

**THE EFFECTS OF LEGAL SYSTEM ON PROCUREMENT PRACTICES IN
THE ORGANISATIONS, A CASE STUDY OF UGANDA BAATI LTD**

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**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND
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DECLARATION

I **ODANG NICHOLAS** do hereby declare that this research report is entirely attributed to my personal efforts and has never been presented before to any University or higher institution of learning for an award.

Signed:.......... Date: *27-04-2019*.....

ODANG NICHOLAS

APPROVAL

I certify that this research report, has been produced under my supervision and it is now ready for submission to University with my approval.

Signed:.....*Mulimira*..... Date:.....*30/04/2019*.....

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(SUPERVISOR)

DEDICATION

I dedicate this piece of work to my Uncle, Mum and my dear young brothers, sisters and universal friends who have stood by me during my education.

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I am grateful to the following people for their contributions, support and assistance in having this book completed.

First and foremost I would love to give thanks to almighty God for His divine protection, direction, knowledge, wisdom and understanding He has always accorded to me.

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LIST OF ABBREVIATION

£	- Pound
EU	- European Union
GATT	- General Agreement on Tariffs and Trade
GDP	- Gross Domestic Product
OECD	- Organisation for Economic Co-operation and Development
PP	- Public Procurement
PPPFA	- Preferential Procurement Policy Framework Act
SCM	- Supply Chain Management
UK	- United Kingdom
UNCITRAL	- Nations Commission on International Law
VFM	- Value For Money

ABSTRACT

This study was on the effects of Legal System on procurement practices in the Local Government, with a case study of Uganda Baati Ltd. The objectives of the study were to determine the legal systems of procurement practiced at Uganda Baati Ltd; ascertain the extent to which Uganda Baati Ltd has complied with the Legal Procurement systems of Uganda; and establish the challenges faced by compliance with the Public Procurement systems in Uganda Baati Ltd.

An extensive review of the literature highlighted the pertinent impact of legal systems on procurement practices.

In order to achieve the objectives, data was got from both primary and secondary sources. Primary data was collected using questionnaires that were administered to a sample size of 48 respondents who included the staff of Uganda Baati Ltd. Secondary data was gathered from publications and websites. Data was analysed and presented both in tables and graphical forms.

The findings of the study revealed that, Uganda Baati Ltd had and applied Public Procurement Legal frameworks although awareness needed to be created among the non-procurement staff; limited monitoring and auditing procurement processes. Uganda Baati Ltd endeavoured to comply with PP regulations by advertising bids to the public, opening of bids in public, allowing all departments to submit their needs, and involving all departments in the procurement committee; although limited efforts were witnessed. At Uganda Baati Ltd, suppliers were not given equal opportunities in the bidding process; some of the contracts committee members showed sign of favouring other bidders in the procurement or bidding process; and procurement terms agreed upon were not maintained by all members of the procurement committee. Several challenges were anticipated but Uganda Baati Ltd did not experience challenges such as; bias with the local contractors or suppliers, purchasing at the wrong place; inadequate and unknowledgeable procurement personnel; and lack of a procurement technology. However, challenges were witnessed in the limited involvement of the user departments in the procurement process; doing procurements at the wrong time and at a wrong cost; political interference; corruption tendencies; and insufficient funding.

Recommendation were made and some areas for further research put forward included; the impact of government interference on procurement efficiency; and assessing how procurement legal reforms can impact on government service delivery.

.CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter is about the background of the study, statement of the problem, purpose of the study, research questions, scope of the study and significance.

1.2 Background to the study

Public procurement has its origins in the fiduciary obligation of government administration to deliver goods and infrastructure, for example roads and harbours and services, for example health care and education to the population of a country or a specific geographic region, city or town (Odhiambo,2003). Public works and services if such acquisition is effected with resources from state budgets, local authority budgets, state foundation funds, domestic loans or foreign loans guaranteed by the state, foreign aid and revenue received from the economic activity of state procurement refers to the government activity of purchasing the goods and services needed to perform its functions (Arrowsmith, 2010).

According to Odhiambo and Kamau (2003), public procurement is broadly defined as the purchasing, hiring or obtaining by any contractual means, goods, construction works and services by the public sector. It involves the purchase of commodities and contracting of construction.

According to Hommen and Rolfs tam (2009), public procurement is the acquisition (through buying or purchasing) of goods and services by government or public organizations. Arrow smith (2010) contends that the concept of public procurement can be referred to as procurement planning, contract placement and contract administration.

Public procurement is also defined as the processes where by public sector organizations acquire goods, services and works from third parties. It includes much that supports the work of government and ranges from Routine items (e.g. stationery, temporary office staff, furniture or printed forms), to complex spend Areas (e.g. construction, Private Finance Initiative projects, aircraft carriers or support to major change initiatives).It also includes a growing spend where the private and third sectors provide key services directly to citizens in areas such as welfare-to-work, further education, social care and health (Bolton, 2006). Such services may also be provided by the public sector directly, and in some cases even this public provision can be

handled through procurement mechanisms. A public body may bid for government work against private sector firms through a formal competitive process (Anderson, 2001).

Public procurement is concerned with how public sector organizations spend taxpayers' money on goods and services (Hall, 2009). Globally, in many developed nations, government organizations across the world tend to spend between 8 per cent and 25 per cent of GDP on goods and services (Organization for Economic Co-operation and Development, 2006); in the UK, public procurement expenditure is approximately £150 billion (Department of Environment, Food, and Rural Affairs, 2007). In Africa, public procurement procedures are poorly executed and this negatively affects realization of increased economic development in the region. In Nigeria for instance, high level of corruption and bureaucratic procedures in the government are some of the key challenges responsible for lack of development of road network infrastructure in the northern parts of the country (Edward, 2009).

