

**RISK ASSESSMENT AND PROCUREMENT MANAGEMENT IN
GOVERNMENT PARASTATALS
CASE STUDY OF MULAGO, TEACHING RESEARCH AND REFERRAL
HOSPITAL KAMPALA UGANDA**

BY

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**A RESEARCH REPORT SUBMITTED TO THE SCHOOL OF BUSINESS
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UNIVERSITY**

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DECLARATION

I Owembabazi Enid hereby declare that the work in this research report with the exception of acknowledged citations is my original work and has never been submitted to any institution for the award of a degree or diploma

Signed 

Date15-July-2010.....

APPROVAL

This research report is submitted to Kampala International University
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Signature 

Date 

DEDICATION

I dedicate this work to my mother Ms. Tumusiime Gorret and aunt Jane for the support and encouragement they gave me throughout my studies.

ACKNOWLEDGEMENTS

I thank the almighty God who gave me the strength and ability to carryout this research. Thank you Lord.

Secondly, I am highly indebted to my mother Ms. Tumusiime Gorret, who has always supported me up to this stage. May God bless you

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LIST OF ABBREVIATIONS

UG	Uganda
MTRRH	Mulago Teaching Research and Referral Hospital
PMM	Procurement Management Risk
DSRS	Department of Standards and Regulatory Services
QA	Quality Assurance
IAA	Institute of Internal Audits
MDBS	Message Driven Beans
JMS	Java Messaging System
UQM	Uganda Quality Model

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ABSTRACT

The study was undertaken under the topic risk assessment and procurement management. With the aim of establishing the impact of risks in ensuring effective procurement.

Chapter one, describes an overview of risk assessment and procurement management. In Mulago hospital (UG), the statement of the problem, research objectives, research questions, significance of the study and the conceptual frame work which describes the relationship between the two variables.

Chapter two has an overview of the related literature review on the risk assessment and procurement management. Various scholars have written about risk assessment and this enables us to analyze its impact on procurement management.

Chapter three contains the methodology used to collect data. The study used qualitative and quantitative design so as a researcher can get in-depth information by being close to the respondents through the use of focus group discussion, questionnaires and interviews.

Data analysis and presentation has been described in chapter four. This gives an overview on how collected data or findings are analyzed and presented. The information collected from the respondents through questionnaires and interview guide questions are used in order to answer the objectives of the study.

Chapter five contains the summary of the findings, conclusions, recommendation, and the areas for further studies on risk assessment and procurement management.

CHAPTER ONE

INTRODUCTION

1.1 Back ground of the study

It is now well documented that virtually all undertakings have varying degree of risk inherent in them. These risks can be more apparent if they involve commercial aspects of businesses. Big businesses and commercial enterprises are now facing serious challenges/risks in their overall operations and their managers have to deal with issues of risk assessment and management. The media is presently awash with regular reports of businesses recalling large numbers of their products from the market due to faults of component during production. This is costing them millions of shillings in losses.

According to Robert Courtney Jr. (IBM, 1970) it is therefore important that key decision makers in organization should predict and identify possible areas of risk. For example, managers should ask questions as to whether an impending risk is a supplier risk, a procurement risk or a production risk. Allocation of risk is therefore important as it helps to minimize conflict and improve efficiency of operations. The degree of risks varies and some activities are more risky to undertake than others. For instance, choosing one supplier over another, choosing one type of contract or choosing particular negotiating positions are all risks laden-activities. These activities have to be undertaken nevertheless, because unless risks are undertaken, organization would be able to operate and have a return on their investments.

Mulago Hospital was founded way back in 1913, by Sir Albert Cook as a treatment centre for the venereal diseases and sleeping sickness. Over the following years more buildings were constructed until they finally contained 650 beds in a setting different blocks spread over the hill. This led to an increase in the number of patients being attended to both on in-patients and out-patient basis. As a result of the increase in the number of patients, the Government of Uganda came up with the plans to rebuild the hospital completely. A foundation stone was laid by Governor F. Crawford on 25th February 1960. The new hospital better services and facilities to the patients as well as the medical Personnel with improved working conditions.

It was also to provide teaching facilities to the students, including offices and laboratories for the lecturers. Handling of patients on referral from all parts of Uganda was to be the other function of the new hospital.

Construction of the new Mulago Hospital was completed and the opening ceremony was graced by her Royal highness, the Duchess of Kent on the 16th October 1962. Other dignitaries present was the then President Uganda, Sir Edward Mutesa II and the Prime Minister Dr. Apollo Milton Obote. Presently, the hospital like a gigantic tree with sprawling branches and a massive canopy that appears sky blue from North Kitante road to the top of the hill. Over 70% of the infrastructure has been rehabilitated, new equipment has been acquired and super training intensive care, Open Heart surgery, Brain Surgery, Urology, Infectious diseases to mention but a few has been undertaken. It has new and better equipped service centers including the assessment in upper Mulago, theater suite and an acute care unit.

This eases the movement of patients and visitors. Being Uganda's largest national referral, teaching and research hospital, it has an annual average inpatient of about 120,000 and attends to over 480,000

outpatients in the Assessment center, General out-patients clinics, and Specialists clinics and in the Accident and Emergency department annually and delivers about 27,000 mothers per year. The bed capacity is 1500. It provides specialists and super specialists services in Surgery, Internal medicine, Pediatrics, Obstetrics and Gynecology.

The supplies department in Mulago, Teaching, Referral and Research Hospital is the major link between the hospital and external suppliers with aim of reducing inter-departmental conflicts and promote interdepartmental co-ordination in terms of acquisition of goods and services, and adding value to the same. Procurement is carried out through binding contractual agreement with suppliers therefore making a distinct difference with general buying. The department uses open tender and quotations as a media of sourcing. Their effectiveness is therefore evaluated by considering the total cost of materials and services acquired and promptness in making them available to users. The general objective is to obtain materials and services of the right quality in the right quality from the right source delivered to the right place at the right time and at the most cost effective price. The supplies department also has a proactive role of acquisition of goods and services, materials handling, storage, costing, and issuing the goods to user departments as at when they are required in order to maintain smooth provision of quality services to the patients.

1.2 Statement of the Problem

Although many organizations recognize elements of risks in their procurement activities, according to surveys conducted by Mulago Teaching Research and Referral Hospital (M.T.R.RH) June 2005 strategic plan they indicated that few organizations have institutionalized the tools of risks assessment and management. Many organizations therefore continue to operate in manners that unduly expose them to risks that

can be determined and managed. The critical task for the procurement and supplies managers is to assess and manage risks rigorously. There is a difference between risks taken as a result of careful judgment and those taken unwittingly. In other cases such as preparing an outsourcing contract, procurement will need to invest time, skills and effort before making a particularly risky choice that could have a major impact on the company's profitability. This research was therefore being undertaken to evaluate risk assessment measures on procurement decisions at Mulago, Teaching, Referral and Research Hospital- Kampala Uganda

1.3 General objective.

To explore and evaluate the impacts of risk assessment on the procurement function at Mulago, Teaching, Referral and Research Hospital- Kampala Uganda.

1.3.1 Specific objectives

- To establish effectiveness of the existing risk assessment measures in the procurement department at the Mulago, Teaching, Referral and Research Hospital.
- To evaluate the existing risk assessment measures at the Mulago, Teaching, Referral and Research Hospital.
- To suggest some methods and devices to improve on the organization's risk management at the Mulago, Teaching, Referral and Research Hospital.

1.4 Research Questions

- How effective are the organization's procurement risk assessment measures?
- What is the impact of risk assessment on financial bottom-line of the organization?

- What are the risk assessment measures employed by the procurement department for the organization?
- What are methods and actions by the procurement department that can improve on the risk assessment measures?

1.5 The Purpose of the Study

The purpose of the study was to evaluate the effectiveness of the existing risk assessment measures at the procurement function of the Mulago, Teaching, Referral and Research Hospital and its effects on the entire organization's operations.

1.6 Scope of the Study

The research was restricted to Mulago, Teaching, Referral and Research Hospital. It aimed at documenting and evaluating how the procurement department is utilizing risk management policies to ensure that they are able to effectively assess possible pitfalls ahead and how to control and manage them. The study was conducted and completed within a period of 2 ½ months.

1.7 Significance of the Study

The findings of this study were of significant benefit to the management of Mulago, Teaching, Referral and Research Hospital; this research identified and point out critical issues related to risk assessment and management that was used by the management of the hospital to streamline their supplies and procurement processes to minimize losses and supplies downwards.

- Risk assessment and management is a new phenomenon in non commercial organizations in East Africa the findings of this research was

therefore, for comparative analysis purposes, be of interests to academicians, and future researchers who were undertaking researches related to this subject and in similar institutions.

