
**EXAMINING THE IMPACT OF CONTRACTOR SELECTION ON SERVICE
DELIVERY IN THE PUBLIC SECTOR, A CASE STUDY OF
KAWOLO HOSPITAL, LUGAZI MUNICIPALITY**

Ssempijja Samuel¹, Dr Ariyo Gracious Kazaara², Kamugisha Nelson³, Asiimwe Isaac Kazaara⁴

1 Metropolitan International University, 2 Lecturer Metropolitan International University, 3
Lecturer Metropolitan International University, 4 Lecturer Metropolitan International University

ABSTRACT: The main objective of the study was to examine the relationship between contract management and service delivery in the public sector in Uganda taking Kawolo Hospital as a case study. The study was guided by three research objectives which were to establish the relationship between; contract administration and service delivery, delivery management and service delivery and relationship management and service delivery.

Questionnaires and interviews were used to collect data from a sample of 134 respondents of which ninety (90) returned their well filled questionnaires giving a response rate of 67.2%. The findings revealed that all the relationships were positive and significant, except relationship between contract administration and service delivery. The results shows that there was no significant relationship between contract administration and service delivery ($r=0.158$, $p<0.136$), there was a significant relationship between delivery management and service delivery ($r=0.532$, $p<0.000$); while relationship between relationship management and service delivery was also significant ($r=0.354$, $p<0.001$). However, none of the variables were highly inter-related. The researcher concludes that delivery management is more significant in contract management than the blend of relationship management and contract administration accounting for 28.3% variation in service delivery in Uganda Public sector.

Key words: contractor selection, service delivery and public sector

Background to the Study

Worldwide, there are no clear documentations of contractor selection. The most recent year for which statistics are readily available is 2001 when US federal government reported 11,410,869 contract actions spending over \$ 234 billion, (Costello & Tonner, 2002). By 2009, the US Federal government public procurements spend had increased from \$ 394 in 2005 to \$ 555 in 2009, showing an increase of 40.9% during the 5 years period (National Contractor selection Association, 2015) an amount that increased during the Clinton and George W. Bush Administrations, (Racca & Gordon, 2012). The authors found that EU Directives do not meaningfully tackle integrity issues nor do they set up a common EU audit system, nor does the new Procurement Directive take the opportunity to fully address the problem through specific rules regarding integrity in EU procurement, although it was admitted that Member States are not fully equipped to tackle (such issues) on their own, as revealed by (Racca & Gordon, 2012).

On the other hand, Queensland Audit Office, (2013) reveals that Queensland government departments spend about \$10.9 billion annually with non-government suppliers. In 2012, Queensland Audit Office conducted a preliminary survey across government departments to determine the extent of goods and services contracts. The survey found that more than 50, 000 contracts were rolled over through extension and renewals; of which 40 per cent of the contracts rolled over (worth \$423 million) had no provision for extension, (Queensland Audit Office, 2013). The report also shows that ineffective governance of contracts caused contract value leakage of 17 to 40 per cent.

Statement of the Problem

Contractor selection is fundamental to ensure that public entities achieve value for money and realize the project intended benefits. The essential contractor selection activities included

monitoring supplier performance throughout the life of the contract, efficient contractor selection and timely planning for contract expiry. Oluka, (2012) emphasizes that; the importance of contractor selection in public procurement cannot be understated if governments are to achieve their objectives of delivering services effectively and efficiently.

Although there are well documented procedures on contractor selection in Uganda as stipulated in Public Procurement and Disposal of Public Assets Regulation 2006 (amended); Lugazi municipality is still losing billions of shillings as a result of poor contractor selection which has cause bottleneck in the service delivery. The Public Procurement and Disposal of Public Assets Report 2013 and Auditor General Performance Report 2014 reveals that contract implementation and management is the major challenge of the entity.