1.3 Statement of the problem

Public procurement varies between 5% and 8% of the gross domestic product (GDP) in most industrialized countries (OECD, 2007). In the Middle East and Africa, central government purchases range from 9% to 13% (Gul, 2010). This indicates that public procurement plays a vital role in a country (Odhiambo, 2003). Public procurement has important economic and political implications, and ensuring that the process is economical and efficient is crucial. This requires in part that the whole procurement process should be well understood by the actors: government, the procuring entities and the business community/suppliers and other stakeholders, including professional associations, academic entities and the general public (Odhiambo, 2003).

In developing countries like Uganda, the public procurement sector is often the largest domestic market. The government has the obligation of providing goods, works and services to meet a variety of citizen needs. The necessity for public procurement law and also clearly defined legal system on procurement practices within local government, unlike the private sector, public procurement is a business within a national and political system, whose pillars of strengths (Alchian, 1972). The legal system influence is not well followed although it should be followed. It is against this background that the researcher investigated the effects of legal system on procurement practices in organizations.

1.4 General objective of the study

The purpose of the study was to establish the role of the legal systems on procurement practices in organizations.

1.5 Specific Objectives

- i. To determine the legal systems of procurement practiced at Uganda Baati Ltd.
- ii. To ascertain the extent to which Uganda Baati Ltd has complied with the Legal Procurement systems of Uganda.
- iii. To establish the challenges faced by compliance with the Public Procurement systems in Uganda Baati Ltd.

1.6 Research questions

- i. What is the legal system of procurement practiced at Uganda Baati Ltd?
- ii. To what extent has Uganda Baati Ltd complied with the Legal Procurement systems of Uganda
- iii. What are the challenges faced by compliance with Public Procurement systems?

1.7 Scope of the study

1.7.1 Content Scope

The study focused on the effects of legal system on procurement practices in the local government, with a case study of Uganda Baati Ltd.

1.7.2 Geographical Scope

The study was conducted at Uganda Baati Ltd located on Plot 14/28 Mulwana Road Industrial Area. The study focused on the effects of legal system on procurement practices in organizations, a case study of Uganda Baati Ltd. The researcher used a sample of 90 respondents who included 5 procurement officers, 5 internal auditors, 5 accountants, 20 employees of Uganda Baati Ltd (10 men and 10 women). The researcher will use both qualitative and quantitative approaches.

1.7.3 Time scope

The study was related to the period between 2016 and 2018. The study was carried out in the period of two months.

1.8 Significance of the study

To government, the findings will provide useful insights on the relevance of the effects of legal system on procurement practices in the local government. The government may also find the recommendations of this study useful in designing policies that can help in growth of the procurement practices.

The study was anticipated to contribute to the existing academic literature on the effects of legal system on procurement practices in the local government. The literature can be used by academicians as a point of reference in their future academic endeavours.

In addition, the study was intended to contribute to future research development. The study identified research gaps in the existing literature and suggested areas for further research.

The study also helped the researcher to fulfill the university requirement in order to attain his degree in procurement and logistics.

1.8 Definition of Key terms

Public procurement has its origins in the fiduciary obligation of government administration to deliver goods and infrastructure, for example roads and harbors and services, for example health care and education to the population of a country or a specific geographic region, city or town

A **legal framework** encompasses the laws, regulations and policies that are put in place to govern an organization or an activity. The public procurement legal framework clearly covers the whole scope of public procurement (PP), all stages of the procurement process, methods of procurement, ethics and transparency

Public entities might choose to implement ineffective compliance systems if legal violations may be profitable in cases where the legal system under-enforces, either because penalties are set too low or because detection is imperfect or ineffective

Public procurement is broadly defined as the purchasing, hiring or obtaining by any contractual means, goods, construction works and services by the public sector

Public procurement operates in an environment of increasingly intense scrutiny driven by technology, programme reviews, and public and political expectations for service improvements

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter gave an account of what has been published on the effect of Legal Systems on Procurement practices in Uganda by accredited scholars and researchers. The literature sources included national reports, text books, press articles and online sources. The chapter is sectioned according to the objectives.

2.3 Legal System of Procurement practiced at Uganda Baati Ltd

The Model Law on Procurement of Goods, Construction and Services, negotiated within the United Nations Commission on International Law (UNCITRAL), provides a template for the design and development of public procurement regulations based upon best practices in government procurement. Initially designed to provide guidelines to developing countries, the Model Law has inspired the procurement legislation of various Central and Eastern Europe countries and has lately showed increasing influence on Asian and African states. The Model Law's main objectives are to create standardized approaches to public procurement and to help states to achieve domestic procurement objectives, including value for money, efficiency, and probity, among others.

The term "government procurement" generally refers to government purchases of goods and services for the government's own use. Such goods and services range from office equipment, transport vehicles, and cleaning and transport services to advanced technology goods such as weapons systems. The terms "public procurement" and "government contract or public contract," as used by other government, describe the same activity. The United Nations Commission on International Trade Law (UNCITRAL) defines government procurement as "the acquisition of goods, construction and services by a procuring entity." Article III.8 of the GATT defines it as "procurement by governmental agencies of products purchased for governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale."

A legal framework encompasses the laws, regulations and policies that are put in place to govern an organization or an activity. The public procurement legal framework clearly covers the whole scope of public procurement (PP), all stages of the procurement process, methods of

procurement, ethics and transparency (Thai, 2009). Robert (2003), states that a good PP legal framework is based on the principles of openness and transparency, fair competition, impartiality, and integrity.

According to American Bar Association (2000), a sound PP system needs to have good procurement laws and regulations. In practice and theory, PP laws and rules have been considered as one of the most important pillars of a sound procurement system (Thai, 2009). Procurement laws and rules lead to procurement efficiency or inefficiency depending on the type of government and environment within which the system is operated. In a country where no government democracy exists, the procurement system cannot be transparent and integral (OECD, 2006).

