are supplemented by budget adequacy and procurement planning.

Bid invitation is connected to the consistency of employee compensation and dependability (Grönroos, 1983). This dimension includes keeping promises, showing a sincere interest in compensating employees both financially and non-financially solving problem. It has been revealed that, cost effectiveness ATAAS involves giving right service as expected and achieving the targets set by the organization. The regression results indicated that, bid invitation contributes 74% to cost effectiveness (Adjusted R Square=0.74), bid invitation significantly influence cost effectiveness which is established as (Beta value=0.280,  $t=4.408$ ,  $P<0.05$ ) and bid invitation is believed to cause positive change in reducing costs at ATAAS

The study predicts that, the ability of MAAIF to attain its set goals and objectives is constrained by its reward systems. The study results also supported Fuller (2000) finding that bid invitation were positively and significantly related with cost effectiveness.

The study results for multiple linear regression showed that bid invitation significantly predicts cost effectiveness, (Beta value=0.280,  $t=4.408$ ,  $P<0.05$ ). This finding reveals that bid invitation have positive and significant effect cost effectiveness. In addition, it was discovered that, a unit improvement in Bid invitation would lead to 0.74 units increase in cost effectiveness ATAAS. The regression results of this study that Bid invitation had a positive relationship with cost effectiveness supported Gordon (1996) linear regression results which showed that the changes

in the bid invitation had significant changes in cost effectiveness such that when bid invitation reduces unnecessary spending.

### **Negotiation contributes to value for money of ATAAS**

The study sought to examine how Negotiation enhances on value for money ATAAS. The findings from the field confirms that Value for money is achieved only when key success factors in negotiations such as cooperation, interdependence, communications are present. The findings from the fieldwork suggest that staff of ATAAS enjoy significant cooperation with their suppliers. Negotiation builds accountability, since negotiation, identifies competent suppliers. The study discovered that, the tendering system in ATAAS encourages the award of work based on lowest price criteria. But, there is also the need to ensure that a contractor who supplies the lowest price in order to win (which isn't necessarily a bad idea) also understands and knows how to take acceptable care of especially all the technical requirements of a project.

This study results for ANOVA indicated that, Negotiation contribute up to 56.3% towards Value for money ATAAS (Adjusted R square= 0.563, SEE = 0.47784).

The main hypotheses that the current study set out to test was the relationship between open tendering and Performance of ATAAS. In order to establish this, correlation, regression, ANOVA and Coefficients analysis for the three objectives were performed on the collected data. The regression confidents of the three objectives represented by adjusted  $R^2$  and the average was considered in order to reach on the conclusion.

The adjusted R<sup>2</sup> for each objective is presented as below:

Pre-qualification and timely implementation	=	0.632
Bid invitation and cost effectiveness	=	0.740
Negotiation and value for money	=	0.563
The average	=	$\frac{0.632+0.740+0.563}{3}$
	=	0.645 or 65%

Since the average results are positive implies that, there is a positive significance relationship between open tendering and Performance of ATAAS. The average result of adjusted R<sup>2</sup> of 58% also means that a unit increase in open tendering leads to 65% increase on performance of ATAAS. However, other factors contribute 35%.

## **CHAPTER EIGHT**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **Introduction**

This chapter presents the summary, conclusion and recommendations about the findings of the study and is guided by the study objectives. The summary conclusion and recommendations are reflected as shown below.

#### **Summary of findings**

The summary of findings is presented in accordance with the study objectives. Purpose of the study was to determine the contribution of open tendering to the performance of ATAAS. The study was guided by the following research objectives: To investigate the influence of pre-qualification on timely implementation, to determine the contribution of bid invitation on cost effectiveness and to examine the contribution of Negotiation on value for money.

#### **Influence of pre-qualification on timely implementation**

In regards to the influence of pre-qualification on timely implementation, the findings revealed that there is identification of procurement needs for advertisements (basing on 80% agree rate), there is procurement planning in by all departments (basing on 72.5% agree rate), there is use of domestic bidding (basing on 63% agree rate), the qualified suppliers compete for contracts (basing on 59.5% agree rate) and the tenders are advertised for bidders to take on (basing on 82.5% agree rate).

#### **Bid invitation and cost effectiveness**

In regards to the influence of bid invitation on cost effectiveness, the findings discovered that the procurement department of ATAAS prepares for the tendering process (basing on 70% agree rate), the procurement department of the central government supports ATAAS to prepare for the



tendering process (basing on 50% agree rate), there is letter of invitation and instructions to tender (basing on 67.5% agree rate) and there is tendering and procurement scheduling(basing on 70 disagree rate), the department sets up contract conditions to contractors(basing on 55% agree rate). However, the study also discovered that, there is pricing document or form of tender (basing on 70% agree rate).

