

MAKERERE UNIVERSITY

MAKERERE UNIVERSITY BUSINESS SCHOOL

ANALYSIS OF VALUE FOR MONEY IN PUBLIC PROCUREMENT IN KAMPALA

CAPITAL CITY AUTHORITY (KCCA)

BY

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A RESEARCH REPORT SUBMITTED IN PARTIAL FULFILMENT OF THE

REQUIREMENTS FOR THE AWARD OF THE DEGREE OF

MASTER OF SCIENCE IN PROCUREMENT

AND SUPPLY CHAIN MANAGEMENT,


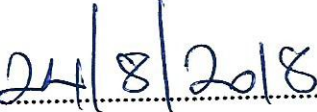
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August 2018

DECLARATION

I Rubinga Ronald Robert declare that this Dissertation is my original work and has never been submitted for any academic award in any institution of higher learning.

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APPROVAL

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DEDICATION

I dedicate this research study to my parents Dr & Mrs. Rubinga Patrick, Mr. & Mrs. Balinda Davis who helped me in attaining this valuable education.

This report is also dedicated to my supervisors Dr. Levi Kabagambe, and Mr Kinatta Moses, My lovely sons Jeremy Rubinga and Jayden Rubinga whose interest in studies is great and this is an inspiration for them to go further and do PhDs.

My brothers and sisters i.e. Peter Rubinga , Peter Balinda, Michael, Brian , Patrick , Susan ,Liz, Esther, Patience , Rhoda, Sandra, my entire extended family members and finally my friends who assisted me morally, materially through the course.

ACKNOWLEDGMENT

I would like to thank the following persons who inspired and taught me what I have written down in this study. I wish to thank my supervisors Dr. Levi Kabagambe and Mr. Kinatta Moses for sparing their precious time to give me constructive and professional guidance on this research report.

Also thanked is Professor Waswa Balunywa the Principal of Makerere University Business School through whose untiring efforts this programme has succeeded. I am also very grateful to the KCCA management for their Co-operation and support towards the successful completion of this study.

I am greatly indebted to my friends and course mates especially Oyuku Walter, Asea Gard, Denise Tusiime, Gerald Musinguzi, Mugarura Jude, Rosemary Nakkungu, Sewaya Jamil, Kiyemba Geoffrey for their support and encouragement in various ways during the course.

Special gratitude goes to my parents Dr & Mrs. Rubinga Patrick, Mr. & Mrs. Balinda Davis, Mrs. Ndahura Florence for their moral and financial support during my course study.

Also my lecturers such as;

Mr. Kalubanga Mathew , Ms. Sarah Eyaa Bulamu, Professor Joseph Ntayi, Mr. Lubogo, Mr. Byaruhanga Joseph, Mr. Patrick Kakwezi, Professor Zeija Flavian to mention but a few for their untiring support and encouragement during my master's programme. I will forever be indebted to you all. Finally I thank the almighty God for seeing me through this project and course and may he richly bless you all.

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LIST OF ABBREVIATIONS

BV	: Best Value
KCCA	: Kampala Capital City Authority
NOPs	: Non-Owner Participants
TOC	: Target Out-Turn Cost
3BL	: Triple Bottom Line
VfM	: Value for Money

ABSTRACT

This study sought to analyze the perception of selected stake holders on value for money in procurement conducted in Kampala Capital City Authority. The study was initiated as a result of continuous compromise of value for money as reflected in the three components that is, economy, efficiency and effectiveness. The objectives that guided this study were to examine the level of economy, efficiency and effectiveness of procurement in (KCCA), to establish the challenges facing KCCA in achieving value for money and to identify ways to enhance value for money in KCCA. To achieve this a sample of 110 procurement stakeholders comprising of both technical and political staff in KCCA was used to gather the required evidence. The tool that was used in data collection was the questionnaire.

The key findings from the study were that value for money in KCCA was compromised because of many factors, such as the practice of not following procurement procedures as stipulated in the public procurement guidelines, unethical practices of the procurement staff like corruption, their desire to satisfy personal interests without considering public interest. These practices among other resulted in engaging un qualified suppliers who have no history of supplying in public institutions, other results of this has been poor quality services and products, late delivery of goods and services. Basing on the above conclusions recommendations were made among which included putting in place policies of user consultation before the statement of requirements are drawn and establishing and emphasizing a policy of procuring from accredited and competent suppliers. This would help in minimizing the procurement of goods and services of low quality and late delivery of supplies, thus maximizing value for money.

CHAPTER ONE

1.0 Introduction

This study aimed at analyzing how public procurement is achieving value for money in Kampala Capital City Authority (KCCA). It focused on the technical staff, and political leaders serving the five divisions of KCCA including Rubaga, Makindye, Kawempe, Nakawa and Kampala central division.

1.1 Background of the study

Public organizations of late are emphasizing public procurement as a way of delivering value for money (sarah,2015).Public procurement is the acquisition of goods and services on behalf of a public authority such as a government agency in order to prevent fraud, waste, corruption, or local protectionism, for which the law regulates more closely (Jeanette, 2008). These procurement regulations normally cover all public works, services and supply contracts entered into by a public Authority (Weiss and Thurbon, 2006). For some time, value for money in public procurement has been given less attention than it deserves (Jeanette, 2008) yet it is the most important principle of procurement. Value for money in the public sector entails consideration of the contribution to be made in advancing government policies and priorities while achieving the best return and performance for the money being spent (Goel, 2003).

Public procurement is not only intended to create value for money, increase capacity for sustainable public procurement but deliver social benefits directly as it influences activities of private sector organizations (Palmer,et al., 1985; McCrudden, 2004). Policy initiatives have encouraged public organizations to procure effectively and prevent barriers to further economic development such as the increasing corruption, bribery, kickback, lying and deception (Nwabuzor, 2005). Value for money concept is the core principle governing public procurement, supported by

the underpinning principles of efficiency and effectiveness, competition, accountability and transparency, ethics and industry development (Yadav, 2005).

Owing to the increasing demands for accountability and transparency from citizens and the fact that Public procurement amounts to a great share of the public sector's overall budget which requires the procuring authority to issue public tenders if the value of the procurement exceeds a certain threshold (Simpson and Power, 2005), there is need to re-examine the value addition of public procurement towards sustainable development. Public procurement accounts for a substantial part of the global economy through purchasing volumes and value than many private counterparts (Yadav, 2005). The dominating focus in public procurement has been related to the physical movement of goods (Telgen et al., 2007) but it includes entries such as communication and IT, stationery, power, utilities, insurance, cleaning and maintenance, capital expenditures, and consultants (Yadav, 2005). Actors in the public service sector such as municipalities, governmental departments, and hospitals are also part of supply chains with suppliers and “customers.” On the supply side, the purchase of public services can amount to a high value when compared to private counterparts.

According to Simpson and Power, (2005), government procurement should meet citizens’ needs for goods, services, utilities and works not on a private cost-benefit analysis, but with a view to maximizing net benefits for themselves and the wider world (Preuss, 2009). This nature of procurement is supposed to be consistent with the principles of sustainable development, such as ensuring a strong healthy and just society, living within environmental limits, and promoting good governance (Weiss and Thurbon, 2006). Procurement of government services usually focus on the expenditure of taxpayers' money on goods and services translating into achieving value for money

for citizens and taxpayers and embrace the principles of transparency, accountability for sustainable development. Such is done in order to deliver broader government objectives, such as stimulating innovation in supply markets, using public money to support environmental or social objectives, supporting domestic markets and spending or investing using a process typically associated with public policy (McCrudden, 2004).