Enforcement is viewed as any actions taken by regulators to ensure compliance (Zubcic & Sims, 2011). There are mixed opinions regarding the effect of enforcement on compliance. Sparrow (2000), argues that enforcement may make violators more sophisticated in how to prevent, and conceal detection by the authorities. However, Imperato (2005) agrees that enforcement improves compliance. According to Zubcic and Sims (2011), enforcement action and increased penalties lead to greater levels of compliance with laws. Corruption among government procurement officials in developing countries has been linked to a weak enforcement of the rule of law (Raymond, 2008). In countries with complaint and review mechanisms, bidders are allowed to verify whether the procurement processes conform to the prescribed procedures. The possibility of review is also a strong incentive for procurement officials to abide by the rules (Hui et al., 2011).

Public entities might choose to implement ineffective compliance systems if legal violations may be profitable in cases where the legal system under-enforces, either because penalties are set too low or because detection is imperfect or ineffective. Gunningham and Kagan, (2005) argue that the threat of legal sanctions is essential to regulatory compliance and that enforcement action has a cumulative effect on the consciousness of regulated organizations, and it reminds Public Entities and individuals that violators will be punished and to check their own compliance programs.

2.2 Extent to which Uganda Baati Ltd complies with the Legal Public Procurement Systems in Uganda.

Public procurement is increasingly recognized as a profession that plays a key role in the successful management of public resources, and several countries have become increasingly aware of the significance of procurement as an area vulnerable to mismanagement and corruption and have thus made an effort to integrate procurement into a more strategic view of government efforts. As part of the efforts to adopt a long term and strategic view of their procurement needs and management, most countries have resorted to using their annual procurement plans as a possible problem solver (Mahmood, 2010).

Besides the fiduciary obligation to deliver goods and services to the constituents of the particular government administration, public procurement addresses a wide range of objectives (Uyarra, 2009). It has been used by governments to achieve socio-economic objectives such as stimulating economic activity; protecting national industries from foreign competition; improving the competitiveness of certain industrial sectors; and remedying national disparities (Bolton, 2006). The objectives of public procurement are achieved through various means, and legal and regulatory rules on conducting public procurement (Arrowsmith, 2010).

Effective public procurement is essential for good public services and good government. The public sector in the UK spends well over £150 billion a year on the goods and services necessary to deliver public services (Coase, 2007). Government must apply the highest professional standards when it spends this money on behalf of taxpayers, to ensure it gets a good deal and to provide appropriate and necessary goods and services to the quality required to meet user needs. The procurement process spans a life cycle from identification of the need, through the selection of suppliers, to post-contract award management, including disposal (Bolton, 2006).

There is a duty on procurers in central government to apply the key principles of public procurement. These require the delivery of value for money (VFM), appropriate quality and service to meet business needs, and appropriate governance (i.e. adherence to HM Treasury rules concerning the use of public money in procurement) as described in *Managing Public Money* (Alchian, 1972). Public sector procurement is governed by the UK regulations that implement the EU procurement directives. These apply to the majority of procurements with a total value over a specified threshold. Procurements which are below threshold are not covered by the UK regulations, but are still subject to EU Treaty principles. This is described in more detail in the *Policy and Standards Framework*. Contracting authorities need to deploy strong personal and

organisational commercial leadership, and, in most cases, procurement activities need to be led by professionally trained staff (Anderson, 2001).

2.3 Challenges of compliance to the Public Procurement Systems in Uganda Baati Ltd.

Public procurement operates in an environment of increasingly intense scrutiny driven by technology, programmed reviews, and public and political expectations for service improvements (Bolton, 2006). Prior to 1994, public procurement is geared towards large and established contractors. It is difficult for new contractors to participate in government procurement procedures. However, public procurement has been granted constitutional status and is recognized as a means of addressing past discriminatory policies and practices (Bolton, 2006). Reforms in public procurement are initiated to promote the principles of good governance, and the National Treasury usually introduces a preference system to address socioeconomic objectives.

Public procurement has been utilized as an important tool for achieving economic, social and other objectives (Arrow smith and Trbus, 2008; Shaw, 2010). There is therefore, a need to comply with a myriad of legislations and guidelines and this presents a challenge. For instance, in its report to the United States Congress, the Commission on Government Procurement states that “The magnitude of the Government’s outlays for procurement and grants creates opportunities for implementing selected national policies” (Federal Acquisition Institute, 1999: 1.8). Also, The World Bank specifies the following four major concerns or objectives of public procurement for projects funded by its loans: ensuring that the loan is used to buy only those goods and services needed for the project; ensuring fair competition for all qualified bidders from the World Bank’s eligible countries; promoting transparency or integrity; and encouraging development of indigenous contractors and manufacturers by allowing local buyers to build in a margin of preference for local contractors and manufacturers (Maurer, 2004).

User units, departments and units within Local Governments are positioned as major stakeholders in the provision of inputs for the preparation of the annual procurement plans. Within the Ridge Hospital, these departmental or unit heads are in the better position to describe and give specifications of the right types of inputs and logistics required for the preparation of the procurement plan. It is therefore necessary for the management to seek their inputs into the preparation of the procurement plan. User units, departments within Uganda Baati Ltd become the stakeholders involved in the procurement process. These stakeholders are groups or

individuals who are directly involved in the project and/or are affected by it (Bourne, 2005). They might also include top management, operational staff, suppliers, business partners and clients as end-users. Their inputs in the procurement planning are vital in delivery of better services.

Supply Chain Management (SCM) is guided by a number of related policies and regulations (National Treasury, 2005) as cited by Intaher (2012). Compliance with these policies and regulations is a problem. As indicated by Matthee (2006) as cited by Intaher (2012), some of the practices relating to non-compliance with the rules and procedures relate to the tendency not to utilize a competitive process for both quotations and bids, and incorrect utilization of the preference points system. Van Zyl (2006) also asserts that there is a lack of appropriate bid committees; use of unqualified suppliers, passing over of bids for incorrect reasons; utilization of the incorrect procurement process in respect of the thresholds; extensions of validity periods; and incorrect utilization of the limited bidding process. Furthermore, Ambe and Badenhorst-Weiss (2011b) noted that there are inadequate controls and procedures for the handling of bids; appointment of bid committee members not aligned to policy requirements; and insufficient motivation for deviations from Supply Chain Management procedures.

