

**SUPPLIER SELECTION AND PROCUREMENT PERFORMANCE OF
ORGANIZATIONS IN UGANDA;**

A CASE STUDY OF MUKWANO GROUP OF COMPANIES, KAMPALA

BY

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

I TUMWEKWASE PENLOPE declare that this study is my original work and has to the best of my knowledge never been submitted for the award of a degree or any other award in a University or other institutions of higher learning.

Signature 

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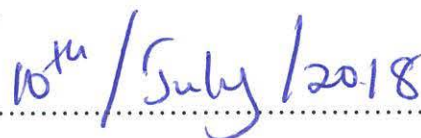
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APPROVAL

This is to certify that this research report has been carried out under my supervision and has been submitted with my approval as partial fulfillment for the award of the Bachelor of Supplies and Procurement in Kampala International University.

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Supervisor

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ABSTRACT

The research established the effect of supplier selection on performance of organizations, a case study of Mukwano Group of Companies. The study was guided by the following specific objectives, to determine the effect of pre-qualification on procurement performance of public institutions, to establish the effect of tendering on procurement performance of public institutions and to investigate the effect of multiple sourcing on procurement performance of public institutions.

The literature was organized basing on the objectives of the study. Literature was reviewed from different sources such as newspaper articles, journals, text books, and past research publications. The chapter was sectioned according the objectives of the study

The study applied cross-sectional research design in nature and this helped in collecting data from a wide section of the study respondents. The study applied both quantitative and qualitative research methodologies. The study targeted 130 people who are staff of Mukwano Group of Companies. The researcher therefore was able select a sample of 92 people from the population of 120.

The findings revealed that pre-qualification plays a big part in procurement performance of public institutions especially Mukwano Group of Companies. Pre-qualification was found to be having a significant positive (0.436) relationship with procurement performance at 5% level of significance (2-tailed test). Thus the higher the chances of pre qualification, the higher the level of procurement performance. The findings also revealed that tendering has a great influence on the procurement performance of public institutions especially Mukwano Group of Companies. Tendering was found to be having highly significant positive (0.599) relationship with Procurement performance at 1% level of significance (2-tailed test non directional). Thus, tendering leads to higher the level of procurement performance. The findings further revealed that multiple sourcing has a direct influence on procurement performance of public institutions.

It was recommended that the management on public institutions should consider adopting tendering and prequalification supplier selection methods during procurement process.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background of the study, problem statement, objectives of the study, research questions, scope of the study, significance of the study and anticipated problems.

1.1 Background to the Study

Supplier selection from a global point of view encompasses the myriad activities used to evaluate the capabilities of potential suppliers and then to select them to configure a buyer's supply chain for long-term competitive advantage (Lysons& Farrington, 2006). Supplier selection is critical (Lao, Hong and Rao 2010) as firms become more and more dependent on their suppliers, the capabilities of those suppliers serve as key resources in the development of the buyer's own capabilities and performance. Gonzalez and Quesada (2004) points that supplier selection was the most influential supply management process for achieving product quality. However, a firm's ability to create or enhance its own capability in a strategically important domain such as quality by leveraging supplier capabilities in quality may depend not only on its ability to select a capable supplier in the quality domain but also on its ability to successfully integrate the supplier into the firm's operations and network.

Successful supplier selection is a source for competitive advantage; they affect competitive performance of organizations positively if effectively selected. Although scant empirical research has examined the performance effects of supplier selection (Petersen, Handfield and Ragatz 2005 is a notable exception), several studies have investigated the effects of supplier integration. In some studies supplier integration is modeled as a construct separate from customer integration or internal integration (Scannell et al. 2000; Petersen et al. 2005; Swink, Narasimhan and Wang 2007), whereas in others it is subsumed into other integration constructs (e.g., encompassing internal and supplier integration; Maloni and Benton 2000; Nairn and Lalwani 2008). The global construct "supply chain" integration encompasses supplier integration, customer integration and internal integration.

Procurement performance involves allocation of sufficient resources financial, personnel, time, and establishing a chain of command or organizational structure. It involves assigning responsibility of specific tasks or processes to specific individuals or groups. It also involves managing the process. This includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary. Procurement performance is an on-going, never-ending, integrated process requiring continuous reassessment and reformation (Olson et al. 2005).

The number of studies on integration and the conflicting findings indicate that the verdict is still out as to whether integration improves procurement performance (Petersen et al. 2005) improving economy can be described as achieving the lowest possible costs. Improving efficiency is getting maximum output from available resources, and improved effectiveness is all about achieving objectives set. This can be achieved through improving the level of service to end users. E.g. improving service standards, achieving budget targets and better relationship with internal customers and suppliers.

A well-managed and structured approach to supplier selection ensures that the suppliers have the skills and knowledge to do the job and that they are developed to their full potential. The institution will benefit from this through cost saving, improved quality, effectiveness and efficiency. I.e. financial costs, mitigating delay costs e.g. when work cannot be done because of lack of equipment necessary for the job and reputational costs. Effective supplier selection can also ensure that suppliers understand the aims, objectives and strategies which will cascade into their personal aims and objectives.

1.2 Statement of the Problem

Clear established process for selecting suppliers and extending the existing suppliers has been observed to be very important while selecting suppliers to ensure procurement performance (Nzau & Njeru, 2014). Thus, if the supplier selection process is not done effectively, the capabilities of suppliers which serve as key resources in the development of the operations' own capabilities and performance will be negatively affected, e.g. in achieving product quality which depicts the picture of the organization to its clients and users rather than the failure by the on

procurement performance of organizations (Malala, 2015). This study thought to fill the existing research gap by conducting a study evaluating effects of supplier selection on procurement performance of organizations taking a case study of Mukwano Group of Companies.

1.3 Purpose of the Study

The main aim of this study was to establish the effect of supplier selection on procurement performance of public organizations

1.4 Specific objectives

- i. To determine the effect of pre-qualification on procurement performance of organizations
- ii. To establish the effect of tendering on procurement performance of organizations
- iii. To find out the effect of multiple sourcing on procurement performance of organizations

1.5 Research Questions

- i. What is the effect of pre-qualification on procurement performance of organizations?
- ii. What is the effect of tendering on procurement performance of organizations?
- iii. What is the effect of multiple sourcing on procurement performance of organizations?

1.6 Scope of the Study

1.6.1 Geographical Scope

The study will be carried out from Mukwano Group of Companies located plot 30 in industrial area, Kampala Central, Kampala District.

1.6.2 Content Scope

The study will specifically focus on the effect of supplier selection on procurement performance of organizations.

1.6.3 Time Scope

The study will use the literature for the period of 10 years from 2008 to 2017. This is because this period is enough for the researcher to collect the information regarding the study topic.

1.7 Significance of the Study

The findings of research is of great benefit to Mukwano Group of Companies and other organizations as it will provide part of the evidence to assist in the revision of procurement policies in favor of procurement profession regarding the supplier selection in Organizations.

The research also is beneficial to the body of knowledge in understanding the supplier selection in Public entities.

The study will also help to provide information and data for future researchers in the field of bid evaluation and procurement processes.

The study will also help the researcher to gain vast knowledge about supplier selection, all the activities involved in the process and its challenges.

To the researcher, the study will fulfill the requirements for an award of a degree in Procurement and Logistics Management at Kampala International University.

1.8 Definition of Key terms used in the study

Performance is defined as the degree of achievement of certain effort or undertaking. It relates to the prescribed goals or objectives which form the project parameters.

Procurement performance involves allocation of sufficient resources financial, personnel, time, and establishing a chain of command or organizational structure.