In the same vein, Kampala Capital City Authority (KCCA), established by the act of parliament in 2010 took over responsibility from Kampala City Council (KCC) to among other things plan and carry out procurement and administer the city covering 189 km². It was also assigned the duty of overseeing development programs purposely to create sound, economic, social, political and environmentally sound standards for sustainable development. Kampala city is settled by an approximate population of about 1,959,600 and it publically procures goods and services with an aim of among other things create value for money and achieve sustainable development. KCCA procures services and goods through tendering individual private service providers or direct procurement purposely to enhance service delivery and sustainable development (Sebaana, 2004). But despite spending a lot of money in procuring services (Musisi, 2013), Kampala City is still suffering poor social service provision including poor congested and inadequate health facilities with unhygienic public toilets, poor garbage disposal materials, poor sewerage disposal and road repairs which are usually repeated twice a year in some roads(Nsereko, 2014). The education services are also poor with many public schools still lacking scholastic materials (Mande, 2013). This situation is said to be creating loss of money in the procurement process which needs attention before the situation goes out of hand.

1.2 Statement of the problem

Despite continuous increase in KCCA procurement budget and strong emphasis on compliance with public procurement procedures with the objective of improving service delivery in the city, there is continuous rampant public outcry about poor public services provided by the Authority. Like highly congested and inadequate health facilities with unhygienic public toilets, over accumulation of garbage heaps despite efforts to expensively contract garbage collectors, and other service providers. A number of roads in the city are full of potholes despite contracting many road contractors. Besides that, the roads are broken before a year elapses (Nsereko, 2014). The construction works on schools under KCCA last few days, lack scholastic materials with poor service provisions (Mande, 2013). The above situations provoked this study to establish whether procurements in the Authority really met the value for money criteria's of economy, efficiency and effectiveness. When this situation is left to continue it might cause public resentment of KCCA taxes and dues a situation that will further deteriorate the quality of public service in the city.

1.3 Purpose of the study

The purpose of this study was to analyze how public procurement is achieving value for money in Kampala Capital City Authority (KCCA)

1.4 Objectives of the study

The specific objectives of the study were:-

- i) To examine the level of economy, efficiency and effectiveness of procurements in (KCCA)
- ii) To establish the challenges in achieving value for money by KCCA.
- iii) To identify ways to enhance value for money in KCCA.

1.5 Research questions

- i) What is the level of economy, efficiency and effectiveness of procurements in KCCA?
- ii) What challenges is KCCA facing in achieving value for money?
- iii) What ways can KCCA adopt to enhance value for money?

1.6 Scope of the study

1.6.1 Area scope

The study targeted Kampala Capital City Authority in Kampala District. It focused on the technical staff, administrators, and politicians serving the five divisions of KCCA including Rubaga, Makindye, Kawempe, Nakawa and Kampala central division.

1.6.2 Content scope

The study focused on analyzing how public procurement is achieving value for money in Kampala Capital City Authority (KCCA)

1.7 Significance of the study

- a) Employees and management of KCCA will benefit from this study by learning the new techniques of creating value for money in public procurement
- b) Other town councils around the country will learn from this research and implement public procurement policies.
- c) The study will be useful to government policy makers, in formulating and implementing public procurement policies in Uganda.

CHAPTER TWO

LITERATURE REVIEW

2.1 The concept of Value for Money

There is now widespread acceptance that public procurement is instituted to act as a vehicle that deliver benefits which generate Value for Money (VfM) to meet an organization's strategic need (Morris and Jamieson, 2004; Project Management Institute, 2006, 2008), and that low cost does not equate to best value or value for money (Akintoye et al., 2003; Staples and Dalrymple, n.d.; Office of Government Commerce, 2007). Achieving value for money (VfM) has become a more urgent consideration, particularly for public sector agencies and other organizations that hold physical infrastructure assets, when considering how to best deliver infrastructure and services. The anchoring of VfM throughout the whole delivery process from concept to handover is at last being addressed. MacDonald (2011) recently found from an intensive literature review that while (in theory) a business case is required of project proposals to support a business case (Office of Government Commerce, 2007; Department of Infrastructure and Transport, 2011), the VfM identification, measurement and justification is not being carried through the project life cycle stage gates. This inhibits transparency and demonstrated accountability of effective project resources expenditure. Value for Money principles of efficiency, economy, and effectiveness helps institutions to test the viability of the procurement before design decisions are finalized (Mosey, 2009) as seen below.

2.1.1 Economy

Economy refers to the human activity that consists of producing, exchanging, distributing, and consuming goods and services, within an economic system using minimum amount of money

(MacDonald, 2011). It is responsible for human activities and institutions for satisfying the human needs of the society. According to Davis and Love, (2011), economy consists of the production, distribution or trade, and consumption of limited goods and services by different agents in a given geographical location. The economic agents can be individuals, businesses, organizations, or governments. Transactions occur when two parties agree to the value or price of the transacted good or service, commonly expressed in a certain currency (Mills and Harley, 2010). In the past, economic activity was theorized to be bounded by natural resources, labor, and capital. This view ignores the value of technology (automation, accelerator of process, reduction of cost functions), and innovation (new products, services, processes, new markets, expands markets, diversification of markets, niche markets, increases revenue functions), especially that which produces intellectual property.

2.1.2 Efficiency

Efficiency is the ability to avoid wasting materials, energy, efforts, money, and time in doing something or in producing a desired result. In a more general sense, it is the ability to do things well, successfully, and without waste (Morris and Jamieson, 2004). In more mathematical or scientific terms, it is a measure of the extent to which input is well used for an intended task or function (output). It often specifically comprises the capability of a specific application of effort to produce a specific outcome with a minimum amount or quantity of waste, expense, or unnecessary effort. Efficiency of course refers to very different inputs and outputs in different fields and industries. Efficiency is very often confused with effectiveness. In general, efficiency is a measurable concept, quantitatively determined by the ratio of useful output to total input. The comparison of what is actually produced or performed with what can be achieved with the same consumption of resources (money, time, labor, etc.). It is an important factor in determination of productivity. Popular and

successful means of VfM has been the proficient procurement method (Walker and Hampson, 2003a; Wood and Duffield, 2009; Mills and Love, 2011).

2.1.3 Effectiveness

Effectiveness simply refers to the degree to which objectives are achieved and the extent to which targeted problems are solved. Effectiveness is the capability of producing a desired result (Harley, 2010). When something is deemed effective, it means it has an intended or expected outcome, or produces a deep, vivid impression. In contrast to efficiency, effectiveness is determined without reference to costs and, whereas efficiency means "doing the thing right," effectiveness means "doing the right thing. Effectiveness in monetary terms refers to the ability to produce a desired amount of the desired effect using the required money, or the success in achieving a given goal.

Contrary to the term efficiency, the focus of effectiveness is the achievement as such, not the resources spent in achieving the desired effect. Therefore, what is effective is not necessarily efficient, and what is efficient is not necessarily effective (Wood and Duffield, 2009).

2.2 The level of economy, efficiency and effectiveness in achieving value for money

As public procurement involves the expenditure of tax payers' money there is a constant need to ensure that the money has been spent economically, efficiently and effectively. Where it can be shown that money has been spent in this manner it is reasonable to conclude that value for money has been achieved (Murray, 2009b). The process to confirm Value for Money within PFI procurement is gradual. The PFI procurement process is described by the Treasury Taskforce (2000), as 14 stages, from stage 1 "Establishing business needs," to stage 14 "The contract management phase." Justification of the PFI starts at stage 3 with a "business case and the reference

project”, this is revisited at stage 9 and then again at stage 12 when the PFI proposition is tested for the last time in terms of risks transferred, value for money and affordability. It is at this stage (stage 12) that the public sector comparator is compared with the cost of the preferred bid in order for the PFI project to illustrate Value for Money.