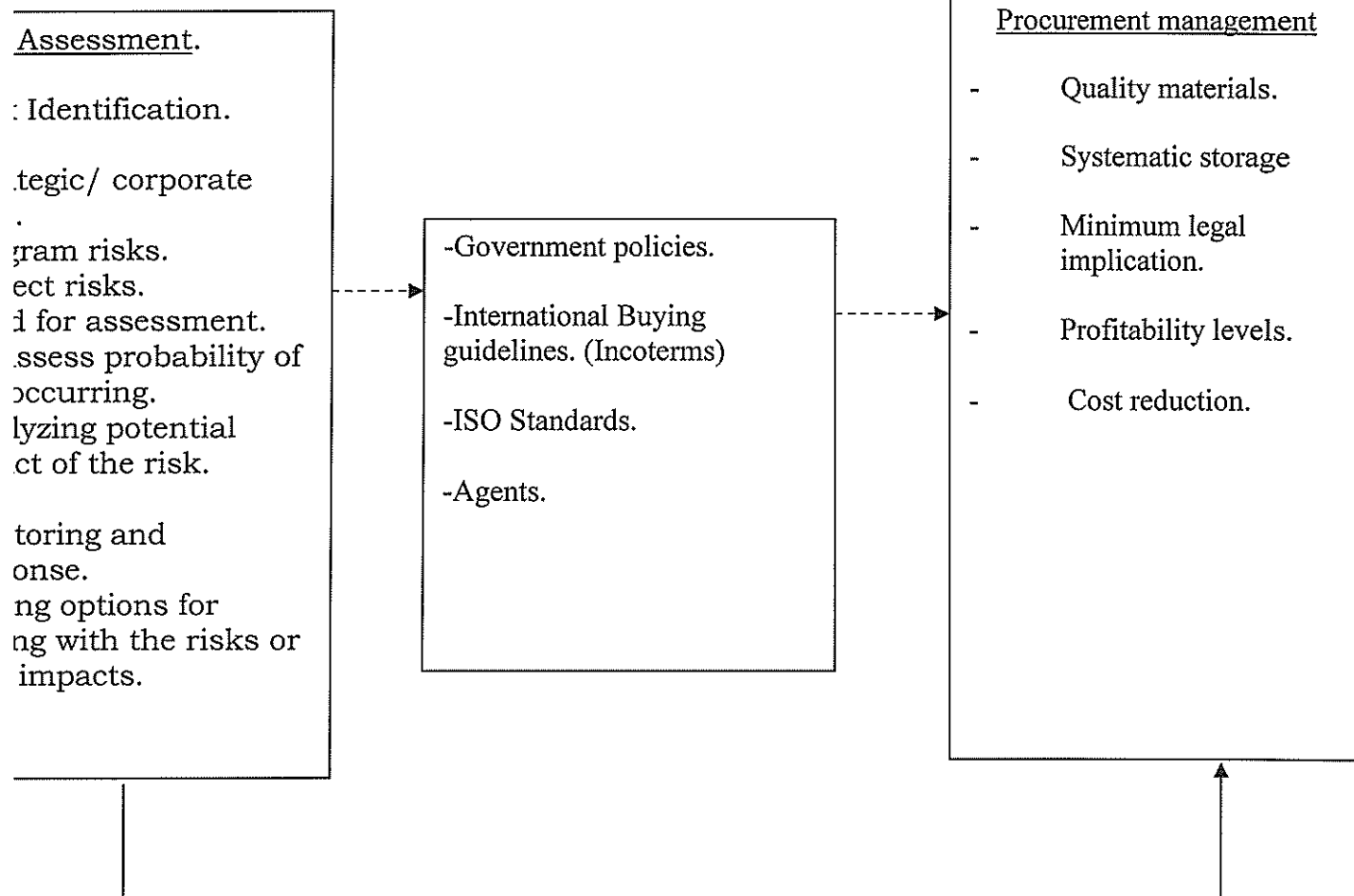
- The findings of this study also provided a starting block for policy makers in different organizations including the government and general public to consider reviewing risk assessment and management in their own organizations.

1.8 Conceptual framework

This describes the relationship between the independent and dependent variables. An independent variable is risk assessment and the dependant variable is procurement management. This is simply because when risks are well assessed it enables the organization to carry out and manage its procurement procedures more accurately and effectively.

Independent variables

Dependent variables



Source: Literature Review

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The definition of the word “risk” is as diverse as the authors and scholars who have written on it. In general terms risk can be defined as the potential and the not clearly quantified danger or negative uncertainty lurking ahead.

The Oxford English Dictionary defines risk as “a chance or possibility of danger, loss injury or other adverse consequences”. On the other hand, the National Academy of Sciences defines risk as “a combination of the probability of an event- usually an adverse event- and the nature and severity of the event” (Tom W. Metta Procurement News).

Risk has also been defined as uncertainty of outcome whether positive opportunity or negative threat. It can also be defined as the possibility of loosing value (Pate, 2001 pg 8).

Risk management can also be defined as an analysis of causes and the planning of potential risks and their subsequent losses (Jae K. Shim Joe G. Siegel, 2001). It is the systematic approach to reduce the ability of risks and limit the damages caused by undertaking appropriate actions. (Exin et al, pg 47)

Two issues emerge from the various definitions that are critical understanding risk assessment and management. First, the likelihood occurring and second the possible severity of the consequence. Therefore in a situation that an event has a high likelihood of occurring, but the consequences are pretty insignificant, one may se to take that risk.

All projects contain risks that may affect their costs and quality, and the time taken to complete them. Risk management is a planned and systematic process consisting of:

- Identification: determine what the risks are;
- Assessment: determine the likelihood of the risks occurring and their potential impacts; and
- Monitoring and Response: identify options for dealing with risks or their impacts and monitor implementation of the preferred options.

2.1 Risk Management Overview

Risk management is a continuous, forward-looking process of identifying risks, assessing exposures and developing appropriate action plans to ensure they are managed in a way that will enable an organization to meet its business objectives.

A continuous risk management approach is applied to effectively anticipate and mitigate the risks that have critical impact on the initiative. It also plays a key role in supporting effective decision-making and strengthening accountability. Effective risk management includes early and aggressive risk identification through the collaboration and involvement of relevant stakeholders.

Standard Risk Management Process

Risk identification should be an organized, thorough approach to seek out probable or realistic risks in achieving objectives. To be effective, risk identification should be an attempt to address probable events. A comprehensive risk management guide should be developed for public-sector institutions to use in the planning of their infrastructure initiatives (Jae K. Shim and Joel G. Siegel, 2001).

2.2 Risk Management Process

According to Robert Courtney Jr. (IBM, 1970) Risk management is a planned and systematic process consisting of:

- Identification: determine what the risks are;
- Assessment: determine the likelihood of the risks occurring and their potential impacts; and
- Monitoring and Response: identify options for dealing with risks or their impacts and monitor implementation of the preferred options.

Risk Identification

The initial identification of as many risks as possible is essential in terms of understanding the project. Potential major risks should be documented in the project risk register.

Risks may be divided into 3 categories

- Strategic/corporate: Commercial, financial, political, environmental, strategic, cultural, acquisition, political and quality risks.
- Program: Procurement/acquisition, funding, organizational, projects, security, safety, quality and business continuity risks.
- Project: Personal, technical, cost, schedule, resource, operational support, quality and provider failure

Risk Assessment

The purpose of risk assessment is to assess the probability of risks occurring and their potential impact.

- Probability (or likelihood) is the evaluated probability of a particular outcome actually happening (including a consideration of the frequency with which the outcome may arise)
- Impact is the evaluated effect or result of a particular outcome actually happening (usually considered in terms of effect in cost,

scheduling and quality). Risk probability is usually categorized by developing a risk probability framework.

Allocation of Risks

According to Dorfman, Mark S. (1997). Introduction to Risk Management and Insurance (6th Ed). Says that ownership of risk must be clearly defined and documented within the project risk register and agreed upon with the individual owners, so that they understand their various roles, responsibilities and ultimate accountability. Individual owners should have the capability, authority and experience to deal with risks allocated to them.

Control

The risk assessment process requires that risks logged on the register are controlled. Once risks have been identified and assessed, all techniques to manage the risk fall into one or more of these four major categories:

- Tolerate (retention)
- Treat (mitigation)
- Terminate (elimination)
- Transfer (buying insurance)

Ideal use of these strategies may not be possible. Some of them may involve trade-offs that are not acceptable to the organization or person making the risk management decisions.

Transfer: For some risks the best response may be to transfer them. This might be done by conventional insurance, or it might be done by paying a third party to take the risk in another way.

Tolerate: Ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. In these cases the response may be toleration.

Treat: By far the greater number of risks will belong to this category. The purpose of treatment is not necessarily to obviate the risk, but more likely to contain the risk to an acceptable level. The actions that an organization takes in treating risk are called “internal control” - they are actions instigated from within the organization (although their effects may be felt outside of the organization) which are designed to contain risk to acceptable levels.

Terminate: Some risks will only be treatable, or containable to acceptable levels, by terminating the activity. It should be noted that the option of termination of activities may be severely limited in government when compared to the private sector; a number of activities are conducted in the government sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved.

2.3 Risk Perception

Perception is a major factor in assessing risk. When assessing risk, it is important to think about differences between risk avoidance, risk shifting and risk taking.

Risk avoidance: allows one part to assess the risk and avoid it. If we can assess the likelihood of a supplier failing to deliver to quality standards or on time, we could probably reduce our risk by choosing another supplier.

Risk shifting: means passing the risk on to another person or organization. Risk can be shifted to insurance companies who will assess the risk on our behalf and charge a premium for remedying the damage done. Risk can also be shifted on to suppliers. Inventory holding is a good case in point. In an industry with short product life cycles, inventory may become obsolete. In such cases some organizations pass risk down the chain to suppliers who are forced to hold stock on their behalf.

Risk taking: means assessing the risk and taking it because the value of potential pay-off outweighs the risk. It is always useful to remember that although human beings as whole are generally risk averse (they do not like taking risks), however, profit and risk are closely linked. Once it has been decided to take a risk, it is important that the risk is properly allocated. Joint venture agreements are often a way of allocating risk across two separate organizations. Within organizations it is equally important to recognize the risk and allocate it fairly between the individuals and groups involved. Therefore, when considering risk it is possible to say that risk, as a whole cannot be eliminated. There will always be factors beyond the control of governments, businesses and individuals. Consequently, it is wise that the manager assesses and manages risk so as to optimize benefits against potential losses.

2.4 Risk Assessment

The aim of making a “risk assessment” is to identify the hazards associated with an activity, to assess the seriousness of these hazards and to formulate systems of work, training or other methods (controls) to reduce the associated risks to a minimum or at least to an acceptable level.

This procedure has to be carried out by someone who is experienced and fully familiar with the activity i.e. a “competent person”. Risk assessment is measuring two quantities of the risk R , the magnitude of the potential loss L , and the probability P that the loss will occur.

2.5 Risk Monitoring

One of the common approaches to monitoring responses to risks is the use of a ‘project risk register’. The risk register is set up during the start of the project, ready to record all the identified risks and the results of their analysis and evaluation, see Annex A for a project risk register template. Information on the status of the risk is also included.

2.6 Methods of identifying risks

According to Robert Courtney Jr. (IBM, 1970) the chosen method of identifying risks may depend on culture, industry practice and compliance. The identification methods are formed by templates or the development of templates for identifying source, problem or event. Common risk identification methods are:

Objectives-based risk identification Organizations and project teams have objectives. Any event that may endanger achieving an objective partly or completely is identified as risk.

Scenario-based risk identification in scenario analysis different scenarios is created. The scenarios may be the alternative ways to achieve an objective, or an analysis of the interaction of forces in, for example, a market or battle. Any event that triggers an undesired scenario alternative is identified as risk.