Supplier selection is generally considered as five phase process starting from the realization of the need for a new supplier, determination and formulation of decision criteria; pre-qualification; final supplier selection; to the monitoring of the supplier selection

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews related literature on issues bothering on the effect of supplier selection on procurement performance of public organizations using information from various sources including textbooks, the encyclopedia, magazines, journals, internet sources and others. The perspectives of the authors are analyzed alongside the opinions of the researcher. Literature will be done thematically in response to the topic.

2.1 Supplier Selection

Over the last two decades the world economy has been dramatically changed due to various reasons. The environment of business is characterized by rising complexity, uncertainty, instability and volatility. Companies have to do re-thinking that traditional methods and strategies for doing business to the pressure of changing market conditions intensified global competition, radical change in technology and shorter product life cycle.

Managers are now realizing that no matter how strong and resourceful their firms might be, they are no longer able to maintain a competitive advantage at every step in the value chain in all national market, nor are they able to maintain a cutting edge in the wide range of technologies required for the design, development manufacturing and marketing of new products (Hanfield and Nicholas, 2007).

Supplier selection is generally considered as five phase process starting from the realization of the need for a new supplier, determination and formulation of decision criteria; pre-qualification; final supplier selection; to the monitoring of the supplier selection (Choy and Lee, 2002). At first, evaluation and assessment task needs the identification of decision characteristics against which the potential suppliers are to be assessed. Next evaluation seals are selected in order to measure the appropriateness of a supplier. The next step is to assign weight to attributes to identify the significance and contribution of each criterion to the supplier evaluation and

assessment. Then an attribute may comprise of several sub attributes. The last stage is to evaluate potential suppliers against the characteristics identified at the beginning (Choy and Lee, 2002).

The choice of supplier selection methods compliments procurement performance in organizations. Olson *et al.*, (2005), that procurement performance involves allocation of sufficient resources financial, personnel, time, and establishing a chain of command or organizational structure. It involves assigning responsibility of specific tasks or processes to specific individuals or groups; it also involves managing the process. This includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary. Procurement performance is an on-going, never-ending, integrated process requiring continuous reassessment and reformation.

Li (2006) developed three factors in supplier selection measure based on extensive literature review and practitioner interviews. He illustrated that underlying the documented suppliers' selection criteria is the need to assess a supplier's quality and service capabilities as well as his strategies and managerial alignment with the buyer. Tan et al (1998) proposed an integrated model by combining the analytical hierarchy process and grey relation analysis in a single evaluation model. They proposed that through this model, it is possible to effectively integrate the specialized knowledge and experience of each disposed evaluation and the quantitative data to select the best supplier for cooperation.

Supplier selection is usually a time consuming process that evaluates suppliers on several criteria such as cost of production, raw material cost, quality assessment, organizational goal, quality staff, delivery system, personal facilities etc. Selection of suppliers is complicated process by the fact that numerous criteria must be considered in the decision making process. Therefore, different criteria are usually considered during the supplier selection process. Stanley and Wisner (2001) surveyed a number of industries and suggested that quality and on-time delivery are the most important attributes of purchasing performance evaluation. Wang and Che (2007) suggested that apart from optimum cost, joint development, culture, forward engineering, trust, supply chain management, quality and communication were also important. He further suggested

that the suppliers' history of supply, production price, technical capability and transportation cost also play important role during suppliers' selection.

O'Brian and Ghodsypour (1998) agreed that cost, quality and service that are the most important factors in supplier selection process. Therefore, it is important to note that cost and quality dominated more in the supplier selection process.

In the supplier selection process, a data bank containing an authorized list of suppliers with their profiles is crucial. Important information should include technical capability, quality assessment and organizational profile.

Suppliers' data regarding these criteria should be stored in a case structure consisting of a number of fields representing the criteria in each with the relevant numerical performance values of the corresponding criteria of suppliers. Choy and Lee (2002), suggest a Case Based Supplier Management Tool (CBSMT) using the Case Based Reasoning (CBR) in the area of intelligent supplier's selection and management. This will make better performance compare to using the traditional approach.

2.2 Effects of prequalification on procurement performance

The choice of pre-qualification supplier selection criteria influence lead time of goods/services in organizations. According to Lao (2010), there are various benefits associated with an effective pre-qualification process such as mitigation against poor supplier performance or performance failures. The benefits typically include sourcing from suppliers that provide high standards of product and service levels whilst offering sufficient capacity and business stability.

Pre-qualification can help customers and suppliers identify and remove hidden cost drivers in the supply chain (Kombo and Tromp, 2011). Associated challenges with pre-qualification include resource and cost commitments in establishing and maintaining a robust and effective system, challenges with specifying and gathering meaningful and relevant information, data integrity, scorecards that do not get at the root causes of supplier problems, and subjective or inconsistent scoring which may result in inaccurate assessment.

Thus, management commitment to and support of a pre-qualification process is essential. Some of the challenges associated with pre-qualification may be mitigated by the use of appropriate tools. For simple projects a spreadsheet can be used Kiage, J. O. (2013). But as evaluations become more complex or more frequent data management and data integrity issues become significant. Some products provide functionality for combining both initial selection and ongoing evaluation and benchmarking.

2.3 Effect of tendering on procurement performance

Gordon, S.P., (1996), points out that tendering process objective may be broad and specific. A classic definition is the competitive and procedural systematic procedure of selecting the best suppliers for the cheapest price. Kibera and Waruingi (2005), in their study on factors affecting tendering process found out those factors like ethical practices, training, ICT use and record management is the key factors that affect tendering process. It is with this perception that the supplies should provide better services to enhance the performance of the tendering process by better displaying these services by having good supplier, good prices good quality, and quick delivery of goods. Most consumers are sensitive to quality than quantity and that is the reason as to why the SME'S should look for the most competitive and reliable source to supply them with the quality goods/services their consumers demand.

Government procurement is one of the four economic activities of government Thai, (2001). The others are: redistributing income through taxation and spending, provision of public goods and services, and lastly providing the legal framework for economic activities to flourish. Ordinarily, government procurement includes "buying, purchasing, renting, leasing or otherwise acquiring any supplies, services or construction;" and "all functions that pertain to the obtaining of any supply, service or construction, including description of requirements, selection, and solicitation of sources, preparation and award of contract and all phases of contract administration" (American Bar Association, 2000). Although, government procurement is still young as an academic discipline, recent literature of public procurement suggests that public procurement practice has undergone major changes particularly in the area of legal reforms. For LDCs, reforms in public procurement have been seen as one of the ways to integrate them into the emerging world economy (OECD Development Centre, (2002).

In order to develop a uniform government procurement practice that can be compared across various public organization, it has become necessary develop formal government procurement codes that contain formal procurement rules and regulations across a number of countries both developed and developing. For the poor developing countries, government procurement regulations and procedures have been one of the reform areas (Thai, 2001; OECD, 2007) since early 2000. By 2003 for instance, all East African Countries, Uganda, Uganda, and Tanzania had enacted government procurement codes as Acts of Parliament and have been implemented since (OECD Development Centre, 2003).

A number of elements can be identified to characterize the public procurement system. Thai (2001) identified five elements that include: policy making and management; procurement regulations or laws; procurement authorization and appropriations; public procurement function or operations, and lastly feedback. According to Thai (2001), the procurement regulations or laws established by policy makers is the institutional framework within which procurement professionals and program managers implement their authorized and funded procurement programs or projects/ activities. Secondly, the policy makers and top government management executives are the custodians of the public procurement laws and regulations and represent the government organs to which procurement professionals, program managers and the managers of all public procurement entities are ultimately accountable.