### **Contribution of Negotiation to value for money**

In regards to the influence of Negotiation to value for money , the findings indicated that, the procurement officers in the procurement department emphasize high degree of buying effectiveness(basing on 90% agree rate), the procurement department emphasizes competition as one of the main objectives of procurement (basing on 67% agree rate), the procurement department goes for the least cost for accomplishing objectives and goals at accost commensurate with the risk efficiency(basing on 70% agree rate), there is emphasis on value for money in procurement process that can be achieved by being efficient and effective(basing on 55% agree rate), the procurement department develops budgets or proposals(basing on 90% agree rate), the preliminary evaluation for the tendering process (basing on 65% agree rate) and there is a definite criteria for awarding and monitoring of contracts(basing on 90% agree rate).

### **Conclusions**

The following conclusions were deduced from the study findings

#### **Pre-qualification and timely implementation**

The study discovered that the findings revealed that there is identification of procurement needs for advertisements, there is procurement planning in by all departments and the qualified suppliers compete for contracts.

### **Influence of Bid invitation on performance**

The study revealed that the procurement department of ATAAS prepares for the tendering process, the department sets up contract conditions to contractors and the procurement department of the central government supports ATAAS to prepare for the tendering process

### **Influence of Negotiation on performance**

The study found out that, the procurement officers in the procurement department emphasize high degree of buying effectiveness, the procurement department emphasizes competition as one of the main objectives of procurement, the procurement department develops budgets or proposals and the procurement department goes for the least cost for accomplishing objectives and goals at accost commensurate with the risk efficiency.

### **Recommendations**

#### **Influence of pre-qualification on performance**

The study recommends that the pre-qualification should be optimized to improve the efficiency in the implementation. Advertisement through social media such as watsup and facebook should be encouraged not only organization Websites, Paper media and Notice boards. This will help to reach a large number of suppliers.

#### **Influence of Bid invitation on performance**

The study recommends that, the qualified contractors/renderers should be requested to submit their bids for the project comprising two different sealed envelopes; (1) a technical bid; and (2) a price bid. The technical bid would contain the contractor's understanding of the project requirements and his plan of utilizing resources to accomplish the works. The price bid would contain the contractor's consideration for doing the specified job. To select, the technical bid is opened first and evaluated against an established criteria.

### **Influence of Negotiation on Value for money**

The study recommends that there is the need to ensure that a contractor who supplies a highly optimistic (lowest) bid price in order to win clearly understands the full technical contents of the project and intend to be bound by the offer. An effective tendering mechanism should help to achieve reasonable prices at the start and value for money in the end. Therefore, an alternative tendering mechanism that combines both price and ability to perform the job at the stated price is proposed for ATAAS. The study also recommends the adoption of core competencies theory since it considers vital competences that can be used to improve performance of ATAAS.

### **Areas for further research**

The study suggests that further research can be conducted on:

- i. Effects of open tendering practices on organizational culture in ATAAS.
- ii. Tendering practices and Procurement effectiveness of ATAAS
- iii. Open tendering and organizational profitability in Uganda.

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## APPENDICES

### Appendix I. Self Administered Questionnaire

Dear Respondent, the researcher is conducting an academic study on the topic ‘Open Tendering and Performance of World Bank Funded Projects in Uganda. A case study of agricultural technology and agribusiness advisory services (ATAAS) as a partial requirement for the fulfillment of the award of the Degree of Masters of Business Administration of Nkumba University. Responses provided will be treated with utmost confidentiality and used for only academic purposes. I therefore kindly request you to spare some time and truly answer this questionnaire.

#### PART ONE

##### Please Tick Your Appropriate Option

1. Gender:

Male  Female

2. Age (Years):

18-25  26-35  36-45  Above 46

3. Marital Status

Single  Married  Divorced/Separated   
Others (Specify).....

4. Highest Academic Qualification:

Diploma  Degree  Masters  PhD   
Others (Specify).....

5. Duration of Employment:

Below 1 Year  1-4 Years  5-9 Years  Above 10 Years

**PART TWO: Pre-qualification contribute to timely implementation**

Agree or disagree with this statement about Contribution of pre-qualification to timely implementation. Use numbers in the table to answer the following statements for example strongly agree represents 1 in the table. Strongly Disagree 5, Disagree 4, Not Sure 3, Agree 2 and strongly agree 1.