Specific Objectives

The specific objectives to the study were:

1. To establish the relationship between contractor selection and service delivery in Kawolo Hospital, Lugazi Municipality.
2. To find out the relationship between delivery management and service delivery in Kawolo Hospital, Lugazi Municipality.
3. To examine the relationship between management and service delivery in Kawolo Hospital, Lugazi Municipality.

Hypothesis of the study

Ho: There is no relationship between contractor selection and service delivery in Kawolo Hospital, Lugazi Municipality

Ha: There is a relationship between contractor selection and service delivery in Kawolo Hospital, Lugazi Municipality

Ho: There is no relationship between delivery management and service delivery in Kawolo Hospital, Lugazi Municipality

Ha: There is a relationship between delivery management and service delivery in Kawolo Hospital, Lugazi Municipality

Ho: There is no relationship management and service delivery in Kawolo Hospital, Lugazi Municipality.

Ha: There is a relationship management and service delivery in Kawolo Hospital, Lugazi Municipality.

Research Questions

1. What is the relationship between contractor selection and service delivery in Kawolo Hospital, Lugazi Municipality?
2. What is the relationship between delivery management and service delivery in Kawolo Hospital, Lugazi Municipality?
3. What is the relationship between relationship management and service delivery in Kawolo Hospital, Lugazi Municipality?

Methodology

Research Design

The case study and correlation research designs were used because most of the studies were conducted on contractor selection used descriptive survey design, exploratory designs and cross-sectional survey design; meaning there was no in-depth investigation of the study variables. The two designs were deemed fit for the study based on the fact that the designs provide a systematic description that is as factual and as accurate as possible, (Amin, 2005).

Study Population

The study was carried out in Kawolo Hospital, Lugazi Municipality. The population under study was 144 consisting of the medical superintendent, principle nursing officer, human resource officer, hospital administrator, heads of departments, patients and workers. These respondents were involved in the study because of their mandatory role, experience, and knowledge on contractor selection and service delivery. Hence, this population enabled the researcher to obtain the necessary data for the study.

Sample Size and Selection

The study used a sample of 134 respondents drawn from a population of 144 using the Krejcie &

Category	Population Size	Sample Size	Sampling Strategy
Medical superintendent	01	01	Purposive
Assistant Medical superintendent	01	01	Purposive
Principal Nursing officer	01	01	Simple Random Sampling
Assistant Principal Nursing officer	01	01	Purposive
Hospital Administrator	02	02	Purposive
Human Resource Officer	02	02	Simple Random Sampling
Heads of departments	15	15	Simple Random Sampling
Patients	50	44	Simple Random Sampling
Nursing staff	30	18	Simple Random Sampling
Medical staff	15	13	Simple Random Sampling
Contractors	20	19	Simple Random Sampling
Civil society representatives	06	06	Simple Random Sampling
TOTAL	144	134	

Morgan (1970) sampling determination framework. The distribution as per categories is shown in Table 1

Table 1: Sample Size and Selection of the Population Size

Source: Adopted from Krejcie & Morgan (1970) Advanced by Amin, (2005) and modified by the Researcher

Sampling Techniques

Both probability and non-probability sampling techniques were adopted in selecting the sample.

Probability Sampling

Probability sampling is a quantitative sampling technique which gives every member an equal chance of being selected. Probability sampling minimizes bias and every member stands an equal chance of being selected. The study used simple random sampling method. Simple random sampling method was used to sample the 110 respondents.

Non-Probability Sampling

This study also adopted purposive sampling method for selection of 24 key informants (medical superintendent, principal nursing officer, hospital administrator, and heads of departments). These respondents were specifically hand-picked for this study because of their position, level of education, experience and have technical knowledge on the subject under investigations.

Data Collection Methods

The researcher used both primary and secondary types of data. Mugenda & Mugenda, (1999) opined that it is possible to use more than one method of collecting data, depending on the objectives of the research. Thus, the researcher backed the secondary data with primary data obtained through self-administered questionnaires and interviews with secondary data obtained from contractor selection records.