Similarly, the policy makers and top government management executives are the organs to which feedback that are generated by the procurement professionals/implementers during the course of implementing procurement operations has to be directed for possible adjustments or improvements in both the procurement regulations and authorizations and appropriations. However, feedback is important also for the procurement professionals for adjustments or improvements in procurement operations. Thirdly, the procurement authorization and appropriation element represents the public organs and processes that determine the amount of resources that are available to procurement entities to undertake procurement activities. They are the ultimate assessors of the validity of the procurement needs of public entities through the budget approval processes. Fourthly, the procurement function or operations represent the units composed of procurement professionals that implement procurement operations within the procuring public organizations.

Thai (2001) emphasized the role of feedback in the functioning of the public procurement system and proposed that it represents a distinct element of the public procurement system. As already indicated, Thai (2001) argued that the quality of feedback that is generated by the procurement professionals/implementers during the course of implementing procurement operations is critical for any possible adjustments or improvements in both the procurement regulations and authorizations and appropriations. However, feedback is important also for the procurement professionals for adjustments and improvements in procurement operations.

The business operations of government, as controlled by public procurement systems, affect many different elements of society. The research study is therefore of great importance in various aspects. First to the procuring entities which have the responsibility to perform designated missions for the country as a whole. Then there is the business community of actual or potential suppliers to the government. International organizations and external donors of funds feel satisfied when their funds are used to get the best value. There are also academic, training and public interest groups, which have important views on how public management institutions are to perform. And the largest interest group is the general public, who are more likely to feel satisfaction when they know that expenditures made through the public procurement system are economical, rational and fair. After the research, recommendations for strengthening tendering in public procurement will be evident. The research will be particularly useful to procurement entities in that amendments can be made in the PPDA to better the process of tendering.

There are currently four different tender procedures the council may use. Restricted tender, suppliers who respond to advertisements expressing an interest in tendering are required to complete a pre-qualification questionnaire to show that they have sufficient shortlisted can be resources to meet the needs of the procurement opportunity. Only suppliers who are subsequently shortlisted can be invited to submit a tender. Open tender, all suppliers who request tender documentation will be invited to submit a tender. There is no pre-qualification questionnaire or short listing stage prior to invitation to tender. This information is requested as part of the tender itself. Known market place is limited. Negotiated tender, is similar to the restricted tender procedure in that it uses a pre-qualification stage. However, it allows the council with strict guidelines prior to awarding the contract. Tender procedures must be clearly set out recorded to ensure evidence of full compliance with the code. Internal or external auditors

(Agnes, 2005) should take care regarding the receipt, recording, assessment, and confidentiality of all communication-undertaken at any stage of the tender process.

To ensure that proper recording of submitted tender is carried out, the SP must adopt a formal procedure for the receipt and opening of tenders. If not using the departments in the Health Service or Agency Offices with suitable facilities and processes. The tender opening process requires that an opening panel of at least two persons should be constituted. One of these people must be an officer of the department or agency with knowledge of probity and confidentiality. It is normal practice to have a tender box that can be secured (i.e. locked) available until tender close and only tenders received on time shall be considered for evaluation. Tenders for publicly-funded projects shall not be received in consultant's offices (Mizra 2008)

The date and time for receipts of tenders should be at a pre-determined place, time and day as required by the code and the opening of tenders should record in order of opening the relevant tender summary details. Any tenders received after the nominated date and time shall be marked as such, shall remain unopened and shall be returned to the submitting party. All unsuccessful tenders should also be notified of the outcome following a letter of acceptance being issued. Unsuccessful tenders should be produced with the contract details of a nominated representative of the supplier who can provide feedback. All feedback provided should be positive and relates to the tender's own submission to assist the tender with future tenders. No reference should be made to other submissions other than the name and amount of the successful tender (Mizra 2008).

According to Mufumba (2002), Councilors in Uganda were pushed out of Tendering process. They were not allowed to get involved in the tendering process to avoid possibility of compromising their supervisory eliminate the possibility of shoddy work, since councilors were to find themselves in a position where they have to grill one of their own.

Tendering selection criteria influence lead time of tendered goods/services in organizations. According to Lyons(2006), negotiated tenders allow the terms of the contract to be negotiated with one or more suppliers without prior publication of a tender notice, but the negotiation procedure is only available in certain defined circumstances such as where, because bids were irregular or unacceptable, no suitable supplier has been found by open or restricted tender

procedures, Where such procedures have resulted in no tender being received, Where the required product is manufactured purely for research and development or experimental purposes, where, for technical or artistic reasons, or the existence or exclusive rights, there is only one supplier. In public purchasing, procedures are usually codified within standing orders that usually prescribe a cash limit above which tenders must be invited, the forms of contracts to be used and to whom and under what circumstances responsibility for the evaluation of tenders may be delegated, such as to senior officers. Open tendering procedure begins with the issuing of a public advertisement inviting tenders, then tender documents are issued to those responding to the document normally includes a letter of invitation and instruction to tenders, a pricing document, specification and or schedule of rates, contract conditions and a pre-addressed tender return label.

According to Lysons and Farrington (2006), in public purchasing, procedures are usually modified with standing orders which usually prescribe a cash limit above which tenders must be invited, the forms of contract to be used and to whom and under what circumstances responsibility may be delegated, e.g. to senior officers. In a formal bids system, the bidder typically will be sent;

Complete list of specification, which the item being supplied, must meet. In complicated procurement, the specification package may consist of several pages and may detail the kinds of quality control procedure the buyer will use to ensure that the goods delivered do in fact meet the specifications (Christopher, 2004). A list of instruction to the bidder spelling out how, when, where and in what form bids must be submitted. General and legal conditions which must be met by the successful bidder.

A bid form in which the supplier will submit price, discounts and other required information. The bidder typically must submit any bid on or before the specified date and hour. No bids will be accepted after the bid closing (Barasa, H. W., 2014). No changes normally are permitted after the formal bid is received, although some agencies do permit the substitution of new bid for the original unopened bid, provided it is received before the opening date. The place where the bid must be delivered should be specified. In many public purchasing agencies a locked container is used to maintain all sealed bids until the date and hour of the bid opening.

2.4 The effect of multiple sourcing on procurement performance

According to Weele (2010) outsourcing describes a company that divests itself of the resources to fulfill a particular activity to another company, to focus more on its own competence. The major characteristics of outsourcing are; the activities initially performed in-house are transferred to an external party, the assets, knowledge and in some cases, people; there will be an external relationship between the parties involved over a long period of time, that in transferring the activity to the external party the buyer is exposed to a cost and a risk profile, both of which are new to the companies involved.

Outsourcing involves redrawing the boundaries between the organization and its supply base. Although the term outsourcing has been in use for the last few years, organizations have always made decisions in determining their boundary in any agreement. The increasing prevalence of outsourcing has led to the concept receiving significant amount of attention from academia and practitioners (McIvor, 2005). However, according to (Tho, 2005) in outsourcing, processes are shifted away and now become the responsibility of the supplying organization. In this situation, the boundaries are no longer clear. The outsourced functions that constitute processes, people and/or technology belong to the supplier but works for and in the interest of the buying organization.

Greaver (1999) defines outsourcing as the act of transferring some of the organization's activities and decision rights to outside providers as set out in the contract. Lysons and Farrington (2006) observed it as a management strategy by which non-core functions are shifted to specialists, efficient, external providers. Oshri, Kotlarsky and Willcocks (2011) define outsourcing as contracting with a third service provider for the management and completion of a certain amount of work for a specific length of time, cost and length of service.