It is deemed that Value for Money is measured against alternative procurement routes (Heald, 2003).

The value for money assessment is not an exact science, the net result being that opinions on Value for Money vary from stakeholder to stakeholder. The two ends of the spectrum of interest are the commercial interests of contractors and, the interests of the taxpayer, both choosing different indices to argue their case as to Value for Money. This immediately raises the question,” Value for Money for who and what”. Value for Money is defined by HM Treasury (2003) as “the optimum combination of whole-life costs and quality (or fitness for purpose) to meet the user requirement”; in seeking Value for Money for services, the Government seeks to ensure that the evaluation of which procurement option to use is undertaken with no inherent preference for one option or another. There should be no dogmatism in this choice. Decisions should be made on the best evidence available. Also Value for money is not taken to be least cost. There is a need to ensure that quality standards are maintained, for example in the design of public infrastructure, and the long-term viability of the PFI contractor to service the project throughout the life of that project, is assured.

The commitment to value for money should not be at the expense of the terms and conditions of the employees transferred or subsequently employed by a contractor. A full evaluation of the costs and benefits on a whole-life basis. The more considered definitions of VfM recognize that value has many dimensions beyond the conventional economic perspective, including social and environmental objectives plus intangible deliverables such as quality of relationships, leadership, learning,

reputation and trust (Office of Government Commerce, 2007). The above brief reference to tangible and intangible benefit is one example and we see in the general management and accounting literature performance on value generation being considered through a Balanced Scorecard approach (Kaplan and Norton, 1992) and a triple bottom line (3BL) view of value. Elkington (1997) defines 3BL as social, environmental and economic value generation. Sophisticated approaches to VfM also look at the whole lifecycle of a project and do not focus wholly on benefits only being delivered during the construction phase.

The VfM framework model is designed to be of use to all parties involved in the delivery of project alliances, including owners, constructors, design consultants and other non-owner participants (NOPs), and it is intended to inform all participants mutually of the issues that are critical to VfM throughout the whole lifecycle of a project. The purpose of this part of the discussion is that we introduce a broader perspective on the categories of value that may appear in a business case that justifies a project's sanction. The term “business case” appears as a necessary element of initial-stage gate approvals in the project development process (Office of Government Commerce, 2007). This is unfortunate because business can imply commercial interests being served rather than how Artto (Artto *et al.*, 2004; Artto and Wikström, 2005; Artto and Kujala, 2008) perceives business.

Identifying, describing and measuring value is an important part of the process of providing a system that enforces rigour in the development and testing of a business case to articulate expected project benefits (both tangible and intangible), and that this value is aligned with the commissioning organisation's aims and objectives and also that it is optimised and sustainable. The stage gate system proposed by Cooper *et al.* (1997; Cooper, 2005) formed the basis of a more general project selection process (Office of Government Commerce 2007d, e; Klakegg *et al.*,

2010). Project proponents are required to make a sound business case that specifies inputs, outputs and transformation mechanisms to deliver the outputs. The business case is developed from a concept idea stage through stages of development to points of project sanction and periodic review. At each review a project may be theoretically cancelled if the test of benefit versus resource “cost” or “consumption” fails to either continue to meet strategic objectives or is unsustainable.

The refinement of the business case, accuracy of defining and specifying benefits or value, and the budgeted time/cost/resource continues at various stage gates is more accurately defined as the various stages are passed. Limitations that may undermine this process include poor definition of the business case, poor oversight of the stage gate reviews and poor design of the process for the stage gate review and testing. One of the current difficulties, especially in project alliances where there is greater recognition of value in intangible terms as well as tangible outputs/outcomes, is that often value is poorly defined and that stage gate tests often neglect to test VfM past the initial sanction stage gate. Analysis is always undertaken, including an assessment of risk, to all stakeholders.

2.3 The challenges in achieving value for money

Although efforts continue to be made to improve the value for money, it is important to note that it is difficult neither ascertain whether or not the services will deliver the satisfaction to the service users (Spoehr *et al.*, 2002). Value for Money may not present a realistic comparison by the time it comes to be used when it is compared against the preferred bidders cost. Inherent in this is the assumption that the comparison is “real”, this may not be the case. Thus the public authority may only be able to proceed with the project if they proceed down the private finance initiative procurement route if there is no government funding for the project they wish to procure (Kee & Forrer, 2002).

In addition to this the Value for Money appears to be used as a test that the project either passes or fails. It is argued that reference decisions on Value for Money activities need to be based on a realistic, systematic and comprehensive analysis of the benefits and risks as well as the costs (Spoehr et al., 2002). The association between VfM and lowest cost is considered to be almost inevitable given the specific reference to the word “money” within the term. It was noted that in the recent UK literature, in particular there appears to be a conscious move away from the term “VfM” to the expression “best value” to convey the message that there is a broader meaning to the concept of value (Akintoye et al., 2003, p. 462). Both terms can be considered as synonymous because the term “best value” (BV) has been introduced into the framework/documentation (MacDonald, 2011, p. 222) and the term “VfM” has been established in the construction industry.

A number of government reports were also critical in informing the development of the initial VfM framework concept. These included several UK reports such as Latham (1994) & Egan (1998) that had called for greater VfM in project delivery, and these two are examples of a series of reports spanning almost 70 years commissioned by a host of governments over that period (Murray and Langford, 2003). Important more recent publications have set out improved project management practice designed to achieve VfM (Office of Building and Development, 1997; Office of Government Commerce, 2007a, b, c, d, e; Office of the Third Sector, 2009). The issue of VfM in alliances has also received a growing level of coverage in the literature, particularly since 2009 when the Inter-jurisdictional Alliancing Steering Committee (IASC) commenced research in this area (Wood and Duffield, 2009). However, there is a widely held and long-standing view in the construction industry that there is a real need to develop a tool that will more adequately substantiate whether VfM has been achieved on a given project.

Value for money is a major aspect in creating development and saving wastages and increasing customer satisfaction. Many projects have a poor record in delivering value using traditional procurement methods that are price-based and seek transferring rather than addressing risk. This often leads to adversarial relationships between the contract parties, which consumes resources and energy.

Traditional procurement methods suit a narrow definition of value because of greater certainty in defining value in traditional cost/time/fitness for purpose terms. Such projects may be complicated or somewhat straightforward in scope, scale and complexity. Relationship based procurement methods (such as project alliancing), which are “cost”-based, open-book and seek to share responsibility for risks, are better suited to the delivery of complex projects. This is because these types of project have multiple project values extending beyond purely economic considerations and invariably include intangible deliverables.

Because relationship-based approaches are based on target out-turn cost (TOC) and, in their “pure form” select participants based on capability, they have been criticised for not demonstrating VfM. This criticism comes from the “price-based” perspective, which holds that price competition is the only economically supportable model for ensuring the best price, and consequently that VfM has been achieved. While price is the starting point, TOC is the end result. We assert that the price-based argument is flawed for two fundamental reasons:

2.4 Ways of enhancing value for money

Value for Money is very complex in its processes with policy guidelines creating an impression that whatever is done therein is perfectly effective due to procedures and processes seemingly difficult to manipulate. However, recently several challenges have also demonstrated its relevance

for services (Ellram et al., 2004). The public sector focuses on the twin objectives of service improvements and cost minimization. Public enterprises enter into many business relationships, both upstream and downstream.

However, the objectives of the public sector, and public procurement, are wider than a single company's profit (Murray, 1999; Larson, 2009). Such objectives include the effective delivery of a wide range of public services, including law and order, health, social services, education, defense, transport, and the environment. The scope of most public sector organizations is, therefore, much wider than the scope of private companies in terms of the diversity and needs of customers being served (Erridge, 2007). Within the last five years an increasing recognition of the strategic role of public procurement seems to have emerged, extending a basic cost saving function to cover also broader governmental objectives (Zheng et al., 2007).