Political interference with the procurement process is also a big challenge to the implementation process and public procurement reforms. A good number of politicians think that they have the right to intervene in the procurement procedures thereby leading to a capricious procurement decisions (World Bank, 2004b).

Finally, facing the challenges above and others, including rapid developments in technology (which have led to new procurement methods), public procurement cannot be surplus, and the irrational use of limited resources are to be discarded for the provision of value for money.

Maskin, (2004) asserts that a uniform implementation approach to procurement is required. The deficiencies and fragmentations in governance, interpretation and implementation of the United Preferential Procurement Policy Framework Act (PPPFA) Act No 5 of 2000, resulted in the introduction of supply chain management (SCM) in the public sector as a policy tool (National Treasury, 2005: 8). In 2003, a SCM document entitled “Supply Chain Management”: A guide for accounting officers/authorities“ was developed to guide the adoption of the integrated SCM function and its related managerial responsibilities. This was government’s attempt to achieve the desired strategic policy outcomes through public procurement (McCrudden, 2004).

Government and private sector procurement suffers from fraud and similar issues; not often, but it does happen. Suppliers have been known to operate cartels (to restrict competition or drive up prices), and some suppliers and staff have, on occasion, committed fraud. That may include; falsifying invoices; business awarded unfairly in return for bribes or suppliers inflating prices in collusion with staff and/or competitors.

2.4 Conceptual framework

INDEPEENDENT VARIABLE DEPENDENT VARIABLE

The above conceptual framework shows both independent variables as legal system as well dependent variable as procurement practices. The socio-economic background factors they do determine the procurement practices as well they influence the legal system thus determining the output as Better performance of procurement practices in the local government

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section presents the methodology used by the researcher to carry out the study. It describes the research design, the area of study, sample selection and size, data collection methods, data processing and analysis methods, research procedures and limitations of the study.

3.1 Research design

The research study used both descriptive and cross sectional research design. Both qualitative and quantitative methods of data collection were employed in order to collect enough data. The study answered the questions related to the effects of legal system on procurement practices in the local government.

3.2 Area of study

The study was conducted at Uganda Baati Ltd - Kampala district. Uganda Baati Ltd Plot 14/28 Mulwana Road Industrial Area

3.3 Study population and Sample size

The research study basically focused on 50 respondents. The sample size selected for the study included 5 Accountants, 5 auditors, 10 members of the procurement committee, 15 other staff members and 15 local leaders in Uganda Baati Ltd. The study was a cross sectional study of people concerned with the effects of legal system on procurement practices in the local government, and those who have or do not have knowledge about the effects of legal system on procurement practices in the local government.

In order to ensure good representation and validity of the findings, simple random selection and purposive sampling was used. Simple random selection was used for selecting from respondents.

Table 1: Showing the sampling frame.

Category of respondents	Population size	Sample size
Accountants	5	5
Auditors	5	5
Members of the procurement committee	10	10
Local leaders	15	14
Other staff members	15	14
Total	50	48

3.4 Sources of data

The research study used both primary and secondary data. Primary data was obtained from interviews, questionnaires, and observations whereas Secondary data was gotten from the Auditor General's reports, bank statements, budgets and work plans for the division.

3.5 Data collection methods

3.5.1 Questionnaires

Questionnaires were designed to capture the relevant information required, respondents were requested to select from a range of possible answers and were administered by a researcher who helped respondents for clarity.

3.5.2 Interviews

These were conducted to 5 Accountants, 5 auditors, 4 procurement officers, and local leaders. This helped in getting more information from the respondents. The face to face interview helped to analyze and understand more on how the respondents express themselves when discussing issues on the effects of legal system on procurement practices in the local government.

3.5.3 Documentary Review

A secondary source of information was also among the methods that were used. The records looked at were for Uganda Baati Ltd .

3.5.4 Observations

The observation method was also used in relation to the division procurement activity. This helped the researcher to assess the effects of legal system on procurement practices in the local government.

3.6 Reliability and validity of the instruments

Simple possible answers to any given view point was presented to ease the respondents understanding of the situation. Where the respondents were not clear, a researcher helped to explain the situation expressed in the question. This gave opportunities to the respondents to give precise response in relation to the possible alternative given. Interview schedules and all other data collection instruments were pre-tested in a pilot study and dully standardized before the full scale study was embarked on. The collected data was edited and cleaned before the data entry was done by use of different data collection methods in order to minimize bias by any other method.

3.7 Measurement of results

Using the likert scale, the collected data for each respondent was scored to get the total tendency towards the given view point expressed. A measure of central tendency was used to show the degree of relationship between the given variables.

3.8 Data presentation and analysis

The qualitative data was analyzed using content analysis, which was include analysis of the content by means of systematic predetermined categories based on them, values and purpose answers was cross checked in the questionnaires with successive interviews to ensure authenticity codes assigned to different categories identified in the collected data so as to manipulate it and bring order for the research report.

Quantitative data was analyzed using the computer packages, Statistical Package of Social Scientists (SPSS) which ran descriptive statistics.

A frequency distribution was constructed to show how frequently something occurs and the characteristics of central tendency. The extent of variation was determined by calculating the measures of dispersion such as means, percentages and Pearson coefficient analysis.

3.8.1 Editing

At the initial stages of processing collected data the questionnaires were edited to ensure that the answers provided were satisfactory. The questionnaires were first tested before administering them to ensure that errors are detected and eliminated for completeness, accuracy and consistence with the purpose of the study.

3.8.2 Coding

Data collected was given codes and put in suitable tables that enabled qualification of results with ease. The aim here was to classify answers that were provided into meaningful categories to reduce the answer detail.