Questionnaire Survey

A questionnaire was used because it allows in-depth research, to gain firsthand information and more experience over a short period of time. The researcher selected questionnaire survey because it is practical and large amounts of information can be collected from a large number of people in a short period of time.

Interview

The researcher conducted personal interviews with 08 Key informants (Medical superintendent, 06 Heads of User Department and 01 PDU Staff) against the planned 13 key informants due to limited time while 15 beneficiary members and 05 contractors were also interviewed for qualitative data. This was to probe for more information, get clarification and for capturing facial expression of the interviewees, (Amin, 2005).

Data Analysis Techniques

The collected data was analyzed using both quantitative and qualitative data analysis techniques of as explained below:

Quantitative Data Analysis

Data was sorted using descriptive statistics in Statistical Package for Social Scientists (SPSS) Ver.20 so as to identify the missing variable(s), outliers and normality of data prior to the multivariate analysis of the questionnaire data. After running the descriptive statistics in SPSS, the output was printed for thorough review and the missing values and wrongly entered labels was traced from the original questionnaires and was filled. The descriptive statistics included; frequency tables, mean, and standard deviation.

Qualitative Data Analysis

The researcher kept records obtained from field interviews which were recorded in the researchers note book and transcribed so as to get clear meaning from the qualitative data. The

researcher then made thematic analysis and content analysis. Content analysis involved coding the data and later processing it. This is because the two approaches complement each other since the theme emerges from the researcher and the description summaries from the responses.

RESULTS

Response Rate

The respondents were drawn from Hospital staff, patients and CSO representatives. Out of the population of 144, the researcher sampled 134 for the study; a total of ninety (90) respondents returned their filled questionnaires giving a response rate of 67.2%. As a result researcher considered the returned instruments good for analysis since they were far above 50% as indicated in Table 1. Mugenda & Mugenda, (2003) urged that, 50% return rate was adequate for analysis, 60% good and 70% very good.

Respondents Gender

The gender of the respondents was extracted from the research questionnaires as indicated in

Table 1: Respondents Gender

Gender		Frequency	Percent
Valid	Male	70	77.8
	Female	20	22.2
	Total	90	100.0

Source: Derived from Primary Data Analysis of Instrument

Out of the 90 respondents, 77.8% (70) were male while female were only 22.2% (20). The result shows that male dominate the workforce in the Hospital top and middle level management as well as the business industry as evidenced with the procurement records which shows no single construction firm is headed by female director except in service sector where there were three firms headed by female. This trend of gender distribution in public entities is now normal in Uganda because of weak enforcement of affirmative action at national and Hospital level.

Age of Respondents**Table 2: Age of Respondents**

Age in Years		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 26	4	4.4	4.5	4.5
	26-35	42	46.7	47.2	51.7
	36-45	25	27.8	28.1	79.8
	46-55	15	16.7	16.9	96.6
	Above 55	3	3.3	3.4	100.0
	Total	89	98.9	100.0	
Missing	System	1	1.1		

Total	90	100.0		
--------------	-----------	--------------	--	--

Source: Derived from Primary Data Analysis of Instrument

In terms of age, 42 (46.7%) of the respondents were in the age category of 26-35 years, 25 (27.8%) were between 36-45 years, while 18 (20.0%) were above 45 years of age, 4 (4.4%) were below 26 years and 1(1.1%) respondent did not disclose the age variable as shown on Table 3

Marital Status**Table 3: Marital Status**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	71	78.9	78.9	78.9
	Single	17	18.9	18.9	97.8
	Divorced	1	1.1	1.1	98.9
	Widow	1	1.1	1.1	100.0
	Total	90	100.0	100.0	

Source: Derived from Primary Data Analysis of Instrument

The study revealed that 71 (78.9%) of the respondents were married, 17(18.9%) were single while divorced and widow respondents were 2 (2.2%). Since service delivery affects all categories of the population, knowing the marital status of the respondents was very important since each category has interest in a particular procurement for instance the married couples especially female had more interest in health sector related procurement like the wards, maternity facilities, drugs, beds, placenta pits, washrooms while their male counterparts were interested in roads, schools while the single especially the youth were more interested at procurement of services for their social events during their celebration days.