Taxonomy-based risk identification the taxonomy in taxonomy-based risk identification is a breakdown of possible risk sources. Based on the taxonomy and knowledge of best practices, a questionnaire is compiled. The answers to the questions reveal risks.

Common-risk checking in several industries lists with known risks are available. Each risk in the list can be checked for application to a particular situation. An example of known risks in the software industry is the Common Vulnerability and Exposures list.

Risk Charting This method combines the above approaches by listing resources at risk.

Threats to those resources
Modifying Factors which may increase or reduce the risk and
Consequences it is wished to avoid. Creating a matrix under these headings enables a variety of approaches. One can begin with resources and consider the threats they are exposed to and the consequences of each. Alternatively one can start with the threats and examine which resources they would affect, or one can begin with the consequences and determine which combination of threats and resources would be involved to bring them about.

2.7 Managing procurement risks

According to Caveat Emptor, Managing Procurement Risks: As supply chains organizations gravitate toward a “build anywhere, source from anywhere” mindset, the risk associated with procurement and managing supply lines assume greater proportions. Examples of real-world procurement risks include long-term contracts at unfavorable prices, excessive dependence on one geography or supplier and supply disruptions due to natural disasters. A few examples:

The New York Times reported last November that 90 percent of Southwest Airlines’ fuel needs for the fourth quarter of 2007 were hedged against higher fuel prices compared to just 20, 30 and 40 percents for Delta Airlines, Continental Airlines and American Airlines, respectively.

In 1995 an earthquake in Kobe, Japan, led to the closures of that country’s two largest ports, resulting in more than \$100 billion in

damages to supply chains worldwide. Supply chain challenges and disruptions such as these may have a negative impact on average operating income and return on sales by more than 100 percent for two years or more after an incident occurs, According to an article by Vinod Singha! and Kevin Hendricks titled “The Weakest Link: New Study Quantifies Financial Fallout from Supply-Chain Malfunctions,” in the February 2, 2004, issue of Georgia Tech Research News.

A Quantitative Study,” by Mark Hillman and Heather Keltz, 2004, finds that “nearly 50 percent of firms plan to implement or evaluate [supply chain risk management] technology in the next 12 to 24 months.”

2.7.1 Influencers of Risk

According to Caveat Emptor, Managing Procurement Risks200S:

Proactive management of supply risk often requires a continuous evaluation of risk factors across the decision continuum — from the design of the procurement network to the actual movement of supplies from origin to destination. Many of the factors that determine the risk affinity of a supply chain are established in the design stage. In many industries, the first stage where supply chain risk is determined is product design. It is not uncommon to see excess and obsolescence charges for specialized components that are used in a few products or sold in a small number of geographies.

From an operational standpoint, procurement risk management (PRM) begins with the design of the supply network. Our definition of design encompasses the identification of suppliers, the design of the sourcing protocols as well as the definition of contract terms.

Although most discussions of risk center on supply volumes, price volatility is an important consideration as well and may require the use of financial strategies that borrow from Wall Street’s playbook.

Another well-known source of procurement risk is demand uncertainty. Demand uncertainties coupled with price volatility require supply chain organizations to identify and operate in a narrow zone that keeps at bay the triple threats of unmet demand, excess/obsolescence and unnecessary financial commitments. This is particularly true for industries that experience the “long tail phenomenon” where there are a few high volume products and many medium- and low-volume products. Well-designed supply networks can increase the size of the operational safe zone by providing recourse to feasible alternatives.

According to Vinod Singhal and Kevin Hendricks,” the weakest link” 2004.he states that in addition to design decisions that account for risk, companies must also carefully consider operational factors that could potentially disrupt the flow of supply. For example, a two-week labor strike at U.S. West Coast ports in 2002 stranded more than 200 ships and 300,000 containers because other ports did not have the capacity to accommodate redirected shipments. Supply disruptions may also be the result of natural disasters, strikes, terrorism, mechanical failures, research and development delays, or unexpected logistics challenges, such as customs-clearance delays.

As more supply chains stretch across the globe, complexities increase and require a careful cost-versus-benefit analysis for each risk-mitigation strategy.

2.7.2 Phases of Risk Management

According to Baily, David Farmer, Purchasing Principles and Management (1998) managing procurement risks: Even the best-managed companies can be overwhelmed by the prospect of rationally and proactively balancing the potential negative effects of risk factors against the cost and benefits of implementing risk-mitigation strategies.

In fact, it quickly becomes clear that managing risk can be at odds with other strategic initiatives, such as reducing inventories and cutting costs. Therefore, effective risk management requires a careful consideration of the appropriate balance among customer service levels, cost and working capital within an acceptable risk tolerance. In addition, all risks are not equal. They must be identified and categorized along a scale on the basis of the severity of the impact of the risk and the likelihood of occurrence. Obviously, risks with high severity that are most likely to occur should be the first priority.

These are complicated scenarios requiring substantial computing power and sophisticated analysis capabilities. All risk-analysis approaches have two phases, although the specific techniques used in each phase vary widely. The first phase of risk analysis is risk identification and consists of determining the sources of risk, the dependencies among them and the likelihood of occurrence. For example, the loss of a supply source in one location may cause a shortage of transportation capacity in a different area where an alternate supply source is available. The second phase is response analysis and involves determining potential options to hedge against the risk while assessing the impact in terms of both cost and benefit.

Developed by the Rand Corporation during the Cold War to predict the impact of technology on warfare, the Delphi method is a facilitated brainstorming or information-gathering process. It involves experts who participate anonymously in iterative sessions by providing predictions with supporting logic. The results from each session are reconsidered by the experts until the process converges on a relative consensus.

According to CAVEAT EMPTOR, managing procurement risks (2006), also states that probabilities are associated with risk factors through a wide variety of techniques. For example, historical data may provide

estimates of variability in forecasts or lead times. Analysts may also use sophisticated regression models to determine errors in long-range growth forecasts. Similarly, the mathematics of extreme-event analysis enables analysts to estimate the probability of rare events. The process results in a good understanding of potential risk factors and their probability of occurrence. Once risks are identified, the response-analysis phase focuses on estimating the impact of risk factors across the supply chain. This exercise is challenging because the relationships between risk factors are not static. One decision or risk factor may impact other risk factors. In practice, techniques for analyzing risk-decision clusters fall into two families: prescriptive decision models and descriptive simulation models.

Prescriptive decision models, which include many supply chain optimization tools, are designed to prescribe an answer for a given set of inputs. The models used in software solutions are further divided into two categories: deterministic and probabilistic.

Both deterministic and probabilistic models provide insight into the interaction between risk factors and supply chain control variables by systematically analyzing different scenarios.

However, while deterministic models use a single number for each variable under consideration, the more sophisticated probabilistic models use statistical probability curves for variables such as demand patterns or the likelihood of a supply disruption. Because of the increased complexity in these probabilistic models, they tend to be limited in scope. Descriptive models can simulate the operation of the supply chain and generate statistics using a series of simulated inputs that are provided to the model. These statistics are then analyzed to facilitate decision-making. In summary, it takes a combination of sophisticated tools and

techniques to effectively determine the appropriate response to supply chain risk factors. (Caveat Emptor, Managing Procurement Risks.)

2.8 Quality Assurance and Risk Assessment

The Ugandan Quality Model (UQM) provides the conceptual framework for Quality Improvement in Health Care in Uganda. UQM defines quality as the totality of feature and characteristics of the Uganda Health System that relates to its ability to satisfy a stated or implied health need. Quality Assurance (QA) is the activity of providing evidence needed to establish confidence among all concerned, that quality-related activities are being performed effectively. It includes all those planned or systematic actions necessary to provide adequate confidence that a product or service will satisfy given requirements for quality.

Quality Assurance is a part and consistent pair of quality management providing fact-based external confidence to customers and other stakeholders that a product meets needs, expectations, and other requirements. Quality Assurance assures the existence and effectiveness of procedures that attempt to make sure - in advance - that the expected levels of quality will be reached. It encompasses all measures taken to ensure the reliability of investigations, starting from test selection, through obtaining a satisfactory sample, analyzing it and recording the result promptly and correctly, to appropriate interpretation and reporting, with all procedures being documented for reference.

Quality Assurance standards such as Iso 9001 are highly developed guidelines designed to provide a practical framework for organizations that enable them to achieve best operating standards and to continuously improve performance. More importantly, in the context of risk evaluation, QA standards introduce objective performance measurability that, although designed for the purpose of assessment and

award of kite marks, can be introduced to the underwriting process as an effective risk identification tool, measuring client management standards against best practice targets.

Risk management is often associated with a 'top down' approach that is dependent upon the accurate identification of risk events leading to the development of a set of risk controls. This reactive approach creates a lag in risk response, is often subjective and does not lend itself to consistently measurable procedures. Quality Assurance is a 'bottom up' approach that establishes within an organization.

These dimensions, grouped under structure- process- output also form the basis for the Uganda Health Standards and the Master Checklist.

2.9 The various definitions of procurement

According to Cole, Alison⁷ Jan. 2007. EzineArticles.com. 22 Jun 2008 procurement can be defined as the purchase of merchandise or services at the optimum possible total cost in the correct amount and quality. These goods and services are also purchased at the correct time and location for the express gain or use of government, company, business, or individuals by signing a contract. The process of acquisition of goods or services required as raw material (direct procurement) or for operational purposes (indirect procurement) for a company or a person can be called procurement. The procurement process not only involves the purchasing of commodities but also quality and quantity checks. Usually, suppliers are listed and predetermined by the procuring company. This makes the process smoother, promoting a good business relationship between the buyer and the supplier. The synonyms for procurement, which are gain, purchase, buy, and acquire, can throw light on the meaning of procurement. The process of procurement may

differ from company to company, and a government institution may have a slightly different procurement process compared to a private company. According to Kenneth Lysons and Michael Gillingham (2003) purchasing as procurement. The term procurement is wider than purchasing which implies another important factor that is usually included in the definitions of procurement is the amount in which the product is bought. This is important because the amounts of goods bought are inversely proportional to their cost. Thus, procurement is a process that is carried out by almost every company and individual for its own personal gain or for profits, which involves buying of commodities by choosing the appropriate bidder.