3.9 Limitations of the study

The following limitations were faced while carrying out the research exercise:-

- i) Financial resource constraints because of being a student and not having enough finance to effectively carryout the study. This was solved by soliciting for funds from friends and relatives as well as personal savings.
- ii) Time constraint due to other relatively demanding issues such as reading the final exam. This was addressed by trying to utilize effectively every little time available.
- iii) Slow response and non- response from some of the respondents since some of the respondents claimed to be busy and others not available at all.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter shows the outcomes of the study as they were presented, analysed and interpreted. Primary data is represented in this chapter. Data was collected from the primary sources using the questionnaires and was presented and analysed herein according to the Research objectives and questions in chapter 1 as seen below.

4.1 Response Rate

The study looked at the response rate in ascertaining the percentage of respondents who participated in the study.

Table 2: Response rate

Questionnaire category	Sample size	Response rates	%age of response rate
Accountants	5	5	100%
Auditors	5	5	100%
Members of the procurement committee	10	10	100%
Local leaders	14	14	100%
Other staff members	14	14	100%
Total	48	48	100%

Source: Primary data 2019

The table above shows the response rate of respondents that participated in the study. In the study, 100% participation was realised. This gave the total response rate of 100%, that is to say all the expected respondents were involved in the study.

4.2 Background information

The background information entailed the respondents'; gender, age range, level of education, and the period dealing with Uganda Baati Ltd.

Figure 1: Showing the Gender of the respondents.

Source: Primary data 2019

Figure 1 above revealed that, there were more Female (61%) respondents than Male respondents of 39% involved in the study. It implied that, there were more females working and dealing with Uganda Baati Ltd.

Figure 2: Showing the age range of the respondents

Source: Primary data 2019

The findings in Figure 2 above state that, most of the respondents (50%) were in the age bracket of between 31-45 years, followed by those between 46-55 years (28%) and below 30 years were 13%. The least percentage of the respondents (9%) was above 55 years.

This meant that most of the respondents used in the study were in mature and active age groups.

Figure 3: Showing the education levels of the respondents

Source: Primary data 2019

The education levels of respondents revealed that majority (44%) of respondents had degrees, followed by 31% of the respondents who had attained Diplomas and 11% with Certificates. The findings also indicated that 8% of the respondents had Masters, 4% had secondary level education and 2% had Primary level education. However, none of the respondents had PhD and were uneducated. This implied that most of the respondents were literate and highly educated.

Figure 4: Showing the Experience of working or dealing with Uganda Baati Ltd.

Source: Primary data 2019

The biggest percentage of respondents had dealt or worked with Uganda Baati Ltd for more than 6 years. This is because the findings as seen from figure 4 above revealed that 35.7% of the respondents had worked for above 10 years and equally 35.7% had worked for 6 to 10 years. The

few respondents had worked for below 3 years and 3 to 5 years were each 14.3% of the respondents.

4.3 Legal systems of procurement practiced in Uganda Baati Ltd.

This section looked at legal systems of procurement practiced in Uganda Baati Ltd as seen below:

Table 3: Showing Legal Systems of Procurement Practiced in Uganda Baati Ltd

Parameters	Agree	Not sure	Disagree
In Uganda Baati Ltd there is a copy of the Public Procurement Act, 2005.	40 (83.3%)	2 (4.2%)	6 (12.5%)
In Uganda Baati Ltd, there is a copy of Public Procurement guidelines/regulations 2006.	41 (85.4%)	1 (2.1%)	6 (12.5%)
All officials from Uganda Baati Ltd are trained and sensitized on the public procurement Act 2005 and regulation 2006.	15 (31.3%)	13 (27.1%)	20 (41.7%)
There is effective monitoring and auditing of procurement activities by oversight bodies	14 (29.2%)	20 (41.7%)	14 (29.2%)
Uganda Baati Ltd has clear and standardized tender documents containing complete information.	31 (64.6%)	7 (14.6%)	10 (20.8%)
Uganda Baati Ltd has a well-constituted procurement committee.	30 (62.5%)	6 (12.5%)	12 (25.0%)

Source: Primary data 2019

It was found that Uganda Baati Ltd had copies of the Public Procurement Act, 2005 and also guidelines or regulations, 2006. This indicated that they used the national policy documents in their procurement practices because 88.3% of the respondents agreed on the presence of the Act and 85.4% on the presence of the guidelines/regulations.

According to the findings, it was highlighted that Uganda Baati Ltd training of all official on the Public Procurement Act and regulations was inadequate according to the 41.7% of the respondents who disagreed against the fewer 32.3% of those who agreed.

Also on whether there was effective monitoring and auditing of procurement activities by oversight bodies the findings showed that, whereas 29.2% of the respondents agreed, the same 29.2% of the respondents disagreed. The highest percentage of 41.7% was not sure on whether the monitoring and audit took place.

The researcher also wanted to find out whether Uganda Baati Ltd had clear and standardized tender documents containing complete information, the findings revealed that majority of 64.6% of the respondents agreed whereas 20.8% disagreed and only 14.6% were not sure.

The findings also indicated that Uganda Baati Ltd had a well-constituted procurement committee and this was deduced from the 62.5% of the respondents who agreed against the 25.0% who disagreed.

4.4 The extent to which Uganda Baati Ltd complies with the Public Procurement Systems of Uganda.

Here the study was establishing the extent to which Uganda Baati Ltd complied with the Public Procurement Systems of Uganda.

Table 5: Showing the extent to which Uganda Baati Ltd has complies with the legal public procurement procedures in Uganda

Compliance parameters	Agree	Not sure	Disagree
The procurement system in Uganda Baati Ltd addresses “openness and transparency”, where all bids are advertised to the public.	41 (85.4%)	2 (4.2%)	5 (10.4%)
The procurement system in Uganda Baati Ltd addresses “openness and transparency”, where all bids are opened in the public.	24 (50.0%)	3 (6.3%)	21 (43.8%)
The procurement system in Uganda Baati Ltd addresses “openness and transparency”, where all departments are allowed to submit their needs.	38 (79.2%)	5 (10.4%)	5 (10.4%)
The procurement system in Uganda Baati Ltd addresses “openness and transparency”, where all departments are involved or represented in the procurement committee.	20 (41.7%)	9 (18.8%)	19 (39.6%)
The procurement system in Uganda Baati Ltd addresses	19	11	18

“fair competition”, where all suppliers have opportunities in (39.6%) (22.9%) (37.5%)
the bidding process.