Education Level**Table 4: Education Level (Human Capital)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary Level	5	5.6	5.6	5.6
	O-Level Certificate	12	13.3	13.3	18.9
	A-Level Certificate	10	11.1	11.1	30.0
	Diploma	22	24.4	24.4	54.4
	Bachelors' Degree	26	28.9	28.9	83.3

	Masters' Degree	15	16.7	16.7	100.0
	Total	90	100.0	100.0	

Source: Derived from Primary Data Analysis of Instrument

The study reveals that 41 (45.6%) respondents had at least Bachelors' degrees, 22 (24.4%) had Diplomas, 12 (13.3%) had "O"-Level, while 10 (11.1%) had "A"-Level certificate, and 5 (5.6%) had primary level qualification. This implies that the researchers used highly educated respondents which understood the questionnaires and have greater knowledge in contract management and service delivery; and it's one of the reasons the researcher was able to generate high response because they understand the value of research.

Respondents Experience

Table 5: Respondents Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 5 years	48	53.3	53.9	53.9
	5-9 years	31	34.4	34.8	88.8
	10-14 years	7	7.8	7.9	96.6
	15 years & above	3	3.3	3.4	100.0
	Total	89	98.9	100.0	
Missing	System	1	1.1		
Total		90	100.0		

Source: Derived from Primary Data Analysis of Instrument

The study revealed varying respondents experience in procurement activities (contract management and service delivery); 48 (53.3%) had less than 5 years, 31 (34.40%) had between 5-9 years, while 10 (11.1%) had 10 years and above working experience in the procurement function while 1 (1.1%) did not disclose his experience in the instrument. Since procurement is still in its development stage in Uganda; with Kawolo Hospital having at least 45.5%

METROPOLITAN JOURNAL OF BUSINESS & ECONOMICS (MJBE)

ISSN 1813-422X (Print)

ISSN 1813-4238 (Online)

Vol. 2 Issue 1, April - 2023, Pages: 1-20

stakeholders with over 5 and above years' experience in the hospital related activities including contract management is a good indicator that stakeholders know what to do in contract management.

Relationship between Contract Administration and Service Delivery

In order to determine the direction and strength of the relationship between contract administration and service delivery in Kawolo Hospital, the researcher used SPSS Ver. 20 to test the relationship using Pearson Correlation coefficient as shown in Table 4.8.

Table 6: Correlation between Contract Administration and Service Delivery

		Contract Administration	Service Delivery
Contract Administration	Pearson Correlation	1	.158**
	Sig. (2-tailed)		.136
	N	90	90
Service Delivery	Pearson Correlation	.158**	1
	Sig. (2-tailed)	.136	
	N	90	90

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

Ho: There is no relationship between contractor selection and service delivery in Kawolo Hospital, Lugazi Municipality

Ha: There is a relationship between contractor selection and service delivery in Kawolo Hospital, Lugazi Municipality.

The correlation analysis shows weak positive insignificant relationship between contract administration and service delivery ($r = 0.158^{**}$, $p = 0.136$). The significance value ($p = 0.136$) was more than the critical p value of 0.01 hence the null hypothesis was rejected since the research results show no significant positive relationship between contract administration and service delivery. This implies that contract administration and service delivery (variables) are

independent, which makes it possible to have all combinations of low/ high levels of contract administration and service delivery in Kawolo Hospital.