Incorporating extrinsic cost considerations into decisions alongside the conventional procurement criteria of price and quality is key to meeting the quality of services needed for delivery in public institutions (Hoque, 2005). The operations of local government is similar to other public organizations and are both affected by the implementation of sustainable policies aimed at improving the efficiency, effectiveness, transparency, accountability and a focus on achieving designated outcomes, particularly in relation service delivery (Brunetto and Farr-Wharton, 2005). Sanitation services are highly demanded especially by high urban populations that tend to ignore the outcome of the misuse of these services but demand for continuously quality service provision. Worthington & Dollery, (2002) observes that sanitation services are a requirement in all settled areas and their existence promote good health conditions while the failure to have them would lead to health hazards related at times to death. Of particular relevance to this is whether the procurement

aimed at simply fulfilling the obligations for the day would be sustainable for the population that would live tomorrow.

The practices which procurement departments have witnessed look more at the cost benefit effect but without measuring and analyzing the time period in which the benefit may happen to improve the standards of the outcome and the quality of service delivery (Sharma, 2005). , a specific form of relationship-based contracting, are being required to demonstrate VfM in a manner that traditional methods have never been asked to do because of the absolute reliance on price competition to support the establishment of VfM for the traditional approach. We further assert that price competition alone is an inadequate measure of VfM for any procurement method, and that responsible project management requires the rigorous measurement of performance, quantitative performance targets, transparent pricing and demanding arrangements for the selection of partners.

Project alliances are required to comply with such conditions in direct contrast to the normal requirements for traditional contracts. VfM is best achieved by balancing competition with co-operation, ethics and corporate governance, in order to drive behaviours that are consistent with the reasonable objectives of all parties to the contract. There is much debate in the Australian construction industry about the relative merits of price completion in the selection of alliance participants (Davis, 2006; Lloyd-Walker and Walker, 2011b; Love et al., 2011; MacDonald, 2011). Both those who believe in such an approach and those who advocate the non-price based or “pure” approach do so with some conviction. However, both camps would subscribe to the view that the non-owner participants' (NOPs) profit should be earned by performance and not on their ability to make and win claims, which, unfortunately, is a regular outcome of traditional procurement

approaches. Profit based on performance is much more likely in a relationship-based procurement methodology.

This research was focused upon VfM/BV in public sector sponsored project alliances, and therefore it is appropriate to define what a project alliance is within this context. Alliancing is defined as a method of procuring (and sometimes managing) major capital assets, where a state agency (the Owner) works collaboratively with private sector parties (Non-Owner Participants). All parties are required to work together in good faith, acting with integrity and making best-for-project decisions. Working as an integrated, collaborative team, they make unanimous decisions on all key project delivery issues premised on joint management of risk for project delivery. All parties jointly manage that risk within the terms of an “alliance agreement”, and share the outcomes of the project (Department of Treasury and Finance Victoria, 2010).

The project alliance sector in Australia has recently become an increasingly common form of project procurement for large infrastructure projects. Wood & Duffield (2009, p. 4) state that \$32bn worth of infrastructure projects was undertaken using project alliances in Australia between 2004 and 2009. Characteristics of project alliancing have been differentiated from similar but different procurement choices involving the formation of partnerships (Walker and Hampson, 2003a; Lahdenperä, 2010; Love et al., 2010; Love et al., 2011). The basis of alliancing is collaboration to the extent that all parties sink or swim together; they adopt a consensus best-for-project model of decision making which results in a no-blame culture and greater trust and commitment than other forms of project procurement (Walker, 2002; Hutchinson and Gallagher, 2003). Trust and commitment is necessary to assure that project benefit results delivered match those expected.

One sticking point has been the difficulty in assuring that there is a process in place to define expectations and to ensure that sufficient monitoring takes place that allows a “trust but verify”

(Lewicki et al., 1998) regime that all parties can be comfortable with to be put in place. The trustor and trustee must believe that a fair and ethical system is put in place that allows all parties to trust in “the governance system”; in this case that VfM can be defined, measured and monitored. Integrity and authenticity lies at the heart of project alliancing (Lloyd-Walker and Walker, 2011a) and the link between trust, governance and ethical decision-making have been established (Müller et al., 2012). The framework developed by this research aims to provide this confidence in being the governance framework that can be applied to assure VfM.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology that was used to conduct the research. It constitutes the research design, population of study, sample size and selection, data collection methods and instruments, reliability and validity of instrument, data management and analysis.

3.2 Research design

This study used a descriptive research design, in which both qualitative and quantitative data were used. Descriptive research design was selected because data was selected from different divisions that make up KCCA. Qualitative data was used to support the quantitative data in order to enable the researcher make meaningful conclusions.

3.3 Study population

The study population included KCCA technical staff, and politicians, in the five divisions including Rubaga, Makindye, Kawempe, Nakawa and Central Division. In summary the study targeted a total population of 609 stakeholders who constituted the total population.

3.4 Sample selection and size

A total sample of 225 respondents was selected from a total population of 609 from KCCA. The sample size was determined using the Krejcie & Morgan sample selection table (1970). The sample was selected using both simple random sampling and purposive sampling methods. We used simple random sampling to avoid biased results. We randomly selected respondents from different departments who we thought were knowledgeable in the area of procurement. A summary of the sampling is as shown in the table 1 below.

Table 3.1: Sample size and selection

Category	Population	Sample
Political leaders / councilors	221	82
Technical staff	388	143
Total	609	225

Source: KCCA Human Resource Office.

3.5 Type of data

This study used Primary data which was obtained from the field using questionnaires

3.6 Data Collection Methods and Instruments

Primary data was collected using a self-administered questionnaire.

Self-administered questionnaire

A self-administered questionnaire was used to gather information from employees. The reason for opting for this instrument was because, it was simple to administer and gives respondents time to think about what they answer. This limited the research bias that was anticipated to surface during data collection.

3.7 Validity and reliability.

To ensure that the data collection is consistent, a reliability test was carried out. The Cronbach Alpha Coefficient was used. A cut off of 0.7 was taken as sufficient (Senara, 2005, Cronback, 1950).The reliability was done using Cronbach's (1964) alpha test using SPSS (Statistical Package for Social scientist). Quantitative data was sorted, coded, edited and classified into categories.

3.8 Research variables and their Measurements

Value for money was measured by constructs of economy, effectiveness and efficiency scales developed by Morris and Jamieson, (2004); and Mills and Harley, (2010) with a five point response scale ranging from '1' (strongly disagree) to '5' (strongly agree). The challenges were assessed using scales of hindrances modified from Sarkis et al.,(2004), with a five point response scale ranging from '1' (strongly disagree) to '5' (strongly agree).

3.9 Procedure of Data Collection

The researcher, through the Institutional Administration was introduced to the different KCCA divisions and Questionnaires were distributed ,then make vigorous follow ups . The respondents were given five days to return the questionnaires

3.10 Data Analysis

The captured data was scrutinized for any missing or inadequate information and was analyzed using both descriptive and correlational analysis. Quantitative data was sorted, coded, edited and classified into categories using the SPSS (Statistical Package for Social Scientist)

CHAPTER FOUR

ANALYSIS, PRESENTATION AND INTERPRETATIONS OF THE FINDINGS

4.1 Introduction

This chapter presents the analysis presentation and interpretation of findings of the study. It gives the sample characteristics which include the background information of the respondents with respect to gender, age, marital status, level of education, department, and relationship with KCCA. It also presents the inferential statistical results of the research according to the variables studied. The presentation was guided by the following research objectives; specifically, they were

- i. To examine the level of economy, efficiency and effectiveness of procurement in KCCA
- ii. To establish the challenges in achieving value for money by KCCA
- iii. To identify ways to enhance value for money in KCCA

4.2 Background Characteristics

The study was carried out in KCCA to examine the level of economy, effectiveness and efficiency with attendant challenges with the view of identifying ways to enhance value for money in KCCA procurements. The results in the tables below highlight the demographic characteristics and response rates of the respondents within KCCA. A total of 110 respondents returned the questionnaires giving a response rate of 49% which was adequate for this type of study.