**Table 1: Pre-qualification contribute to timely implementation**

S/N	Statements	1	2	3	4	5
1.	There is identification of procurement needs for advertisements					
2.	There is procurement planning in by all departments in the ministry					
3.	There is use of domestic bidding					
4.	The qualified suppliers compete for contracts					
5.	Information on the tendering process is availed to the public for transparency					
6.	The tenders are advertised for bidders to take on					

**PART THREE: Bid Invitation ensures Cost Effectiveness**

Agree or disagree with this statement about bid invitation and cost effectiveness. Use numbers in the table to answer the following statements for example strongly agree represents 1 in the table. Strongly Disagree 5, Disagree 4, Not Sure 3, Agree 2 and strongly agree 1

**Table 2: Bid Invitation ensures Cost Effectiveness**

S/N	Statement	1	2	3	4	5
1.	The procurement department in the ATAAS prepares for the tendering process					
2.	The procurement department of the central government supports ATAAS to prepare for the tendering process					
3.	There is letter of invitation and instructions to tender					
4.	There is pricing document or form of tender					
5.	There is tendering and procurement scheduling					
6.	The department sets up contract conditions to contractors					

**PART FOUR: Negotiation ensures Value for money**

**Table 3. Negotiation ensures Value for money**

S/N	Statement	1	2	3	4	5
1	The procurement officers in the procurement department emphasize high degree of buying effectiveness					
2	The procurement department emphasizes competition as one of the main objectives of procurement					
3	The procurement department goes for the least cost for accomplishing objectives and goals at accost commensurate with the risk efficiency					
4	There is emphasis on value for money in procurement process that can be achieved by being efficient and effective					
5	The procurement department develops budgets or proposals					
6	There are preliminary evaluation for the tendering process					
7	There is a definite criteria for awarding and monitoring of contracts					

## **Appendix II: Interview guide**

- i. How does pre-qualification contribute to timely implementation of ATAAS?
- ii. How does bid invitation ensure cost effectiveness of ATAAS?
- iii. How does Negotiation to Value for money of ATAAS?
- iv. How can ATAAS use open tendering to achieve?:
  - a. Timely implementation
  - b. Cost effectiveness
  - c. Value for money
  - d. Accountability

### **Appendix III: Ethics Form**

Nkumba University  
School of Business Administration  
ETHICS RESEARCH APPROVAL FORM

Student's Registration Number/ Index Number: 2016/AUG/MBA/ WKD/ M220632

**Student's Name** : Denis Mulongo Maholo

**Supervisor's Name** : Dr. Richard Mwirumubi (Ph.D)

**Date Ethics Form submitted:** .....May 2018.....

**Proposed Starting / Ending Date of the Project:** June 2018.....

**Research Topic:** Open Tendering and Performance of World Bank Funded Projects in Uganda.  
A case study of Agricultural Technology and Agribusiness Advisory Services Project (ATAAS).

**Purpose of the Research:** The purpose of the study is to find out the contribution of open tendering to the performance of ATAAS with the view of achieving timely implementation, cost effectiveness, value for money and accountability.

**Objectives:**

- i. To establish pre-qualification contribute to timely implementation of ATAAS.
- ii. To find out how bid invitation ensures cost effectiveness of ATAAS.
- iii. To establish how Negotiation ensure Value for money of ATAAS.

### **Brief Description of the Methods, Procedures and Strategies to be used:**

#### **a) Methods**

- i. Interviews
- ii. Questionnaires

#### **b) Procedures**

- i. Key informants were identified
- ii. Inform the respondents in advance about the time, venue and date of the interview
- iii. Distribute the questionnaires to identified informants
- iv. To inform those involved in activities and tasks to be observed
- v. To inform the staff and Administrators about the research to allow access of relevant information from different stakeholders.

#### **c) Strategies**

- i. To select a representative sample of respondents, observes and interviewees involved in the study.
- ii. To use the methods noted above, namely: interviews, questionnaires, documentary review and observation.

**Benefits of the Research:** This research is important and its findings shall be beneficial to the following stake holders:

- i. ATAAS
- ii. Academicians
- iii. Government:

### **Certification by the Student and Supervisor**

#### **Student**

I certify that, I behaved in a professional manner and adhered to the high ethical standards and abide by the regulations, terms and conditions set by your organization while carrying out my research activities connected with external stakeholders (individuals, groups, organizations and others) and Nkumba University.

**Student's Signature**..... **Date**.....

**Supervisor**

I urged our student (researcher) to behave in a professional manner and adhere to the high ethical standards and abide by the regulations, terms and conditions set by our and your organization while carrying out his research activities.

**Supervisor's Signature** ..... **Date:**.....



#### Appendix IV: BUDGET

<b>Activity</b>	<b>Cost (Ush)</b>
Research fee	800,000/=
Air time	100,000/=
Secretarial services	150,000/=
Stationary (papers)	200,000/=
Meals	200,000/=
Miscellaneous	60,000/=
<b>Total</b>	<b>1,510,000/=</b>

*Source: Researcher (2017-2018)*

### Appendix V: Research Timetable

<b>Activity</b>	<b>Period</b>
Proposal writing	Jan – April 2018
Designing the questionnaire	April 2018
Fieldwork and data collection	May 2018
Data analysis	June 2018
Final submission of dissertation	July 2018

*Source: Researcher (2017-2018)*