The procurement system in Uganda Baati Ltd addresses
“impartiality”, where the contracts committee members 18 12 18
favor none of the bidders. (37.5%) (25.0%) (37.5%)

The procurement system in Uganda Baati Ltd addresses
“integrity”, where the procurement terms agreed upon are 19 9 20
maintain by all members of the procurement committee. (39.6%) (18.8%) (41.7%)

Source: Primary data 2019

In the extent to which Uganda Baati Ltd complied with the Public Procurement legal procedures, a number of indicators were looked at in terms of compliance to openness or transparency, fair competition, impartiality and integrity.

According to the findings on whether Uganda Baati Ltd complied with openness and transparency, it was found that at Uganda Baati Ltd bids were advertised to the public and this highlighted the majority of the 85.4% of the respondents were agreed against 10.4% who disagreed. The findings on whether the procurement system in Uganda Baati Ltd addressed “openness and transparency”, where all bids were opened in the public, although majority of 50.0% of the respondents agreed, 43.8% of the respondents disagreed and 6.3% were not sure. This indicated that compliance in terms of opening bids in public was wanting in Uganda Baati Ltd.

The study also wanted to know whether the procurement system in Uganda Baati Ltd addressed or complied with the principle of “openness and transparency”, in terms of allowing all departments to submit their needs. The findings showed that it was done because of the 79.2% of the respondents were agreed, whereas only 10.4% disagreed and were not sure each. Also when the respondents were probed on whether the procurement system in Uganda Baati Ltd addressed “openness and transparency”, where all departments were involved or represented in the procurement committee, inadequacies were witnessed because whereas majority of 41.7% the respondents agreed, 39.6% of them disagreed and 18.8% were not sure.

The principle of fair competition was probed by asking the respondents whether the procurement system in Uganda Baati Ltd addressed “fair competition”, where all suppliers had equal

opportunities in the bidding process. These findings showed that although majority of 39.6% of the respondents agreed, compliance was affected by still many (37.5%) of the respondents who disagreed backed as well by the 22.9% of the respondents who were not sure.

Compliance to the legal public procurement procedures was also checked by ascertaining whether the procurement system in Uganda Baati Ltd addressed “impartiality”, where the contracts committee members favour none of the bidders in the procurement process, but 37.5% of respondents agreed while the same percentage of 37.5% disagreed. The other remaining 25.0% of the respondents were not sure. This implied that impartiality principle was not well complied with in Uganda Baati Ltd.

Finally on the extent of compliance, the study also looked at whether the procurement system at Uganda Baati Ltd addressed “integrity”, where the procurement terms agreed upon were maintained by all members of the procurement committee. According to the findings, majority of 41.7% disagreed, followed by the 39.6% of the respondents who agreed and 18.8% were not sure.

4.5 Challenges faced by compliance with the Public Procurement Systems at Uganda Baati Ltd.

The table below represents the findings of objective 2 of the study which was “the challenges faced with Compliance with Public procurement systems at Uganda Baati Ltd”. Find below the findings:

Table 4: Showing Challenges faced by compliance with the Public Procurement Systems in Uganda Baati Ltd.

Compliance parameters	Agree	Not sure	Disagree
User departments are not fully involved in the procurement process.	23 (47.9%)	8 (16.7%)	17 (35.4%)
Local contractors/suppliers are encouraged during the bidding or tendering process.	34 (70.8%)	6 (12.5%)	8 (16.7%)
Procurements are done at the right time.	21 (43.8%)	6 (12.5%)	21 (43.8%)

Procurements are done at the right place.	24 (50.0%)	8 (16.7%)	16 (33.3%)
Procurements are done at the right cost.	21 (43.8%)	7 (14.6%)	20 (41.7%)
The procurement staff is adequate at Uganda Baati Ltd.	32 (66.7%)	3 (6.3%)	13 (27.1%)
The personnel at the procurement unit are knowledgeable about the legal procurement systems.	30 (62.5%)	8 (16.7%)	10 (20.8%)
There is political interference during the procurement process at Uganda Baati Ltd.	36 (75.0%)	6 (12.5%)	6 (12.5%)
There are corruption tendencies while carrying out procurement in Uganda Baati Ltd.	32 (66.7%)	8 (16.7%)	8 (16.7%)
Insufficient funding is a hindrance to procurement compliance at Uganda Baati Ltd	20 (41.7%)	9 (18.8%)	19 (39.6%)
Technology is applied in the procurement at Uganda Baati Ltd.	34 (70.8%)	7 (14.6%)	7 (14.6%)

Source: Primary data 2019

The findings in table 4 above represent some of the challenges that commonly affect compliance with Public Procurement systems at Uganda Baati Ltd and below were the findings.

On whether the user departments were not personally involved in the procurement process, 47.9% of the respondents agreed that the user departments were not involved in the procurement process. This meant that apart from submitting departmental needs, actual involvement was limited. However, 35.4% of the respondents disagreed.

The study also wanted to ascertain if Uganda Baati Ltd compliance with the Public Procurement systems faced the challenges of discouraging the local contractors/suppliers during the bidding process or tendering, it was found that the majority 70.8% of the respondents agreed and the least 16.7% of the respondents agreed. This meant that local contractors or suppliers were encouraged to bid by Uganda Baati Ltd procurement system.