4.2.1 Relationship with KCCA

The results in the table below highlight the relationship of the respondents within KCCA.

Table 4.1: Relationship with KCCA

	Count	Valid Percent	Cumulative Percent
Political leaders	14	12.7	12.7
Technical Staff	96	87.3	100.0
Total	110	100.0	

Source: Primary Data

It was noted that the sample is dominantly made up of technical staff (87.3%) while politicians comprised only (12.7%). Implying that the subjects studied on majority of respondents were technical people who have ground experience on the subject matter of procurement hence reliable information was obtained.

4.2.2 Gender

The results in the table below highlight the Gender distribution among respondents in KCCA

Table 4.2: Gender of respondents

	Count	Valid Percent	Cumulative Percent
Male	38	34.5	34.5
Female	72	65.5	100.0
Total	110	100.0	

Source: Primary Data

Results indicated that majority of respondents were female (65.5%) while males comprised only (34.5%). This implies that majority of the surveyed respondents were women. These results are a representation of employment patterns in Uganda where females dominate formal sector (Uganda Business Register 20011/2012).

4.2.3 Age Range

The table below highlights the age range of respondents within KCCA

Table 4.3: Age Range

	Count	Valid Percent	Cumulative Percent
20-29	5	4.5	4.5
30-39	32	29.1	33.6
40-49	59	53.6	87.3
50 & above	14	12.7	100
Total	110	100.0	

Source: Primary Data

Results indicated that majority of respondents were between the age of 40 -49 (53.6%) while the least were between 20-29 (4.5%). This implies that majority of the employees of KCCA surveyed are mature and experienced people with ability to face challenges and resiliently work with confidence. The results reflect the Employment patterns in Uganda where the active labor force is aged between 40 and 49 years.

4.2.4 Division

The table below indicates the Division where the respondents are located for work in KCCA

Table 4.4: Division

	Count	Valid Percent	Cumulative Percent
Central Division	33	30.0	30.0
Kawempe Division	14	12.7	42.7
Makindye Division	18	16.4	59.1
Nakawa Division	24	21.8	80.9
Rubaga Division	21	19.1	100.0
Total	110	100.0	

Source: Primary Data

Results shows that majority of respondents surveyed were located in the central division (30.0%) while Kawempe division had the smallest number of respondents (12.7%). Furthermore, Nakawa division had the second largest number of respondents (21.8%). These results reflect the effect of having various tasks and assignments, activities to be attended to by KCCA in the central division than other divisions making it a Centre for assignments and various projects to be implemented.

4.2.5 Department

The table below shows the Department where the respondents are located for work in KCCA

Table 4.5: Department

	Count	Valid Percent	Cumulative Percent
Accountant	4	3.6	3.6
Administration	11	10.0	13.6
Finance	3	2.7	16.3
Human Resource	7	6.4	22.7
Directors	9	8.2	30.9
Legal	5	4.5	35.5
Marketing	21	19.1	54.5
Political wing	14	12.7	67.3
Procurement	14	12.7	80.0
Public Relation	8	7.3	87.3
Security	14	12.7	100.0
Total	110	100.0	

Source: Primary Data

The table above shows that majority of respondents surveyed were in the marketing department (19.1%) implying that most of the assignments that are carried out at KCCA are ventured towards making the Authority's activities be known by the various stakeholders. Hence there are fewer employees in the Finance department (2.7%) in KCCA surveyed than other employees in other departments.

4.2.6 Position

The table below shows the position held by respondents in KCCA

Table 4.6 Position

	Count	Valid Percent	Cumulative Percent
Accountant	8	7.3	7.3
Administrator	36	32.7	40.0
Councilors	8	7.3	47.3
Deputy	4	3.6	50.9
Director	12	10.9	61.8
Manager	19	17.3	79.1
MPs	6	5.5	84.6
Office Assistant	5	4.5	89.1
Procurement Office	2	1.8	90.9
Support staff	10	9.1	100.0
Total	110	100.0	

Source: Primary Data cb

The table above indicates that the majority of respondents surveyed were Administrators (32.7%), implying that KCCA from respondents surveyed has many decision makers in top administration who carry out various tasks and responsibilities at all levels within and outside the Authority.

4.2.7 Level of Education

The table below indicates the Level of Education of the respondents in KCCA

Table 4.7: Level of Education

	Count	Valid Percent	Cumulative Percent
Certificate	2	1.8	1.8
Diploma	20	18.2	20.0
Bachelors	38	34.5	54.5
Masters	41	37.3	91.8
PhD	9	8.2	100.0
Total	110	100.0	

Source: Primary Data

The table above shows that majority of respondents surveyed were masters' degree holders (37.3%) followed by bachelor holders (34.5%). This indicated that there is a higher rate of transition to higher levels and thus leading to their competence.

4.2.8 Period worked in the Institution

The table below indicates the period under which an employee has stayed working in KCCA

Table 4.8: Period Worked In the Institution

	Count	Valid Percent	Cumulative Percent
Less than 3 Yrs	8	7.3	7.3
3-6 Yrs	20	18.2	25.5
7-10 Yrs	47	42.7	68.2
11-14 Yrs	30	27.3	95.5
15 Yrs or Over	5	4.5	100.0
Total	110	100.0	

Source: Primary Data

The table above shows that majority of respondents surveyed have worked in KCCA between 7-10 years (42.7%). Implying that majority of the employees were highly experienced at their jobs and are willing to serve the Authority without any expected encumbrances at their work station

4.3 Descriptive Statistics

This section provides simplified quantitative summary of the sample responses collected during the study. The data is measured and recorded to reflect immediate behavior, variability and central tendency.

4.3.1 Economy

Table 4.9: Economy

	Value for Money Economy, N = 108	Min	Max	Mean	SD
1	KCCA uses minimum amount of money in procuring useful services	1.00	5.00	2.77	1.78
2	KCCA does not purchase services at a cost above the market price	1.00	5.00	2.36	1.72
3	The procedures used in procuring services for KCCA do not increase the cost of services procured	1.00	5.00	2.38	1.74
4	Am contented with the way KCCA utilizes money in procuring its services	1.00	5.00	2.38	1.42
5	We minimize our money to purchase very useful goods and service in KCCA	1.00	5.00	2.36	1.37
6	We derive satisfaction from all services KCCA purchases	1.00	5.00	2.55	1.44
7	Money for procurement in KCCA is utilized more economically	1.00	5.00	2.48	1.63
8	KCCA follows its economic policies governing procurement activities	1.00	5.00	2.17	1.73
	Grand mean			2.43	

Source: Primary Data

Results in table show that KCCA does not use minimum amount of money in procuring useful services (mean= 2.77, SD= 1.78) and that it purchases services at a cost above the market price (mean= 2.36, SD= 1.72). Furthermore, KCCA does not utilize money procurement economically mean (2.48,SD= 1.63) and yet it does not follow economic policies during procurement mean (mean=2.17,SD 1.73). Generally (mean=2.43) meaning that majority of respondents agreed that KCCA doesn't achieve economy in its procurements. This implies that there is no value for money achieved in procurement. The open ended response suggests that economy which is synonymous with efficiency, value for money, and commercially reasonable price, the principle of economy emphasizes the need to manage public funds with care and due diligence so that prices paid for goods, services and works are acceptable and represent good value for the public funds expended on them, which majority of respondents indicated that there is less care on economy as the procurement in KCCA is mired with practices like fraud, waste and abuse of public resources, through paying unreasonably high prices for substandard goods and services and continuous , collusion with suppliers. The above situations as revealed by different respondents indicate practices contrary to economy as a principle measure of value for money.