Multisourcing is the disciplined provisioning and blending of business and IT services from the optimal set of internal and external providers in the pursuit of business goals. The nature of engaging with multiple providers with a variety of service capabilities and delivery competencies is also known as multisourcing. It is also defined as a strategy that treats a given function, such as IT, as a portfolio of activities, some of which should be outsourced and others of which should be performed by internal staff.

Multisourcing, as a term, was first introduced by the market/technology research firm Gartner in 2005. Although it was recently defined, multisourcing has been practiced in the market since competitors started to produce alternatives to IBM's datacenter products in the late 80's. Today there's strong focus on multisourcing as a concept, it has been covered widely by research firms like Forrester Research and Gartner.

Different multisourcing arrangements are characterized by the different breadth and depth of supply relationships that constitute a supply base. The supply base is a set of contracts between a supplier and their clients that are managed by the sourcing firm for a business at a given time. The breadth of the supply base indicates the number of suppliers a firm is using. The depth of a supply chain depicts the client's level of investment in the project for a given function

Multiple sourcing is one management tool that has gained relevance among managers in addressing today's business dynamics (Jae, et al. 2000). It entails contracting out of a business function (Jae, et al. 2000; Dominguez, 2006; Isaksson and Lantz, 2015). It is the replacing of in-house provided activities by subcontracting it out to external agents. Consequently, the management and development of innovations in outsourced activities become the responsibility of an agent external to the firm.

Multiple sourcing avails organizations the opportunity to concentrate her core competencies on definable preeminence business area and provides a unique value for customers Dominguez (Laugen and Fleury, 2012). Also worthy of note is the fact that present day multiple sourcing is no more limited to peripheral activities such as cleaning, catering and security. As noted by Jennings (1997) and Dominguez (2006), multiple sourcing also includes critical areas such as design, manufacturing, marketing, distribution, information system etc.

In tracing the relevance of multiple sourcing to organizational performance also, many authors including Quinn, (1992); Gupta and Zheuder, (1994); Greer et al., (1999); Lever, (1997); Sharpe, (1997); Steensma and Corley, (2000); Yalokwu (2006) and Dominguez (2006) submitted that, multiple sourcing can improve organizational performance when applied as an organizational strategy.

Multiple sourcing one's business processes can improve one's competitive edge (Dominguez, 2006). The reason behind this is that multiple sourcing reduces business costs (Yalokwu, 2006; Dominguez, 2006; Kroes, J.R. and S. Ghosh, 2010). Organizations may choose to outsource with certain business aims in mind. The aim might be the need to improve on financial performance (Isaksson and Lantz, 2015). Most times, such organizations are aware that multiple sourcing firms may offer them an opportunity to work cheaply through efficient technology and economies of scale. By minimizing costs, organizations can achieve their economic related goals and this enhances their organizational performance (Leavy, 2004). Consequently, the extra amount that would have been passed to the consumers in the form of higher prices for the goods and services now becomes irrelevant as consumers pay less for their commodities (Dominguez, 2006). This allows businesses to compete favorably based on price thus giving them a competitive edge (Yalokwu, 2006).

Organizations that do everything on their own may be exposed to greater levels of risk than those who outsource their business functions (Dominguez, 2006). Most time, the former mentioned organizations may face difficulties trying to balance between choosing the right alternatives, training their employees in that area of interest, increasing reliability, and maximizing efficiency. By doing everything on its own, an organization may have a difficult time trying to eliminate risks, and usually run the risk of spending too much on infrastructural capital (Dominguez, 2006; Akinbola, Ogunnaike and Ojo, 2013). Consequently, this eats into their profitability and reduces their chances of growing their organization's businesses. However, through multiple sourcing, organizations can minimize their risks with regard to huge infrastructural expenditures and the overall result of this issue is that more investors will be attracted to such organizations (Yalokwu, 2006; Dominguez, 2006; Sev, 2006; Bustinza, Arias-Aranda and Gutierrez-Gutierrez, 2010).

Multiple sourcing is good for business because there are certain situations that can be avoided through it (Sev, 2006). For instance, organizations that perform all their business functions may have to spend huge amounts on replacing obsolete technology (Dominguez, 2006). However, when that business function is outsourced, then organizations will not even feel the pinch. Frayer, Scannell and Thomas (2000) suggest that companies are increasingly viewing multiple

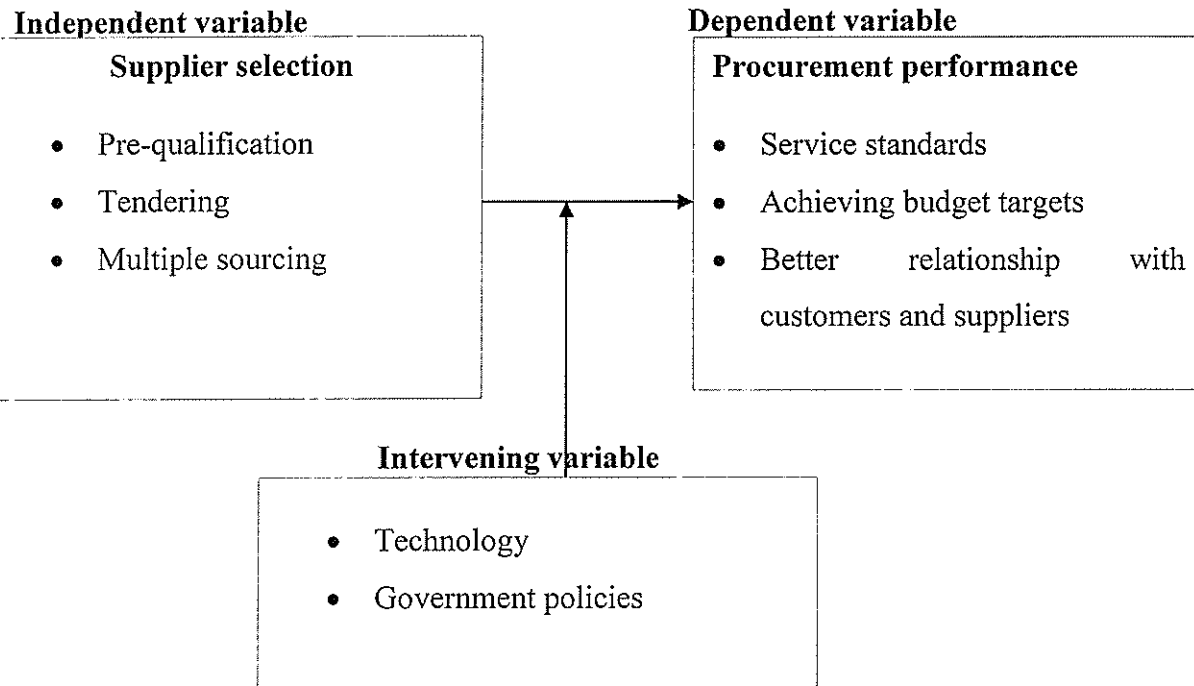
sourcing strategies as a means of reducing costs, increasing quality, and enhancing a firm's overall competitive position.