According to Andrew Kidd CIPS Australia Ply Ltd 2004 "Procurement is the business management function that ensures identification, sourcing, access and management of the external resources that an organization needs or may need to fulfill its strategic objectives". Procurement delivers a range of benefits. It not only seeks to reduce costs and to ensure supply, it also supports strategic organizational objectives such as market expansion and product innovation CIPSA has identified seven core benefits of Procurement:

- Security of supply,
- Lower costs,
- reduced risk,
- improved quality,
- Greater added value,
- increased efficiency,
- Innovation.

Of the other terms we use, 'supply management' is very similar to the term 'procurement' and might be a synonym, but other common terms generally relate to just part of the overall process captured by procurement. Utilization of goods or services in return for monetary or

equipment payment procurement however is a process of obtaining goods or services in anyway including borrowing, leasing and even force or pillage, since procurement is strictly a more accurate term it is unsurprisingly that the word procurement is often supplanting purchasing in job title such as procurement manager, procurement agents, and head of procurement.

According to the instituted "Incoterms 2000" is one in a series of short articles published by International Business Training, a division of InterMart, Inc. These articles are designed to help businesses and individuals succeed in the global marketplace.

2.9.1 Explanations of the various incoterms.

Incoterms deal with questions related to the delivery of the products from the seller to the buyer. This includes the carriage of products, export and import clearance responsibilities, who pays for what, and who has risk for the condition of the products at different locations within the transport process. Incoterms are always used with a geographical location and do not deal with transfer of title. They are devised and published by the International Chamber of Commerce (ICC). The English text is the original and official version of incoterms 2000, which have been endorsed by the United Nations Commission on International Trade Law (UNCITRAL). Authorized translations into 31 languages are available from ICC national committees.

EXW - Ex-Works, named place where shipment is available to the buyer, not loaded. The seller will not contract for any transportation. International Carriage NOT Paid by Seller FCA - Free Carrier, unloaded at the seller's dock OR a named place where shipment is available to the international carrier or agent, not loaded. This term can be used for any

mode of transport. FAS - free alongside Ship, named ocean port of shipment. Ocean shipments that are NOT containerized.

FOB - Free On Board vessel, named ocean port of shipment. This term is used for ocean shipments only where it is important that the goods pass the ship's rail.

International Carriage Paid by the Seller,

CFR - Cost and Freight, Named ocean port of destination.

This term is used for ocean shipments that are not containerized.

CIF — Cost, Insurance and Freight, named ocean port of destination.

This term is used for ocean shipments that are not containerized.

CPT - Carriage paid to, named place or port of destination.

This term is used for air or ocean containerized and roll-on roll-off Shipments.

OP - Carriage and Insurance Paid To named place or port of destination.

This term is used for air or ocean containerized and roll-on roll-off shipments. Arrival at Stated Destination

DAF - Delivered at Frontier, named place of destination, by land, not unloaded. This term is used for any mode of transportation but must be delivered by land.

DES - Delivered Ex-Ship, named port of destination, not unloaded.

This term is used for ocean shipments only.

DEQ - Delivered Ex-Quay, named port of destination, unloaded, not cleared. This term is used for ocean shipments only. DDU - Delivered Duty Unpaid, named place of destination, not unloaded, not cleared. This term is used for any mode of transportation.

DDP - Delivered Duty Paid, named place of destination, not unloaded, cleared. This term is used for any mode of transportation.

1. Smart staffing

Delivering applications to the business spans a wide variety of projects and processes, and each requires its own set of specialized skills - architects, development managers, systems programmers, business

application programmers, UI designers, integration specialists, business analysts, project managers, QA, system administrators, technical writers, and so on. What's more, technology choices can vary greatly, increasing the need to specialize to ensure success. For application development, the two primary models are free-based products and MET. While these technologies and products overlap in some areas, many believe that both will have to co-exist. Further complicating matters, these technologies need to fit into the people, processes, and architectures that have grown up over the decades, including mainframes, MQ, UNIX, packaged applications, and other technologies.

Critical success factors include:

- Valuing J2EE technologies and developers but being realistic about how much of an application needs to be hand-coded from the J2EE APIs
- Attracting and retaining developers and architects by using current technologies while not paying for the bleeding edge
- Having a spectrum of developers, each properly suited (system vs. business) and paid (senior vs. junior) for their area of focus
- Paying less for tasks that can be done by less specialized staff.

2. Use application frameworks to speed and simplify development projects.

The same relationship between flexibility and complexity effects how much development needs to be done for each application. Again, J2EE

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2. Use application frameworks to speed and simplify development projects.

The same relationship between flexibility and complexity effects how much development needs to be done for each application. Again, J2EE is extremely powerful, but very raw. This leads to developers building a substantial amount of application infrastructure rather than staying focused on business, presentation, or integration logic. If functionality can be generalized and reused across applications, it is infrastructure by definition. Struts are a good example of generalized, higher-level infrastructure that is being used across Web applications. The core of the Struts framework is a flexible control layer based on standard technologies like Java servlet, JavaBeans, Resource Bundles, and XML. Adding to Struts, Workshop offers a graphical environment for laying out Web applications, rather than the harder- to-use configuration files that Struts developers have had to deal with in the past. Features like these

dramatically cut down the number of lines of code and the complexity of building and maintaining the application.

Critical success factors include:

- Reducing the amount of code that is written and maintained for each application
- Reducing the focus on infrastructure and increasing the focus on business and presentation logic
- Achieving application architectures that were previously too complex to implement

3. Converge development and integration

Development and integration have traditionally been thought of as two different disciplines. This worked in the day of large, monolithic applications, but today's service-oriented architectures place more value on interoperability than ever before. Not only do systems within the same enterprise need to talk to each other, the Internet, Web services, and XML have ushered in a new wave of cross-application integration. This new paradigm is also driving the trend around process-driven development, where new business processes are designed to span a variety of resources, including applications and human workflow.

The SAP application, the pricing EJB, and the tax calculator can be brought into the Workshop development environment as controls. This gives the developer an easy way to program against them without having to understand the underlying APIs and protocol details. Web Logic Integration makes process definition easy through the drag-and-drop 3PM IDE. The process engine allows the developer to do data transformations, incorporate human workflow, and monitor business activity.

Critical success factors include:

- Fewer one-off integration products to patch systems together after development

- Increased skills synergy for building and integrating applications
- Increased development of composite applications and processes

4. Start transitioning to a service-oriented architecture

Realizing the dream of standards-based integration, increased reuse and rapid composite application development are driving the industry-wide move to service-oriented architecture (SOA). The widespread adoption of the standards that make this possible also reduce the need to get the entire enterprise - or worse, cross enterprises - to agree on the underlying implementation details. The development environment gives a simple and consistent representation of these services through controls. Anything can be easily turned into a control - a Web service, an EJB, an adapter, etc. This allows developers to code against these remote, heterogeneous resources as if they are local Java objects.

Critical success factors include:

- Reduction of redundant cross enterprise application services (authentication, customer profile, etc.).
- Increase reuse and simplified development of new composite applications

5. Re-evaluate your hardware platform

Hardware, Java technology, and the commercial infrastructure products have grown substantially faster over the last several years. This presents an opportunity for users to upgrade their hardware and software stack and either get substantially more throughput out of the same licenses or to reduce the number of servers and software licenses needed to maintain the same number of users or transactions. By upgrading an application to a current stack, customers are seeing large enough performance gains to reduce the number of CPUs required to process the same number of users and transactions.

This directly impacts the hardware, software, and maintenance cost of the system and can quickly offset the cost of the upgrade. Web Logic J

Rockit is the only JVM specifically optimized for Intel processors. JRockit has proven to be the highest-performing JVM available. When Web Logic is deployed on these systems, applications can scale to high volumes of users or transactions. Moving Web Logic applications to Intel-based servers is very straightforward. Delivering on Java's "write once, run anywhere!" Promise, an application running on Web Logic/Solaris can be redeployed on Linux, Windows, or HP-UX I with no changes.

Critical success factors include:

- Reduced hardware budget
- Evaluation of Linux and Windows for potential deployment operating systems
- Evaluation of 64-bit platforms for potential deployment hardware

6. Rationalize your Web sprawl

Since the late 1990s, many organizations have experienced the proliferation of custom Web applications, Web front ends to legacy mainframe and client-server technologies, and portals from various vendors. Often these sites have been deployed to expose a single function or data source, with scant reference to the overall enterprise architecture. Because each Web application typically has a separate architecture, security framework, and user interface, users end up having to go to several sites to complete business processes - if they even know where to go. The result is poor user adoption of Web applications, a lack of enterprise agility, high hardware and software maintenance costs, and an inability to gain a 360-degree view of either customers or business processes.

Customers looking to reduce the costs of maintaining these legacy Web applications and portals are standardizing on the Web Logic Platform because BEA's application server, integration, and portal products have

been designed from the ground up to work together and share a single integrated development environment, Web Logic Workshop.

Critical success factors include:

- Reduced number of Web application increased application adoption

In conclusion while few strategies provide the silver bullet we all wish for, the combination of any of these trends can significantly impact the bottom line. The last several years have seen significant innovations targeted at cost reduction. With each move comes a tradeoff, which is what smart developers and architects are paid for. Navigating the ones that makes sense for you project and organization is the trick.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.0 Introduction

This part is concerned with the way the study was conducted. It gives a detailed explanation of the methods of data collection and analysis. It also talks about the research design, area of the study and research instruments.

3.1. Research Design

The research design was a case study of Mulago, Teaching Research and Referral Hospital Kampala Uganda. The study was descriptive and analytical to describe the data relating to the study variables hence, employing both quantitative and qualitative data. This is because they give a researcher a clear picture or situation on the impact of risk assessment on procurement management in the organization. Thus, the research established the essence of risk management on procurement procedures in the organization.

3.2 The Study Population

Population is defined as the complete collection of the elements that are of interest in a particular investigation. The targeted population was the population to which the researcher ultimately wanted to generalize the results. However, the cause of a target population might always be available to the researcher, the accessible population was the one from which samples were drawn. Due to the large population of Mulago, teaching Research and referral hospital and limited timeframe for its study, the target population was obtained through random sampling and judgmental or purposive sampling.