4.3.2 Effectiveness

Table 4.10: Effectiveness

Effectiveness, N = 108		Min	Max	Mean	SD
1	KCCA achieves its objectives for the services procured	1.00	5.00	2.69	1.69

2	Usually, the goods or services procured by KCCA solves the anticipated challenges	1.00	5.00	2.21	1.36
3	The community is satisfied with KCCA services and goods procured	1.00	5.00	2.58	1.50
4	We have no complaint about the procured services by KCCA	1.00	5.00	2.38	1.36
5	Whenever we have shortage of goods and services in Kampala, KCCA procures the best	1.00	5.00	2.61	1.50
6	I believe our procurement system provides the best services to the community	1.00	5.00	2.57	1.47
7	KCCA only procures goods and services which serve their purpose effectively	1.00	5.00	2.37	1.62
8	KCCA solves its community demands through procuring the desired services	1.00	5.00	2.25	1.63
Grand mean				2.46	

Source: Primary Data

Results in table 4.10 show that KCCA does not achieve its objectives for the services procured (mean=2.69, SD=1.69) and that usually, the goods or services procured by KCCA do not solves the anticipated challenges (mean =2.21, SD=1.36), and hence the community is not satisfied with KCCA services and goods procured (mean=2.58, SD=1.50). This has led to complaints about the procured services by KCCA (mean=2.38, SD=1.36). With the general (mean=2.46). This means that KCCA's performance does not satisfy stakeholders. This generally means that KCCA is not effective in delivery of its services yet it spends on that service which is a clear confirmation that

value for money is compromised in its procurement. The open ended response on effectiveness of public procurement in KCCA indicates that, well as the authority has improved its revenue sources and increased its resource envelope the level of public service delivery is still low, implying that the degree of public procurement effectiveness is low and indication of compromised value for money.

4.3.3 Efficiency

Table 4.11: Efficiency

		Min	Max	Mean	SD
1	KCCA Procurement process takes a long period of time	1.00	5.00	2.79	1.65
2	No goods and services are purchased by KCCA and kept over years without proper use	1.00	5.00	2.44	1.36
3	There is a lot of wastage of goods and services procured by KCCA	1.00	5.00	2.59	1.55
4	When there is demand of a service in Kampala, it will take a long period before KCCA finishes the procurement process	1.00	5.00	2.53	1.35
5	Most of the materials procured by KCCA end up not being utilized effectively	1.00	5.00	2.46	1.42
6	We sometimes purchase goods which do not serve their intended purpose	1.00	5.00	2.43	1.41

7	KCCA wastes a lot of money purchasing non value products and services	1.00	5.00	2.24	1.64
8	I believe KCCA has not done its best in procuring timely services	1.00	5.00	2.45	1.80
Grand mean				2.49	

Source: Primary Data

Results in table 4.11 show that KCCA procurement process takes a long period of time (mean=2.79, SD= 1.65) meaning that service delivery will be affected. The table above also shows that there is a lot of wastage of goods and services procured by KCCA (mean =2.59, SD= 1.55). It is indicated in table that when there is a demand of a service in Kampala, it will take a long period before KCCA finishes the procurement process (mean=2.53, SD= 1.35). Meaning that service delivery will be affected. It was also revealed that most of the materials procured by KCCA end up not being utilized effectively (mean= 2.46, SD= 1.42). This means that KCCA has not done its best in procuring timely services (mean =2.45, SD= 1.80). Generally (mean=2.49) which indicates that efficiency lacks in procuring procedures of services and goods in KCCA. The open ended response on efficiency revealed that comparing the current increased KCCA budget for procurement of goods and services in the city and the results in terms quality, durability and availability of the services indicates a contrary. Meaning that some respondents indicated that they expected the quality of services to improve with increased size of the budget. This clearly indicates that the levels of efficiency of KCCA in provision of public service are low despite increased spending. This purely indicates that value for money is compromised.

4.4 The challenges in achieving value for money by KCCA

Table 4.12: Challenges

		Min	Max	Mean	SD
1	Lack of assessment of community needs before procuring services	1.00	4.00	4.10	0.45
2	To much political influence in procuring services	1.00	4.00	4.11	0.39
3	Corruption	1.00	2.00	4.17	0.37
4	Use of unprofessional personnel to handle procurement activities	1.00	4.00	4.11	0.48
5	Poor procedures	1.00	2.00	4.13	0.34
6	Use of unprofessional suppliers	1.00	2.00	4.10	0.30
7	Lack of a separate procurement department	1.00	2.00	4.09	0.29
Grand mean				4.11	

Source: Primary Data

About the challenges in achieving value for money, respondents indicated that KCCA procurement lack assessment of community needs before procuring services (mean=4.10, SD= 0.45) coupled with corruption (mean=4.17, SD= 0.37) as well as too much political influence in procuring services (mean=4.11, SD= 0.39). The other challenge was the use of unprofessional personnel to handle procurement activities (mean=4.11, SD= 0.48) as well as using unprofessional suppliers (mean=4.10, SD 0.30). This means that KCCA procurement is still operating under political directives.

Other challenges in procurement in KCCA

Foreign pressures in the procurement process which influences wrong decisions
There are supplies from politicians which put KCCA to high risk for loses and fraud
Procurement procedures that are not transparent especially for some products.
Availability of uncommitted staff in the system causing delays and losses
Procurement activities are based on political sentiments rather than technical approaches
The high bureaucracy reduces the efficiency of procurement in KCCA

Source: Primary Data

4.5. The different ways of enhancing value for money in KCCA

Table 4.13: Ways

Management should source for demand driven services and make sure that such services are delivered in time.
The service providers should be accredited and competent enough to maintain supplies.
KCCA is to uphold value for money within its procurement practices should ensure that goods and services are procured from accredited and competent service providers who could maintain stable supplies.
Procurement procedures should be more transparent and open while public services are procured in order to enhance value for money.
KCCA should try as much as possible to ensure that other aspects of value for money are considered for example social and environmental issues
Stakeholder's consultation or user's consultation before procurement is initiated.
Working on issues of non-compliance with public procurement procedure can help KCCA achieve value for money.
Procurement unit should carry out the processes of risk assessment, seeking and evaluating alternative solutions, contract award and delivery

All potential suppliers should have the same opportunities to compete for KCCA business and must be subjected to the prescribed guidelines in the Procurement Act
Appropriate performance measurement of such officials needs to be instituted by applying transparent and accountable audits
Carrying out procurement audits which should look into random procurements to check if the right procedures were used in the planning and specifications identification, whether the bids sent out were standard in case procurement entails binding , conform to the public procurement Act

Source: Primary Data

Results from open ended questions revealed the following that KCCA management should source for demand driven services and make sure that such services are delivered in time. Also, the service providers should be accredited and competent enough to maintain supplies. Procurement procedures need to have transparency and openness while public services are procured. Different respondents from different directorates and divisions of KCCA revealed that they had several strategies. Among the strategies identified by the respondents were that KCCA management should source for demand driven services and make sure that such services are delivered in time.

Respondents suggested that, if KCCA is to uphold value for money within its procurement practices should ensure that goods and services are procured from accredited and competent service providers who could maintain stable supplies. It was suggested also that Management of KCCA should try as much as possible to ensure that procurement procedures should be more transparent and open while public services are procured in order to enhance value for money.