This means that organizations can dedicate their resources to productive activities alone and thus enhance their effectiveness and efficiency (Frayer et al. 2000). Successful implementation of an multiple sourcing strategy has been credited with helping to cut cost (Gupta and Zheuder, 1994; Greer et al., 1999), increase capacity, improve capacity, improve quality (Lau and Hurly, 1997; Kotabe et al., 1998), increase profitability and productivity, improve financial performance, lower innovation costs and risks (Quinn, 2000), and improve organizational competitiveness (Lever, 1997; Sharpe, 1997; Steensma and Corley, 2000). Nevertheless, multiple sourcing does generate some problems, as multiple sourcing usually reduces an organization's control over how certain services are delivered, which in turn may raise the organization's liability exposure (Dominguez, 2006).

2.5 Conclusion

A well-managed and structured approach to supplier selection ensures that the suppliers have the skills and knowledge to do the job and that they are developed to their full potential. The institution will benefit from this through cost saving, improved quality, effectiveness and efficiency. I.e. financial costs, mitigating delay costs e.g. when work cannot be done because of lack of equipment necessary for the job and reputational costs. Effective supplier selection can also ensure that suppliers understand the aims, objectives and strategies which will cascade into their personal aims and objectives.

2.6 Conceptual framework



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology to be used in data collection and it is sub divided into different sections such as research design, area of the study, population of the study, sampling techniques and size, data collection tools, reliability and validity, data analysis and limitations of the study.

3.1 Research Design

This study used cross-sectional research design in nature and this helped in collecting data from a wide section of the study respondents. Across-sectional design was used to enable the researcher to collect data across all departments of the organization. The study applied both quantitative and qualitative research methodologies and qualitative studies served to provide a bigger picture of a situation or issue and which informed in an accessible way whereas quantitative studies provided data that was expressed in numbers including their name.

3.2 Population of the Study

Donkor and Obeng (1999), defined as population as to a complete set of individuals (subjects), objects or events having common observable characteristics in which the researcher is interested. The study constituted a population of 120 people who are staff of Mukwano Group of Companies. This population was selected from different categories which included Human resource department, Accounts department, procurement department and suppliers

3.3 Sample Selection and Size

The study used both stratified and systematic random sampling to select respondents. Stratified sampling is a type of sampling method in which the total population is divided into smaller groups or strata to complete the sampling process. Systematic random sampling is the random sampling method that requires selecting samples based on a system of intervals in a numbered population. Under sampling stratified, the stratum is formed based on some common

characteristics in the population data. Under systematic, the researcher must ensure that all the members of the population have equal chances of being selected as the starting point or the initial subject. The population was divided into various subgroups such as age, gender, nationality, job profile, educational level etc. the researcher used stratified sampling to understand the existing relationship between two groups. To make it proportionate, the researcher used one specific fraction or a percentage to be applied on its subgroups of population.

Table 1: Showing category of respondents as well as the Sample size

Category	Population	Sample
Procurement	25	20
Human resource	35	25
Accounts & Finance	20	16
Suppliers	40	31
Total	120	92

Source: Primary data, 2018

3.4 Data Sources

Data collected from the study was mainly through primary and secondary sources. Secondary sources of data were obtained from books, journals, the internet, newspapers for the critical review of related literature for the study.

The primary data was relied on heavily than the secondary data because it was collected by the researcher hence unique to the researcher and to the study itself. The method that was used to collect the primary data was questionnaire, which is a popular means used by many researchers and commonly recognized by the respondents. It was considered because it is relatively cheap due to the population targeted and easy for respondents to fill because they was given time to understand the questions before responding.

3.5 Data Collection Methods

3.5.1 Interview guide

This method suits the research most appropriately and the researcher was able to collect data through in-depth semi structured interviews consisting of few open ended questions which allowed a two-way communication between the interviewer and interviewee.

3.5.2 Questionnaire

The study used the questionnaire method of data collection because of its numerous advantages and its ability to yield the most satisfactory range of reliable data. The questionnaire was divided into two sections. Section A contained the socio economic characteristics of the respondents like sex, age, education background, position of the respondent, etc and section B will contain questions concerning supplier selection and procurement performance of public organizations.

3.6 Data collection procedure

The researcher obtained a letter of introduction from Kampala International University faculty of Business and Management Studies. The letter was taken and presented to the General Manager of Mukwano Group of Companies seeking permission to carry out the study on staff of the company. After receiving approval, the researcher briefed prospective respondents about ethical issues like confidentiality and voluntary participation. Questionnaires were distributed and interviews held.

3.7 Validity and Reliability of Instruments

Reliability and validity, in research, refer specifically to the measurement of data as they used to answer the research question. Prior to data collection validity tests were performed on the instruments to ensure that the items are accurate. Reliability tests were performed to check for consistency, stability, and repeatability all of which determine how much you can rely on the results.

3.7 Ethical Consideration

The study observed the research ethics in that, the consent of the respondents and the moral justification of the investigation or intervention was taken care of to enable the researcher create the friendly relationship in which people understand each other very well with the respondents.

3.8 Data Processing and Analysis

3.7.1 Editing.

Editing was done after collecting data in order to minimize errors by checking on the completeness, accuracy and uniformity. Errors were corrected and responses put in the right place.

3.7.2 Coding

After editing the data, coding followed thus classifying or grouping similar responses to the question into categories or classes or groups in relation to variables under the study. The response were used to formulate general response category.

3.7.3 Tabulation.

Questionnaires were scanned through counting the number of responses falling into a particular category and recording them. Tabulation was aimed at giving a clear presentation of various responses and significances of response depending on the magnitude of the responding number.

3.8 Anticipated study limitations.

Securing appointment for interviews was hard; this was due to the fact that most of the senior employees had busy schedules which made it hard for them to allocate time for the study. The researcher tried to highlight the significance of the study and also enabled respondents know that the study required a little sacrifice of their time.

Respondents were not willing to avail the researcher with the required information due to negative attitudes, suspiciousness and speculations. The researcher ensured that study respondents understood that confidently was part of the ethical concerns.

The time allocated for conducting the research was not enough for the researcher to cover the area of study since he had other academic obligations. The researcher's schedules according to deadlines in order to utilize the given time effectively and efficiently.

CHAPTER FOUR

PRESENTAION, INTERPRETATION AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter provides the presentation, analysis and discussion of the study findings on “the effect of supplier selection on procurement performance of public organizations in Uganda”. It presents findings of the study that were generated from data analysis and its interpretation. The results presented were guided by the research objectives which were:

To determine the effect of pre-qualification on procurement performance of organizations

To establish the effect of tendering on procurement performance of organizations

To investigate the effect of multiple sourcing on procurement performance of organizations

4.1 Background information of respondents

With a questionnaire as the main research tool to gather data from the respondents, the first section was intended to gather data on the background of the respondents. Frequency tables are used in analyzing the data gathered from the respondents.

4.1.1 Gender of the respondents

Table 2: Gender of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	51	55.4	55.4	55.4
Valid Female	41	44.6	44.6	100.0
Total	92	100.0	100.0	

Source: Field data, 2018

The findings showed that most of the respondents were male with 55.4% compared to 44.6% who were female. This was an indication that both male and female were presented in the study, but however male were more than the female respondents implying that the organization employs more male employees because they are energetic and hardworking than females staff.

4.1.2 Age of the respondents

Table 3: Showing the age of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
18-24	14	15.2	15.2	15.2
25-31	41	44.6	44.6	59.8
Valid 32-39	26	28.3	28.3	88.0
40+	11	12.0	12.0	100.0
Total	92	100.0	100.0	

Source: Field data, 2018

The findings from the table above showed that most of employees at Mukwano Group of Companies are the youth between the age of 25 to 31 years with 44.6%, this was followed by those in the age bracket between the age of 32-39 with 28.3%, then followed by those in the age bracket of 18 to 24 years and the least age group of above 40 years. This means that the company uses more youth staff between the age group of 25 to 39 years since they have the potential to work towards the bank set goals and objectives.