The study mainly focused on the management and staff of Mulago, Teaching, Referral and Research Hospital Uganda. The organization was selected because of its convenience in accessibility, the limited financial resources available to the researcher and the researcher's familiarity to the organization. The targeted population consisted of 120 people of which 80 are the staff and 40 are from the management. The primary respondents for this research included the Deputy Director Administration and Finance, Procurement manager, Assistant procurement manager, heads of the user departments (consumers of the services provided by the supplies department) and the subordinate staff working in the procurement departments.

3.3 Sampling Design

A simple random sampling technique was used in picking the employees on which the data was collected. They included strategic Managers, middle managers and users in various departments. They were given open ended questionnaires which covered a wide range, Scope of the organization in relation to the research topic.

3.3.1 Sample Size

A sample is a portion of the preparation whose results can be generalized to the entire population. A sample was obtained from the accessible population and contains elements known as "Respondents". The sample size was determined in two ways, namely; (a) purposive or judgmental sampling (b) random sampling. The sample size for this study had been estimated as 50.

3.4 Methods of Data Collection

3.4.1. Questionnaires

The researcher used pre-formulated written set of questions of which the respondents recorded their answers. It was an efficient data collection

mechanism where the researcher knew exactly what was required and how to measure the variables of interest.

Open ended and closed ended questions were used. For this case study, the questionnaires was self-administered to the target respondents, this was preferred because they saved time especially when the group are big or scattered.

3.4.2. Interviews

An interview guide was used especially with secretariat coordinator, employees in different departments for instance finance, and accounts department. The researcher also explained to the respondents why the study has been carried out. The research method was preferred because of the fact that the researcher had a face to face interaction with the respondents and probing questions relevant to the study.

3.5 Data Analysis and Presentation

Once the data had been collected, it was analyzed by the researcher both qualitatively and quantitatively. The analysis involved the determination of the effectiveness of the existing risk assessment tools in the organization. The data obtained was analyzed under a stated research design so as to answer the questions with the collected data.

It's from this analysis and observation that the researcher came up with a comprehensive conclusion and recommendations on the effectiveness of the existing risk management measures.

3.6 Limitations of the study

Supplies and procurement is a very sensitive issue in most government organization. Some of the respondents were not willing to answer the questionnaires thus leading to the delay in data collection. However the researcher was able to guarantee and assure the respondents that the study was only meant for academic purposes only and that all

information and materials regarding the research was made strictly confidential.

There was also a problem of information access by the researcher. The management of the hospital- invokes confidentiality and internal use only clauses and regulations. This was partly solved by the researcher by acquiring a letter form the university which introduced her as a student and enabled her to carry out research in there organization. Hence the management was more adjustable to deal with.

Financial challenge; funds for helping in proposal writing and producing a final report. Dissertation was very expensive for a researcher to afford. However the researcher tried his level best to secure financial assistance from guardians and close friends.

Honest respondents, not all the respondents were not willing to cooperate in collecting data and giving out some relevant information as far as the study was concerned. This indeed was a tough limitation but the researcher tried as much as she could to convince the respondents for information though some will opt to give shallow information.

CHAPTER FOUR

RESEARCH FINDINGS AND DATA ANALYSIS

4.0 Introduction

In this chapter, the researcher has presented the findings, analysis and interpretation of the data collected from the study undertaken to evaluate risk assessment and procurement management decisions at the Mulago, Teaching, Referral and Research Hospital- Kampala Uganda

This chapter enhances personnel opinion and responses from the questionnaires answered by respondents in the field. The population comprised of twenty employees from the organization selected randomly from the management, user departments and the procurement department. Data was collected from Mulago, Teaching, Referral and Research Hospital. Twelve respondents completed and forwarded their questionnaires out of twenty questionnaires which the researcher had forwarded to various people.

4.1 Demographic Characteristics

This part intended to analysis the background information of the respondents in relation to their age, gender, marital status and educational qualification. The information was obtained through the use of tabulation.

Table 5: Ages and Gender of Respondents.

Sex and Age	Male			Female			Total
	20-30	31-40	41 and above	20-30	31-40	41 and above	
Frequency	15	10	10	15			50
Percentage (%)	42.85	7.15	7.15	42.87	-	-	100

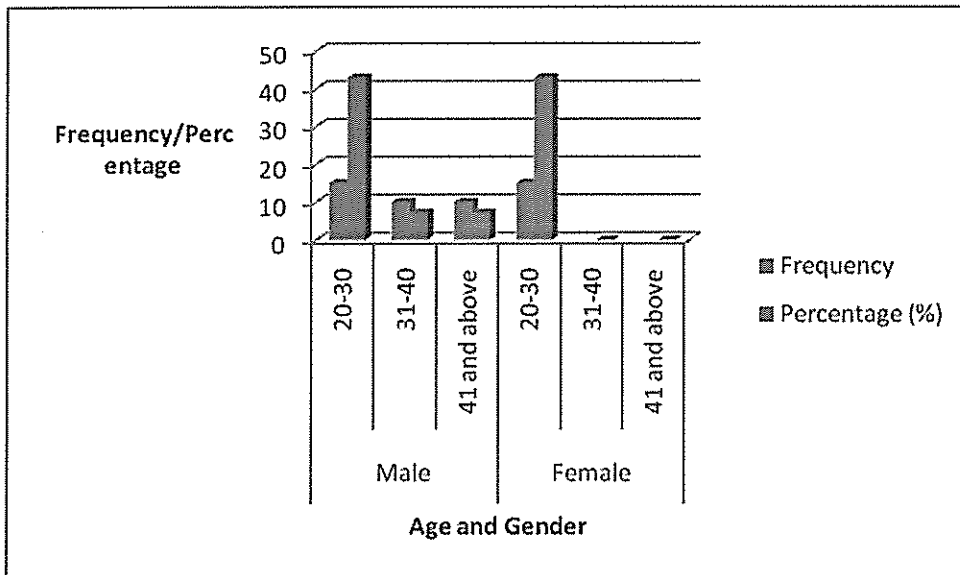
Source: Primary Data

According to the above table, the findings revealed that, the majority of the respondents were seven (38) males, according for 71.43% of targeted sample. Females were three (12) making 28.57% of the targeted sample. However, this is just the sample and the data did not comprise of the total population Mulago, Teaching, Referral and Research Hospital employees.

On the other hand the study portrayed that, the biggest population of ire company lies between 20-30 years, forming 43% of the sample.

This age group was closely followed by both 31-40, and 41 and above forming 14.29% each. This however did not have any impact either positively or negatively towards achieving the information and other relevant material related to the research topic that the researcher required.

Figure 3: Ages and Gender of Respondents



Source; (Primary data)

From the above graph (Figure 4.1), the findings revealed that the majority of the population in the organization is composed of males. This happened from the first interval, the fourth class age does not consist of any male according to the findings of the study. This never did not hinder the obligation of the researcher to collect data the respondents since both the male and female who were the majority and young in age ranging from 20-30 were easier to reach and deal with by the researcher.

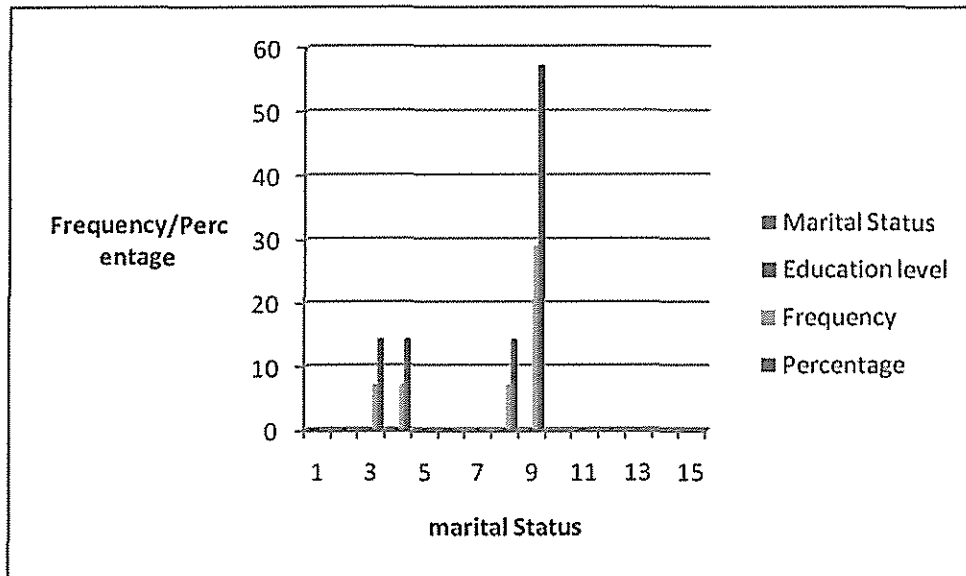
Table 6: Marital Status and Educational level

Marital Status	Married					Single					Divorced				
	Pri m	Sec	Di p	Deg	Ma st	Pri m	Se c	Dip	D eg		Pri m	Se c	Di p		
Frequency			7	7				7	29						
Percentage			14.29	14.29				14.29	57.13						

Source: Primary Data

From the table 41.2 above, the research findings revealed that most of the respondents hold bachelors degree according for 71.42% followed by masters' degree 14.20% each. 57.13% respondents were single this was followed by 2 respondents who were married accounting 28.58%. Therefore this holds that a company/ organization look for competent and qualified staff employed to run their day to day activities. It is also observed that single respondents forms majority of the respondents amounting for (71.42%) in respect to marital status, married comprises of 28.58% of the respondents. Having seen that most of the respondents are educated, it had a positive impact to the research topic in a way that those who were approached by the researcher had relatively sufficient knowledge on risk assessment and procurement management in the organization. Furthermore the researcher also notes that the unmarried respondents who were the majority were easily approached for information and relevant material for the research, other than the married respondents who are rather complex to deal and associate with, when gathering data from them.

Figure 4: these findings were further presented using a clustered bar graph (Histogram graph)



Source: Primary Data

By looking at the above figure 4.2 the researcher observed that the single make 71.4% and the majority are bachelors degree respondents, the researcher therefore found it easy to deal with these single respondents in gathering information since they learned and are also able to fix time and share ideas' regarding risk assessment and procurement management thus enabling the smooth progress of the research.

4.2 Risks faced by the supplies and procurement department

The respondents were requested to list the various kinds of risks faced in the supplies department. The findings revealed that the risk faced by supply department included insurance risks, public health and

environmental decision, lack of integration and system to link purchases and sales, failure to honour orders and getting credible suppliers.