Besides that, it was revealed and suggested that when making procurement KCCA should try as much as possible to ensure that other aspects of value for money are considered for example social and environmental issues. Other aspects that need special attention are the quality of relationships with the suppliers, leadership, learning, reputation and trust.

Respondents suggested that there should be stakeholder's consultation or user's consultation before procurement is initiated. They further revealed that once that is done then KCCA can avoid public comments on dissatisfaction about their services. Many respondents identified the fact that what compromises Value for Money (VFM) is sometimes the non-compliance with the procurement procedures because of either personal interest of the procurement officers. Therefore majority of respondents suggested that working on issues of non-compliance with public procurement procedure can help KCCA achieve value for money. The procedure of procurement that ensures value for money starts with the authority identifying the needs before initiating any procurement of goods and services. Then after that, procurement unit should carry out the processes of risk assessment, seeking and evaluating alternative solutions, contract award, delivery of and payment for the property or services and, where relevant, the ongoing management of a contract and consideration of options related to the contract.

Respondents also suggested that value for money in KCCA can be achieved through encouraging competition by ensuring non-discrimination in procurement and using competitive procurement processes; promoting the use of resources in an efficient, effective and ethical manner; and making decisions in an accountable and transparent manner. Interactions with different stakeholders revealed that when assessing alternative procurement processes or solutions, a whole-of-life assessment would include consideration of factors such as: the maturity of the market for the property or service sought; the performance history of each prospective supplier; the relative risk

of each proposal; the flexibility to adapt to possible change over the lifecycle of the property or service; financial considerations including all relevant direct and indirect benefits and costs over the whole procurement cycle; the anticipated price that could be obtained, or cost that may be incurred, at the point of disposal; and the evaluation of contract options.

All potential suppliers should have the same opportunities to compete for KCCA business and must, subject to the prescribed guidelines in the Procurement Act, be treated equitably based on their legal, commercial, technical, and financial abilities, and not on their degree of political affiliation or ownership, location, ethnicity or size. The property or services on offer must be considered on the basis of their suitability for their intended purpose, and not on the basis of their origin, as this compromises the concept of value for money. Majority of respondents revealed that, value for money is impaired by corrupt and fraudulent procurement practices by unscrupulous officials at all levels of the management hierarchy (strategic, operational and tactical) that have been entrusted to execute such tasks. Therefore, they suggested that, for value for money to be achieved appropriate performance measurement of such officials need to be instituted by applying transparent and accountable audits (by honest external private bodies) with short periodicities where applicable.

Other set of respondents tried to emphasize the point of carrying out procurement audits which should look into random procurements to check if the right procedures were used in the planning and specifications identification, whether the bids sent out were standard in case procurement entails binding, conform to the public procurement Act, whether the conditions and specifications were clear, the choice of the procurement method, and determining how the bids were opened and whether the committee meetings were held and maintained. In making such assessment value for money can be achieved.

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion, conclusion and recommendations arising out of the research findings in chapter four and suggests areas for further study. The study has generated several research findings which are in line with existing literature and previous research findings.

5.2 Discussion of Findings

The discussions is done in relation to the study objectives, which were to examine the level of economy, efficiency and effectiveness of procurement in KCCA, to establish the challenges in achieving value for money by KCCA and to identify ways to enhance value for money in KCCA

5.2.1 The level of economy, efficiency and effectiveness of Procurements in KCCA

In examining value for money, respondents indicated that KCCA does not use minimum amount of money in procuring useful services and that it purchases services at a cost above the market price. Furthermore, KCCA does not utilize money for procurement economically yet it does not follow economic policies during procurement process .This means that KCCA wastes resources in the procurement process and does not satisfy its customers/stakeholders. This is consistent with Preuss, (2009) who argues that the nature of procurement is supposed to be consistent with the principles of sustainable development, such as ensuring a strong healthy and just society, living within environmental limits, and promoting good governance Simpson and Power, (2005), government procurement should meet citizens' needs for goods, services, utilities and works not on a private cost-benefit analysis, but with a view to maximizing net benefits for themselves and the wider world (Weiss and Thurbon, 2006).

Value for Money is very complex in its processes with policy guidelines creating an impression that whatever is done therein is perfectly effective due to procedures and processes seemingly

difficult to manipulate. However, recently several challenges have also demonstrated its relevance for services (Ellram et al., 2004). The public sector focuses on the twin objectives of service improvements and cost minimization. Public enterprises enter into many business relationships, both upstream and downstream.

5.2.2 The challenges in achieving value for money by KCCA

The study aimed at establishing the challenges in achieving value for money, respondents indicated that KCCA procurement process lack assessment of community needs before procuring services coupled with corruption as well as too much political influence in procuring services. The other challenge was the use of unprofessional personnel to handle procurement activities as well as using unprofessional suppliers. This means that KCCA procurement is still operating unprofessionally and it requires changing and adopting procurement professional standards in order to attain value for money. This is in agreement with Spoehr *et al.*, (2012) who revealed that efforts continue to be made to improve the value for money, it is important to note that it is difficult neither ascertain whether or not the services will deliver the satisfaction to the service users (Spoehr *et al.*, 2002). Value for Money may not present a realistic comparison by the time it comes to be used when it is compared against the preferred bidders cost. Inherent in this is the assumption that the comparison is “real”, this may not be the case. Thus the public authority may only be able to proceed with the project if they proceed down the private finance initiative procurement route if there is no government funding for the project they wish to procure (Kee and Forrer, 2002). In addition to this the Value for Money appears to be used as a test that the project either passes or fails. It is argued that reference decisions on Value for Money activities need to be based on a realistic, systematic and comprehensive analysis of the benefits and risks as well as the costs (Spoehr et al., 2002).

5.2.3 The ways to enhance value for money in KCCA

The respondents revealed that KCCA management should source for demand driven services and make sure that such services are delivered in time. Also, the service providers should be accredited and competent enough to maintain supplies. Procurement procedures need to have transparency and openness while public services are procured in order to enhance value for money. This is in agreement with MacDonald,(2011) who recognize that value for money can be improved beyond the conventional economic perspective, including social and environmental objectives plus intangible deliverables such as quality of relationships, leadership, learning, reputation and trust (Office of Government Commerce, 2007a). The above brief reference to tangible and intangible benefit is one example and we see in the general management and accounting literature performance on value generation being considered through a Balanced Scorecard approach (Kaplan and Norton, 1992) and a triple bottom line (3BL) view of value. Elkington (1997) defines 3BL as social, environmental and economic value generation. Sophisticated approaches to VfM also look at the whole lifecycle of a project and do not focus wholly on benefits only being delivered during the construction phase. The VfM framework model is designed to be of use to all parties involved in the delivery of project alliances, including owners, constructors, design consultants and other non-owner participants (NOPs), and it is intended to inform all participants mutually of the issues that are critical to VfM throughout the whole lifecycle of a project.

The purpose of this part of the discussion is that we introduce a broader perspective on the categories of value that may appear in a business case that justifies a project's sanction. The term “business case” appears as a necessary element of initial-stage gate approvals in the project development process (Office of Government Commerce, 2007a). This is unfortunate because business can imply commercial interests being served rather than how Artto (Artto et al., 2004;

Artto and Wikström, 2005; Artto and Kujala, 2008) perceives business, i.e. as a series of purposeful activities that involve implementing strategy through the vehicle of projects.