4.1.3 Marital status of the respondents

Table 4: Showing the marital status of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Single	55	59.8	59.8	59.8
Valid Married	37	40.2	40.2	100.0
Total	92	100.0	100.0	

Source: Field data, 2018

Basing on the study findings, it was evidenced that most of the respondents who participated in the study were single with the highest percentage of 59.8% compared to 40.2% who were married. This was an indication that most of the staff employed at Mukwano Group of Companies are singles.

4.1.4 Level of education of respondents

Table 5: Showing the level of education of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
PHD	1	1.1	1.1	1.1
Masters	5	5.4	5.4	6.5
Degree	21	22.8	22.8	29.3
Valid Diploma	26	28.3	28.3	57.6
Certificate	39	42.4	42.4	100.0
Total	92	100.0	100.0	

Source: Field data, 2018

The findings of the education level of respondents, it was clearly showed that Mukwano Group of Companies has more employees who are certificate holders indicated by the highest percentage of 42.4%, this was followed by diploma holders with 28.3%, then by degree holders with 22.8%, then by those with masters with 5.4% and the least being PhD holder with 1%.

4.1.5 Time worked with Mukwano Group of Companies?

Table 6: Showing the time worked with Mukwano Group of Companies?

	Frequency	Percent (%)	Valid Percent	Cumulative Percent
Less than a year	40	43.5	43.5	43.5
Valid More than a year	52	56.5	56.5	100.0
Total	92	100.0	100.0	

Source: Field data, 2018

The study findings indicated that most of the respondents who participated in the study had worked for more than one year with 56.5% compared to those respondents who have worked with company with 43.5%. This is an indication that most of the staff at Mukwano Group of Companies have been at company for more than years meaning they are satisfied by the institution and the institution has also trusted these staff.

4.2 The effect of pre-qualification on procurement performance of organizations

Table 7: Showing the effect of pre-qualification on procurement performance of organizations

	N	Min.	Max.	Mean	SD
organization uses prequalification supplier selection procedure	92	1.00	5.00	3.79	1.254
qualification process in my organization is effective	92	1.00	5.00	4.02	1.167
qualification process assists my organization to mitigate risk of poor supplier performance or performance failures	92	1.00	5.00	4.03	1.045
qualification supplier selection criteria in my organization reduces lead time of goods/services	92	1.00	5.00	3.80	1.311
qualification helps my organization to identify and remove unnecessary cost drivers in the supply chain	92	1.00	5.00	3.79	1.254
qualification assists my organization to source from suppliers that provide high standards of product and service quality whilst offering sufficient capacity and business stability	92	1.00	5.00	4.02	1.167

Source: Field data, 2018

Basing on the finding on the effect of pre-qualification on procurement performance of organizations, it was showed the most of the respondents who participated in the study agreed that Mukwano Group of Companies uses government prequalification supplier selection procedure and this was revealed by the average mean of 3.79 and Standard Deviation of 1.254 meaning that most of the respondents agreed with statement according to the scale.

It was also indicated that prequalification process at Mukwano Group of Companies is effective which was revealed by most of the respondents agreeing with the statement as shown by the average mean of 4.02 and standard deviation of 1.167.

The findings as indicated on table above indicated that prequalification process assists Mukwano Group of Companies to mitigate against poor supplier performance or performance failures and this was showed by the most of respondents agreeing with the statement with the average mean of 4.03 and standard deviation of 1.045.

The table above indicated that prequalification supplier selection criteria at Mukwano Group of Companies influences lead time of goods/services which was showed by most of the respondents agreeing with the statement with the average mean of 3.80 and standard deviation of 1.311.

Table showed that most of respondents agreed with the statement that pre-qualification helps Mukwano Group of Companies to identify and remove hidden cost drivers in the supply chain and this was indicated by the findings showing the average mean of 3.79 and 1.254.

The study findings as indicated on table above showed that prequalification assist Mukwano Group of Companies to source from suppliers that provide high standards of product and service levels whilst offering sufficient capacity and business stability and this was indicated that the average mean of 4.02 and standard deviation of 1.167

According to Mentzer, J.T. et al. (2001), the choice of pre-qualification supplier selection criteria influence lead time of goods/services in organizations to a great extent. The finding above concurs with the study findings by Lao et al, (2010), that there are various benefits associated with an effective pre-qualification process such as mitigation against poor supplier performance or performance failures.

Also according to Achola (2010), the benefits typically include sourcing from suppliers that provide high standards of product and service levels whilst offering sufficient capacity and business stability. Pre-qualification can help customers and suppliers identify and remove hidden cost drivers in the supply chain.

According to Lysons& Farrington (2006), it is useful to consider pre-qualification it involve resource and cost commitments in establishing and maintaining a robust and effective system, challenges with specifying and gathering meaningful and relevant information, data integrity, scorecards that do not get at the root causes of supplier problems, and subjective or inconsistent scoring which may result in inaccurate assessment.

Table 8: Showing the relationship between pre-qualification and procurement performance of organizations

Pearson Correlations coefficient

		Pre-qualification	Organizational performance
Pre qualification	Pearson Correlation	1	.436
	Sig. (2-tailed)		.029
	N	92	92
Organizational performance	Pearson Correlation	.436*	1
	Sig. (2-tailed)	.029	
	N	92	92

Correlation is significant at the 0.05 level (2-tailed).

Source: Field data, 2018

Basing on the Pearson Correlation as illustrated above, pre qualification was found to be having a significant positive (0.436) relationship with organizational performance at 5% level of significance (2-tailed test). Thus the higher the chances of pre qualification, the higher the level of organizational performance.

4.3 The effect of tendering on procurement performance of organizations

Table 9: Showing the effect of tendering on procurement performance of organizations

	N	Min.	Max.	Mean	SD
tendering in my organization is free and fair	92	1.00	5.00	3.79	1.254
organization uses tendering procedure	92	1.00	5.00	4.02	1.167
tendering in my organization is effective	92	1.00	5.00	4.02	1.038
tendering in my organization adds value for money	92	1.00	5.00	3.86	1.280
efficient tendering record management is basis of good governance in organization	92	1.00	5.00	3.79	1.254
tendering system in my organization encourages the award of contracts based on lowest price criteria	92	1.00	5.00	3.39	1.254

Source: Field data, 2018

Basing on the finding on the effect of tendering on procurement performance of organizations, it was showed the most of the respondents who participated in the study agreed that Tendering at Mukwano Group of Companies tendering is free and fair and this was revealed by the average mean of 3.79 and Standard Deviation of 1.254 meaning that most of the respondents agreed with statement according to the scale.

It is was also indicated that Mukwano Group of Companies use government tendering procedure and this was revealed by most of the respondents agreeing with the statement as shown by the average mean of 4.02 and standard deviation of 1.167.

The findings as indicated on table above indicated that tendering at Mukwano Group of Companies is effective and this was showed by the most of respondents agreeing with the average mean of 4.04 and Standard deviation of 1.038

The findings from the table above, it was revealed that tendering at Mukwano Group of Companies adds value for money which was showed by most of the respondents agreeing with the statement with the average mean of 3.86 and standard deviation of 1.280.

Further still, from the table above, it was clearly showed that most of respondents agreed with the statement that efficient tendering record management is basis of good governance at Mukwano Group of Companies and this was indicated by the findings showing the average mean of 3.79 and 1.254.