Also on whether there was accurate Demand Management Uganda Baati's procurement system whereby procurements were done at the right time, at the right place and at the right cost. On

whether it was done at the right time, the findings had 43.8% of the respondents agreeing whereas the same percentage of 43.8% disagreed and 12.5% were not sure. On whether it was done at the right place the findings revealed that majority of 50.0% agreed, while 33.3% disagreed and 16.7% were not sure. Finally on whether it was done at the right cost, 43.8% of the respondents agreed, followed by the 41.7% of the respondents who disagreed and 14.6% were not sure. The findings implied that the demand management systems of Uganda Baati Ltd remained wanting because there were inadequacies in procuring at the right time, cost and even at the right place.

According to the findings, 66.7% of the respondents agreed that the procurement personnel/staff of Uganda Baati Ltd were adequate in numbers and 62.5% of the respondents implied that the procurement personnel of Uganda Baati Ltd were knowledgeable and skilled on matters of procurement. These meant that there were no challenges at Uganda Baati Ltd in terms of inadequate and unknowledgeable procurement staff.

Another anticipated challenge of whether there was political interference that hampered compliance with Public Procurements systems at Uganda Baati Ltd, 75.0% of the respondents agreed whereas only 12.5% disagreed.

Also on whether there was a challenge of corruption tendencies while preparing the interfered with legal Public procurement procedures at Uganda Baati Ltd; 66.7% of the respondents agreed and the only 16.7% of the respondents disagreed. This meant that there were corruption tendencies witnessed at Uganda Baati Ltd that have affected the division's compliance with the Public Procurement procedures.

There were also indications of insufficient funding that hindered compliance with the Public procurement systems at Uganda Baati Ltd according to the 41.7% of the respondents who agreed against lower 39.6% who disagreed.

Finally, on whether there was a procurement technology at Uganda Baati Ltd, 70.8% of the respondents agreed while only 14.6% of them disagreed.

CHAPTER FIVE

DISCUSSIONS OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion of findings, summary of findings, conclusions, and recommendations of the study. The discussions in this chapter are based on the objectives and conclusions and recommendations are made based on the findings as discussed.

5.1 DISCUSSION OF FINDINGS

5.1.1 Legal systems of procurement practiced at Uganda Baati Ltd

The findings revealed that Uganda Baati Ltd was well equipped with public policy documents on Procurement such as the Public Procurement Act, 2005 and the PP Guidelines and Regulation, 2006 this implied that they referred to these documents in the day to day procurement practices which according to Eyaa (2011) brings about compliance. However, the presence of these policy documents made inadequate because the procurement gurus did not sensitize most of the other officials on the functions of these policy documents according to the findings.

It was inferred by the findings that effective monitoring and auditing of procurement activities by oversight bodies was not regular at Uganda Baati Ltd. Lack or limited auditing and monitoring comes with corruption and non-compliance challenges (Froystad, 2010).

In other positive notes, the findings revealed that Uganda Baati Ltd had clear and standardized tender documents containing complete information, and Uganda Baati Ltd had a well-constituted procurement committee.

5.1.2 The extent to which Uganda Baati Ltd complies with the Public Procurement Systems of Uganda.

In the extent to which Uganda Baati Ltd complied with the Public Procurement legal procedures, several indicators were looked at in terms of compliance to openness or transparency, fair competition, impartiality and integrity. The Study in finding out whether Uganda Baati Ltd complied with a “openness and transparency” principle discovered that they had complied in terms of advertising bids to the public, opening of bids in public, allowing all departments to submit their needs, and all departments were involved or represented in the procurement committee. However, more efforts needed to be put to better openness and transparency through

opening of bids in public, allowing all departments to submit their needs, and all departments were involved or represented in the procurement committee since that agreed with their implementation were slightly above or below average of 50%.

It was discovered, at Uganda Baati Ltd compliance with “fair competition” where all suppliers have equal opportunities in the bidding process was discovered to be weak because the difference between the respondents who agreed and disagreed was small (39.6% agreed and 37.5% disagreed). This implied that Uganda Baati Ltd did little to comply with fair competition when it came to ensuring that all suppliers or bidders had an equal opportunity to win a contract.

The other legal procedure to be considered in procurement is exercising “impartiality” through ensuring that contracts committee members favor none of the bidders in the procurement or bidding process. It was discovered that limited compliance with impartiality principle at Uganda Baati Ltd.

Finally, on the extent of compliance, the study also looked at whether the procurement system in Uganda Baati Ltd addressed “integrity”, where the procurement terms agreed upon were maintained by all members of the procurement committee. It was revealed that there was limited compliance by Uganda Baati Ltd on integrity.

5.1.3 Challenges faced by compliance with the Public Procurement Systems at Uganda Baati Ltd.

In this objective, the researcher wanted to ascertain whether some of the common challenges that affect compliance with Legal Public Procurement systems also faced Uganda Baati Ltd. It was ascertained that Uganda Baati Ltd was free of being biased with the local contractors or suppliers; purchasing at the wrong place; having inadequate and unknowledgeable procurement personnel; and availability of procurement technology. However, challenges were witnessed in the limited involvement of the user departments in the procurement process; doing procurements at the wrong time and wrong cost; political interference; corruption tendencies; and insufficient funding.

5.2 CONCLUSIONS

According to the findings Uganda has Public Procurement Legal frameworks such as the Act of 2005 and the Procurement Guidelines of 20006. And these with other policy documents were followed at Uganda Baati Ltd while conducting Procurement dealings although their interpretation by non-procurement personnel was questionable since they were not sensitized by the procurement experts. It was also found that the monitoring and audit systems were inadequately witnessed at Uganda Baati Ltd and all these weaknesses pointed to the possibility of a weak compliance outcomes at Uganda Baati Ltd.

Talking about compliance, it was found that Uganda Baati Ltd procurement systems complied with Public Procurements policies in a way that “openness and transparency” was complied with in terms of advertising bids to the public, opening of bids in public, allowing all departments to submit their needs, and involving all departments in the procurement committee. However, more efforts needed to be put to better “openness and transparency” by ensuring that bids are opened in public, allowing all departments to submit their needs and to be all involved or represented in the procurement committee.