Regression Analysis on Contract Administration and Service Delivery

Since correlation analysis reveals weak positive insignificant relationship between contract administration and service delivery in Kawolo Hospital, the research found it worth to conduct regression analysis so as to determine the magnitude of effect contract administration has on service delivery. The Model summary and Analysis of Variance (ANOVA) results are presented in below.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.158 ^a	.025	.014	1.15921	.025	2.260	1	88	.136**	1.464

Ho: There is no relationship between contractor selection and service delivery in Kawolo Hospital, Lugazi Municipality

Ha: There is a relationship between contractor selection and service delivery in Kawolo Hospital, Lugazi Municipality.

Keeping other factors constant, a one percent increase in contract selection/administration would on average lead to 0.158 increase in service delivery. This is statistically insignificant at 95% confidence interval since the P-value (0.136) is greater than 0.05 and therefore we fail to reject the null hypothesis and conclude that there is no relationship between contractor administration and service delivery

The regression analysis shows correlation coefficient of determination (R^2) to be 0.025 and adjusted R^2 of 0.14. This implies that contract administration explains only 2.5% of variation in service delivery in Kawolo Hospital while the remaining 97.5% variations are caused by other factors such as corruption, influence peddling, low levels of productivity, and poor capacity of local contractors as revealed by respondents. Since the Durbin-Watson statistic of 1.461 is close to 2, it implies that the assumption of independent error is tenable.

Relationship between Delivery Management and Service Delivery in Kawolo Hospital

In order to determine the direction and strength of relationship between delivery management and service delivery in Kawolo Hospital, the researcher used Pearson Correlation coefficient and the result is presented in Table 11.

Table 8: Correlations between Delivery Management and Service Delivery in Kawolo Hospital

		Service Delivery	Delivery Management
Service Delivery	Pearson Correlation	1	.532**
	Sig. (2-tailed)		.000
	N	90	90
Delivery Management	Pearson Correlation	.532**	1
	Sig. (2-tailed)	.000	
	N	90	90

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

Ho: There is no relationship between delivery management and service delivery in Kawolo Hospital, Lugazi Municipality

Ha: There is a relationship between delivery management and service delivery in Kawolo Hospital, Lugazi Municipality

From the correlation analysis it was revealed that there is a significant positive relationship between delivery management and service delivery. This is evidenced by the obtained Pearson correlation coefficient (r) of 0.532 with a significance p -value of 0.000. The result also indicates a strong positive relationship between the variables.

Relationship between delivery management and service delivery**Table 9: Regression Analysis (Coefficient)**

Model 2		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
2	(Constant)	1.111	.351		3.160	.002	.412	1.809
	Delivery Management	.540	.092	.532	5.897	.000	.358	.721

a. Dependent Variable: Service Delivery

Ho: There is no relationship management and service delivery in Kawolo Hospital, Lugazi Municipality.

Ha: There is a relationship management and service delivery in Kawolo Hospital, Lugazi Municipality.

Keeping other factors constant, a one percent increase in Delivery management would on average lead to 0.540 increase in service delivery. This is statistically significant at 95% confidence interval since the P-value (0.00) is less than 0.05 and therefore we reject the null

hypothesis and conclude that there is a relationship between delivery management and service delivery

Relationship between Relationship Management and Service Delivery**Table 10: Correlations between Relationship Management and Service Delivery**

		Service Delivery	Relationship Management
Service Delivery	Pearson Correlation	1	.354*
	Sig. (2-tailed)		.001
	N	90	90
Relationship Management	Pearson Correlation	.354*	1
	Sig. (2-tailed)	.001	
	N	90	90

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

Ho: There is no relationship management and service delivery in Kawolo Hospital, Lugazi Municipality.

Ha: There is a relationship management and service delivery in Kawolo Hospital, Lugazi Municipality.

From the correlation analysis relationship management and service delivery to have significant positive relationship ($r=0.354$, $p<0.01$) supporting hypothesis 3 which state that “there is a significant positive relationship between relationship management and service delivery”. The result also indicates positive relationship between the variables.