The risk identification helps the management in the risk assessment and procurement management process. This has enabled them to perform effectively since the department is assumed to be in a position to realize all the strategic areas to pursue to ensure that they succeed.

4.3 Training of Employees on Risk Identification

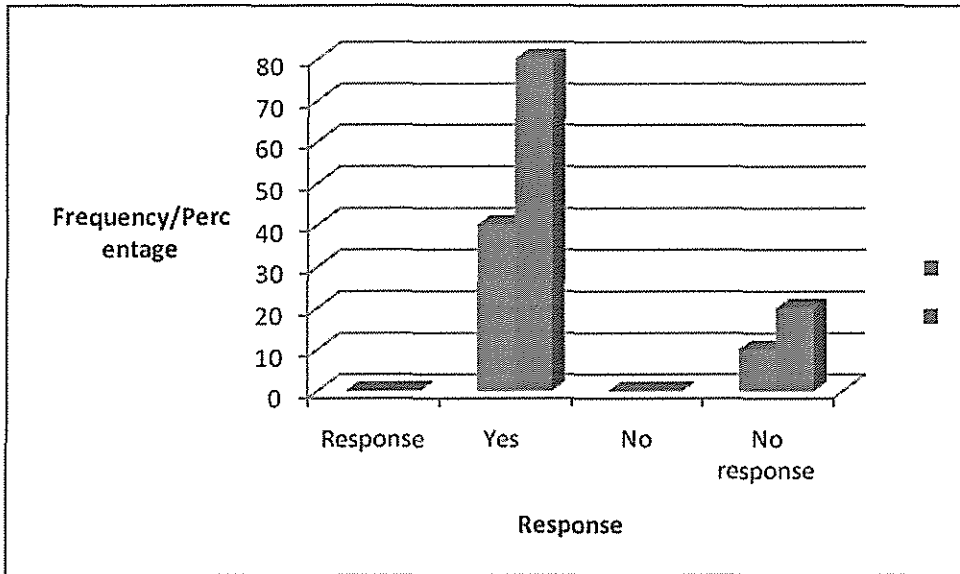
In the study, the researcher asked the respondents if the supplies/ procurement personnel are trained on risk identification .The response was on a yes or no basis and those who did not fill in; it was categorized as no response.

Table 7: Personnel Training on Risk Identification

Response	Frequency	Percentage
Yes	40	80
No	0	-
No response	10	20
Total	50	100

Source: Primary Data

Figure 5: Personnel Training on Risk Identification



Source: Primary Data

From the table and graph above, forty (40) respondents (80%) said that they do train the supplies/procurement person. Ten (10) respondent (20%) did not indicate whether there is training or not. Having identified that a bigger percentage of the employees are trained on risk identification this has enabled the organization to easily detect risks and easily develop a risk assessment process which should be able to probe areas like have the major risks been identified, how will the risks be managed, have assurance measures for the programme being put in place and lastly is there a contingency plan. This will play a vital role in streamlining risk assessment and procurement management.

4.4 Existence of a Risk management Committee.

From the findings, it is evident that there isn't any existing risk assessment committee in place. Which is there fore a great risk in it self to the organization. Because the procurement department itself can not be able to identify all risks that may be surrounding its day today operations thus it's important to have this risk management committee

whose main purpose will be to specialize in risk identification and management measures. Hence they can easily work hand in hand with the procurement department to manage and control these risks.

Table 8: Existence of Risk Management Committee

Response	Frequency	Percentage
Yes	0	-
No	50	100
No response	0	-
Total	50	100

Source: Primary Data

4.5 management's perception on the major causes of risks

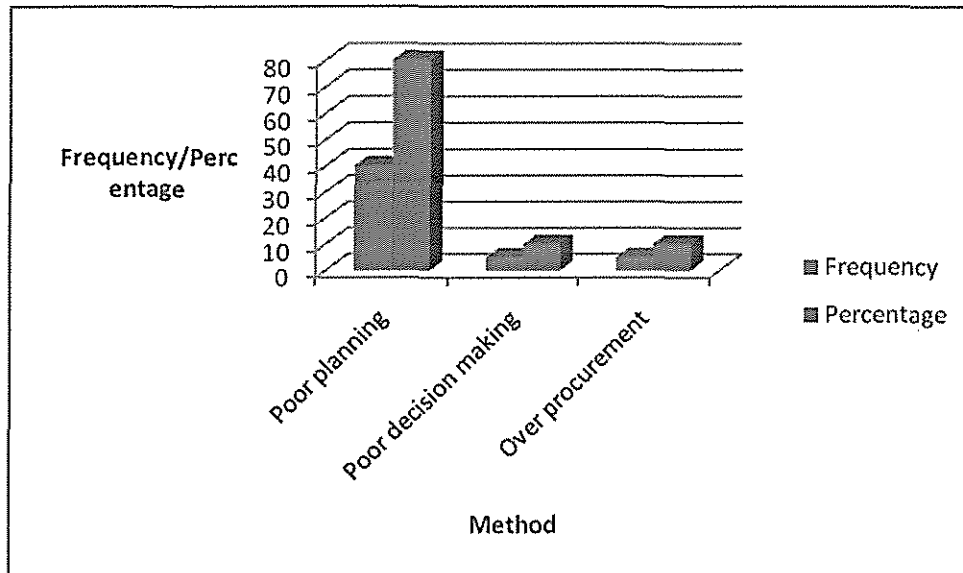
The respondents were requested to name the various causes of risks in the organization especially faced in the procurement department.

Table 9: Management's perception on the causes of risks.

Method	Frequency	Percentage
Poor planning	40	80
Poor decision making	5	10
Over procurement	5	10
Total	50	100

Source: Primary Data

Figure 6: Management's Perception on causes of Risks



Source: Primary Data

The above data revealed that the major cause of risk was due to poor planning (80%). The other minor factors were poor decision making (10%) and over procurement which categorically falls under poor planning.

The findings revealed the different causes of risks in the supplies department which included: non-professional decisions or rather influential decisions, poor planning, and over procurement. This finding enabled the management to identify options for dealing with risks or their impacts and monitor implementation of the preferred options.

Source: (primary data.).

Table 10: Frequency of Risk Assessment in the Procurement

Response	Frequency	Percentage
Annually	32	65
Semi-annually	14	25
Daily	5	10
Total	50	100

Department.

Source: Primary Data

The highest percentage of respondents stated that risk assessment was carried out annually (65%) then (25%) stated that risk assessment was carried out semi-annually. Lastly a low response of (10%) stated daily therefore this clearly indicates that the organization perception toward risk assessment is very poor and this negatively impacts procurement practices and procedures. Since it is even hard to identify some of frequent risks that are faced in the day to day procurement Of the organization.

4.7 The existing Risk Assessment measures in the Procurement department.

The respondents were asked to identify the existing risk assessment measures employed in the supplies/procurement department. This was an open question that raised various responses.

The researcher deduced that the risk assessment measures are various depending on the risk in question.

They were however all summarized into three major phases that is:

- Before the disaster strikes (what needs to be done)
- During the risk (how to act)

- After the risk or the worst has happened (what next)

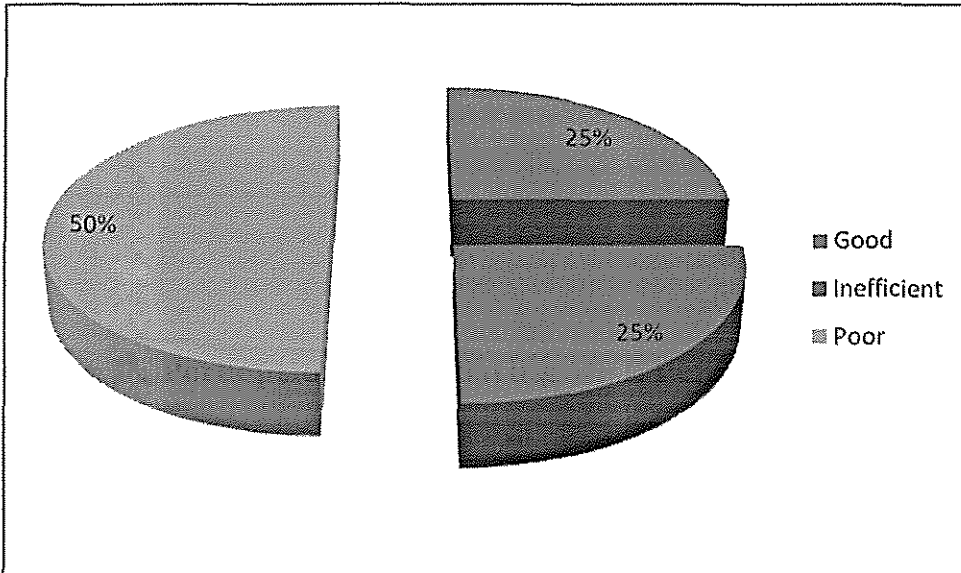
The respondents were asked the effectiveness of the existing risk assessment measures ss

Table 11: Procurement Department's Perception on the effectiveness of existing Risk Assessment measures.

Perception	Frequency	Percentage
Good	12.5	25
Inefficient	12.5	25
Poor	25	50
Total	50	100

Source: Primary Data

Figure 7: Perceptions on existing Risk Perception Assessment Measures.



Source: Primary Data

The data revealed that even though there risk assessment measures existed, the effectiveness is poor as stated by the higher percentage (50%o). However 25%o thought it was good. 25%o of the same population thought the measures are inefficient which generally indicated that a population of 50% thought that the perception on risk assessment were totally not good. This therefore implies that much has to be done to layout measures which will enhance control and management of existing risks already. management and staff of the procurement department should be able to create a perception in there minds that risks affect the organization negatively thus they need to share ideas in order to develop and come out with measures in risk assessment Further more the

existence of a risk assessment committee will ensure adequate improvement on the perception of risk assessment measures.

4.8 Risk measurement Methods.

In an interview with the supplies and procurement personnel, they analyzed that risk measurement and impact assessment of particular risks should be the sole duty of each and every personnel. This is because the personnel understand their operations better and are in position to identify any risks that could be disastrous thereby analyzing, monitoring and controlling them.