Identifying, describing and measuring value is an important part of the process of providing a system that enforces rigor in the development and testing of a business case to articulate expected project benefits (both tangible and intangible), and that this value is aligned with the commissioning organization's aims and objectives and also that it is optimized and sustainable. The stage gate system proposed by Cooper et al. (1997; Cooper, 2005) formed the basis of a more general project selection process (Office of Government Commerce 2007d, e; Klakegg et al., 2010). Project proponents are required to make a sound business case that specifies inputs, outputs and transformation mechanisms to deliver the outputs. The business case is developed from a concept idea stage through stages of development to points of project sanction and periodic review. At each review a project may be theoretically cancelled if the test of benefit versus resource "cost" or "consumption" fails to either continue to meet strategic objectives or is unsustainable.

5.3 Conclusions

On the level of value for money in KCCA as studied in terms of three constructs economy, effectiveness and efficiency is low because of many factors like KCCA management not sourcing for demand driven services, services not delivered on time, the procurement procedures are not transparent and open in KCCA, the services are procured from unaccredited and incompetent suppliers and KCCA does little in management of its relationship with the suppliers. Besides that corruption of those in procurement and in different management level deters achieving value for many in the authority.

There is no single one challenge that is faced by KCCA in attaining value for money but a combination of unethical practices of its staff, non-compliance with the prescribed procurement procedures, sourcing from unaccredited suppliers with no record of good performance, poor relationship with suppliers

On ways to enhance value for money within KCCA include; conducting abrupt audit of the procurement transactions, management of compliance with the prescribed procurement procedures, ensuring that procurement is done basing on the demands from the public, the property or services offer must be considered on the basis of their suitability for their intended purpose, and not on the basis of their origin. Encouraging free competition to suppliers so that viable suppliers are selected. Besides that also KCCA requires changing and adopting procurement professional standards in order to attain value for money.

Contribution of this research to knowledge

This research discovered that much as technical staffs follow given procedures and regulations, political leaders should play a big role in advising on what to procure and whether it is in line with the needs of public.

5.4 Recommendations

Basing on the above conclusions the researcher makes the following recommendations

- i. Management of KCCA should put mechanisms that can compel procurement officers in the Authority to comply with the procurement code of conduct. Such mechanisms like strong punishment to whoever does not comply.
- ii. Management of KCCA should put in place policies of user consultation before the statement of requirements are drawn. This would reduce chances of procuring services that don't conform to user's needs.

- iii. Management of KCCA should introduce a policy of procuring from accredited and competent suppliers. This would help in minimizing the procurement of goods and services of low quality and late delivery of supplies.
- iv. Management of KCCA should introduce ethical training to their staff. This would help in highlighting the dangers of unethical conduct of some employees and what could be the consequences of not attaining value for money.
- v. Management of KCCA should introduce a procurement performance assessment tool which would be used to evaluate the performance of those in procurement unit of the Authority. Once this is done value for money would be improved.
- vi. Management of KCCA should establish the committee mainly meant to oversee the procurement and performance of KCCA. Once this is done everyone in KCCA would know that his/her performance will be reviewed including those in procurement thus improving value for money.
- vii. Management of KCCA should put in place strict rules and suppliers selection process to ensure that suppliers in KCCA are thorough. Once this is done late deliveries issues and poor quality of supplies will be solved.
- viii. Management of KCCA should employ professional procurement staff to improve the professionalism and mitigate challenges related to value for money.

5.5 Areas for Further Research

Basing on the gaps identified in the study the researcher suggests the following areas for further study.

- i. The effect of non-compliance on value for money procurement

- ii. Staff competence and value for money
- iii. Staff ethical practices and attainment of value for money in public procurement
- iv. The role of procurement on the performance of an organization

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QUESTIONNAIRE

ANALYSIS OF VALUE FOR MONEY IN PUBLIC PROCUREMENT IN KAMPALA

CAPITAL CITY AUTHORITY (KCCA)

Dear respondent,

You are kindly requested to answer the following questionnaire in order to assist the researcher administering the questionnaire to collect data in the above topic. This research is intended to be used for academic purposes only and results of this study will be treated with utmost confidentiality. Kindly spare some time and answer the questions by writing in space provided or ticking against the answer of your choice appropriately.

Thank you for your cooperation.

SECTION A:

Background Information

1. Name (optional).....

2. what is your relationship with KCCA

Politician

Technical staff

Male

Female

3. Sex, of respondent

4. What is your age range?

20-29

30-39

40-49

50&above

5. What is your level of education ... (Tick appropriately).

Certificate

Diploma

Bachelors

Masters

PhD

6. How long have you worked in this institution.

Less than3years

3- 6years

7- 10years

11- 14years

15 years or Over

6. Which division do you belong to?.....
7. Which department do you belong to?.....
8. What position do you hold?.....

SECTION B

Internal Controls

This section, you are requested to rate your leaders by ticking against a scale that best represents your feelings.

Use the scale

5- Strongly agree, 4- Agree, 3- Not sure, 2- Dis agree, 1- Strongly disagree

Value for money

Economy

1.	KCCA uses minimum amount of money in procuring useful services	1	2	3	4	5
2.	KCCA does not purchase services at a cost above the market price	1	2	3	4	5
3	The procedures used in procuring services for KCCA do not increase the cost of services procured	1	2	3	4	5
3.	Am contented with the way KCCA utilizes money in procuring its services	1	2	3	4	5
4.	We minimize our money to purchase very useful goods and services in KCCA	1	2	3	4	5
5	We derive satisfaction from all services KCCA purchases	1	2	3	4	5
6.	Money for procurement in KCCA is utilized more economically	1	2	3	4	5
7	KCCA follows its economic policies governing procurement activities	1	2	3	4	5

Effectiveness

1	KCCA achieves its objectives for the services procured	1	2	3	4	5
2.	Usually, the goods or services procured by KCCA solves the anticipated challenges	1	2	3	4	5
3.	The community is satisfied with KCCA services and goods procured	1	2	3	4	5
4.	We have no complaint about the procured services by KCCA	1	2	3	4	5
5.	Whenever we have shortage of goods and services in Kampala, KCCA procures the best	1	2	3	4	5
6.	I believe our procurement system provides the best services to the community	1	2	3	4	5
7	KCCA only procures goods and services which serve their purpose effectively	1	2	3	4	5
8	KCCA solves its community demands through procuring the desired services	1	2	3	4	5

Efficiency

1.	KCCA Procurement process takes a long period of time	1	2	3	4	5
2.	No goods and services are purchased by KCCA and kept over years without proper use	1	2	3	4	5
3.	There is a lot of wastage of goods and services procured by KCCA	1	2	3	4	5
4	When there is demand of a service in Kampala, it will take a long period before KCCA finishes the procurement process	1	2	3	4	5
5	Most of the materials procured by KCCA end up not being utilized effectively	1	2	3	4	5
6	We sometimes purchase goods which do not serve their intended purpose	1	2	3	4	5

7	KCCA wastes a lot of money purchasing non value products and services	1	2	3	4	5
8	I believe KCCA has not done its best in procuring timely services	1	2	3	4	5

Challenges

In this section, we seek to inquire about the challenges that the procurement contracts hinder achievement of value for money. Please tick the answers of your own choice

Use the scale

5- Strongly agree. 4- Agree, 3- Not sure, 2- Dis agree, 1- Strongly disagree

a) The following factors hinder value for money in procurement

1.	Lack of assessment of community needs before procuring services	1	2	3	4	5
2.	To much political influence in procuring services	1	2	3	4	5
3.	Corruption	1	2	3	4	5
4	Use of unprofessional personnel to handle procurement activities	1	2	3	4	5
5	Poor procedures	1	2	3	4	5
6	Use of unprofessional suppliers	1	2	3	4	5
7	Lack of a separate procurement department	1	2	3	4	5

Are there any other challenges please state them below?

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Ways of enhancing value for money

Suggest suitable ways to enhance value for money in KCCA

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