Conclusions

The study found that there was no significant positive relationship between contract administration and service delivery which implies that contract administration and service delivery (variables) are independent. Although there is no significant relationship between the

variables, the activities of contract administration (monitoring performance of the contractor in terms of quality standards and delivery time while considering value for money, effecting acceptance and payment, initiating amendments and intervention whenever there is dispute among others) are so important in relationship management and delivery management for the outcome of procurement in Uganda Public entities especially Kawolo Hospital.

Recommendations

The low-level involvement in early identification and resolution of poor performance by contractor is due to having no standard procedure for contracts management. The researcher therefore recommends that the user department and Administrative develop and share the key performance indicators of the contract by all stakeholders and interpret so as to ease monitoring and early identification of deviation other than sharing only agreement with the end user. This will bring common understanding of contract than individual using their own knowledge, ability

References

- Agaba, E. & Shipman, N., (2007). Public Procurement Reforms in Developing Countries: The Ugandan Experience. In G. Piga & K.V. Thai (Eds), *Advancing Public Procurement: Practices, Innovation and Knowledge Sharing*. Boca Raton, FL: PR Academics Press.
- Ahimbisibwe, A., Muhwezi, M., & Eyaa, S., (2012). Supplier Opportunism, Contract Management and Service Delivery in Public Procuring and Disposing Entities (PDEs') in Uganda. *Journal of Public Procurement and Contract Management*, 1(1) pp. 64-84.
- Alinaitwe, H. M. (2007). An assessment of clients' performance in having efficient building process in Uganda. *Journal of Civil Engineering and Management*. 14 (2), pp. 73-78
- Aluonzi, G., Oluka, P.N., & Nduhura, A., (2016). Contract management and performance of road maintenance projects: The case of Arua Municipal. *Universal Journal of Management*, 4(10), pp. 550-558.

METROPOLITAN JOURNAL OF BUSINESS & ECONOMICS (MJBE)

ISSN 1813-422X (Print)

ISSN 1813-4238 (Online)

Vol. 2 Issue 1, April - 2023, Pages: 1-20

Amin, E. M., (2005). *Social Science Research Conception, Methodology and Analysis*, Kampala: Makerere University Printery.

Arrow smith, S., & Trybus, M., (2003). *Public Procurement: The Continuing Revolution*, KluwerInternational

Basheka, B.C. & Kabatereine, D., (2013). Public Procurement Reforms in Uganda. A Historical Trajectory. *Journal of Public Procurement and Contract Management*, 2(1) pp 27-41.

Basheka, B.C. (2009). Procurement planning and local governance in Uganda: a factor analysis approach. *Int. J. Procurement Management*, 2(2), pp.191–209.

Creswell, J. W. (2003). *Research design: qualitative, quantitative, and mixed method approaches*. 2nd ed., USA: SAGE publication Ltd.

Davison, B., & Sebastian, R. J. (2009) the relationship between contract administration problems and contract type. *Journal of Public Procurement*

Davison, B., & Wright, E. (2004) Contractor selection (CA). Washington D.C.: *National Institute of Government Purchasing*.

Dimitri, N., (2012). *Best Value for Money in Procurement*. Maastricht School of Management. Working Paper No. 2012/02.

Eisenhardt, K. M. (1989). “Agency Theory: An Assessment and Review.” *Academy of Management Review*, 14 (1), pp. 57-74.

Elsay, R. D (2007). *Contract management guide*. The Chartered Institute of Purchasing & Supply.

Friedman, M., (1970). *The social responsibility of business is to increase its profit*. The New York Times Magazine, Sept. 13, 1970. Available at: <http://umich.edu/thecore/doc>

Gordon, I.D. & Racca, M.G., (2012). Integrity challenges in the EU and U.S. Procurement systems. *IUS Publicum Network Review*. www.ius.publicum.com

Heimer, C.A & Staffen, L.R. (1998). *For the Sake of the Children: The Social Organization of Responsibility in the Hospital and the Home*. Chicago: Univ. Chicago Press