They also recommended use of information technology as a way to control possible risks and also help in risk assessment. They added that organizations with less advanced technology had high risk exposure and the ones who invest in technology have reduced risk exposure since risk identification becomes easy and risk assessment achievable.

4.8.1 Steps in the risk management process.

- Identification of risk in a selected domain of interest
- Planning the remainder of the process.
- Mapping out the following: the social scope of risk management, the identity and objectives of stakeholders and the basis upon which risks will be evaluated, constraints.
- Defining a framework for the activity and an agenda for identification.
- Developing an analysis of risks involved in the process.
- Mitigation of risks using available technological, human and organizational resources.

Once the above steps in risk management process have been put into effect, the organization will be aware of the causes of and come up with

methods, devices and policies to improve on the existing organization risks.

4.9 Causes of Risks

The researcher asked the respondents on what they view as the major causes of risks in the procurement department. Different options were stated and the response was as below.

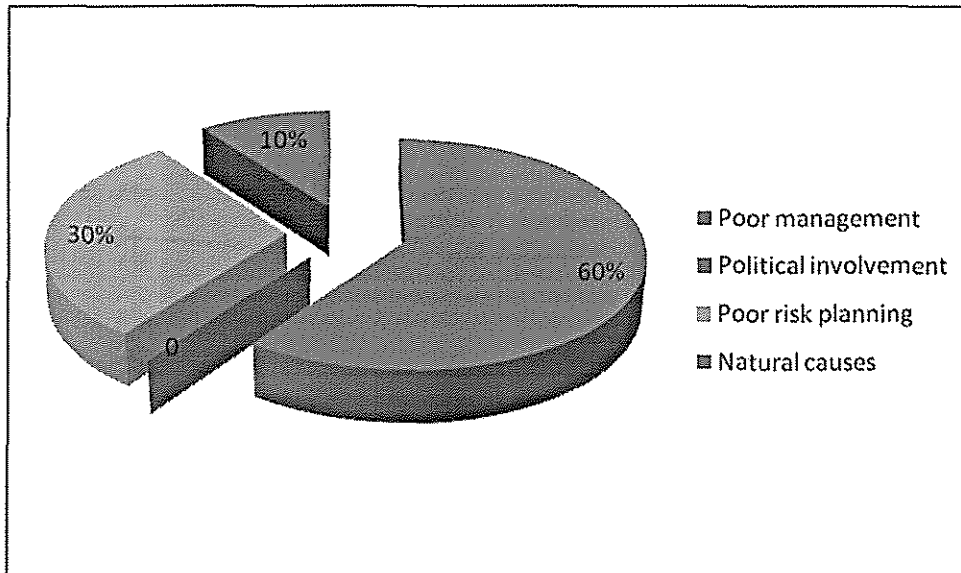
Table 12: The Causes of Risks

Causes	Frequency	Percentage
Poor management	30	60
Political involvement	0	-
Poor risk planning	15	30
Natural causes	5	10
Total	50	100

Source: Primary Data

The findings revealed that a high percentage Of the employees (60%) thought that poor management was the major cause of risks in the procurement department. (30%) of the respondents insisted that poor risk planning was the major cause of risk. However, (10%) thought risk had natural causes. Through analysis, the researcher deduced that poor risk planning was due to poor management practices therefore 60% of the population agreed on the same that poor management was the major cause of risks. Thus it remains a major challenge to the organization to ensure stringent measures on management and more especially with the procurement department so as to minimize and ensure appropriate risk assessment measures.

Figure 8: Causes of Risks.



Source: Primary Data

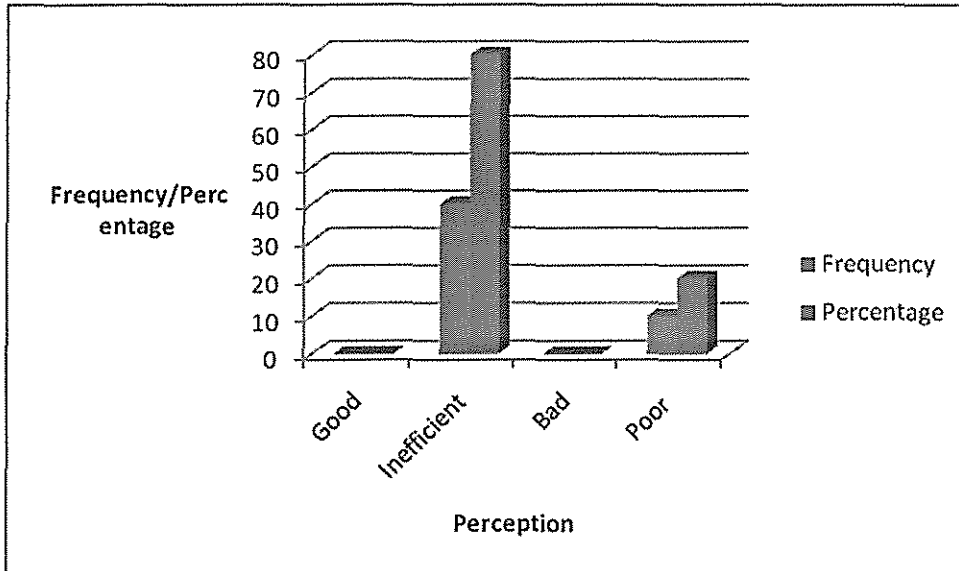
4.1.0. Perception towards Mulago Hospital Risk assessment policies for the procurement department.

Table 13: Perception on the efficiency of Risks Assessment Policies.

Perception	Frequency	Percentage
Good	0	-
Inefficient	40	80
Bad	0	-
Poor	10	20
Total	50	100

Source: Primary Data

Figure 9: Perception on the efficiency of Risk Assessment



Source: Primary Data

The above information showed that the procurement department's risk assessment policies were inefficient (80%). A portion of the population however thought that the policy was poor (20%). This therefore implies that risk assessment policies should be put in place so as to enable easy management of risks when they occur more especially at instant times or occasions when the procurement department management is less aware and expecting a particular risk emerging. This will enable good procurement measures and management practices in the organization.

4.1.1 User departments Role in Risk Assessment.

The respondents were asked if the supplies department had availed them with any information on the different risks that they face in their operations.

Table 13: User department's responses on information flow in the system

Perception	Frequency	Percentage
Good	0	-
Inefficient	40	80
Bad	0	-
Poor	10	20
Total	50	100

Source: Primary Data

The findings revealed that the supplies department never involved the user departments on discussions of the different risks that they face. The supplies department doesn't share such information with the users department. The above table confirms that the procurement department involves few or no user department representative in risk assessment and no information about the latter is provided. Hence this make the procurement department easily undergo financial constraints since they procure even without consulting the user department if there is need for the procurement. In other words there is no MRP materials requirement planning.

Table 14: Perception on the efficiency of Risks Assessment Policies.

Response	Frequency	Percentage
Yes	0	-
No	50	100
No response	0	-
Total	50	100

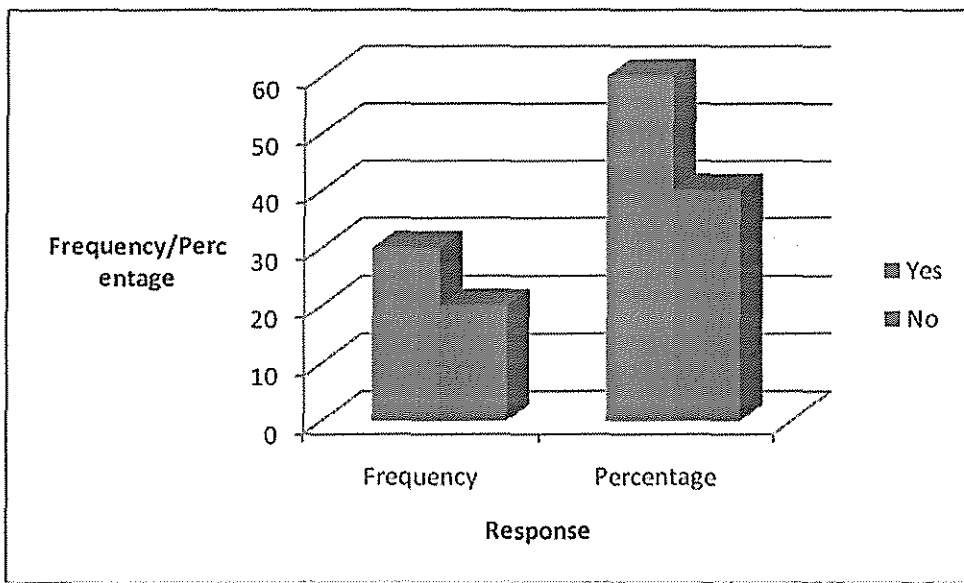
Source: Primary Data

Table 15: Risk Identification by Respondents with in the procuring departments.

Response	Frequency	Percentage
Yes	30	60
No	20	40
Total	50	100

Source: Primary Data

Figure 10: Risk Identification by the User departments



Source: Primary Data

Data revealed that actually a high number of the user departments could identify the various risks faced by the procurement department (70%). However 30% could not identify any risks. This therefore clearly shows that there are no policies or measures that have been put forth that will enable user departments identify risk thus in the long run will lead to poor procurement management.

4.1.3 The Effect of poor Risk Assessment.

The respondents were asked what they thought were the major consequences they were likely to face due to poor risk assessment in the supplies department.