Still on compliance, it was discovered at Uganda Baati Ltd compliance with “fair competition” where all suppliers have equal opportunities in the bidding process was weak. Impartiality was also not complied with according to the findings, which meant some of the contracts committee members showed sign of favoring other bidders in the procurement or bidding process. Lastly on compliance “integrity” principle was not complied with thus implying procurement terms agreed upon were not maintained by all members of the procurement committee.

Finally, in ascertain the possible challenges faced by Uganda Baati Ltd in her compliance endeavours with PP procedures, it was discovered that Uganda Baati Ltd was not cited to be biased with the local contractors or suppliers. The other challenges that were not witnessed at Uganda Baati Ltd included not making purchasing at the wrong place; not having inadequate and unknowledgeable procurement personnel; and lack of a procurement technology. However, challenges were witnessed in the limited involvement of the user departments in the procurement process; doing procurements at the wrong time and at a wrong cost; political interference; corruption tendencies; and insufficient funding.

5.3 RECOMMENDATIONS

The following are some of the recommendation generated:

- I. Uganda Baati Ltd should conduct training for all staff in order to widen the employees' understanding of matters of procurements and available procurement policies.
- II. The monitoring and audit component of government should intensify their responsibilities to ensure that Uganda Baati Ltd procurements dealings are put in check.
- III. Uganda Baati Ltd should better her compliance to PP procedure by ensuring that "openness and transparency" is upheld more particularly through opening bids in public, ensuring all departments submit their needs and are involved or represented in the procurement committee.
- IV. Uganda Baati Ltd must ensure that all suppliers have equal opportunities in the bidding process.
- V. Uganda Baati Ltd should also uphold compliance with "integrity" principle by ensuring that procurement terms agreed upon were maintained by all members of the procurement committee.
- VI. Uganda Baati Ltd must ensure that, apart from asking the departments/units from submitting their needs the departments/units must also be personally represented in the procurement committee.
- VII. Uganda Baati Ltd must ensure accurate Demand Management by eliminating procuring at the wrong time, at the wrong place and at the wrong cost.
- VIII. Uganda Baati Ltd procurement committee must stand their ground against political interference and corruption tendencies.
- IX. Uganda Baati Ltd must lobby for more funding other than from the Government.

5.4 SUGGESTIONS AND AREAS FOR FURTHER RESEARCH.

The following are the areas suggested for further research because of the researcher's work did not adequately cover them.

- I. Impact of government interference on procurement efficiency.
- II. Assessing how procurement legal reforms can impact on government service delivery.

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APPENDICES

Appendix 1: Questionnaire

This research is meant for academic purpose. You are kindly requested to provide answers to these questions as honestly and precisely as possible. Responses to these questions will be treated as confidential. Please tick where appropriate or fill in the required information on the spaces provided.

SECTION A: SOCIO-DEMOGRAPHICS

1. Name of the Corporation.....

2. Gender of the respondent,

Male []

Female []

3. Indicate your Age group

25 years or less []

26-35 years []

36-45 years []

46-55 years []

With 55 years and above []

4. Education Level

Diploma..... []

Undergraduate Degree..... []

Postgraduate Degree..... []

5. How many years has the Parastatal been in existence?

Below 15 years []

16-25 years []

26-35 years []

36-45 years []

46-55 years []

More than 55 years []

6. Which areas does the parastatal focus

on.....
.....

7. How long have you worked in this Parastatal?

a) Less than 2 years []

b) 2-5 years []

c) 6-10 years []

d) Over 10 years []

SECTION B:

On a scale provided below, tick to indicate the extent to which you agree with the following statements as pertaining to Procurement Procedures in the organisation.

Statement	Strongly agree	Agree	Strongly disagree	Disagree
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LEGAL SYSTEMS OF PROCUREMENT PRACTICED AT UGANDA BAATI LTD

At Uganda Baati Ltd there is a copy of the Public Procurement Act, 2005.

At Uganda Baati Ltd, there is a copy of Public Procurement guidelines/regulations 2006.

Officials from Uganda Baati Ltd are trained and sensitized on the public procurement Act 2005 and regulation 2006.

There is effective monitoring and auditing of procurement activities by oversight bodies

Uganda Baati Ltd has clear and standardised tenders documents containing complete information.

Uganda Baati Ltd has a well-constituted procurement committee.

THE EXTENT TO WHICH UGANDA BAATI HAS COMPLIED WITH THE LEGAL PUBLIC PROCUREMENT PROCEDURES

The procurement system at Uganda Baati Ltd addresses “openness and transparency”, where all bids are advertised to the public.

The procurement system at Uganda Baati Ltd addresses “openness and transparency”, where all bids are opened in the public.

The procurement system at Uganda Baati Ltd addresses “openness and transparency”, where all departments are allowed to submit their needs.

The procurement system in Uganda Baati Ltd addresses “openness and transparency”, where all departments are involved or represented in the procurement committee.

The procurement system at Uganda Baati Ltd addresses “fair competition”, where all suppliers have opportunities in the bidding process.

The procurement system at Uganda Baati Ltd addresses “impartiality”, where the contracts committee members favour none of the bidders.

The procurement system at Uganda Baati Ltd addresses “impartiality”, where the contracts committee members favour none of the bidders

CHALLENGES FACED BY COMPLIANCE WITH THE PUBLIC PROCUREMENT SYSTEMS IN UGANDA BAATI LTD.

User departments are not involved in procurement planning.

Local contractors/suppliers are encouraged during procurement planning.

Procurement is done at the right time.

Procurement is done at the right cost.

The procurement staff are adequate at Uganda Baati Ltd.

The personnel at the procurement unit are knowledgeable about the legal procurement systems.

There is political interference during procurement planning at Uganda Baati Ltd.

There are corruption tendencies while carrying out procurement at Uganda Baati Ltd.

Insufficient funding is a hindrance to procurement compliance at Uganda Baati Ltd

Technology is applied in the procurement in Uganda Baati Ltd.

THANK YOU FOR YOUR COOPERATION