The study findings as indicated on table to above showed that the tendering system in my organization encourages the award of work based on lowest price criteria and this was indicated that the average mean of 3.79 and standard deviation of 1.254.

The finding above concurs with the study findings by Lysons et al, (2006), that negotiated tenders allow the terms of the contract to be negotiated with one or more suppliers without prior publication of a tender notice, but the negotiation procedure is only available in certain defined circumstances such as where, because bids were irregular or unacceptable, no suitable supplier has been found by open or restricted tender procedures, Where such procedures have resulted in no tender being received, Where the required product is manufactured purely for research and development or experimental purposes, where, for technical or artistic reasons, or the existence or exclusive rights, there is only one supplier.

According to Hines (2000), in public purchasing, procedures are usually codified within standing orders that usually prescribe a cash limit above which tenders must be invited, the forms of contracts to be used and to whom and under what circumstances responsibility for the evaluation of tenders may be delegated, such as to senior officers. Open tendering procedure begins with the issuing of a public advertisement inviting tenders, then tender documents are issued to those responding to the document normally includes a letter of invitation and instruction to tenders, a

pricing document, specification and or schedule of rates, contract conditions and a pre-addressed tender return label.

Table 10: Showing the relationship between tendering and procurement performance of organizations

Pearson Correlation coefficient

		Tendering	Procurement performance
Tendering	Pearson Correlation	1	.599**
	Sig. (2-tailed)		.000
	N	92	92
Procurement performance	Pearson Correlation	.599**	1
	Sig. (2-tailed)	.000	
	N	92	92

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

Source: Field data, 2018

Basing on the Pearson Correlation as illustrated above, tendering was found to be having highly significant positive (0.599) relationship with Procurement performance at 1% level of significance (2-tailed test non directional). Thus, tendering leads to higher a level of procurement performance.

4.4 The effect of multiple sourcing on procurement performance of organizations

Table 11: Showing the effect of multiple sourcing on procurement performance of organizations

	N	Min.	Max.	Mean	SD
organization uses multiple sourcing supplier selection	92	1.00	5.00	3.79	1.254
organization uses multiple sourcing supplier selection procedure	92	1.00	5.00	4.02	1.167
choice of multiple sourcing supplier selection criteria in my organization influences lead time of goods/services	92	1.00	5.00	3.87	1.286
le-sourcing allows collaboration and innovation between my organization and its suppliers	92	1.00	5.00	4.08	1.138
le-sourcing reduces material costs at my organization	92	1.00	5.00	3.79	1.254
le supplier in my organization makes it possible to negotiate better pricing conditions	92	1.00	5.00	4.02	1.167

Source: Field data, 2018

Basing on the finding on the effect of multiple sourcing on procurement performance of organizations, it was showed the most of the respondents who participated in the study agreed that Mukwano Group of Companies uses multiple sourcing supplier selection and this was revealed by the average mean of 3.79 and Standard Deviation of 1.254.

It was also indicated that Mukwano Group of Companies uses government multiple sourcing supplier selection procedure; this was revealed by most of the respondents agreeing with the statement as shown by the average mean of 4.02 and standard deviation of 1.167.

The findings as indicated on the table above indicated that the choice of multiple sourcing supplier selection criteria in my organization influences lead time of goods/services and this was showed by the most of respondents agreeing with the statement with the average mean of 3.87 and standard deviation of 1.286.

Table above indicated that single-sourcing allows collaboration and innovation between Mukwano Group of Companies and its suppliers; this was showed by most of the respondents agreeing with the statement with the average mean of 4.08 and standard deviation of 1.137.

Table above showed that most of respondents agreed with the statement that single-sourcing reduce material costs at Mukwano Group of Companies and this was indicated by the findings showing the average mean of 3.79 and 1.254.

The study findings as indicated on table above showed that single supplier selection at Mukwano Group of Companies makes it possible to negotiate better purchasing conditions and this was indicated that the average mean of 4.02 and standard deviation of 1.167.

The finding above concurs with the literature by Handfield and Bachtel, (2001), that a single source purchase is one where there are multiple sources of supply, but for specific reasons the item or service must be purchased from a specified vendor. An order will not be placed without proper documentation, including a written quotation from the awarded vendor. The competitive bidding requirement can be waived for an equipment purchase or services with an aggregate value when the product or service is available from only one non-contract supplier, thereby exempting the purchase from the otherwise required competitive bid policy of the public institution.

According to Lavassani, Movahedi & Kumar (2009), many organizations publish quite stringent regulations that must be adhered to before multiple sourcing can be authorized. With small companies, multiple sourcing is quite common and is an inherent weakness of running a small business. It is rarely cost effective to purchase the same small set of product requirements from more than one vendor. Combined with the fact that small orders are not particularly important to a large vendor, this puts the small company at a disadvantage in any purchaser/vendor relationship, in this situation, it is imperative that the small company has an excellent supplier

relationship and takes on more vendors as soon as the company has expanded enough to make this a viable proposition.

Bachtel, (2001), that a single source purchase is one where there are multiple sources of supply, but for specific reasons the item or service must be purchased from a specified vendor. An order will not be placed without proper documentation, including a written quotation from the awarded vendor. The competitive bidding requirement can be waived for an equipment purchase or services with an aggregate value when the product or service is available from only one non-contract supplier, thereby exempting the purchase from the otherwise required competitive bid policy of the public institution. Many organizations publish quite stringent regulations that must be adhered to before multiple sourcing can be authorized. With small companies, multiple sourcing is quite common and is an inherent weakness of running a small business. It is rarely cost effective to purchase the same small set of product requirements from more than one vendor. Combined with the fact that small orders are not particularly important to a large vendor, this puts the small company at a disadvantage in any purchaser/vendor relationship, in this situation, it is imperative that the small company has an excellent supplier relationship and takes on more vendors as soon as the company has expanded enough to make this a viable proposition.

Table 12: Showing the relationship between multiple sourcing and procurement performance of organizations
Pearson Correlation coefficient

		Multiple sourcing	Procurement performance
Multiple sourcing	Pearson Correlation	1	.787**
	Sig. (2-tailed)		.000
	N	92	92
Procurement performance	Pearson Correlation	.787**	1
	Sig. (2-tailed)	.000	
	N	92	92

Correlation is significant at the 0.01 level (2-tailed).
Source: Field data, 2018

Basing on the Pearson Correlation as illustrated above, procurement performance was found to be having highly significant positive (0.787) relationship with procurement performance at 1%

level of significance (two-tailed test). Thus multiple sourcing result into high level of procurement performance

4.5 Organizational Performance

Table 13: Showing Extent supplier selection methods compliment organizational performance

Extent	Frequency	Percentage (%)
Very great extent	27	29.3
Great extent	39	42.4
Moderate extent	18	19.6
Less extent	6	6.5
No extent	2	2.2
Total	92	100

Source: Field data, 2018

The study thought to determine the extent to which supplier selection methods compliment procurement performance in organizations, from the findings, most of the respondents as shown by 42.4% indicated to a great extent, 29.3% of the respondents indicated to a very great extent 19.6% of the respondents indicated to moderate extent, 6.5% of the respondents indicated to a little extent whereas 2.2% of the respondents indicated no extent.

The finding above concurs with the study findings by Olson (2005), that procurement performance involves allocation of sufficient resources financial, personnel, time, and establishing a chain of command or organizational structure. It involves assigning responsibility of specific tasks or processes to specific individuals or groups; it also involves managing the process. This includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary. Procurement performance is an on-going, never-ending, integrated process requiring continuous reassessment and reformation.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter highlights the summary, conclusions and recommendations based on the findings of the researchers.