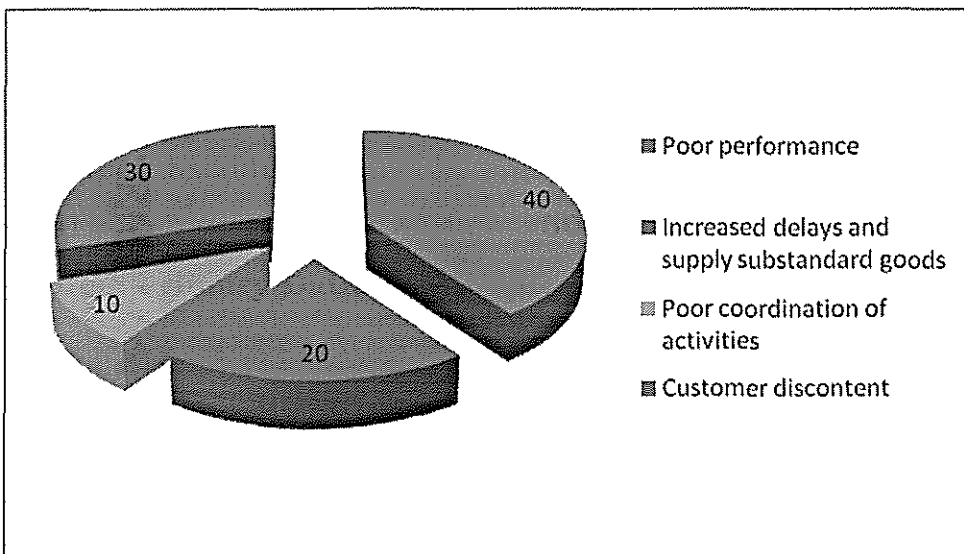
Table 16: Perception on the efficiency of Risks Assessment Policies.

Consequences	Frequency	Percentage
Poor performance	20	40
Increased delays and supply substandard goods	10	20
Poor coordination of activities	5	10
Customer discontent	15	30
Total	50	100

Source: Primary Data

4.14 The consequences of poor Risk management

Figure 11: consequences of poor Risk Assessment



Source: Primary Data

The table shows that the greatest number of population (40°k) indicated that poor risk assessment could lead to poor performance in the users department. 30% stated that it could lead to customer discontent. However the same percentage of 20% thought poor risk assessment could lead to increased delays and Supply of substandard goods and a poor coordination of activities in the whole system. And (10%) Stated that it was due to poor coordination of activities in the whole system. Therefore having analyzed the information above we see that poor risk assessment definitely will affect procurement negatively. Since it has consequences which come along with it and they include poor performance, increased demand and supply of substandard goods, poor coordination of activities for example logistics problems and also customer discontents hence a major challenge to Procurement operations and management.

CHAPTER FIVE

RECOMMENDATION AND CONCLUSION

5.0 Introduction

The researcher in this chapter comes up with comments and conclusions based on the findings in the previous chapter and finally proposes recommendations on risk assessment measures and procurement management at Mulago, Teaching, Referral and Research Hospital-Kampala Uganda.

5.1. Summary.

Given the presentation in the earlier chapter, the findings suggested that risk assessment and procurement management are two compatible concepts. It was observed that in order to carry out effective procurement in the organization one has to clearly evaluate the risks or carry out risk assessment. this can be best done by use of risk assessment process which detail the following in brief, have the major risks been identified, how will risks be managed, having assurance measures for the programme been put in place and finally is there a contingency plan. This will guide the clients and buyers through each stage of the procurement including links to further information and useful guidance. The findings also enabled the researcher to establish the effectiveness of the existing risk assessment measures at the procurement department at M.T.R.R.H as per the findings it is seen that 60% of the respondents the researcher was able to gather information from showed that the were hardly any existing risk assessment measures in the procurement department.

This was much contributed also due to the fact that there was no risk assessment committed in the organization whose main work was to specialize in risk assessment measures on how to control these risks in order to ensure good and quality procurement management.

The Methods of identifying risks. According to Robert Courtney Jr. (IBM, 1970) the chosen method of identifying risks may depend on culture, industry practice and compliance. The identification methods are formed by templates or the development of templates for identifying source, problem or event. Common risk identification methods are:

- Scenario-based risk identification.
- Objectives-based risk identification.
- Taxonomy-based risk identification.
- Common-risk checking.
- Risk Charting.

The research findings also enabled the researcher to suggest some methods and devices to improve on the organizations risk assessment measures at the hospital and these included the following, ensuring proper and good planning of procurement events in the hospital since proper planning will enable the procurement department to know when to procure and even incase of any emergency they should have funds ready for direct procurement or emergency procurement for that matter. This will definitely reduce all the risks associated with improper planning.

Poor decision making should also be worked upon, strong and firm decision should be undertaken by the management and the procurement department this will help reduce risk occurrence during the procurement process.

Over procurement which is also a major cause of risk should be looked upon. And these can be controlled through procurement policies such as MRP materials requirement planning which will enable minimizing

inventory and maintaining delivery schedules. Also by using ERP enterprise resource planning as a method of risk assessment will ensure faster inventory turnover, reduced set up time, high quality work and timely revenue collection and improved cash flow. Another method that will ensure improved organization risk management is by using JIT. Just-in-time purchasing this is an inventory control philosophy whose goal is to maintain just enough material in just the right place at just the right time to make just the right amount of the product.

5.2 Conclusions

According to the findings in the previous chapter, Mulago, Teaching, Referral and Research Hospital- Kampala Uganda existing risk assessment measures in the procurement function have been poor and done on trial-error basis and therefore inefficient. To a greater extent, risk assessment policies are there but they are weak, since there is a weak perception toward risk identification.

In carrying out the research, a respondent interviewed mentioned that the hospital has established accidents and emergency unit that deals with the various risks in there hospital area.

This will help in risk assessments in the long run since the hospital is adopting their new strategy, quality assurance and ISO department are among the new departments that have been introduced. These departments are affiliated to the procurement departments as their service providers. They help the procurement departments in quality improvements and also have risk assessment measures that may be of help in the supplies department.

From the analysis, the researcher deduced that lack of information on risk assessment measures put the user departments at risk since without it they cannot make informed decisions on their departments and later forward them to the procurement department in order to

ensure effective and efficient risk assessment and procurement management measures.

5.3 Recommendations

According to the findings and conclusions of the study, the researcher found it necessary that the following recommendation be of much importance: -

The best risk assessment measure is empowering personnel who are charged with the responsibility of assessing those risks. This can be done through trainings and even appraisals and empowering team works. Personnel should attend short courses on risk assessment to be able to guide them in decision making appropriate for the performance of their departments. This will solve the vast problem of personnel's incapability to identify measure and monitor risks.

There is an urgent need to establish an independent risk assessment committee that exhaustively monitors, assesses and controls the risks that are involved in the procurement function. A policy/protocol on risk assessment should be developed and risk awareness in all the staff should be enhanced.

The procurement department should involve all the users departments in their procedures to help in risk assessments.

Risk identification should also be approached in a methodical way to ensure that all significant activities within the organization are covered.

In carrying out the research, a respondent interviewed mentioned that strict supervision on the existing risk assessment measures should be carried out in order to strengthen the procurement department and the hospital at large.

Supervisors should be given more power to supervise and disclose relevant information concerning operation and performance of the

supplies department to the all risk assessment stakeholders namely, the general public and the government.

One of the most efficient methods of risk assessment is investing in information system and technology. These systems if well programmed can efficiently monitor, assess and provide quick information as regards risk impacts. Mulago, Teaching, Referral and Research Hospital should therefore invest massively in automation of their operations for proper risk assessment.

5.4 Areas for Further Studies.

In attempting to solve the research problem a number of variables that have relationship with risks emerges, all these variables apart from procurement which was addressed in this study have significant impact procurement management.

Therefore, more studies have to be under taken on the areas of risk identification procurement procedures. This will enable the organization to carry out its day to day procurement operations with minimum limitations and also be able to plan for future procurements with ease.

Further more the role of government, legal institutions on the risk assessment and procurement management polices should be looked upon and applied properly in order not to have any effect or negative implication. For example the use of incoterms while procuring overseas.

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APPENDICES

APPENDIX 1: INSTRUMENTS

A. RESEARCH QUESTIONNAIRE

Dear respondent(s), I am a student of Kampala International University pursuing a Bachelor's Degree in Supplies and Procurement Studies conducting a study on Risk assessment and procurement management. The purpose of this survey is to fulfill my academic requirement. Therefore, I kindly request for your assistance by furnishing me with the required information and data.

PERSONAL INFORMATION.

1. Age

a) 20-25

b) 26-30

c) 31-35

d) 36-40

e) 41-45

f) 45 and above

2. Sex

a) Male

b) Female

3. Level of Education qualification.

a) Primary

b) Secondary level

c) Professional Certificate

d) Diploma

e) Degree

f) Masters

g) Others, specify.....

Thank you for your cooperation and support in completing this questionnaire.

INFORMATION ABOUT THE ORGANISATION:

1. Do you have a Procurement Department in your organization?

Yes

No

2. What do you understand by the term procurement?

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.....
.....

3. In your own words what do you understand by the term risk?

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.....

4. What are the risks faced by the supplies/ procurement department?

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.....

5. What are the causes of most these risks?

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.....

6. What are some of the existing risks assessment measures employed in the supplies and procurement?

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7. How adequate are Mulago Hospital existing risk assessment measures?

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.....

8. Are the employees trained on risk identification?

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9. What is the management perception on the causes of risks?

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10. What is the role of the user department in risk management and are there any identification measures of risks by the user departments?

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11. Is there a risk management committee in your organization?

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.....

12. What is the effect of poor risk assessment towards procurement management in the organization?.....

.....

13. When does the supplies and procurement department carry out risk analysis?

Annually

Semi-annually

Daily

14. What methods or devices do you think should be introduced to improve on the existing risk assessment measures?

.....
.....

15. What are the risk measurement methods in your organization.....

.....

B. INTERVIEW GUIDE

1. Do you have a procurement department in you organization?

Yes

No

2. What do understand by the term procurement?

.....
.....

3. In your own words what do you understand by the term risk?

.....
.....
.....
.....

4. Briefly explain the risks faced by the supplies/procurement department?.....

.....
.....
.....

5. When does the supplies and procurement department carry out risk analysis?

Annually

Semi-annually

Daily

6. What are some of the existing risk assessment measures employed in the supplies and procurement department?

.....
.....
.....

APPENDIX II

PROPOSED TIME TABLE

The researcher expects to carryout the research in about 3 months and 2 weeks time as shown in the time schedule below

ACTIVITY	TIME TAKEN
1. Interview and questionnaires	2 weeks
2. collection of questionnaires	1 week
Compiling data	3 weeks
Typing and printing	1 week
Total consultation and final report	3 weeks

APPENDIX III

PROPOSED BUDGET

The researcher incurred the following costs while carrying out the research

Activity	Costs (UGSHS)
Transport	50,000/=
Internet, typing and printing	100,000/=
Photocopying	80,000/=
Food and miscellaneous	100,000/=
Total	330,000/=