The purpose of the study was to examine the effect of supplier selection on procurement performance of public organizations

The study specifically thought:

To determine the effect of pre-qualification on procurement performance of organizations

To establish the effect of tendering on procurement performance of organizations

To investigate the effect of multiple sourcing on procurement performance of organizations

5.1 Summary of study findings

The study thought the effect of pre-qualification on procurement performance of organizations; it was revealed that pre-qualification plays a big part in procurement performance of organizations especially Mukwano Group of Companies. Pre-qualification was found to be having a significant positive (0.436) relationship with procurement performance at 5% level of significance (2-tailed test). Thus the higher the chances of pre-qualification, the higher the level of procurement performance

The study also thought to establish the effect of tendering on procurement performance of organizations; it was revealed that tendering has a great influence on the procurement performance of organizations especially Mukwano Group of Companies. Tendering was found to be having highly significant positive (0.599) relationship with Procurement performance at 1% level of significance (2-tailed test non directional). Thus, tendering leads to higher the level of procurement performance.

The study also thought to investigate the effect of multiple sourcing on procurement performance of organizations; it was revealed that multiple sourcing has a direct influence on procurement performance of organizations. Multiple sourcing

5.2 Conclusion

From the findings the study established that pre-qualification is positively significant to influence procurement performance thus the study concludes that pre-qualification had a positive influence on procurement performance in organizations specifically Mukwano Group of Companies.

The study established that it is useful to consider pre-qualification it involve resource and cost commitments in establishing and maintaining a robust and effective system, challenges with specifying and gathering meaningful and relevant information, data integrity, scorecards that do not get at the root causes of supplier problems, and subjective or inconsistent scoring which may result in inaccurate assessment.

The study revealed that tendering procedure begins with the issuing of a public advertisement inviting tenders, then tender documents are issued to those responding to the document normally includes a letter of invitation and instruction to tenders, a pricing document, specification and or schedule of rates, contract conditions and a pre-addressed tender return label having a positive influence on procurement performance in organizations. The study ascertained that procurement performance includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary thus it is an on-going, never-ending, integrated process requiring continuous reassessment and reformation.

5.3 Recommendations

Based on the findings, the researcher hereby makes the following recommendations.

Based on the findings, the study recommends that the management on organizations should consider adopting tendering and prequalification supplier selection methods during procurement process. This will allow the management to create a comprehensive understanding that can be

leveraged to influence stakeholders and create better decisions in ensuring effective procurement performance.

The study also recommends that it is very crucial that the organization doesn't under rate multiple sourcing supplier selection when conducting a procurement process since this will help the organization to gather valuable information that will provide valuable insights in the performance of procurement and the necessary input to find effective suppliers that will facilitate timely delivery of orders.

The study recommends that the management keeps on monitoring as well as re-assessing the whole process of procurement. This will help to identify whether the adopted counteractive supplier selection methods are making any acceptable difference.

The study recommends that the management keeps on adopting new supplier selection approaches since they are particularly critical for organizations because of the role they play in relation to well performance of the whole procurement process.

5.4 Areas for future research

This research had intended to determine the effects of supplier selection on procurement performance of organizations taking a case study of Mukwano Group of Companies, Uganda. Other researchers may focus on the relationship between procurement process and financial performance of organizations in Uganda.

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APPENDICES

APPENDIX I: QUESTIONNAIRE FOR RESPONDENTS

My name is Tumwekwase Penlope, a student of Kampala International University pursuing a bachelor's degree in Supplies and Procurement. I am carrying out an academic research on the *'Supplier Selection and Procurement Performance of Organizations, a Case Study of Mukwano Group Of Companies, Kampala'*. I am therefore requesting you to feel free in giving your answers and all will be considered right. The information provided through this questionnaire will be treated with top most confidentiality and results will be used to make recommendations which will help the Public sector at large. Please tick in the space provided and you need not to write the respondent's name. Please be honest in all responses. Your co-operation and assistance will be highly appreciated.

SECTION (A): DEMOGRAPHIC DATA

1. Gender

Male ☐ Female ☐

2. Appropriate age group.

18-24 ☐ 25-31 ☐ 32-39 ☐ 40+ ☐

3. Marital status:

Married ☐ Single ☐

4. Terms of employment

Certificate ☐ Diploma ☐ Degree ☐ Masters ☐ PHD ☐

5. Period of work

Less than a year ☐ More than a year ☐

SECTION B: EFFECT OF PRE-QUALIFICATION ON PROCUREMENT PERFORMANCE OF ORGANIZATIONS

SA – Strongly Agree, A – Agree, NS – Not sure, D – Disagree, SD – Strongly Disagree

	Statement	SA	A	NS	D	SD
1	My organization uses government prequalification supplier selection procedure					
2	Prequalification process in my organization is effective					
3	Prequalification process assists my organization to mitigate against poor supplier performance or performance failures					
4	Prequalification supplier selection criteria in my organization influences lead time of goods/services					
5	Prequalification assist my organization to source from suppliers that provide high standards of product and service levels whilst offering sufficient capacity and business stability					
6	Pre-qualification helps my organization to identify and remove hidden cost drivers in the supply chain					

SECTION C: EFFECT OF TENDERING ON PROCUREMENT PERFORMANCE OF ORGANIZATIONS

Show your level of agreement as provided in the table below

SA – Strongly Agree, A – Agree, NS – Not sure, D – Disagree, SD – Strongly Disagree

	Statement	SA	A	NS	D	SD
1	Tendering in my organization is free and fair					
2	My organization uses government tendering procedure					
3	Tendering in my organization is effective					
4	Tendering in my organization adds value for money					
5	Efficient tendering record management is basis of good governance in my organization					
6	The tendering system in my organization encourages the award of work based on lowest price criteria.					

SECTION C: EFFECT OF MULTIPLE OUTSOURCING ON PROCUREMENT PERFORMANCE OF ORGANIZATIONS

Show your level of agreement as provided in the table below

SA – Strongly Agree, A – Agree, NS – Not sure, D – Disagree, SD – Strongly Disagree

	Statement	SA	A	NS	D	SD
1	My organization uses multiple sourcing supplier selection					
2	My organization uses multiple sourcing supplier selection procedure					
3	The choice of multiple sourcing supplier selection criteria in my organization influences lead time of goods/services					
4	Multiple -sourcing allows collaboration and innovation between my organization and its suppliers					
5	Multiple sourcing reduces material costs at my organization					
6	Multiple supplier in my organization makes it possible to negotiate better purchasing conditions					

To what extent supplier selection methods compliment procurement performance

Very great extent	
Great extent	
Moderate extent	
Less extent	
No extent	

Thank very much for your cooperation

APPENDIX I: INTERVIEW GUIDE FOR KEY INFORMANTS

My name is Tumwekwase Penlop, a student of Kampala International University pursuing a bachelor's degree in Supplies and Procurement. I am carrying out an academic research on the '*Supplier Selection and Procurement Performance of Organizations, a Case Study of Mukwano Group Of Companies, Kampala*'. I am therefore requesting you to feel free in giving your answers and all will be considered right. The information provided through this questionnaire will be treated with top most confidentiality and results will be used to make recommendations which will help the Public sector at large. Please tick in the space provided and you need not to write the respondent's name. Please be honest in all responses. Your co-operation and assistance will be highly appreciated.

- i. How does prequalification affect procurement performance in your organization?
- ii. How does tendering affect procurement performance in your organization?
- iii. How does multiple sourcing affect procurement performance in your organization?